



## Property Program July 1, 2014 – July 1, 2015

**Insurer:**

Alliant Property Insurance Program (APIP) – Various Insurers

**Policy No.:**

017471590/01 (Dec 05)

**Named Cover Entity:**

California State University Risk Management Authority –  
Auxiliary Organizations Risk Management Alliance (AORMA)

**Limits:**

\$1,000,000,000 Per Occurrence  
\$50,000,000 Flood Limit (**Combined with Campus**)  
\$100,000,000 Boiler and Machinery Limit  
\$2,000,000 Cyber Liability – Annual Aggregate, Each Insured  
\$20,000,000 Cyber Liability – Annual Aggregate, Per Policy

**Policy Basis:**

Loss Valuation - Replacement Cost  
Agreed Value - No Coinsurance  
Causes of Loss Covered - Special, including flood

**Member Deductibles:**

\$5,000 Per Occurrence (Personal Property & Business Interruption/Rents) – All Members  
1% of the Per Occurrence (Real Property) – Subject to minimum of \$5,000 and maximum of \$50,000  
Real Property Value **If two or more deductible amounts provided in this Declarations Page apply for a single occurrence the total to be deducted shall not exceed the largest per occurrence deductible amount applicable.**  
\$250,000 Flood - Zones A & V  
\$100,000 Flood - All Other Zones  
\$50,000 Earthquake - Fine Arts  
\$10,000 Earthquake – Vehicles and Contractors Equipment – Per Vehicle / Item  
\$100,000 Earthquake – Vehicles and Contractors Equipment – Maximum  
\$50,000 Flood – Fine Arts  
\$10,000 Flood – Vehicles and Contractors Equipment – Per Vehicle / Item  
\$100,000 Flood – Vehicles and Contractors Equipment – Maximum  
\$25,000 Primary Cyber

**Sub-limits:**

\$100,000,000 Combined Business Interruption, Rental Income, Tax Interruption  
\$50,000,000 Extra Expense  
\$25,000,000 Miscellaneous Unnamed Location  
\$25,000,000 Automatic Acquisition – *subject to policy limitations*

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## Property Program July 1, 2014 – July 1, 2015

180 days	Extended Period of Indemnity
\$1,000,000	Unscheduled Landscaping
\$5,000,000	Or 110% of Scheduled Landscaping values whichever is greater
\$50,000,000	Errors & Omissions
\$25,000,000	Course of Construction and Additions
\$2,500,000	Money & Securities
\$2,500,000	Unscheduled Fine Arts
\$250,000	Accidental Contamination
2,00,000	Unscheduled Tunnels, Bridges, Streets
\$25,000,000	Increased Cost of Construction
\$25,000,000	Transit
\$2,500,000	Unscheduled Animals; \$50,000 per Animal
\$2,500,000	Unscheduled Watercraft; up to 27 feet
\$25,000,000	Off Premises Services Interruption including Extra Expense
\$3,000,000	Contingent Business Interruption, Contingent Rental Values
\$5,000,000	Earthquake for Licensed Vehicles, Unlicensed Vehicles, Contractors Equipment and Fine Arts
\$5,000,000	Flood for Licensed Vehicles, Unlicensed Vehicles, Contractors Equipment and Fine Arts
\$1,000,000	Claim Preparation Expenses
\$50,000,000	Expediting Expenses
\$500,000	Furs, Jewelry, Precious Metals and Precious Stones
\$800,000,000	Terrorism Annual Aggregate (shared by all members)
\$1,000,000	Personal Property Outside the U.S.A.
\$2,500,000	Unscheduled Research Animals for Universities & Institutions of Higher Learning
Included	Business Interruption Coverage is extended to include tuition fees as respects Universities

### **Boiler & Machinery Sub-Limits:**

\$10,000,000	Water Damage
\$10,000,000	Media Coverage
\$10,000,000	Consequential Damage
\$10,000,000	Utility Interruption

### **Valuation:**

- Repair or Replacement Cost
- Actual Loss Sustained for Time Element Coverages
- Contractor's Equipment/Vehicles either Replacement Cost or Actual Cash Value as declared by each member. If not declared, valuation will default to Actual cash value

### **Exclusions (including but not limited to):**

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Auxiliary Organizations Risk Management Alliance

## Property Program July 1, 2014 – July 1, 2015

- Seepage & Contamination - *unless otherwise provided by the Pollution Liability Coverage per the Summary attached*
- Cost of Clean-up for Pollution - *unless otherwise provided by the Pollution Liability Coverage per the Summary attached*
- Mold - *unless otherwise provided by the Pollution Liability Coverage per the Summary attached*

### Claims Administrator:

First Notice of Claim should be reported to Alliant Insurance Services via telephone, fax, mail or e-mail to our San Francisco Office:

Alliant Insurance Services, Inc.  
100 Pine St, 11<sup>th</sup> Floor  
San Francisco CA 94111  
**Toll Free Voice: (877) 725-7695 / Fax: (415) 403-1466**

Bob Frey, First Vice President, Claims Manager  
Voice: (415) 403-1445 / Email: [rfrey@alliant.com](mailto:rfrey@alliant.com)

Diana Walizada, Assistant Vice President, Claims Unit Manager  
Voice: (415) 403-1453 / Email: [dwalizada@alliant.com](mailto:dwalizada@alliant.com)

cc.

McLaren's Young International Claims Services  
1301 Dove St., Suite 200  
Newport Beach, CA 92660

Cathryn O'Meara  
Voice: (949) 757-1413 / Fax: (949) 757-1692  
Email: [cathryn.omeara@mclarensyoung.com](mailto:cathryn.omeara@mclarensyoung.com)

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**Boiler & Machinery Program**  
**July 1, 2014 – July 1, 2015**

**Insurer:** Alliant Property Insurance Program (APIP) – Various Insurers

**Policy No.:** 017471590/01 (Dec 05)

**Named Cover Entity:**  
California State University Risk Management Authority –  
Auxiliary Organizations Risk Management Alliance (AORMA)

**Limits:**

- \$100,000,000 Boiler Explosion and Machinery Breakdown as respects Combined Property Damage and Business Interruption/Extra Expense (Including Bond Revenue Interest Payments where Values Reported and excluding Business Interruption for power generating facilities unless otherwise specified). Limit includes loss adjustment agreement and electronic computer or electronic data processing equipment with the following sub-limits:
  - Included Jurisdictional and Inspections
  - \$10,000,000 Per Occurrence for Service/Utility/Off Premises Power Interruption
  - Included Per Occurrence for Consequential Damage/Perishable Goods/Spoilage
  - \$10,000,000 Per Occurrence for Electronic Data Processing Media and Data Restoration
  - \$10,000,000 Per Occurrence for Hazardous Substances/Pollutants/Decontamination
  - Included Per Occurrence for Machine or Apparatus used for Research, Diagnosis, Medication, Surgical, Therapeutic, Dental or Pathological Purposes
  - \$25,000,000 Automatic Acquisition for Boiler & Machinery values at newly acquired locations

**Policy Basis:** Repair or Replacement except Actual Loss sustained for all Time Element coverages

**Name Insured Clause:**  
Named Insured covers entities you acquire or in which you have 50% or more ownership or contractual control prior to loss

**Deductibles:**

- Varies per Member Except as shown for Specific Objects or Perils
- Varies per Member Electronic Data Processing Media
- Varies per Member Consequential Damage
- Varies per Member Objects over 200 hp, 1,000 KW/KVA/Amps or Boilers over 5,000 sq ft of heating surface
  - \$50,000 Objects over 350 hp, 2,500 KW/KVA/Amps or Boilers over 10,000 sq ft of heating surface
  - \$100,000 Objects over 500 hp, 5,000 KW/KVA/Amps or Boilers over 25,000 sq ft of heating surface
  - \$250,000 Objects over 750 hp, 10,000 KW/KVA/Amps or Boilers over 75,000 sq ft of heating surface
  - \$350,000 Objects over 25,000 hp, 25,000 KW/KVA/Amps or Boilers over 250,000 sq ft of heating surface

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## Boiler & Machinery Program July 1, 2014 – July 1, 2015

\$10 per foot / \$2,500 Minimum	Deep Water Wells
24 hours	Business Interruption/Extra Expense Except as noted below
30 days	Business Interruption – Revenue Bond
24 hours	Waiting Period – Utility Interruption
5 x 100% of Daily Value	Business Interruption – All Objects over 750 hp or 10,000 KW/KVA/Amps or 10,000 sq ft Heating Surface
5 x 100% of Daily Value	Business Interruption – All Objects at Waste Water Treatment Facilities & All Utilities

### Exclusions (including but not limited to):

- Testing
- Explosion, except for steam or centrifugal explosion
- Explosion of gas or unconsumed fuel from furnace of the boiler

### Objects Excluded (Including but not limited to) :):

- Insulating or refractory material
- Buried Vessels or Piping
- Furnace, Oven, Stove, Incinerator, Pot Kiln

### Claims Administrator:

First Notice of Claim should be reported to Alliant Insurance Services via telephone, fax, mail or e-mail to our San Francisco Office:

Alliant Insurance Services, Inc.  
100 Pine St, 11<sup>th</sup> Floor  
San Francisco CA 94111  
**Toll Free Voice: (877) 725-7695 / Fax: (415) 403-1466**

Bob Frey, First Vice President, Claims Manager  
Voice: (415) 403-1445 / Email: [rfrey@alliant.com](mailto:rfrey@alliant.com)

Diana Walizada, Assistant Vice President, Claims Unit Manager  
Voice: (415) 403-1453 / Email: [dwalizada@alliant.com](mailto:dwalizada@alliant.com)

cc.

McLaren's Young International Claims Services  
1301 Dove St., Suite 200  
Newport Beach, CA 92660  
Attn: Cathryn O'Meara  
Voice: (949) 757-1413 / Fax: (949) 757-1692  
Email: [cathryn.omeara@mclarensyoung.com](mailto:cathryn.omeara@mclarensyoung.com)

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## Public Entity Pollution Liability July 1, 2014 – July 1, 2015

**Insurer:** Alliant Property Insurance Program (APIP) – Illinois Union Fire Insurance Company

**Policy No.:** PPL G24544837 004

**Covered Entity:** California State University Risk Management Authority –  
Auxiliary Organizations Risk Management Alliance (AORMA)

**Coverage:** Claims-Made and Reported Pollution Liability

**Covered Location:**

1. As per schedule on file with the insurer.
2. Any properly permitted and licensed non-owned disposal sites that has not been identified by the United States EPA National Priorities List, and is not undergoing voluntary or regulatory required remediation at the time the waste was received for disposal.

**Covered Operations:**

Covered operations means (1) transportation and (2) street construction and repair services, utility construction and repair services, refuse collection, and spraying operations, including but not limited to the application of pesticides, herbicides or fertilizers in liquid or dry form, which are performed by or on behalf of a “named insured” outside the physical boundaries of a covered location.

**Retroactive Date:**

Policy Inception

**Coverage Provisions:**

1. Coverage A – New Pollution Conditions: First and third party bodily injury, property damage, remediation costs and associated legal defense expense arising out of a pollution condition on, at, under, or migrating from a covered location, provided that the pollution condition commences on or after the retroactive date.
2. Coverage B – New Pollution Conditions From Covered Operations: Third party bodily injury, property damage, remediation costs and associated legal defense expense resulting from a covered operation, provided that the pollution condition commences on or after the retroactive date.
3. Blanket Non-Owned Disposal Site (NODS) coverage, third party trigger only.
4. First and third party transportation of waste.
5. Defense Costs and Expenses are within Limits of Liability.
6. Illicit Abandonment has been added to the definition of pollution condition.
7. Jurisdiction and Venue and Choice of Law Condition have been deleted.
8. Coverage for mid-term transactions for values that are less than \$25,000,000 shall automatically be added as a covered location.
9. Automatic Acquisition and Due Diligence – Property purchased in the amount of or in excess of \$25,000,000 need to be reported within 90 days, along with a Phase I Environmental Site Assessment, or two (2) years of property insurance loss runs or a completed, signed application
10. Solely with respect to “fungi”, the definition of “remediation costs” shall not include restoration costs

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**Public Entity Pollution Liability**  
**July 1, 2014 – July 1, 2015****Limits:**

\$1,000,000	Per Pollution Condition
\$1,000,000	Per Member Aggregate
\$1,000,000	Per Pool Member
\$2,000,000	Per Pool Aggregate
\$1,000,000	Fungi & Legionella Sublimit
\$1,000,000	Business Income & Extra Expense
\$25,000,000	Policy Aggregate

**Self-Insured Retention:**

\$75,000	Per Pollution Condition
\$750,000	Underground Storage Tanks Specific
\$10,000	In the event that a loss concurrently triggers both, the Insured's Property policy and this Premises Pollution Liability policy, then a \$10,000 SIR for "fungi" shall apply. If the Property policy is NOT triggered, then the standard insured-specific SIR, as identified on the Dec Page, shall apply.
10 day	Waiting Period for Business Income & Extra Expense

**Exclusions:**

1. Asbestos and Lead Based Paint
2. Contractual Liability
3. Divested Property
4. Employer's Liability
5. Fines and Penalties
6. First Party Property Damage – *Does not apply to remediation costs*
7. Fraud or Misrepresentation
8. Insured's Internal Expenses
9. Insured vs. Insured
10. Intentional Non-Compliance
11. Landfills, Recycling Facilities, Ports or Airports – *leased, owned or operated*
12. Material Change in Risk
13. Naturally Occurring Materials
14. Pre-Existing Conditions
15. Products Liability - *Does not apply to pollution conditions directly related to reclaimed or recycled water processed at any covered location that is also a wastewater treatment plant.*
16. Professional Liability
17. Regulatory Compliance
18. Work Product
19. Airports
20. Ports
21. War or Terrorism
22. Use, maintenance or operation of an automobile, aircraft, watercraft or other conveyance beyond the boundaries of a covered location. *This exclusion does not apply to transportation and the loading/unloading of an automobile.*

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California State University Risk Management Authority  
Auxiliary Organizations Risk Management Alliance

## Public Entity Pollution Liability July 1, 2014 – July 1, 2015

### Additional Information:

1. The insurance afforded by this Policy shall apply in excess of and shall not contribute with any other such insurance.
2. Loss covered pursuant to a Federal, State, County or Municipality administered underground storage tank fund, or any functional equivalent to such fund, shall be considered primary insurance, to which the coverage afforded pursuant to this Policy shall only apply in excess. *This includes storage tank pollution liability insurance.*
3. Underlying SIR shall erode the SIR on this policy, subject to the minimum SIR reflected on the Dec Page
4. Value-Added Engineering Package
  - ❖ Mold Awareness Training
  - ❖ **Unit Count 1** - Mold Awareness Training by ESIS personnel. Must be completed at one central location, or via webinar.
  - ❖ Due Diligence Program Overview
  - ❖ **Unit Count 50** – Up to 50 First Search Reports (Governmental Database Reports)
  - ❖ ACM/LBP Plan
  - ❖ **Unit Count 1** – Creation of ACM and LBP Plans. One report will be created so that the Insured may disseminate throughout the rest of the APIP Program members.
  - ❖ Mold O&M Plan
  - ❖ **Unit Count 1** - Creation of a Water Intrusion and Mold Mitigation Plan. One report will be created so that the Insured may disseminate throughout the rest of the APIP Program members.

### Claims Administrators:

Written notice of any claim or pollution condition within 7 days of discovery. Concurrently, please send to:

- 1) ACE USA Claims  
P.O. Box 5103  
Scranton, PA 18505-0510  
Environmental Emergency: 888-310-9553  
(800) 951-4119 (Fax)  
[CasualtyRiskEnvironmentalFirstNotice@acegroup.com](mailto:CasualtyRiskEnvironmentalFirstNotice@acegroup.com)
- 2) Robert Frey  
Alliant Insurance Services, Inc.  
100 Pine Street, 11th Floor  
San Francisco, CA 94111-5101  
415-403-1445 / 415-403-1466 – fax  
[rfrey@alliant.com](mailto:rfrey@alliant.com)
- 3) Martin Fox-Foster  
Alliant Insurance Services, Inc.  
100 Pine Street, 11th Floor  
San Francisco, CA 94111-5101  
415-403-1417 / 415-403-1466 – fax  
[mfox-foster@alliant.com](mailto:mfox-foster@alliant.com)

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## Cyber Risk Liability (with PEPiP) July 1, 2014 – July 1, 2015

<b>Insurer:</b>	Lloyd's of London - Beazley Syndicate: Syndicates 2623 - 623 - 100%		
<b>Policy No.:</b>	PH1433938		
<b>Named Cover Entity:</b>	California State University Risk Management Authority – Auxiliary Organizations Risk Management Alliance (AORMA)		
<b>Coverage Program:</b>	Information Security & Privacy Insurance with Electronic Media Liability Coverage  <b>Alliant Property Insurance Program (APIP) inclusive of Public Entity Property Insurance Program (PEPIP), and Hospital All Risk Property Program (HARPP)</b>		
<b>Retroactive Date:</b>	July 1, 2008	California State University and CSU Auxiliary Organizations.	
<b>Territory:</b>	Worldwide		
<b>Limits:</b>			
<i>Third Party Liability</i>	Ai.	\$25,000,000	<b>Annual Policy and Program Aggregate Limit of Liability</b> (subject to policy exclusions) for all Insureds/Members combined (Aggregate for all coverages combined, including Claims Expenses), subject to the following sub-limits as noted.
	Aii.	\$2,000,000	<b>Annual Aggregate Limit of Liability</b> for each Insured/Member for <b>Information Security &amp; Privacy Liability</b> (Aggregate for all coverages combined, including Claim Expenses) but sublimited to:
	B.	\$500,000	<b>Annual Policy Aggregate Limit of Liability</b> for each Insured / Member <b>Privacy Notification Costs</b> coverage. Limit is \$1,000,000 if Beazley vendor services are used.
	C.	\$2,000,000	<b>Annual Policy Aggregate Limit of Liability</b> for each Insured / Member for all Claims Expenses and <b>Penalties for Regulatory Defense and Penalties</b>  <b>PCI Fines and Penalties</b> coverage added with sub-limit of \$100,000.
	D.	\$2,000,000	<b>Annual Policy Aggregate Limit of Liability</b> for each Insured/Member for all Damages and Claims Expenses for <b>Website Media Content Liability</b> (Occurrence Based)
	E.	\$2,000,000	<b>Policy Aggregate Sublimit of Liability</b> for each Insured/Member for <b>Cyber Extortion Loss</b>
<i>First Party Computer Security</i>	F.	\$2,000,000	<b>Policy Aggregate Sublimit of Liability</b> for each Insured/Member for <b>Data Protection Loss and Business Interruption Loss</b>

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**Cyber Risk Liability (with PEPiP)  
July 1, 2014 – July 1, 2015**

- G. **First Party Business Interruption Sub-Limits of Liability** for each Insured/Member
- \$50,000 1) Hourly Sublimit
  - \$50,000 2) Forensic Expense Sublimit
  - \$150,000 3) Dependent Business Interruption Sublimit.

The sub-limits of liability displayed above in Items B, C, D, E, F and G are part of, and not in addition to, the overall Annual Aggregate Limit of Liability for each Insured/Member (Item Aii)

**Retention:**

- \$25,000 CSU Auxiliary Organizations Only
- \$50,000 Per Occurrence for each Insured/Member with TIV up to \$500,000,000 at the time of loss
- \$100,000 Per Occurrence for each Insured/Member with TIV greater than \$500,000,000 at time of loss
- 8 Eight hour waiting period for first party claims

- Coinsurance for Specific Coverages:**
- 10% For Public Relations Consultancy
  - 10% For Credit File Monitoring

**Notice:** **Policy coverage sections I.A - Information Security & Privacy Liability, I.B.- Privacy Notification Costs and I.C.-Regulatory Defense & Penalties of this policy provide coverage on a claims made and reported basis; except as otherwise provided, coverage under these insuring agreements applies only to claims first made against the insured and reported to underwriters during the policy period. Claims expenses shall reduce the applicable limit of liability and are subject to the applicable retention.**

**SPECIFIC COVERAGE PROVISIONS:**

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## Cyber Risk Liability (with PEPiP) July 1, 2014 – July 1, 2015

- A. Information Security and Privacy Liability** pays on behalf of the Insured/Member damages and claims expenses excess of the retention which the Insured/Member shall become legally obligated to pay because of any claim, including a claim for violation of a privacy law first made against the Insured/Member and reported to underwriters during the policy period for
- theft, loss or unauthorized disclosure of personally identifiable non-public information or third party corporate information that is in the care, custody or control of the Insured/Member, or an independent contractor that is holding, processing or transferring such information on behalf of the Insured/Member.
  - Acts or incidents that directly result from the failure of computer security to prevent a security breach including
    - Alteration, corruption, destruction, deletion, or damage to a data asset stored on computer systems
    - Failure to prevent transmission of malicious code from computer systems to third party computer systems
    - Participation in a denial of service attack directed against a third party computer system
  - The failure to timely disclose any of the above in violation of any breach notice law
  - The failure to comply with a privacy policy involving the disclosure, sharing or selling of personally identifiable non-public information
- The failure to administer an identity theft prevention program
- B. Privacy Notification Costs** pay the Insured/Member for reasonable and necessary costs to comply with a breach notice law because of an incident that first takes place on or after the retroactive date and before the end of the policy period. Privacy Notification Costs means costs incurred within one year of the reporting of the incident or suspected incident to the Underwriters:
- To hire security experts;
  - Notification provisions,
  - Public relations mitigation up to \$50,000 subject to 10% coinsurance
  - Credit monitoring for the purpose of mitigating potential damages and are subject to 10% coinsurance
    - Credit file monitoring,
    - Mailing and third party administrative costs
- C. Regulatory Defense and Penalties** pays on behalf of the Insured/Member claims expenses and penalties which the Insured/Member shall become legally obligated to pay because of any claim in the form of a regulatory proceeding resulting from a violation of a privacy law and caused by an incident described under certain sections of the information security and privacy liability section of the policy.
- D. Website Media Content Liability** (occurrence based) days on behalf of the insured damages and claims expenses resulting from any claim made against the Insured/Member for one or more of the following acts committed in the course of covered media activities:
- Defamation, libel, slander, trade libel
  - Privacy violation
  - Invasion or interference with publicity
  - Plagiarism, piracy, misappropriation of ideas under implied contract
  - Infringement of copyright
  - Infringement of domain name, trademark
  - Improper deep-linking or framing within electronic content

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## Cyber Risk Liability (with PEPiP) July 1, 2014 – July 1, 2015

- E. Cyber Extortion** indemnifies the Insured/Member for costs incurred as a result of an extortion threat by a person other than employees, directors, officers, principals, trustees, governors, managers, members, etc.
- F. First Party Data Protection** indemnifies the Insured/Member for data protection loss as a result of alteration, corruption, destruction, deletion, damage or inability to access data assets.
- G. First Party Network Business Interruption** indemnifies the Insured/Member for business interruption loss as a direct result of the actual and necessary interruption or suspension of computer systems and is directly caused by a failure of computer security to prevent a security breach.

### Exclusions (including but not limited to):

Coverage does not apply to any claim or loss from

- Bodily Injury or Property Damage
- Any employer-employee relations, policies, practices
- Contractual Liability or Obligation
- Any actual or alleged act, error or omission or breach of duty by any director, officer, manager if claim is brought by principals, officers, directors, stockholders and the like
- Anti-Trust violations
- Unfair trade practices
- Unlawful collection or acquisition of Personally Identifiable Non-Public Information
- Distribution of unsolicited e-mails, facsimile, audio or video recording
- Prior knowledge or previously reported incidents
- Incidents occurring prior to retroactive date/continuity date
- Any act, error, omission, of computer security if occurred prior to policy inception
- Collusion
- Securities Act Violations
- Fair Labor Act Violations
- Discrimination
- Intentional Acts with regard to Privacy and Security Breach
- Infringement - Patent and Copyright
- Federal Trade Commission and related state, federal, local and foreign governmental activities
- Insured vs. Insured
- Money/Securities/Funds Transfer
- Broadcasting, Publications and Advertising
- War and Terrorism
- Radioactive Contamination
- Pollution
- Nuclear Incident

**Other Services** Unlimited Access to e-Place Solutions as per attached brochure

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## Cyber Risk Liability (with PEPiP) July 1, 2014 – July 1, 2015

### Claims Reporting:

**IMMEDIATE NOTICE** must be made to Beazley NY of all potential claims and circumstances (assistance, and cooperation clause applies)

Claim notification under this policy is to:

Beazley Group

Attn: Beth Diamond

1270 Avenue of the Americas

New York, NY 10020

[tmbclaims@beazley.com](mailto:tmbclaims@beazley.com)

Alliant Insurance Services, Inc.

100 Pine Street, 11th Floor

San Francisco, CA 94111-5101

Attn: Rob Frey, First Vice President, Claims Manager

Direct: (415) 403-1445 / Cell:(415) 518-8490 After hours

Fax: (415) 403-1466

E-mail: [rfrey@alliant.com](mailto:rfrey@alliant.com)

Attn: Elaine G. Kim, Claims Advocate

Voice: (415) 403-1458

Fax: (415) 403-1466

Email: [ekim@alliant.com](mailto:ekim@alliant.com)

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## POLICYHOLDER SERVICES

### NEW SERVICES INCLUDE

- Training and Awareness Programs
- Animated Staff Training Programs
- Expanded HIPAA Compliance Tools

## DATA SECURITY RISK MANAGEMENT

NoDataBreach.com provides risk management policies, procedures, training, and other tools to help insureds prevent a breach of confidential data.

As a Beazley Breach Response® policyholder, you have unlimited access to:

### ON-LINE COMPLIANCE MATERIALS

Federal and state compliance materials regarding data security, data breaches, and data privacy, including:

- Quick Tips on many subjects; Summaries of federal/state laws
- Links to statutes & regulations; Sample policies & procedures
- Continuing updates and electronic notification of significant changes to the on-line materials

### QUARTERLY NEWSLETTER & "INSTANT ALERTS"

Sent by email, learn about changes in federal and state laws regarding data security, data breach, and data privacy issues; Instant Alerts sent by email for events require immediate attention.

### EXPERT SUPPORT ON-LINE

Experts support from consultants/attorneys on data security issues; including:

- Health care & HIPAA compliance issues
- Data breach prevention issues
- Data Security best practices
- Computer forensic issues

### STEP-BY-STEP PROCEDURES TO LOWER RISK

Procedures and on-line forms help you:

- Understand the scope of "personal information" ("PI")
- Determine where PI is stored
- Collect and/or retain the minimum amount of PI as required for business needs
- Properly destroy PI that is no longer needed
- Implement an Incident Response Plan

### TRAINING MODULES

- Comic Strip training
- Online training programs; Employee training bulletins
- Webinars for privacy compliance and IT staff
- Audio and PodCast training for managers and/or employees

### HANDLING DATA BREACHES

Guidance provided to:

- Help prevent data security incidents
- Respond to a data breach



NoDataBreach.com

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While we believe this Summary of Insurance fairly represents the terms, conditions and exclusions found in your insurance policies, in the event of any differences between the policies themselves and this summary, the policy provision will direct any resolution. This summary is not intended to replace or supersede any of your insurance contracts.



**PEPIP USA FORM No. 10**  
**MASTER POLICY WORDING**

**COVERAGE INCEPTING**  
**FROM JULY 1, 2014 TO JULY 1, 2015**

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## SECTION I

### GENERAL PROVISIONS

#### A. INSURING AGREEMENT

In consideration of the premium paid by the Insured to the Company, the Company agrees to insure the following per the terms and conditions herein.

#### B. NAME OF INSURED

As per Declaration page and its member(s), entity(ies), agency(ies), organization(s), enterprise(s) and/or individual(s) for whom the Named Insured is required to provide coverage, as so named in the "Named Insured – Member Schedule" attached to this policy and/or on file with Alliant Insurance Services, Inc., as their interests may appear which now exist or which hereafter may be created or acquired and which are owned, financially controlled or actively managed by the herein named interest, all jointly, severally or in any combination of their interests, for account of whom it may concern.

Lessors and other party(ies) of interest in all property of every description covered hereunder are included herein as Insured's for their respective rights and interests, it being understood that the inclusion hereunder of more than one covered party shall not serve to increase the Company's limit of liability.

Mortgagees to whom certificates of coverage have been issued are covered hereunder as Insured's in accordance with the terms and conditions of Form 438 BFU NS, CP12 18 1091, or equivalent as required by the mortgagee.

#### C. MAILING ADDRESS OF INSURED

AS PER DECLARATION PAGE

#### D. POLICY PERIOD

AS PER DECLARATION PAGE

#### E. LIMITS OF LIABILITY

Subject to specific exclusions, modifications, and conditions hereinafter provided, the liability of the Company in any one occurrence regardless of whether one or more of the coverages of this Policy are involved shall not exceed:

##### 1. SPECIFIC LIMITS OF LIABILITY

The Specific Limits of Liability as described in the Declaration Page apply per occurrence unless indicated otherwise.

##### 2. SUB-LIMITS OF LIABILITY

The following sub-limits of liability are provided as described in the Declaration Page and apply per occurrence unless indicated otherwise. Coverage is provided only if a sub-limit of liability is shown in the Declaration Page for that item, and do not increase the specific limits of liability. The absence of a sub-limit of liability amount in the Declaration Page means that no coverage is provided for that item.

- a. Per occurrence, and in the annual aggregate as respects the peril of flood (for those member(s) / entity(ies) that participate in this optional dedicated coverage);
- b. Per occurrence, and in the annual aggregate as respects the peril of earthquake shock for those member(s) / entity(ies) that participate in this optional dedicated coverage;
- c. Combined Business Interruption, Rental Income, Tax Interruption and Tuition income (and related fees) ;
- d. Extra Expense;
- e. Miscellaneous Unscheduled Property;
- f. Automatic Acquisition. As per policy provisions;
- g. Unscheduled Landscaping, tees, sand traps, greens and athletic fields if specific values for such items have not been reported as part of the member(s) / entity(ies) schedule of values held on file with Alliant Insurance Services, Inc;
- h. Scheduled Landscaping, tees, sand traps, greens and athletic fields if specific values for such items have been reported as part of the Member(s) / Entity(ies) schedule of values held on file with Alliant Insurance Services, Inc;
- i. Errors & Omissions;
- j. Course of Construction and Additions;
- k. Money and Securities for Fire, Wind, Hail, Explosion, Smoke, Lightning, Riot, Civil Commotion, Impact by Aircraft or Objects falling there from, Impact by Vehicles, Water Damage and Theft (other than by an employee of the member(s) / entity(ies));
- l. Prize Giveaways solely as respects member(s) / entity(ies) that participate in this optional coverage;
- m. Unscheduled Fine Arts (as more fully defined herein);
- n. Accidental Contamination including owned land, land values and water owned by the member(s) / entity(ies);
- o. Unscheduled Tunnels, bridges, dams, catwalks (except those not for public use), roadways, highways, streets, sidewalks, culverts, street lights and traffic signals unless specific values for such items have been reported as part of a member(s) / entity(ies) schedule of values held on file in the offices of Alliant Insurance Services, Inc. excluding Federal Emergency Management Agency (F.E.M.A.) and/or any State Office of Emergency Services (O.E.S.) declared disasters, providing said declaration provides funding for repairs;
- p. Increased Cost of Construction due to the enforcement of building codes / ordinance or law. As per policy provisions;
- q. Transit;
- r. Unscheduled Animals;
- s. Unscheduled Watercraft; up to 27 feet. Unscheduled watercraft over 27 feet if held for sale by the insured.
- t. Off premises services interruption including extra expense resulting from a covered peril at non-owned/operated location(s);
- u. Separately as respects Contingent Business Interruption, Contingent Extra Expense, Contingent Rental Value, and Contingent Tuition Income;
- v. Per occurrence and in the annual aggregate as respects the peril of Earthquake Shock for licensed vehicles, unlicensed vehicles, contractors equipment and fine arts combined for all member(s) / entity(ies) of this declaration combined that do not purchase optional dedicated Earthquake Shock coverage, and/or where specific values for such items are not covered for optional dedicated Earthquake Shock coverage as part of the member(s) / entity(ies) schedule of values held on file with Alliant Insurance Services, Inc.;

- w. Per occurrence and in the annual aggregate as respects the peril of Flood for licensed vehicles, unlicensed vehicles, contractors equipment and fine arts combined for all member(s) /entity(ies) of this declaration combined that do not purchase optional Flood coverage, and/or where specific values for such items are not covered for optional dedicated Flood coverage as part of the member(s) / entity(ies) schedule of values held on file with Alliant Insurance Services, Inc.;
- x. Claim Preparation Expenses;
- y. Expediting Expenses;
- z. Separately as respects furs, jewelry, precious metals and precious stones;
- aa. Business Interruption for Power Generation Facilities, which is understood to be part of and not additional to the sublimit of liability set forth in Item 2 c. above;
- ab. Terrorism;
- ac. Personal Property outside the U.S.A.;
- ad. Boiler Explosion and Machinery Breakdown (for those member(s) / entity(ies) that participate in this optional dedicated coverage).

**F. OPTIONAL COVERAGE PARTICIPATION**

It is understood and agreed that certain Insured’s participate in Optional Coverage on this Policy as set forth below.

OPTIONAL COVERAGES IDENTIFICATION:

- 1. Earthquake Shock
- 2. Licensed Vehicles – Off Premises
- 3. Scheduled Fine Arts
- 4. Flood
- 5. Boiler Explosion & Machinery Breakdown
- 6. Terrorism Risk Insurance Act of 2002

Such participation in the optional coverage(s) by the Insured is indicated in the Declaration Page, and/or by endorsement to this policy.

**G. DEDUCTIBLE PROVISIONS**

If two or more deductible amounts provided in the Declaration Page apply for a single occurrence the total to be deducted shall not exceed the largest per occurrence deductible amount applicable.

Deductibles are shown on the Declaration Page, or by endorsement and may vary by member of a joint powers authority (JPA) or risk sharing pool (Pool), or the coverage part pertaining to the loss.

Unless a more specific deductible is applicable for a particular loss, the “Basic Deductible” shown in the Declaration Page, shall apply per occurrence. The company will not pay for loss or damage in any one occurrence until the amount of the loss or damage exceeds the applicable deductible.

The “JPA/Pool Basic Deductible” – when applicable will be in excess of a JPA or Pool member’s deductible amount. The member’s deductible amount will be agreed upon between the JPA or Pool and its members. The “JPA/Pool Basic Deductible” shown in the Declaration Page, shall apply per occurrence. The company will not pay for loss or damage in any one occurrence until the amount of the loss or damage exceeds the applicable constituent members’ deductible and the “JPA/Pool Basic Deductible”, until the “JPA/Pool Annual Aggregate Amount” is exhausted.

The “JPA/Pool Annual Aggregate Amount” - when applicable is the accumulation of payments made by the JPA or Pool that are categorized as “JPA/Pool Basic Deductibles” above. Once the annual aggregate amount is reached, all subsequent losses in chronological order are subject to the “JPA/Pool Maintenance Deductible” indicated in the Declaration Page. As with the “JPA/Pool Basic

Deductible” this maintenance deductible will be applicable in excess of the applicable JPA or Pool constituent member’s deductible.

“Vehicle Physical Damage deductible” - if Off-Premises coverage is included/purchased, the stated deductible will apply to vehicle physical damage both on and off premises on a per occurrence basis, unless otherwise stated. If “Off-Premises” coverage is not included, On-Premises/In-Yard coverage is subject to the All Risk Basic Deductible.

## **H. UNIT OF INSURANCE DEFINED**

In the application of the Earthquake Shock, or specified Wind deductibles, in accordance with the provisions of this Policy, each of the following shall be considered a Separate Unit of Insurance:

1. Each Separate Building or Structure;
2. The Contents of each Building or Structure;
3. Applicable Time Element Coverage of each separate Building or Structure; and
4. Property in each Yard.

The Company shall not be liable for loss to any Unit of Insurance covered hereunder unless such loss exceeds the percentages stated in this Policy of the replacement values of such Unit of Insurance at the time when such loss shall happen, and then only for its proportion of such excess.

## **I. PRIORITY OF PAYMENTS**

In the event of loss caused by or resulting from more than one peril or coverage, the limit of liability of the primary / underlying coverage shall apply first to the peril(s) or coverage(s) not insured by the excess layers and the remainder, if any, to the peril(s) or coverage(s) insured hereunder. Upon exhaustion of the limit of liability of the primary / underlying coverage, the excess layers shall then be liable for loss uncollected from the peril(s) or coverage(s) insured hereunder, subject to the limit of liability and the other terms and conditions as specified.

## SECTION II

### PROPERTY DAMAGE

#### A. COVERAGE

Subject to the terms, conditions and exclusions hereinafter contained, this Policy insures all property of every description both real and personal (including improvements, betterments and remodeling), of the Insured, or property of others in the care, custody or control of the Insured, for which the Insured is liable, or under the obligation to insure.

#### B. EXTENSIONS OF COVERAGE

All coverage extensions are subject to the terms, conditions and exclusions of the policy except insofar as they are explicitly providing additional coverage.

##### 1. PERSONAL EFFECTS

This Policy is extended to cover only such personal effects and wearing apparel of any of the officials, employees, students and personal effects of the Insured named in this Policy for which the Insured may elect to assume liability while located in accordance with the coverage hereof, but loss, if any, on such property shall be adjusted with and payable to the Insured.

##### 2. PROPERTY IN COURSE OF CONSTRUCTION AND ADDITIONS

It is understood and agreed that as respects course of construction projects and additions, this Policy will provide automatic coverage subject to the following conditions:

- a. Project involves only real property on new or existing locations (excluding dams, roads, and bridges).
- b. Value of the project at the location does not exceed USD as per Declaration Page. Projects that exceed this amount are subject to underwriting approval, prior to binding. However, inadvertent failure to report projects within USD as per Declaration Page shall not void coverage of said Project.

**Additional Expenses - Soft Costs:** This extension applies to new buildings or structures in the course of construction up to the time that the new building(s) or structure(s) is initially occupied or put to its intended use whichever occurs first.

The Company will cover the additional expenses (soft costs) of the Insured as defined below for up to 25% of the estimated completed value of the project which results from a delay in the completion of the project beyond the date it would have been completed had no loss or damage occurred. The delay must be due to direct physical loss or damage to property insured and be caused by or result from a peril not excluded by this Policy. The Company will pay covered expenses when they are incurred.

- a. **Additional Interest Coverage** – The Company will pay the additional interest on money the Insured borrows to finance construction or repair.
- b. **Rent or Rental Value Coverage** – The Company will pay the actual loss of net rental income that results from delay beyond the projected completion date. But the Company will not pay more than the reduction in rental income less charges and expenses that do not necessarily continue.



- c. Additional Real Estate Taxes or Other Assessments – The Company will pay the additional real estate taxes or other assessments the Insured incurs for the period of time that construction is extended beyond the completion date.
- d. Additional Advertising and Promotional Expenses – The Company will pay the additional advertising and promotional expense that becomes necessary as a result of a delay in the completion of the project.
- e. Additional Commissions Expense – The Company will pay the additional expenses, which result from the renegotiating of leases following an interruption in the project.
- f. Additional Architectural and Engineering Fees – The Company will pay the additional architectural and engineering fees that become necessary as a result of a delay in the completion of the project.
- g. Additional License and Permit Fees – The Company will pay the additional license and permit fees that become necessary as a delay in the completion of the project.
- h. Legal and Accounting Fees – The Company will pay the additional legal and accounting fees the Insured incurs as a result of a delay in the completion of the project.

### **3. FIRE FIGHTING EXPENSES**

It is understood and agreed that the Company shall be liable for the actual charges of fire fighting expenses including but not limited to those charged by municipal or private fire departments responding to and fighting fire in / on, and/or protecting property included in coverage provided by this Policy.

### **4. OFF PREMISES SERVICES INTERRUPTION**

It is understood and agreed that coverage under this Policy is extended to include physical damage, business interruption loss and/or extra expense incurred and/or sustained by the Insured as a result of physical damage to or destruction of property, by the perils insured against occurring during the policy period of any suppliers furnishing heat, light, power, gas, water, telephone or similar services to an Insured's premises. The coverage provided by this clause is sublimited to USD as per Declaration Page, and Section 1 (General Provisions) of this form.

### **5. ARCHITECTS AND ENGINEERS FEES AND LOSS ADJUSTMENT EXPENSES**

This Policy also insures as a direct result of physical loss or damage insured hereunder, any of the following:

- a. Architects and engineers fees
- b. Loss adjustment expenses including, but not limited to, auditors, consultants and accountants. However, the expenses of public adjusters are specifically excluded.

### **6. EXPEDITING EXPENSES**

In the event of physical loss or damage insured hereunder, it is understood and agreed that coverage under this Policy includes the reasonable extra cost of temporary repair and of expediting the repair of such damaged property of the Insured, including overtime and the

extra costs of express or other rapid means of transportation. This coverage provided by this clause is sublimited to USD as per the Declaration Page.

## **7. DEBRIS REMOVAL**

This Policy also covers expenses incurred in the removal of debris of the property covered hereunder from the premises of the Insured that may be destroyed or damaged by a covered peril(s). This debris removal coverage does not apply to the cost to extract pollutants from land or water, or to remove, restore or replace polluted land or water.

## **8. BUILDING LAWS**

This Policy is extended to include physical damage, business interruption loss, loss of interest and/or extra expense incurred and/or sustained by the Insured as a result of physical damage to or destruction of property, by the perils insured against occurring during the policy period and occasioned by the enforcement of any local or state ordinance or law regulating the construction, repair or demolition of buildings or structures, which is in force at the time such a loss occurs, which necessitates the demolition of any portion of the covered building not damaged by the covered peril(s).

The Company shall also be liable for loss due to the additional period of time required for repair or reconstruction in conformity with the minimum standards of such ordinance or law of the building(s) described in this Policy damaged by a covered peril.

The Company shall not be liable under this clause for more than the limit of liability as shown elsewhere in this Policy.

## **9. DEMOLITION COST**

In the event of physical damage to property insured by a covered peril, this policy is extended to cover the cost of demolishing any undamaged portion of the covered property including the cost of clearing the site thereof, caused by loss from any covered peril(s) under this Policy and resulting from enforcement of any local or state ordinance or law regulating the construction, repair or demolition of buildings or structures and in force at the time of loss which necessitates such demolition.

## **10. INCREASED COST OF CONSTRUCTION**

In the event of physical damage to property insured by a covered peril, this Policy is extended to cover the increased cost of repair or replacement occasioned by the enforcement of any local or state ordinance or law including written guidelines used by the department of corrections in any state regulating the construction, repair or demolition of buildings or structures, which is in force at the time such a loss occurs or which comes into force within 6 months after such a loss occurs, which necessitates in repairing or replacing the building covered hereunder which has suffered damage or destruction by the covered peril(s) or which has undergone demolition, limited, however, to the minimum requirements of such ordinance or law.

## **11. ERRORS & OMISSIONS**

No unintentional errors or unintentional omissions in description, location of property or valuation of property will prejudice the Insured's right of recovery but will be reported to the Company as soon as practicable when discovered. The coverage provided by this clause is sublimited to USD as per Declaration Page, and Section 1 (General Provisions) Clause E of this form. This extension does not increase any more specific limit stated elsewhere in this policy or Declaration.

**12. ANIMALS**

This policy is extended to cover retraining expenses associated with the loss of specially trained animals. Retraining expenses are included within the sublimit provided, unless otherwise scheduled.

**Notwithstanding the foregoing it is hereby understood and agreed that solely as respects Universities, hospitals, or other institutions of learning the following shall apply:**

This policy is extended to cover physical loss or damage to animals used for research subject to applicable exclusions under Section IV (General Conditions) B. Exclusions.

**13. VALUABLE PAPERS**

This policy is extended to cover Valuable Papers or the cost to reconstruct valuable papers (including but not limited to research, redrawing or duplicating) physically lost or damaged by a peril insured against during the term of this Policy.

**14. TRANSIT**

This policy is extended to cover Personal Property of the Insured or property held by the Insured in trust or on commission or on consignment for which the Insured may be held legally liable while in due course of transit, worldwide, against all risks of Direct Physical Loss or Damage not excluded by this Policy to the property insured occurring during the period of this Policy.

The coverage provided by this clause is sublimited to USD as per Declaration Page, and Section 1 (General Provisions) Clause E. of this form.

**15. VEHICLES WHILE ON INSURED PREMISES**

This policy is extended to cover vehicles while on premises of the Insured against physical loss or damage by a peril insured against during the term of this Policy.

**16. ASBESTOS CLEAN UP AND REMOVAL**

This policy specifically excludes asbestos materials clean up or removal, unless asbestos is itself damaged by a peril covered by this policy, then asbestos cleanup or removal within the damaged area, and applicable time element coverages, will be covered by this policy.

In no event will coverage be extended to cover undamaged asbestos, including undamaged asbestos in any portion of the building mandated by any governmental direction or request declaring that asbestos material present in any undamaged portion of the Insured's property must be removed or modified, or;

any loss or expense including investigation or defense costs, caused by, resulting from, or arising out of asbestos, exposure to asbestos, or any product containing asbestos, or;

any loss or expense normally provided by demolition, increased cost or building ordinance.

The Insured must report to Underwriters the existence of the damage as soon as practicable after the loss. However, this Policy does not insure any such damage first reported to the Underwriters more than thirty six (36) months after the expiration, or termination, of this policy.

## **17. PROTECTION AND PRESERVATION OF PROPERTY**

In the event of loss likely to be covered by this Policy, the Insured shall endeavor to protect covered property from further damage and shall separate the damaged and undamaged personal property and store in the best possible order, and shall furnish a complete inventory of the destroyed, damaged and undamaged property to the Insurer.

In case of actual or imminent physical loss or damage of the type insured against by this Policy, the expenses incurred by the Insured in taking reasonable and necessary actions for the temporary protection and preservation of property insured hereunder shall be added to the total physical loss or damage otherwise recoverable under the Policy and be subject to the applicable deductible and without increase in the limit provisions contained in this Policy.

Due to the unique nature of Health Care Facilities and Jails where it is deemed necessary to evacuate patients or inmates from the premises in order to reduce the physical loss potential from an actual or imminent loss or damage by a peril not excluded herein, all terms and conditions of this clause will apply to the expenses incurred as a result of the evacuation.

## **18. LEASEHOLD INTEREST**

In the event of physical loss or damage of the type insured against by this Policy to real property of the type insured this Policy, which is leased by the Insured, this Policy is extended to cover:

- (1) If as a result of such loss or damage the property becomes wholly un-tenantable or unusable and the lease agreement requires continuation of the rent, the Company shall indemnify the Insured for the actual rent payable for the unexpired term of the lease; or
- (2) If as a result of such loss or damage the property becomes partially untenable or unusable and the lease agreement requires continuation of the rent, the Company shall indemnify the Insured for the proportion of the rent applicable thereto; or
- (3) If as a result of such loss or damage the lease is cancelled by the lessor pursuant to the lease agreement or by operation of law, the Company shall indemnify the Insured for its Lease Interest for the first three months following such loss or damage and for its Net Lease Interest for the remaining unexpired term of the lease;

provided, however, that the Company shall not be liable for any increase in the amount recoverable hereunder resulting from the suspension, lapse or cancellation of any license, or from the Insured exercising an option to cancel the lease; or from any act or omission of the

Insured which constitutes a default under the lease; and provided further that the Insured shall use any suitable property or service owned or controlled by the Insured or obtainable from another source to reduce the loss hereunder.

The following definitions shall apply to this coverage:

- (1) Lease Interest means the excess rent paid for the same or similar replacement property over actual rent payable plus cash bonuses or advance rent paid (including any maintenance or operating charges) for each month during the unexpired term of the Insured's lease.
- (2) Net Lease Interest means that sum which placed at 8% interest compounded annually would equal the Lease Interest (less any amounts otherwise payable hereunder).

## **19. AUTOMATIC ACQUISITION AND REPORTING CONDITIONS**

This Policy is automatically extended to insure additional property and/or interests as described in this Policy, which may be acquired or otherwise become at the risk of the Insured, during the Policy Term, within the United States of America, subject to the values of such additional property and/or interests not exceeding USD25,000,000 or member's Policy Limit of Liability if less than USD25,000,000 any one acquisition excluding licensed vehicles, for which a limit of USD10,000,000 applies or member's Policy Limit of Liability if less than USD10,000,000. Additionally a sublimit of \$2,500,000 applies to Tier 1 wind counties, parishes and independent cities for 60 days for the states of Virginia, North Carolina, South Carolina, Georgia, Alabama, Mississippi, Louisiana, Texas and/or situated anywhere within the states of Florida and Hawaii.

If Flood coverage is purchased for all scheduled locations, this extension will extend to include Flood coverage for any location not situated in Flood Zones A or V. In the event that coverage for Flood for any location situated in Flood Zones A or V is required, it is to be agreed by the Company prior to attachment hereunder.

This coverage extension does not apply to the peril of Earthquake Shock in the States of California, or Alaska except as follows:

- (1) At Policy inception, for those members that purchase the earthquake shock peril, per the sublimit that appears on the Declaration Page, automatic coverage applies for the peril of earthquake shock for a period of 30 days from date of contractual requirement by any bond, certificate of participation or any similar investment, for any new locations where there is such a contractual requirement to provide earthquake shock coverage. Otherwise there is no Automatic Coverage for Earthquake Shock for any other new locations in California and Alaska.

In the event of coverage being required for additional property and/or interest where the value exceeds USD25,000,000 or member's Policy Limit of Liability if less than USD25,000,000 any one acquisition details of said property and/or interest are to be provided to the Company for its agreement not later than ninety (90) days from the date of the said additional property and/or interest have become at the risk of the Insured, this Policy providing coverage automatically for such period of time up to a maximum limit of USD100,000,000 or member's Policy Limit of Liability if less than USD100,000,000. The Company retains the right to determine the acceptability of all such property(ies). Additional premium will be calculated from the date of acquisition.

In the event that the Insured fails to comply with the above reporting provision, then coverage hereunder is sublimited to USD25,000,000 or member's Policy Limit of Liability if less than USD25,000,000 any one occurrence.

Additional, or return premium due for endorsements issued during the policy term, such as those for additions or deletions of values within or greater than as that which is provided in any "Automatic Acquisition sublimit" (including those for existing members, new members to the PEPPI program, or new members to existing JPA members) will be processed on a quarterly basis. Issuance of the endorsements and calculation of pro-rata or return premium, for these changes will be processed as of, and at the time of the transaction.

## **20. MISCELLANEOUS UNNAMED LOCATIONS**

Coverage is extended to include property at location (including buildings or structures, owned, occupied or which the Insured is obligated to maintain insurance). Located within the territorial limitations set by this policy. Coverage provided by this clause is limited to any sublimit noted on the Declaration Page attached to this form, and by terms and conditions of this policy form. This coverage extension does not apply to the peril of Earthquake Shock in the states of California, or Alaska. If Flood coverage is purchased for all scheduled locations, this extension will extend to include Flood coverage for any location not situated in Flood Zones A or V.

## **21. ACCIDENTAL CONTAMINATION**

This Policy is hereby extended to cover Business Interruption and Property Damage loss as a result of accidental contamination, discharge or dispersal from any source to Covered Property, including expenses necessarily incurred to clean up, remove and dispose of contaminated substances so as to restore the Covered Property to the same condition as existed prior to loss. The coverage provided is sublimited to USD as per Declaration page.

If such contamination or dispersal is itself caused by fire, lightning, impact from aircraft, explosion, riot, civil commotion, smoke, collapse, vehicles, windstorm, hail, vandalism, malicious mischief or leakage and accidental discharge from automatic fire protective systems whereupon this extension shall provide coverage up to full limit of liability provided by this Policy.

For the purposes of this Accidental Contamination clause only, the term "Covered Property", as covered by this Policy, is held to include Land (and Land Values) on which Covered Property is located whether or not the same are excluded by this Policy.

It is further understood and agreed that this coverage clause shall not override anything contained in Asbestos Clean Up and Removal in this Policy.

## **22. TERRORISM COVERAGE**

This insurance includes physical loss or damage directly caused by any "act of terrorism".

Coverage is limited to:

- a. USD 100,000,000 per member(s) / entity(ies) of declaration number 1-14, 18-21, 25- 30 and 32-34 per occurrence subject to USD200,000,000 in the annual aggregate which shared by all member(s) / entity(ies) of declaration numbers 1-14, 18-21, 25-30 and 32- 34 combined; and

Upon erosion of the above annual aggregate limit(s), the provisions of exclusion 20 within the General Conditions shall apply.

### **C. PROPERTY NOT COVERED**

Except as for that which may be provided as an Extension of Coverage, this policy does not cover:

1. Aircraft, watercraft over 27 feet in length (other than watercraft held for sale by the insured), and rolling stock, except scheduled watercraft, and rolling stock, light rail vehicles, subway trains and related track maintenance vehicles for light rail and subway lines.
2. Standing timber, bodies of water, growing crops.
3. Land (including land on which covered property is located), and land values (except athletic fields, landscaping, sand traps, tees and greens).
4. Property in due course of ocean marine transit.
5. Shipment by mail after delivery into the custody of the United States Post Office.
6. Power transmission lines, feeder lines and underground pipes more than 1,000 feet from the premises of the Insured unless specifically approved by the Company.
7. Unscheduled tunnels, bridges, dams, catwalks (except those not for public use), roadways, highways, streets, sidewalks, culverts, streetlights, and traffic signals, excess of the sublimit terms provided on the Declaration Page.
8. Offshore property, oilrigs, underground mines, caverns and their contents. Railroad track is excluded unless values have been reported by the Insured.

### **D. LOSS PAYMENT BASIS / VALUATION**

In case of loss to property of an Insured covered hereunder, the basis of adjustment shall be as of the time and place of loss as follows:

1. On all real and personal property, including property of others in the care or control of the Insured at the replacement cost (as defined below) at the time of the loss without deduction for depreciation. If property is not replaced within a reasonable period of time, then the actual cash value shall apply.
2. On improvements and betterments at the replacement cost at time of loss without deduction for depreciation. If property is not repaired or replaced within a reasonable period of time, then the actual cash value shall apply. If replaced or repaired by others for the use of the Insured, there shall be no liability hereunder. The Company agrees to accept and consider the Insured as sole and unconditional owner of all improvements and betterments, any contract or lease the Insured may have made to the contrary notwithstanding.
3. On manuscripts, mechanical drawings, patterns, electronic data processing media, books of accounting and other valuable papers, the full replacement cost of the property at the time of loss (including expenses incurred to recreate the information lost, damaged or destroyed, except as may be limited by any separate policy provision) or what it would then cost to repair, replace or reconstruct the property with other of like kind and quality. If not repaired, replaced or reconstructed within a reasonable period of time, then not to exceed the cost of blank or unexposed material.

4. On antique, restored or historical buildings, the cost of acquisition, relocation to the site and renovation or reconstruction. In the event of a partial loss, replacement cost for antique, restored or historical buildings shall mean the cost of repairing, replacing, constructing or reconstructing (whichever is less) the property on the same site using materials of like kind and quality necessary to preserve or maintain a buildings' historical significance without deduction for depreciation.
5. On property of others for which the Insured is liable under contract or lease agreement the Company's liability in the event of loss is limited to the Insured's obligation as defined in said contract or lease agreement but not to exceed the replacement cost.
6. On library contents, at replacement cost, or as follows, whichever is greater:

<u>Category</u>	<u>Value (per item)</u>	
Juvenile Picture Book	USD	42.76
Juvenile Book	USD	34.78
Juvenile Reference Book	USD	42.76
Pamphlets	USD	5.50
Magazines	USD	11.00
Fiction	USD	20.68
Law Periodical	USD	138.75
Non-Fiction	USD	74.42
Reference	USD	104.06
Law Reference	USD	136.35
Art	USD	56.14
Film (16mm)	USD	1,320.00
Film (8mm)	USD	58.75
Film (Super 8mm)	USD	429.00
Strips	USD	8.80
Cassette Film Strips	USD	94.38
Records	USD	75.00
Videos (Tapes and CDs)	USD	50.00
Audio Cassette	USD	27.50
Computer Software (incl. CDs)	USD	1,558.70
(Law) CD ROM	USD	258.80
Books on Tape	USD	67.26
Law Magazines	USD	144.93
Compact Discs	USD	21.95
Paperback Books	USD	35.17

The above valuation is predicated on the values provided by the Library of Congress Dewey Decimal system and adjusted for inflation.

The figures above do not include the "shelving cost" of each book. Therefore, the formula for adjusting a library contents loss is:

"Number of items in a category that are replaced multiplied by the valuation figure plus associated shelving costs".

The actual cost per item in the final adjustment is to be computed as of the time and place of loss or damage.



7. On Vehicles, on or off premises, where Replacement Cost (New) values are specified, loss or damage shall be based on 100% of the Replacement Cost (New) at the time of loss. Partial losses shall be based on the cost of repairing or replacing the damaged portion, up to the fair market value of the Vehicle and/or Equipment. However, should these costs exceed the fair market value then recovery shall be based upon the Replacement Cost (New).

If the values, provided by the Insured, provides a valuation based on replacement cost, then recovery will be on the same basis, if replaced. If not replaced, the basis of recovery shall be actual cash value.

8. Animals: The stated value as per schedule on file with the Insured.

**Notwithstanding the foregoing it is hereby understood and agreed that solely as respects Universities, hospitals or other institutions of learning the following shall apply:**

The stated value as per schedule on file with the Insured except Research Animals shall be valued at the cost to replace with like kind and quality; including the increased value as a result of prior research or experiments performed on the animal(s), accumulated cost of care and maintenance, and the value of labor expended by research assistants and/or laboratory technicians.

9. Landscaping, sand traps, tees, putting greens and athletic fields; the actual replacement cost of sod, shrubs, sand, plants and trees; however the Company's liability for replacement of trees, plants and shrubs will be limited to the actual size of the destroyed plant, tree or shrub at the time of the loss up to a maximum size of 25 gallons per item but not to exceed USD25,000 per item.

For the purpose of determining coverage under this policy landscaping, trees, plants and shrubs are only insured if their position and planting was undertaken by human agency for cosmetic effect.

The aforementioned valuations shall also be used for the purpose of any minimum earned premium and/or quarterly adjustments incurred.

Wherever the term "actual cash value" is used as respects real property or improvements and betterment's in this clause, or elsewhere herein, it shall mean replacement cost less depreciation.

"Replacement Cost" shall mean the cost of repairing, replacing, constructing or reconstructing (whichever is the least) the property on the same site, using new materials of like kind and quality and for like occupancy without deduction for depreciation, subject to the following:

- (i) Until the property is actually repaired, replaced or reconstructed, the maximum amount recoverable shall be the actual cash value of the lost or damaged property;
- (ii) Replacement shall be effected by the Insured with due diligence and dispatch;
- (iii) Replacement need not be on same site, or of same or similar construction or occupancy provided that the Company shall not be liable for any additional costs that are directly attributable to the inclusion of this provision.
- (iv.) For historical buildings as more specifically defined in this Section.
- (v.) In no event shall the Company's liability exceed the amount actually and necessarily expended in repairing or replacing (whichever is less) Covered Property or any part thereof.

It is understood and agreed that as respects replacement cost, the Insured shall have the option of replacement with electrical and mechanical equipment having technological advantages and/or representing an improvement in function and/or forming part of a program of system enhancement provided that such replacement can be accomplished without increasing the Company's liability. The Company shall be allowed to dispose of, as salvage, any non-proprietary property deemed unusable by the Named Insured.

In the event the Insured should fail to comply with any of the foregoing provisions settlement shall be made as if this Replacement Cost provision had not been in effect.

## SECTION III

### BUSINESS INTERRUPTION, EXTRA EXPENSE, RENTAL INCOME, TAX INTERRUPTION AND TUITION INCOME

Subject to the terms, conditions and exclusions stated elsewhere herein, this Policy provides coverage for:

#### A. COVERAGE

##### 1. BUSINESS INTERRUPTION

Against loss resulting directly from interruption of business, services or rental value caused by direct physical loss or damage, as covered by this Policy to real and/or personal property insured by this Policy, occurring during the term of this Policy.

In the event of such loss or damage the Company shall be liable for the actual loss sustained by the Insured for gross earnings as defined herein and rental value as defined herein resulting from such interruption of business, services, or rental value; less all charges and expenses which do not necessarily continue during the period of restoration. Due consideration shall be given to the continuation of normal charges and expenses including payroll expenses to the extent necessary to resume operations of the Insured with the same quality of service which existed immediately preceding the loss.

With respect to business interruption for power generation facilities, the coverage provided hereunder is sublimited to USD as per Declaration Page.

**Notwithstanding the foregoing it is hereby understood and agreed that solely as respects Universities, hospitals or other institutions of learning the following shall apply:**

In determining the amount of tuition income and related fees covered hereunder for the purpose of ascertaining the amount of loss sustained, due consideration shall be given to:

- (i) Tuition income and related fees which are prevented from being earned or received.
- (ii) Other income derived from:
  - (a) routine and special services;
  - (b) other operating and non-operating revenues, including but not limited to:
    - (1) research grants
    - (2) income under research contracts all dependent on continued operations.
- (iii) Donations and fund raising proceeds:
  - (a) If a regularly scheduled fund raising drive for the sole benefit of the Insured occurs during the period of interruption of operations, the revenue produced by such drive shall be considered as follows in determining the amount of loss:
    - (1) If the drive fails to produce an amount at least equal to the same drive in the most recent prior solicitation, the shortage, to the extent that it can be attributed to the interruption of the Insured's operations, shall be considered as loss of income;
    - (2) If the drive produces an amount equal to the same drive in the most recent prior solicitation, there shall be considered no loss of income from this source of revenue;
    - (3) If the drive produces an amount larger than the same drive in the most recent prior solicitation, the excess shall be applied to reduce the loss from other sources of revenue;
    - (4) If the drive is cancelled or postponed, such loss of revenue shall not be considered as loss of income.
  - (b) The following shall be disregarded in determining the amount of loss:

- (1) Donations and contributions which are a direct result of the interruption of the Insured's operations and are received by the Insured during the period of interruption.
- (2) Proceeds for fund raising drives or solicitations which are for the sole benefit of the Insured and occur as a result of interruption of the Insured's operations.

## **2. EXTRA EXPENSE**

This Policy is extended to cover the necessary and reasonable extra expenses occurring during the term of this Policy at any location as hereinafter defined, incurred by the Insured in order to continue as nearly as practicable the normal operation of the Insured's business following damage to or destruction of covered property by a covered peril which is on premises owned, leased or occupied by the Insured. In the event of such damage or destruction, the Company shall be liable for such necessary extra expense incurred for only such length of time as would be required with the exercise of due diligence and dispatch to rebuild, repair or replace such part of the property as has been damaged or destroyed commencing with the date of damage or destruction and not limited by the date of expiration of this Policy (hereinafter referred to as the period of restoration).

## **B. EXTENSIONS OF COVERAGE**

### **1. INGRESS / EGRESS**

This Policy is extended to insure the actual loss sustained during the period of time not exceeding 30 days when, as a direct result of physical loss or damage caused by a covered peril(s) specified by this Policy and occurring at property located within a 10 mile radius of covered property, ingress to or egress from the covered property covered by this Policy is prevented. Coverage under this extension is subject to a 24-hour waiting period.

### **2. INTERRUPTION BY CIVIL AUTHORITY**

This Policy is extended to include the actual loss sustained by the Insured, as covered hereunder during the length of time, not exceeding 30 days, when as a direct result of damage to or destruction of property by a covered peril(s) occurring at property located within a 10 mile radius of covered property, access to the covered property is specifically prohibited by order of a civil authority. Coverage under this extension is subject to a 24-hour waiting period.

### **3. DEMOLITION AND INCREASED TIME TO REBUILD**

The Company shall, in the case of loss covered under this Policy, be liable also for loss to the interest covered by the Policy, occasioned by the enforcement of any local or state ordinance or law regulating the construction, repair or demolition of buildings or structures and in force at the time such loss occurs, which necessitates the demolition of any portion of the described building(s) not damaged by the covered peril(s). The Company shall also be liable for loss due to the additional period of time required for repair or reconstruction in conformity with the minimum standards of such ordinance or law of the building(s) described in this Policy damaged by a covered peril.

THE COMPANY SHALL NOT BE LIABLE UNDER THIS CLAUSE FOR:

- a. More than the limit of liability as shown elsewhere in this Policy.
- b. Any greater proportion of any loss to the interest covered by this Policy than the amount covered under this Policy on said interest bears to the total insurance and coverage on said interest, whether all such insurance contains this clause or not.

#### **4. CONTINGENT TIME ELEMENT COVERAGE**

Business interruption, rental income, tuition income and extra expense coverage provided by this Policy is extended to cover loss directly resulting from physical damage to property of the type not otherwise excluded by this Policy at direct supplier or direct customer locations (whether such location is owned by the Insured or not) that prevents a supplier of goods and/or services to the Insured from supplying such goods and/or services, or that prevents a recipient of goods and/or services from the Insured from accepting such goods and/or services. The coverage provided by this clause separately as respects each of these coverage's is sublimited to USD as per Declaration Page.

#### **5. TAX REVENUE INTERRUPTION**

Except as hereinafter or heretofore excluded, this Policy insures against loss resulting directly from necessary interruption of sales, property or other tax revenue including, but not limited to Tribal Incremental Municipal Services Payments collected by or due the Insured caused by damage or destruction to property which is not operated by the Insured and which wholly or partially prevents the generation of revenue for the account of the Insured.

The Company shall be liable for the actual loss sustained for only the length of time as would be required with exercise of due diligence and dispatch to rebuild, replace or repair the contributing property commencing with the date of damage to the contributing property, but not limited by the expiration date of this Policy.

If the Insured has reported Revenue Interruption values for which premium has been charged, such loss recovery after deductible shall be limited to whichever is the least of:

1. The sub-limit insured on the Policy;
2. The actual loss sustained;
3. The difference in amount between 97.5% of the anticipated revenue and the actual total revenue after the loss.

If the Insured has not reported Revenue Interruption values, such loss recovery after deductible shall be limited to whichever is the least of:

1. The actual loss sustained;
2. USD5,000,000 per occurrence

**DEDUCTIBLE:** Each loss or series of losses arising out of one event at each location shall be adjusted separately and from the aggregate amount of all such losses 2.50% of the annual revenue value shall be deducted.

#### **6. EXTENDED PERIOD OF INDEMNITY**

Business interruption including rental income, tax interruption, tuition income and extra expense coverage provided by this Policy is extended for the additional length of time required to restore the business of the Insured to the condition that would have existed had no loss occurred commencing on either;

- a. the date on which the Company's liability would otherwise terminate or;

- b. the date on which rebuilding, repairing or replacement of such property as has been lost, damaged or destroyed is actually completed, whichever is later.

The Company's liability under this extension shall terminate no later than the number of days indicated in the Declaration Page for this item:

## **7. EXPENSES TO REDUCE LOSS**

This Policy also covers such expenses as are necessarily incurred for the purpose of reducing loss under this section (except incurred to extinguish a fire); but in no event to exceed the amount by which loss is thereby reduced.

## **C. EXCLUSIONS**

1. The Company shall not be liable for any increase of loss which may be occasioned by the suspension, lapse, or cancellation of any lease or license, contract or order, unless such suspension, lapse, or cancellation results directly from the interruption of business caused by direct physical loss or damage covered by this policy and, then the Company shall only be liable for such loss as affects the Insured's earnings during and limited to, the period of indemnity covered under this Policy.
2. With respect to loss resulting from damage to or destruction of media for, or programming records pertaining to, electronic data processing or electronically controlled equipment, including data thereon, by the perils insured against, the length of time for which the Company shall be liable hereunder shall not exceed:
  - i. Thirty (30) consecutive calendar days or the time required with exercise of due diligence and dispatch to reproduce the data thereon from duplicates or from originals of the previous generation, whichever is less; or,
  - ii. the length of time that would be required to rebuild, repair or replace such other property herein described as has been damaged or destroyed, but not exceeding eighteen (18) calendar months, whichever is the greater length of time.

## **D. CONDITIONS APPLICABLE TO THIS SECTION**

If the Insured could reduce the loss resulting from the interruption of business:

1. by complete or partial resumption of operation of the property whether or not such property be lost or damaged, or;
2. by making use of merchandise or other property at the Insured's location or elsewhere;

such reduction shall be taken into account in arriving at the amount of the loss hereunder.

## **E. DEFINITIONS**

### **1. GROSS EARNINGS**

"Gross Earnings" is defined as the sum of:

- a. total net sales and;
- b. other earnings derived from the operation of the business  
*less the cost of;*
- c. merchandise sold including packaging materials and;
- d. materials and supplies consumed directly in supplying the service(s) sold by the Insured, and;
- e. service(s) purchased from outside (not employees of the Insured) for resale that does not continue under contract.

No other cost shall be deducted in determining gross earnings.

In determining gross earnings, due consideration shall be given to the experience of the business before the date of loss or damage and the probable experience thereafter, had no loss occurred.

In the event that Real and/or Personal Property that does not normally produce an income, sustains damage covered under this policy, the actual recovery under this policy shall be the continuing fixed charges and expenses directly attributable to such non-productive property.

### **2. MERCHANDISE**

Shall be understood to mean, goods kept for sale by the Insured, which are not the products of manufacturing operations conducted by the Insured.

### **3. EXTRA EXPENSE**

The term "extra expense", whenever used in this Policy, is defined as the excess (if any) of the total cost incurred during the period of restoration chargeable to the operation of the Insured's business over and above the total cost that would normally have been incurred to conduct the business during the same period had no damage or destruction occurred. Any salvage value of property obtained for temporary use during the period of restoration, which remains after the resumption of normal operations, shall be taken into consideration in the adjustment of any loss hereunder.

#### **4. RENTAL VALUE**

The term “rental value” is defined as the sum of:

- a. the total anticipated gross rental income from tenant occupancy as furnished and equipped by the Insured, and;
- b. the amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be obligations of the Insured, and;
- c. the fair rental value of any portion of said property which is occupied by the Insured, and;
- d. any amount in excess of a., b. and c. (above) which is an obligation due under the terms and conditions of any revenue bond, certificate of participation or other financial instrument.

In determining rental value, due consideration shall be given to the experience before the date of loss or damage and the probable experience thereafter had no loss occurred.

#### **5. PERIOD OF RESTORATION**

The period during which business interruption and or rental interruption applies will begin on the date direct physical loss occurs and interrupts normal business operations and ends on the date that the damaged property should have been repaired, rebuilt or replaced with due diligence and dispatch, but not limited by the expiration of this policy.



**SECTION IV**  
**GENERAL CONDITIONS**

**A. PERILS COVERED**

Subject to the terms, conditions and exclusions stated elsewhere herein, this Policy provides insurance against all risk of direct physical loss or damage occurring during the period of this Policy.

**B. EXCLUSIONS**

This Policy does not insure against any of the following:

1. Loss or damage caused by or resulting from moths, vermin, termites, or other insects, inherent vice, latent defect, faulty materials, error in design, faulty workmanship, wear, tear or gradual deterioration, contamination, rust, corrosion, wet or dry rot, unless physical loss or damage not otherwise excluded herein ensues and then only for such ensuing loss or damage.
2. Physical loss or damage by normal settling, shrinkage or expansion in building or foundation.
3. Delay or loss of markets (this exclusion shall be inapplicable to the extent inconsistent with any time element coverage provided elsewhere herein).
4. Breakdown or derangement of machinery and/or steam boiler explosion, unless physical loss or damage not otherwise excluded herein ensues and then only for such ensuing loss.
5. Loss or damage caused by or resulting from misappropriation, conversion, inventory shortage, unexplained disappearance, infidelity or any dishonest act on the part of the Insured, it's employees or agents or others to whom the property may be entrusted (bailees and carriers for hire excepted) or other party of interest.
6. Loss or damage caused by or resulting from electrical injury or disturbance from artificial causes to electrical appliances, devices of any kind or wiring, unless physical loss or damage not otherwise excluded herein ensues and then only for such ensuing loss. This exclusion does not apply to data processing equipment or media.
7. Loss or damage to personal property resulting from shrinkage, evaporation, loss of weight, leakage, breakage of fragile articles, marring, scratching, exposure to light or change in color, texture or flavor, unless such loss is caused directly by fire or the combating thereof, lightning, windstorm, hail, explosion, strike, riot, or civil commotion, aircraft, vehicles, breakage of pipes or apparatus, sprinkler leakage, vandalism and malicious mischief, theft, attempted theft, flood or earthquake shock (Earthquake Shock, and Flood, in the states of Alaska, or California shall only apply to locations that are scheduled for Earthquake Shock and Flood).
8. Loss or damage caused by rain, sleet or snow to personal property in the open (except in the custody of carriers or bailees for hire).
9. Loss caused directly or indirectly, by:
  - a. War, hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack
    - i. by any government or sovereign power (de jure or de facto), or by any Authority maintaining or using military, naval or air forces; or

- ii. by military, naval or air forces; or
    - iii. by an agent of any such government, power, authority or forces;
  - b. any weapon of war employing atomic fission or radioactive force whether in time of peace or war;
  - c. insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental Authority in hindering, combating or defending against such an occurrence, seizure or destruction under quarantine or customs regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade.
10. Nuclear reaction or nuclear radiation or radioactive contamination from any cause, all whether direct or indirect, controlled or uncontrolled, proximate or remote, or is contributed to or aggravated by a Covered Cause of Loss. However:
- a. If fire not otherwise excluded results, the Company shall be liable for the direct physical loss or damage by such resulting fire, but not including, any loss or damage due to nuclear reaction, nuclear radiation, or radioactive contamination, and
  - b. This Policy does insure against physical loss or damage caused by sudden and accidental radioactive contamination, including resultant radiation damage, from material used or stored or from processes conducted on the Insured premises, provided that, at the time of such loss or damage, there is neither a nuclear reactor nor any new or used nuclear fuel on the Insured premises.
11. As respects course of construction, the following exclusions shall apply:
- a. The cost of making good: faulty or defective workmanship, materials, construction and/or design, but this exclusion shall not apply to damage by a peril not excluded resulting from such faulty or defective workmanship, materials, construction and/or design.
  - b. The cost of non-compliance of, or delay in completion of contract.
  - c. The cost of non-compliance with contract conditions.
  - d. Contractors' equipment or tools not a part of or destined to become a part of the installation.
12. Loss or damage caused by Earthquake Shock unless a limit is shown on the Declarations for Earthquake Shock this exclusion will apply.
13. Loss or damage caused by Flood unless a limit is shown on the Declarations for Flood this exclusion will apply.
14. Loss, damage, cost, claim or expense, whether preventative, remedial or otherwise, directly or indirectly arising out of or relating to:
- a. the recognition, interpretation, calculation, comparison, differentiation, sequencing or processing of data involving one or more dates or times, by any computer system, hardware, program or software, or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the Insured or not; or

- b. any change, alteration, correction or modification involving one or more dates or times, to any such computer system, hardware, program or software, or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the Insured or not.

Except as provided in the next paragraph, this Electronic Date Recognition Clause shall apply regardless of any other cause or event that contributes concurrently or in any sequence to the loss, damage, cost, claim or expense.

If direct physical loss or damage not otherwise excluded by this Policy results, then subject to all its terms and conditions, this Policy shall be liable only for such resulting loss or damage. Such resulting loss or damage shall not include physical loss or damage to data resulting directly from a) or b) above, nor the cost, claim or expense, whether preventative, remedial, or otherwise, arising out of or relating to any change, alteration, correction or modification relating to the ability of any damaged computer system, hardware, program or software, or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment to recognize, interpret, calculate, compare, differentiate sequence or process any data involving one or more dates or times.

15. Loss, damage, claim, cost, expense or other sum directly or indirectly arising out of or relating to:

mold, mildew, fungus, spores or other microorganism of any type, nature, or description, including but not limited to any substance whose presence poses an actual or potential threat to human health.

This exclusion applies regardless whether there is:

- a. any physical loss or damage to covered property;
- b. any insured peril or cause, whether or not contributing concurrently or in any sequence;
- c. any loss of use, occupancy, or functionality; or
- d. any action required, including but not limited to repair, replacement, removal, cleanup, abatement, disposal, relocation, or steps taken to address medical or legal concerns.

This exclusion replaces and supersedes any provision in the policy that provides insurance, in whole or in part, for these matters.

16. Loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with the actual or threatened malicious use of pathogenic or poisonous biological or chemical materials regardless of any other cause or event contributing concurrently or in any other sequence thereto.
17. The following additional exclusions apply to animals covered under this Policy:
  - a. Death of any animal(s) from natural causes.
  - b. Death of any animal(s) that dies from an unknown cause unless:
    - i. upon the death of such animal a post-mortem examination conducted on the animal by a licensed veterinarian, and if
    - ii. the veterinarian's post-mortem report shows the cause of death to clearly fall within the coverages of this Policy.

- c. Death of any animal(s) as a result of surgical operation, including inoculation, unless the necessity for same arises from a loss otherwise covered by this Policy.
  - d. The death or destruction of any animal(s) caused by, resulting from, or made necessary by physical injury caused by or resulting from the activities of the injured animal or other animals unless such death or destruction is the result of a loss otherwise covered by this Policy.
  - e. The death of any animal(s) caused directly or indirectly by the neglect or abuse of the Insured, his agent, employees or bailees (carriers for hire excepted) unless such death is a result of a loss otherwise covered by this Policy.
  - f. The loss by death of any animal(s) as a result of parturition or abortion.
  - g. Loss resulting from depreciation in value caused by any animal(s) covered hereunder becoming unfit for or incapable of filling the function or duties for which it is kept, employed or intended unless such depreciation is a result of a loss otherwise covered by this Policy.
  - h. Loss by destruction of any animal(s) on the order of the federal or any state government, or otherwise as a result of having contracted or been exposed to any contagious or communicable disease.
  - i. The removal or disposal of the remains of any animal(s) or the expense thereof unless such removal or disposal is the result of a loss otherwise covered by this Policy.
  - j. The loss of any animal(s) that has been unnerved (the term "unnerved" to be considered as meaning the operation of neurotomy for lameness).
  - k. Any claim consequent upon delay, deterioration, or loss of use or loss of market arising from an event covered by this Policy.
18. Loss, damage, costs or expenses in connection with any kind or description of seepage and/or pollution and/or contamination, direct or indirect, arising from any cause whatsoever.

Nevertheless if fire is not excluded from this Policy and a fire arises directly or Indirectly from seepage and/or pollution and/or contamination, any loss or damage covered under this Policy arising directly from that fire shall (subject to the terms, conditions and limitations of the Policy) be covered.

However, if the covered property is the subject of direct physical loss or damage for which the Company has paid or agreed to pay, then this Policy (subject to its terms, conditions and limitations) insures against direct physical loss or damage to the property covered hereunder caused by resulting seepage and/or pollution and/or contamination.

The Insured shall give notice to the Company of intent to claim NO LATER THAN TWELVE (12) MONTHS AFTER THE DATE OF THE ORIGINAL PHYSICAL LOSS OR DAMAGE.

Notwithstanding the provisions of the preceding exclusions or any provision respecting seepage and/or pollution and/or contamination, and/or debris removal and/or cost of clean up in the Policy, in the event of direct physical loss or damage to the property covered hereunder, this Policy (subject otherwise to its terms, conditions and limitations, including but not limited to any applicable deductible) also insures, within the sum covered:

- (a) expenses reasonably incurred in removal of debris of the property hereunder destroyed or damaged from the premises of the Insured; and/or;
- (b) cost of clean up at the premises of the Insured made necessary as a result of such direct physical loss or damage;

PROVIDED that this Policy does not insure against the costs of decontamination or removal of water, soil or any other substance on or under such premises.

19. Authorities Exclusion:

Fines, penalties or cost incurred or sustained by the Insured or imposed on the Insured at the order of any Government Agency, Court of other Authority, in connection with any kind or description of environmental impairment including seepage or pollution or contamination from any cause.

20. The following exclusion applies to Terrorism:

It is agreed that except for any sublimit of coverage as indicated on the Declaration Page attached to this form, and Section 1 (General Provisions, part E of this form) this insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any act of terrorism regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

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

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

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

## **C. STATUTES**

If any of the articles of this Policy conflict with the laws or statutes of any jurisdictions in which this Policy applies this Policy is amended to conform to such laws or statutes.

## **D. TERRITORIAL LIMITS**

This Policy insures Real and Personal Property within the United States. Personal Property is extended to Worldwide coverage. The coverage provided by this clause for Personal Property is sublimited to USD as per Declaration Page.

## **E. REINSTATEMENT**

Any reduction in the amount insured hereunder due to payment of any loss or losses shall be automatically reinstated for the balance of the term of this contract except as respects to the perils of Earthquake Shock and Flood.

## **F. FREE ON BOARD (F.O.B.) SHIPMENTS**

The Company shall be liable for the interest of the Insured at sole option of the Insured, the interest of the consignee in merchandise, which has been sold by the Insured under terms of F.O.B. point of

origin or other terms usually regarded as terminating shippers' responsibility short of point of delivery.

## **G. BREACH OF CONDITIONS**

If any breach of a clause, condition or warranty of this Policy shall occur prior to a loss affected thereby under this Policy, such breach shall not void the Policy nor avail the Company to avoid liability unless such breach shall exist at the time of such loss under this contract or Policy, and be a contributing factor to the loss for which claim is presented hereunder, it being understood that such breach of clause or condition is applicable only to the property affected thereby. Notwithstanding the foregoing, if the Insured establishes that the breach, whether contributory or not, occurred without its knowledge or permission or beyond its control, such breach shall not prevent the Insured from recovering under this Policy.

## **H. PERMITS AND PRIVILEGES**

Anything in the printed conditions of this Policy to the contrary notwithstanding, permission is hereby granted:

1. to maintain present hazards and hazards which are consistent with the current operation of insured facilities;
2. to make additions, alterations, extensions, improvements and repairs, to delete, demolish, construct and reconstruct, and also to include all materials, equipment and supplies incidental to the foregoing operations of the property covered hereunder, while in, on and/or about the premises or adjacent thereto;
3. for such use of the premises as usual and/or incidental to the business as conducted therein and to keep and use all articles and materials usual and/or incidental to said business in such quantities as the exigencies of the business require;
4. to be or become vacant or unoccupied. If a building becomes vacant or unoccupied, notice is to be given to the Company prior to the one-hundred twentieth (120th) consecutive day of vacancy or lack of occupancy. The giving, or failure to give such notice will not constitute a condition precedent to the Company's liability, but the Insured shall make a reasonable effort to comply with such requirement.

This Policy shall not be prejudiced by:

1. any error in stating the name, number, street, or location of any building(s) and contents covered hereunder, or any error or omission involving the name or title of the Insured;
2. any act or neglect of the owner of the building, if the Insured hereunder is not the owner, or of any occupant of the within described premises other than the Insured, when such act or neglect is not within the control of the Insured, named herein; or
3. by failure of the Insured to comply with any of the warranties or conditions endorsed hereon in any portion of the premises over which the Insured has no control.

## **I. PROTECTIVE SAFEGUARDS**

The Insured shall exercise due diligence in maintaining in complete working order all protective safeguard equipment and services.

## **J. NOTICE OF LOSS**

In the event of loss or damage insured against under this Policy, the Insured shall give notice thereof to ALLIANT INSURANCE SERVICES, INC., 100 Pine Street, 11<sup>th</sup> Floor, San Francisco, CA 94111-1073. TEL NO. (877) 725-7695, FAX NO. (415) 403-1466 of such loss. Such notice is to be made as soon as practicable upon knowledge within the risk management or finance division of the insured that a loss has occurred.

## **K. ARBITRATION OF VALUE**

In case the Insured and the Company shall fail to agree as to the amount of loss, then, on the written demand of either, each shall select a competent and disinterested appraiser and notify the other of the appraisers selected. The appraiser shall first select a competent and disinterested umpire, and failing to agree upon such umpire, then, on request of the Insured or the Company such umpire shall be selected by judge of a court of record in the state in which the property covered is located.

The appraisers shall as soon as practicable, appraise the loss stating separately the loss of each item and failing to agree, shall submit their differences only to the umpire. An award in writing so itemized, of any two appraisers when filed with the Company shall determine the amount of loss. The party selecting him shall pay each appraiser and the expenses of appraisal and umpire shall be paid by the parties equally.

## **L. PROOF OF LOSS**

The Insured shall render a signed and sworn proof of loss as soon as practical after the occurrence of a loss, stating the time, place and cause of loss, the interest of the Insured and of all others in the property, the value thereof and the amount of loss or damage thereto.

## **M. SUBROGATION**

In the event of any loss payment under this Policy, the Company, shall be subrogated to all the Insured's rights of recovery thereof against any person or organization and the Insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights.

As respects subrogation it is agreed that, after expenses incurred in subrogation are deducted, the Insured and the Company shall share proportionately to the extent of their respective interests as determined by the amount of their net loss. Any amount thus found to be due to either party from the other shall be paid promptly.

This Policy shall not be prejudiced by agreement made by the Insured releasing or waiving the Insured's right to recovery against third parties responsible for the loss if made before the loss has occurred.

## **N. CANCELLATION**

This Policy may be cancelled by the Insured at any time by written notice or surrender of this Policy. This Policy may also be cancelled by or on behalf of the Company by delivering to the Insured or by mailing to the Insured, by registered, certified or other first class mail at the Insured's address as shown in this Policy, written notice, not less than ninety (90) days prior to the effective date of cancellation. The mailing of such notice as aforesaid shall be sufficient proof and this Policy shall terminate at the date and hour specified in such notice. Notwithstanding what has been stated above, however, should this Policy be cancelled for non-payment of assessment, the Company shall only be required to give the Insured ten (10) days notice.

If this insurance in total shall be cancelled by the Insured, the Company shall retain the customary short rate proportion of the premium hereon. If the Company elects to cancel coverage mid-term, then such cancellation shall be handled on a pro-rata basis without short rate penalty.

In the event of cancellation the aggregate retention and specific limit amount shall be applied pro rata with the balance, if any, to be paid to the Insured.

Payment or tender of any unearned premium by the Company shall not be condition precedent to the effectiveness of cancellation but such payment shall be made forthwith.

Cancellation shall not affect coverage on any shipment in transit on date of cancellation. Coverage will continue in full force until such property is safely delivered and accepted at place of final destination.

It is understood and agreed that if the Insured cancels this Policy, the Policy is subject to 25% minimum earned premium regardless of the length of time coverage is in force.

**O. ABANDONMENT**

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

**P. ASSIGNMENT**

Assignment or transfer of this Policy shall not be valid except with the written consent of the Company.

**Q. SALVAGE**

When, in connection with any loss hereunder, any salvage is received prior or subsequent to the payment of such loss, the loss shall be figured on the basis on which it would have been settled had the amount of salvage been known at the time the loss was originally determined. The salvage value will be deducted from the claim or returned to the Company.

**R. OTHER INSURANCE**

Permission is hereby granted to the Insured to carry more specific insurance on any property covered under this Policy. This Policy shall not attach or become insurance upon any property which at the time of loss is more specifically described and covered under any other policy form until the liability of such other insurance has first been exhausted and shall then cover only the excess of value of such property over and above the amount payable under such other insurance, whether collectible or not. This Policy, subject to its conditions and limitations, shall attach and become insurance upon such property as respects any peril not covered by such other insurance and not otherwise excluded herein.

In the event of a loss that is covered by other insurance, wherein this Policy is excess of any amount paid by such other insurer, the other insurance shall be applied to the deductible amount stated elsewhere. Should the amount paid by such other insurance exceed these deductibles, no further deductibles shall be applied under this Policy.

**S. EXCESS INSURANCE**

Permission is granted for the Insured to maintain excess insurance over the limit of liability set forth in this Policy without prejudice to this Policy and the existence of such insurance, if any, shall not reduce any liability under this Policy. Also it is understood and agreed as respects earthquake shock or flood, that in the event of reduction or exhaustion of the aggregate limits of liability under the underlying Policy(s) by reason of loss(es) hereunder, this Policy shall:



1. in the event of reduction, pay out excess of the reduced underlying limit and;
2. in the event of exhaustion, continue in force as the underlying Policy.

**T. RIGHT TO REVIEW RECORDS FOLLOWING AN INSURED LOSS**

The Insured as often as may be reasonably required, shall submit and so far as within their power, cause all other persons interested in the property or employees to submit to examination under oath by any person named by the Company relative to any and all matters in connection with a claim, and produce for examination all books of account, bills, invoices and other vouchers or certified copies thereof if originals be lost, at such reasonable time and place as may be designated by the Company or their representatives and shall permit extracts and copies thereof to be made.

**U. CONCEALMENT AND FRAUD**

This entire Policy shall be void, if whether before or after a loss, the Insured has willfully concealed or misrepresented any material facts or circumstance concerning this Policy of the subject thereof, or the interest of the Insured therein, or in case of any fraud or false swearing by the Insured relating thereto.

**V. FULL WAIVER**

The terms and conditions of this form and any approved endorsements supersede any policy jacket that may be attached hereto.

**W. SUIT AGAINST COMPANY**

No suit, action or proceeding for the recovery of any claim under this Policy shall be sustainable in any court of law or equity unless the Insured shall have complied with all the requirements of this Policy, nor unless the suit is commenced within twelve (12) months after the date that the Company has made its final offer of settlement or denial of the loss. However, that if under the laws of the jurisdiction in which the property is located such limitation is invalid, then any such claims shall be void unless such action, suit or proceedings be commenced within the shortest limit of time permitted by the laws of such jurisdiction.

**X. JOINT LOSS ADJUSTMENT – BOILER & MACHINERY**

In the event of damage to or destruction of property, at a location designated in this Policy and also designated in a boiler and machinery insurance policy, and there is a disagreement between the Company and the Insured with respect to:

- (1) Whether such damage or destruction was caused by a peril covered against by this Policy or by an accident covered against by such boiler and machinery insurance policy(ies) or;
- (2) The extent of participation of this Policy and of such boiler and machinery insurance policy in a loss that is covered against, partially or wholly, by one or all of said policy(ies).

The Company shall, upon written request of the Insured, pay to the Insured one-half of the amount of the loss which is in disagreement, but in no event more than the Company would have paid if there had been no boiler and machinery insurance policy(ies) in effect, subject to the following conditions:

- (1) The amount of loss which is in disagreement after making provisions for any undisputed claims payable under the said policy(ies) and after the amount of the loss is agreed by the Insured and the Boiler and Machinery Insurer and the Company is

limited to the minimum amount remaining payable under either the boiler and machinery insurance policy(ies).

- (2) The boiler and machinery insurer(s) shall simultaneously pay to the Insured, one-half of the said amount, which is in disagreement.
- (3) The payments by the Company and acceptance of the same by the Insured signify the agreement of the Company to submit to and proceed with arbitration within ninety (90) days of such payments:

The arbitrators shall be three (3) in number, one of whom shall be appointed by the boiler insurer(s) and one of whom shall be appointed by the Company hereon and the third appointed by consent of the other two, and the decision by the arbitrators shall be binding on the insurer(s) and the Insured and that judgment upon such award may be entered in any court of competent jurisdiction.

- (4) The Insured agrees to cooperate in connection with such arbitration but not to intervene therein.
- (5) This agreement shall be null and void unless the Policy of the boiler and machinery Insurer is similarly endorsed.

In no event shall an Insurer be obligated to pay more than their total single limit.

#### **Y. JOINT LOSS ADJUSTMENT – EXCESS PROPERTY**

In the event of damage to or destruction of property at a location designated in this Policy and also designated in an excess insurance policy(ies) and if there is disagreement between the insurers with respect to:

- (1) whether such damage or destruction was caused by a single event or by multiple events or;
- (2) the extent of participation of this Policy and any excess insurance policy in a loss covered against partially or wholly, by one of said Policy or policy(ies).

The Company shall, upon written request of the Insured, pay to the Insured one-half of the amount of the loss which is in disagreement, but in no event more than the Company would have paid if there had been no excess insurance or policy(ies) in effect, subject to the following conditions:

- (1) the amount of loss which is in disagreement after making provisions for any undisputed claims payable under the said policy(ies) and after the amount of the loss is agreed by the Insured and the Company is limited to the minimum amount remaining payable under either the primary insurance policy or excess insurance policy(ies);
- (2) the excess insurers shall simultaneously pay to the Insured one-half of the said amount which is in disagreement, and;
- (3) the payments by the Company hereunder and acceptance of the same by the member signify the agreement of the Company to submit to and proceed with arbitration within ninety (90) days of such payments.

The arbitrators shall be three (3) in number, one of whom shall be appointed by the excess insurer(s) and one of whom shall be appointed by the Company and the third appointed by consent of the other two, and the decision by the arbitrators shall be binding on the Company and the Insured, and that judgment upon such award may be entered in any court of competent jurisdiction.

- (4) The Insured agrees to cooperate in connection with such arbitration but not to intervene therein.

## **Z. LENDER'S LOSS PAYABLE**

The following provisions (or equivalent) apply as required by "mortgages" and "lenders" to whom certificates of coverage have been issued.

1. Loss or damage, if any, under this policy, shall be paid to the Payee named on the first page of this policy, its successors and assigns, hereinafter referred to as "the Lender", in whatever form or capacity its interests may appear and whether said interest be vested in said Lender in its individual or in its disclosed or undisclosed fiduciary or representative capacity, or otherwise, or vested in a nominee or trustee of said Lender.
2. The insurance under this policy, or any rider or endorsement attached thereto, as to the interest only of the Lender, its successors and assigns, shall not be invalidated nor suspended:
  - (a) by any error, omission, or change respecting the ownership, description, possession, or location of the subject of the insurance or the interest therein, or the title thereto;
  - (b) by the commencement of foreclosure proceedings or the giving of notice of sale of any of the property covered by this policy by virtue of any mortgage or trust deed;
  - (c) by any breach of warranty, act, omission, neglect, or non-compliance with any of the provisions of this policy, including any and all riders now or hereafter attached thereto, by the Named Insured, the borrower, mortgagor, trustor, vendee, owner, tenant, warehouseman, custodian, occupant, or by the agents of either or any of them or by the happening of any event permitted by them or either of them, or their agents, or which they failed to prevent, whether occurring before or after the attachment of this endorsement, or whether before or after a loss, which under the provisions of this policy of insurance or of any rider or endorsement attached thereto would invalidate or suspend the insurance as to the Named Insured, excluding here from, however, any acts or omissions of the Lender while exercising active control and management of the property.
3. In the event of failure of the Insured to pay any premium or additional premium which shall be or become due under the terms of this policy or on account of any change in occupancy or increase in hazard not permitted by this policy, the Company agrees to give written notice to the Lender of such non-payment of premium after sixty (60) days from and within one hundred and twenty (120) days after due date of such premium and it is a condition of the continuance of the rights of the Lender hereunder that the Lender when so notified in writing by this Company of the failure of the Insured to pay such premium shall pay or cause to be paid the premium due within ten (10) days following receipt of the Company's demand in writing therefore. If the Lender shall decline to pay said premium or additional premium, the rights of the Lender under this Lender's Loss Payable Endorsement shall not be terminated before ten (10) days after receipt of said written notice by the Lender.
4. Whenever the Company shall pay to the Lender any sum for loss or damage under this policy and shall claim that as to the Insured no liability therefore exists, the Company, at its option, may pay to the Lender the whole principal sum and interest and other indebtedness due or to become due from the Insured, whether secured or unsecured, (with refund of all interest not accrued), and the Company, to the extent of such payment, shall thereupon receive a full assignment and transfer, without recourse, of the debt and all rights and securities held as collateral thereto.

5. If there be any other insurance upon the within described property, the Company shall be liable under this policy as to the Lender for the proportion of such loss or damage that the sum hereby insured bears to the entire insurance of similar character on said property under policies held by, payable to and expressly consented to by the Lender. Any Contribution Clause included in any Fallen Building Clause Waiver or any Extended Coverage Endorsement attached to this contract of insurance is hereby nullified, and also any Contribution Clause in any other endorsement or rider attached to this contract of insurance is hereby nullified except Contribution Clauses for the compliance with which the Insured has received reduction in the rate charged or has received extension of the coverage to include hazards other than fire and compliance with such Contribution Clause is made a part of the consideration for insuring such other hazards. The Lender upon the payment to it of the full amount of its claim, will subrogate the Company (pro rata with all other insurers contributing to said payment) to all of the Lender's rights of contribution under said other insurance.
6. The Company reserves the right to cancel this policy at any time, as provided by its terms, but in such case this policy shall continue in force for the benefit of the Lender for ten (10) days after written notice of such cancellation is received by the Lender and shall then cease.
7. This policy shall remain in full force and effect as to the interest of the Lender for a period of ten (10) days after its expiration unless an acceptable policy in renewal thereof with loss there under payable to the Lender in accordance with the terms of this Lender's Loss Payable Endorsement, shall have been issued by some insurance company and accepted by the Lender.
8. Should legal title to and beneficial ownership of any of the property covered under this policy become vested in the Lender or its agents, insurance under this policy shall continue for the term thereof for the benefit of the Lender but, in such event, any privileges granted by this Lender's Loss Payable Endorsement which are not also granted the Insured under the terms and conditions of this policy and/or under other riders or endorsements attached thereto shall not apply to the insurance hereunder as respects such property.
9. All notices herein provided to be given by the Company to the Lender in connection with this policy and this Lender's Loss Payable Endorsement shall be mailed to or delivered to the Lender at its office or branch described on the first page of the policy.

Approved: Board of Fire Underwriters of the Pacific; California Bankers' Association – Committee on Insurance

**AA. SEVERAL LIABILITY NOTICE**

The subscribing insurers' obligations under contracts of insurance to which they subscribe are several, not joint and are limited solely to the extent of their individual subscriptions. The subscribing insurers are not responsible for the subscription of any co-subscribing insurer who for any reason does not satisfy all or part of its obligations.

**AB. LOSS PAYABLE PROVISIONS**

**A. LOSS PAYABLE**

For covered property in which both insured and a Loss Payee have an insurable interest, the Company will:

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

## **B. LENDER'S LOSS PAYABLE**

1. The Loss Payee 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 the Insured 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 the Company deny the Insured claim because of the insured act or because the Insured have failed to comply with the terms of the Coverage Part, the Loss Payee will still have the right to receive loss payment if the Loss Payee:
    - (1) Pays any premium due under this Coverage Part at our request if the Insured have failed to do so;
    - (2) Submits a signed, sworn proof of loss within ninety (90) days after receiving notice from us of the Insured 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 Part will then apply directly to the Loss Payee.

- d. If the Company pays the Loss Payee for any loss or damage and deny payment to the Insured because of the Insured acts or because the Insured have failed to comply with the terms of this Coverage Part:
  - (1) The Loss Payee's rights will be transferred to us to the extent of the amount the Company pays 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, the Company may pay to the Loss Payee the whole principal on the debt plus any accrued interest. In this event, the Insured will pay the insureds' remaining debt to us.

3. If the Company cancels this policy, the Company will give written notice to the Loss Payee at least:
  - a. Ten (10) days before the effective date of cancellation if the Company cancels for the insured non-payment of premium or;
  - b. Thirty (30) days before the effective date of cancellation if the Company cancels for any other reason.
  
4. If the Company elects not to renew this policy, the Company will give written notice to the Loss Payee at least ten (10) days before the expiration date of this policy.

## C. CONTRACT OF SALE

1. The Loss Payee is a person or organization the Insured have entered a contract with for the sale of Covered Property.
2. For Covered Property in which both the Insured and the Loss Payee have an insurable interest the Company will:
  - a. Adjust losses with the Insured and;
  - b. Pay any claim for loss or damage jointly to the Insured 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 “the Insured” includes the Loss Payee.

## AC. ELECTRONIC DATA

### 1. Electronic Data Exclusion

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

- a. This Policy does not insure, loss, damage, destruction, distortion, erasure, corruption or alteration of ELECTRONIC DATA from any cause whatsoever (including but not limited to COMPUTER VIRUS) or loss of use, reduction in functionality, cost, expense of whatsoever nature resulting therefrom, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

ELECTRONIC DATA means facts, concepts and information converted to a form useable for communications, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment and includes program, software, and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.

COMPUTER VIRUS means a set of corrupting, harmful or otherwise unauthorized instructions or code including a set of maliciously introduced unauthorized instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature. COMPUTER VIRUS includes but is not limited to “Trojan Horses”, “worms” and “time or logic bombs”.

- b. However, in the event that a peril listed below results from any of the matters described in paragraph a) above, this Policy, subject to all its terms, conditions and exclusions will cover physical damage occurring during the Policy period to property insured by this Policy directly caused by such listed peril.

Listed Perils  
Fire Explosion

## **2. Electronic Data Processing Media Valuation**

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

Should electronic data processing media insured by this Policy suffer physical loss or damage insured by this Policy, then the basis of valuation shall be the cost to repair, replace or restore such media to the condition that existed immediately prior to such loss or damage, including the cost of reproducing any ELECTRONIC DATA contained thereon, providing such media is repaired, replaced or restored. Such cost of reproduction shall include all reasonable and necessary amounts, not to exceed USD10,000,000 any one loss, incurred by the Insured in recreating, gathering and assembling such ELECTRONIC DATA. If the media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank media. However this Policy does not insure any amount pertaining to the value of such ELECTRONIC DATA to the Insured or any other party, even if such ELECTRONIC DATA cannot be recreated, gathered or assembled.

### **AD. LOSS ADJUSTMENT SERVICES**

McLarens Young, International, 180 Montgomery Street, Suite 2100, San Francisco, California 94104-4231 is hereby authorized to represent the Company in the investigation and adjustment of any loss or damage under this Policy at the expense of the Company and without regard to the amount of loss or damage and/or applicable deductible if any.

However, the Company reserves the right to utilize other adjusting firms at its discretion.

### **AE. SERVICE OF SUIT CLAUSE (USA) APPLICABLE TO EXCESS CARRIERS**

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

1. Messrs Mendes and Mount of 750 Seventh Avenue, New York NY 10019-6829 (applicable to all markets except as noted below)
2. Counsel, Legal Department, Lexington Insurance Company, 100 Summer Street, Boston, Massachusetts, 02110-2103 (applicable to Lexington Insurance Company)
3. Ms. Karen Harris, AXIS Specialty, 2730 Gateway Oaks Drive, Suite 100, Sacramento, CA 95833. In the event the Commissioner of Insurance of the State of California receives service of process on behalf of the Company, said service shall be forwarded to the Company at: AXIS Specialty Europe Limited, Attention Claims Admitter, Mount Herbert Court, 34 Upper Mount Street, Dublin 2, Ireland (applicable to AXIS Specialty Europe Limited)

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

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

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

NMA1998 (amended)

## **AF. DEFINITIONS**

### **1. OCCURRENCE**

Each occurrence is defined as a loss, incident or series of losses or incidents not otherwise excluded by this Policy and arising out of a single event or originating cause and includes all resultant or concomitant insured losses. When the term applies to loss or losses from earthquake shock, flood and/or windstorm, the following provisions shall apply:

#### **a. Windstorm**

Each loss by windstorm shall constitute a single claim hereunder; provided, if more than one windstorm shall occur within any period of seventy-two (72) hours during the term of this Policy, such windstorm shall be deemed to be a single windstorm within the meaning thereof. The Insured may elect the moment from which each of the aforesaid periods of seventy-two (72) hours shall be deemed to have commenced but no two such seventy-two (72) hour periods shall overlap. The Company shall not be liable for any loss occurring before the effective date and time of the Policy. The Company will be liable for any losses occurring for a period of up to seventy-two (72) hours after the expiration of this Policy provided that the first windstorm loss or damage within that seventy-two (72) hours occurs prior to the date and time of expiration of this Policy.

In the event of there being a difference of opinion between the Insured and the Company as to whether or not all windstorm losses sustained by the Insured during an elected period of seventy-two (72) hours arose out of, or was caused by a single atmospheric disturbance, the stated opinion of the National Weather Service or comparable Authority in any other country or locality shall govern as to whether or not a single atmospheric disturbance continued throughout the period at the location(s) involved.

#### **b. Flood**

Each loss by flood shall constitute a single loss hereunder.

1. If any flood occurs within a period of the continued rising or overflow of any river(s) or stream(s) and the subsidence of same within the banks of such river(s) or stream(s) or;
2. If any flood results from any tidal wave or series of tidal waves caused by any one disturbance;

such flood shall be deemed to be a single occurrence within the meaning of this Policy.



Should any time period referred to above extend beyond the expiration date of this Policy and commence prior to expiration, the Company shall pay all such flood losses occurring during such period as if such period fell entirely within the term of this Policy.

The Company shall not be liable, however, for any loss caused by any flood occurring before the effective date and time of this Policy or commencing after the expiration date and time of this Policy.

Flood shall mean a general condition of partial or complete inundation of normally dry land area from:

1. overflow of inland or tidal water;
2. unusual and rapid accumulation or run off of surface waters from any natural source.

Flood shall also mean mudslide or mudflow, which is a river or flow of liquid mud caused by flooding as defined in 1. or 2. above.

**The definition of flood does not include ensuing loss or damage by fire, explosion, or sprinkler leakage.**

**c. Flood Zone A and V**

Flood zones A and V as referenced in this policy is defined by FEMA as being inclusive of all 100 year high risk flood areas. A one-hundred-year flood is a flood event that has a 1% probability of occurring in any given year.

**d. Earthquake Shock**

With respect to the peril of earthquake shock, any and all losses from this cause within a one hundred sixty-eight (168) hour period shall be deemed to be one loss. The Insured may elect the moment from which each of the aforesaid periods of one hundred sixty eight (168) hours shall be deemed to have commenced but no two such one hundred sixty eight (168) hour periods shall overlap.

The Company shall not be liable for any loss caused by an earthquake shock occurring before the effective date and time of this Policy. The Company will be liable for any losses occurring for a period of up to one hundred sixty eight (168) hours after the expiration of this Policy provided that the first earthquake shock loss or damage within that one hundred sixty eight (168) hours occurs prior to the date and time of the expiration of this Policy.

In the event of there being a difference of opinion between the Insured and the Company as to whether or not all earthquake shock losses sustained by the Insured during an elected period of one hundred sixty eight (168) hours arose out of, or were caused by a single earthquake shock, the stated opinion of the National Earthquake Shock Information Service of the United States Department of the Interior or comparable Authority in any other country or locality shall govern as to whether or not a single earthquake shock continued throughout the period at the locations involved.

The term earthquake shock is defined as: earth movement meaning natural faulting of land masses, but not including subsidence, landslide, rock slide, earth rising, earth sinking, earth shifting or settling unless as a direct result of such earth movement.

The definition of earthquake shock does not include ensuing loss or damage by fire, explosion or sprinkler leakage. Further Earthquake Sprinkler Leakage is covered outside of the "Earthquake Shock" definition and subject to the basic peril deductible.

## **2. PERSONAL PROPERTY OF OTHERS**

Means, any property (other than real property) belonging to others for which an Insured has assumed liability. This includes but is not limited to:

- Articles of Clothing
- Jewelry
- Sound Equipment
- Fine Arts (up to the sub-limit of unscheduled fine arts)
- EDP Media & Hardware
- Valuable Papers
- Portable Electronic Equipment
- Employee Tools

## **3. IMPROVEMENTS AND BETTERMENTS**

Means, additions or changes made by an Insured / lessee at their own expense to a building they are occupying that enhance the building's value.

## **4. VALUABLE PAPERS AND RECORDS**

Means, all inscribed, printed, or written; documents, manuscripts or records; including but not limited to abstracts, books, deeds, drawing, films, maps, or mortgages. Valuable Papers are not money, securities, stamps or converted data program or instructions used in the Insured's data processing operations including the materials on which data is recorded.

## **5. TERRORISM**

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

**6. TIER I WINDSTORM COUNTIES**

<u>State</u>	<u>Tier I Counties, Parishes or Independent Cities</u>
Alabama	Baldwin, Mobile
Florida	Entire State
Georgia	Bryan, Camden, Chatham, Glynn, Liberty, McIntosh,
Hawaii	Entire State
Louisiana	Calcasieu, Cameron, Iberia, Jefferson, Lafourche, Livingston, Orleans, Plaquemines, St. Bernard, St. Charles, St. James, St. John the Baptist, St. Mary, St. Tammany, Tangipahoa, Terrebonne, Vermilion
Mississippi	Hancock, Harrison, Jackson
North Carolina	Beaufort, Bertie, Brunswick, Camden, Carteret, Chowan, Columbus, Craven, Currituck, Dare, Hyde, Jones, New Hanover, Onslow, Pamlico, Pasquotank, Pender, Perquimans, Tyrell, Washington
South Carolina	Beaufort, Berkley, Charleston, Colleton, Georgetown, Horry, Jasper
Texas	Aransas, Brazoria, Calhoun, Cameron, Chambers, Galveston, Harris (entire County), Jackson, Jefferson, Kenedy, Kleberg, Liberty, Matagorda, Newton, Nueces, Orange, Refugio, San Patricio, Victoria, Willacy
Virginia	Accomack, Chesapeake City, Gloucester, Hampton City, Isle of Wight, James City, Lancaster, Mathews, Middlesex, Newport News, Norfolk City, Northampton, Northumberland, Poquoson City, Portsmouth City, Suffolk City, Surry, Virginia Beach City, Westmoreland, Williamsburg City, York

**AG. ADDITIONAL INSURED'S / LOSS PAYEES**

It is hereby understood and agreed that the interest of Additional Insured's and/or Loss Payees is automatically included, as per schedule held on file with Alliant Insurance Services, Inc.

## SECTION V

### FINE ARTS

#### A. COVERAGE

This policy insures against all risks of physical loss of or damage except as hereafter excluded occurring during the policy period to fine arts, which are the property of the Insured or the property of others in the custody or control of the Insured while on exhibition or otherwise within the limits of the United States.

If any of the property covered by this Section is also covered under any other provisions of the Policy of which this Section is made a part, those provisions are hereby amended to exclude such property, the intent being that the coverage under this Section is the sole coverage on such property.

#### 1. PROPERTY COVERED

Objects of art of every kind and description, and property incidental thereto, which are the property of the Insured, or the property of others in the custody and control of the Insured, or in transit at the Insured's risk, and property in which the Insured shall have a fractional ownership interest which are owned by or have been leased, loaned, rented or otherwise made available to the Insured. "Property" shall mean paintings, drawings, etchings, prints, rare books, manuscripts, rugs, tapestries, furniture, pictures, bronzes, potteries, porcelains, marbles statuary and all other bonafide works of art and other objects of rarity, historic value, cultural interest or artistic merit, which are part of the collections of the Insured, or in the care, custody or control of the Insured, and their frames, glazing and shadow boxes.

#### 2. "WALL TO WALL" ("NAIL TO NAIL") COVERAGE

This Section covers the Insured's property on a "Wall to Wall" ("Nail to Nail") basis, or domicile to domicile basis, as applicable, from the time said property is removed from its normal repository incidental to shipment until returned thereto or other point designated by the owner or owner's agent prior to return shipment, including while in transit to or from points of consolidation or deconsolidation, packing, repacking or unpacking, while at such locations during such processes or awaiting shipment.

Coverage shall terminate upon arrival of the covered property at the final destination designated by the owner or owner's agent, or upon expiration of this Policy, whichever may occur first, except that expiration of this Policy shall not prejudice coverage of any risk then in transit.

## **B. EXCLUSIONS**

1. Loss or damage occasioned by: wear and tear, gradual deterioration, insects, vermin, inherent vice or damage sustained due to and resulting from any repairing, restoration or retouching process;
2. Loss or damage caused by or resulting from:
  - a. War, hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack;
    - i. by any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces or;
    - ii. by military, naval or air forces; or
    - iii. by an agent of any such government, power, authority or forces;
  - b. Any weapon of war employing atomic fission or radioactive force whether in time of peace or war;
  - c. Insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an occurrence, seizure or destruction under quarantine or customs regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade.
3. Nuclear reaction or nuclear radiation or radioactive contamination from any cause, all whether direct or indirect, controlled or uncontrolled, proximate or remote, or is contributed to or aggravated by a Covered Cause of Loss. However:
  - a. If fire not otherwise excluded results, the Company shall be liable for the direct physical loss or damage by such resulting fire, but not including, any loss or damage due to nuclear reaction, nuclear radiation, or radioactive contamination, and
  - b. This Policy does insure against physical loss or damage caused by sudden and accidental radioactive contamination, including resultant radiation damage, from material used or stored or from processes conducted on the Insured premises, provided that, at the time of such loss or damage, there is neither a nuclear reactor nor any new or used nuclear fuel on the Insured premises.
4. Any dishonest, fraudulent or criminal act by the Insured, a partner therein or an officer, director employee or trustee thereof, whether acting alone or in collusion with others.

For the purpose of this exclusion an act of vandalism or malicious damage by an employee shall not constitute a dishonest, fraudulent or criminal act.

## **C. LOSS PAYMENT BASIS / VALUATION**

The valuation of each article of property covered by this Section shall be determined as follows:

- a. Property of the Insured shall be covered for and valued at the current fair market value of each article indicated on the books and records of the Insured prior to loss, according to the Insured's valuation of each object covered.
- b. Property of others loaned to the Insured and for which the Insured may be legally liable, or which the Insured has been instructed to insure, shall be covered for and valued at the amount agreed upon for each article by the Insured and owner(s) as recorded on the books and records of the Insured prior to loss.
- c. Otherwise, in the absence of recorded current fair market values or agreed values for each article covered, the Company shall not be liable beyond the fair market value of the property at the time any loss or damage occurs. Said value shall be ascertained by the Insured and the Company or, if they differ, then the amount of value or loss shall be determined as provided in the following appraisal clause.

## **D. SPECIAL CONDITIONS**

1. **Misrepresentation and Fraud:** This entire Section shall be void if, whether before or after a loss, the Insured has concealed or misrepresented any material fact or circumstance concerning this Policy or the subject thereof, or the interest of the Insured therein, or in case of any fraud or false swearing by the Insured relating thereto.
2. **Notice of Loss:** The Insured shall as soon as practicable report in writing to the Company or its agent every loss, damage or occurrence which may give rise to a claim under this Section and shall also file with the Company or its agent within ninety (90) days from the date of discovery of such loss, damage or occurrence, a detailed sworn proof of loss.
3. **Examination under Oath:** The Insured, as often as may be reasonably required, shall exhibit to any person designated by the Company all that remains of any property herein described, and shall submit, and insofar as is within its power cause its employees, Insured and others to submit to examination under oath by any person named by the Company and subscribe the same; and, as often as may be reasonably required, shall produce for examination all writings, books of account, bills, invoices and other vouchers, or certified copies thereof if originals be lost, at such reasonable time and place as may be designated by the Company or its representative and shall permit extracts and copies thereof to be made. No such examination under oath or examination of books or documents, nor any act of the Insured or any of its employees or representatives in connection with the investigation of any loss or claim hereunder, shall be deemed a waiver of any defense which the Insured might otherwise have with respect to any loss or claim, but all such examinations and acts shall be deemed to have been made or done without prejudice to the Company's liability.
4. **Settlement of Loss:** All adjusted claims shall be paid or made good to the Insured within sixty (60) days after presentation and acceptance of satisfactory proof of interest and loss at the office of the Company. No loss shall be paid or made good if the Insured has collected the same from others.
5. **No Benefit to Bailee:** This Section shall in no way inure directly or indirectly to the benefit of any carrier or other bailee.
6. **Subrogation or Loan:** If in the event of loss or damage the Insured shall acquire any right of action against any individual, firm or corporation for loss of, or damage to, property covered hereunder, the Insured will, if requested by the Company, assign and transfer such claim or

right of action to the Company or, at the Company's option, execute and deliver to the Company the customary form of loan receipt upon receiving an advance of funds in respect of the loss or damage; and will subrogate the Company to, or will hold in trust for the Company, all such rights of action to the extent of the amount paid or advanced, and will permit suit to be brought in the Insured's name under the direction of and at the expense of the Company.

7. **Loss Clause:** Any loss hereunder shall not reduce the amount of this Section, except in the event of payment of claim for total loss of an item specifically scheduled hereon.
8. **Protection and Preservation of Property:** In case of actual or imminent physical loss or damage of the type insured against by this Policy, the expenses incurred by the Insured in taking reasonable and necessary actions for the temporary protection and preservation of property insured hereunder shall be added to the total physical loss or damage otherwise recoverable under the Policy and be subject to the applicable deductible and without increase in the limit provisions contained in this Policy.
9. **Appraisal:** If the Insured and the Company fail to agree as to the amount of loss, each shall on the written demand of other, made within sixty (60) days after receipt of proof of loss by the Company, select a competent and disinterested appraiser, and the appraisal shall be made at a reasonable time and place. The appraisers shall first select a competent and disinterested umpire, and failing for fifteen (15) days to agree upon such umpire, then on the request of the Insured or the Company, such umpire shall be selected by a judge of a court of record in the state in which such appraisal is pending. The appraisers shall then appraise the loss, stating separately the fair market value at the time of loss and the amount of loss, and failing to agree shall submit their differences to the umpire. An award in writing of any two shall determine the amount of loss. The Insured and the Company shall each pay their chosen appraiser and shall bear equally the other expenses of the appraisal and umpire. The Insured shall not be held to have waived any of its rights by any act relating to appraisal.
10. **Civil Authority:** Property covered under this Section against the peril of fire is also covered against the risk of damage or destruction by Civil authority during a conflagration and for the purpose of retarding the same; provided that neither such conflagration nor such damage or destruction is caused or contributed to by a peril otherwise excluded herein.
11. **Changes:** Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this Section or stop the Insured from asserting any right under the terms of this Section, nor shall the terms of this Section be waived or changed except by endorsement issued to form a part of this Section.
12. **Additional Covered Party(ies):** Corporations, associations, firms, institutions, museums, persons and others who own or control collections, objects or articles who make them available to the Insured, and temporary borrowers or custodians (but not carriers, packers or shippers) of property covered, are additional Insured(s) hereunder, but only as respects coverage afforded to said Insured's property.
13. **Packing:** It is agreed by the Insured that the property covered hereunder be packed and unpacked by competent packers.
14. **Other Insurance:** This fine arts floater Section is excess coverage over any other valid and collectible insurance which may apply to any objects of art for which coverage would apply under this Policy.
15. **Pair And Set:** In the event of the total loss of any article or articles which are a part of a set, the Company agrees to pay the Insured the full amount of the value of such set and the Insured agrees to surrender the remaining article or articles of the set to the Company.



## SECTION VI

### CONTRACTORS EQUIPMENT

#### A. COVERAGE

This Policy insures contractors equipment, whether self propelled or not, including equipment thereof while attached thereto or located thereon, such as bulldozers, drag lines, power shovels, derricks, drills, concrete mixers and other machinery of a similar nature, and not subject to motor vehicle registration.

If any of the property covered by this Section is also covered under any other provisions of the Policy of which this Section is made a part, those provisions are hereby amended to exclude such property, the intent being that the coverage under this Section is the sole coverage on such property.

#### B. PERILS EXCLUDED

This Section insures against all risks of direct physical loss or damage occurring during the policy period to the above described property from any external cause except as provided below.

1. Loss or damage due to wear, tear, rust, corrosion, latent defect, mechanical breakage or improper assemblage.
2. Loss or damage due to the weight of the load imposed on the machine exceeding the capacity for which such machine was designed.
3. Loss or damage to crane or derrick boom(s) and jib(s) of lattice construction while being operated unless directly caused by fire, lightning, hail, windstorm, earthquake shock, explosion, riot, riot attending a strike, civil commotion, actual physical contact with an aircraft or airborne missile including objects falling therefrom, collision with other vehicles or other contractors equipment whether or not such other equipment is covered hereunder, landslide, or upset of the unit of which it is a part (but only when and to the same extent that such other perils are covered by the Policy).
4. Loss or damage due to explosion arising from within steam boilers.
5. Loss or damage to dynamos, exciters, lamps, switches, motors or other electrical appliances or devices, including wiring, caused by lightning or other electrical currents (artificial or natural) unless fire ensues and then for the loss by fire only.
6. Loss or damage due to dishonesty of Insured's employees or persons to whom the Insured's property is entrusted.
7. Loss or damage caused by or contributed to failure of the Insured to keep and maintain the property in a thorough state of repair.
8. Loss or damage caused by or resulting from:
  - a. War, hostile or warlike action in time of peace or, including action in hindering, combating or defending against an actual, impending or expected attack;
    - i. by any government or sovereign power (de jure or de facto) or by any authority maintaining using military, naval or air forces or;
    - ii. any military, naval or air forces or;

- iii. by an agent of any such government, power, authority or forces;
  - b. any weapon of war employing atomic fission or radioactive force whether in time of peace or war;
  - c. insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an occurrence, seizure or destruction under quarantine or customs regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade;
9. Loss by nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, and whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by the peril(s) covered against in this endorsement; however, subject to the foregoing and all provisions of this Policy, direct loss by fire resulting from nuclear reaction or nuclear radiation or radioactive contamination is covered against by this Policy.

### **C. PROPERTY EXCLUDED**

1. Automobiles, motorcycles, motor trucks, or parts thereof.
2. Buildings
3. Machinery or equipment or building materials to be installed in any building for the purpose of becoming a part thereof; nor on any property which has become a permanent part of any structure.
4. Property that is located underground.
5. Property while waterborne except while being transported on any regular ferry.
6. The storage risk of property not owned or required to be insured by the Insured at premises controlled or leased by the Insured, except where incidental to the regular or frequent use of the equipment or property.
7. Plans, blue prints, designs or specifications.

### **D. LOSS PAYMENT BASIS / VALUATION**

On Contractors Equipment (whether self propelled or not), on or off premises, where Replacement Cost (New) values are specified, loss or damage shall be based on 100% of the Replacement Cost (New) at the time of loss. Partial losses shall be based on the cost of repairing or replacing the damaged portion, up to the fair market value of the Contractors Equipment. However, should these costs exceed the fair market value then recovery shall be based upon the Replacement Cost (New).

If the values, provided by the Insured, provides a valuation based on replacement cost, then recovery will be on the same basis, if replaced. If not replaced, the basis of recovery shall be actual cash value.

### **E. SPECIAL CONDITIONS**

This section covers property only within the limits of the United States of America.

It is a condition of this Policy that all articles covered hereunder are in sound condition at the time of attachment of this Policy.

## SECTION VII

### ACCOUNTS RECEIVABLE

#### A. COVERAGE

This Policy covers the loss of or damage resulting from insured perils to the Insured's records of accounts receivable as defined below, occurring during the Policy period.

#### B. EXCLUSIONS

In addition to the exclusions in the General Conditions, this coverage does not apply:

1. To loss due to any fraudulent, dishonest or criminal act by the Insured, a partner therein, or an officer, director, employee or trustee thereof, while working or otherwise and whether acting alone or in collusion with others.

For the purpose of this exclusion an act of vandalism or malicious damage by an employee shall not constitute a dishonest, fraudulent or criminal act.

2. To loss due to bookkeeping, accounting or billing errors or omissions.
3. To loss, the proof of which as to factual existence, is dependent upon an audit of records or an inventory computation; but this shall not preclude the use of such procedures in support of claim for loss which the Insured can prove through evidence wholly apart therefrom, is due solely to a risk of loss to records of accounts receivable not otherwise excluded hereunder.
4. To loss due to alteration, falsification, manipulation, concealment, destruction or disposal of records of accounts receivable committed to conceal the wrongful giving, taking, obtaining or withholding of money, securities or other property, but only to the extent of such wrongful giving, taking, obtaining or withholding.

#### C. LOSS PAYMENT BASIS / VALUATION

When there is proof that a loss covered by this Policy has occurred but the Insured cannot accurately establish the total amount of accounts receivable outstanding as of the date of such loss, such amount shall be based on the Insured's monthly statements and shall be computed as follows:

- a. Determine the amount of all outstanding accounts receivable at the end of the same fiscal month in the year immediately preceding the year in which the loss occurs;
- b. Calculate the percentage of increase or decrease in the average monthly total of accounts receivable for the twelve (12) months immediately preceding the month in which the loss occurs as compared with such average for the months of the preceding year;
- c. The amount determined under (a) above, increased or decreased by the percentage calculated under (b) above, shall be the agreed total amount of accounts receivable as of the last day of the fiscal month in which said loss occurs;
- d. The amount determined under (c) above shall be increased or decreased in conformity with the normal fluctuations in the amount of accounts receivable during the fiscal month involved, due consideration being given to the experience of the business since the last day of the last fiscal month for which statement has been rendered.

There shall be deducted from the total amount of accounts receivable, however established, the amount of such accounts evidenced by records not lost or damaged or otherwise established or collected by the Insured, and an amount to allow for probable bad debts which would normally have been uncollectible by the Insured. All unearned interest and service charges shall be deducted.

**D. DEFINITIONS:**

**ACCOUNTS RECEIVABLE**

- a. All sums due the Insured from customers provided the Insured is unable to effect collection thereof as the direct result of loss or damage to records of accounts receivable.
- b. Interest charges on any loan to offset impaired collections pending repayment of such sums made uncollectible by such loss or damage.
- c. Collection expense in excess of normal collection cost and made necessary because of such loss or damage.
- d. Other expenses, when reasonably incurred by the Insured, in re-establishing records of accounts receivable following such loss or damage.

## SECTION VIII

### BOILER AND MACHINERY BREAKDOWN EXTENSION

#### 1. Perils Insured

In consideration of the premium paid and subject to the terms, conditions and Exclusions of the policy to which this Extension is attached, and to the following terms and conditions, this Insurance is extended to cover direct damage to Covered Property caused by a Covered Cause of Loss.

#### 2. Additional Coverage

(a) Hazardous Substance

The additional expense incurred for cleanup, repair or replacement or disposal of damaged, contaminated or polluted property as a result of an Accident, which causes property to become damaged, contaminated or polluted by a substance declared hazardous to health by an authorized governmental agency. The coverage provided by this clause is sublimited to USD as per Declaration Page. For the purpose of this coverage “Additional expense” means any expense that would not have incurred, if no substance hazardous to health had been involved in the accident

(b) Ammonia Contamination

The loss, including salvage expense, incurred with respect to damage by ammonia contacting or permeating property under refrigeration or in process requiring refrigeration, as a result of any one Accident to one or more Objects. The coverage provided by this clause is sublimited to USD as per Declaration Page.

(c) Water Damage

The loss, including salvage expense, with respect to property damaged by water, resulting from any one Accident. The coverage provided by this clause is sublimited to USD as per Declaration Page.

(d) Media Coverage

The loss to all forms of electronic, magnetic and optical tapes and discs used in any electronic computer or electronic data processing equipment directly damaged by an Accident to an Object. The coverage provided by this clause is sublimited to USD as per Declaration Page. For the purpose of this coverage, the valuation basis for “Media” is as follows:

- i. For “Media” that are mass-produced and commercially available, at the replacement cost.
- ii. For all other “Media”, at the cost of blank material for reproducing the records.

(e) Consequential Damage

The “Consequential Damage” to refrigerated and frozen goods of the Insured or for which the Insured is legally liable or under the Insured’s care, custody or control caused solely by an Accident to an Object. For the purpose of this coverage, “Consequential Damage” is defined as loss due to spoilage from lack of power, light, heat, steam or refrigeration, resulting from Accident. The coverage provided by this clause is sublimited to USD as per Declaration Page.

(f) Utility Interruption

The loss caused by an Accident to an Object that is owned, operated or controlled by a public or private entity that the Insured has contracted with to furnish them with electrical utility service including all direct electrical suppliers. The coverage provided by this clause is sublimited to USD as per Declaration Page.

(g) CFC Refrigerants and Halon

The replacement of any CFC (chlorofluorocarbon) refrigerant used in refrigeration or air conditioning equipment or Halon used in a fire suppression system due to an "Accident" to an Object.

(h) Ordinance or Law

If an Accident to an Object at the Insured's location damages a building that is "Covered Property", the Company will pay for

- i. Loss to the Undamaged Portion of the Building, meaning loss to the undamaged portion of the building caused by enforcement of any ordinance or law that:
  - a. Requires the demolition of parts of the same building not damaged by the Accident to an Object; or
  - b. Regulates the construction or repair of buildings, or establishes zoning or land use requirements at the location of the building.
- ii. Demolition Cost meaning the cost to demolish and clear the site of undamaged parts of the building, caused by the enforcement of building, zoning, or land ordinance or use.
- iii. Increased Cost of Construction, meaning the increased cost to:
  - a. Repair or reconstruct damaged portions of the building; and
  - b. Reconstruct or remodel undamaged portions of the building whether or not demolition is required;

when the increased cost is a consequence of enforcement of building, zoning or land use ordinance or law. But the Company will only pay for this increased cost if the building is repaired, reconstructed or remodeled. Also, if the building is repaired, reconstructed or remodeled, it must be intended for similar occupancy as the current building, unless such occupancy is not permitted by zoning or land use ordinance or law.

Insurance under this section only applies with respect to ordinance or law that is in force at the time of the Accident to an Object. Insurance under this section does not apply to:

- a. Costs associated with the enforcement of any ordinance or law which requires any Insured or others to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to, or assess the effects of substances declared to be hazardous to health by a governmental agency; or
- b. Loss due to any ordinance or law that:
  - i. The Insured was required to comply with before the Accident to an Object even if the building was undamaged; and

- ii. The Insured failed to comply with.

The coverage provided by this clause is sublimited to USD as per Declaration Page.

### 3. Definition of Accident

Accident shall mean a sudden and accidental breakdown of the Object, or a part thereof, which manifests itself at the time of its occurrence by physical damage to the Object that necessitates repair or replacement of the Object or part thereof; but Accident shall not mean:

- a. depletion, deterioration, corrosion, or erosion of material;
- b. wear and tear;
- c. leakage at any valve, fitting, shaft seal, gland packing, joint or connection;
- d. the breakdown of any vacuum tube, gas tube or brush;
- e. the breakdown of any structure or foundation supporting the Object or any part thereof;
- f. the functioning of any safety device or protective device.

### 4. Definition of Object

Except as otherwise specifically designated herein, Object as described below shall mean any equipment or apparatus which is owned by, leased by or operated under the control of the Insured subject to the Exclusions and Special Provisions specified herein:

- a. Any boiler, any fired vessel, any unfired vessel subject to vacuum or internal pressure other than static pressure of contents, any refrigerating and air conditioning vessels, or any piping and its accessory equipment, but such Object shall not include:
  1. Any boiler setting, any insulating or refractory material,
  2. Any sewer piping, any underground gas piping, any piping forming a part of a sprinkler system or any water piping other than
    - (a) Feed water piping between any boiler and its feed pumps or injectors
    - (b) Boiler condensate returning piping
- b. Any mechanical or electrical machine or electrical apparatus used for the generation, transmission or utilization of mechanical or electrical power, but Object shall not include
  1. Any structure or foundation other than a bedplate of a machine,
  2. Any vehicle, elevator, crane, hoist, power shovel or drag line, but not excluding any electrical equipment used with said machine or apparatus,
  3. Any refractory material, or
  4. Any penstock or draft tube.

### 5. Covered Cause of Loss

A Covered Cause of Loss is an "Accident" to an Object insured hereon. An Object must be in use or connected ready for use at the time of the Accident.

### 6. Covered Property

Covered Property, as used in this Extension, means any property that:

- a. The Insured owns; or
- b. Is in the Insured's care, custody or control and for which they are legally liable

## **7. Special Provisions**

- a. As respects any boiler, fired or unfired vessel, refrigerating system or piping, the Company shall not be liable for loss from an Accident while said Object is undergoing a hydrostatic, pneumatic or gas pressure test that exceeds manufacturers recommended limits.
- b. As respects any boiler of fired vessel, the Company shall not be liable for loss from an explosion of gas or unconsumed fuel within the furnace of such Object or within the passages from the furnace to the atmosphere, whether or not such explosion (a) is contributed to or aggravated by an Accident to any part of said Object that contains steam or water, or (b) is caused in whole or in part, directly or indirectly, by any Accident to any Object, or part thereof, nor shall the Company be liable for any loss from an Accident caused directly or indirectly by such explosion.
- c. As respects any unfired vessel which is used for the storage of gas or liquid and which is periodically filled, moved, emptied and refilled in the course of its normal service, such vessel shall be considered as "connected ready for use" within the terms of this Extension of the Policy.
- d. As respects any Object or part of an Object that is being dismantled, reassembled or is in storage, will be considered as "connected ready for use" within the terms of this Extension of the Policy.
- e. As respects any gas turbine of the internal combustion type, (a) the combustor or such Object shall not be considered to be a "furnace" as the word is used in the Definition of Accident or in Special Provision 2 above and (b) the Definition of Accident shall not mean the cracking of any part of the Turbine exposed to the production of combustion.
- f. As respects new turbine generator units, coverage shall not apply until the unit has been contractually accepted by the Insured, that all tests required by the contractor have been performed and satisfied and the unit has been placed in commercial operation.

## **8. Valuation**

- a. The Company will pay the Insured the amount the Insured spends to repair or replace the property directly damaged by an Accident. The Company payment will be the smallest of:
  - 1) The Limit of Insurance;
  - 2) The cost at the time of the Accident to repair the damaged property with property of like kind, capacity, size and quality;
  - 3) The cost at the time of the Accident to replace the damaged property on the same site with other property:
    - a) Of like kind, capacity, size and quality; and
    - b) Used for the same purpose
  - 4) The amount the Insured actually spends that is necessary to repair or replace the damaged property.



- b. As respects any Object if the cost of repairing or replacing only a part of the Object is greater than:
- 1) the cost of repairing the Object; or
  - 2) the cost of replacing the entire Object on the same site;

The Company will pay only the smaller of (1) or (2). The repair parts or replacement Object must be:

- 1) of like kind, capacity, size and quality; and
  - 2) used for the same purpose.
- c. The Company will not pay:
- 1) if the loss or damage is to property that is obsolete or useless to the Insured; or
  - 2) for any extra cost if the Insured decides to repair or replace the damaged property with property of a better kind or quality or of larger capacity,
- d. If the Insured does not repair or replace the damaged property within 18 months after the date of the Accident then the Company will pay on the smaller of the:
- 1) cost it would have taken to repair; or
  - 2) actual cash value;
- at the time of the “accident”.

Paragraph (d) does not apply to any time period beyond the 18 months that the Company agrees to in writing.

- e. As respects CFC (chlorofluorocarbon) refrigerant or Halon, the following valuation basis is applicable:
- 1) If the CFC refrigerant or Halon is replaceable, the Insured may, at their option, elect to:
    - a) Repair or replace the damaged refrigeration equipment, air conditioning equipment or fire suppression system and replace the lost CFC refrigerant or Halon subject to it being of like kind, capacity, size and quality and used for the same purpose; or
    - b) Change the refrigeration equipment, air conditioning equipment or fire suppression system, through modification or replacement, to:
      - i. Refrigeration or air conditioning equipment that uses an approved non - CFC refrigerant; or
      - ii. A fire suppression system that uses an approved non – Halon agent.

But this option is available only if the change to the equipment or system is made within 18 months after the date of the Accident or within any extended time period that the Company agrees to in writing.

If Option 1) b) above is elected, the Company will not pay more than the least of the following amounts:

- a) The Limit of Insurance;
  - b) The cost at the time of the Accident to repair the damaged refrigeration equipment, air conditioning equipment or fire suppression system, retrofit the equipment or system to accept non – CFC refrigerant or non – Halon fire suppressant, and charge the equipment or system with that refrigerant or fire suppressant;
  - c) The cost at the time of the Accident to replace the damaged refrigeration equipment, air conditioning equipment or fire suppression system with equipment or a system that is functionally equivalent and uses an approved non – CFC refrigerant or non – Halon fire suppressant;
  - d) The amount that the Insured actually spend that is necessary to change the refrigeration equipment, air conditioning equipment or fire suppression system, through modification or replacement, to equipment or a system that uses an approved non – CFC refrigerant or non – Halon fire suppressant; or
  - e) One hundred twenty-five percent (125%) of the amount the Company otherwise would have paid for loss to the refrigeration equipment, air conditioning equipment or fire suppression system.
- f. If the CFC refrigerant or Halon is not replaceable and:
- (1) The Insured repairs or replaces the damaged equipment within 18 months after the date of the Accident or within any extended time that the Company agrees to in writing, the Company will pay the least of the following amounts:
    - (a) The Limit of Insurance;
    - (b) The cost at the time of the Accident to repair the damaged refrigeration equipment, air conditioning equipment or fire suppression system, retrofit the equipment or system to accept non – CFC refrigerant or non – Halon fire suppressant, and charge the equipment or system with that refrigerant or fire suppressant;
    - (c) The cost at the time of the Accident to replace the damaged refrigeration equipment, air conditioning equipment or fire suppression system with equipment or a system that is functionally equivalent and uses an approved non – CFC refrigerant or non – Halon fire suppressant;
    - (d) The amount that the Insured actually spend that is necessary to change the refrigeration equipment, air conditioning equipment or fire suppression system, through modification or replacement, to equipment or a system that uses an approved non – CFC refrigerant or non – Halon fire suppressant.
  - (2) If the Insured does not replace the damaged equipment within 18 months after the date of the Accident or within the extended time period that the Company agrees to in writing, the Company will not pay more than the lesser of:
    - (a) The amount that the Company would have paid if repair or replacement of the damaged equipment had been made as determined in F 1 above; or

- (b) The actual cash value of the damaged equipment at the time of the Accident.
- g. As respects Insurance under Ordinance and Law, the most the Company will pay as a result of any one Accident for:
  - a) Loss to the Undamaged portion of the building is included in the Limit of Insurance that otherwise applies to the damaged building. But in no event will the amount the Company pay for loss to the building, including the loss in value of the undamaged portion of the building due to enforcement of an ordinance or law to which this coverage applies, exceed:
    - i. The amount that the Insured actually spend to repair, rebuild or replace the building, but not more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style and comparable quality of the original property insured; or
    - ii. The actual cash value of the building at the time of loss if the building is not repaired or replaced.
  - b) Demolition and Increased Cost of Construction is USD as per Declaration Page, subject to the following:
    - i. With respect to the coverage provided for Demolition Cost, the Company will not pay more than the amount the Insured actually spend to demolish and clear the site of the undamaged parts of the building;
    - ii. With respect to the coverage provided for Increased Cost of Construction:
      - (a) We will not pay for the Increased Cost of Construction:

Until the building is actually repaired or replaced at the same or another premises; and

Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed 18 months. We may extend this period in writing during the 18 months.
      - (b) If the building is repaired or replaced at the same location, or if the Insured elect to rebuild at another location, the most the Company will pay for the increased cost of construction is the increased cost of construction at the same location.
      - (c) If the ordinance or law requires relocation to another location, the most the Company will pay for the increased cost of construction is the increased cost of construction at the new location.
- h. If a claim or “suit” is brought against the Insured alleging that the Insured is liable for damage to property of another that was caused by an Accident to an Object, the Company will either:
  - 1. Settle the claim or “suit”, or
  - 2. Defend the Insured against the “suit” but reserve the right for themselves to settle at any point.

## 9. Exclusions

- a. To loss:
  - 1) from explosion of an Object other than:
    - a) Any steam boiler, steam piping, steam turbine, gas turbine, steam engine, or
    - b) Any machine when such loss is caused by centrifugal force or mechanical breakdown,
- b. Nuclear reaction or radiation or radioactive contamination however caused, however this exclusion shall not apply to nuclear medicine at covered hospitals,
- c. From fire concomitant with or following an Accident.
- d. From an Accident caused directly or indirectly by fire
- e. From a combustion explosion outside the Object concomitant with or following an Accident,
- f. From an Accident caused directly or indirectly by a combustion explosion outside an Object

## 10. Conditions:

- a. Inspection

The Company shall be permitted but not obligated to inspect the Insured's property and operations at any reasonable time. Neither the right to make inspections nor the making thereof nor any advice or report resulting therefrom shall constitute an undertaking, on behalf of or for the benefit of the Insured or others, to determine or warrant that such property or operations are safe or healthful, or are in compliance with any law, rule or regulation.

- b. Suspension

Upon the discovery of a dangerous condition with respect to any Object, Alliant Insurance Services, Inc., may immediately suspend the insurance, with respect to an Accident to said Object, by written notice mailed or delivered to the Insured at the address of the Insured stated in the Declaration Page, or at the location of the Object, as stated for it in a schedule or endorsement. The insurance so suspended may be reinstated by the Company but only by an endorsement issued to form a part of this Policy. The Insured shall be allowed the unearned portion of the premium paid for such suspended insurance, pro rata for the period of suspension.

- c. Notice of Accident and Adjustments

When an Accident occurs, written notice shall be given to the Company as soon as practicable. The Company shall be given like notice of any claim made on account of such Accident. The Company or their representative shall have reasonable time and opportunity to examine the property, and the Insured's Location of Risk, before repairs are undertaken or physical evidence of the Accident is removed, except for protection or salvage. Proof of loss shall be made in such form as the Company may require. If suit is brought against the Insured for loss to which this Section of the Policy is applicable, any summons or other process served upon the Insured shall be forwarded immediately to the Company.

d. Deductible

In the event of an Accident to an Object as insured under this Extension that is concomitant with or followed by physical loss or damage incurred under the All Risks policy that this Extension attaches to, the deductible to be applied to the total loss shall be the applicable Boiler & Machinery deductible.

**PROGRAM AND/OR MEMBER AND/OR DECLARATION SPECIFIC  
ENDORSEMENTS TO BE PROVIDED AFTER THE ABOVE PAGE**

## ENDORSEMENT 1

### CANCELLATION CLAUSE AMENDMENT DUE TO FINANCIAL STRENGTH DOWNGRADE ENDORSEMENT

It is hereby understood and agreed that Section IV, General Conditions, Clause N, Cancellation of this policy is amended.

This endorsement modifies insurance provided by the policy:

The Cancellation Provision, Cancellation Condition, or Cancellation Clause, whichever is applicable, is amended by adding the following paragraph to the end thereof:

Notwithstanding any other terms or conditions of this policy to the contrary, in the event that the financial strength rating of the **Company** is downgraded to: (1) below A- by A.M. Best Co., or (2) below BBB by Standard & Poor's Ratings Services (hereinafter, the **Credit Rating Downgrade**), this policy may be canceled by the **FIRST NAMED INSURED** by mailing prior written notice to the Company or by surrender of this policy to the **Company**.

If this policy is canceled by the **First Named Insured** due to such **Credit Rating Downgrade**, then the **Company** shall return the unearned pro rata proportion of the premium as of the effective date of cancellation and shall waive any minimum earned premium requirement specified herein.

The following definitions apply to this endorsement:

1. **Company** means Lexington Insurance Company.
2. **First Named Insured** means the first Named Insured as shown on the Declarations page of this policy.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

## **ENDORSEMENT 2**

### **COVERAGE TERRITORY ENDORSEMENT**

This endorsement modifies insurance provided under the following:

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

PR 9885 (11/05)



### ENDORSEMENT 3

#### **WAR AND TERRORISM EXCLUSION ENDORSEMENT** **(applies to locations outside the USA, its territories and possessions)**

Notwithstanding any provision to the contrary within this insurance or any endorsement thereto it is agreed that this insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss;

- (1) war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or
- (2) any act of terrorism.

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

This endorsement also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to (1) and/or (2) above.

If the Underwriters allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the Assured. In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

NMA2918  
08/10/2001



## Excess Cyber Risk Liability July 1, 2014 – July 1, 2015

**Insurer:** Lloyd's of London

**Policy No:** B0180PH1433938

**Named Covered Entity:** California State University Risk Management Authority (CSURMA)  
CSURMA Auxiliary Organizations Risk Management Alliance (AORMA)

**Limits:**

\$3,000,000	Each claim, including costs and expenses incurred in the defense or settlement of such claim
\$3,000,000	Aggregate for the Period of Insurance, including costs and expenses incurred in the defense or settlement of all claims

**Excess of PEP/IP USA:**

\$2,000,000	Policy Aggregate Limit provided by PEP/IP
\$3,000,000	Each claim and aggregate - excess of \$2,000,000 provided by PEP/IP

**Deductible:** \$25,000 per claim per Auxiliary, with the exception that if the claim arises from CSU, then deductible is \$100,000

### Coverage:

1. Information Security and Privacy Liability
2. Privacy Notification Costs
3. Regulatory Defense and Penalties
4. Website Media Content Liability
5. Cyber Extortion
6. First Party Data Protection
7. First Party Network Business Interruption

### Coverage Description:

Insuring Clause 1: Breach of Privacy including

- Unintentional disclosure of personal information including credit card information for which you are responsible;
- Unintentional disclosure of commercial confidential data stored on your computer system;
- Unintentional disclosure of computer records of employees;

Insuring Clause 3: Computer Virus Transmission and Hacking

Insurance Clause 5: Intellectual Property Rights Infringement arising from internet and e-mail content, promotional material, 3<sup>rd</sup> party digital content downloaded, shared, or distributed from your computer system.

Insurance Clause 6: Libel, slander, and Defamation

Insurance Clause 7: Breach of Statutory Duties Relating to E-Commerce

Insurance Clause 8: Brand Protection Cover (Subject to sublimit of \$50,000 and no deductible)

*\*Insuring Clause 2 & 4 were not purchased by CSURMA*

*While we believe this Summary of Insurance fairly represents the terms, conditions and exclusions found in your insurance policies, in the event of any differences between the policies themselves and this summary, the policy provision will direct any resolution. This summary is not intended to replace or supersede any of your insurance contracts.*



California State University Risk Management Authority  
Auxiliary Organizations Risk Management Alliance

## Excess Cyber Risk Liability July 1, 2014 – July 1, 2015

### Exclusions:

1. Bodily Injury or Property Damage
2. Any employer-employee relations, policies, practices
3. Contractual Liability or Obligation
4. Any actual or alleged act, error or omission or breach of duty by any director, officer, manager if claim is brought by principals, officers, directors, stockholders and the like
5. Anti-trust violations
6. Unfair trade practices
7. Unlawful collection or acquisition of Personally Identifiable Non-Public Information
8. Distribution of unsolicited e-mails, facsimile, audio or video recording
9. Prior knowledge or previously reported incidents
10. Incidents occurring prior to retroactive date/continuity date
11. Any act, error, omission, of computer security if occurred prior to policy inception
12. Collusion
13. Securities Act Violations
14. Fair Labor Act Violations
15. Discrimination
16. Intentional Acts with regard to Privacy and Security Breach
17. Patent Infringement
18. Federal Trade Commission and related state, federal, local and foreign governmental activities
19. Insured vs. Insured
20. Money/Securities/Funds Transfer
21. Broadcasting, Publications and Advertising
22. War and Terrorism
23. Pollution
24. Nuclear

### Claims Reporting:

Alliant Insurance Services, Inc.  
100 Pine Street, 11th Floor  
San Francisco, CA 94111-5101

Diana Walizada  
Toll Free: (877) 725-7695  
Direct: (415) 403-1453  
Fax: (415) 403-1466  
E-mail: [dwalizada@alliant.com](mailto:dwalizada@alliant.com)

*While we believe this Summary of Insurance fairly represents the terms, conditions and exclusions found in your insurance policies, in the event of any differences between the policies themselves and this summary, the policy provision will direct any resolution. This summary is not intended to replace or supersede any of your insurance contracts.*