

# MMA PROPERTY & CASUALTY POOL COVERAGE DOCUMENT



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## **SECTION I**

### **COMMON CERTIFICATE**

#### **SECTION I – TERMS AND CONDITIONS**

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

Throughout this Certificate the words “you” and “your” refer to the Named Member shown in the Coverage Certificate; the words “we,” “us” and “our” refer to the Maine Municipal Association Property & Casualty Pool.

#### **SECTION I – COMMON CONDITIONS**

All Coverage Parts included in this Certificate are subject to the following Conditions.

##### **A. CONTRIBUTIONS**

The Named Member shown in the Declarations:

1. Is responsible for the payment of all contributions; and
2. Will be the payee for any return contributions we pay.

##### **B. INSPECTIONS AND SURVEYS**

We have the right but are not obligated to:

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

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

1. Are safe or healthful; or
2. Comply with laws, regulations, codes or standards.

This condition applies not only to us, but also to any organization which makes inspections, surveys, reports or recommendations, on behalf of or as an agent of the Pool.

## C. CANCELLATION

1. After the conclusion of a Named Member's second fiscal year of membership in the Pool, and at the anniversary date of every year thereafter, a Named Member may withdraw on sixty (60) days advance written notice to the Pool Administrator.

This Certificate may be cancelled by the Pool at any time:

- a. With at least ten (10) days advance written notice to the Named Member for failure to pay contribution or assessments in accordance with Articles 8 or 10 of the Maine Municipal Association Public Self-Funded Pool Contract Agreement or for failure to reimburse the Pool for deductibles. If the Named Member subsequently submits payment, coverage may be reinstated after submission of proper information, review and approval.
- b. With at least (60) days advance written notice to the Named Member for any of the following grounds:
  - (1) Fraud or material misrepresentation made by or with the knowledge of the Named Member, or any representative of the Named Member, in obtaining this Certificate, in continuing this Certificate, or in presenting a claim under this Certificate;
  - (2) Substantial change in the risk, after this Certificate has been issued, which increases
    - (i) The risk of loss insured against,
    - (ii) The risk of any of the hazards insured against, or
    - (iii) The risk of loss to any of the properties or liabilities insured,under this Certificate including, but not limited to, an increase in exposure due to rules, legislation or court decision;
  - (3) Failure to comply with reasonable loss control recommendations within sixty (60) days after notice from the Pool;
  - (4) Substantial breach by the Named Member, or by any representative of the Named Member, of duties, conditions or warranties existing under this Certificate or under the Membership Agreements.

The Pool may decline or refuse to renew this Certificate at any time with at least sixty (60) days advance written notice before the anniversary date to the Named Member.

Notice of cancellation or nonrenewal from the Pool will be mailed to the Named Member's last mailing address known to the Pool.

Notice of cancellation will state the effective date of cancellation. The Certificate period will end on that date.

If this Certificate is cancelled, we will upon demand send the Named Member any contribution refund due. If we cancel, the refund will be pro rata. If the Named Member cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund by the effective date of cancellation.

If notice is mailed, a postal service certificate of mailing to the Named Member at the Named Member's last mailing address known to the Pool shall be conclusive proof of receipt by the Named Member on the fifth calendar day after mailing.

Neither cancellation nor nonrenewal relieves the Named Member of any of its duties or obligations under this Certificate, as regards any claim or potential claim covered by this Certificate, including the obligation to reimburse deductibles and/or pay assessments.

#### **D. EXAMINATION OF YOUR BOOKS AND RECORDS**

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

#### **E. RECORDS**

You must keep accurate and valid records to assist the Pool in determining the amount of loss or damage covered hereunder.

#### **F. DUE DILIGENCE CLAUSE**

You shall use due diligence and do and concur in doing all things reasonably practicable to avoid or diminish any loss of or damage to any Covered Property.

#### **G. BANKRUPTCY AND INSOLVENCY**

In the event of the bankruptcy or insolvency of any Named Member, the Pool shall not be relieved of the payment of any claims hereunder because of such bankruptcy or insolvency, unless coverage cancellation is effective due to failure to pay contributions or reimburse deductibles.

#### **H. EXCESS INSURANCE**

This Certificate is excess over any other valid insurance, whether primary, excess, contingent or on any other basis. When this Certificate is excess, we will have no duty under any coverage part of this Certificate to defend any claim or "suit" that any other insurer has a duty to defend. If no other insurer defends, we will undertake to do so, but we will be entitled to the Member's rights against all other insurers.

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

1. The total amount that all such other insurance would pay for the loss in the absence of this Certificate; and
2. The total of all deductible and self-insured amounts under all other insurance.

#### **I. CHANGES**

By acceptance of this Certificate you agree that it and the Membership Agreement embody all agreements existing between you and the Pool relating to this coverage. None of the provisions, conditions or other terms of this Certificate shall be waived or altered except by endorsement, nor shall notice to any agent of the Pool or knowledge possessed by any agent of the Pool or any other person be held to effect a waiver or change in any part of this Certificate.

#### **J. ASSIGNMENT**

Assignment of interest under this Certificate shall not bind us until our written consent is endorsed hereon.

#### **K. SUBROGATION**

We shall be subrogated to all rights which you or any Member may have against any person or other entity in respect to any claim or payment made under this Certificate, and you and any such Member shall execute all papers required by us and shall cooperate with us and do whatever else is necessary to secure our rights. You and each Member shall do nothing to prejudice our rights.

#### **L. WAIVER OF SUBROGATION**

This Certificate shall not be invalidated if the Member by written agreement has waived or shall waive its right of recovery from any party for loss or damage covered hereunder; provided, that any such waiver is made prior to the occurrence of said loss or damage.

#### **M. CONFLICTING STATUTES**

In the event that any provision of this Certificate is unenforceable by the Member under the laws of any State or other jurisdiction wherein it is claimed that the Member is liable for any injury covered hereby because of non-compliance with any statute thereof, then this Certificate shall be enforceable for the Member with the same effect as if it complied with such statutes.

## **N. SALVAGE AND RECOVERY CLAUSE**

All salvages, recoveries and payments recovered or received subsequent to a loss settlement under this Certificate shall be applied as if recovered or received prior to the said settlement and all necessary adjustments shall be made by the parties hereto. If either you or we recover any property after a loss settlement, that party must give the other prompt written notice.

## **O. NOTICE OF LOSS**

The Member shall, as soon as practicable, report in writing to the Pool, every loss, accident, “occurrence,” offense or “wrongful act” which may give rise to a claim under this Certificate.

## **P. COVERAGE TERRITORY**

Section II – Property Coverage of this Certificate applies worldwide.

Section III – Liability Coverage of this Certificate applies to “bodily injury,” “property damage,” “personal injury,” “advertising injury,” and “wrongful acts” that occur or take place anywhere in the world, provided that claim or “suit” is made against the Member in the United States of America, its territories or possessions, Puerto Rico, or Canada. If claim or “suit” is made against the Member outside the United States of America, its territories or possessions, Puerto Rico, or Canada, we shall have the right but not the duty to defend, investigate or settle such claim or “suit.” If we shall not elect to defend, investigate or settle such claim or “suit,” or if we are prevented by law or otherwise from doing so, the Member, under our supervision and with our written consent, shall make or cause to be made such defense and investigation as are reasonably necessary and, subject to our prior written authorization, may effect settlement; we shall reimburse the Member for the reasonable costs of such defense, investigation and settlement, subject to the deductible, the Limit of Liability of the applicable Coverage Agreement and all other provisions of this Certificate. All monetary terms of this Certificate are in U.S. dollars. In the event that the Member makes any payment in foreign currency, such amounts shall be converted to U.S. dollars according to the prevailing rate of exchange on the date of such reimbursement.

Section IV – Uninsured Motorists Coverage of this Certificate applies worldwide.

Section V – Crime Coverage of this Certificate only applies to acts committed or events occurring within the United States of America, its territories or possessions, Puerto Rico, and Canada.

## **Q. LIBERALIZATION CLAUSE**

If, within 60 days prior to or during the period that coverage is in force under this Certificate, we implement, in conformity with law, any revision or change which extends or broadens the coverage provided by this Certificate without increased contribution charge to the Named Member and without the Named Member having to submit any application or further information to us, then such extended or broadened coverage shall apply to and be incorporated in this Certificate as of the date of implementation of the revision or change.

**R. REPRESENTATION**

By accepting this Certificate, you agree:

1. The statements in the Declarations are accurate and complete;
2. Those statements are based upon representations you made to us; and
3. We have issued this Certificate in reliance upon your representations.



## SECTION I – COMMON DEFINITIONS

All Coverage Parts in this Certificate are subject to the following Definitions:

### A. AUTOMOBILE

The term “Automobile” shall mean any land motor vehicle, trailer or semi-trailer designed for travel on public roads, including any attached machinery or equipment. But “Automobile” does not include “Mobile Equipment.”

### B. MEMBER

It is agreed that the unqualified word “Member” wherever used in this Certificate includes not only the Named Member but also:

1. Departments, boards, commissions, groups, agencies, or other entities sponsored by and/or created under the jurisdiction of the Named Member except the following, which are not covered unless specifically listed by endorsement: housing authorities, school departments, hospitals or clinics, airports, transit districts or any other separate taxing entities.
2. All employees, volunteer workers, officers, servants, elected or appointed officials, and any member, trustee, director or officer of the aforementioned groups set forth in Subsection 1 above, are also included as Members but only for acts within the scope of their employment or duties for the Named Member and while under the Named Member’s direction, jurisdiction and control. The term “Named Member” shall also include any person, partnership, corporation, or entity of any kind whatsoever required to be named as an additional Named Member because of any regulation, law, statute, contract or otherwise.
3. Under Agreement F, “Automobile” Liability, any person while using an owned “Automobile” or a hired “Automobile” and any person or organization legally responsible for the use thereof, provided that actual use of the “Automobile” is by the Named Member or with its permission; and any employee, volunteer worker, officer, servant, elected or appointed official of the Named Member with respect to the use of a non-owned “Automobile” in the business of the Named Member.

This Certificate with respect to any person or organization other than the Named Member does not apply:

- a. To any person or organization, or to any agent or employee thereof, operating an “Automobile” sales, agency, repair shop, service station, storage garage or public parking place, with respect to any accident arising out of the operation thereof;

- b. To any employee with respect to injury to or sickness, disease or death of another employee of the same employer injured in the course of such employment in an accident arising out of the maintenance or use of the “Automobile” in the business of such employer;
  - c. With respect to any hired “Automobile”, to the owner or a lessor thereof, other than the Named Member, nor to any agent of such owner or lessor.
- 4. Under Agreement H, Public Officials Liability (including Employment Practices), “Member” also includes:
  - a. Any officials or employees of the Named Member appointed at the request of the Named Member to serve with an outside tax-exempt entity;
  - b. Any person providing service to the Named Member under any mutual aid or similar agreement;
  - c. Any consultants and independent contractors, but only for liability arising from the “wrongful acts” of other Members under this Certificate. “Member” does not include any consultant or independent contractor for or with respect to any liability arising from or imposed because of (i) any acts, conduct, omissions, or “Wrongful Act” of such consultants or independent contractors; or (ii) any acts, conduct, omissions or “Wrongful Act” of any other consultant or independent contractor.
- 5. The heirs, executors, administrators and legal representatives of any Member, but only in their capacity as such in the event of any Member’s death, incapacity, incompetency or bankruptcy, and then only for claims or “suits” based on or arising out of the Member’s acts, conduct or omissions prior to his death, incapacity, incompetency or bankruptcy, and only to the extent that such Member would be entitled to coverage under this Certificate.
- 6. A person or entity to which, at the request of the Named Member which has agreed in writing in a contract or agreement to add such person or entity as a Member under this Certificate, we agree to issue a Certificate of Membership, but only to the extent, and for the purposes, described in such Certificate of Membership. With respect to Agreements D, E, F and G, and the Law Enforcement Liability Extension, of this Certificate,
  - a. Such person or entity is not a Member for or with respect to liability caused by or arising out of its own acts, conduct or omissions, or caused by or arising out of acts, conduct or omissions by others acting on its behalf; but
  - b. Such person or entity is a Member
    - (1) Only with respect to the specific activity, item or operation described in the Certificate of Membership;
    - (2) Only for the period that the specific activity, operation or item is ongoing and uncompleted, or until the written contract or agreement between the Named Member and the person or entity has terminated, or until the date specified in the Certificate of Membership, whichever shall first occur; and

- (3) Only with respect to liability caused, in whole or in part, by the acts, conduct or omissions of the Named Member.

The inclusion hereunder of more than one Member shall not operate to increase the Pool's Limits of Liability.

### **C. MEMBERSHIP AGREEMENT**

The Public Self-Funded Pool Contract Agreement by and between the participating Named Members and the Maine Municipal Association Property & Casualty Pool.

### **D. MOBILE EQUIPMENT**

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

1. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
2. Vehicles maintained for use solely on or next to premises you own or rent;
3. Vehicles that travel on crawler treads;
4. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
  - a. Power cranes, shovels, loaders, diggers or drills; or
  - b. Road construction or resurfacing equipment such as graders, scrapers or rollers;
5. Vehicles not described in 1, 2, 3 or 4 above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
  - a. Air compressors, pumps, and generators, including spraying, welding, building, cleaning, geophysical exploration, lighting and well servicing equipment; or
  - b. Cherry pickers and similar devices used to raise or lower workers;
6. Vehicles not described in 1, 2, 3 or 4 above maintained primarily for purposes other than the transportation of person or cargo. However, self-propelled vehicles with the following types of permanently attached equipment are not "Mobile Equipment" but will be considered "Automobiles":
  - a. Equipment designed primarily for:
    - (1) Snow removal;
    - (2) Road maintenance, but not construction or resurfacing;
    - (3) Street cleaning;

- b. Cherry pickers and similar devices mounted on “Automobile” or truck chassis and used to raise or lower workers; and
- c. Air compressors, pumps and generators, including spraying, welding, building, cleaning, geophysical exploration, lighting and well servicing equipment.

**E. NAMED MEMBER**

“Named Member” is that entity set forth, as such, in the General Declarations of this Member Coverage Certificate.

**F. POOL**

The Maine Municipal Association Property & Casualty Pool is a public self-funded pool established pursuant to the authority granted in 30-A M.R.S.A. § 2251-2256 and through which municipal corporations and other qualified political subdivisions may share the costs and responsibilities of self-funding against tort, property and other liabilities as included in 30-A M.R.S.A. § 2253.

**G. SUIT**

A civil proceeding in which damages because of “bodily injury,” “property damage,” “personal injury,” “advertising injury,” or “wrongful acts” to which this Certificate applies are alleged. “Suit” includes:

- 1. An arbitration proceeding in which such damages are claimed and to which you must submit or do submit with our consent;
- 2. An alternative dispute resolution proceeding or administrative hearing in which such damages are claimed and to which you submit with our consent; or
- 3. Under Agreement H, Public Officials Liability (including Employment Practices), an administrative hearing or a non-judicial proceeding in which a “wrongful act” is alleged.

**H. ACTUAL CASH VALUE**

“Actual Cash Value” means the lesser of:

- 1. The cost, at the time of loss or damage to an item of property, to repair the item; or
- 2. The cost, at the time of loss or damage to an item of property, to replace the item less depreciation.

**I. FUNGUS, FUNGI and FUNGAL PATHOGENS OR BACTERIA**

“Fungus,” “fungi,” and “fungal pathogens or bacteria” each mean any type or form of fungus or Mycota, any type or form of mold or mildew, any byproduct or type of infestation produced or released by such fungus, Mycota, mold or mildew, and include but are not limited to any mycotoxins, spores, scents, allergens, biogenic aerosols and any byproducts produced or

released by, or emanating, originating or resulting from, any such fungus, Mycota, mold or mildew.

**J. FUNGI OR BACTERIA INCIDENT**

“Fungi or bacteria incident” means an incident which would not have occurred, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any “fungus,” “fungi” or “fungal pathogens or bacteria,” regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such incident.

**K. POLLUTANT OR POLLUTANTS**

“Pollutant” or “Pollutants” means smoke; vapor; soot; fumes; any and all acids, including any substance, material or compound that is or contains perfluoroalkyl and/or polyfluoroalkyl substances; alkalis; any toxic chemicals, substances, liquids or gases; petroleum products and their derivatives; waste material; or any other irritant, contaminant, pollutant or other substance which has, may or will adversely affect, damage or injure any person, any property, or the environment. Waste materials include materials to be disposed of, recycled, reconditioned or reclaimed.

## SECTION I – COMMON EXCLUSIONS

Unless specifically stated otherwise, all Coverage Agreements and Extensions included in this Certificate are subject to the following Exclusions.

### A. POLLUTION OR CONTAMINATION EXCLUSION

With the sole exceptions of SECTION II – EXTENSION, POLLUTANT DEBRIS REMOVAL AND COST OF CLEAN UP EXTENSION and Paragraphs 2 and 3 of Exclusion 1 of AGREEMENT F – AUTOMOBILE LIABILITY, this Certificate does not apply to any loss, damage, “bodily injury,” “property damage,” “personal injury,” “advertising injury,” “wrongful acts,” costs, fines, penalties, expenses, claim, “suit” or liability directly or indirectly caused or occasioned by, happening through, in consequence of, as a result of, connected with, or arising out of the actual, alleged or threatened transmission, exposure, emission, discharge, dispersal, seepage, migration, release, escape or appearance (collectively, appearance) into or upon land, the atmosphere, or any watercourse or body of water, including surface and subsurface ground water, of smoke; vapors; soot; fumes; acids; alkalis; any toxic chemicals, substances, liquids or gases; petroleum products and their derivatives; waste materials; or any other irritant, contaminant, “pollutant” or other substance which has, may or will adversely affect, damage or injure any person, any property, or the environment. Waste materials include materials to be disposed of, recycled, reconditioned or reclaimed.

This exclusion applies whether or not such appearance was sudden, gradual, continuous or repeated; whether or not it was intended, deliberate, inadvertent or accidental; whether or not it occurred in the normal course of business or in the course of deliberate, standard routine or regular operations or activities; whether or not it resulted from, or was caused by, the use of any item, substance or product in the manner in, and/or for the purpose for, which it was intended; and whether or not it resulted from, or was caused by, the acts, conduct or omissions of any Member or of any other person or entity. This exclusion applies regardless of any other cause or event that in any way contributes concurrently or in any sequence to such loss, damage, “bodily injury,” “property damage,” “personal injury,” “advertising injury,” “wrongful acts,” costs, fines, penalties, expenses, claim, “suit” or liability.

This exclusion does not apply to “bodily injury” or “property damage” arising out of heat, smoke or fumes from a hostile fire:

1. At or from any premises, site or location, which is, at the time of the fire, owned or occupied by, or rented or loaned to, the Named Member; or
2. At or from any premises, site or location on which any Member or any contractors or subcontractors working directly or indirectly on the Member’s behalf are performing operations if the pollutants are brought on to the premises, site or location in connection with such operations by such Member, contractor or subcontractor.

As used in this exclusion, a hostile fire means one which becomes uncontrollable or breaks out from where it was intended to be.

## **B. AUTHORITIES EXCLUSION**

This Certificate does not cover expenses, fines, penalties or costs incurred or sustained by any Member or imposed on any Member at the order of any Government Agency, Court or other Authority in connection with any kind or description of environmental impairment including seepage or pollution or contamination from any cause.

## **C. TAKING AND OTHER GOVERNMENTAL CONDUCT AFFECTING LAND AND PROPERTY RIGHTS AND INTERESTS EXCLUSION**

This Certificate does not cover, and does not apply to, any loss, damage, injury, claim, “suit,” or liability directly or indirectly (1) caused or occasioned by, happening through, because or in consequence of, resulting from, arising out of or in any way connected with the operation of the principles of eminent domain, condemnation, inverse condemnation, adverse possession, prescription, dedication by adverse use, or any other similar principle, by whatever name called; or (2) caused or occasioned by, happening through, because or in consequence of, resulting from, arising out of, in any way connected with, or constituting impairment of title, diminution of value, loss of value, inability to realize or obtain full value, diminution of use, loss of use, or inability to realize or obtain full use, of land or any property right or property interest therein, allegedly or actually caused by or resulting from governmental action, omission or conduct of any nature, by whatever name called. This exclusion applies whether or not any such loss, damage, injury, claim, “suit,” or liability is asserted against any Member directly or by virtue of because of any agreement entered into by or on behalf of any Member.

## **D. SEXUAL MISCONDUCT EXCLUSION**

This Certificate does not apply to any claims or “suits” arising out of (a) the actual or attempted or threatened or alleged sexual assault, abuse or molestation of any person by any Member or by any other person; or (b) the negligent (i) employment; (ii) hiring; (iii) investigation; (iv) supervision; (v) training; (vi) reporting or failing to report to the proper authorities; or (vii) retention; of any person for whom any Member is or ever was legally responsible and whose conduct would be excluded by (a) above.

## **E. COMMUNICABLE DISEASE EXCLUSION**

This Certificate does not apply to any loss, damage, injury, claim, “suit” or liability directly or indirectly caused or occasioned by, happening through, in consequence of, relating to, resulting from, or arising out of the transmission of any communicable disease or communicable virus by any Member including, but not limited to:

1. Tuberculosis;
2. The Human Immune Deficiency Virus (HIV);
3. The Acquired Immune Deficiency Syndrome Related Complex (ARC);
4. The Acquired Immune Deficiency Syndrome (AIDS);

5. Any coronavirus, including without limitation:
  - a. SARS-COV-2 (The novel coronavirus that causes coronavirus disease 2019, or COVID-19);
  - b. MERS-COV (Middle Eastern Respiratory Syndrome, or MERS);
  - c. SARS-COV (Severe Acute Respiratory Syndrome, or SARS);
  - d. Any other virus belonging to the family Coronavirus; and
6. Any communicable disease, virus, complex or syndrome.

#### **F. ABSOLUTE ASBESTOS EXCLUSION**

This Certificate does not apply to any loss, damage, injury, claim, “suit” or liability directly or indirectly caused or occasioned by, happening through, in consequence of, resulting from, because of, or arising out of or related in any way to the existence, presence, discovery, removal, abatement, remedying, inhalation or ingestion of, or exposure to or contact with asbestos in any form, including but not limited to asbestos fibers or material(s) containing asbestos. This exclusion applies regardless of any other cause or event that in any way contributes concurrently or in any sequence to such loss, damage, injury, claim, “suit” or liability and regardless of the cause, source or origin of such loss, damage, injury, claim, “suit” or liability.

#### **G. SCHOOL LEADERS LIABILITY EXCLUSION**

This Certificate does not apply to any claims or suits seeking damage, including defense of same, arising out of or in any way connected with School Leaders Liability.

The term “School Leaders Liability” is defined to mean liability on account of any “Wrongful Act,” as that term is defined in SECTION III – LIABILITY COVERAGE, Agreement H, Definitions, Paragraph C (8), committed by any employee or elected, appointed or employed official or Member, trustee, director or officer, teacher, volunteer or student teacher of any school department, educational entity or educational institution of the Named Member in the performance or non-performance of duties or activities for or on behalf of such school department, education entity or educational institution.

#### **H. PUBLIC OFFICIALS LIABILITY EXCLUSION**

This Certificate does not apply to any claims or suits seeking damages, including the defense of same, arising out of or in any way connected with Public Officials Liability.

#### **I. NUCLEAR ENERGY LIABILITY EXCLUSION**

It is agreed that:

1. The Certificate does not apply:



- a. Under any Liability Coverage, to injury, sickness, disease, death or destruction:
  - (1) With respect to which you under this Certificate are an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
  - (2) Resulting from the hazardous properties of nuclear material and with respect to which:
    - (i) Any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954 or any law amendatory thereof; or
    - (ii) You are, or had this Certificate not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization;
- b. Under any Medical Payments Coverage, or under any Supplementary Payments provision relating to immediate medical or surgical relief, to expenses incurred with respect to injury, sickness, disease or death resulting from the hazardous properties of nuclear material and arising out of the operation of a nuclear facility by any person or organization;
- c. Under any Liability Coverage, to injury, sickness, disease, death or destruction resulting from the hazardous properties of nuclear material; if
  - (1) The nuclear material:
    - (i) Is at any nuclear facility owned by, or operated by or on behalf of a Member; or
    - (ii) Has been discharged or dispersed therefrom;
  - (2) The nuclear material is contained in spent fuel or waste at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of a Member; or
  - (3) The injury, sickness, disease, death or destruction arises out of the furnishing by you of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any nuclear facility, but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to injury or to destruction of property at such nuclear facility and any property threat.

2. As used in this exclusion:

- a. “Hazardous properties” include radioactive, toxic or explosive properties;
- b. “Nuclear material” means source material, special nuclear material or by-product material;
- c. “Source material,” “special nuclear material,” and “by-product material” have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof;
- d. “Spent fuel” means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor;
- e. “Waste” means any waste material:
  - (1) Containing by-product material; and
  - (2) Resulting from the operation by any person or organization of any nuclear facility included under the first two paragraphs of the definition of nuclear facility;
- f. “Nuclear facility” means:
  - (1) Any nuclear reactor;
  - (2) Any equipment or device designed or used for:
    - (i) Separating the isotopes of uranium or plutonium;
    - (ii) Processing or utilizing spent fuel; or
    - (iii) Handling, processing or packaging waste;
  - (3) Any equipment or device used for the processing, fabricating or alloying of special nuclear material if at any time the total amount of such material in the custody of the Member at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;
  - (4) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste, and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations;

- g. “Nuclear reactor” means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;
- h. “Injury to” or “destruction of property,” the word “injury” or “destruction” includes all forms of radioactive contamination of property.
- i.

**J. RADIOACTIVE CONTAMINATION EXCLUSION CLAUSE – PHYSICAL DAMAGE  
– DIRECT**

This Certificate does not cover any loss or damage arising directly or indirectly from nuclear reaction, nuclear radiation or radioactive contamination however such nuclear reaction, nuclear radiation or radioactive contamination may have been caused and if a fire arises directly or indirectly from nuclear reaction, nuclear radiation or radioactive contamination any loss or damage arising directly from that fire shall (subject to the provisions of this Certificate) be covered EXCLUDING however all loss of damage caused by nuclear reaction, nuclear radiation, or radioactive contamination arising directly or indirectly from that fire.

**K. SCHOOL DEPARTMENT OPERATIONS EXCLUSION**

This Certificate does not apply to any claim or “suit” against you or any Member seeking damages arising out of or in any way connected with any school department, or any school department–related, operation, service, function or activity, unless the school department is specifically listed as a Named Member in this Certificate.

**L. TERRORIST ACTIVITY EXCLUSION**

This Certificate does not apply to any loss, damage, injury, claim, “suit” or liability directly or indirectly occasioned by, happening through, in consequence of, or arising out of any actual, threatened or perceived “Terrorist Activity,” and any action taken by any Member, or by any other national, federal, state or local civil, governmental or military authority, to hinder, defend against, combat, protect against, control, suppress, defend or respond to any such “Terrorist Activity.” This exclusion applies regardless of any other cause or event that contributes concurrently or in any sequence to such loss, damage, injury, claim, “suit” or liability.

“Terrorist Activity”:

1. Means the use or threatened use, or the release or threatened release, of:
  - a. Violence;
  - b. Any deliberate, dangerous or unlawful act;
  - c. Any disease, infectious disease or plague;

- e. Any biological, microbiological, chemical, radioactive or nuclear agent, material, device or weapon;
  - f. A code, program, virus, worm, Trojan Horse program, macro, time or logic bomb, or similar unauthorized instruction introduced into any “data processing equipment,” “software,” “data,” or “media,” whether owned by any Member or another person or entity, designed or intended to damage, corrupt, destroy, distort or delete any part of any computer operating system or disrupt its normal operation; or
  - g. Any act that interferes with or disrupts an electronic, communication, information or mechanical system by a person, group or organization with the actual or apparent intent or purpose, whether in whole or in part, to:
    - (1) Promote or further, or oppose or express opposition to, any political, ideological, philosophical, racial, ethnic, social or religious cause, objective or set of beliefs;
    - (2) Influence, disrupt or interfere with any national, federal, state or local government, or any government related operations, activities or policies; Intimidate, coerce, terrorize or frighten any government, the general public, or any segment of the general public; or
    - (3) Disrupt or interfere with a national economy or any segment of a national economy.
2. Includes, involves, or is associated with, in whole or in part, the use or threatened use, or release or threatened release, of any act, agent, material, device, weapon or instrument described in paragraph 1 above that is declared by any authorized federal, state or local governmental official to be or to involve terrorism, terrorist activity, or an act or acts of terrorism.

For purposes of this exclusion,

- a. “Data” means any information recorded on “media” used in data processing operations.
- b. “Data processing equipment” means processing units, terminals, tape drives, disk drives, controllers, printers, and other equipment capable of receiving, processing, storing or retrieving information.
- c. “Media” means the material on which “data” or “software” is stored, such as magnetic tape, perforated paper tape, punch cards, discs, drums and other storage devices used by “data processing equipment.”
- d. “Software” means programs stored on “media” which instruct “data processing equipment” how to process “data.”

## **M. WAR EXCLUSION**

This Certificate does not apply to any loss, damage, injury, claim, “suit” or liability directly or indirectly caused or occasioned by, happening through, in consequence of, or arising out of war, whether or not declared, or any act or condition incident to war. War includes invasion, acts of foreign enemies, any weapon of war applying atomic fission or radioactive force whether in time of peace or war, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power, warlike action taken by military force, or any action in hindering, defending against, combating or responding to any of these or any actual or expected attack by any government, sovereign, government authority, or any other authority, using military personnel or other agents. War also includes confiscation, nationalization, requisition, destruction of or damage to property by or under the order of any government, sovereign, or public or local authority, unless such acts of destruction by order of such authority are at the time of and for the purpose of preventing the spread of fire. Also, this Certificate does not apply to any loss, damage, injury, claim, “suit” or liability arising directly or indirectly in any way or manner from nuclear fission, nuclear fusion or radioactive contamination. This exclusion applies regardless of any other cause or event that in any way contributes concurrently or in any sequence to such loss, damage, injury, claim, “suit” or liability.

## **N. COMPUTER VIRUS AND DENIAL OF ACCESS EXCLUSION**

The Certificate does not apply to any loss, damage, injury, claim, “suit” or liability directly or indirectly caused or occasioned by, happening through, in consequence of, resulting from, or arising out of:

1. The introduction of a code, program, virus, worm, Trojan Horse program, macro, time or logic bomb, or similar instruction introduced into any of the following, whether owned by any Member or others:
  - a. “Data processing equipment,” “software,” “data” or “media”;
  - b. Information repository;
  - c. Hardware or “software” based computer operating systems;
  - d. Microprocessor;
  - e. Integrated circuit;
  - f. Computer network; or
  - g. Other electronic equipment, computerized equipment or similar devices.

which damages, corrupts, destroys, contaminates, distorts or deletes any part of the system or any of the items described in (a) through (g) of this paragraph, or disrupts its or their normal operation.

3. A change in the functionality, availability, operation, use of, accessibility to or operation of any of the following, whether owned by any Member or others:
  - a. “Data processing equipment,” “software,” “data” or “media”;
  - b. Information repository;
  - c. Hardware or “software” based computer operating systems;
  - d. Microprocessor;
  - e. Integrated circuit;
  - f. Computer network; or
  - g. Other electronic equipment, computerized equipment or similar devices
4. Any advice, consultation, evaluation, design, inspection, installation, repair, replacement, maintenance or supervision provided or done by or for any Member or by or for others to determine, correct, rectify or test for any conditions or problems described in paragraphs 1 and 2 above.
5. Any modification, repair or replacement of systems, devices or any of the items described in paragraphs 1 and 2 above in order to remedy or correct any potential or actual deficiencies.

This exclusion applies regardless of any other cause or event that contributes concurrently or in any sequence to such loss, damage, injury, claim, “suit” or liability. However, and only for the coverages provided by Agreements A, B and C, if loss or damage by a covered cause of loss results, we will pay for that ensuing loss or damage.

For purposes of this exclusion,

1. “Data” means any information recorded on “media” used in data processing operations.
2. “Data processing equipment” means processing units, terminals, tape drives, disk drives, controllers, printers and other equipment capable of receiving, processing, storing or retrieving information.
3. “Media” means the material on which “data” or “software” is stored, such as magnetic tape, perforated paper tape, punch cards, discs, drums and other storage devices used by “data processing equipment.”
4. “Software” means programs stored on “media” which instruct “data processing equipment” how to process “data.”

## **O. DRUG, MEDICINE AND MEDICATION EXCLUSION**

This Certificate does not cover, and does not apply to, any loss, damage, injury, claim, "suit," or liability directly or indirectly caused or occasioned by, happening through, because or in consequence of, resulting from, or arising out of the prescribing, preparation, dispensing, sale, purchase, providing funds or reimbursement for the purchase, receipt, acquisition, or use, by any person, entity or Member, of any prescription, non-prescription, over-the-counter, or any other drug, medicine or medication.

But this exclusion does not apply to a Member who is a Maine-licensed physician prescribing, authorizing the purchase or acquisition of, or purchasing or acquiring, drugs, medicine or medications for the sole purpose of such drugs, medicine or medications being used, administered or dispensed in connection with or related to the Named Member's Emergency Medical Services program conducted pursuant to and in compliance with the Maine Emergency Medical Services Act of 1982, Chapter 2-B of Title 32 of the Maine Revised Statutes and rules and protocols promulgated thereunder.

## **P. FUNGUS EXCLUSION**

Except as provided in SECTION II-EXTENSIONS, "FUNGUS", WET ROT, DRY ROT AND BACTERIA EXTENSION and SECTION II – EXTENSIONS, EQUIPMENT BREAKDOWN PROTECTION EXTENSION, this Certificate does not apply to any loss, damage, "bodily injury," "property damage," "personal injury," "advertising injury," "wrongful acts," costs, fines, penalties, expenses, claim, "suit" or liability directly or indirectly caused or occasioned by, happening through, in consequence of, as a result of, connected with, or arising out of any "fungus," "fungi," "fungal pathogens or bacteria," or "fungi or bacteria incident."

This exclusion applies whether or not the cause, result, presence, existence, creation, appearance, growth, proliferation, spread, release, escape, migration, effect, or any activity of any such "fungus," "fungi," "fungal pathogens or bacteria," or "fungi or bacteria incident" was sudden, gradual, continuous or repeated; whether or not it was intended, deliberate, inadvertent or accidental; whether or not it occurred in the normal course of business or in the course of deliberate, standard, routine or regular operations or activities; whether or not it resulted from, or was caused by, the use of any item, substance or product in the manner in, and/or for the purpose for, which it was intended; whether or not it resulted from, or was caused by, any activity, response or reaction to any event, occurrence, incident, accident or loss; and whether or not it resulted from, or was caused by, the acts, conduct or omissions of any Member or of any other person or entity. This exclusion applies regardless of any other cause, event, material or product that in any way contributes concurrently or in any sequence to such loss, damage, "bodily injury," "property damage," "personal injury," "advertising injury," "wrongful acts," costs, fines, penalties, expenses, claim, "suit" or liability.

## **Q. TAX, BOND AND FINANCIAL ACTIVITIES**

This certificate does not apply to any payment, loss, damage, injury, claim, "suit," proceeding, hearing or liability directly or indirectly occasioned by, happening through, in consequence of, resulting from, arising out of, caused by, or incurred because of:

1. Any tax assessment, fine, fee, adjustment or foreclosure;

2. The collection, assessment, refund, disbursement, use, misuse, or application of any taxes, fines or fees;
3. The actual or alleged failure or inability to anticipate, address, mitigate or redress tax revenue shortfalls;
4. Issuance of bonds or guarantees on bond issues;
5. Defaulting, in whole or in part on bonds, guarantees, or bond issues;
6. Any inability to make principal or interest payments on bonds, or to bondholders;
7. The actual or alleged use or misuse of federal, state or local funds, appropriations or grants; or
8. Any investigation, examination, audit, proceeding or hearing conducted by any federal, state or local governmental entity, including any Member, of, into or regarding any of the items described in (1) through (7) above.



## **SECTION II**

### **PROPERTY COVERAGE**

#### **SECTION II – COVERAGE AGREEMENTS**

As stated in Section I – Common Conditions, the coverage provided by this Certificate is excess over any other valid insurance whether primary, excess, contingent or on any other basis. Subject to the limitations, terms and conditions of this Certificate, we agree to pay for loss which first occurs during the period of this Certificate.

#### **AGREEMENT A – BUILDING AND PERSONAL PROPERTY**

We agree, subject to the limitations, terms and conditions of this Certificate, to pay for risks of direct physical loss or damage to all scheduled Real or Personal Property shown on the Building & Personal Property Schedule attached to this Certificate to which this coverage applies, wherever located, occurring during the period of this Certificate. However, any building or structure identified as a “project site” on any Builders Risk Coverage endorsement which is part of or added to this Certificate, even if that building or structure is shown on the Building & Personal Property Schedule attached to this Certificate, is not entitled to coverage under this AGREEMENT A, under any SECTION II – ADDITIONAL COVERAGES, or under any SECTION II EXTENSIONS, except as specifically stated in the Builders Risk Coverage endorsement.

#### **AGREEMENT B – AUTOMOBILE**

1. We agree, subject to the limitations, terms and conditions of this Certificate, to pay for risks of direct physical loss or damage to all scheduled “Automobiles” shown on the Automobile Schedule attached to this Certificate, owned by you, or on which you have an obligation to provide coverage, wherever located, occurring during the period of this Certificate including “collision” of the “Automobile.” This “Automobile” Physical Damage coverage includes reasonable loss of use up to, but not to exceed, \$50 per day/45 days maximum for private passenger vehicles and \$250 per day/60 days maximum for all other vehicles.

We also agree, subject to the limitations, terms and conditions of this Certificate, to pay for risks of direct physical loss or damage to “Automobiles” rented by you, or by any Member, occurring during the period of this Certificate, including “collision” of the “Automobile.” This “Automobile” Physical Damage coverage includes reasonable loss of use up to, but not to exceed \$50 per day/45 days maximum, but only if the physical loss or damage occurs while the Member is operating the rental “Automobile” within the course of his employment or duties for the Named Member.

No deductible applies to the cost of repair (but not to replace) windshield damage, breakage or loss, as long as the damage, breakage or loss is not caused by “collision.”

This "Automobile" Physical Damage includes the reasonable cost of towing and the reasonable cost of labor, which must be performed at the place of disablement, but not to exceed a maximum limit of \$2,500 per disabled vehicle. No deductible applies to the towing and labor costs described in this paragraph.

2. If an "Automobile" owned or used by an individual who is a municipal employee, volunteer firefighter, licensed Emergency Medical Services personnel, firefighter or police officer, sustains direct physical loss or damage while being used or operated by the individual in the performance of duties on behalf of and as authorized by the Named Member, we agree to reimburse the individual, up to but not exceeding \$1,000, the amount of the deductible applicable to the "Automobile" under the individual's personal "Automobile" policy. We will reimburse the individual only if:

- a. The "Automobile" is insured under the individual's personal "Automobile" insurance policy; and
- b. The individual's personal "Automobile" insurance policy provides coverage for the physical loss or damage sustained by the "AUTOMOBILE;" and
- c. The direct physical loss or damage sustained by the "Automobile" is covered by SECTION II - AGREEMENT B of this Certificate.

2. If, during the course of an emergency or other exigent situation, an "Automobile" owned by a person other than an individual described in Paragraph 2 above sustains direct physical loss or damage while being used or operated by the person or by a "Member" as described in Paragraphs B(1) or B(2) of SECTION I – COMMON DEFINITIONS in the performance of duties on behalf of and as authorized by the Named Member, we agree, subject to the limitations, terms and conditions of this Certificate, to pay for such direct physical loss or damage. This coverage is excess over any other valid insurance, whether primary, excess, contingent or any other basis, available to the person. If there is no other valid insurance available to the person, we will pay for such direct loss or damage on an "Actual Cash Value" basis, and the most we will pay for such loss or damage is \$25,000. If there is such other valid insurance available to the person, we agree to reimburse the person, up to but not exceeding \$1,000, the amount of the deductible applicable to the "Automobile" under the person's personal "Automobile" policy.

#### **AGREEMENT C – MOBILE EQUIPMENT**

1. We agree, subject to the limitations, terms and conditions of this Certificate, to pay for risks of direct physical loss or damage to all scheduled "Mobile Equipment" owned by you, or on which you have an obligation to provide coverage, wherever located, occurring during the period of this Certificate.

Direct Physical Loss to "Mobile Equipment" includes reasonable loss of use up to, but not to exceed \$250 per day/30 days maximum for all such equipment.

2. If “Mobile Equipment” owned or used by an individual who is a municipal employee, volunteer firefighter, licensed Emergency Medical Services personnel, firefighter or police officer, sustains direct physical loss or damage while being used or operated by the individual in the performance of duties on behalf of and as authorized by the Named Member, we agree, subject to the limitations, terms and conditions of this Certificate, to pay for such direct physical loss or damage. This coverage is excess over any other valid insurance, whether primary, excess, contingent or any other basis, available to the individual. If there is no other valid insurance available to the individual, we will pay for such direct loss or damage on an “Actual Cash Value” basis, and the most we will pay for such loss or damage is \$25,000. If there is such other valid insurance available to the individual, we agree to reimburse the individual, up to but not exceeding \$1,000, the amount of the deductible applicable to the “Mobile Equipment” under the individual’s “Mobile Equipment” policy.
3. If, during the course of an emergency or other exigent situation, “Mobile Equipment” owned by a person other than an individual described in Paragraph 2 above sustains direct physical loss or damage while being used or operated by the person or by a “Member” as described in Paragraphs B(1) or B(2) of SECTION I – COMMON DEFINITIONS in the performance of duties on behalf of and as authorized by the Named Member, we agree, subject to the limitations, terms and conditions of this Certificate, to pay for such direct physical loss or damage. This coverage is excess over any other valid insurance, whether primary, excess, contingent or any other basis, available to the person. If there is no other valid insurance available to the person, we will pay for such direct loss or damage on an “Actual Cash Value” basis, and the most we will pay for such loss or damage is \$25,000. If there is such other valid insurance available to the person, we agree to reimburse the person, up to but not exceeding \$1,000, the amount of the deductible applicable to the “Mobile Equipment” under the person’s “Mobile Equipment” policy.

## **SECTION II – ADDITIONAL COVERAGES**

### **A. COLLAPSE**

We will pay for loss or damage caused by or resulting from risks of direct physical loss involving collapse of a building or any part of a building shown on the Building & Personal Property Schedule attached to this certificate caused only by one or more of the following:

1. Fire, firefighting, lightning, windstorm, hail, explosion, strike, riot or civil commotion, aircraft, vehicles, breakage of pipes, sprinkler leakage, vandalism, malicious mischief, theft or attempted theft;
2. Decay that is hidden from view, unless the presence of such decay is known to a Member prior to collapse;
3. Insect or vermin damage that is hidden from view, unless the presence of such damage is known to a Member prior to collapse;
4. Weight of people or personal property;
5. Weight of rain, ice, snow or sleet that collects on a roof;
6. Defective design or use of defective materials or methods in construction, remodeling or renovation if the collapse occurs during the course of construction, remodeling or renovation. However, if the collapse occurs after construction, remodeling, or renovation is complete and is caused in part by a cause of loss listed in 1 through 5 above, we will pay for the loss or damage even if defective design or use of defective materials or methods in construction, remodeling or renovation contributed to the collapse.

Collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.

A building or any part of a building that is in danger of falling down or caving in is not considered to be in a state of collapse.

A part of a building that is standing is not considered to be in a state of collapse even if it has separated from another part of the building.

A building that is standing or any part of a building that is standing is not considered to be in a state of collapse even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

Collapse does not include shrinking, sagging, bending, leaning, settling, cracking, bulging or expansion.

This Additional Coverage will not increase the Limits of Coverage provided in the General Declarations and Limits section of the Named Member's Coverage Certificate.

## **B. DEBRIS REMOVAL**

This Certificate covers the reasonable expense of removing the Covered Property debris remaining after any covered loss occurring during the Coverage Period of this Certificate from the Named Member's scheduled premises where the covered loss occurred, subject to the following limitations and exceptions:

1. The amount we will pay under this Additional Coverage is twenty-five percent (25%) of the amount we pay for the direct physical loss of or damage to the Covered Property;
2. This Additional Coverage does not apply to costs to:
  - a. Extract "pollutants" from land or water;
  - b. Remove, restore or replace polluted land or water; or
  - c. Remove damaged or destroyed items, or the debris of such items, described in Additional Coverage L. Outdoor Property.

## **C. PRESERVATION OF PROPERTY**

If it is necessary to move Covered Property from a location shown on the Building & Personal Property Schedule attached to this certificate to preserve it from loss of damage by a covered cause of loss, we will pay for any direct physical loss or damage to that property:

1. While it is being moved or while temporarily stored at another location; and
2. Only if the loss or damage occurs within 10 days after the property is first moved.

## **D. ARCHITECTS' AND ENGINEERS' FEES**

This Certificate covers architects' and engineers' fees for consultations arising from covered losses resulting from a covered peril.

We will pay all such fees up to seven percent (7%) of the amount we pay for the direct physical loss of or damage to the Covered Property. This limit of coverage is in addition to the applicable Limit of Coverage provided in the General Declarations and Limits section of the Named Member's Coverage Certificate.

## **E. CIVIL AUTHORITY CLAUSE**

Notwithstanding anything contained in this Certificate, property which is covered under this Certificate 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 by or contributed to by war, invasion, revolution, rebellion, insurrection or other hostilities or warlike operations.

#### **F. INCREASED COST OF CONSTRUCTION**

1. If loss or damage covered by this Certificate occurs to a covered building shown on the Building & Personal Property Schedule attached to this certificate whose valuation is stated to be RC (Replacement Cost), and you repair, rebuild or replace the destroyed or damaged property, we will pay for:
  - a. The increased cost incurred to comply with the minimum standards of an ordinance or law necessary to repair, rebuild, or replace the building caused by enforcement of building, zoning or land use ordinance or law ("ordinance or law"). If the building is repaired, rebuilt or replaced, it must be intended for similar occupancy as existed before the loss, unless otherwise required by ordinance or law. However, we will not pay for the increased cost of construction if the building is not repaired, rebuilt or replaced.
  - b. Loss to the undamaged portion of the building caused by enforcement of ordinance or law that requires the demolition of parts of the building not damaged.
  - c. The cost to demolish and clear the site of undamaged parts of the building caused by enforcement of ordinance or law.
2. The ordinance or law referred to in 1 above is an ordinance or law that:
  - a. Regulates the construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and
  - b. Is in force at the time of loss.
3. We will not pay:
  - a. Any loss or costs due to any ordinance or law that:
    - (1) You were required to comply with before the loss, even when the building was undamaged; and
    - (2) You failed to comply with.
  - b. Any loss or costs incurred because of or in connection with the enforcement of any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "pollutants," "fungus," "fungi," or "fungal pathogens or bacteria."

- c. Any loss or costs incurred because of or in connection with the enforcement of any ordinance or law which requires any Member or any others to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to, or assess the effects of, “pollutants,” “fungus,” “fungi,” or “fungal pathogens or bacteria.”
- d. Under 1(a), (b), or (c) above
  - (1) Until the building is actually repaired, rebuilt or replaced, at the same or another premises; and
  - (2) Unless the repairs, rebuilding or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.
- 4. If the building is repaired, rebuilt or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay under this coverage, subject to 5 below, is the additional cost of construction at the same premises.

If the ordinance or law requires relocation to another premises, the most we will pay under this coverage, subject to 5 below, is the increased cost of construction at the new premises.

- 5. The total amount we will pay under this Additional Coverage will not exceed the aggregate limit of \$1,000,000 for the Certificate Period. This limit of coverage is in addition to the applicable Limit of Coverage provided in the General Declarations and Limits section of the Named Member’s Coverage Certificate.

#### **G. EXPENSE TO REDUCE LOSS**

This Certificate also covers such reasonable expenses as are necessarily incurred for the purpose of reducing any covered loss under this Certificate not exceeding, however, the amount by which the covered loss under this Certificate is thereby reduced.

#### **H. NEWLY ACQUIRED OR CONSTRUCTED PROPERTY**

Up to an aggregate limit of \$1,000,000 for all such property, this Certificate automatically extends coverage to your newly acquired or constructed real property, personal property, “Automobiles” and “Mobile Equipment”. Coverage under this extension will end when any of the following first occurs:

- 1. This Certificate is cancelled or expires;
- 2. 180 days expire after you acquire or begin to construct the property; or
- 3. You report values to us.

Subject to the aggregate limit set forth in the preceding paragraph, the maximum amount payable under this Additional Coverage for each property acquired during the period of this

Certificate by or through any method of tax lien mortgage foreclosure is the amount of the unpaid tax lien mortgage on such property at the time of the foreclosure, but only if direct physical loss or damage to such property is caused by a covered peril during the 90 day period immediately following the foreclosure, unless this Certificate is sooner cancelled or expires. We may charge you an additional contribution for values reported from the date construction begins or from the date you acquire the property.

**I. PERSONAL EFFECTS, PERSONAL PROPERTY (OTHER THAN AUTOMOBILES AND MOBILE EQUIPMENT), AND WATERCRAFT OF OTHERS**

You may extend the coverage that applies to Your Business Personal property to apply to:

1. Personal Property of Others (other than “Automobiles” and “Mobile Equipment”) in your care, custody or control. We will pay for loss or damage to Personal Property of Others (other than “Automobiles” and “Mobile Equipment”) on an “Actual Cash Value” basis, and the most we will pay for such loss or damage under this additional coverage is \$100,000.
2. Personal Effects owned by your officers, your elected or appointed officials, your employees and volunteers. This additional coverage does not apply to loss or damage by theft. We will pay for loss or damage to Personal Effects on an “Actual Cash Value” basis, and the most we will pay for such loss or damage under this additional coverage is \$10,000.
3. Personal Effects owned by persons other than an individual described in paragraph 2 above, while being used by the person or by a “Member” as described in Paragraphs B(1) or B(2) of SECTION I – COMMON DEFINITIONS during the course of an emergency or other exigent situation in the performance of duties on behalf of and as authorized by the Named Member. This additional coverage does not apply to loss or damage by theft. We will pay for loss or damage to Personal Effects on an “Actual Cash Value” basis, and the most we will pay for such loss or damage under this additional coverage is \$10,000.
4. Watercraft, under 25 feet in length, of others in your care, custody or control. We will pay for loss or damage to watercraft, under 25 feet in length, of others on an “Actual Cash Value” basis, and the most we will pay for loss or damage to such watercraft under this additional coverage is \$10,000.

Our payment under this additional coverage for loss or damage will only be for the account of the owner of the loss or damaged property.

**J. PROPERTY OFF-PREMISES**

You may extend the coverage provided by this Certificate to apply to your Covered Property that is temporarily at a location you do not own, lease or operate. The most we will pay for loss or damage under this Extension is \$100,000.



## **K. SHORT TERM RENTAL OF UNSCHEDULED MOBILE EQUIPMENT**

This Certificate automatically extends coverage to any item of “Mobile Equipment” you have rented or leased from others and which is not scheduled in this Certificate. Each item is covered for the amount for which you are legally liable, up to a limit of \$50,000. Coverage under this extension will end when any of the following first occurs:

1. This Certificate is cancelled or expires.
2. 30 days after you have first rented or leased the item of “Mobile Equipment”; or
3. You schedule the item of “Mobile Equipment” in this Certificate.

We may charge you an additional contribution for such items of “Mobile Equipment” from the date you first rent or lease them.

## **L. OUTDOOR PROPERTY**

You may extend the coverage provided by this Certificate to apply to your unscheduled outdoor fences, gazebos, decorative lighting (other than streetlights attached to utility poles), lighting standards, flagpoles, radio and television antennas, satellite dishes, signs (other than signs attached to buildings or structures, street identification signs, and traffic control signs), playground equipment, bleachers, dugouts, concession stands, scoreboards, monuments and memorials not located within cemeteries, park benches, decorative trees, shrubs, plants, pergolas, picnic tables, storage sheds, bus shelters and electric vehicle charging stations. This Additional Coverage can only be extended to items in the preceding sentence which are not identified on the Building & Personal Property Schedule attached to this Certificate.

Under this Additional Coverage we will only pay for loss or damage to decorative trees, shrubs, and plants if such loss or damage is caused by or results from any of the following perils: 1. Fire, however, we will not pay for loss caused by or resulting from a named wildfire; 2. Lightning; 3. Explosion; 4. Riot or Civil Commotion; 5. Aircraft; 6. Smoke; 7. Vehicles; and 8. Vandalism or Malicious Mischief.

The most we will pay for loss or damage under this Additional Coverage, including debris removal expenses for all such items, is \$25,000. However, we will not pay more than \$1,000, including debris removal expenses, for any one tree, shrub or plant. This \$25,000 limit applies to any one occurrence, regardless of the types or numbers of items lost or damaged in that occurrence.

Under this Additional Coverage, we will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds \$1,000. We will then pay the amount of loss or damage in excess of \$1,000, up to the applicable limit of \$25,000.

## **M. APPURTENANT STRUCTURES**

You may extend the coverage provided by this Certificate to apply to appurtenant structures you own but do not identify on the Building & Personal Property Schedule attached to this Certificate. For purposes of this Additional Coverage, an appurtenant structure is (1) an enclosed structure, consisting of a roof, walls, and an earthen or improved floor; (2) permanently affixed to land; (3) not attached or connected in any way to any other building

or structure; and (4) at the time of its loss or damage, used to benefit, serve, maintain, or for the purposes of, a building or structure you own and identify on the Building & Personal Property Schedule attached to this Certificate. The most we will pay for loss or damage under this Additional Coverage is \$25,000 for any one occurrence.

#### **N. ARSON REWARD**

In addition to the applicable Limit of Coverage provided in the General Declarations and Limits section of the Named Member's Coverage Certificate, we will pay up to \$25,000 for information which leads to an arson conviction or convictions in connection with a fire loss covered by this Certificate. Regardless of the number of persons involved in providing information, and regardless of the number of persons convicted in connection with a fire loss, the most we will pay under this Additional Coverage is \$25,000.

#### **O. OFF-PREMISES SERVICES INTERRUPTION**

You may extend the coverage provided by this Certificate to apply to physical loss of or damage to your Covered Property caused by interruption of off-premises services to one or more buildings or structures you own and identify on the Building & Personal Property Schedule attached to this Certificate. The interruption must result from direct physical loss or damage caused by a covered peril to the following property not on, at or in any of the buildings or structures experiencing the interruption of services:

1. Water Supply Services, meaning the following types of property supplying water to buildings or structures you own and identify on the Building & Personal Property Schedule attached to this Certificate:
  - a. Pumping Stations; and
  - b. Water Mains.
2. Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television services to buildings or structures you own and identify on the Building & Personal Property Schedule attached to this Certificate, such as:
  - a. Communication transmission lines, including optic fiber transmission lines;
  - b. Coaxial cable; and
  - c. Microwave radio relays, except satellites.

Communication Supply Services do not include above-ground communication lines.

3. Power Supply Services, meaning the following types of property supplying electricity, steam, or gas to buildings or structures you own and identify on the Building & Personal Property Schedule attached to this Certificate:
  - a. Utility generating plants;
  - b. Switching stations;
  - c. Substations;

- d. Transformers; and
- e. Transmission lines.

Power Supply Services do not include above-ground transmission or distribution lines.

The most we will pay under this Additional Coverage is \$25,000 for any one occurrence. Any and all service interruptions occurring during any 72-hour period will be considered one occurrence.

## **P. FOUNDATIONS**

This Certificate covers foundations physically destroyed or damaged by a covered peril causing direct physical loss or damage to your Covered Property.

We will pay the cost to repair, rebuild or replace the destroyed or damaged foundation in a condition equal to but not superior to or more extensive than its condition when new. We will pay only when you have repaired, rebuilt or replaced the destroyed or damaged foundation. Under this Additional Coverage, we will pay up to five percent (5%) of the amount we pay for the direct physical loss of or damage to the Covered Property. This limit of coverage is in addition to the applicable Limit of Coverage provided in the General Declarations and Limits section of the Named Member's Coverage Certificate.

SECTION II – DEFINITIONS, Part A – Covered Property, Item 5 (g), is amended to read:

Except as provided in Additional Coverage P, foundations of buildings, structures, machinery or boilers if their foundations are below:

1. The lowest basement floor; or
2. The surface of the ground, if there is no basement.

Other than the above stated, all other limitations, restrictions, terms and conditions shall remain unchanged.

## **Q. UNDERGROUND PIPES, FLUES, WIRING AND DRAINS**

This Certificate covers underground pipes, underground flues, underground wiring, underground drains and underground fiber optic cables leading to and from, and necessary for the service of, scheduled Real Property shown in the Building & Personal Property Schedule attached to this Certificate. For coverage to apply, the underground pipe, flue, wiring, drain or fiber optic cable must be physically damaged or destroyed by a covered peril causing direct physical loss or damage to the scheduled Real Property and the physical damage or destruction of the underground pipe, flue, wiring, drain or fiber optic cable must be within 1,000 feet of the scheduled Real Property.

We will pay the cost to repair, rebuild or replace the damaged or destroyed underground pipe, flue, wiring, drain or fiber optic cable in a condition equal to but not superior to or more extensive than its condition when new. We will also pay the cost to access and remove the

destroyed or damaged underground pipe, flue, wiring, drain or fiber optic cable. We will pay only when you have repaired, rebuilt or replaced the damaged or destroyed underground pipe, flue, wiring, drain or fiber optic cable.

The most we will pay for loss or damage under this Additional Coverage, including access, removal and debris removal expenses for any one occurrence, is \$25,000. The total amount we will pay under this Additional Coverage will not exceed the aggregate limit of \$100,000 for this Certificate Period. This limit of coverage is in addition to the applicable Limit of Coverage provided in the General Declarations and Limits section of the Named Member's Coverage Certificate.

SECTION II – DEFINITIONS, Part A – Covered property, Item 5 (i), is amended to read:

Except as provided in Additional Coverage Q, underground pipes, flues, wiring, drains or fiber optic cables.

Other than the above stated, all other limitations, restrictions, terms and conditions shall remain unchanged.

#### **R. UNSCHEDULED TOOLS AND EQUIPMENT**

You may extend the coverage that applies to your Business Personal property to apply to:

1. "Tools and equipment" owned by you and not shown on the Building & Personal Property Schedule attached to this Certificate. This additional coverage does not apply to loss or damage by theft. We will pay for loss or damage to "tools and equipment" on an "Actual Cash Value" basis and the most we will pay for such loss or damage under this additional coverage is \$5,000. This \$5,000 limit applies to any one occurrence, regardless of the types or numbers of "tools and equipment" lost or damaged in that occurrence.
2. "Tools and equipment" owned by your officers, elected or appointed officials, employees or volunteer workers, provided the loss or damage occurs during the course and within the scope of their employment or duties for you and while they are under your direction, jurisdiction and control. This additional coverage does not apply to loss or damage by theft. We will pay for loss or damage to "tools and equipment" on an "Actual Cash Value" basis and the most we will pay for such loss or damage under this additional coverage is \$5,000. This \$5,000 limit applies to any one occurrence, regardless of the types or numbers of "tools and equipment" lost or damaged in that occurrence and regardless of the number of owners of such "tools and equipment." This additional coverage will apply in excess of any and all other insurance coverage or policies available to the owner(s) of the "tools and equipment." Our payment under this additional coverage for loss or damage will only be for the account of the owner of the lost or damaged property.

For purposes of this Additional Coverage R, "tools and equipment" means those hand-held items usually and customarily used in the course and furtherance of your operations as a

governmental entity, including but not limited to law enforcement, firefighting, ambulance, rescue, public works, maintenance and other governmental services and activities.

## **SECTION II – DEFINITIONS**

These definitions apply to this Section and to all coverage Extensions provided under Section II – Property Coverage. Additional definitions may be contained in the specific coverage Extensions.

### **A. COVERED PROPERTY**

Covered Property, as used in this Coverage Part, means the following types of property:

1. Buildings or structures
  - a. You own, and identify on the Building & Personal Property Schedule attached to this Certificate, including:
    - (1) Complete additions;
    - (2) Permanently installed fixtures, machinery and equipment;
    - (3) Outdoor fixtures, outdoor signs;
    - (4) Additions under construction, alterations and repairs to the building or structure;
    - (5) Materials, equipment, supplies, and temporary structures, on or within 1,000 feet of the subject building or structure, used for making additions, alterations or repairs to the building or structure.
    - (6) Permanently installed above-ground pipes and above-ground fiber optic cables leading to and from, and necessary for the service of, such building or structure if such above-ground pipes and above-ground fiber optic cables are physically damaged or destroyed within 1,000 feet of such building or structure by a covered peril causing direct physical loss or damage to such building or structure.
  - b. You rent or lease under a written rental agreement, lease or contract, but only if you have agreed in the written rental agreement, lease or contract, to provide property coverage for such buildings or structures, and only if you identify such buildings or structures on the Building & Personal Property Schedule attached to this Certificate, including:
    - (1) Complete additions, if identified or described in the written rental agreement, lease or contract as part of the premises you have rented or leased;
    - (2) Permanently installed fixtures, machinery and equipment; and
    - (3) Outdoor fixtures, outdoor signs.

2. Personal Property you own, located in or on buildings or structures you own, rent or lease and identify on the Building & Personal Property Schedule, or in the open (or in a vehicle), consisting of the following (unless otherwise specified in the Certificate):
  - a. Furniture and fixtures;
  - b. Machinery and equipment;
  - c. All other personal property owned by you, that is used to maintain or service your scheduled buildings or structures;
  - d. Your use interest as tenant in improvements and betterments;
  - e. Leased personal property for which you have a contractual responsibility to insure;
3. "Automobiles," as described in Agreement B – "Automobile."
4. Scheduled "Mobile Equipment", as described in Agreement C – "Mobile Equipment".
5. Covered Property does not include:
  - a. Animals, aircraft, gravestones, monuments and memorials located within cemeteries, standing timber, growing crops, shrubs, plants, lawns, accounts, bills, currency, money, notes, securities, deeds, evidences of debt (except as regards reconstruction of data provided for under the Electronic Data Coverage Extension), and watercraft over 25 feet in length;
  - b. Land and land values, or water;
  - c. Bridges; guardrails; outdoor pools, dams, reservoirs, culverts, and other outdoor water-containing or -conducting items or structures; roadways, walks, sidewalks, patios, parking lots, playgrounds, and other paved surfaces; running tracks and athletic fields and surfaces, whether natural, synthetic or of other composition;
  - d. LED and other streetlights (including those attached to non-owned utility and other poles), decorative streetlights (including those attached to non-owned utility and other poles), traffic control signals (including traffic lights, cameras and other traffic control devices), street identification signs, traffic control signs, parking meters, and fire boxes and fire hydrants;
  - e. Pilings, piers, wharves or docks;
  - f. The cost of excavations, grading, backfilling or filling, unless costs are directly associated with replacement of other property as a result of a covered loss;
  - g. Foundations of buildings, structures, machinery or boilers if their foundations are below:

- (1) The lowest basement floor; or
- (2) The surface of the ground, if there is no basement;
- h. Retaining walls that are not part of or attached to the building described on the Building & Personal Property Schedule;
- i. Underground pipes, flues, wiring, drains or fiber optic cables.
- j. Property acquired by tax lien foreclosure unless coverage is specifically endorsed hereon;
- k. The cost of repair, debris removal, demolition or increased cost of construction or loss of use resulting from the removal of, or encapsulation of asbestos, dioxin, or polychlorinated biphenols either voluntarily undertaken or necessitated by the enforcement of any law or ordinance regulating such materials, and/or any fine or penalty assessed or any expense incurred in connection therewith;
- l. Any property that is covered under any
  - (1) Extension which is part of or added to this Certificate, or
  - (2) Insurance policy or any coverage form, endorsement or rider of any insurance policyin which such property is more specifically described.
- m. Any building or structure identified as a “project site” on any Builders Risk Coverage endorsement which is part of or added to this Certificate.

## **B. COLLISION**

Collision, as used in this Coverage Part, means:

- 1. An “Automobile’s” collision or coming in contact with any other object, unless the object is a bird or animal. Coming in contact with a bird or animal is not a collision; or
- 2. An “Automobile’s” overturn or upset.

## **C. ROTATING BIOLOGICAL CONTACTORS**

Rotating Biological Contactors, as used in this Coverage Part, means any rotating biological filter, rotating biological treatment unit, or rotating biological treatment process used in wastewater or any other biodegradable effluent treatment plant or



facility. “Rotating Biological Contactors” include discs, shafts and any other constituent part of the filter, unit or process.

## SECTION II – EXCLUSIONS

These exclusions apply to this Section and to all Coverage Extensions provided under Section II. Additional exclusions may be contained in the specific coverage Extensions.

### **A      AGREEMENT A – BUILDING AND PERSONAL PROPERTY, AGREEMENT B – AUTOMOBILES AND AGREEMENT C – MOBILE EQUIPMENT**

We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

1. Any earth movement (other than Earthquake as defined and provided for in Section II – Earthquake Extension), such as landslide, mine subsidence or earth sinking, rising or shifting. But if loss or damage by fire or explosions results, we will pay for that resulting loss or damage.

This exclusion does not apply to “Automobiles” which are covered under Agreement B – “Automobile” and not otherwise excluded under SECTION II – Exclusions A. and D. Nor does this exclusion apply to “Mobile Equipment” which are covered under Agreement C – “Mobile Equipment” and not otherwise excluded under SECTION II – Exclusions A., B., C. and D.

2. Any volcanic eruption, explosion or effusion, but if loss or damage by fire or Volcanic Action results we will pay for that resulting loss or damage.
  - a. “Volcanic Action” means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:
    - (1) Airborne volcanic blast or airborne shock waves;
    - (2) Ash, dust or particulate matter; or
    - (3) Lava flow.
  - b. Volcanic Action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the Covered Property.
  - c. All volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.
  - d. This exclusion does not apply to Covered Personal Property in due course of transit.
3. Seizure, confiscation or destruction of property by order of any governmental or public authority. But, to the extent provided in additional Coverage E, Civil Authority Clause, we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental or public authority and taken at the time of a fire to prevent its spread.

4. Nuclear reaction, nuclear radiation, or radioactive contamination howsoever caused. However, if fire ensues directly from nuclear reaction, nuclear radiation or radioactive contamination, any loss or damage arising directly from such fire shall (subject to the provisions of this Certificate) be covered, excluding however all loss or damage caused by nuclear reaction, nuclear radiation, or radioactive contamination arising directly or indirectly from such fire.
5. Hostile or warlike action in time of peace or war, including action in hindering, combating, or defending against an actual, impending or expected attack:
  - a. By any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces; or
  - b. By military, naval or air force; or
  - c. By an agent or any such government, power, authority or forces, it being understood that any discharge, explosion or use of any weapon of war employing nuclear fission or fusion shall be conclusively presumed to be such a hostile or warlike action by such a government, power, authority or forces.
6. Insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an occurrence.
7.
  - a. Flood (as defined and provided for in Section II – Flood Extension), surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not (including storm surge).
  - b. Mudslide or mudflow.

But if loss or damage by fire or explosion results, we will pay for that resulting loss or damage.

This exclusion does not apply to “Automobiles” which are covered under Agreement B – “Automobile” and not otherwise excluded under SECTION II – Exclusions A. and D. Nor does this exclusion apply to “Mobile Equipment” which are covered under Agreement C – “Mobile Equipment” and not otherwise excluded under SECTION II – Exclusions A., B., C. and D.

8. Except as provided in Section V, Crime Coverage, of this Certificate, inventory shortage, mysterious disappearances or loss resulting from any kind of infidelity, dishonesty or criminal act, on the part of you or any of your employees.
9. Except as provided in the Loss of Business Income Extension, the Extra Expense Extension, the Loss of Rent Extension, the Computer Virus Extension, and/or the Equipment Breakdown Protection Extension, interruption of business or other consequential loss or damage to Covered Property.

10. a. The failure, malfunction or inadequacy of any of the following, whether belonging to any Member or to others:
  - (1) Computer hardware, including microprocessors;
  - (2) Computer application software;
  - (3) Computer operating systems and related software;
  - (4) Computer networks;
  - (5) Microprocessors (computer chips) not part of any computer system; or
  - (6) Any other computerized or electronic equipment or components.
- b. The failure, malfunction or inadequacy of any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in paragraph 10 (a) of this exclusion;
- c. The inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.
- d. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in paragraph 10 (a), (b) and (c) of this exclusion.

**B. AGREEMENT A – BUILDING AND PERSONAL PROPERTY AND  
AGREEMENT C – MOBILE EQUIPMENT**

We will not pay for loss or damages caused by or resulting from any of the following:

1. Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:
  - a. Electrical or electronic wire, device, appliance, system or network; or
  - b. Device, appliance, system or network utilizing cellular or satellite technology.

For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes but is not limited to:

- (1) Electrical current, including arcing;
- (2) Electrical charge produced or conducted by a magnetic or electromagnetic field;

- (3) Pulse of electromagnetic energy; or
- (4) Electromagnetic waves or microwaves.

But if loss or damage by fire or explosion results, we will pay only for direct loss or damage caused by such fire or explosion.

- 2. Loss of use, delay or loss of markets.
- 3. Wear and tear, rust, corrosion, wet or dry rot, decay, gradual deterioration, spoilage, hidden or latent defect, inherent vice or any quality in property that causes it to damage or destroy itself, including but not limited to any allergen similar to or resulting from any of the foregoing. But if loss or damage by fire, explosion, smoke or water results, we will pay for that resulting loss or damage.
- 4. Settling, cracking, shrinking, bulging or explosion of foundations, walls, floors or ceilings.
- 5. Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, vermin, termites, rodents or any other animals. But if loss or damage by fire, explosion, smoke or water results, we will pay for that resulting loss or damage.
- 6. Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if loss or damage by fire, explosion, smoke or water results, we will pay for that resulting loss or damage.
- 7. Dampness or dryness of atmosphere or changes in or extremes of temperature. But if loss or damage by fire or explosion results, we will pay only for direct loss or damage caused by such fire or explosion.
- 8. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you or operated under your control. But if loss or damage by fire or combustion explosion results, we will pay for that resulting loss or damage. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuels within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
- 9. Collapse, except as provided in Additional Coverage A, Collapse. But if loss or damage by fire or explosion results, we will pay for the resulting loss or damage.

**C. AGREEMENT A – BUILDING AND PERSONAL PROPERTY AND  
AGREEMENT C – MOBILE EQUIPMENT**

We will not pay for loss or damage caused by or resulting from any of the following. But if any of the following causes or results in loss or damage otherwise covered and not otherwise excluded under this Certificate, we will pay for that resulting loss or damage.

1. Faulty, inadequate or defective:

- a. Planning, zoning, development, surveying, siting;
- b. Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- c. Materials used in repair, construction, renovation or remodeling; or
- d. Maintenance;

of part or all of any property on or off the scheduled Real Property shown on the Building & Personal Property Schedule attached to this Certificate.

**D. AGREEMENT B-AUTOMOBILES AND AGREEMENT C-MOBILE EQUIPMENT**

1. We will not pay for loss of damage to any "Automobile" or "Mobile Equipment" while:

- a. Being used, operated, or driven in any professional or organized racing, demolition, or stunting contest or activity;
- b. Practicing for any such contest or activity described in paragraph 1(a) of this exclusion; or
- c. Being prepared for any such contest or activity described in paragraph 1(a) of this exclusion.

2. We will not pay for loss or damage due to, caused by or resulting from:

- a. Wear and tear;
- b. Freezing. But this exclusion does not apply to permanently attached equipment common to a firefighting, ambulance, police, or rescue "Automobile" caused by freezing, unless the loss or damage is caused by your failure properly to maintain or to protect such equipment. Such equipment shall include, but is not limited to, pumps, gauges and tanks. In no event will loss or damage caused to the engine of an "Automobile" caused by or resulting from freezing be covered;
- c. Electrical breakdown. But if loss or damage by fire, explosion or "Collision" results, we will pay for that resulting loss or damage.

This exclusion does not apply to loss or damage due to, caused by or resulting from the total theft of a covered "Automobile" or covered "Mobile Equipment".

3. We will not pay for loss or damage to any of the following:

- a. Tapes, records, discs or other similar audio, visual or data electronic devices designed for use with audio, visual or data electronic equipment.
- b. Any device designed or used to detect speed-measuring equipment, such as radar or laser detectors, and any jamming apparatus intended to elude or disrupt speed-measuring equipment.
- c. Any electronic equipment without regard to whether this equipment is permanently installed, that reproduces, receives or transmits audio, visual or data signals.
- d. Any accessories used with the electronic equipment described in paragraph 3(c) of this exclusion.

Paragraphs 3(c) and 3(d) of this exclusion do not apply to equipment designed to be operated solely by use of the power from the “Automobile’s” or the “Mobile Equipment’s” electrical system that, at the time of the loss or damage, is:

- (1) Permanently installed in or upon the “Automobile” or “Mobile Equipment;”
- (2) Removable from a housing unit which is permanently installed in or upon the “Automobile” or “Mobile Equipment;”
- (3) An integral part of the same unit housing any electronic equipment described in paragraphs (1) and (2) above; or
- (4) Necessary for the normal operation of the “Automobile” or “Mobile Equipment” or the monitoring of the operating system of the “Automobile” or “Mobile equipment.”

Paragraphs 3(a) through 3(d) of this exclusion do not apply to any “Automobile” or “Mobile Equipment” operated, driven or used by the Named Member’s Police Department or Fire Department in the performance of official police, firefighting, or ambulance duties and activities. Additionally, Paragraphs 3(a) through 3(d) of this exclusion do not apply to or include any snow plow lasers or similar laser guides permanently attached to a covered “Automobile” or covered “Mobile Equipment.”

- 4. We will not pay for loss or damage to an “Automobile” or “Mobile Equipment” due to “diminution in value.” “Diminution in value” means the actual, perceived, or alleged loss in market value or resale value which results from loss or damage to the “Automobile” or “Mobile Equipment.”
- 5. We will not pay for loss or damage due to, caused by or resulting from mechanical breakdown, including rupture or bursting caused by centrifugal force. But if loss or damage by fire, explosion or “Collision” results, we will pay for that resulting loss or damage.

Also, this exclusion does not apply to loss or damage due to, caused by or resulting from the total theft of a covered "Automobile" or covered "Mobile Equipment."

6. We will not pay for loss or damage to tires or treads due to, caused by, resulting from, or attributable to blowouts, punctures, or roadway or terrain conditions or debris.

This exclusion does not apply to loss or damage due to, caused by or resulting from the total theft of a covered "Automobile" or covered "Mobile Equipment."



## SECTION II – CONDITIONS

These conditions apply to this Section and to all coverage Extensions provided under Section II. Additional conditions may be contained in the specific coverage Extensions.

### A. VALUATION

We shall not be liable for loss or damage in excess of:

1. Real Property (other than “Rotating Biological Contactors”) whose valuation is stated to be ACV (Actual Cash Value) on the Building & Personal Property Schedule attached to this Certificate – “Actual Cash Value” or cost of repair, whichever is less at the time of loss.
2. Real Property (other than “Rotating Biological Contactors”) whose valuation is stated to be RC (Replacement Cost) on the Building & Personal Property Schedule attached to this Certificate – the cost to repair, rebuild or replace the destroyed or damaged property in a condition equal to but not superior to or more extensive than its condition when new. If you decide to replace destroyed or damaged property on another site, the cost of such site is not included hereunder.
  - a. We will not pay on a replacement cost basis for any loss or damage:
    - (1) Until the lost or damaged property is actually repaired or replaced; and
    - (2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage;
  - b. We will not pay more for loss or damage on a replacement cost basis than the least of:
    - (1) The value amount stated for the lost or damaged property, as shown on the Building & Personal Property Schedule attached to this Certificate;
    - (2) The cost to replace, on the same premises, the lost or damaged property with other property:
      - (i) Of comparable material and quality; and
      - (ii) Used for the same purpose; or
    - (3) The amount you actually spend that is necessary to repair or replace the lost or damaged property.

If you elect not to repair, rebuild, or replace the destroyed or damaged property, then the valuation shall be “Actual Cash Value.” Such election must be made within 180 days from when the cost of repair, rebuild or replace the property has been established.

3. Real Property which is listed on any Local or National Register of Historic Places and which is stated to be on any Local or National Register of Historic Places on the Building & Personal Property Schedule attached to this Certificate - “Reproduction Cost,” meaning the cost to reproduce the damaged or destroyed building to the exact same design, decorative style and dimensions, but not superior to or more extensive than the condition, as existed at the time of loss or damage, using identical materials with respect to kind and quality. Substitution of materials and architectural features with those of like kind and quality will be required only if identical materials and features cannot be reasonably obtained.
  - a. The most we will pay for loss or damage to any such building is the value amount stated for that building on the Building & Personal Property Schedule attached to this Certificate.
  - b. We will not pay more for loss or damage to any such building than the least of:
    - (1) The value amount stated for that building on the Building & Personal Property Schedule attached to this Certificate;
    - (2) “Reproduction Cost” if, within 180 days of the loss or damage, or unless we and you agree to a greater period of time, you contract to reproduce the building or specific building features of the building for the same occupancy and use;
    - (3) “Replacement Cost” if, within 180 days of the loss or damage, or unless we and you agree to a greater period of time, you do not contract to reproduce the building or specific building features of the building for the same occupancy and use. “Replacement Cost” means the cost, without deduction for depreciation and using modern materials and workmanship, to repair, rebuild or replace the building to the exact same design, decorative style and dimensions, but not superior to or more extensive than the condition, as existed at the time of loss or damage; or
    - (4) “Actual Cash Value” if you decide not to reproduce or replace the building or specific building features of the building, or if that is the valuation shown on the Building & Personal Property Schedule attached to this Certificate.
  - c. We will pay up to 10% of the building value, but no more than an additional \$25,000 in any one occurrence for research costs to consult with Local Register, National Register, or National Landmark Register, of Historic Places, or with experts to determine the original material and design of the building or specific building features of the building.

4. Personal Property – (other than “Automobiles”, “Mobile Equipment” and “Rotating Biological Contractors”) – the cost to repair, rebuild or replace the destroyed or damaged property in a condition equal to but not superior to or more extensive than its condition when new.
  - a. We will not pay on a replacement cost basis for any loss or damage to personal property in excess of \$25,000:
    - (1) Until the lost or damaged property is actually repaired or replaced; and
    - (2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage;
  - b. We will not pay more for loss or damage on a replacement cost basis than the least of:
    - (1) The Limit of Coverage applicable to the value amount stated for the lost or damaged property, as shown on the Building & Personal Property Schedule attached to this Certificate;
    - (2) The cost to replace, on the same premises, the lost or damaged property with other property:
      - (i) Of comparable material and quality; and
      - (ii) Used for the same purpose; or
    - (3) The amount you actually spend that is necessary to repair or replace the lost or damaged property.
  - c. If this Certificate is endorsed to provide Blanket Building & Personal Property and the Schedule reflects no value for Personal Property, then total blanket contents limit shall not apply, in which case the most we will pay for all lost or damaged Personal Property is \$25,000.

If you elect not to repair, rebuild, or replace the destroyed or damaged property, then the valuation shall be “Actual Cash Value.” Such election must be made within 180 days from when the cost to repair, rebuild or replace the property has been established.

5. “Automobile”
  - a. For all “Automobiles,” except those for which a Valuation of Agreed Value is shown on the Automobile Schedule attached to this Certificate, “Actual Cash Value” or cost of repair of the “Automobile,” whichever is less at the time of loss;
  - b. Only for those “Automobiles” for which a Valuation of Agreed Value is shown on the Automobile Schedule attached to this Certificate, the lesser of:
    - 1) The cost to repair the vehicle; or
    - 2) The cost to repair or replace a damaged part with a part of like kind and quality without a deduction for depreciation; or

- 3) The cost to replace the vehicle with a comparable new or newer vehicle manufactured to current specifications set by the National Fire Protection Association (“NFPA”), the U.S. Department of Transportation, or other similar associations, departments, agencies or organizations; or
    - 4) The Agreed Value, which is the Cost New dollar figure, for the vehicle as shown on the Automobile Schedule attached to this Certificate.
  6. “Mobile Equipment” – If, immediately prior to the time of loss or damage, the cost to replace the “Mobile Equipment” is \$5,000 or less, the cost to repair, rebuild or replace the destroyed or damaged “Mobile Equipment” in a condition equal to but not superior to or more extensive than its condition when new.
    - a. We will not pay on a replacement cost basis for any loss or damage to “Mobile Equipment”:
      - (1) Until the lost or damaged “Mobile Equipment” is actually repaired or replaced; and
      - (2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage;
    - b. We will not pay more for loss or damage on a replacement cost basis than the least of:
      - (1) The Limit of Coverage applicable to the lost or damaged “Mobile Equipment”, as shown on the schedule of “Mobile Equipment” General Declarations and Limits section of the Member Coverage Certificate;
      - (2) The cost to replace, on the same premises, the lost or damaged “Mobile Equipment” with other “Mobile Equipment”:
        - (i) Of comparable material and quality; and,
        - (ii) Used for the same purpose; or
      - (3) The amount you actually spend that is necessary to repair or replace the lost or damaged “Mobile Equipment”.

If you elect not to repair, rebuild, or replace the destroyed or damaged “Mobile Equipment”, then the valuation shall be “Actual Cash Value.” Such election must be made within 180 days from when the cost to repair, rebuild or replace the “Mobile Equipment” has been established.

7. “Mobile Equipment” – if, immediately prior to the time of loss or damage, the cost to replace the “Mobile Equipment” is more than \$5,000, then the “Actual Cash Value” or cost of repair of the “Mobile Equipment”, whichever is less at the time of loss or damage.

8. “Rotating Biological Contactors”

- a. If the damage or loss can be restored by the replacement of any part or parts, we will pay the lesser of:
  - (1) The reasonable cost of the replacement of any part or parts; or
  - (2) The value of the damaged property.
- b. The value of the “Rotating Biological Contactor” will be determined as of the time of the loss or damage.
- c. The value of the “Rotating Biological Contactor” will be determined as its replacement cost less depreciation. Depreciation will be calculated at the rate of 5% per year, subject to a maximum of 75%, since the most recent of:
  - (1) The date the “Rotating Biological Contactor was manufactured; or
  - (2) The date the “Rotating Biological Contactor was 100% completely rewound, refurbished and/or rebuilt.
- d. We will not pay for the extra cost of replacing a damaged “Rotating Biological Contactor” with a “Rotating Biological Contactor” of a better kind or quality or of a larger capacity. You must pay that extra cost.
- e. We will not pay for a “Rotating Biological Contactor” which, prior to the loss or damage, was obsolete or useless to you.
- f. In no event will we pay any amount which exceeds the applicable Limit of Coverage.
- g. In case of loss or damage to any part of a “Rotating Biological Contactor” consisting of several parts when complete, we will only pay for the value, as determined elsewhere in this Paragraph A. 8, of the lost or damaged part.

9. We will not pay you more than your financial interest in the Covered Property.

**B. DEDUCTIBLE**

We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Deductible shown in the Named Member’s Coverage Certificate. We will then pay the amount of loss or damage in excess of the Deductible up to the applicable limit of coverage for the scheduled property. In the event more than one Deductible could apply to the loss, only the highest deductible may be applied. Under Agreement B-“Automobile”, no deductible applies to the cost to repair (but not to replace) windshield damage, breakage or loss, as long as such damage, breakage or loss is not caused by “collision.”

## **C. APPRAISAL**

In the event that you and we are unable to agree as to the value of the Covered Property, the amount necessary to rebuild, repair or replace the damaged or destroyed property, the amount of loss, or the amount of reimbursement to be paid, either party may make a written demand for Appraisal of the loss. If either party demands Appraisal, each shall select a competent and disinterested Appraiser and the two Appraisers shall select an Umpire. If the two Appraisers cannot agree on the selection of an Umpire, either may request that selection be made by a judge of a court having competent jurisdiction.

The Appraisers will state separately the value of the property and the amount of the loss. If they fail to agree, they shall submit their differences to the Umpire.

The award, in writing, duly verified by any two shall determine the values in question. Both parties shall pay the cost of their own Appraisers and equally prorate the cost of the Umpire.

The award shall only determine the values in question, but shall not determine, vary, affect, eliminate or supersede any other provision or requirement of, or any right, duty or liability of either you or us under this Certificate.

## **D. ABANDONMENT**

There can be no abandonment of any property to us.

## **E. RECOVERED PROPERTY**

If either you or we recover any property after a loss settlement, that party must give the other prompt written notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the applicable Limit of Coverage as set forth on the Building & Personal Property Schedule.

## **G. VACANCY**

If the building where loss or damage occurs has been vacant for more than ninety (90) consecutive days before the loss or damage occurs, and whether or not the vacancy began before the beginning of this Certificate, we will:

1. Pay for loss or damage by a Covered Cause of Loss, provided that:
  - a. Prior to the loss the location of the building has been included on the Building & Personal Property Schedule attached to this Certificate; and,
  - b. You have provided us with written notice, prior to the loss, that the premises are vacant.
2. Not pay for any loss or damage caused by any of the following, even if they are otherwise Covered Causes of Loss:

- a. Vandalism;
- b. Sprinkler leakage, unless you have protected the system against freezing;
- c. Glass breakage;
- d. Water damage;
- e. Theft; or
- f. Attempted theft.

A building is vacant when either (1) it does not contain enough personal property or business personal property to conduct customary operations, or (2) customary operations are not conducted in it.

## **YOUR DUTIES AFTER A LOSS**

In case of loss or damage to Covered Property, you shall:

1. Give immediate written notice of such loss or damage to us, including a description of the property involved, and a statement as to how, when and where the loss or damage occurred.
2. Give immediate notice to the police if a law may have been broken;
3. Take all reasonable steps to protect the real and personal property from further damage, make all reasonable temporary repairs required to protect the property, and keep an accurate record of all expenses for emergency and temporary repairs;
4. Prepare a complete inventory of damaged and undamaged property showing in detail the quantity, description, replacement cost and amount of loss. Attach to the inventory all bills, receipts and related documents that substantiate the figures in the inventory;
5. Permit us to inspect the damaged and undamaged property and all records proving the loss or damage as often as we reasonably request;
6. Permit us to take samples of damaged property for inspection, testing and/or analysis as often as we reasonably request;
7. Submit to us within 60 days after requested, on forms we provide to you, a signed sworn statement of loss that sets forth to the best of your knowledge and belief:
  - a. The time and cause of loss;
  - b. Your interest and the interest of all others in the property involved and all encumbrances on the property;
  - c. Other policies of insurance that may cover the loss;

- d. Changes in title or occupancy of the property during the term of the policy;
  - e. Specifications of any damaged building and detailed estimates for repair of the damage; An inventory of damaged personal property;
  - f. Any other information we request to investigate the claim;
- 8. Cooperate with us in the investigation or settlement of the claim;
  - 9. In the event of loss or damage to property of others held by the Member for which claim is made upon the Pool, the right to adjust such loss or damage with the owner or owners of the property is reserved to the Pool and the receipt of such owner or owners in satisfaction thereof shall be in full satisfaction of any claim of the Member for which such payment has been made.

If legal proceedings are taken to enforce a claim against the Member as respects any loss or damage, the Pool reserves the right, at its option, without expense to the Member, to conduct and control the defense on behalf of and in the name of the Member. No action of the Pool, in such regard, shall increase the liability of the Pool under this Certificate, nor increase the limits of liability specified in this Certificate;

- 10. If requested, permit us to question you under oath, while not in the presence of any other insured and at such times and places as we may reasonably require, about any matter relating to this coverage or your claim, including your books and records. In such event, your answers must be signed.

## **MORTGAGE HOLDERS**

- 1. The term "Mortgage Holder" includes Trustee.
- 2. We will pay for covered loss or damage to buildings or structures to each Mortgage Holder shown on the Building & Personal Property Schedule attached to this certificate in their order of precedence, as their interests may appear.
- 3. The Mortgage Holder has the right to receive loss payment even if the Mortgage Holder has started foreclosure or similar action on the building or structure.
- 4. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the Mortgage Holder will still have the right to receive loss payment if the Mortgage Holder:
  - a. Pays any contribution due under this Coverage Part if you have failed to do so;
  - b. Submits a signed, sworn statement of loss within 60 days after receiving notice from us of your failure to do so; and
  - c. Has notified us of any change in ownership, occupancy, or substantial change in risk known to the Mortgage Holder;



All of the terms of this Coverage Part will then apply directly to the Mortgage Holder.

5. If we pay the Mortgage Holder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:
  - a. The Mortgage Holder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
  - b. The Mortgage Holder's right to recover the full amount of the Mortgage Holder's claim will not be impaired;

At our option, we may pay to the Mortgage Holder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

6. If we cancel this Coverage Part, we will give written notice to the Mortgage Holder at least:
  - a. 10 days before the effective date of cancellation if we cancel for your nonpayment of contribution or assessments; or
  - b. 30 days before the effective date of cancellation if we cancel for any other reason.

## **CONCEALMENT, MISREPRESENTATION OR FRAUD**

This Coverage Part is void in any case of fraud by you at any time relating to this coverage. It is also void if you or any other Member, at any time, intentionally conceal or misrepresent a material fact concerning:

1. This Coverage Part;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this Coverage Part.

## **LEGAL ACTION AGAINST US**

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

1. There has been full compliance with all of the terms of this Certificate; and
2. The action is brought within two (2) years after the date on which the direct physical loss or damage occurred.

## **NO BENEFIT TO BAILEE**

No person or organization, other than you, having custody of Covered property will benefit from the coverage provided by this Certificate. We will not recognize any assignment to, or grant any coverage that benefits, any such person or organization.

## **MODIFICATION, SUSPENSION OR CANCELLATION OF COVERAGE**

- A. If, at any time during the period of this Certificate, there is a substantial change in the risk to a Scheduled Real Property shown on the Building & Personal Property Schedule attached to this Certificate, which
- (i) increases the risk of loss for which coverage is provided;
  - (ii) increases the risk of any of the hazards for which coverage is provided;
  - (iii) increases the risk of loss to the Scheduled Property for which coverage is provided; or
  - (iv) adversely affects or impairs the condition, integrity or safety of the Scheduled Property,

we may, upon written notice to the Named Member, immediately modify, suspend or cancel the coverage provided to and for that Scheduled Property under this, and other Coverage Parts. Without in any way limiting the foregoing, we may, whether singly or in any combination:

- 1. Amend the coverage provided for that Scheduled Property to Actual Cash Value;
- 2. Increase the deductible applicable to that Scheduled Property;
- 3. Increase the contribution which the Named Member must pay for coverage to remain in effect for that Scheduled Property;
- 4. Suspend all coverage for that Scheduled Property under this Coverage Part until the risk necessitating this action by us is resolved, remedied or addressed to our sole satisfaction;
- 5. Suspend all coverage for that Scheduled Property under this Coverage Part until the condition, integrity or safety of that Scheduled Property has been addressed, improved, restored or repaired to our sole satisfaction;
- 6. Suspend all coverage for that Scheduled Property under SECTION III – LIABILITY COVERAGE until the risk necessitating this action by us is resolved, remedied or addressed to our sole satisfaction;

7. Suspend all coverage for that Scheduled Property under SECTION III – LIABILITY COVERAGE until the condition, integrity or safety of the Scheduled Property has been addressed, improved, restored or repaired to our sole satisfaction;
  8. Notwithstanding any provision in SECTION I – COMMON CONDITION C., cancel all coverage for that Scheduled Property under this Coverage Part;
  9. Notwithstanding any provision in SECTION I – COMMON CONDITION C., cancel all coverage for that Scheduled Property under SECTION III – LIABILITY COVERAGE;
  10. Take any other action or recourse which, in our sole discretion, we deem appropriate under the circumstances.
- B. If, at any time during the period of this Certificate, the value of a Scheduled Real Property shown on the Building & Personal Property Schedule attached to this Certificate increases or decreases, we will adjust the value of that Scheduled Property to reflect the change in value and will inform the Named Member in writing of the change in value. The Named Member must notify us in writing, within thirty (30) days of its receipt of the written change in value, if it disagrees with the change in value. Failure of the Named Member to notify us as set forth in the preceding sentence will constitute agreement by the Named Member to the change in value.
- C. If, at any time during the period of this Certificate, the total value of one or more Scheduled Real Properties shown on the Building & Personal Property Schedule attached to this Certificate increases, in the aggregate, by a total value of \$1,000,000 more than the total value of that or those Scheduled Real Properties at the commencement of this Certificate Period, we will increase, as appropriate, the contribution to be paid by the Named Member for that or those Scheduled Real Properties. We will immediately inform the Named Member in writing of the change in the contribution. The Named Member must notify us in writing, within thirty (30) days of its receipt of the written change in contribution, if it disagrees with the change in contribution. Failure of the Named Member to notify us as set forth in the preceding sentence will constitute agreement by the Named Member to the change in contribution.

## **SECTION II – EXTENSIONS**

### **ACCOUNTS RECEIVABLE EXTENSION**

This Extension covers accounts receivable as described and limited in this extension, subject to all terms, conditions and exclusions of Section II-Agreement A and those additional terms and exclusions that appear in this Extension.

#### **A. COVERED PROPERTY**

Covered Property, as used in this Accounts Receivable Extension, means the following types of property:

1. All sums due you from customers and others, provided you are unable to effect collection thereof as the direct result of covered loss of or damage to records of accounts receivable;
2. Interest charges on any loan to offset impaired collections pending repayment of such sums made uncollectible by such covered loss or damage;
3. Collections expense in excess of normal collection costs and made necessary because of such covered loss or damage;
4. Other expenses, when reasonably incurred by you in re-establishing records of accounts receivable following such covered loss or damage.

#### **B. PERILS COVERED**

We agree, subject to the limitations, terms and conditions of this Certificate, to pay for risks of direct physical loss or damage to Covered Property occurring during the period of the Certificate to which this Extension is attached, except as hereinafter provided.

#### **C. PERILS EXCLUDED**

This Extension does not cover against:

1. Loss due to any fraudulent, dishonest or criminal act by any Named Member, or partner thereof, or an Officer, Director or Trustee thereof, whether acting alone or in collusion with others;
2. Loss due to bookkeeping, accounting or billing errors or omissions;
3. 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 you 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. 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;
5. Loss due to electrical or magnetic injury, disturbance or erasure of electronic recordings, except by lightning;
6. War or nuclear risks as excluded in Section I & II.

#### **D. VALUATION**

We shall not be liable under this Extension for more than the sum stated in the General Declarations and Limits of this Certificate with respect to each loss or series of losses arising out of one event.

#### **E. CONDITIONS**

##### **1. Recoveries**

After payment of loss, all amounts recovered by you on accounts receivable for which you have been indemnified shall belong and be paid to us up to the total amount of loss paid by us; but all recoveries in excess of such amounts shall belong to you. If you recover accounts receivable after a loss settlement, you must give us prompt written notice.

##### **2. Your Duties Upon Occurrence of Loss**

Upon the occurrence of any loss which may result in a claim hereunder, you shall:

- a. Give notice thereof as soon as practicable to us and, if the loss is due to a violation of law, also to the police;
- b. File a detailed proof of loss with us, duly sworn to, promptly on or before the expiration of ninety (90) days from the date on which the records of accounts receivable were lost or damaged.

Upon our request, you shall submit to examination by us, subscribe the same, under oath if required, and produce for our examination all pertinent records, all at such reasonable times and places as we shall designate. You shall also cooperate with us in all matters pertaining to loss or claims with respect thereto, including rendering of all possible assistance to effect collection of outstanding accounts receivable.

## **SECTION II – EXTENSIONS**

### **ELECTRONIC DATA SYSTEMS**

#### **ELECTRONIC DATA – SYSTEM EQUIPMENT**

This Extension covers Electronic Data-System Equipment as described and limited in this extension, subject to all terms, conditions and exclusions of Section II-Agreement A and those additional terms and exclusions that appear in this Extension.

#### **A. COVERED PROPERTY**

Covered Property, as used in this Electronic Data – System Equipment Extension means data processing systems including equipment and component parts thereof, owned, leased, or rented by you or under your care, custody or control, except as otherwise hereinafter provided. Electronic Data System Equipment includes computers, processing units, terminals, tape drives, disk drives, controllers, printers and other equipment capable of receiving, processing, storing or retrieving information. All other equipment with embedded chips, including equipment operated or controlled by computers, is not considered Electronic Data System Equipment.

Covered Property does not include:

1. Active Data Processing Media which is hereby defined as all forms of converted data and/or program and/or instruction vehicles employed in your data processing operations;
2. Accounts, bills, evidences of debt, valuable papers, records, abstracts, deeds, manuscripts, or other documents;
3. Property rented or leased to others while away from your premises.

#### **B. PERILS COVERED**

We agree, subject to the limitations, terms and conditions of this Certificate, to pay for risks of direct physical loss or damage to Covered Property occurring during the period of the Certificate to which this Extension is attached, except as hereinafter provided.

#### **C. PERILS EXCLUDED**

Coverage is not provided for loss, damage, or expense caused directly or indirectly by:

1. Coverage due to mechanical failure, or breakdown, faulty construction, or error in design, unless fire or explosion ensues, and then only for loss, damage or expense caused by such ensuing fire or explosion;
2. Inherent vice, wear, tear, gradual deterioration or depreciation;

3. Any dishonest, fraudulent or criminal act by a Member, a partner therein or an Officer, Director or Trustee thereof, whether acting alone or in collusion with others;
4. Dryness or dampness of atmosphere, extremes of temperature, corrosion, rust, unless directly resulting from physical damage to the data processing system's air conditioning facilities caused by a peril not otherwise excluded by the provisions of this Coverage Part;
5. War risk or nuclear risks as excluded in Section I and II;
6. Loss caused by or resulting directly or indirectly from the following:

Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage.

a. The failure, malfunction or inadequacy of:

(1) Any of the following, whether belonging to any Member or to others:

- (i) Computer hardware, including microprocessors;
- (ii) Computer application software;
- (iii) Computer operating systems and related software;
- (iv) Computer networks;
- (v) Microprocessors (computer chips) not part of any computer system; or
- (vi) Any other computerized or electronic equipment or components; or

(2) Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in paragraph 6(a)(1) above; due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.

b. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in paragraph (a) of this exclusion.

But if loss or damage by a covered cause of loss results, we will pay for that ensuing loss or damage.

## **D. VALUATION**

1. We shall not be liable beyond the actual replacement cost of the property at the time covered loss or damage occurs;
2. We will not pay on a replacement cost basis for any covered loss or damage unless the repairs or replacements are made within 180 days after the date the loss or damage occurred;
3. We will not pay more for any covered loss than the least of:
  - a. The Limit of Coverage set forth in the General Declarations and Limits section of the Member Coverage Certificate applicable to the lost or damaged property;
  - b. The cost to replace the lost or damaged property with other property:
    - (1) Of substantially identical material and quality; and
    - (2) Used for the same purpose; or
  - c. The amount you actually spend that is necessary to repair or replace the lost or damaged property;
4. If you do not repair or replace the lost or damaged property within 180 days, or choose not to repair or replace the lost or damaged property, we will pay the least of the following amounts:
  - a. The Actual Cash Value of the damaged property as of the date of loss;
  - b. The cost of restoring the property to its condition immediately before the loss;
  - c. The cost of replacing the property with substantially identical property;
  - d. The Limit of Coverage set forth in the General Declarations and Limits section of the Member Coverage Certificate applicable to the lost or damaged property.
5. In the event of loss, the value of the property will be determined as of the date of loss.

## **E. CONDITIONS**

It is a condition of this coverage that the Member shall file with us a copy of any lease or rental agreement pertaining to property covered hereunder insofar as concerns the lessor's liability for loss or damage to said property, and coverage afforded hereunder shall be only for the difference in conditions between those contained in said lease or rental agreement and the terms of this Extension. You agree to give us thirty (30) days notice of any alteration, cancellation or termination of the above mentioned lease or rental agreement pertaining to the lessor's liability.



## **SECTION II – EXTENSIONS**

### **ELECTRONIC DATA – MEDIA**

This Extension covers Electronic Data-Media as described and limited in this extension, subject to all terms, conditions and exclusions of Section II-Agreement A and those additional terms and exclusions that appear in this Extension.

#### **A. COVERED PROPERTY**

Covered Property, as used in this Electronic Data – Media Extension means active Data Processing Media, being your property or property of others for which you may be liable.

Covered Property does not include:

1. Accounts, bills, evidences of debt, valuable papers, records, abstracts, deeds, manuscripts or other documents except as they may be converted to Data Processing Media form, and then only in that form; or
2. Any Data Processing Media which cannot be replaced with other of like kind and quality.

#### **B. PERILS COVERED**

We agree, subject to the limitations, terms and conditions of this Certificate, to pay for risks of direct physical loss or damage to Covered Property occurring during the period of the Certificate to which this Extension is attached, except as hereinafter or hereinbefore provided.

#### **C. PERILS EXCLUDED**

Coverage is not provided for loss, damage, or expense resulting from or caused directly or indirectly by:

1. Dryness or dampness of atmosphere, extremes of temperature, corrosion, rust, unless directly resulting from physical damage to the data processing system's air conditioning facilities caused by a peril not excluded by the provisions of this Extension;
2. Delay or loss of market;
3. Inherent vice, wear, tear, gradual deterioration, depreciation or vermin;
4. Any dishonest, fraudulent or criminal act by a Member, a partner therein or an Officer, Director or Trustee thereof, whether acting alone or in collusion with others;
5. War risk or nuclear risks as excluded in Section I and II;

6. Loss caused by or resulting directly or indirectly from the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage.
  - a. The failure, malfunction or inadequacy of:
    - (1) Any of the following, whether belonging to any Member or to others;
      - (i) Computer hardware, including microprocessors;
      - (ii) Computer application software;
      - (iii) Computer operating systems and related software;
      - (iv) Computer networks;
      - (v) Microprocessors (computer chips) not part of any computer system; or
      - (vi) Any other computerized or electronic equipment or components; or
    - (2) Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in paragraph 6(a)(1) above; due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.
  - b. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in paragraph (a) of this exclusion.

#### **D. VALUATION**

We shall not be liable beyond the actual reproduction cost of the Covered Property at the time the covered loss or damage occurs. If the lost or damaged property is not replaced or reproduced, we shall not be liable beyond the blank value of media. In no event shall we be liable for any amount in excess of the applicable Limit of Coverage stated in the General Declarations and Limits section of the Member Coverage Certificate.

## **SECTION II – EXTENSIONS**

### **ELECTRONIC DATA – EXTRA EXPENSE**

This Extension covers Electronic Data-Extra Expense as described and limited in this extension, subject to all terms, conditions and exclusions of Section II-Agreement A and those additional terms and exclusions that appear in this Extension.

#### **A. SUBJECT OF COVERAGE AND PERILS COVERED**

This Extension covers the necessary Extra Expense, as hereinafter defined, incurred by you in order to continue as nearly as practicable the Normal Operations of your business, immediately following covered loss or damage to your data processing system including equipment and component parts thereof and Data Processing Media therefore, owned, leased, rented by you or under your control, as a direct result of risks of physical loss or damage.

This Extension includes the actual loss as covered hereunder, sustained during the period of time, hereinafter defined;

1. When as a direct result of a covered peril, the premises in which the property is located is so damaged as to prevent access to such property; or
2. When as a direct result of a covered peril, the air conditioning system or electrical system necessary for the operation of the data processing equipment is so damaged as to reduce or suspend your ability to actually perform the operations normally performed by the data processing system.
3. Covered Property does not include:
  - a. Accounts, bills, evidence of debt, valuable papers, records, abstracts, deeds, manuscripts or other documents except as they may be converted to Data Processing Media form and then only in that form;
  - b. Property rented or leased to others while away from your premises.

#### **B. PERILS EXCLUDED**

We shall not be liable for Extra Expense incurred directly or indirectly as a result of:

1. The suspension, lapse or cancellation of any lease, license, contract or order;
2. Interference at premises by strikers or other persons, with repairing or replacing the property damaged or destroyed or with the resumption or continuation of your occupancy;

3. Error in machine programming or instructions to machine;
4. Inherent vice, wear, tear, gradual deterioration or depreciation;
5. Any dishonest, fraudulent or criminal act by the Member, a partner therein or an Officer, Director or Trustee thereof, whether acting alone or in collusion with others;
6. Any interruption in electric power supply by power surge or brown out originating more than one hundred (100) feet away from the building containing the property covered;
7. Delay or loss of market;
8. War risks or nuclear risks as excluded in Section I & II;
9. Any local or State ordinance or law regulating construction or repair of buildings;
10. Loss caused by or resulting directly or indirectly from the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage.
  - a. The failure, malfunction or inadequacy of:
    - (1) Any of the following whether belonging to any Member or to others:
      - (i) Computer hardware, including microprocessors;
      - (ii) Computer application software;
      - (iii) Computer operating systems and related software;
      - (iv) Computer networks;
      - (v) Microprocessors (computer chips) not part of any computer system; or
      - (vi) Any other computerized or electronic equipment or components; or
    - (2) Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in paragraph 10(a)(1) above; due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.
  - b. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in paragraph 10(a)(1) of this exclusion.

But if loss or damage by a covered cause of loss results, we will pay for that ensuing loss or damage.

## **C. CONDITIONS**

### **1. Resumption of Operations**

It shall be a condition of this Extension that as soon as practicable after any loss, you shall resume complete or partial Normal Operations of the business and, insofar as practicable, reduce or dispense with such charges and expenses as are being incurred.

### **2. Interruption by Civil Authority**

This Extension covers the necessary Extra Expense incurred by you during the length of time, not exceeding two consecutive weeks, when as a direct result of a peril covered against, access to the premises is specifically prohibited by order of civil authority.

## **D. MEASURE OF RECOVERY**

If the above described property is destroyed or so damaged by perils covered against occurring during the term of this Certificate so as to necessitate the incurrence of Extra Expense (as defined in this Extension), we shall be liable for the Extra Expense so incurred, not exceeding the actual loss sustained, and in no event for any amount in excess of \$5,000, for such loss. We shall only be liable for Extra Expense so incurred during that period of time, hereinafter referred to as the "Period of Restoration," commencing with the date of damage or destruction and not limited by the date of expiration of the Certificate, as shall be required with the exercise of due diligence and dispatch to repair, rebuild or replace such part of said property as may be destroyed or damaged.

It is further agreed that this Extension shall not operate to increase the Pool's limit of liability hereunder.

## **E. DEFINITIONS**

1. "Extra Expense" means the excess (if any), of the total cost incurred during the Period of Restoration of the Operations of your business over and above the total cost of such Operations that would normally have been incurred to conduct your business Operations during the same period had no loss occurred. "Extra Expense" does not include loss of profits or earnings resulting from diminution of business, nor any direct or indirect property damage loss insurable under Property Damage policies, or expenditures incurred in the purchase, construction, repair or replacement of any physical property unless incurred for the purpose of reducing loss under this Extension not exceeding, however, the amount by which the loss is so reduced. Any salvage value of property so acquired which may be sold or utilized by you upon resumption of Normal Operations, shall be taken into consideration in the adjustment of any loss hereunder.

2. “Normal” wherever used in this Extension shall mean the condition that would have existed had no loss occurred.
3. “Period of Restoration” means the period of time that begins with the date of direct physical loss or damage caused by or resulting from any covered cause of loss at the premises; and ends on the date when the electronic data system should be repaired, rebuilt or replaced with reasonable speed and similar quality.
4. “Operations” means your business activities occurring at the described premises.

## **SECTION II – EXTENSIONS**

### **EXTRA EXPENSE EXTENSION**

This Extension covers “Extra Expense” as described and limited in this extension, subject to all terms, conditions and exclusions of Section II-Agreement A and subject to the additional limitations, terms, conditions and exclusions that appear in this Extension.

#### **A. COVERAGE**

1. We will pay the “Extra Expense” you incur due to the necessary “suspension” of your “operations” during the “period of restoration.”
2. The “suspension” must be caused by direct physical loss or damage to:
  - a. Covered Property covered by Agreement A of Section II as defined in Paragraphs A(1) and (2) of SECTION II – DEFINITIONS, except that personal property in the open, or personal property in a vehicle, must be within 100 feet of buildings or structures you own, rent or lease and identify on the Building & Personal Property Schedule attached to this Certificate; or
  - b. That portion or part of a building or structure occupied by you under a written rental agreement, lease or contract; or
  - c. Property other than the property described in 2(a) and (b) above, if because of direct physical loss or damage to the property the action of civil authority prohibits access to any of the properties described in 2(a) and (b) above, provided that both of the following apply:
    - (1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the properties described in 2(a) and (b) above are within that area but are not more than one mile from the damaged property; and
    - (2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or the risk that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

The loss or damage must be caused by or result from a risk covered by Agreement A of SECTION II.

3. This Extension does not cover any consequential or remote loss other than “Extra Expense.”
4. This Extension does not cover loss of income, loss of profits or loss of earnings.
5. This Extension does not cover “Business Income” or “Rental Value.”

6. This Extension does not apply to any “suspension” caused by direct physical loss of or damage to personal property in the open, or to personal property in a vehicle, more than 100 feet away from buildings or structures you own and identify on the Building & Personal Property schedule attached to this Certificate.
7. The total amount we will pay under this Extension will not exceed the aggregate Limit of Liability shown in the General Declarations and Limits section of the Coverage Certificate.

## **B. EXCLUSIONS**

We shall not be liable for any “Extra Expense” directly or indirectly caused by or resulting from any of the following, regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

1. The suspension, lapse, cancellation or non-renewal of any lease, license, contract or agreement.
2. Interference at the loss location, by strikers or other persons, with the rebuilding, repairing or replacing of the damaged or destroyed property.
3. Interference at the loss location, by strikers or other persons, with the resumption or continuation of “operations.”
4. Destruction or corruption of “electronic data,” or any loss or damage to “electronic data.”
5. Enforcement of any local or State ordinance or law regarding construction, repair or demolition of buildings or structures.
6. Theft, or attempted theft, of any property which at the time of loss is not an integral part of a building or structure (except direct loss by pillage and looting occurring during and at the immediate place of a riot or civil commotion), unless loss by a peril not excluded in this Certificate ensues from such theft or attempted theft.

## **C. CONDITIONS**

1. **Resumption of Operations**  
After any loss, you shall use due diligence and reasonable speed to, as soon as practicable:
  - a. Repair, rebuild or replace the physical loss or damage and resume normal “operations” at the location where the physical loss or damage occurred; or
  - b. Resume normal “operations” at a new permanent location.



## 2. Loss Determination and Payment

- a. The amount of “Extra Expense” will be determined based on:
  - (1) All expenses that exceed the normal operating expenses that would have been incurred by “operations” during the “period of restoration” if no direct physical loss or damage had occurred. We will deduct from the total of such expenses the salvage value that remains of any property bought for temporary use during the “period of restoration,” once “operations” are resumed;
  - (2) Necessary expenses that reduce the “Business Income,” “Rental Value” and “Extra Expense” loss that otherwise would have been sustained or incurred;
  - (3) The normal operating expenses, including payroll expenses, incurred, paid or payable before the direct physical loss or damage occurred;
  - (4) The operating expenses, including payroll expenses, necessary to resume “operations” with the same quality of service that existed just before the direct physical loss or damage; and
  - (5) Other relevant sources of information including:
    - (i) Your financial records and accounting procedures;
    - (ii) Bills, invoices and other vouchers; and
    - (iii) Deeds, liens or contracts.
- b. We will only pay for “Extra Expense” you incur during the “period of restoration,” or which occurs within 12 consecutive months after the date of direct physical loss or damage, whichever is less.
- c. We will reduce the amount of your “Extra Expense” loss to the extent you can return your “operations” to normal, i.e., to the condition that would have existed had no physical loss or damage occurred, and discontinue such “Extra Expense.”
- d. If you do not resume “operations,” or do not resume “operations” as soon as practicable with due diligence and reasonable speed, we will pay based on the length of time it would have taken to resume “operations” as soon as practicable with due diligence and reasonable speed, but in no event for more than 12 consecutive months after the date of direct physical loss or damage.
- e. We will pay your “Extra Expense” loss if you have complied with all of the terms of this Extensions and this Certificate and:

- (1) We have reached an agreement with you on the amount of loss; or
- (2) An appraisal award has been made.

#### **D. DEFINITIONS**

1. “Business Income”
  - a. Means the net income that would have been earned or incurred if there had been no physical loss or damage, but does not include any income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the loss or damage on customers or other users of your “operations.” “Business Income” also includes normal operating expenses that continue after the loss or damage.
  - b. Does not include payroll, employee benefits, FICA payments you pay, union dues you pay, or workers’ compensation premiums or benefits.
  - c. Does not include “Rental Value.”
  - d. Does not include taxes.
2. “Electronic Data” means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.
3. “Extra Expense” means
  - a. Necessary expenses you incur during the “period of restoration” that you would not have incurred if there had been no physical loss or damage; and
  - b. Other than the expense to repair or replace property, expenses you incur during the “period of restoration” to avoid or minimize the “suspension” of business and to continue “operations”
    - (1) At the Covered Property where the physical loss or damage occurred; or
    - (2) At a permanent replacement location or at a temporary location, including relocation expenses, and costs to equip and operate the replacement or temporary location; and
  - c. Other than the expense to repair or replace property, expenses you incur to minimize the “suspension” of business if you cannot continue “operations;” and

- d. only to the extent it actually reduces the amount of loss that otherwise would have been payable under each, any and all of this Extra Expense, the Business Income, and the Loss of Rents Extensions, expenses you incur to repair or replace property.
- 4. “Operations” means your business activities occurring at the location where the physical loss or damage occurs.
- 5. “Period of Restoration” means the period of time that:
  - a. Begins on the date the direct physical loss or damage occurs; and
  - b. Ends on the earlier of
    - (1) The date when the physical loss or damage should be repaired, rebuilt or replaced with due diligence and reasonable speed and similar quality; or
    - (2) The date you resume business activities at a new permanent location.

“Period of Restoration” does not include any increased period required due to the application or enforcement of any ordinance or law that:

- (1) Regulates the construction, use, repair, or demolition or tearing down, of any property. However, if access to any property described in A(2)(a) and (b) above is specifically prohibited by order of any civil authority with respect to property described in A(2)(c) above, “period of restoration” means a period beginning 72 hours after the time of the first order of civil authority and running for no more than four consecutive weeks from the time of the first order, or the length of time the specific prohibiting order is in effect, whichever is less;
- (2) Requires any “Member” or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of “pollutants.”

The expiration date of this Certificate will not affect or cut short the “period of restoration.”

- 6. “Rental Value” means:
  - a. Rental income that would have been earned, incurred, paid or received from tenant occupancy of the Covered Property where the physical loss or damage occurs;
  - b. The amount of charges which are the legal obligations of the tenant(s) but would otherwise be your obligations; and

- c. Fair rental value of any portion of the Covered Property where the physical loss or damage occurs, which is occupied by you or by any Member for your, his, her or its use.
- 7. “Suspension” means the slowdown or cessation of your business activities.

## **SECTION II – EXTENSIONS**

### **LOSS OF BUSINESS INCOME EXTENSION**

This Extension covers “Business Income” as described and limited in this Extension, subject to all limitations, terms, conditions and exclusions of Section II – Agreement A, and subject to the additional limitations, terms, conditions and exclusions that appear in this Extension.

#### **A. COVERAGE**

1. We will pay the actual loss of “Business Income” you sustain due to the necessary “suspension” of your “operations” during the “period of restoration.”
2. The “suspension” must be caused by direct physical loss or damage to:
  - a. Covered Property covered by Agreement A of Section II as defined in Paragraphs A(1) and (2) of SECTION II – DEFINITIONS, except that personal property in the open, or personal property in a vehicle, must be within 100 feet of buildings or structures you own, rent or lease and identify on the Building & Personal Property Schedule attached to this Certificate; or
  - b. that portion or part of a building or structure occupied by you under a written rental agreement, lease or contract; or
  - c. property other than the property described in 2(a) and (b) above, if because of direct physical loss or damage to the property the action of civil authority prohibits access to any of the properties described in 2(a) and (b) above, provided that both of the following apply:
    - (1) access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the properties described in 2(a) and (b) above are within that area but are not more than one mile from the damaged property; and
    - (2) the action of civil authority is taken in response to dangerous physical conditions resulting from the damage or the risk that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

The loss or damage must be caused by or result from a risk covered by Agreement A of SECTION II.

3. This Extension does not cover any consequential or remote loss other than loss of “Business Income.”
4. This Extension does not apply to any “suspension” caused by direct physical loss of or damage to personal property in the open, or to personal property in a vehicle, more than

100 feet away from buildings or structures you own and identify in the Property schedule attached to this Certificate.

5. The total amount we will pay under this Extension will not exceed the aggregate Limit of Liability shown in the General Declarations and Limits section of the Coverage Certificate.

## **B. EXCLUSIONS**

We shall not be liable for any loss of “Business Income” directly or indirectly caused by or resulting from any of the following, regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

1. The suspension, lapse, cancellation or non-renewal of any lease, license, contract or agreement.
2. Interference at the loss location, by strikers or other persons, with the rebuilding, repairing or replacing of the damaged or destroyed property.
3. Interference at the loss location, by strikers or other persons, with the resumption or continuation of “operations.”
4. Destruction or corruption of “electronic data,” or any loss or damage to “electronic data.”
5. Enforcement of any local or State ordinance or law regarding construction, repair or demolition of buildings or structures.

## **C. CONDITIONS**

1. **Resumption of Operations**  
After any loss, you shall use due diligence and reasonable speed to, as soon as practicable:
  - a. Repair, rebuild or replace the physical loss or damage and resume normal “operations” at the location where the physical loss or damage occurred; or
  - b. Resume normal “operations” at a new permanent location.
2. **No Combination With Loss of Rent Extension**  
  
Claim for loss under this Business Income Extension may not be made, and is not permitted, if, because of the same direct physical loss or damage, claim is made, or will be made, under SECTION II – EXTENSIONS, LOSS OF RENT EXTENSION of this Certificate.
3. **Loss Determination and Payment**
  - a. The amount of “Business Income” loss will be determined based on:

- (1) The net income of your “operations” before the direct physical loss or damage occurred;
  - (2) The likely net income of your “operations” if no physical loss or damage had occurred, but not including any net income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the loss or damage on customers or other users of your “operations;”
  - (3) The normal operating expenses, including payroll expenses, incurred, paid or payable before the direct physical loss or damage occurred;
  - (4) The operating expenses, including payroll expenses, necessary to resume “operations” with the same quality of service that existed just before the direct physical loss or damage; and
  - (5) Other relevant sources of information including:
    - (i) Your financial records and accounting procedures;
    - (ii) Bills, invoices and other vouchers; and
    - (iii) Deeds, liens or contracts.
- b. We will only pay for loss of “Business Income” you sustain during the “period of restoration,” or which occurs within 12 consecutive months after the date of direct physical loss or damage, whichever is less.
- c. We will reduce the amount of your “Business Income” loss to the extent you can resume your “operations,” in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the loss location or elsewhere.
- d. If you do not resume “operations,” or do not resume “operations” as soon as practicable with due diligence and reasonable speed, we will pay based on the length of time it would have taken to resume “operations” as soon as practicable with due diligence and reasonable speed, but in no event for more than 12 consecutive months after the date of direct physical loss or damage.
- e. We will pay your “Business Income” loss if you have complied with all of the terms of this Extensions and this Certificate and:
- (1) We have reached an agreement with you on the amount of loss; or
  - (2) An appraisal award has been made.

## **D. DEFINITIONS**

1. “Business Income”

- a. Means the net income that would have been earned or incurred if there had been no physical loss or damage, but does not include any income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the loss or damage on customers or other users of your “operations.” “Business Income” also includes normal operating expenses that continue after the loss or damage.
  - b. Does not include payroll, employee benefits, FICA payments you pay, union dues you pay, or workers’ compensation premiums or benefits.
  - c. Does not include “Rental Value.”
  - d. Does not include taxes.
2. “Electronic Data” means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.
3. “Operations” means your business activities occurring at the location where the physical loss or damage occurs.
4. “Period of Restoration” means the period of time that:
- a. Begins on the date the direct physical loss or damage occurs; and
  - b. Ends on the earlier of
    - (1) The date when the physical loss or damage should be repaired, rebuilt or replaced with due diligence and reasonable speed and similar quality; or
    - (2) The date you resume business activities at a new permanent location.

“Period of Restoration” does not include any increased period required due to the application or enforcement of any ordinance or law that:

- (1) Regulates the construction, use, repair, or demolition or tearing down, of any property. However, if access to any property described in A(2)(a) and (b) above is specifically prohibited by order of any civil authority with respect to property described in A(2)(c) above, “period of restoration” means a period beginning 72 hours after the time of the first order of civil authority and running for no more than four consecutive weeks from the time of the first order, or the length of time the specific prohibiting order is in effect, whichever is less;



- (2) Requires any Member or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of “pollutants.”

The expiration date of this Certificate will not affect or cut short the “period of restoration.”

5. “Rental Value” means:
  - a. Rental income that would have been earned, incurred, paid or received from tenant occupancy of the Covered Property where the physical loss or damage occurs;
  - b. The amount of charges which are the legal obligations of the tenant(s) but would otherwise be your obligations; and
  - c. Fair rental value of any portion of the Covered Property where the physical loss or damage occurs, which is occupied by you or by any Member for your, his, her or its use.
6. “Suspension” means the slowdown or cessation of your business activities.

## **SECTION II – EXTENSIONS**

### **LOSS OF RENT EXTENSION**

This Extension covers loss of “Rental Value” as described and limited in this Extension, subject to all limitations, terms, conditions and exclusions of Section II – Agreement A, and subject to the additional limitations, terms, conditions and exclusions that appear in this Extension.

#### **A. COVERAGE**

1. We will pay the actual loss of “Rental Value” you sustain due to the untenability of buildings you own and identify on the Building & Personal Property Schedule attached to this Certificate, or due to the untenability of portions of such buildings, when the untenability directly results from the necessary “suspension” of your “operations” during the “period of restoration.”
2. The “suspension” must be caused by direct physical loss or damage to:
  - a. Covered Property covered by Agreement A of Section II as defined in Paragraphs A(1)(a) and (2) of SECTION II – DEFINITIONS, except that personal property in the open, or personal property in a vehicle, must be within 100 feet of buildings or structures you own and identify in the Property Schedule attached to this Certificate; or
  - b. Property other than the property described in 2(a) above, if because of direct physical loss or damage to the property the action of civil authority prohibits access to any of the properties described in 2(a) above, provided that both of the following apply:
    - (1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the properties described in 2(a) above are within that area but are not more than one mile from the damaged property; and
    - (2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or the risk that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

The loss or damage must be caused by or result from a risk covered by Agreement A of SECTION II.

3. This Extension does not cover any consequential or remote loss other than “Rental Value” loss.
4. This Extension does not apply to any “suspension” caused by direct physical loss of or damage to personal property in the open, or to personal property in a vehicle, more than 100 feet away from buildings or structures you own and identify in the Property schedule attached to this Certificate.

5. The total amount we will pay under this Extension will not exceed the aggregate Limit of Liability shown in the General Declarations and Limits section of the Coverage Certificate.

## **B. EXCLUSIONS**

We shall not be liable for any “Rental Value” loss directly or indirectly caused by or resulting from any of the following, regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

1. The suspension, lapse, cancellation or non-renewal of any lease, license, contract or agreement.
2. Interference at the loss location, by strikers or other persons, with the rebuilding, repairing or replacing of the damaged or destroyed property.
3. Interference at the loss location, by strikers or other persons, with the resumption or continuation of “operations.”
4. Destruction or corruption of “electronic data,” or any loss or damage to “electronic data.”
5. Enforcement of any local or State ordinance or law regarding construction, repair or demolition of buildings or structures.

## **C. CONDITIONS**

1. Resumption of Operations  
After any loss, you shall use due diligence and reasonable speed to, as soon as practicable:
  - a. Repair, rebuild or replace the physical loss or damage and resume normal “operations” and restore tenantability at the location where the physical loss or damage occurred; or
  - b. Resume normal “operations” at a new permanent location.

2. No combination with Business Income Extension

Claim for loss under this Loss of Rent Extension may not be made, and is not permitted, if, because of the same direct physical loss or damage, claim is made, or will be made, under SECTION II – EXTENSIONS, BUSINESS INCOME EXTENSION of this Certificate.

3. Loss Determination and Payment
  - a. The amount of actual “Rental Value” loss will be determined based on:

- (1) The net rental income of your “operations” before the direct physical loss or damage occurred;
  - (2) The likely net rental income of your “operations” if no physical loss or damage had occurred, but not including (a) any net rental income that would likely have been earned, incurred, paid or received as a result of favorable business conditions caused by the impact of the loss or damage on customers or other users of your “operations” or (b) any rental income lost or reduced as a result of unfavorable business conditions caused by the impact of the loss or damage;
  - (3) The normal operating expenses, including payroll expenses, incurred, paid or payable before the direct physical loss or damage occurred;
  - (4) The operating expenses, including payroll expenses, necessary to resume “operations” and restore tenantability with the same quality of service that existed just before the direct physical loss or damage; and
  - (5) Other relevant sources of information including:
    - (i) your financial records and accounting procedures;
    - (ii) bills, invoices and other vouchers; and
    - (iii) deeds, liens, contracts, and rental agreements, leases, and contracts.
- b. We will only pay for actual loss of “Rental Value” you sustain during the “period of restoration,” or which occurs within 12 consecutive months after the date of direct physical loss or damage, whichever is less.
  - c. We will reduce the amount of your “Rental Value” loss to the extent you can resume your “operations” and restore tenantability, in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the loss location or elsewhere.
  - d. If you do not resume “operations” and restore tenantability, or do not resume “operations” and restore tenantability as soon as practicable with due diligence and reasonable speed, we will pay based on the length of time it would have taken to resume “operations” and restore tenantability as soon as practicable with due diligence and reasonable speed, but in no event for more than 12 consecutive months after the date of direct physical loss or damage.
  - e. We will pay your actual “Rental Value” loss if you have complied with all of the terms of this Extensions and this Certificate and:
    - (1) We have reached an agreement with you on the amount of loss; or
    - (2) An appraisal award has been made.

## **D. DEFINITIONS**

1. “Business Income”
  - a. Means the net income that would have been earned or incurred if there had been no physical loss or damage, but does not include any income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the loss or damage on customers or other users of your “operations.” “Business Income” also includes normal operating expenses that continue after the loss or damage.
  - b. Does not include payroll, employee benefits, FICA payments you pay, union dues you pay, or workers’ compensation premiums or benefits.
  - c. Does not include “Rental Value.”
  - d. Does not include taxes.
2. “Electronic Data” means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.
3. “Operations” means your renting or leasing of a building, or a portion of a building, to another under a written rental agreement, lease or contract.
4. “Period of Restoration” means the period of time that:
  - a. Begins on the date the direct physical loss or damage occurs; and
  - b. Ends on the earlier of:
    - (1) The date when the physical loss or damage should be repaired, rebuilt or replaced with due diligence and reasonable speed and similar quality; or
    - (2) The date you resume business activities at a new permanent location.

“Period of Restoration” does not include any increased period required due to the application or enforcement of any ordinance or law that:

- (1) Regulates the construction, use, repair, or demolition or tearing down, of any property. However, if access to any property described in A(2)(a) above is specifically prohibited by order of any civil authority with respect to property described in A(2)(b) above, “period of restoration” means a period beginning 72 hours after the time of the first order of civil

authority and running for no more than four consecutive weeks from the time of the first order, or the length of time the specific prohibiting order is in effect, whichever is less;

- (2) Requires any Member or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of “pollutants.”

The expiration date of this Certificate will not affect or cut short the “period of restoration.”

5. “Rental Value” means:

- a. The net rental income that would have been earned, incurred, paid or received from tenant occupancy of the Covered Property where the physical loss or damage occurred if there had been no physical loss or damage. But “Rental Value” does not include:
  - (1) Any rental income that would likely have been earned, incurred, paid or received as a result of favorable business conditions caused by the impact of the loss or damage on customers or other users of your “operations;”
  - (2) Any rental income lost or reduced as a result of unfavorable business conditions caused by the impact of the loss or damage;
  - (3) Any rental income due or owing under any rental agreement, lease or contract at the time the physical loss or damage occurred;
  - (4) Any rental income which, under the terms of a written rental agreement, lease or contract, is contractually required to continue to be paid to you by the tenant or lessee irrespective of the occurrence or effect of the physical loss or damage.
- b. The amount of charges which, but for the occurrence of the physical loss or damage, are or would be the legal obligations of the tenant(s) or lessee(s); and
- c. If a portion of the Covered Property where the physical loss or damage occurs is occupied by you or by any Member for your, his, her or its use, the fair rental value of that portion, as determined by the considerations described in D(5)(a) and (b) above.

6. “Suspension” means the slowdown or cessation of your business activities, specifically your renting or leasing of a building, or a portion of a building, to another under a written rental agreement, lease or contract.

## **SECTION II – EXTENSIONS**

### **TRANSIT EXTENSION**

This Extension covers property in transit as described and limited in this extension, subject to all terms, conditions and exclusions of Section II-Agreement A and those additional terms and exclusions that appear in this Extension.

#### **A. COVERED PROPERTY**

Your personal property or property held by you in trust or on commission or on consignment for which you may be held legally liable, while in due course of transit within the limits of the Continental United States of America (excluding Hawaii) and Canada.

This extension does not cover:

1. Aircraft, watercraft, vehicles designed for highway use, animals, jewelry, precious stones and furs or garments trimmed with fur;
2. Accounts, bills currency, money, notes, securities, deeds, evidences of debt and valuable papers;
3. Property in due course of ocean marine transit;
4. Shipments by mail after delivery into the custody of the Post Office Department;
5. Samples while in the care, custody or control of sales personnel;
6. Data processing equipment and media, including but not limited to film, tape, disc, drum, cell and other recording or storage media for data processing.

#### **B. PERILS COVERED**

We agree, subject to the limitations, terms and conditions of this Certificate, to pay for risks of direct physical loss or damage to Covered Property (including general average and salvage charges on shipments while waterborne), occurring during the term of this Certificate to which this Extension is attached, except as hereinafter or here before provided.

#### **C. PERILS EXCLUDED**

This extension does not cover against:

1. Loss or damage to personal property resulting from shrinkage, evaporation, loss of weight, leakage, breakage of glass or other 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 or attempted theft;
2. Loss of use, delay or loss of markets;
  3. Loss or damage caused by or resulting from moth, vermin, termites, or other insects, inherent vice, latent defect, wear, tear or gradual deterioration, contamination, rust, wet or dry rot, mold, dampness of atmosphere, smog or extremes of temperature;
  4. Loss or damage caused by or resulting from misappropriation, conversion, infidelity or any dishonest or criminal act on your part or any other party in interest, or your or their employees or agents or others to whom the property may be delivered or entrusted (carriers for hire excepted);
  5. Loss or damage occasioned by war, invasion, hostilities, acts of foreign enemies, civil war, rebellion, insurrection, military or usurped power or martial law or confiscation by order of any government or public authority;
  6. Loss or damage arising directly or indirectly from nuclear reaction, nuclear radiation or radioactive contamination however such nuclear reaction, nuclear radiation or radioactive contamination may have been used. Nevertheless, if a fire arises directly or indirectly from nuclear reaction, nuclear radiation or radioactive contamination, any loss or damage arising directly from that fire shall (subject to the provisions of this Certificate), be covered excluding however all loss or damage caused by nuclear reaction, nuclear radiation or radioactive contamination arising directly or indirectly from that fire;
  7. Loss or damage caused by breakdown or derangement of refrigerating units.

#### **D. CONDITIONS**

You may accept without prejudice to this coverage the ordinary bills of lading or receipts issued by carriers including those containing release and/or partially released value provisions, but you shall not enter into any special agreements with carriers releasing them from their common law or statutory liability.

#### **E. MEASURE OF RECOVERY**

1. Property covered hereunder shall be valued as follows:
  - a. Sold property at the actual net invoice price of the Member;
  - b. Unsold property at the Actual Cash Value of the property at the time loss or damage occurs with proper deduction for depreciation and in no event to exceed what it would cost to repair or replace the property with material of like kind and quality.



2. Each loss or series of losses arising out of one event shall be adjusted separately and from the amount of each such adjusted loss shall be subtracted the deductible sum stated in the Coverage Certificate.

## **SECTION II – EXTENSIONS**

### **VALUABLE PAPERS AND RECORDS EXTENSION**

This Extension covers Valuable Papers and Records as described and limited in this extension, subject to all terms, conditions and exclusions of Section II-Agreement A and those additional terms and exclusions that appear in this Extension.

#### **A. COVERED PROPERTY**

Valuable Papers and Records as used in this Extension means written, printed or otherwise inscribed documents and records, including books, maps, films, drawings, abstracts, deeds, mortgages or manuscripts.

Covered Property does not include:

1. Money;
2. Securities.
3. Data Processing Media; and
4. Paintings, etchings, pictures, tapestries, sculptures and other bona fide works of art, of rarity, historical value, or artistic merit, including rare or ancient books, manuscripts, maps, deeds and papers.

#### **B. COVERED PERILS**

We agree, subject to the limitations, terms and conditions of this Certificate, to pay for risks of direct physical loss or damage to Covered Property occurring during the term of this Certificate to which this Extension is attached, except as hereinafter or herebefore provided.

#### **C. PERILS EXCLUDED**

This Extension does not apply to loss due to:

1. Wear and tear, gradual deterioration, vermin or inherent vice;
2. Any dishonest, fraudulent or criminal act by any Member, a partner therein or any Officer, Director or Trustee thereof, whether acting alone or in collusion with others;
3. Member's inability to replace such property with other of like kind or quality;
4. Electrical or magnetic injury, disturbance or erasure of electronic recordings, except by lightning;

5. War risks or nuclear risks as excluded in Section I and II.

## **D. CONDITIONS**

### **1. Protection of Valuable Papers and Records**

Coverage under this Extension shall apply only while the Covered Property is contained in your "Premises." Valuable Papers and Records shall be kept in protective receptacle(s) at all times when your premises are not open for business, except while such property is in actual use.

### **2. "Automobile" Extension**

Such coverage as is afforded by this Extension applies while the property is being conveyed outside the "Premises" and while temporarily within other "Premises," except for storage, provided our liability for such loss or damage shall not exceed \$50,000.

### **3. Removal**

Such coverage as is afforded by this Extension applies while the property is being removed to and while at a place of safety because of imminent danger of loss and while being returned from such place, provided you give written notice to us of such removal within ten (10) days thereafter.

### **4. Ownership of Property: Interest Covered**

The Covered Property may be owned or held by you in any capacity; provided, the coverage applies only to your interest in such property, including your liability to others, and does not apply to the interests of any other person or organization.

### **5. Settlement Option**

We may settle any claim for loss of Covered Property either with you or the owner thereof.

### **6. Your Duties When Loss Occurs**

Upon knowledge of loss or of an occurrence which may give rise to a claim for loss, you shall:

- a. Notify us as soon as possible and, if the loss is due to a violation of law, also notify the police;
- b. File a detailed proof of loss, duly sworn to, with us promptly within the expiration of ninety (90) days after the discovery of loss.

Upon our request, you shall submit to examination by us, subscribe the same, under oath if required, and produce for our examination all pertinent records, all at such reasonable times and places as we shall designate, and shall cooperate with us in all matters pertaining to loss or claims with respect thereto.

#### **E. VALUATION**

We shall not be liable beyond the actual cost to replace or reproduce the lost or damaged information of the Covered Property at the time the covered loss or damage occurs, including the amount spent for labor and other expenses to research, obtain, transcribe, copy or rebuild the lost or damaged information. If the lost or damaged information is not replaced or reproduced, we shall not be liable beyond the blank value of the paper or other medium containing it. In no event shall we be liable for any amount in excess of the applicable Limit of Coverage stated in the General Declarations and limits section of the Member Coverage Certificate.

We may pay for the loss in money or we may elect to replace or reproduce the lost or damaged information.

#### **F. DEFINITIONS**

1. "Premises" as used in this Extension, means the interior of that portion of the building which is occupied by you for business operations;
2. "Money" means currency, coins, bank notes and bullion; and travelers checks, register checks and money orders held for sale to the public;
3. "Securities" means all negotiable and non-negotiable instruments or contracts representing either money or other property and includes revenue and other stamps in current use, tokens and tickets, but does not include money.

## **SECTION II – EXTENSIONS**

### **FLOOD EXTENSION**

This Extension covers direct physical loss or damage caused by Flood to scheduled real or personal property owned by you, or in your care, custody or control, to the extent of your interest, subject to all terms, conditions and exclusions of Section II – Agreement A and those additional terms and exclusions that appear in this Extension.

#### **A. DEFINITION**

For the purpose of this extension, the term “flood” shall mean a general and temporary condition of partial or complete inundation of normally dry land areas from the rising (including the overflowing or breaking of boundaries) of bodies of water, inland waters, lakes, ponds, rivers, reservoirs, harbors, streams and other similar bodies of water, whether or not the inundation, rising or movement is characterized as, constitutes or is brought about by storm surge. If more than one “Flood” incident or event shall occur within any period of seventy-two (72) hours during the term of this Certificate, all such “Flood” incidents or events shall be deemed to be a single “Flood” loss occurrence within the meaning hereof.

#### **B. LIMIT OF COVERAGE**

Except for properties located in Special Flood Hazard Areas (SFHA), including Flood Zones A, AO, AE, AH, A1-30, A99, AR, V, VE and V1-30, the total liability of the Pool for such loss or damage is the sum of ALL covered property, as defined in Section II – Agreement A, for ALL Members of the Pool, not to exceed \$101,000,000 in any one flood loss occurrence. The total amount we will pay to ALL Named Members in the annual aggregate in any single one-year Certificate period will not exceed \$101,000,000. This limit is the total limit of coverage provided by the Pool’s reinsurers at the time of loss and is not subject to the assessment clause stated in the “Maine Municipal Association Public Self-Funded Pool Contract Agreement.”

For properties located in Special Flood Hazard Areas (SFHA), including all Flood Zones described in the preceding paragraph, the total liability of the Pool for such loss or damage is the sum of ALL covered property, as defined in Section II – Agreement A, for ALL Members of the Pool, not to exceed \$51,000,000 in any one flood loss occurrence. The total amount we will pay to ALL Named Members in the annual aggregate in any single one-year Certificate period will not exceed \$51,000,000. This aggregate limit shall be part of, and not in addition to, the annual aggregate of \$101,000,000 set forth in the preceding paragraph. This limit is the total limit of coverage provided by the Pool’s reinsurers at the time of loss and is not subject to the assessment clause stated in the “Maine Municipal Association Public Self-Funded Pool Contract Agreement.”

Any payments made under this Flood Extension throughout the Certificate Period erode the annual aggregate limits of liability provided by the Extension. There shall be no automatic reinstatement of annual aggregate limits of liability provided by the Extension.

## **C. LOSS ADJUSTMENT**

Subject to paragraph B, we will pay each Named Member for direct physical loss or damage caused by any one Flood to real or personal property owned by the Named Member, or in its care, custody or control, to the extent of its interest, as follows:

1. In the event the total direct physical loss or damage caused by Flood to Named Members equals or is less than the amount described in paragraph B, we will pay each Named Member for its direct physical loss or damage. The most we will pay any Named Member is \$10,000,000.
2. In the event the total direct physical loss or damage caused by Flood to Named Members is greater than the amount described in paragraph B, we will pay each Named Member that portion which its direct physical loss or damage bears to the fraction produced by dividing the amount described in paragraph B by the total direct physical loss or damage sustained by all Named Members. In calculating the amount to be paid to each Named Member, any Named Member with direct physical loss or damage exceeding \$10,000,000 will be deemed to have direct physical loss or damage of \$10,000,000.

## **SECTION II – EXTENSIONS**

### **EARTHQUAKE EXTENSION**

This Extension covers against direct physical loss or damage caused by Earthquake to scheduled real or personal property owned by you, or in your care, custody or control, to the extent of your interest, subject to all terms, conditions and exclusions of Section II – Agreement A and those additional terms and exclusions that appear in this Extension.

#### **A. DEFINITION**

Each loss by earthquake shall constitute a single claim hereunder; provided if more than one earthquake shall occur within any period of seventy-two (72) hours during the term of this Certificate, such earthquake shocks shall be deemed to be a single earthquake within the meaning hereof.

#### **B. LIMIT OF COVERAGE**

The total liability of the Pool for such loss or damage is the sum of ALL covered property, as defined in Section II – Agreement A, for ALL members of the Pool, not to exceed \$101,000,000 in any one earthquake loss occurrence. The total amount we will pay to ALL Named Members in the annual aggregate in any single one-year Certificate period will not exceed \$101,000,000. This limit is the total limit of coverage provided by the Pool's reinsurers at the time of loss and is not subject to the assessment clause stated in the "Maine Municipal Association Public Self-Funded Pool Contract Agreement."

Any payments made under this Earthquake Extension throughout the Certificate Period erode the annual aggregate limits of liability provided by the Extension. There shall be no automatic reinstatement of annual aggregate limits of liability provided by this Extension.

#### **C. LOSS ADJUSTMENT**

Subject to paragraph B, we will pay each Named Member for direct physical loss or damage caused by any one Earthquake to real or personal property owned by the Named Member, or in its care, custody or control, to the extent of its interest, as follows:

1. In the event the total direct physical loss or damage caused by Earthquake to Named Members equals or is less than the amount described in paragraph B, we will pay each Named Member for its direct physical loss or damage. The most we will pay any Named Member is \$10,000,000.
2. In the event the total direct physical loss or damage caused by Earthquake to Named Members is greater than the amount described in paragraph B, we will pay each Named Member that portion which its direct physical loss or damage bears to the fraction produced by dividing the amount described in paragraph B by the total direct physical loss or damage sustained by all Named Members. In calculating the amount to be paid

to each Named Member, any Named Member with direct physical loss or damage exceeding \$10,000,000 will be deemed to have direct physical loss or damage of \$10,000,000.



## **SECTION II – EXTENSIONS**

### **FOREST FIRES COSTS EXTENSION**

This Extension covers costs paid or to be paid by you for controlling, extinguishing and suppressing forest fires, as required under 12 M.R.S.A. § 9204, subject to all terms, conditions and exclusions of Section II – Agreement A and those additional terms, definitions, conditions and exclusions that appear in this Extension.

#### **A. SUBJECT OF COVERAGE AND PERIL COVERED**

This extension applies only to forest fires, however caused.

#### **B. LIMIT OF COVERAGE**

1. Subject to paragraph B(2), we will pay you up to \$50,000 for each forest fire occurring during the term of this Certificate, but we will not pay more than the costs you are required to pay under 12 M.R.S.A. § 9204.
2. The total amount we will pay to all Members of the Pool in the annual aggregate in any single one-year Certificate period will not exceed \$1,000,000. This limit is the total limit of coverage provided by the Pool's reinsurers and is not subject to the assessment clause stated in the "Maine Municipal Association Public Self-Funded Pool Contract Agreement."

Any payments made under this Forest Fires Cost Extension throughout the Certificate Period erode the annual aggregate limits of liability provided by the Extension. There shall be no automatic reinstatement of the annual aggregate limits of liability provided by this Extension.

#### **C. DEDUCTIBLE**

1. We will not make any payment under this Extension until you have paid or have become obligated to pay \$500 in costs. We will then pay the amount of costs in excess of this deductible up to the applicable limit of coverage shown in paragraphs B(1) and (2) of this Extension.
2. This deductible applies to each forest fire.

#### **D. DEFINITION**

For purposes of this Extension, the word "costs" means the costs you are required by 12 M.R.S.A. § 9204 to pay for controlling, extinguishing and suppressing forest fires.

## **SECTION II – EXTENSIONS**

### **POLLUTANT AND ASBESTOS DEBRIS REMOVAL AND COSTS OF CLEAN-UP EXTENSION**

Notwithstanding anything to the contrary contained in this Certificate, in the event of otherwise covered direct physical loss or damage occurring to the property covered hereunder, this Certificate also covers:

1. Expenses incurred in the removal of any “pollutant,” contaminated or asbestos debris, including those due to sewer backup, of the Named Member’s destroyed or damaged covered property;
2. Cost of clean-up, at the covered premises, made necessary as a result of such physical loss or damage; and
3. Cost of repair or replacement of property directly and physically damaged by “pollutants,” contaminants or asbestos.

It is a condition precedent to recovery under this Extension that we shall have paid or agreed to pay for the covered direct physical loss or damage to the covered property and that the Named Member shall give notice to us of intent to make a claim under this Extension NO LATER THAN TWELVE MONTHS AFTER THE DATE OF SUCH PHYSICAL LOSS OR DAMAGE.

The most we will pay under this Extension is \$250,000 for any one loss occurrence. The annual aggregate of this Extension is \$250,000 for the Certificate period.

There shall be no automatic reinstatement of the annual aggregate limit provided by this Extension.

## **SECTION II – EXTENSIONS**

### **FINE ARTS EXTENSION**

This Extension covers “Fine Arts,” owned by you, or in your care, custody or control, to the extent of your interest therein, subject to all terms, conditions and exclusions of Section II – Agreement A and those additional terms and exclusions that appear in this Extension.

#### **A. COVERED PROPERTY**

We agree to pay for covered loss or damage to “Fine Arts,” subject to the Limit of Coverage provided in the General Declaration and Limits, except as hereinafter provided.

1. Pair or set: In the event of the total loss of any article or articles which are a part of a pair or set, we agree to pay you the full amount of the value of such pair or set as reported to us and you agree to surrender the remaining article or articles of the pair or set to us.
2. Covered Property does not include:
  - a. “Fine Arts” while on the premises of any exhibition, exposition, fair or trade show;
  - b. “Fine Arts” while in transit.

#### **B. PERILS COVERED**

We agree, subject to the limitations, terms and conditions of this Certificate, to pay for risks of direct physical loss or damage to Covered Property occurring during the period of the Certificate to which this Extension is attached, except as hereinafter or herebefore provided.

#### **C. PERILS EXCLUDED**

We do not cover:

1. Loss caused directly or indirectly by any repair, restoration or retouching process; or
2. Loss caused by breakage of art glass windows, statuary, marbles, glassware, bric-a-brac, porcelains and other similar fragile articles unless caused by fire, lightning, aircraft, theft and/or attempted theft, windstorm, explosion or malicious damage.

#### **D. DEFINITIONS**

“Fine Arts” means paintings, etchings, pictures, tapestries, sculptures and other bona fide works of art, of rarity, historical value, or artistic merit, including rare or ancient books, manuscripts, maps, deeds and papers.

## **E. Ownership of Property: Interest Covered**

The Covered Property may be owned or held by you in any capacity; provided, the coverage applies only to your interest in such property, including your liability to others, and does not apply to the interests of any other person or organization.

## **F. VALUATION**

Only for the coverage provided in this Extension, paragraph A of SECTION II - CONDITIONS is replaced by the following:

1. If, at the time of the commencement of this Certificate or prior to the occurrence of a covered loss or damage, whichever is later, the Named Member has provided us with an appraisal accepted by us regarding the stated value of an object or we have otherwise agreed in writing to the stated value of an object, we shall pay, in the event of covered loss or damage, the least of:
  - a. The fair market value of the object at the time of the loss or damage;
  - b. The cost of reasonably restoring the object to its condition immediately before the loss or damage;
  - c. The cost of replacing the object with a substantially identical object; or
  - d. The stated value of the object.
2. If, at the time of the commencement of this Certificate or prior to the occurrence of a covered loss or damage, whichever is later, the Named Member has NOT provided an appraisal accepted by us regarding the stated value of an object and we have NOT otherwise agreed in writing to the stated value of an object, we shall pay, in the event of covered loss or damage, the least of:
  - a. The fair market value of the object at the time of the loss or damage;
  - b. The cost of reasonably restoring the object to its condition immediately before the loss or damage;
  - c. The cost of replacing the object with a substantially identical object; or
  - d. \$5,000.

## **SECTION II - EXTENSIONS**

### **FUNGUS, WET ROT, DRY ROT AND BACTERIA**

This Extension applies only when the "fungus", wet or dry rot or bacteria is caused by or results from one or more "specified causes of loss" which occur during the period of this Certificate and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence. This Extension is subject to all terms, conditions and exclusions of Section II-Agreement A and subject to the additional limitations, terms, conditions and exclusions that appear in this Extension.

#### **A. COVERAGE**

We will pay for loss or damage to any item of Covered Property defined in Paragraphs A(1)(a) and A(1)(a) (1), (2) and (4) of SECTION II – DEFINITIONS caused by "fungus", wet or dry rot or bacteria. As used in this Extension, the term loss or damage means:

1. Direct physical loss or damage to such Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria.
2. The cost to tear out and replace any part of such Covered Property as needed to gain access to the "fungus", wet or dry rot or bacteria; and
3. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.

#### **B. LIMIT OF COVERAGE**

1. The coverage described under this Extension is limited to \$50,000 per loss occurrence. With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of \$50,000 even if the "fungus", wet or dry rot or bacteria continues to be present or active, or recurs, in a later Certificate period. Regardless of the number of claims, the amount of loss or losses, or the number of occurrences, the most we will pay for the total of all loss or damage arising out of all occurrences which take place during the period of this Certificate is \$100,000.
2. The coverage provided under this Extension does not increase the applicable Limit of Coverage on any item of such Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Coverage on the affected Covered Property. If there is covered loss or damage to such Covered Property, not caused by "fungus", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Extension, except to the extent that "fungus", wet or dry rot or bacteria

3. Causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Extension.

## **C. CONDITIONS**

The following applies only if coverage is available to the Named Member under the Loss of Business Income Extension, the Extra Expense Extension, and/or the Loss of Rent Extension of this Certificate, and only if the “suspension” of “operations” satisfies all terms, conditions and definitions of the applicable Extension.

1. If the loss which resulted in "fungus", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to such Covered Property caused by "fungus", wet or dry rot or bacteria, then our payment under the applicable Extension is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.
2. If a covered "suspension" of "operations" is caused by loss or damage other than "fungus", wet or dry rot or bacteria but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when, but only if, such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

## **D. DEFINITIONS**

1. As used in this Extension, “specified causes of loss” means the following: fire; lightning; flood; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire-extinguishing equipment; “sinkhole collapse”; volcanic action; falling objects; accumulation of ice or snow that collects on a roof of a building or structure identified on the Property Schedule attached to this Certificate; “water damage”.
  - a. As used in this Extension, flood means a general and temporary condition of partial or complete inundation of normally dry land areas from the rising (including the overflowing or breaking of boundaries) of bodies of water, inland waters, lakes, ponds, rivers, reservoirs, harbors, streams and other similar bodies of water.
  - b. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
    - (1) The cost of filling sinkholes; or
    - (2) Sinking or collapse of land into man-made underground cavities.

- c. Falling objects does not include loss or damage to:
  - (1) Personal property in the open; or
  - (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
- d. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam.

## **SECTION II – EXTENSIONS**

### **COMPUTER VIRUS EXTENSION**

This Extension covers loss or damage only when caused by and resulting from a “computer virus,” as described and limited in this Extension, subject, unless specifically stated otherwise in this Extension, to all limitations, terms, conditions and exclusions of SECTION I – TERMS AND CONDITIONS and of SECTION II – AGREEMENT A, and also subject to the additional limitations, terms, conditions and exclusions that appear in this Extension. The coverage provided in this Extension does not apply if there is coverage for any loss or damage under any other Agreement, Extension, endorsement or part of SECTION II – PROPERTY COVERAGE of the Coverage Certificate.

#### **A. COVERAGE**

We will pay the following only when caused by or resulting from a “computer virus” which is entered into your computer system during the period of this Certificate:

1. The cost of restoring, researching, replacing, or reproducing your “electronic data” or the media upon which your “electronic data” is magnetically or optically reported. To the extent that your “electronic data” is not, or cannot be, replaced or restored, we will pay the cost of replacement of the media on which the “electronic data” was stored or recorded, with blank media of substantially identical type.
2. “Loss of Income” if there is an interruption or “suspension” of your “operations” because of loss or damage to your software.
3. “Extra Expense” if there is an interruption or “suspension” of your “operations” because of loss or damage to your software.
4. “Accounts Receivable Costs” incurred as a result of direct physical loss or damage to your accounts receivable records.
5. The following costs incurred because of loss or damage to your software:
  - a. Fees payable to professional accountants or auditors;
  - b. Costs of conducting investigations by consulting engineers or programmers; and
  - c. Modification of “computer equipment” or replacement of “electronic data” in order to achieve compatibility with replacement “computer equipment” or software.

#### **B. EXCLUSIONS**

Only for, and to the extent of, the coverage provided by this Computer Virus Extension, SECTION I – COMMON EXCLUSIONS L(1)(e) (Terrorist Activity Exclusion) and N (Computer Virus and Denial of Access Exclusion), and SECTION II – EXCLUSIONS A(9) and A(10) do not apply, except to the extent separately set forth in the exclusions below. In



addition to all other exclusions in SECTION I – COMMON EXCLUSIONS and SECTION II – EXCLUSIONS, this Extension does not cover, and we shall not pay for, any loss or damage directly or indirectly caused by, resulting from, related to, due to, or arising out of any of the following:

1. Any intentional dishonest, fraudulent or criminal act or omission by you or by any Member, whether acting alone or in collusion with others.
2. Any intentional, dishonest, fraudulent or criminal act or omission by anyone
  - a. Authorized to act for you or on your behalf;
  - b. To whom you have entrusted “computer equipment,” “electronic data,” or any other property; or
  - c. To whom you have granted access to your “computer equipment,” “electronic data” or any other property.
3. Bookkeeping, accounting or billing errors or omissions.
4. The suspension, lapse, cancellation or non-renewal of any lease, license, contract, order or agreement.
5. Error in machine or computer programming or in instruction to machine or compute.
6. Delay, loss of market or loss of use because you can no longer use property, except as specifically provided in Paragraph A(2) above.
7. Neglect or failure to take all reasonable steps to protect your property when it is threatened with loss or damage.
8. Neglect or failure to take all reasonable steps to protect your property from further loss after loss or damage occurs.
9. An “unsupported operating system.”

### **C. LOSS DETERMINATION, VALUATION AND PAYMENT**

1. Under this Extension we will not pay for any loss or damage caused by or resulting from one instance or occurrence of a “computer virus” until the amount of loss or damage exceeds the deductible of \$1,000. We will then pay for all loss or damage in excess of the deductible up to \$25,000. This is the most we will pay regardless of the separate or combined loss determinations and valuations for each of the items described in Paragraph A(1) through (5) above and regardless of the separate or combined loss determinations and valuations described in paragraphs (2) through (4) below.  
The most we will pay under this Extension, in the aggregate, for all loss or damage caused by and resulting from all instances or occurrences constituting a “computer virus” is \$50,000. This is the most we will pay regardless of the separate or combined

loss determinations and valuations for each of the items described in Paragraph A(1) through (5) above, regardless of the separate or combined loss determinations and valuations described in paragraphs (2) through (4) below, regardless of the number or types of instances or occurrences constituting a “computer virus,” and regardless of the total loss or damage caused by and resulting from all instances or occurrences constituting a “computer virus.”

2. “Loss of Income”

- a. The amount of the “Loss of Income” you sustain due to necessary “suspension” or your “operations” during the “period of restoration” will be determined based on:
  - (1) Your net income before the loss or damage occurred;
  - (2) Your likely net income if no loss or damage had occurred;
  - (3) The normal operating expenses, including payroll expenses, incurred, paid or payable before the loss or damage occurred;
  - (4) The operating expenses, including payroll expenses, necessary to resume “operations” with the same quality of service that existed just before the loss or damage; and
  - (5) Other relevant sources of information including:
    - (i) Your financial records and accounting procedures;
    - (ii) Bills, invoices and other vouchers; and
    - (iii) Deeds, liens or contracts.
- b. We will only pay for “Loss of Income” you sustain during the “period of restoration,” or which occurs within 12 consecutive months after the date of loss or damage, whichever is less.
- c. We will reduce the amount of your “Loss of Income” to the extent you can resume your “operations,” in whole or in part, by using damaged or undamaged property at the loss location or elsewhere.
- d. If you do not resume “operations,” or do not resume “operations” as soon as practicable with due diligence and reasonable speed, we will pay based on the length of time it would have taken to resume “operations” as soon as practicable with due diligence and reasonable speed, but in no event for more than 12 consecutive months after the date of loss or damage.

3. “Extra Expense”

- a. The amount of the “Extra Expense” you sustain will be determined based on:

- (1) All expenses that exceed the normal operating expenses that would have been incurred by your “operations” during the “period of restoration” if no loss or damage had occurred. We will deduct from the total of such expenses the salvage value that remains of any property bought for temporary use during the “period of restoration,” once “operations” are resumed;
  - (2) Necessary expenses that reduce the “Loss of Income” that otherwise would have been sustained or incurred;
  - (3) The normal operating expenses, including payroll expenses, incurred, paid or payable before the loss or damage occurred;
  - (4) The operating expenses, including payroll expenses, necessary to resume “operations” with the same quality of service that existed just before the loss or damage; and
  - (5) Other relevant sources of information including:
    - (i) Your financial records and accounting procedures;
    - (ii) Bills, invoices and other vouchers; and
    - (iii) Deeds, liens or contracts.
- b. We will only pay for “Extra Expense” you incur during the “period of restoration,” or which occurs within 12 consecutive months after the date of loss or damage, whichever is less.
- c. We will reduce the amount of your “Extra Expense” loss to the extent you can return your “operations” to normal, i.e., to the condition that would have existed had no loss or damage occurred, and discontinue such “Extra Expense.”
- d. If you do not resume “operations,” or do not resume “operations” as soon as practicable with due diligence and reasonable speed, we will pay based on the length of time it would have taken to resume “operations” as soon as practicable with due diligence and reasonable speed, but in no event for more than 12 consecutive months after the date of direct physical loss or damage.
- e. “Extra Expense” does not include expenditures incurred in the purchase, construction, repair, or replacement of any physical property unless incurred for the purpose of reducing loss under this Extension, not exceeding, however, the amount by which the loss is so reduced. Any salvage value of property so acquired which may be sold or utilized by you upon resumption of normal “operations” shall be taken into consideration in the adjustment of the loss.

4. “Accounts Receivable Costs”

“Accounts Receivable Costs” includes the valuation of your “accounts receivable.” We will determine that valuation as follows:

- a. If you cannot accurately establish the amount of “accounts receivable” outstanding as of the time of loss or damage, the following method will be used:
    - (1) Determine the total of the average monthly amounts of “accounts receivable” for the 12 months immediately preceding the month in which the loss or damage occurs; and
    - (2) Adjust that total for any normal fluctuations in the amount of “accounts receivable” for the month in which the loss or damage occurred or for any demonstrated variance from the average for that month.
  - b. The following will be deducted from the total amount of “accounts receivable,” however that amount is established:
    - (1) The amount of the accounts for which there is no loss or damage;
    - (2) The amount of the accounts that you are able to re-establish or collect;
    - (3) An amount to allow for probable bad debts that you are normally unable to collect; and
    - (4) All unearned interest and service charges.
5. We will pay if you have complied with all of the terms and conditions of this Extension and this Certificate and:
- a. We have reached an agreement with you in the amount of loss; or
  - b. An appraisal award has been made.

#### **D. CONDITIONS**

- 1. Recoveries
  - a. After we have paid you, you must immediately turn over to us any and all amounts recovered by you on “accounts receivable” until we have been paid in full. If you recover more than the amount we paid you, the excess over the amount we paid you belongs to you.
  - b. If you recover any amounts from any third party, you must give us prompt written notice of the amount of recovery, the date of recovery, and the name and present address of the third party.
  - c. If we request your help, you must help and cooperate fully with us to collect “accounts receivable” owed to you.
  - d. If we request your help, you must help and cooperate fully with us to recover any amounts from any third party liable for any loss or damage you have sustained.

- 2. Resumption of Operations

After any loss or damage, you must use due diligence and reasonable speed to, as soon as practicable:

- a. Resume normal “operations;” and
- b. End or, where the circumstances require, reduce all charges, expenses, costs and loss as are being incurred or sustained because of the loss or damage.

## **E. DEFINITIONS**

1. “Accounts Receivable” means the amounts owed to you by those with whom you deal. “Accounts receivable” does not include taxes, whether assessed, billed, contingent, pending, owed, or partially or fully paid.
2. “Accounts Receivable Costs” means:
  - a. “Accounts receivable” due to you but which you can’t collect;
  - b. Extra collection costs you incur to collect “accounts receivable” due to you;
  - c. Interest charges on loans you have been required to obtain to compensate for “accounts receivable” you can’t collect when due;
  - d. Reasonable costs of replacing your “accounts receivable” records;
  - e. Losses or costs you incur if you have to remove “accounts receivable” records from a location shown on the Building & Personal Property Schedule attached to this Certificate to a place of safety in order to protect them from the threat or actuality of a “computer virus;”
  - f. “Accounts Receivable Costs” does not include, and we will not pay for:
    - (1) Any loss or cost that results from mistakes made in bookkeeping, accounting or billing;
    - (2) Any loss or cost if its existence can be shown only by an inventory count or an audit. However, if the existence of a loss can be shown by other means, you may use an inventory count or audit to support your claim for that loss;
    - (3) Any loss or cost resulting from any intentional, dishonest, fraudulent or criminal act or omission by you, by any Member, or by anyone authorized to act for you or on your behalf.
    - (4) Any loss arising out of bad debts; or
    - (5) Any loss arising out of aged “accounts receivable” greater than 180 days.

3. “Computer Equipment” means your programmable electronic equipment that is used to store, retrieve and process “electronic data.” It includes their component parts and air conditioning, fire suppression equipment and electrical equipment used exclusively in your computer operations as well as associated peripheral equipment that provides communication including input and output functions such as printing or auxiliary functions such as “electronic data” transmission.
4. “Computer Virus” means a computer program or computer code which is entered into your computer system during the period of this Certificate without your knowledge, and which causes a disruption of normal program or computer system operation, but it does not mean an error in design or a programming error.
5. “Electronic Data” means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in this definition of “electronic data,” means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.
6. “Extra Expense” means necessary expense you incur during the “period of restoration” over and above your ordinary expenses, which are necessary to avoid or minimize the “suspension” of your “operations” and return to your normal “operations” after loss or damage caused by or resulting from a “computer virus.” “Extra Expense” includes expenses you incur to continue your normal “operations” at a temporary location or with substitute equipment.
7. “Loss of Income” means the net income that would have been earned or incurred if there had been no loss or damage caused by or resulting from a “computer virus.” “Loss of Income” also includes normal operating expenses that continue after the loss or damage.

“Loss of Income” does not include:

- a. Payroll, employee benefits, FICA payments you pay, union dues you pay, or workers’ compensation premiums or benefits;
  - b. Taxes, whether assessed, billed, contingent, pending, owed, or partially or fully paid.
8. “Operating System” means the software that supports a computer’s basic functions, such as scheduling tasks, executing applications, and controlling “peripherals.” “Operating system” also includes “computer equipment” and “electronic data.”
  9. “Operations” means:
    - a. Your business activities; or

- b. Your activities as a local government unit, including but not limited to law enforcement, firefighting, ambulance or rescue services.
- 10. “Period of Restoration” means the period of time that:
  - a. Begins with the date of loss or damage caused by or resulting from a “computer virus”; and
  - b. Ends on the earlier of:
    - (1) The date when the loss or damage is actually repaired, rebuilt or replaced, using due diligence and reasonable speed and similar quality, design, functionality and materials;
    - (2) The date when the loss or damage could have been repaired, rebuilt or replaced and your “operations” could have been resumed, using due diligence and reasonable speed and similar quality, design, functionality and materials; or
    - (3) 12 consecutive months after the date of loss or damage.

The expiration date of this Certificate will not affect or cut short the “period of restoration.”

- 11. “Peripherals” means computer devices, external and internal, which are not part of the essentials of a computer and are intended to be connected to the computer and used. External “peripherals” include, among others, mouse, keyboard, printer, monitor, external ZIP drive, and scanner. Internal “peripherals” include, among others, CD-ROM drive, CD-R drive, internal ZIP drive, and internal modem. “Peripherals” also include devices such as tablets, smartphones and wearable computing devices when they are connected to and used on a computer system.
- 12. “Suspension” means the slowdown or cessation of your “operations.”
- 13. “Unsupported Operating System” means an “operating system”
  - a. For which the vendor has stopped, or will stop, providing updates and security patches for, and/or repairs to, the system; or
  - b. For which the Named Member or any other person or entity responsible for its maintenance, care, running, performance or upkeep has failed or refused to obtain available updates and security patches for, and/or repairs to, the system.

## **SECTION II – EXTENSIONS**

### **E-COMMERCE EXTORTION EXTENSION**

This Extension provides coverage for “E-Commerce Extortion,” as described and limited in this Extension, subject, unless specifically stated otherwise in this Extension, to all limitations, terms, conditions and exclusions of SECTION I – TERMS AND CONDITIONS and SECTION II – PROPERTY COVERAGE, and also subject to the additional limitations, terms, conditions and exclusions that appear in this Extension. The coverage provided does not apply if there is coverage for any loss or damage under any other Agreement, Extension, endorsement or part of SECTION II – PROPERTY COVERAGE of the Coverage Certificate.

#### **A. COVERAGE**

We will pay the Named Member for E-Commerce Extortion Expenses resulting from “E-Commerce Extortion” taking place anywhere in the world during the period of this Certificate. It is a condition precedent of this coverage that the Named Member must immediately inform us of the “E-Commerce Extortion,” and, in any event, no later than fifteen (15) days after the “E-Commerce Extortion” has occurred.

#### **B. DEFINITIONS**

Only for, and to the extent of, the coverage provided by this E-Commerce Extortion Extension, SECTION I – COMMON DEFINITIONS B(6) and the final sentence of B(2) do not apply. In addition to all other definitions in SECTION I – COMMON DEFINITIONS and SECTION II – DEFINITIONS, the following definitions apply:

1. “Computer Equipment” means your programmable electronic equipment that is used to store, retrieve and process “electronic data.” It includes their component parts and air conditioning, fire suppression equipment and electrical equipment used exclusively in your computer operations as well as associated peripheral equipment that provides communication including input and output functions such as printing or auxiliary functions such as “electronic data” transmission.
2. “Computer Professional” means a third-party individual, who is not an “Employee,” who is retained by the Named Member, and who has:
  - a. At least a bachelor’s degree in computer and information systems, computer forensics and digital investigation, cybersecurity, or a related and comparable field; and
  - b. At least five (5) years of experience in the handling, investigation, assessment and defense of, and responding to, actual events, and attempts, of “E-Commerce Extortion” and “Computer Virus.”
3. “Computer System” means:
  - a. Any computer; and



- b. Any input, output, processing, storage or communication device, or any related network, operating system or application software, that is connected to, or used in connection with, such computer,

which is rented by, owned by, leased by, licensed to, or under the direct operational control of, the Named Member

- 4. “Computer Virus” means any malicious code which could destroy, alter, contaminate, or degrade the integrity, quality, or performance of:
  - a. Electronic data used, or stored, in any “computer system” or network; or
  - b. A computer network, any computer application software, or a computer operating system or related network.
- 5. “E-Commerce Extortion” means any threat made to the Named Member by an individual other than an identifiable “Employee,” expressing an intention to:
  - a. Cause the Named Member to transfer, pay or deliver any funds or property using a “Computer System” without the permission, authorization, and consent of the Named Member;
  - b. Alter, damage, or destroy any computer program, software or other electronic data that is stored within a “Computer System;”
  - c. Maliciously or fraudulently introduce a “Computer Virus” into a “Computer System” which such threat is premised upon actual or alleged unauthorized external users of such “Computer System;” or
  - d. Initiate an intentional attack on a “Computer System” that depletes system resources of impedes system access available through the internet to authorized external users of such “Computer System,”

where such threat is made for the purpose of demanding “Money,” “Securities,” property or services.

- 6. “E-Commerce Extortion Expenses” means any “Money” or “Securities” the Named Member pays, with our prior written consent and pursuant to a recommendation by a “Computer Professional,” at the direction and demand of any person committing or allegedly committing “E-Commerce Extortion,” or loss incurred solely in, and directly from, the process of making or attempting to make such payment. The value of “E-Commerce Extortion Expenses” will be determined as of the date such “E-Commerce Extortion Expenses” are paid or lost.

“E-Commerce Extortion Expenses” include reasonable costs, fees and expenses incurred by the Named Member, with our prior written consent and pursuant to a recommendation by a “Computer Professional,” to prevent or mitigate “E-Commerce Extortion Expenses.”

7. “Electronic Data” means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy discs, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in this definition of “electronic data,” means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.
8. “Employee” means any natural person whose labor or service is or was engaged by and directed by the Named Member, including full-time, part-time, seasonal or temporary workers, volunteers, students, interns, or workers whose services have been leased to the Named Member.

“Employee” also includes the individuals enumerated in the first 2 lines of SECTION I – COMMON DEFINITIONS B(2).

9. “Money” means a medium of exchange in current use and authorized or adopted by a domestic or foreign government, including currency, coins, bank notes, bullion, travelers’ checks, registered checks and money orders held for sale to the public.

“Money” also includes bitcoins or similar decentralized virtual or digital currencies.

10. “Operating System” means the software that supports a computer’s basic functions, such as scheduling tasks, executing applications, and controlling “peripherals.” “Operating system” also includes “computer equipment” and “electronic data.”

11. “Other Property” means any tangible property other than “Money” and “Securities” that has intrinsic value.

12. “Peripherals” means computer devices, external and internal, which are not part of the essentials of a computer and are intended to be connected to the computer and used. External “peripherals” include, among others, mouse, keyboard, printer, monitor, external ZIP drive, and scanner. Internal “peripherals” include, among others, CD-ROM drive, CD-R drive, internal ZIP drive, and internal modem. “Peripherals” also include devices such as tablets, smartphones and wearable computing devices when they are connected to and used on a computer system.

13. “Securities” means:

- a. Written negotiable and non-negotiable instruments or contracts representing “Money” or “Other Property;” or
- b. Uncertificated securities.

but “Securities” does not include “Money.”

14. “Unsupported Operating System” means an “operating system”

- a. For which the vendor has stopped, or will stop, providing updates and security patches for, and/or repairs to, the system; or
- b. For which the Named Member or any other person or entity responsible for its maintenance, care, running, performance or upkeep has failed or refused to obtain available updates and security patches for, and/or repairs to, the system.

### **C. EXCLUSIONS**

Only for, and to the extent of, the coverage provided by this E-Commerce Extortion Extension, SECTION I – COMMON EXCLUSIONS L(1)(e) (Terrorist Activity Exclusion), N (Computer Virus and Denial of Access Exclusion) and SECTION II – EXCLUSIONS A(10) do not apply, except to the extent separately set forth in the exclusions below. In addition to all other exclusions in SECTION I – COMMON EXCLUSIONS and SECTION II – EXCLUSIONS A, B and C, this Extension does not cover, and we shall not pay for, any loss or damage directly or indirectly caused by, resulting from, related to, or due to any of the following:

- 1. Any fact, circumstance, situation, event, incident, notice, demand, claim or loss of the type for which coverage is provided by this Extension, which was, before the effective date of this Certificate, known, or reasonably should have been known, by any Member.
- 2. Any “E-Commerce Extortion Expenses” which were incurred or sustained, or which reasonably could have been known or expected by any Member to be incurred or sustained, before the effective date of this Certificate.
- 3. Any intentional, dishonest, fraudulent or criminal act or omission by the Named Member or by any Member, whether acting alone or in collusion with others.
- 4. Any intentional, dishonest, fraudulent or criminal act or omission by anyone:
  - a. Authorized to act for or on behalf of the Named Member;
  - b. To whom the Named Member, anyone its behalf, or any Member, has entrusted all or any part of a “Computer System” or any other property;
  - c. To whom the Named Member, anyone on its behalf, or any Member, has granted access to a “Computer System” or any other property.
- 5. Any willful violation of any statute, rule or law by the Named Member or by any Member, whether acting alone or in collusion with others.
- 6. Delay, loss of market, or loss of use because a “Computer System” cannot be used or accessed.
- 7. Neglect or failure to take all reasonable steps to protect a “Computer System” when it is threatened with loss, damage, “Computer Virus,” or “E-Commerce Extortion”;

8. Neglect or failure to take all reasonable steps to protect a “Computer System” from further loss after loss, damage, “Computer Virus,” or “E-Commerce Extortion” occurs.
9. Any fees, costs and expenses incurred by the Named Member, or by anyone on its behalf or pursuant to its instruction, in
  - a. Establishing the existence or amount of “E-Commerce Extortion” and/or “E-Commerce Extortion Expenses;”
  - b. Preparing its proof of loss, information and other papers in support of its “E-Commerce Extortion Expenses.”
10. Any indirect or consequential loss of any type or nature, including but not limited to court costs, attorneys’ fees, other expert fees, and any and all related costs and expenses, incurred or paid by the Named Member or by any Member in defending any claim, suit or legal proceeding brought against the Named Member or any Member.
11. An “unsupported operating system”.

#### **D. LIMIT OF COVERAGE AND PAYMENT**

Under this Extension, we will not pay for any “E-Commerce Extortion Expenses” because of, for, or resulting from, one instance or occurrence of “E-Commerce Extortion” until the amount of “E-Commerce Extortion Expenses” exceeds the deductible of \$1,000. We will then pay for all “E-Commerce Extortion Expenses” in excess of the deductible up to \$25,000. This is the most we will pay for any one instance or occurrence of “E-Commerce Extortion.” The deductible applies to each separate instance or occurrence of “E-Commerce Extortion.” The most we will pay under this Extension, in the aggregate, because of, for, or resulting from, all instances and occurrences of “E-Commerce Extortion” is \$50,000. This is the most we will pay regardless of the number or types of instances or occurrences of “E-Commerce Extortion” and regardless of the total of “E-Commerce Extortion Expenses” caused by or resulting from all instances or occurrences of “E-Commerce Extortion.”

The limit of coverage in this Extension is in addition to the Limits of Coverage provided in the General Declarations and Limits section of the Named Member’s Coverage Certificate.

#### **E. NOTICE**

It is a condition precedent of the coverage provided by this Extension that the Named Member must immediately inform us of the “E-Commerce Extortion,” and, in any event, no later than fifteen (15) days after it has occurred.

#### **F. RECOVERIES**

After we have made payments of “E-Commerce Extortion Expenses”

1. The Named Member must immediately reimburse us any and all amounts it has received or recovered from any third-party because or on account of, or with respect to, “E-Commerce Extortion Expenses” until we have been reimbursed in full. If the Named Member receives or recovers more than the amount we have paid, the excess over the amount we paid belongs to the Named Member.
2. If the Named Member, or any Member, becomes aware of any third-party against whom a claim can be made because or on account of, or with respect to, “E-Commerce Extortion” or “E-Commerce Extortion Expenses,” or if the Named Member or any Member has asserted such a claim against a third-party, the Named Member must give us prompt written notice of the name and present address of the third-party, of any amounts it has received or recovered from the third-party, and of the date(s) it has received or recovered those amounts.
3. The Named Member must help and cooperate fully with us to recover any amount from any third-party liable for the “E-Commerce Extortion” or the “E-Commerce Extortion Expenses.”

## **SECTION III**

### **LIABILITY COVERAGE**

#### **SECTION III – COVERAGE AGREEMENTS**

Regardless of the number of Members, claims made or “suits” brought, or persons or organizations making claims or bringing “suits,” the most we will pay is as stated in the General Declarations and Limits.

Further, as stated in Section I – Common Conditions, the coverage provided by this Certificate is excess over any other valid insurance whether primary, excess, contingent or on any other basis.

#### **AGREEMENT D – GENERAL LIABILITY**

##### **A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY**

We hereby agree, subject to the limitations, terms and conditions set forth in this Certificate, to pay those sums which the Member shall be obligated to pay by reason of liability imposed upon the Member by law or assumed by the Named Member under written contract or agreement for damages, direct or consequential, as defined by the term “Ultimate Net Loss,” on account of “bodily injury” (excepting employees of any Member injured in the course of his or her employment) and/or “property damage.”

This Certificate applies to “bodily injury” or “property damage” only if:

1. The “bodily injury” or “property damage” is caused by an “occurrence” that takes place in the coverage territory described in Section I – Common Condition P; and
2. The “bodily injury” or “property damage” occurs during the period of this Certificate.

Notwithstanding SECTION I – COMMON EXCLUSIONS A and P, this Certificate provides coverage for “bodily injury” caused by or arising out of the back-up of public sewer lines under the control of the Named Member. Notwithstanding SECTION I – COMMON EXCLUSIONS A, F and P, this Certificate provides coverage for “property damage” caused by or arising out of the back-up of public sewer lines under the control of the Named Member.

##### **B. PERSONAL AND ADVERTISING INJURY LIABILITY**

We hereby agree, subject to the limitations, terms and conditions set forth in this Certificate, to pay those sums which the Member shall be obligated to pay by reason of liability imposed upon the Member by law or assumed by the Named Member under written contract or agreement for damages, direct or consequential, as defined by the term “Ultimate Net Loss,” on account of “personal injury” or “advertising injury” (excepting employees of any Member injured in the course of his or her employment).

1. This Certificate applies to:
  - a. “Personal injury” caused by an offense arising out of your business, excluding advertising, publishing, broadcasting or telecasting done by or for you;
  - b. “Advertising injury” caused by an offense committed in the course of advertising your goods, products, or services; but only if the offense was committed in the coverage territory described in Section I – Common Condition P during the period of this Certificate.

For purposes of this Agreement D, the following Exclusions apply:

2. This Certificate does not apply to:
  - a. “Personal injury” or “advertising injury”:
    - (1) Arising out of oral or written publication of material, if done by or at the direction of the Member with knowledge of its falsity;
    - (2) Arising out of oral or written publication of material whose first publication took place before the beginning of the period of this Certificate; or
    - (3) Arising out of the willful violation of a penal statute or ordinance committed by or with the consent of the Member;
  - b. “Advertising injury” arising out of:
    - (1) Breach of contract, other than misappropriation of advertising ideas under an implied contract;
    - (2) The failure of goods, products or services to conform with advertised quality or performance;
    - (3) The wrong description of the price of goods, products or services; or
    - (4) An offense committed by a Member whose business is advertising, broadcasting, publishing or telecasting.

## **C. LIMITED ABUSE OR MOLESTATION LIABILITY COVERAGE**

### **I. COVERAGE AGREEMENT**

We hereby agree, subject to the limitations, terms and conditions set forth in this Certificate, to pay those sums which the Member shall be obligated to pay by reason of liability imposed upon the Member by law or assumed by the Named Member under written contract or agreement for damages, direct or consequential, as defined by the term “Ultimate Net Loss,” on account of “bodily injury” or “personal injury”

(excepting employees of any Member injured in the course of his or her own employment).

This Certificate applies to “bodily injury” or “personal injury” only if the “bodily injury” or “personal injury” is caused by an “abuse or molestation offense” that

1. Arises out of your business;
2. Is first committed during the period of this Certificate; and
3. Takes place in the coverage territory described in Section I – Common Conditions P.

An “abuse or molestation offense” involving multiple, continuous, sporadic or related acts of “abuse or molestation” will be deemed to have been committed on the date the first of such acts is committed, regardless of when such acts are actually committed.

## **II. EXCLUSIONS**

Only for the coverage provided under this Limited Abuse or Molestation Liability Coverage, Section I – Common Exclusion D and Section III – Liability Coverage Exclusion 7 do not apply. All other Common Exclusions and all other Section III – Liability Coverage Exclusions apply. Additionally, coverage provided under this Limited Abuse or Molestation Liability Coverage does not apply to any of the following:

1. “Bodily injury” or “personal injury” arising out of an “abuse or molestation offense” committed at the direction of the Member or that the Member knowingly allowed to happen.
2. “Bodily injury” or “personal injury” arising out of a failure by the Member having knowledge of an act of “abuse or molestation” to comply with any applicable federal, state or local law, ordinance or regulation which requires the reporting of such act.
3. “Bodily injury” or “personal injury” arising out of the employment, or the use as a volunteer worker, of a person who had a history of committing “abuse or molestation” of which the Member had knowledge:
  - a. Before or during that person’s employment or use as a volunteer worker;  
and
  - b. Before that person committed the “abuse or molestation offense.”
4. “Bodily injury” or “personal injury” arising out of “sexual harassment.”
5. “Bodily injury” or “personal injury” arising out of any act in an “abuse or molestation offense” if the Named Member, or any of the Named Member’s elected or appointed officials, or any Member authorized by the Named Member



to give or receive notice of an “abuse or molestation offense” or claim was aware of such act prior to the effective date of this coverage.

6. “Bodily injury” or “personal injury” for which the Member is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:
  - a. That would be imposed on the Member by law in the absence of the contract or agreement; or
  - b. Assumed in a contract or agreement that is a “covered contract,” provided the “bodily injury” or “personal injury” is caused by an “abuse or molestation offense” committed subsequent to the signing and execution of the contract or agreement. Solely for the purposes of liability assumed in a “covered contract,” reasonable attorneys fees and necessary litigation expenses incurred by or for a party other than a Member are deemed to be damages because of “bodily injury” or “personal injury,” provided:
    - (1) Liability to such party for, or for the cost of, that party’s defense has also been assumed in the same “covered contract;” and
    - (2) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this coverage applies are alleged.

**III. NONE OF THE FOLLOWING IS A MEMBER ENTITLED TO COVERAGE UNDER THIS LIMITED ABUSE OR MOLESTATION LIABILITY COVERAGE, AND THIS COVERAGE DOES NOT APPLY TO:**

1. Any “perpetrator.” However, with respect to any person described in paragraphs V(3)(a) and (b) of the definition of “perpetrator” only, we will reimburse the Named Member for the reasonable expenses, fees and costs it incurs and pays in defending such person against any “suit” seeking damages for “bodily injury” or “personal injury” to which this coverage applies caused by an “abuse or molestation offense” if a final, non-appealable adjudication in any judicial proceeding establishes that such person did not commit such “abuse or molestation offense.” We will reimburse the Named Member within thirty (30) days of our receipt from the Named Member of satisfactory documentation, which the Named Member agrees to provide, that it has incurred and paid such reasonable expenses, fees and costs.
2. Any person or organization that has been added to this Certificate as a Member, or any employee, leased worker, agent, representative or volunteer worker of such person or organization.

However, if you have specifically agreed in a “written contract requiring insurance” to include such person or organization as an additional Member covered under this Limited Abuse or Molestation Liability Coverage, such person

or organization is covered, but only to the extent that the person or organization is alleged to be, or is, vicariously liable for “bodily injury” or “personal injury” caused by an “abuse or molestation offense” which is committed by a person who is a Member as defined in SECTION I – COMMON DEFINITION B(1) or (2), and which arises out of your business. The person or organization does not qualify as a Member for or with respect to liability caused, or alleged to have been caused, by or arising out of his or its own acts, conduct or omissions, or acts, conduct or omissions by others acting on his or its behalf. In the event that each “abuse or molestation offense” limit or the aggregate “abuse or molestation offense” limit set forth below in paragraph IV – Limits exceeds the limits of liability required by the “written contract requiring insurance,” the coverage provided to the additional Member will be limited to the limits of liability required by that “written contract requiring insurance.” This paragraph does not increase the limits of insurance described below in paragraph IV – Limits under this Limited Abuse or Molestation Liability Coverage.

3. Any of your independent contractors, or any employee, leased worker, agent, representative or volunteer worker of each independent contractor.

#### **IV. LIMITS**

The most we will pay under this Limited Abuse or Molestation Liability Coverage for “Ultimate Net Loss” because of “bodily injury” or “personal injury” arising out of one “abuse or molestation offense” is \$1,000,000. This is the total of liability for any one “abuse or molestation offense,” regardless of the number or types of claims or “suits” made, regardless of the number of persons or organizations making such claims, regardless of the number of “suits,” and regardless of the number of Members against whom such claims or “suits” are made. This limit is applicable solely to the coverage provided by this Limited Abuse or Molestation Liability Coverage and is not included within the Liability Limits portion of the GENERAL DECLARATIONS AND LIMITS of the Member Coverage Certificate.

The most we will pay in the aggregate under this Limited Abuse or Molestation Liability Coverage for “Ultimate Net Loss” because of “bodily injury” and “personal injury” arising out of all “abuse or molestation offenses” is \$2,000,000. This is the total limit of liability for all “abuse or molestation offenses.” This limit is applicable solely to the coverage provided by this Limited Abuse or Molestation Liability Coverage and is not included within the Limits of Liability portion of the GENERAL DECLARATIONS AND LIMITS of the Member Coverage Certificate.

#### **V. DEFINITIONS**

The following additional definitions apply to the coverage provided by this Limited Abuse or Molestation Liability Coverage:

1. “Abuse or molestation” means any illegal or offensive physical contact committed by any “perpetrator” against any person who is
  - a. Under 18 years of age;

- b. Legally incompetent; or
  - c. In the care, custody or control of any Member as defined in SECTION I – COMMON DEFINITION B(1) or (2), and is physically or mentally incapable of consenting to such physical contact.
2. “Abuse or molestation offense” means a single act of “abuse or molestation,” or multiple, continuous, sporadic or related acts of “abuse or molestation” committed by:
- a. One “perpetrator;” or
  - b. Two or more “perpetrators” acting together.

An “abuse or molestation offense” involving multiple, continuous, sporadic or related acts of “abuse or molestation” will be deemed to be one “abuse or molestation offense,” regardless of the number of:

- a. Members;
  - b. Claims made or “suits” brought;
  - c. Persons or organizations making claims or bringing “suits;” or
  - d. The date or dates of the multiple, continuous, sporadic or related acts.
3. “Perpetrator” means any of the following persons who actually or allegedly commit any illegal or offensive physical contact:
- a. Members as defined in SECTION I – COMMON DEFINITION B(1), (2) and (6);
  - b. To the extent not a Member as defined in SECTION I – COMMON DEFINITION B (2), and only if your school department is specifically listed by endorsement as covered under this Certificate, a person acting as a student teacher as part of their educational requirements in your public schools or public school system; or
  - c. Any other person acting together with any of the persons described in paragraphs a. and b. above.
4. “Sexual harassment” means illegal or offensive non-physical acts or conduct or verbal comments, of a sexual nature
5. “Written contract requiring insurance” means that part of any written contract or agreement under which you are required to include a person or organization as an additional Member covered under this Limited Abuse or Molestation Liability Coverage, provided that the “bodily injury” or the “personal injury” is caused by an “abuse or molestation offense” committed:

- a. After the signing and execution of the contract or agreement by you;
- b. While that part of the contract or agreement is in effect; and
- c. During the period of this Certificate.

#### **AGREEMENT E – HOST LIQUOR LIABILITY**

We hereby agree, subject to the limitations, terms, and conditions set forth in this Certificate, including the provisions of Agreement D – General Liability, to pay those sums which the Member shall be obligated to pay by reason of liability imposed upon the Member by law or assumed by the Named Member under written contract or agreement for damages, direct or consequential, as defined by the term “Ultimate Net Loss,” on account of “bodily injury” (excepting employees of the Member injured in the course of his or her employment) and/or “property damage” by reason of: causing or contributing to the intoxication of any person; the furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or in violation of any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

#### **AGREEMENT F – AUTOMOBILE LIABILITY**

##### **A. COVERAGE AGREEMENT**

We hereby agree, subject to the limitations, terms and conditions set forth in this Certificate, including the provisions of Agreement D – General Liability, to pay those sums which the Member shall be obligated to pay by reason of liability imposed upon the Member by law or assumed by the Named Member under written contract or agreement for damages, direct or consequential, as defined by the term “Ultimate Net Loss,” on account of “bodily injury” (excepting employees of the Member injured in the course of his or her employment) and/or damage to or destruction of property or the loss of use thereof, arising out of the ownership, maintenance or use of any “Automobile” and occurring during the period of this Certificate.

##### **B. EXCLUSIONS**

For the coverage provided by Agreement F only, Section I – Common Definition K and Section I – Common Exclusion A do not apply. The following Exclusion applies:

Coverage provided under Agreement F does not apply to any of the following:

- 1. “Bodily injury” or “property damage” arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of “pollutants”:
  - a. That are, or that are contained in any property that is:
    - (1) Being transported or towed by, handled, or handled for movement into, onto or from a scheduled “Automobile”; or

- (2) Otherwise in the course of transit by any Member or on behalf of the Named Member; or
    - (3) Being stored, disposed of, treated or processed in or upon a scheduled “Automobile”; or
  - b. Before the “pollutants” or any property in which the “pollutants” are contained are moved from the place where they are accepted by any Member for movement into or onto a scheduled “Automobile”; or
  - c. After the “pollutants” or any property in which the “pollutants” are contained are moved from the scheduled “Automobile” to the place where they are finally delivered, disposed of or abandoned by any Member.
2. Paragraph 1(a) above does not apply to fuels, lubricants, fluids, exhaust gases or other similar “pollutants” that are needed for or result from the normal electrical, hydraulic or mechanical functioning of a scheduled “Automobile” or its parts, if:
- a. The “pollutants” escape, seep, migrate, or are discharged, dispersed or released directly from an “Automobile” part designed by its manufacturer to hold, store, receive or dispose of such “pollutants”; and
  - b. The “bodily injury,” “property damage” or “covered pollution cost or expense” does not arise out of the operation of any equipment listed in paragraphs 5(a) and 5(b) of Section I – Common Definition D.
3. Paragraphs 1(b) or 1(c) above do not apply to accidents that occur away from premises owned by or rented to any Member with respect to “pollutants” not in or upon a scheduled “Automobile”; and
- a. The “pollutants” or any property in which the “pollutants” are contained are upset, overturned or damaged as a result of the maintenance or use of a scheduled “Automobile”; and
  - b. The discharge, dispersal, seepage, migration, release or escape of the “pollutants” is caused directly by such upset, overturn or damage.

## **C. DEFINITIONS AND CONDITIONS**

1. “Covered pollution cost or expense” means any cost or expense arising out of:
- a. Any request, demand or order; or
  - b. Any claim or “suit” by or on behalf of a governmental authority demanding that the Member or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of “pollutants.”

2. “Covered pollution cost or expense” does not include any cost or expense arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of “pollutants”:
  - a. That are, or that are contained in any property that is:
    - (1) Being transported or towed by, handled, or handled for movement into, onto or from a scheduled “Automobile”; or
    - (2) Otherwise in the course of transit by any Member or on behalf of the Named Member; or
    - (3) Being stored, disposed of, treated or processed in or upon a scheduled “Automobile”; or
  - b. Before the “pollutants” or any property in which the “pollutants” are contained are moved from the place where they are accepted by any Member for movement into or onto a scheduled “Automobile”; or
  - c. After the “pollutants” or any property in which the “pollutants” are contained are moved from a scheduled “Automobile” to the place where they are finally delivered, disposed or abandoned by any Member.
3. Paragraph 2(a) above does not apply to fuels, lubricants, fluids, exhaust gases or other similar “pollutants” that are needed for or result from the normal electrical, hydraulic or mechanical functioning of a scheduled “Automobile” or its parts, if:
  - a. The “pollutants” escape, seep, migrate, or are discharged, dispersed or released directly from an “auto” part designed by its manufacturer to hold, store, receive or dispose of such “pollutants”; and
  - b. The “bodily injury,” “property damage” or “covered pollution cost or expense” does not arise out of the operation of any equipment listed in paragraphs 5(a) and 5(b) of Section I – Common Definition D.
4. Paragraphs 2(b) and 2(c) above do not apply to “accidents” that occur away from premises owned by or rented to any Member with respect to “pollutants” not in or upon a scheduled “Automobile” if:
  - a. The “pollutants” or any property in which the “pollutants” are contained are upset, overturned or damaged as a result of the maintenance or use of a scheduled “Automobile”; and
  - b. The discharge, dispersal, seepage, migration, release or escape of the “pollutants” is caused directly by such upset, overturn or damage.

## **AGREEMENT G – FIREFIGHTER’S LEGAL LIABILITY**

We hereby agree, subject to the limitations, terms and conditions set forth in this Certificate, including the provisions of Agreement D – General Liability, to pay those sums which the Member shall be obligated to pay by reason of liability imposed upon the Member by law or assumed by the Named Member under written contract or agreement for damages, direct or consequential, as defined by the term “Ultimate Net Loss,” on account of “bodily injury” or “personal injury” (excepting employees of any Member injured in the course of his or her employment) and/or “property damage” arising out of the Member’s occupancy, maintenance or use of premises for, and/or the Member’s operations in performance of, official firefighting duties.

For the coverage provided by Agreement G only, the definition of “personal injury” is amended to include assault and battery and disparagement of property.

For purposes only of this Agreement G, the coverage provided for “bodily injury” or “personal injury” arising out of the Member’s operations in performance of official firefighting duties includes services to any person or persons (other than employees of any Member injured during the course of his or her employment)

- (1) by a firefighter who renders emergency first aid or transportation to any injured person or to a person incapacitated by illness; or
- (2) by a firefighter who, pursuant to the provisions and requirements of section 2353(3) of Chapter 556-A of Title 22 of the Maine Revised Statutes, administers intranasal naloxone hydrochloride as clinically indicated, but only if the firefighter has received medical training in accordance with the rules and protocols adopted by the Maine Medical Direction and Practices Board,

provided that the liability asserted is based solely upon an error, negligent act or mistake committed during the period of this Certificate.

It is hereby understood and agreed that this Certificate does NOT apply to liability arising out of hospital/clinic malpractice with the exception that coverage provided under this Agreement G will apply to any Member referenced in (1) and (2) above while undergoing training to upgrade his or her license in a hospital or clinic.

It is hereby understood and agreed that Common Exclusion O and Section III – Liability Coverage Exclusion 10(d) and (e) do not apply to (1) and (2) above.

## **AGREEMENT H – PUBLIC OFFICIALS AND EMPLOYMENT PRACTICES LIABILITY**

### **A COVERAGE AGREEMENT**

We hereby agree, subject to the limitations, terms and conditions set forth in this Certificate, to pay those sums which the Member shall be obligated to pay by reason of liability imposed upon the Member by law for damages, direct or consequential, as defined by the term “Ultimate Net Loss,” on account of any “Wrongful Act” of the Member.

This Certificate applies to any “Wrongful Act” only if:

1. the “Wrongful Act” takes place in the coverage territory described in Section I –Common Condition P;
2. the “Wrongful Act” is committed solely in the course of performing or failing to perform duties or activities for or on behalf of the Named Member; and
3. The “Wrongful Act” takes place during the period of this Certificate. A series of continuous, repeated or interrelated “Wrongful Acts” will be deemed to take place at the time of the first “Wrongful Act” in the series.

Subject to all of the terms, conditions and exclusions contained in this Agreement H, coverage is provided to awards for back and/or future salary but solely as respects “Wrongful Acts” involving “Unfair Employment Practices.” This coverage is subject to an aggregate Sub-Limit of Liability of \$100,000 for all back and/or future salary awards for all “Wrongful Acts” involving “Unfair Employment Practices” which take place during the period of this Certificate, regardless of the number or types of claims or “suits” made, when such claims or “suits” are made, the number of persons making such claims or “suits,” or the number of Members against whom such claims or “suits” are made. The Sub-Limit of Liability of \$100,000 for back and/or future salary awards arising out of “Wrongful Acts” involving “Unfair Employment Practices” shall be part of, and not in addition to, the Limit of Liability for this Agreement H as set forth in this Coverage Certificate. However, back and/or future salary awards shall not include “Benefits.”

Additionally, coverage for back and/or future salary awards shall not include, and the Named Member shall alone be responsible for, any attendant or consequential obligations, costs or payments resulting from, necessitated by, because of, or arising out of such back and/or future salary awards, including but not limited to:

1. Any federal, state or local tax laws, regulations or requirements;
2. Any federal, state or local laws, regulations or requirements concerning or regulating Workers' Compensation, Unemployment Compensation, Social Security, Disability Benefits, Health Benefits, or any similar law, regulation or requirement;
3. Any other wage or salary associated costs, payments, withholdings or obligations.



As respects coverage for back and/or future salary awards, we shall be liable to pay, subject to the Sub-Limit of Liability set forth in the preceding paragraphs, ninety percent (90%) of any such award constituting back and/or future salary. It is a condition precedent of this Agreement H that the remaining ten percent (10%) of each and every award for back and/or future salary shall be paid solely by the Named Member and/or by the Member against whom any such award is rendered, shall be borne solely by the Named Member and/or by the Member against whom the award is rendered at that Member's own risk, and shall remain uninsured.

## **B. EXCLUSIONS**

Only for the coverage provided by this Agreement H, Section I – Common Exclusion H, and Section III – Liability Coverage Exclusion 8, do not apply. Coverage provided under this Agreement H does not apply to any of the following:

1. To any claim or “suit” seeking the return of any profit, advantage, gain or remuneration to which any Member is not legally entitled;
2. To any damages arising out of, or awarded because of, any fraudulent, dishonest, criminal or malicious act or omission; however, this exclusion does not apply to any Member who did not commit, order, approve, participate in or know of said fraudulent, dishonest, criminal or malicious act or omission;
3. To any claim or “suit” seeking injunctive or non-pecuniary relief; however, this exclusion does not apply to any claim or “suit” for “Unfair Employment Practices”;
4. To any claim or “suit” for “bodily injury” or loss of or damage to or destruction of any property, including the loss of use thereof; however, this exclusion does not apply to any claim or “suit” for mental anguish or emotional distress arising out of “Unfair Employment Practices”;
5. To any claim or “suit” for false arrest, detention or imprisonment; assault or battery; malicious prosecution; abuse of process; disparagement or defamation, including but not limited to libel, slander or violation of an individual's right of privacy; or wrongful entry or eviction or other invasion of the right of private occupancy; however, this exclusion does not apply to any claim or “suit” for disparagement or defamation, including but not limited to libel, slander or violation of an individual's right of privacy arising out of “Unfair Employment Practices”;
6. To any claim or “suit” arising from strikes, riots or civil commotions;
7. To any settlements, awards or judgments for or arising out of the failure or refusal to obtain, effect, maintain, renew or amend any insurance policy or bond, or to

demand or require that any other person or entity obtain, effect, maintain, renew or amend any insurance policy or bond;

8. To any settlements, awards or judgments for or arising out of any actual or alleged breach of fiduciary duty, responsibility or obligation in connection with any employee benefit plan or pension plan, or to any amount due under any fringe benefit or retirement program;
9. To any claim or “suit” arising out of the providing of or failure to provide professional services to or for any person or entity other than the Named Member by a lawyer, medical personnel, architect, engineer or accountant; but this exclusion does not apply to any claim or suit against a Member for performing or failing to perform duties or activities for or on behalf of the Named Member;
10. To any claim or “suit” arising out of breach of contract, including but not limited to contracts involving consultants, vendors, contractors and sub-contractors; however, this exclusion does not apply to any claim or “suit” for “Unfair Employment Practices” arising out of an “Employment Contract”;
11. To any claim or “suit” arising out of the operation of or activities of any of the following: schools, airports, transit authorities, hospitals, clinics, nursing homes or other health care operations, utilities, or housing authorities;
12. To any awards, judgments or settlements of back salary or wages or other employee compensation; however, subject to paragraph A of this Agreement H, this exclusion does not apply to any claim or “suit” for “Unfair Employment Practices”;
13. To any cross claim or counterclaim brought by one Member against any other Member;
14. To any “Wrongful Act” committed by a Member with knowledge that it was a “Wrongful Act”; however, this exclusion does not apply to any Member who did not commit, order, approve, participate in or know of said “Wrongful Act” at the time it was committed;
15. To any claim or “suit” arising out of the planning, construction, maintenance, operation or use of any nuclear reactor, nuclear waste storage or disposal site or any other nuclear facility, or the transportation of nuclear material;
16. To any awards, judgments or settlement for or arising out of the Asbestos Hazard Emergency Response Act, or any amendments thereto;
17. To any claim or “suit” for “Unfair Employment Practices”:
  - a. Seeking or alleging “Benefits” due or which may become due to any Member or the equivalent value of such “Benefits”;

- b. Arising out of any obligation under a workers' compensation, disability benefits or unemployment compensation law, or any similar law; however this exclusion shall not apply to a claim for retaliation;
  - c. Arising out of any liability imposed upon any Member under the Employee Retirement Income Security Act of 1974, Public Law 93-406, or any amendments thereto; however this exclusion shall not apply to a claim for retaliation;
  - d. Arising out of any liability imposed by the Workers' Adjustment and Retraining Notification Act, Public Law 100-379 (1988), the Fair Labor Standards Act, the National Labor Relations Act, the Occupational Safety and Health Act, by any amendments to any of these Acts, or by any other similar federal, state or local law; however this exclusion shall not apply to a claim for retaliation;
  - e. Arising out of any liability or costs incurred by any Member to modify any building, property or facility in order to make said building, property or facility more accessible or accommodating to disabled person as mandated by the Americans With Disabilities Act, by any amendments thereto, or by any other similar federal, state or local law;
  - f. Alleging, arising out of, based upon or attributable to (i) any pending or prior litigation involving "Unfair Employment Practices" filed or commenced at any time prior to the period of this Certificate, or (ii) any litigation alleging, involving, or derived from the same or essentially the same facts as alleged or involved in the pending or prior litigation described in (i) above.
- 18. To any claim or "suit" for or arising out of any Member's occupancy, maintenance or use of premises for, or any Member's operations in performance of, official law enforcement duties; however, this exclusion does not apply to any claim or "suit" for "Unfair Employment Practices."
  - 19. Any obligation to pay federal, state or local taxes, fines assessments, withholdings or contributions;
  - 20. To any obligation to comply with any federal state or local law concerning or regulating Workers Compensation, Unemployment Compensation, Social Security, Disability Benefits, Health Benefits, or any similar law.

## C. DEFINITIONS

The following definitions apply to the coverage provided by this Agreement H:

- 1. "Benefits" means perquisites, fringe benefits, retirement benefits, payments in connection with an employee benefit plan and any other payment, other than salary or wages, to or for the benefit of any employee or official.

2. “Discrimination” means unlawful discriminatory treatment against a past, present, future or temporary employee, official, applicant for employment or volunteer, based upon race, color, religion, age, gender, sexual orientation, disability (as defined by the Americans With Disabilities Act or any similar federal, state or local statute or law), pregnancy, national origin or any other legally protected class.
3. “Employment Contract” means any oral or written agreement between the Named Member as an employer and an individual. “Employment Contract” shall not include any contracts with consultants, independent contractors, sub-contractors or vendors.
4. “Sexual Harassment” means unlawful sexual advances and/or requests for sexual favors and/or other verbal or physical conduct of a sexual nature against a past, present, future or temporary employee, official, applicant for employment or volunteer that:
  - a. Are made a condition of employment; and/or
  - b. Are used as a basis for employment decisions; and/or
  - c. Create a work environment that interferes with performance or creates an intimidating, hostile, or offensive work environment; and/or
  - d. Are made unlawful under applicable federal, state or local statutes or law.
5. “Unfair Employment Practices” means:
  - a. “Discrimination”;
  - b. “Wrongful Terminations”;
  - c. “Sexual Harassment”;
  - d. “Workplace Harassment”; or
  - e. “Workplace Torts.”
6. “Workplace Harassment” means unlawful creation of a harassing workplace environment based upon race, color, religion, age, gender, sexual orientation, disability (as defined in the Americans With Disabilities Act or any similar federal, state of local statute or law), pregnancy, national origin or any other legally protected class.
7. “Workplace Torts” means defamation, infliction of emotional distress, invasion of privacy, negligent evaluation, wrongful discipline, wrongful reference, failure to grant tenure, negligent hiring, employment-related misrepresentation, wrongful failure to promote, wrongful deprivation of career opportunity, negligent employee evaluation, retaliation (including lockouts), failure to provide or enforce adequate or consistent policies and procedure relating to any “Unfair Employment Practice,” or violation of an individual’s civil rights.

8. “Wrongful Act” means:

- a. Any actual or alleged error or misstatement or misleading statement or act or omission or neglect or breach of duty, including misfeasance, malfeasance and nonfeasance, committed by a Member, by a consultant, or by an independent contractor, solely in the course of duties or activities for or on behalf of the Named Member;
- b. Violation of civil rights protected under 42 U.S.C. 1981 *et seq.* committed by a Member, by a consultant, or by an independent contractor solely in the course of duties or activities for or on behalf of the Named Member;
- c. Violation of any civil rights law of the State of Maine or of any other state in the United States committed by a Member, by a consultant, or by an independent contractor solely in the course of duties or activities for or on behalf of the Named Member; or
- d. “Unfair Employment Practices” committed by a Member, by a consultant, or by an independent contractor solely in the course of duties or activities for or on behalf of the Named Member.

9. “Wrongful Termination” means wrongful dismissal, discharge or termination of an employment relationship with an individual or the failure to enter into an employment relationship with an applicant for employment in a manner which is against the law, including breach of an implied agreement to continue employment. “Wrongful Termination” shall include but not be limited to breach of an implied “Employment Contract,” retaliation, or the filing of a claim or “suit” under federal, state or local “whistleblower” laws. “Wrongful Termination” shall not include damages determined to be owing under the terms of an express “Employment Contract” or an express obligation to make payments in the event of the termination of employment.

#### **D. DEDUCTIBLE**

We will only pay amounts in settlement or satisfaction of claims, judgments or awards on account of any “Wrongful Act” in excess of the Deductible shown in the Named Member’s Coverage Certificate. This Deductible shall apply to each “Wrongful Act” or series of continuous, repeated or interrelated “Wrongful Acts.” The Named Member and the Member against whom any claim or “suit” alleging or involving such “Wrongful Act” is made shall be liable, jointly and severally, to pay the amount of the Deductible. We will then pay the amount in excess of the Deductible up to the applicable limit of coverage shown in the Coverage Certificate. In the event more than one Deductible is applicable, only the highest deductible will be applied.

### **SECTION III – LIABILITY COVERAGE DEFINITIONS**

These definitions apply to this Section and to all coverage Extensions provided under Section III – Liability Coverage. Additional definitions may be contained in the specific Coverage Agreement and Extensions.

#### **A. ADVERTISING INJURY**

The term “Advertising Injury” means

1. The use of another’s advertising idea in your advertisement; or
2. Infringing upon another’s copyright, trade dress or slogan in your advertisement.

For purposes of this definition, “advertisement” means a notice that is broadcast or published to the general public or to specific segments of the general public about your activities or services for the purpose of attracting customers or supporters.

#### **B. BODILY INJURY**

The term “Bodily Injury” means bodily injury, sickness, disease, emotional distress or mental anguish sustained by a person, including death resulting from any of these at any time.

#### **C. COVERED CONTRACT**

“Covered contract” means:

1. A lease of premises;
2. A sidetrack agreement;
3. An easement or license agreement in connection with vehicle or pedestrian private railroad crossings at grade;
4. Any other easement agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
5. An indemnification of a municipality as required by ordinance, except in connection with work for a municipality;
6. An elevator maintenance agreement; or
7. That part of any other written contract or agreement pertaining to your business under which you assume the tort liability of another to pay damages because of “bodily injury,” “property damage,” “personal injury” or “advertising injury” to a third person or organization caused, in whole or in part, by you or by those acting on your behalf, if

the contract or agreement is made and signed prior to the “bodily injury”, “property damage,” “personal injury” or “advertising injury.” Tort liability means a liability that would be imposed by law in the absence of any contract or agreement. “Covered contract” does not include any contract or agreement under which you assume the tort liability of another to pay damages because of “bodily injury,” “property damage,” “personal injury” or “advertising injury” to a third person or organization caused by or arising out of the acts, conduct or omissions of the other or of any person or entity acting on the other’s behalf.

8. A “covered contract” does not include that part of any contract or agreement:
  - a. That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
    - (1) Preparing, approving or failing to prepare or approve maps, drawings, opinions, reports, surveys, field orders, change orders, designs or specifications; or
    - (2) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage.
  - b. Under which the Member, if an architect, engineer or surveyor, assumes liability for injury or damage arising out of the Member’s rendering or failing to render professional services, including those listed in (a) above and supervisory, inspection, architectural or engineering activities; or
  - c. That indemnifies any person or organization for damage by fire to premises rented or loaned to you.

#### **D. LOADING OR UNLOADING**

“Loading or unloading” means the handling of property:

1. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or “Automobile”;
2. While it is in or on an aircraft, watercraft or “Automobile”; or
3. While it is being moved from an aircraft, watercraft or “Automobile” to the place where it is finally delivered.

But “loading or unloading” does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or “Automobile.”

## **E. OCCURRENCE**

The term “occurrence” means an accident, including continuous or repeated exposure to substantially the same general harmful conditions which unexpectedly and unintentionally results in “bodily injury” or “property damage” during the period of this Certificate. All exposure to substantially the same general conditions existing at or emanating from one location shall be deemed one occurrence.

## **F. PERSONAL INJURY**

“Personal Injury” means false arrest, false imprisonment, wrongful eviction, detention, malicious prosecution, invasion of rights of privacy, libel, slander or defamation of character, and erroneous service of civil papers.

## **G. PROPERTY DAMAGE**

“Property Damage” means physical injury to tangible property including all resulting loss of use of that tangible property or loss of use of tangible property that is not physically injured. This definition includes damage to property of others in the care, custody or control of the Named Member or property which is purchased by the Named Member under a contract which provides that the title remains with the seller until payments have been completed, our liability being limited to the amount of payments outstanding. This definition does not include damage to property owned by the Member.

## **H. ULTIMATE NET LOSS**

The term “Ultimate Net Loss” means the total sum in excess of any other valid insurance which the Member becomes obligated to pay as damages because of “bodily injury,” “property damage,” “personal injury,” “advertising injury,” or “wrongful act” claims or “suits,” either through adjudication or settlement to which we agree. “Ultimate Net Loss” does not include salaries of the Member’s employees; expenses, fees, costs and charges incurred by the Member or by us in litigation, settlement, adjustment and investigation of claims or “suits”; punitive or exemplary damages; any damages that are a multiple of compensatory damages; fines; penalties; or injunctive, non-monetary or restitutionary relief.

Only if we have the duty to defend the “suit,” we also agree to pay any final award or order in that “suit” that the Member pay attorney’s fees to another party. Any such payment is subject to the Limit of Liability of the applicable Coverage Agreement of this certificate.



### SECTION III – LIABILITY COVERAGE EXCLUSIONS

These exclusions apply to this Section and to all coverage Extensions provided under Section III – Liability Coverage. Additional exclusions may be contained in the specific Coverage Agreements and Extensions.

#### A. EXCLUSIONS

This Certificate does not apply to:

1. “Bodily injury” or “property damage” expected or intended from the standpoint of the Member. This exclusion does not apply to “bodily injury” resulting from:
  - a. The use of reasonable force to protect persons or property; or
  - b. Liability arising out of corporal punishment;
2. Your obligation under a workers compensation, disability benefits or unemployment compensation law or any similar law;
3. “Bodily injury,” “property damage,” “personal injury,” or “advertising injury” arising out of the ownership, maintenance, use or entrustment to others of any aircraft or watercraft owned, operated by or rented or loaned to any Member. Use includes operation and “loading or unloading.”

This exclusion does not apply to:

- a. A watercraft while ashore on premises you own or rent;
  - b. A watercraft that is:
    - (1) Less than 25 feet long; and
    - (2) Not being used to carry persons or property for a charge;
  - c. Liability assumed under a “covered contract” for the ownership, maintenance or use of aircraft or watercraft;
4. Damage or destruction of property owned, rented, used or occupied by the Member. This Exclusion does not apply to damage by fire or explosion to premises rented to you;
  5. Liability arising out of airport operations;
  6. “Bodily injury,” “property damage,” “personal injury” or “advertising injury” to:
    - a. Any Member arising out of and in the course of:

- (1) Employment by the Named Member; or
- (2) Performing duties on behalf of the Named Member's business; or
- b. The spouse, child, parent, brother or sister of that "Member" as a consequence of paragraph (a) above.

This exclusion applies:

- a. Whether the Named Member may be liable as an employer or in any other capacity; and
- b. To any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the Named Member under a "covered contract" or "Bodily Injury" to a volunteer worker who is not entitled to benefits under the Maine Workers' Compensation Statute.

- 7. "Bodily injury", "property damage" "personal injury" or "advertising injury" for which the Member is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:
  - a. Assumed in a contract or agreement that is a "covered contract," provided the "bodily injury", "property damage," "personal injury" or "advertising injury" occurs subsequent to the signing and execution of the contract or agreement; or
  - b. That would be imposed on the Member by law in the absence of the contract or agreement.
- 8. "Bodily injury" or "personal injury" arising out of any:
  - a. Refusal to employ;
  - b. Termination of employment;
  - c. Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination, civil rights violation, or other employment-related practices, policies, acts or omissions; or
  - d. Consequential "bodily injury" or "personal injury" as a result of (a) through (c) above.

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

9. “Bodily injury” or “property damage” arising out of the use of any “Automobile” or “Mobile Equipment” in, or while in practice for, or while being prepared for, any pre-arranged racing, speed, demolition or stunting activity.
10. “Bodily injury,” “property damage,” “personal injury” or “advertising injury” due to rendering or failure to render any professional service. This includes, but is not limited to:
  - a. Legal, accounting or advertising services;
  - b. Preparing, approving, or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications;
  - c. Supervisory, inspection or engineering services;
  - d. Medical, surgical, dental, x-ray or nursing services or treatment.

But this exclusion does not apply to consulting, advising, training or management duties or activities performed for or on behalf of the Named Member by a Member who is a Maine-licensed physician in connection with or related to the Named Member’s Emergency Medical Services program conducted pursuant to and in compliance with the Maine Emergency Medical Services Act of 1982, Chapter 2-B of Title 32 of the Maine Revised Statutes and rules and protocols promulgated thereunder;

- e. Any health service or treatment.

But this exclusion does not apply to consulting, advising, training or management duties or activities performed for or on behalf of the Named Member by a Member who is a Maine-licensed physician in connection with or related to the Named Member’s Emergency Medical Services program conducted pursuant to and in compliance with the Maine Emergency Medical Services Act of 1982, Chapter 2-B of Title 32 of the Maine Revised Statutes and rules and protocols promulgated thereunder;

- f. Any cosmetic or tonsorial service or treatment;
  - g. Optometry or optical or hearing aid services including the prescribing, preparation, fitting, demonstration or distribution of ophthalmic lenses and similar products or hearing aid devices;
  - h. Body piercing services; and
  - i. Services in the practice of pharmacy.
11. Any claim or “suit” seeking injunctive or non-pecuniary relief.

### **SECTION III – LIABILITY COVERAGE CONDITIONS**

These conditions apply to this Section and to all coverage Extensions provided under Section III – Liability Coverage. Additional conditions may be contained in the specific Coverage Agreements and Extensions.

#### **A. MEMBER’S DUTIES IN THE EVENT OF OCCURRENCE, WRONGFUL ACT, CLAIM OR SUIT**

1. You and any other involved Member must see to it that we are notified as soon as practicable of an “occurrence,” an offense, or a “wrongful act” which may result in a claim. To the extent possible, notice should include:
  - a. How, when and where the “occurrence,” offense or “wrongful act” took place;
  - b. The names and addresses of any injured persons and witnesses; and
  - c. The nature and location of any injury or damage arising out of the “occurrence,” offense or “wrongful act.”

Notice of an “occurrence,” offense or “wrongful act” is not notice of a claim.

2. If a claim is made or “suit” is brought against any Member, you and that Member must:
  - a. Immediately record the specifics of the claim or “suit” and the date received; and
  - b. Notify us as soon as practicable.

You and the Member must see to it that we receive written notice of the claim or “suit” as soon as practicable.

3. You and any other involved Member must:
  - a. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or “suit”;
  - b. Authorize us to obtain records and other information;
  - c. Fully cooperate with us in the investigation, settlement of the claim or defense against the “suit”;
  - d. Attend hearings, trials and depositions and assist in securing and giving evidence and obtaining the attendance of witnesses; and
4. Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to you or any other involved Member because of injury or damage to which this Certificate may also apply

5. No Member will, except at his or her own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

## **B. OUR DUTIES AND RIGHTS**

We have the right to defend any claim or “suit” against a Member seeking damages for “bodily injury,” “property damage,” “personal injury,” “advertising injury” or “wrongful act” to which this Certificate applies. At our discretion, we may investigate any “occurrence,” offense or “wrongful act” and settle any claim or “suit” that may result.

Subject to Section I – Common Condition P, we have the right and duty to defend any “suit” against a Member seeking damages for “bodily injury,” “property damage,” “personal injury,” “advertising injury” or “wrongful act” to which this Certificate applies:

1. not covered by any other valid insurance available to the Member; or
2. if the applicable limit of any other valid insurance available to the Member is exhausted by payment of judgments or settlements.

We have the sole and exclusive right to select and assign the attorney who will defend the Member in any claim or “suit” we defend. We also have the sole and exclusive right to determine whether, in any claim or “suit” we defend, an appeal should be taken from an adverse judgment. We will maintain contact with you during this process.

Both our right and duty to defend any pending or future “suits” end when the Limit of Liability of the applicable Coverage Agreement of this Certificate is exhausted in payment of judgments or settlements.

We will pay, in addition to the Limit of Liability of the applicable Coverage Agreement of this Certificate:

1. All expenses we incur.
2. Up to \$250 for the cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which Agreement F of this Certificate applies. We have no obligation to apply for or furnish such bonds.
3. The cost of bonds to release attachments in any “suit” we defend, but only for bond amounts within the Limit of Liability of the applicable Coverage Agreement of this Certificate. We have no obligation to apply for or furnish such bonds.
4. Premiums on appeal bonds required in any “suit” we defend, but only for bond amounts within the Limit of Liability of the applicable Coverage Agreement of this Certificate. We have no obligation to apply for or furnish such bonds.
5. Reasonable expenses incurred by the Member at our request to assist us in the investigation of a claim or “suit” we defend, including actual loss of wages, earnings or salary up to \$250 a day.

6. All costs taxed against the Member in any “suit” we defend.
7. Prejudgment interest awarded against the Member on that part of the judgment we pay in any “suit” we defend. If we make an offer to pay the Limit of Liability of the applicable Coverage Agreement of this Certificate, we will not pay any prejudgment interest based on that period of time after the offer.
8. All interest on the entire amount of any judgment in any “suit” we defend that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in Court the part of the judgment that is within the Limit of Liability of the applicable Coverage Agreement of this Certificate.

#### **C. LEGAL ACTION AGAINST US**

No person or organization has a right under this Certificate:

1. To join us as a party or otherwise bring us into a “suit” asking for damages from a Member; or
2. To sue us on this Certificate unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against a Member obtained after an actual trial, but we will not be liable for damages that are not payable under the terms of this Certificate or that are in excess of the Limit of Liability of the applicable Coverage Agreement of this Certificate. An agreed settlement means a settlement and release of liability signed by us, the Member and the claimant or the claimant’s legal representative.

#### **D. REIMBURSEMENT OF THE COMPANY**

If we pay any amount in settlement or satisfaction of claims, “suits,” judgments or awards in excess of the Limit of Liability of the applicable Coverage Agreement of this Certificate or within the amount of the applicable deductible, the Named Member and each Member against whom such claims, “suits,” judgments or awards were made shall, jointly and severally, be liable to us for any and all such amounts and, upon demand, shall immediately pay such amounts to us.

**SECTION III – EXTENSION**  
**EMPLOYEE BENEFIT LIABILITY EXTENSION**

**A. COVERAGE – THIS IS A CLAIMS MADE EXTENSION**

In consideration of the contribution charged, and subject to all terms, conditions and exclusions of SECTION III – LIABILITY COVERAGE and those additional terms, exclusions, conditions and definitions that appear in this Extension, we agree to pay those sums which the Member shall become legally obligated to pay by reason of liability imposed upon the Member by law for “damages,” direct or consequential, as defined in this Extension, sustained by an employee, prospective employee, former employee or the beneficiaries or legal representatives thereof, because of any negligent act, negligent error or negligent omission of the Member or of any other person for whose acts a Member is legally liable in the “administration” of a Named Member’s “Employee Benefit Programs” as defined herein, but only if all of the following conditions are met:

1. The alleged negligent act, negligent error or negligent omission occurred during the period of this Certificate.
2. The Member had no knowledge of facts which could reasonably support a “claim” prior to the effective date of this Certificate.
3. The alleged negligent act, negligent error or negligent omission did not occur after the expiration or cancelation of this Certificate.
4. The “claim” is first made or, if no “claim” is made, “suit” is brought during the period of this Certificate or within one year after the expiration or cancellation of this Certificate. A “claim” by a person or organization seeking “damages” will be deemed to have been made when notice of such “claim” is received and recorded by any Member or by the Pool, whichever comes first.
5. Any other valid insurance that could apply to the “claim” or “suit,” whether primary, excess, contingent, or on any other basis, has been exhausted.

All “claims” for “damages” made by an employee because of any negligent act, negligent error or negligent omission, or because of a series of related negligent acts, negligent errors or negligent omissions, including “damages” claimed by such employee’s dependents and beneficiaries, will be deemed to have been made at the time the first of those “claims” is made against any Member.

**B. EXCLUSIONS**

This Extension does not apply to:

1. “Damages” arising out of any dishonest, fraudulent, criminal or malicious act, libel, slander, discrimination or humiliation committed by any Member;

2. “Bodily injury,” “property damage,” “personal injury,” “advertising injury” or “wrongful act”;
3. Any “claim” for failure of performance of contract by any Member, including failure of any “Employee Benefit Program”;
4. Any “claim” based upon your or a Member’s failure to comply with any law concerning Workers Compensation, Unemployment Coverage, Social Security or Disability Benefits;
5. Any “claim” based upon:
  - a. Failure of any investment to perform as represented by any Member;
  - b. Advice given by any Member to an employee to participate or not to participate in stock subscription plans;
  - c. The investment or non-investment of funds.
6. Any “claim” based upon the Employee Retirement Income Security Act of 1974, Public Law 93-406, commonly referred to as the Pension Reform Act of 1974, any amendments thereto, or any similar provisions of any federal, state or local law;
7. Any “claim” arising directly or indirectly out of:
  - a. Any actual or alleged failure, malfunction or inadequacy of:
    - (1) Any of the following, whether belonging to any Member or to others:
      - (i) Computer hardware, including microprocessors;
      - (ii) Computer application software;
      - (iii) Computer operating systems and related software;
      - (iv) Computer networks;
      - (v) Microprocessors (computer chips) not part of any computer system;  
or
      - (vi) Any other computerized or electronic equipment or components; or
    - (2) Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in paragraph (a)(1) of this exclusion; due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.



- b. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or any Member or for you or any Member to determine, rectify, or test for, any potential or actual problems described in paragraph (a) of this exclusion.
- 8. Any payments or benefits which are required to be paid pursuant to any “Employee Benefit Programs;”
- 9. Any assessment, penalty or fine;
- 10. Any “claim” for, or award of, punitive damages, exemplary damages, damages that are a multiple of compensatory damages, or attorney’s fees;
- 11. The failure of performance of any contract or policy by an insurance company, or by any entity providing or affording insurance, or by any other entity obligated to provide any benefits under or pursuant to any “Employee Benefit Program;”
- 12. The inability of “Employee Benefit Programs” to meet an obligation due to insolvency or inadequate funds;
- 13. The termination of any “Employee Benefit Program”;
- 14. Loss of benefits accrued under the terms of an “Employee Benefit Program” to the extent that such benefits are payable from funds accrued by the Member and/or by the Named Member for such benefits or from collectible insurance, regardless of any acts, errors or omissions in the “administration” of the “Employee Benefit Programs” which precluded the claimant from receiving such benefits.

### **C. CONDITIONS**

Only for the coverage provided in this Extension, paragraphs A and B of SECTION III – LIABILITY COVERAGE CONDITIONS are replaced by the following:

#### **A. MEMBER’S DUTIES IN THE EVENT OF AN ACT, ERROR, OMISSION, “CLAIM” OR “SUIT”**

- 1. You and any other involved Member must see to it that we are notified as soon as practicable of an act, error or omission which may result in a “claim” or “suit.” To the extent possible, notice should include:
  - a. What the act, error or omission was and when it occurred;
  - b. The names and present addresses of each Member who has any information concerning the act, error or omission; and
  - c. The names and present addresses of anyone who may suffer “damages” as a result of the act, error or omission.

Notice of an act, error or omission is not notice of a “claim.

2. If a “claim” is made or “suit” is brought against any Member, you and that Member must:
  - a. Immediately record the specifics of the “claim” or “suit” and the date received; and
  - b. Notify us as soon as practicable.

You and the Member must see to it that we receive written notice of the “claim” or “suit” as soon as practicable.
3. You and any other involved Member must:
  - a. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the “claim” or “suit”;
  - b. Authorize us to obtain records and other information;
  - c. Fully cooperate with us in the investigation, settlement and defense of the “claim” or “suit”;
  - d. Attend hearings, trials and depositions and assist in securing and giving evidence and obtaining the attendance of witnesses; and
  - e. Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the employee, the claimant, you or any other involved Member because of the “claim” or “damages” to which this Extension applies.
4. No Member will, except at his, her or its own cost, voluntarily make a payment, assume any obligation, or incur any expense without our consent.

**D. OUR DUTIES AND RIGHTS**

We have the right to defend any “claim” or “suit” against a Member seeking “damages” to which this Extension applies. At our discretion, we may investigate any act, error, omission or “claim” and settle any “claim” or “suit” that may result.

Provided that the alleged negligent act, negligent error or negligent omission occurred or took place, and “suit” is made against the Member, in the United States of America, its territories or possessions, Puerto Rico, or Canada, we have the right and duty to defend any “suit” against a Member seeking “damages” to which this Extension applies:

1. Not covered by any other valid insurance available to the Member; or
2. If the applicable limit of any other valid insurance available to the Member is exhausted by payment of judgments or settlements.

We have the sole and exclusive right to select and assign the attorney who will defend the Member in any “claim” or “suit” we defend. We also have the sole and exclusive right to determine whether, in any “claim” or “suit” we defend, an appeal should be taken from an adverse judgment. We will maintain contact with you during this process.

Both our right and duty to defend any pending or future “suits” end when the Limit of Liability applicable to this Employee Benefit Liability Extension is exhausted in payment of judgments or settlements.

We will pay, in addition to the Limit of Liability applicable to this Employee Benefit Liability Extension:

1. All expenses we incur.
2. The cost of bonds to release attachments in any “suit” we defend, but only for bond amounts within the Limit of Liability applicable to this Extension. We have no obligation to apply for or furnish such bonds.
3. Premiums on appeal bonds required in any “suit” we defend, but only for bond amounts within the Limit of Liability applicable to this Extension. We have no obligation to apply for or furnish such bonds.
4. Reasonable expenses incurred by the Member at our request to assist us in the investigation of a “claim” or “suit” we defend, including actual loss of wages, earnings or salary up to \$250 a day.
5. All costs taxed against the Member in any “suit” we defend.
6. Prejudgment interest awarded against the Member on that part of the judgment we pay in any “suit” we defend. If we may an offer to pay the Limit of Liability applicable to this Extension, we will not pay any prejudgment interest based on that period of time after the offer.
7. All interest on the entire amount of any judgment in any “suit” we defend that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in Court the part of the judgment that is within the Limit of Liability applicable to this Extension.

## **E. DEFINITIONS**

1. “Administration” means:
  - a. Giving counsel, other than legal counsel, advice or interpretation, to employees with respect to the “Employee Benefit Programs”;

- b. Interpreting the “Employee Benefit Programs”;
- c. Handling of records in connection with the “Employee Benefit Programs”;
- d. Effecting or failing to effect enrollment, termination or cancellation of employees under the “Employee Benefit Programs”;

provided that such acts or omissions take place in the course of duties or activities authorized to be performed by, for or on behalf of the Member.

- 2. “Claim” means a written demand for monetary damages, including a “suit” as defined in this Extension.
- 3. “Damages” means money damages, in excess of any other valid insurance, awarded against the Member, either through adjudication or settlement to which we agree. “Damages” do not include salaries of the Member’s employees; expenses, fees, costs and charges incurred by the Member or by us in litigation, settlement, adjustment and investigation of “claims” or “suits”; punitive or exemplary damages; any damages that are a multiple of compensatory damages; taxes; fines; penalties; or injunctive, non-monetary, or restitutionary relief.
- 4. “Employee Benefit Programs” means group life insurance, group health insurance, profit sharing plans, pension plans, employee stock subscription plans, unemployment insurance, social security, disability benefits insurance and travel, savings or vacation plans;
- 5. “Suit” means, only for the coverage provided in this Extension:
  - a. A civil proceeding in which “damages” because of a negligent act, negligent error or negligent omission in the “administration” of the Named Member’s “Employee Benefit Programs” to which this Extension applies are alleged; or
  - b. An arbitration proceeding in which such “damages” are claimed and to which you must submit or do submit with our consent; or
  - c. An alternative dispute resolution proceeding or administrative hearing in which such “damages” are claimed and to which you submit with our consent.

## **F. LIMITS OF COVERAGE**

The most we will pay under this Extension for "damages," direct or consequential, sustained by any one employee, including "damages" sustained by such employee's dependents and beneficiaries, is \$1,000,000. But the amount we pay shall not exceed, and will be subject to, the limits and restrictions that apply to the payment of benefits in any plan included in the "Employee Benefit Programs."

The most we will pay under this Extension for all "damages," direct or consequential, sustained by all employees, including "damages" sustained by such employees' dependents and beneficiaries, is \$2,000,000, regardless of the number or type of "claims" made or "suits" brought; the number of persons or organizations making such "claims" or bringing such

"suits;" the number of plans or the amount of benefits in the "Employee Benefit Programs;" the number or types of acts, errors or omissions alleged or committed; or the number of Members against whom such "claims" or "suits" are made or brought.

## **SECTION III – EXTENSIONS**

### **AMBULANCE/NURSE MALPRACTICE LIABILITY EXTENSION**

This extension modifies the coverage provided in Section III – Liability Coverage, Agreement D – General Liability. We will pay on behalf of the Named Member and Members described below all sums which those Members shall become legally obligated to pay as damages because of “bodily injury” or “personal injury” that arises from the rendering or the failure to render:

Services to any person or persons (other than employees of any Member injured during the course of his or her employment)

- (1) by any emergency medical technician, paramedic, ambulance operator, or EMT-paramedic who renders emergency first aid or transportation to an injured person or to a person incapacitated by illness; or
- (2) by any registered or licensed practical nurse while employed as such by your school department or board of health, and the school department is specifically listed as a Named Member in this Certificate; or
- (3) by any person licensed under the Maine Emergency Medical Services Act of 1982, Chapter 2-B of Title 32 of the Maine Revised Statutes, and qualified and authorized to provide the services described in the Act, but only if those services comply with and are authorized by the rules and protocols promulgated by the Maine Emergency Medical Services; or
- (4) by any emergency medical technician, paramedic, ambulance operator, EMT-paramedic, registered or licensed practical nurse while employed as such by the Named Member who, pursuant to the provisions and requirements of section 2528 of Title 29-A of the Maine revised Statutes, collects or withdraws specimens of blood at the request of a law enforcement officer pursuant to Chapter 28 of Title 29-A of the Maine Revised Statutes,

provided that the liability asserted is based solely upon an error, negligent act or mistake committed during the period of this Certificate.

It is hereby understood and agreed that this Certificate shall NOT apply to liability arising out of hospital/clinic malpractice with the exception that coverage provided under this Extension will apply to any Member referenced above while undergoing training to upgrade his or her license in a hospital or clinic.

It is hereby understood and agreed that Common Exclusion O and Section III – Liability Coverage Exclusion 10 (d) & (e) do not apply to this extension.

## **DEDUCTIBLE**

We will only pay amounts in settlement or satisfaction of claims, "suits," judgments or awards on account of "bodily injury" or "personal injury" in excess of the Deductible shown in the Named Member's Coverage Certificate. The Named Member and the Member against whom any claim or "suit" alleging or involving such "bodily injury" or "personal injury" is made shall be liable, jointly and severally, to pay the amount of the Deductible. We will then pay the amount in excess of the Deductible up to the applicable limit of coverage shown in the Coverage Certificate. In the event more than one Deductible is applicable, only the highest deductible will be applied.

## SECTION III – EXTENSIONS

### CYBER LIABILITY COVERAGE EXTENSION

THE COVERAGES UNDER THIS EXTENSION ARE NOT AVAILABLE TO ANY MEMBER IF THERE IS NO **CYBER LIABILITY COVERAGE ENDORSEMENT – RETROACTIVE DATE FOR CYBER LIABILITY COVERAGE** IN THIS COVERAGE CERTIFICATE.

The coverages under this Extension are available only with respect to “Claims” or “Suits,” as defined in this Extension, which are not covered under SECTION III – LIABILITY COVERAGE AGREEMENTS D, E, F, G and H.

THIS EXTENSION PROVIDES CLAIMS-MADE AND REPORTED COVERAGE. THE LIMIT OF LIABILITY INCLUDES, AND SHALL BE REDUCED BY, AMOUNTS INCURRED OR PAID FOR “CLAIMS EXPENSES”. PLEASE READ THE ENTIRE EXTENSION CAREFULLY.

#### A. COVERAGE AGREEMENTS

##### A. Limits of Liability:

1. Cyber Liability Coverage A(1)  
(Includes “Claims Expenses”) \$1,000,000 Aggregate
2. “Data Breach Expenses” Coverage A(2) \$100,000 Aggregate

- B. Maximum Aggregate Limit of Liability for Coverages A(1)  
(Includes “Claims Expenses”) and A(2): \$1,000,000 Aggregate

- C. Deductible: \$1,000 per “Wrongful Act” (Includes “Claims Expenses”)

- D. Retroactive Date: See CYBER LIABILITY COVERAGE ENDORSEMENT – RETROACTIVE DATE FOR CYBER LIABILITY COVERAGE in this Coverage Certificate. If there is no CYBER LIABILITY COVERAGE ENDORSEMENT, the coverages in this Extension are NOT available to any Member.

Subject, unless specifically stated otherwise in this Extension, to all terms, definitions, conditions and exclusions of this Coverage Certificate; and subject to the additional terms, definitions, conditions and exclusions that appear in this Extension, this Extension provides the following coverages:

1. We agree to pay those sums which the Member shall be obligated to pay by reason of liability imposed upon the Member by law for “Damages”, direct or consequential, as defined by the term “Ultimate Net Loss,” on account of any “Wrongful Act” of the Member. We also agree to pay “Claims Expenses.” This coverage A(1) applies to any “Wrongful Act” only if all of the following conditions of coverage are met:
  - a. The “Wrongful Act” takes place in the coverage territory described in Section I - Common Condition P;



- b. The “Wrongful Act” is committed solely in the course of performing or failing to perform duties or activities for or on behalf of the Named Member;
- c. The “Wrongful Act” first takes place after the “Retroactive Date” and before the end of the period of this Certificate. A series of continuous, or repeated “Wrongful Acts” or of “Interrelated Wrongful Acts” will be deemed to take place at the time of the first “Wrongful Act” in the series;
- d. A “Claim” for “Damages” on account of the “Wrongful Act” is first made against any Member during the period of this Certificate. All “Claims” for “Damages” on account of the “Wrongful Act” will be deemed to have been made at the time the first of those “Claims” is first made against any Member; and
- e. The Named Member immediately reports the “Claim” to us in writing and in no event later than the end of the period of this Certificate. If the “Claim” is first made against any Member during the last thirty (30) days of the period of this Certificate, the Named Member must immediately report the “Claim” to us in writing and in no event later than thirty (30) days after the end of the period of this Certificate.

The limit of liability under this Coverage A(1) includes, and shall be reduced by, amounts incurred or paid for “Claims Expenses.”

- 2. We will reimburse the Named Member for “Data Breach Expenses” reasonably incurred by the Named Member on account or arising out of an “Information Breach” only if all of the following conditions of coverage are met:
  - a. The “Information Breach” takes place in the coverage territory described in Section I – Common Conditions P;
  - b. The “Information Breach” is committed or occurs solely in the course of performing or failing to perform duties or activities for or on behalf of the Named Member;
  - c. The “Information Breach” first takes place after the “Retroactive Date” and before the end of the period of this Certificate. A series of continuous or repeated “Information Breaches” or of “Interrelated Information Breaches” will be deemed to take place at the time of the first “Information Breach” in the series;
  - d. The Named Member first learns, discovers, is informed, becomes aware, or knows of the “Information Breach” during the period of this Certificate. For purposes of this condition, the Named Member is deemed to have first learned, discovered, been informed, become aware or known of the “Information Breach” at the time any of the Named Member’s elected or appointed officials or officers first learns, discovers, is informed, becomes aware, or knows of the “Information Breach”; and

- e. the Named Member must immediately inform us in writing of the “Information Breach” and in no event later than the end of the period of this Certificate. If a Member first learns, discovers, is informed, becomes aware or knows of the “Information Breach” during the last thirty (30) days of the period of this Certificate, the Named Member must immediately inform us in writing of the “Information Breach” and in no event later than thirty (30) days after the end of the period of this Certificate.

It is a further condition of this Coverage A(2) that the Named Member must immediately inform us in writing of the “Information Breach” which, in the opinion of the Named Member, will require it to incur “Data Breach Expenses.” We will not pay any “Data Breach Expenses” which are incurred or paid, or which the Named Member commits or agrees to incur or pay, prior to the time the Named Member informs us in writing of the “Information Breach.”

Under this Coverage A(2), we will not reimburse the Named Member for :

1. any expenses, fees or costs, whether or not they might qualify as “Data Breach Expenses,” incurred or paid by the Named Member’s employees, workers, officers, or elected or appointed officials;
2. any salaries or wages paid by the Named Member to its employees, workers, officers, or elected or appointed officials; and
3. any expenses, fees or costs not enumerated as “Data Breach Expenses” in paragraph 6 of C. DEFINITIONS of this Extension.

We will reimburse the Named Member within thirty (30) days of our receipt from the Named Member of satisfactory documentation, which the Named Member agrees to provide, that it has incurred and paid such reasonable “Data Breach Expenses.”

## **B. EXCLUSIONS**

Only for the coverage provided by this Extension, SECTION I – COMMON EXCLUSIONS H (Public Officials Liability Exclusion), L(1)(e) (Terrorist Activity Exclusion) and N (Computer Virus and Denial of Access Exclusion) do not apply, except to the extent separately set forth in the exclusions below. In addition to all other exclusions in SECTION I – COMMON EXCLUSIONS and SECTION III – LIABILITY COVERAGE EXCLUSIONS, and Paragraph B of Agreement H – Public Officials and Employment Practices Liability, the coverages provided in this Extension do not apply to any injury, “Claim,” “Suit” or “Data Breach Expense”:

1. Involving, alleging, based upon, arising out of or attributable to any electrical or mechanical failures or interruption, including but not limited to any electrical disturbance, surge, spike, brownout or blackout, and outages to gas, water, telephone, cable, satellite, telecommunications or other infrastructure. However, this exclusion shall not apply to failures, interruptions, disturbances or outages of telephone, cable or

telecommunications infrastructure under the Named Member's operational control which are a result of "Information Breaches."

2. Involving, alleging, based upon, arising out of or attributable to any failure, interruption, or outage to "Internet" access service provided by the "Internet" service provider that hosts the Named Member's "Website," unless such infrastructure is under the Named Member's operational control and the interruption is the result of an "Information Breach."
3. Involving, alleging, based upon, arising out of or attributable to the unauthorized or surreptitious collection of "Personal Information" by the Member or the failure to provide adequate notice that such information is being collected.
4. Involving, alleging, based upon, arising out of or attributable to the failure to provide adequate notice that "Personal Information" is being collected by the Member.
5. Involving, alleging, based upon, arising out of or attributable to the Member's intentional failure to disclose the loss of "Personal Information" in violation of any law or regulation.
6. Expected or intended from the standpoint of the Member.
7. Involving, based upon, arising out of or attributable to your obligation under a workers' compensation, disability benefits or unemployment compensation law or any similar law.
8. Involving, alleging, based upon, arising out of or attributable to any criminal, dishonest, malicious or fraudulent act, error or omission by the Member, whether acting alone or in collusion with others.
9. Involving, alleging, based upon, arising out of or attributable to any willful and knowing violation of any statute or regulation by the Member, whether acting alone or in collusion with others.
10. Alleging that the Named Member or Member is obligated to pay for any injury by reason of a breach of contract, by reason of any provision in a contract or agreement, or by reason of the assumption of liability in a contract or agreement, including but not limited to contracts or agreements involving or with consultants, vendors, contractors and sub-contractors.
11. Seeking or involving injunctive, non-monetary or restitutionary relief.
12. Involving or contained in any cross-claim or counterclaim brought by one Member against any other Member.
13. Involving, alleging, based upon, arising out of, attributable to, or derived from:

- a. Any prior or pending litigation, “Claim,” “Suit,” demand, arbitration, administrative or regulatory proceeding or investigation which was filed or commenced against any Member on or before the “Retroactive Date;” or
  - b. The same or substantially the same fact, circumstance, situation, event, transaction, cause or series of related facts, circumstances, situations, events, transactions or causes underlying or alleged in any of the prior or pending litigation, “Claim,” “Suit,” demand, arbitration, administrative or regulatory proceeding or investigation described in Exclusion 13(a); or
  - c. Any other “Wrongful Act” whenever occurring which, together with a “Wrongful Act” underlying or alleged in any of the prior or pending litigation, “Claim,” “Suit,” demand, arbitration, administrative or regulatory proceeding or investigation described in Exclusion 13(a), would constitute “Interrelated Wrongful Acts.”
14. Involving, alleging, based upon, arising out of, attributable to, or derived from:
- a. any “Wrongful Act,” fact, circumstance, situation, event or transaction which has been the subject of any written notice given under any insurance policy or under any other coverage instrument or document before the effective date of this Coverage Certificate; or
  - b. any other “Wrongful Act” whenever occurring which, together with a “Wrongful Act” which has been the subject of such notice described in Exclusion 14(a), would constitute “Interrelated Wrongful Acts.”
15. Involving, alleging, based upon, arising out of, attributable to, or derived from false, deceptive or unfair business practices, violation of consumer protection laws, or false or deceptive advertising. However, with respect to a “Wrongful Act” expressly covered under Coverage Agreement A(1), this exclusion shall not apply to a “Regulatory Proceeding” or “Consumer Redress Fund” for that portion of “Damages” and “Claims Expenses” allocated to paragraph 15(e) of “Privacy Regulations” in C. DEFINITIONS of this Extension.
16. Involving, alleging, based upon, arising out of, attributable to, or derived from any validity, invalidity, infringement, violation, misappropriation or misuse of any patent or “Trade Secret” by or on behalf of any Member.
- Involving, alleging, based upon, arising out of, attributable to, or derived from any validity, invalidity, infringement, violation, misappropriation or misuse of any copyright, service mark, trade name, trademark, trade dress or any other intellectual property of any third party.

17. Involving, alleging, based upon, arising out of, attributable to, or derived from any unsolicited electronic dissemination of faxes, e-mails or other communications by or on behalf of any Member to multiple individuals, whether or not actual or prospective customers of any Member or of any third party, including but not limited to actions brought under the Telephone Consumer Protection Act, any federal or state anti-spam statutes or regulations, and/or any other federal or state statute, law or regulation relating to a person's or entity's right of privacy or seclusion. However, this exclusion does not apply with respect to a "Wrongful Act" expressly covered under Coverage Agreement A(1).
18. Involving, alleging, based upon, arising out of, attributable to, or derived from sections 605 and 616 of the Fair Credit Reporting Act, 15 U.S.C. §1681 et seq., or any successive or other similar federal or state statutory or regulatory provisions.
19. Involving, alleging, based upon, arising out of, attributable to, or derived from the rendering of or the failure to render professional services by any Member to others.
20. Involving, alleging, based upon, arising out of, attributable to, or derived from war, invasion, acts of foreign enemies, hijacking, hostilities or warlike operations (whether war is declared or not), military or usurped power, civil commotion assuming the proportions of or amounting to an uprising, strike, lock-out, riot, civil war, rebellion, revolution, or insurrection. However, this exclusion shall not apply to an "Act of Cyber-Terrorism" that results in a "Claim."
21. Involving, alleging, based upon, arising out of, attributable to, or derived from an "unsupported operating system."

## **C. DEFINITIONS**

Only for the coverages provided by this Extension, SECTION I – COMMON DEFINITIONS B(3), (4) and (6) and the final sentence of B(2), and G and Item C. Definitions of Agreement H – Public Officials and Employment Practices Liability, do not apply. In addition to all other definitions in SECTION I -COMMON DEFINITIONS and SECTION III – LIABILITY COVERAGE DEFINITIONS, the following definitions apply:

1. "Act of Cyber-Terrorism" means any act, including force or violence, or the threat thereof expressly directed against a "Computer System" that is leased, owned or operated by the "Named Member", by an individual or group(s) of individuals, whether acting alone, on behalf of or in connection with any organization(s) or government(s), to cause unauthorized access to, unauthorized use of, or a targeted denial of service attack or transmission of unauthorized, corrupting or harmful software code to a "Computer System" that is leased, owned or operated by the "Named Member", for the purpose of furthering social, ideological, religious, economic or political objectives, intimidating or coercing a government or the civilian population thereof, or disrupting any segment of the economy.
2. "Claim" means a written demand for monetary damages, including a "Suit" as defined in this Extension.

3. “Claims Expenses” means:

- a. Reasonable and necessary attorneys’ fees, expert witness fees and other legal fees and costs incurred in the investigation and defense of a covered “Claim” or “Suit”;
- b. Reasonable and necessary premiums for any appeal bond, attachment bond or similar bond. We have no obligation to apply for or furnish such bonds.
- c. Costs taxed against the Member.

“Claims Expenses” does not include:

- (1) Salaries or wages of the Named Member’s employees, workers, officers, elected or appointed officials, or any other Member;
- (2) Expenses, fees, costs and charges incurred or paid by the Named Member’s employees, workers, officers, elected or appointed officials, or any other Member.

- 4. “Computer Equipment” means programmable electronic equipment that is used to store, retrieve and process “electronic data.” It includes their component parts and air conditioning, fire suppression equipment and electrical equipment used exclusively in computer operations as well as associated peripheral equipment that provides communication including input and output functions such as printing or auxiliary functions such as “electronic data” transmission.
- 5. “Computer System” means Computer hardware, software, firmware, and the data stored thereon, as well as associated input and output devices, data storage devices, networking equipment and storage area network or other electronic data backup facilities.
- 6. “Consumer Redress Fund” means a sum of money which the Named Member is legally obligated to deposit in a fund as equitable relief for the payment of consumer claims due to an adverse judgment or settlement of a “Regulatory Proceeding.” “Consumer Redress Fund” shall not include any sums paid which constitute taxes, fines, penalties, injunctions or sanctions.
- 7. “Damages” means compensatory money damages, in excess of any other valid insurance, awarded against a Member, either through adjudication or a reasonable settlement. “Damages” includes prejudgment interest and post-judgment interest. For Coverage A(1), “Damages” also includes a “Consumer Redress Fund” but shall not include “Regulatory Fines.” “Damages” does not include salaries or wages of the Named Member’s employees, workers, officers, elected or appointed officials, or any other Member; expenses, fees, costs and charges incurred or paid by the Named Member’s employees, workers, officers, elected or appointed officials, or any other Member; punitive or exemplary damages; any damages that are a multiple of

compensatory damages; taxes; fines; penalties; or injunctive, non-monetary or restitutionary relief. “Damages” does not include “Data Breach Expenses.”

8. “Data Breach Expenses” means those reasonable and necessary expenses incurred by the Named Member or which the Named Member becomes legally obligated to pay:
  - a. To retain third party computer forensics services to determine the scope of a failure of “Network Security”;
  - b. To comply with “Privacy Regulations,” including but not limited to the consumer notification provisions of “Privacy Regulations” of the applicable jurisdiction that most favors coverage for such expenses;
  - c. With our prior written consent, to voluntarily notify individuals whose “Personal Information” has been wrongfully disclosed;
  - d. In retaining the services of a crisis management firm or law firm for advertising or related communications solely for the purpose of protecting or restoring the Named Member’s reputation as a result of an “Information Breach;”
  - e. To retain the services of a law firm solely to determine the Named Member’s indemnification rights under a written agreement with a contractor or vendor with respect to an “Information Breach” expressly covered under Coverage A(1) of this Endorsement and actually or allegedly committed by such contractor or vendor; and
  - f. For credit monitoring services, but only if such disclosure of “Personal Information” could result in the opening of an unauthorized line of credit or other financial account.
9. “Electronic Data” means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in this definition of “electronic data,” means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.
10. “Information Breach” means:
  - a. For Coverage A(1):
    - (1) The failure by the Named Member or by a contractor or vendor for which the Named Member is legally responsible to properly handle, manage, store, destroy or otherwise control:
      - (a) “Personal Information;” or

- (b) Third party corporate information in any format provided to the Named Member and specifically identified as confidential and protected under a nondisclosure agreement or similar contract with the Named Member.
- (2) An unintentional violation of the Named Member's privacy policy that results in the violation of any "Privacy Regulation."
- (3) Failure of "Network Security."
- b. For Coverage A(2), the failure by the Named Member or by a contractor or vendor for which the Named Member is legally responsible to properly handle, manage, store, destroy or otherwise control "Personal Information."
- 11. "Internet" means the worldwide public network of computers which enables the transmission of electronic data and which includes intranets, extranets and virtual private networks.
- 12. "Interrelated Information Breaches" means all "Information Breaches" that have as a common nexus any fact, circumstance, situation, event, transaction, cause or series of related facts, circumstances, situations, events, transactions or causes.
- 13. "Interrelated Wrongful Acts" means all "Wrongful Acts" that have as a common nexus any fact, circumstance, situation, event, transaction, cause or series of related facts, circumstances, situations, events, transactions or causes.
- 14. "Named Member's Computer System" means a "Computer System":
  - a. leased, owned, or operated by the Named Member; or
  - b. operated for the benefit of the Named Member by a third party service provider under written contract with the Named Member.
- 15. "Network Security" means those activities performed by the Named Member, or by others on behalf of the Named Member, to protect against unauthorized access to, unauthorized use of, a denial of service attack by a third party directed against, or transmission of unauthorized, corrupting, or harmful software code to, the "Named Member's Computer System."
- 16. "Operating System" means the software that supports a computer's basic functions, such as scheduling tasks, executing applications, and controlling "peripherals." "Operating system" also includes "computer equipment" and "electronic data." "Peripherals" means computer devices, external and internal, which are not part of the essentials of a computer and are intended to be connected to the computer and used. External "peripherals" include, among others, mouse, keyboard, printer, monitor, external ZIP drive, and scanner. Internal "peripherals" include, among others, CD-ROM drive, CD-R drive, internal ZIP drive, and internal modem. "Peripherals" also



include devices such as tablets, smartphones and wearable computing devices when they are connected to and used on a computer system.

17. “Personal Information” means:

- a. An individual’s name, social security number, medical or healthcare data, other protected health information, driver’s license number, state identification number, credit card number, debit card number, address, telephone number, account number, account histories, or passwords; and
- b. Other nonpublic personal information as defined in “Privacy Regulations,” in any format.

“Personal Information” shall not include information that is lawfully made available to the general public for any reason, including but not limited to information from federal, state or local government records.

18. “Privacy Regulations” means the following statutes and regulations associated with the care, custody, control or use of personally identifiable financial, medical or other sensitive information:

- a. Health Insurance Portability and Accountability Act of 1996 and Health Information Technology for Economic and Clinical Health Act;
- b. Gramm-Leach-Bliley Act;
- c. The California Security Breach Notification Act (CA SB 1386) and Massachusetts 201 CMR 17;
- d. Identity Theft Red Flags under the Fair and Accurate Credit Transactions Act of 2003
- e. Section 5(a) of the Federal Trade Commission Act, 15 U.S.C. § 45(a), but solely for alleged violations of unfair or deceptive acts or practices in or affecting commerce;
- f. Children’s Online Privacy Protection Act;
- g. EU Data Protection Act; and
- h. Any successive or other similar state, federal and foreign or other law, statute or regulation governing or constituting identity theft and privacy protection legislation that requires entities which collect “Personal Information” to post
- i. privacy policies, adopt specific privacy or security controls, or notify individuals in the event that “Personal Information” has potentially been compromised.

19. “Regulatory Fines” means any civil monetary fine or penalty imposed by a federal, state, local or foreign governmental entity in such entity’s regulatory or official capacity pursuant to its order under a “Regulatory Proceeding.” “Regulatory Fines” shall not include any civil monetary fines or penalties that are not insurable by law, criminal fines, disgorgement of profits or multiple damages.
20. “Regulatory Proceeding” means a request for information, demand, “Suit,” civil investigation or civil proceeding by or on behalf of a government agency, commenced by a service of a complaint or similar pleading or paper alleging the violation of “Privacy Regulations” as a result of the Named Member’s “Information Breach,” and which may reasonably be expected to give rise to a covered “Claim” or “Suit” under coverage A(1).
21. “Retroactive Date” means the date stated as the “Retroactive Date” in the CYBER LIABILITY COVERAGE ENDORSEMENT – RETROACTIVE DATE FOR CYBER LIABILITY COVERAGE in this Coverage Certificate. If there is no CYBER LIABILITY COVERAGE ENDORSEMENT, the coverages in this Extension are NOT available to any Member.
22. “Suit” means, only for this Extension, a civil proceeding in which “Damages” because of “Wrongful Acts” to which coverage is provided in this Extension are alleged. “Suit” includes:
  - a. An arbitration proceeding in which such “Damages” are claimed and to which you must submit or do submit with our consent;
  - b. An alternative dispute resolution proceeding or administrative hearing in which such “Damages” are claimed and to which you submit with our consent;
  - c. A “Regulatory Proceeding.”
23. “Trade Secret” means information, including a formula, pattern, compilation, program, device, method, technique or process, that derives independent economic value, actual or potential or intended, from not being generally known to or readily ascertainable by other persons who can obtain value from its disclosure or use, so long as reasonable efforts have been made to maintain its secrecy.
24. “Unsupported Operating System” means an “operating system”:
  - a. For which the vendor has stopped, or will stop, providing updates and security patches for, and/or repairs to, the system; or
  - b. For which the “Named Member” or any other person or entity responsible for its maintenance, care, running, performance or upkeep has failed or refused to obtain available updates and security patches for, and/or repairs to, the system.
25. “Website” means the software, content and other materials accessible via the “Internet” at a designated Uniform Resource Locator (URL) address.

26. “Wrongful Act” means any negligent act, negligent error, negligent misstatement or misleading statement, negligent omission, negligent breach of duty, or negligently committed “Personal Injury” offense which actually or allegedly causes or results in an “Information Breach.”
27. “You” and “Your” mean and refer to the “Named Member” as defined in SECTION I – COMMON DEFINITIONS of the Coverage Certificate.

## **D. CONDITIONS**

Only for the coverages provided by this Extension, paragraphs A and B of SECTION III – LIABILITY COVERAGE CONDITIONS are replaced by the following:

### **A. NAMED MEMBER’S DUTIES**

1. The Named Member must see to it that we are notified in writing as soon as practicable of an offense, a “Wrongful Act,” or an “Information Breach” which may result in a “Claim” or “Suit.” To the extent possible, notice should include:
  - a. What the offense, “Wrongful Act” or “Information Breach” was and when it occurred;
  - b. The names and present addresses of each Member who has any information concerning the offense, “Wrongful Act” or “Information Breach;” and
  - c. The names and present addresses of anyone who may suffer “Damages” as a result of the offense, “Wrongful Act” or “Information Breach.”
2. Notwithstanding paragraph 1 above, and as a condition of coverage under Coverage A(1) of this Extension, the Named Member must immediately report a “Claim” made against any Member to us in writing and in no event later than the end of the period of this Certificate. If a “Claim” is first made against any Member during the last thirty (30) days of this Certificate, the Named Member must immediately report the “Claim” to us in writing and in no event later than thirty (30) days after the end of the period of this Certificate.
3. Notwithstanding paragraph 1 above, and as a condition of coverage under Coverage A(2) of this Extension, the Named Member must immediately inform us in writing, and in no event later than the end of the period of this Certificate, of any “Information Breach” which, in the opinion of the Named Member, will cause it to incur and pay “Data Breach Expenses” for which reimbursement will be sought under Coverage A(2) of this Endorsement. If a Member first learns, discovers, is informed, becomes aware, or knows of the “Information Breach” during the last thirty (30) days of this Certificate, the Named Member must immediately inform us in writing of the “Information Breach” and in no event later than thirty (30) days after the end of the period of this Certificate.

4. If a “Claim” is made or “Suit” is brought against any Member, the Named Member must, pursuant to paragraph 2 above:
  - a. Immediately record the specifics of the “Claim” or “Suit” and the date received; and
  - b. Notify us in writing immediately.
5. The Named Member and any other involved Member must:
  1. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the “Claim” or “Suit”;
  2. Authorize us to obtain records and other information;
  3. Fully cooperate with us in the investigation, settlement and defense of the “Claim” or “Suit”;
  4. Attend hearings, trials and depositions and assist in securing and giving evidence and obtaining the attendance of witnesses; and
  5. Assist us, upon our request, in the enforcement of any rights against any person or organization which may be liable to you or any other involved Member because of injury, “Damages” or payments to which the coverages in this Extension may apply.
6. Except as permitted by Coverage A(2) of this Extension, no Member will, except at his, her or its own cost, voluntarily make a payment, assume any obligation, or incur any expense without our consent.

#### B. OUR DUTIES AND RIGHTS

We have the right to defend any “Claim” or “Suit” against a Member seeking damages on account of a “Wrongful Act” to which Coverage A(1) applies. At our discretion, we may investigate any “Claim,” offense or “Wrongful Act” and settle any “Claim” or “Suit” that may result.

Subject to Section I – Common Condition P, we have the right and duty to defend any “Suit” against a Member seeking damages on account of a “Wrongful Act” to which Coverage A(1) applies:

1. Not covered by any other valid insurance available to the Member; or
2. If the applicable limit of any other valid insurance available to the Member is exhausted by payment of judgments or settlements. We have the sole and exclusive right to select and assign the attorney who will defend the Member in any “Claim” or “Suit” we defend. We also have the sole and exclusive right to determine whether, in any “Claim” or “Suit” we defend, an appeal should be taken from an adverse judgment. We will maintain contact with you during this process.

Both our right and duty to defend any pending or future “Suits” end when we have paid the Limit of Liability of this Extension. The Limit of Liability of this Extension includes, and is reduced by, amounts incurred or paid for “Claims Expenses.”

#### **E. LIMITS OF COVERAGE**

1. Subject to paragraph 3 below, the most we will pay under Coverage A(1) of this Extension for “Damages” for all “Wrongful Acts” is \$1,000,000. This is the most we will pay regardless of the number of such “Wrongful Acts,” the number of “Claims” or “Suits”, the number of persons making or named in the “Claims” or “Suits”, the number of Members named in such “Claims” or “Suits,” or when such “Claims” or “Suits” are made. The limit of liability under Coverage A(1) of this Extension includes, and shall be reduced by, amounts incurred or paid for “Claims Expenses.”

This limit is applicable solely to the coverage provided by this Cyber Liability Coverage Extension and is not included within the Limits of Liability portion of the GENERAL DECLARATIONS AND LIMITS of the Member Coverage Certificate.

2. Subject to paragraph 3 below, the most we will pay the Named Member under Coverage A(2) of this Extension for all “Data Breach Expenses” incurred and paid by the Named Member on account of all “Information Breaches” is \$100,000. This is the most we will pay regardless of the number of such “Information Breaches,” the number of Members actually or allegedly involved in such “Information Breaches,” the number of contractors or vendors actually or allegedly involved in such “Information Breaches,” when such “Information Breaches” take place, or the total amount of such “Data Breach Expenses.”

This limit is applicable solely to the coverage provided by this Cyber Liability Coverage Extension and is not included within the Limits of Liability portion of the GENERAL DECLARATIONS AND LIMITS of the Member Coverage Certificate. The total amount we will pay under Coverages A(1) and A(2) of this Extension will not exceed \$1,000,000.

This limit is applicable solely to the coverage provided by this Cyber Liability Coverage Extension and is not included within the Limits of Liability portion of the GENERAL DECLARATIONS AND LIMITS of the Member Coverage Certificate.

#### **F. DEDUCTIBLE**

1. Under Coverage A(1), we will only pay amounts in excess of the Deductible of \$1,000. The Deductible includes “Claim Expenses,” and shall apply to each “Wrongful Act” or series of continuous, repeated or interrelated “Wrongful Acts.” The Named Member and the Member against whom any “Claim” or “Suit” alleging or involving such “Wrongful Act” is made shall be liable, jointly and severally, to pay the amount of the Deductible. We will then pay the amount in excess of the Deductible up to the applicable limit of coverage as described in paragraphs E(1) and (3) of this Extension.
2. Under Coverage A(2), we will only pay the Named Member for “Data Breach Expenses” incurred and paid by the Named Member in excess of the Deductible of

\$1,000. We will then pay the amount in excess of the Deductible up to the applicable limit of coverage as described in paragraphs E(2) and (3) of this Extension.

3. If we pay any amounts within the amount of the applicable Deductible, the Named Member shall be liable to us for any and all such amounts and, upon demand, shall immediately pay such amounts to us.

## **SECTION III – EXTENSIONS**

### **LAW ENFORCEMENT LIABILITY EXTENSION**

This extension modifies the coverage provided in Section III – Liability Coverage, Agreement D – General Liability:

#### **A. BODILY INJURY, PROPERTY DAMAGE AND PERSONAL INJURY**

We hereby agree, subject to the limitations, terms and conditions set forth in this Certificate, including the provisions of Agreement D – General Liability, to pay those sums which the Member shall be obligated to pay by reason of liability imposed upon the Member by law or assumed by the Named Member under written contract or agreement for damages, direct or consequential, as defined by the term “Ultimate Net Loss,” on account of “bodily injury” or “personal injury” (excepting employees of any Member injured in the course of his or her employment) and/or “property damage” arising out of the Member’s occupancy, maintenance or use of premises for, and/or the Member’s operations in performance of, official law enforcement duties.

For the coverage provided by this Extension only, the definition of “personal injury” is amended to include civil rights violations, assault and battery and disparagement of property.

For purposes only of this Extension, the coverage provided for “bodily injury” or “personal injury” arising out of the Member’s operations in performance of official law enforcement duties includes services to any person or persons (other than employees of any Member injured during the course of his or her employment)

- (1) by a police officer who renders emergency first aid or transportation to any injured person or to a person incapacitated by illness; or
- (2) by a police officer who, pursuant to the provisions and requirements of section 2353(3-A) of Chapter 556-A of Title 22 of the Maine Revised Statutes, administers intranasal naloxone hydrochloride as clinically indicated, but only if the police officer has received medical training in accordance with the rules and protocols adopted by the Maine Medical Direction and Practices Board; or
- (3) by a police officer who, pursuant to the provisions and requirements of section 2528 of Title 29-A of the Maine Revised Statutes, collects or withdraws specimens of blood at the request of a law enforcement officer pursuant to Chapter 28 of Title 29-A of the Maine Revised Statutes,

provided that the liability asserted is based solely upon an error, negligent act or mistake committed during the period of this Certificate.

It is hereby understood and agreed that this Certificate shall NOT apply to liability arising out of hospital/clinic malpractice with the exception that coverage provided under this Extension will apply to any Member referenced in (1), (2), and (3) above while undergoing training to upgrade his or her license in a hospital or clinic.

It is hereby understood and agreed that Common Exclusion O and Section III – Liability Coverage Exclusion 10(d) & (e) do not apply to (1), (2), and (3) above.

## **B. EXCLUSION**

“Moonlighting” is excluded under this extension. “Moonlighting” means any arrangement made by a law enforcement officer, or law enforcement officers, including but not limited to providing or performing security, traffic control or other law enforcement conduct or activities, for individuals, businesses, groups, or events, or any governmental entity or law enforcement department other than the Named Member, where the arrangement is made directly with the officer(s). Assignments receiving prior approval of the chief of the law enforcement agency of the Named Member, and arranged through the chief of the law enforcement agency, or his/her assigned designees, are not considered moonlighting.

## **C DEDUCTIBLE**

We will only pay amounts in settlement or satisfaction of claims, “suits,” judgments or awards on account of “bodily injury,” “personal injury” or “property damage” in excess of the Deductible shown in the Named Member’s Coverage Certificate. The Named Member and the Member against whom any claim or “suit” alleging or involving such “bodily injury,” “personal injury” or “property damage” is made shall be liable, jointly and severally, to pay the amount of the Deductible. We will then pay the amount in excess of the Deductible up to the applicable limit of coverage shown in the Coverage Certificate. In the event more than one Deductible is applicable, only the highest deductible will be applied.



## **SECTION III – EXTENSIONS**

### **MEDICAL PAYMENTS COVERAGE EXTENSION (AUTOMOBILE)**

#### **A. COVERAGE AGREEMENT**

We will pay reasonable expenses incurred for necessary medical and funeral services to or for a Member who sustains “bodily injury” caused by an “Automobile” accident that occurs during the period of this Certificate. We will pay only those expenses incurred for services rendered within one year from the date of the accident.

#### **B. WHO IS ENTITLED TO COVERAGE**

1. Any Member while “occupying” or, while a pedestrian, when struck by any “Automobile” if, at the time of the accident, the Member is in the scope of his or her employment or duties for the Named Member;
2. Anyone else “occupying” a scheduled “Automobile” or a temporary substitute for a scheduled “Automobile.” The scheduled “Automobile” must be out of service because of its breakdown, repair, servicing, loss or destruction.

#### **C. EXCLUSIONS**

This Certificate does not apply to any of the following:

1. “Bodily injury” sustained by a Member or by any other person while “occupying” a vehicle located for use as a premises;
2. “Bodily injury” sustained by a Member while “occupying” or struck by any vehicle (other than an “Automobile” covered under this Certificate) owned by the Member or furnished or available for the Member’s regular use;
3. “Bodily injury” to a Member while working in a business of selling, servicing, repairing or parking “Automobile’s” unless that business is a Named Member;
4. “Bodily injury” caused by declared or undeclared war or insurrection or any of their consequences;
5. “Bodily injury” to anyone using a vehicle without a reasonable belief that the person is entitled to do so.

#### **D. LIMIT OF COVERAGE**

Regardless of the number of scheduled “Automobiles,” Members, contributions paid, claims made or vehicles involved in the accident, the most we will pay for “bodily injury” in any one accident is \$2,000 per person per accident.

## **E. CHANGES IN CONDITIONS**

The Conditions are changed for Medical Payments Coverage Extension (“Automobile”) as follows:

1. Section I – Common Condition K, Subrogation does not apply.
2. The reference in Section I – Common Condition H, Excess Insurance to “other valid insurance” applies only to other “Automobile” medical payments insurance.

## **F. ADDITIONAL DEFINITIONS**

As used in this Section:

1. “Occupying” means in, upon, getting in, on, out or off;
2. “Bodily injury” means bodily injury, sickness or disease, including death resulting from any of these at any time.

## **SECTION III – EXTENSIONS**

### **LIMITED ROAD TREATMENT LIABILITY EXTENSION**

This Extension modifies the coverage provided in Section III – Liability Coverage, Agreement D – General Liability.

#### **A. COVERAGE AGREEMENT**

We hereby agree, subject to the limitations, terms and conditions set forth in this Certificate, including the provisions of Agreement D – General Liability, to reimburse those sums incurred by or on behalf of a Named Member as the result of claims or “suits” that a private water supply has been damaged, destroyed, or rendered unfit for human consumption by the application, by or on behalf of the Named Member, of “road treatment” to public streets and highways in the normal course of road maintenance operations in the melting, removal and treatment of snow and ice.

#### **B. ADDITIONAL EXCLUSIONS**

Only for the coverage provided by this Extension, Section I – Common Exclusion A does not apply except to the extent separately set forth in the exclusions below. In addition to all other exclusions in Section I – Common Exclusions and Section III – Liability Coverage Exclusions, the coverage provided in this Extension does not apply to the actual, alleged or threatened transmission, exposure, emission, discharge, dispersal, seepage, migration, release, escape, or appearance of “road treatment” which takes place while it is being:

1. Transported, handled, stored, or disposed of by, for, or on behalf of the Named Member; or
2. Transported, handled, stored, or disposed of by or for others.

#### **C. ADDITIONAL DEFINITIONS**

In addition to all definitions in Section I – Common Definitions and Section III – Liability Coverage Definitions, the following definition applies:

As used in this Extension, “road treatment” includes, but is not limited to, sands, salts, including calcium chloride or sodium chloride, or any other chemical or substance applied to public streets and highways as part of the Named Member’s road maintenance operations in the melting, removal and treatment of snow and ice.

#### **D. LIMIT OF COVERAGE**

The most we will pay for, or on account of any one claim, whether or not the claim results in a “suit,” is \$25,000. This \$25,000 sum includes the payment of any judgment or settlement and the payment of any expenses, fees, or costs incurred in connection with or as a part of the investigation and defense of any such claim or “suit.” Our right and duty to defend such claim or “suit” ends when we have paid the total of \$25,000.

The most we will pay under this Extension for all claims involving the same “occurrence” or at same location is \$25,000 regardless of the costs incurred by or on behalf of the Named Member, and regardless of whether the “occurrence” takes place in more than one Certificate Period.

The most we will pay under this Extension is \$100,000, regardless of the number of “occurrences” taking place during the period of this Certificate, the number of claims or “suits” made, when such claims or “suits” are made, or the number of persons making such claims or “suits.” This aggregate Sub-Limit of Liability of \$100,000 shall be part of, and not in addition to, the Liability Limits of coverage set forth in the General Declarations and Limits section of the Member Coverage Certificate.

## **SECTION IV**

### **UNINSURED MOTORISTS COVERAGE**

As stated in Section I – Common Conditions, the coverage provided by this Certificate is excess over any other valid insurance whether primary, excess, contingent or on any other basis.

#### **A. COVERAGE AGREEMENT**

1. We will pay compensatory damages the Member is legally entitled to recover from the owner or operator of, or a person legally responsible for, an “uninsured motor vehicle.” The damages must result from “bodily injury” sustained by the Member caused by an “Automobile” accident that occurs during the period of this Certificate. The owner’s or operator’s liability for these damages must result from the ownership, maintenance or use of the “uninsured motor vehicle.”
2. With respect to underinsured motor vehicles, if this Certificate provides a limit in excess of the amounts required by the applicable law where the underinsured motor vehicle is principally garaged, we will, to the extent of that excess, pay compensatory damages the Member is legally entitled to recover from the owner or operator of, or a person legally responsible for, the underinsured motor vehicle, but only after all liability bonds or policies applicable to that motor vehicle, to the owner, to the operator, and to the person legally responsible, have been exhausted by judgments or payments.

#### **B. WHO IS ENTITLED TO COVERAGE**

1. Named Member;
2. Any other Member while in the scope of his or her employment or duties for the Named Member;
3. Anyone else “occupying” a scheduled “Automobile” or a temporary substitute for a scheduled “Automobile” while that scheduled “Automobile” is out of service because of its breakdown, repair, servicing, loss or destruction;
4. Anyone for damages he or she is entitled to recover because of “bodily injury” sustained by a person described in paragraphs 1 through 3 above; however, this shall not increase the limit of liability set forth on the Certificate for any one accident.

#### **C. EXCLUSIONS**

This Certificate does not apply to any of the following:

1. The settlement of any claim or “suit” against the owner or operator of an “uninsured motor vehicle” or anyone who is legally responsible for “bodily injury” resulting from the accident, without notice to us and/or without our consent, where the

2. settlement prejudices our right to recover from the owner, operator, or other person legally responsible.
3. “Bodily injury” sustained by:
  - a. The Named Member while “occupying” or when struck by any vehicle owned by the Named Member that is not a scheduled “Automobile” for Uninsured Motorists Coverage under this Certificate; or
  - b. Any Member while “occupying” or when struck by any vehicle owned by that Member that is not a scheduled “Automobile” for Uninsured Motorists Coverage under this Certificate;
  - c. Anyone using a vehicle illegally or without permission to do so;
4. Punitive or exemplary damages;
5. The direct or indirect benefit of any insurer or self-insurer under any workers’ compensation, disability benefits or similar law.

#### **D. LIMIT OF LIABILITY**

1. Regardless of the number of scheduled “Automobiles,” Members, contributions paid, claims made or vehicles involved in the accident, the most we will pay for all damages resulting from any one accident is the Limit of Liability for Uninsured Motorists Coverage shown in the Coverage Certificate.
2. Any amount paid under this Section IV will reduce any amount the Member may be paid under Section III – Liability Coverage of this Certificate.
3. Any amount payable under this Section IV shall be reduced by:
  - a. all sums paid or payable by or for anyone who is legally responsible in whole or in part for the accident, including all sums paid under Section III – Liability Coverage of this Certificate; and
  - b. all sums paid or payable under any liability bond or policy covering anyone who is legally responsible in whole or in part for the accident.
  - c. all sums paid or payable under SECTION III – EXTENSIONS, Medical Payments Coverage Extension (“Automobile”), of this Certificate.

#### **E. ADDITIONAL CONDITIONS**

The following Additional Conditions apply to this Coverage Part:

## 1. Notice of Loss

Section I – Common Condition O, Notice of Loss, is changed by adding the following:

Any Member or person making claim under this Section IV – Uninsured Motorists Coverage must comply with the following additional conditions:

- a. Promptly notify the police of any accident. If a hit-and-run driver is involved, notify the police and us within 24 hours of the accident.
- b. Inform us of the names and addresses of all drivers, injured persons and witnesses.
- c. Cooperate with us in the investigation of the accident and of the claim.
- d. Authorize us to obtain copies of all medical reports and records.
- e. Submit to a physical examination by a doctor of our choice when and as often as we reasonably require.
- f. Submit to an examination, under oath, while not in the presence of any other Member or person making a claim, and sign the transcript of that examination.
- g. Promptly send us copies of all legal documents in connection with the accident and all papers filed, served or received if a “suit” is brought against a person alleged to be legally responsible for the accident.
- h. Promptly notify us of any settlement negotiations relating to any claims or “suits” for “bodily injury” related to any of the same or similar claims being made under this Section IV – Uninsured Motorists Coverage.

## 2. Subrogation

Section I – Common Condition K, Subrogation, is changed by adding the following:

If we make any payment and the Member or any other person we paid recovers from any party, the Member or person shall hold the proceeds in trust for us and pay us back the amount we have paid.

## **F. ADDITIONAL DEFINITIONS**

As used in this Section:

1. “Occupying” means in, upon, getting in, on, out or off;
2. “Uninsured motor vehicle” means a land motor vehicle or trailer;

- a. For which no liability bond or policy at the time of an accident provides at least the amounts required by the applicable law where the motor vehicle is principally garaged;
  - b. That is an underinsured motor vehicle. An underinsured motor vehicle is a motor vehicle or trailer for which the sum of all liability bonds or policies at the time of an accident provides at least the amounts required by the applicable law where the motor vehicle is principally garaged, but that sum is not enough to pay the full amount the Member is legally entitled to recover as damages and is also less than the Limit of Liability for this coverage shown in the Coverage Certificate;
  - c. For which an insuring or bonding company denies coverage, or is or becomes insolvent; or
  - d. That is a hit-and-run vehicle and neither the driver nor owner can be identified. The vehicle must:
    - (1) Hit a Member or a scheduled "Automobile" a Member is "occupying," or
  - e. Cause an accident resulting in "bodily injury" to a Member without hitting a Member or a scheduled "Automobile" a Member is "occupying." We will only accept competent evidence which may include testimony under oath of any person making a claim under this Coverage Part.
3. "Uninsured motor vehicle" does not include any vehicle:
- a. Owned or operated by a self-insurer under any applicable motor vehicle law, except a self-insurer who is or becomes insolvent and cannot provide the amounts required by that motor vehicle law;
  - b. Designed for use mainly off public roads while not on public roads; or
  - c. That is a scheduled "Automobile" for Uninsured Motorists Coverage under this Certificate.
4. "Bodily injury" means bodily injury, sickness or disease, including death resulting from any of these at any time.



## **SECTION V**

### **CRIME COVERAGE**

#### **SECTION V – COVERAGE AGREEMENTS**

As stated in Section I – Common Conditions, the coverage provided by this Certificate is excess over any other valid insurance whether primary, excess, contingent or on any other basis.

#### **AGREEMENT I – EMPLOYEE DISHONESTY**

##### **A. COVERAGE**

We will pay for loss of, and loss from damage to, Covered Property resulting directly from the Covered Cause of Loss.

As used in this Agreement:

1. Covered Property means “money,” “securities” and “property other than money and securities”;
2. The Covered Cause of Loss is “employee dishonesty”;
3. The following Coverage Extension applies:

Employees Temporarily Outside Coverage Territory: We will pay for loss caused by any “employee” while temporarily outside the coverage territory specified in Section I – Common Condition P for a period of not more than 90 days.

##### **B. LIMIT**

The most we will pay for loss in any one “occurrence” is the applicable Limit of Liability shown in the Coverage Certificate.

##### **C. DEDUCTIBLE**

1. We will not pay for loss in any one “occurrence” unless the amount of loss exceeds the Deductible shown in the Named Member’s Coverage Certificate. We will then pay the amount of loss in excess of the Deductible up to the applicable limit of coverage shown in the Coverage Certificate.
2. You must:
  - a. Give us notice as soon as possible of any loss of the type covered under this Coverage Agreement even though it falls entirely within the Deductible;
  - b. Upon our request, give us a statement describing the loss.

## **D. ADDITIONAL EXCLUSIONS, CONDITIONS AND DEFINITIONS**

In addition to the provisions in Section V – Crime Coverage Conditions, Crime Coverage Exclusions, and Crime Coverage Definitions, this Agreement I is subject to the following:

### **1. Additional Exclusions**

We will not pay for loss as specified below:

- a. Employee Cancelled Under Prior Insurance: loss caused by any “employee” of yours, or predecessor in interest of yours, for whom similar prior insurance has been cancelled and not reinstated since the last such cancellation;
- b. Inventory Shortages: loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon:
  - (1) An inventory computation; or
  - (2) A profit and loss computation.

But when the Named Member establishes wholly apart from such computation or physical count that the Named Member has sustained a loss covered under this Agreement-I, then the Named Member may offer the inventory records and an actual physical count of inventory in support of other evidence as to the amount of loss claimed.

### **2. Additional Conditions**

Cancellation as to any Employee: This Certificate is cancelled as to any “employee”:

- a. Immediately upon discovery by:
  - (1) You; or
  - (2) Any official or employee authorized to manage, govern or control your employees;of any dishonest or criminal act committed by that “employee” whether before or after becoming employed by you; or
- b. On the date specified in a notice mailed by us to you. That date will be at least 30 days after the date of mailing.

The mailing of notice to you at the last mailing address known to us will be sufficient proof of notice. Delivery of notice is the same as mailing.

Sole benefit: This coverage is for your sole benefit. No legal proceeding of any kind to recover on account of loss under this coverage may be brought by anyone other than you.

Indemnification: We will indemnify any of your officials who are required by law to give bonds for the faithful performance of their service against loss through dishonest acts of persons who serve under them, subject to the Limits as set forth in the General Declarations.

### 3. Additional Definitions

- a. The definition of “employee” is amended to include those persons required by law to furnish individual bonds to qualify for office and who are members of the staff or personnel of the Member;
- b. “Employee Dishonesty” in paragraph A(2) of this Agreement means only dishonest acts committed by an “employee,” whether identified or not, acting alone or in collusion with other persons, except you or a partner, with the manifest intent to:
  - (1) Cause you to sustain loss; and also
  - (2) Obtain financial benefit (other than employee benefits earned in the normal course of employment, including salaries, commissions, fees, bonuses, promotions, awards, profit sharing or pensions) for:
    - (i) The “employee”; or
    - (ii) Any person or organization intended by the “employee” to receive that benefit.
- c. “Occurrence” means all loss caused by, or involving, one or more “employees,” whether the result of a single act or series of acts.

## **AGREEMENT J – FORGERY OR ALTERATION**

### **A. COVERAGE**

We will pay for loss involving Covered Instruments resulting directly from the Covered Causes of Loss.

As used in this Agreement:

- 1. “Covered Instruments” means checks, drafts, promissory notes, or similar written promises, orders or directions to pay a sum certain in “money” that are:
  - a. Made or drawn by or drawn upon you;

- b. Made or drawn by one acting as your agent; or that are purported to have been so made or drawn.
2. The “Covered Causes of Loss” are forgery or alteration of, on or in any Covered Instrument.
3. The following Coverage Extension applies:

Legal Expenses: If you are sued for refusing to pay any Covered Instrument on the basis that it has been forged or altered, and you have our written consent to defend against the “suit,” we will pay for any reasonable legal expenses that you incur and pay in that defense. The amount we will pay under this extension is in addition to the Limit of Liability shown in the Coverage Certificate.

## **B. LIMIT**

The most we will pay for loss in any one “occurrence” is the applicable Limit of Liability shown in the Coverage Certificate.

## **C. DEDUCTIBLE**

We will not pay for loss in any one “occurrence” unless the amount of loss exceeds the Deductible shown in the Named Member’s Coverage Certificate. We will then pay the amount of loss in excess of the Deductible up to the applicable limit of coverage shown in the Coverage Certificate. This provision does not apply to legal expenses paid under the Coverage Extension.

## **C. ADDITIONAL EXCLUSION, CONDITIONS AND DEFINITION**

In addition to the provisions in Section V – Crime Coverage Conditions, Crime Coverage Exclusions, and Crime Coverage Definitions, this Coverage Agreement J is also subject to the following:

### **1. Additional Exclusion**

Acts of Employees, Directors, Trustees or Representatives: We will not pay for loss resulting from any dishonest or criminal act committed by any of your “Employees,” Directors, Trustees or Representatives:

- a. Acting alone or in collusion with other persons; or
- b. While performing services for you or otherwise.

### **2. Additional Conditions**

- a. Facsimile Signatures: We will treat mechanically reproduced facsimile signatures the same as handwritten signatures.
- b. Proof of Loss: You must include with your proof of loss any instrument involved in that loss, or, if that is not possible, an affidavit setting forth the amount and cause of loss.
- c. Territory: We will cover loss you sustain anywhere in the world. Section I – Common Condition P does not apply to this Coverage Agreement.

3. Additional Definition

- a. “Occurrence” means all loss caused by any person or in which that person is involved, whether the loss involves one or more instruments.

**AGREEMENT K – THEFT, DISAPPEARANCE AND DESTRUCTION**

**A. COVERAGE**

We will pay for loss of Covered Property resulting directly from the Covered Causes of Loss.

1. Inside the Premises

As used in this Agreement:

- a. Covered Property means “money” and “securities” inside the “premises” or a “banking premises.”
- b. The Covered Causes of Loss are:
  - (1) “Theft”;
  - (2) Disappearance;
  - (3) Destruction;
  - (4) “Computer Fraud”;
- c. The following Coverage Extensions apply:
  - (1) Containers of Covered Property: We will pay for loss of, and loss from damage to, a locked safe, vault, cash register, cash box or cash drawer located in the “premises” resulting directly from an actual or attempted:
    - (i) “Theft” of; or
    - (ii) Unlawful entry into; those containers.
  - (2) Premises Damage: We will pay for loss from damage to the “premises” or its exterior resulting directly from an actual or attempted “theft” of Covered

Property if you are the owner of the “premises” or are liable for damage to it.

## 2. Outside the Premises

As used in this Agreement:

- a. Covered Property means “money” and “securities” outside the “premises” in the care and custody of a “messenger.”
- b. The Covered Causes of Loss are:
  - (1) “Theft”;
  - (2) Disappearance;
  - (3) Destruction;
  - (4) “Computer Fraud”;
- c. The following Coverage Extension applies:

Conveyance of Property By Armored Motor Vehicle Company: We will pay for loss of Covered Property resulting directly from the Covered Causes of Loss while outside the “premises” in the care and custody of an armored motor vehicle company.

But, we will pay only for the amount of loss that you cannot recover:

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

## **B. LIMIT**

The most we will pay for loss in any one “occurrence” is the applicable Limit of Liability shown in the Coverage Certificate.

## **C. DEDUCTIBLE**

We will not pay for loss in any one “occurrence” unless the amount of loss exceeds the Deductible shown in the Named Member’s Coverage Certificate. We will then pay the amount of loss in excess of the Deductible up to the applicable limit of coverage shown in the Coverage Certificate. In the event more than one Deductible is applicable to the loss, only the highest Deductible will be applied.

## **D. ADDITIONAL EXCLUSIONS, CONDITIONS AND DEFINITIONS**

In addition to the provisions in Section V – Crime Coverage Conditions, Crime Coverage Exclusions, and Crime Coverage Definitions, this Agreement K is subject to the following:

### **1. Additional Exclusions**

We will not pay for loss as specified below:

- a. Accounting or Arithmetical Errors or Omissions: Loss resulting from accounting or arithmetical errors or omissions;
- b. Acts of Employees, Directors, Trustees, or Representatives: Loss resulting from any dishonest or criminal act committed by any of your “employees,” directors, trustees or authorized representatives:
  - (1) Acting alone or in collusion with other persons; or
  - (2) While performing services for you or otherwise;
- c. Exchange or Purchases: Loss resulting from the giving or surrendering of property in any exchange or purchase;
- d. Fire: Loss from damage to the “premises” resulting from fire, however caused;
- e. Money Operated Devices: Loss of property contained in any money operated device unless the amount of “money” deposited in it is recorded by a continuous recording instrument in the device;
- f. Transfer or Surrender of Property:
  - (1) Loss of property after it has been transferred or surrendered to a person or place outside the “premises” or “banking premises”:
    - (i) On the basis of unauthorized instructions; or
    - (ii) As a result of a threat to do:
      - (a) Bodily harm to any person; or
      - (b) Damage to any property.

But exclusion 1(f)(1)(ii) does not apply to loss of Covered Property while outside the “premises” or “banking premises” in the care and custody of a “messenger” if you:

- 1. Had no knowledge of any threat at the time of conveyance began; or

2. Had knowledge of a threat at the time the conveyance began, but the loss was not related to the threat;
- g. Vandalism: Loss from damage to the “premises” or its exterior or to containers of Covered Property by vandalism or malicious mischief;
- h. Voluntary Parting of Title to or Possession of Property: Loss resulting from you, or anyone acting on your express or implied authority, being induced by any dishonest act to voluntarily part with title to or possession of any property.
- i. Inventory Shortages: loss, or that part of any loss, the proof of which as its existence or amount is dependent upon:
  - (1) An inventory computation;
  - (2) A profit and loss computation.

## 2. Additional Definitions

- a. “Banking Premises” means the interior of that portion of any building occupied by a banking institution or similar safe depository;
- b. “Computer Fraud” means “theft” of property following and directly related to the use of any computer to fraudulently cause a transfer of that property from inside the “premises” or “banking premises” to a person (other than a “messenger”) outside those “premises” or to a place outside those “premises.”
- c. “Messenger” means you, any of your partners or any “employee” while having care and custody of the property outside the “premises.”
- d. “Occurrence” means an:
  - (1) Act or series of related acts involving one or more persons; or
  - (2) Act or event, or a series of related acts or events not involving any person.
- e. “Premises” means the interior of that portion of any building you occupy in conducting your business.
- f. “Theft” means any act of stealing.

## **AGREEMENT L – FRAUDULENT IMPERSONATION**

### **A. COVERAGE**

We will pay for loss of Covered Property resulting directly from the Covered Cause of Loss.



As used in this Agreement:

1. Covered Property means “money,” “securities” and “property other than money and securities.”
2. The Covered Cause of Loss is “Fraudulent Impersonation.”

## **B. LIMIT**

The most we will pay under this coverage for all losses is \$50,000, regardless of the Limit of Liability shown in the Named Member’s Coverage Certificate. This is the most we will pay regardless of the Limit of Liability shown in the Coverage Certificate, regardless of the number or types of “occurrences,” regardless of the number or types of losses, regardless of the number or types of claims made, and regardless of the number of persons, organizations, or Members making such claims.

The total amount we will pay to ALL Named Members in the annual aggregate for all losses of Covered Property resulting directly from the Covered Cause of Loss in any single one-year Certificate period will not exceed \$1,000,000. The most we will pay any Named Member is \$50,000. However, once we have paid the total amount of \$1,000,000 for losses of Covered Property resulting directly from the Covered Cause of Loss, we will have no obligation to make any new, further or additional payment to any Named Member.

## **C. DEDUCTIBLE**

1. We will not pay for loss or losses unless the total amount of the loss or losses exceeds the Deductible shown in the Named Member’s Coverage Certificate. Then, subject to paragraph B, we will pay the amount of the loss or losses in excess of the Deductible.
2. You must:
  - a. Give us notice as soon as possible of any loss of the type covered under this Coverage Agreement even though it falls entirely within the Deductible; and
  - b. Upon our request, give us, and ensure that your “Employees,” Members, officials and other representatives give us:
    - (1) A full and complete statement or statements, as we deem necessary, describing the loss; and
    - (2) Full and complete information and documentation regarding the loss.

## **D. ADDITIONAL EXCLUSIONS, CONDITIONS AND DEFINITIONS**

In addition to the provisions in Section V – Crime Coverage Exclusions, Crime Coverage Conditions, and Crime Coverage Definitions, this Agreement L is subject to the following:

## 1. ADDITIONAL EXCLUSIONS

Acts of “Employees,” Members, Officials, Directors, Trustees or Representatives: We will not pay for loss resulting from any dishonest or criminal act committed by any of your “Employees,” Officials, Directors, Trustees or Representatives, or by any Member, while performing services for you or on your behalf or otherwise, or while acting alone or in collusion with other persons except you or a partner, with the manifest intent to

- a. Cause you to sustain loss; and also
- b. Obtain financial benefit (other than employee benefits earned in the normal course of employment, including salaries, commissions, fees, bonuses, promotions, awards, profit sharing or pensions) for:
  - (i) The “Employee”; or
  - (ii) The Official; or
  - (iii) The Member; or
  - (iv) Any person or organization intended by the “Employee,” by the Official, or by the Member to receive that benefit.

## 2. ADDITIONAL CONDITIONS

It is a condition of this coverage that you, your “Employee,” your Official, or the Member, in good faith, transferred “money,” “securities,” or “property other than money or securities,” in reliance upon a “transfer instruction” purportedly issued by you, by an “Employee,” by an Official, by a Member, by a “Vendor,” or by an “Inhabitant,” but which “transfer instruction” proves to have been fraudulently issued by an imposter without the knowledge, acquiescence or consent of you or such “Employee,” Member, Official, “Vendor,” or “Inhabitant”.

## 3. ADDITIONAL DEFINITIONS

- a. “Fraudulent Impersonation” means a computer, electronic, telegraphic, teletype, or any other written “transfer instruction,” which instruction purports to have been issued by you, by an “Employee,” by an Official, by a Member, by a “Vendor,” or by an “Inhabitant,” but which was in fact fraudulently issued by some other person or entity without the knowledge, acquiescence or consent of you, or such “Employee,” Official, Member, “Vendor,” or “Inhabitant.”
- b. “Inhabitant” means a person or entity to or for which you, or anyone acting for you on your behalf, provides, furnishes renders or performs governmental actions or services.

- c. “Occurrence” means all loss caused by any person, whether acting alone or in collusion with other persons, in perpetrating or assisting in perpetrating “fraudulent impersonation.”
- d. “Transfer Instruction” means a written instruction directing you, your “Employee,” your Official, or a Member to transfer “money,” “securities” or “property other than money or securities.”
- e. “Vendor” means a person or entity from which you or a Member, under a written contract, purchases property, goods or services or receives property, goods or services.

**SECTION V – EXTENSIONS**  
**FAITHFUL PERFORMANCE OF DUTY EXTENSION**

**A. COVERAGE**

This Extension applies only to Agreement I – Employee Dishonesty. Subject to the Limit of Liability shown in the Coverage Certificate, and subject to the terms and provisions of Section V, this extension provides the surety bond or bonds the Named Member, pursuant to Maine law, including but not limited to 30-A M.R.S.A. § 5601 and 36 M.R.S.A. § 755, requires an individual to give to qualify for office.

**B. PROVISIONS**

1. The following is added as a Covered Cause of Loss:

Failure of any “employee” to faithfully perform his or her duties as prescribed by law, when such failure has as its direct and immediate result a loss of your Covered Property.

2. The following Additional Exclusion is added:

Depository Failure: Loss resulting from the failure of any entity acting as a depository for your property or property for which you are responsible.

3. Paragraph D(2), Cancellation As To Any Employee, of Agreement I is deleted and the following substituted:

This Extension is cancelled as to any “employee” immediately upon discovery by you or any official or employee authorized to manage, govern or control your employees of any act on the part of an “employee” whether before or after becoming employed by you which would constitute a loss covered under the terms of this Coverage Agreement, as amended by this Extension.

4. Paragraph D(2), Indemnification, of Agreement I is deleted and the following substituted:

Indemnification: We will indemnify any of your officials who are required by law to give bonds for the faithful performance of their service against loss through the failure of any “employee” under the supervision of that official to faithfully perform his or her duties as prescribed by law, when such failure has as its direct and immediate result a loss of your Covered Property.

## **SECTION V – CRIME COVERAGE CONDITIONS**

Unless specifically stated otherwise, these conditions apply to this Section and to all Coverage Extensions provided under Section V – Crime Coverage. Additional conditions may be contained in the specific Coverage Agreements and Extensions.

### **A. CONSOLIDATION – MERGER**

If through consolidation or merger with, or purchase of assets of, some other entity:

1. Any additional persons become “employees”; or
2. You acquire the use and control of any additional “premises”;

Any coverage afforded for “employees” or “premises” also applies to those “additional employees” and “premises,” but only if you:

- a. Give us written notice within 30 days thereafter; and
- b. Pay us additional contributions.

### **B. COVERAGE EXTENSIONS**

Unless stated otherwise in the Coverage Agreements, our liability under any Coverage Extension is part of, not in addition to, the applicable Limit of Liability shown in the Coverage Certificate.

### **C. DISCOVERY PERIOD FOR LOSS**

We will pay only for covered loss discovered no later than one year from the end of the period of this Certificate.

### **D. DUTIES IN THE EVENT OF LOSS**

After you discover a loss or a situation that may result in loss of, or loss from damage to, Covered Property you must:

1. Notify us as soon as possible;
2. Submit to examination under oath at our request and give us a signed statement of your answers;
3. To the extent you are reasonably able to do so, require and use your best efforts to ensure that your employees, directors, officials, officers, trustees and any other representatives submit to examination under oath at our request;
4. Give us a detailed sworn proof of loss within 120 days;

5. Cooperate with us in the investigation and settlement of any claim.
6. Immediately notify the police if you, or any of your officers or elected or appointed officials, has any reason to know, believe or suspect that:
  - a. Any loss of, or loss from damage or injury to, Covered Property; or
  - b. Any Covered Cause of Lossinvolves a violation of the law.

#### **E. JOINT MEMBER**

1. If more than one Member is named, as the Named Member, in the Coverage Certificate, the first Named Member will act for itself and for every other Member for all purposes of this Certificate. If the first Named Member ceases to be covered, then the next Named Member will become the first Named Member.
2. If any Member or partner or officer of the Named Member has knowledge of any information relevant to the coverage provided by this Certificate, that knowledge is considered knowledge of every Member.
3. An “employee” of any Member is considered to be an “employee” of every Member.
4. If this Certificate or any of its coverages is cancelled or terminated as to any Member, loss sustained by that Member is covered only if discovered no later than one year from the date of that cancellation or termination.
5. We will not pay for loss sustained by more than one Member more than the amount we would pay if all the loss had been sustained by one Member.

#### **F. LEGAL ACTION AGAINST US**

You may not bring any legal action against us involving loss:

1. Unless you have complied with all the terms of this Certificate; and
2. Until 90 days after you have filed proof of loss with us; and
3. Unless brought within 2 years from the date you discover the loss.

#### **G. LOSS COVERED UNDER MORE THAN ONE COVERAGE OF THIS SECTION**

If two or more Coverage Agreements or Coverage Extensions provided under this Section apply to the same loss, we will pay the lesser of:

1. The actual amount of loss; or

2. The Limit of Liability shown in the Coverage Certificate.

This is the total amount we will pay, regardless of the number or types of claims, when such claims are made, the identity or number of persons or organizations making such claims, or the identity or number of employees or others allegedly or actually involved in the loss.

#### **H. LOSS SUSTAINED DURING PRIOR INSURANCE**

1. If you, or any predecessor in interest, sustained loss during the period of any prior insurance that you or the predecessor in interest could have recovered under that insurance except that the time within which to discover loss had expired, we will pay for that loss under this Certificate, provided:
  - a. This Certificate became effective at the time of cancellation or termination of the prior insurance; and
  - b. The loss would have been covered by this Certificate had it been in effect when the acts or events causing the loss were committed or occurred.
2. The coverage provided under this Condition is part of, not in addition to, the applicable Limit of Liability shown in the Coverage Certificate and is limited to the lesser of the amount recoverable under:
  - a. This Certificate as of its effective date; or
  - b. The prior insurance had it remained in effect.

#### **I. LOSS COVERED UNDER THIS CERTIFICATE AND PRIOR CERTIFICATES ISSUED BY US**

If any loss is covered:

1. Partly by this Certificate; and
2. Partly by any prior canceled or terminated Certificate that we had issued to you or any predecessor in interest:

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

#### **J. NON-CUMULATION OF LIMIT**

Regardless of the number of years this Certificate remains in force or the number of contributions paid, no Limit accumulates from year to year or period to period.

## **K. OTHER INSURANCE**

This Certificate does not apply to loss recoverable or recovered under other insurance or indemnity. However, if the limit of the other insurance or indemnity is insufficient to cover the entire amount of the loss, this Certificate will apply to that part of the loss, other than that falling within any Deductible, not recoverable or recovered under the other insurance or indemnity. However, this Certificate will not apply to the amount of loss that is more than the applicable Limit of Liability shown in the Coverage Certificate.

## **L OWNERSHIP OF PROPERTY – INTERESTS COVERED**

1. The property covered under this Certificate is limited to property:
  - a. That you own or hold; or
  - b. For which you are legally liable.
2. However, this Certificate is for your benefit only. It provides no rights or benefits to any other person or organization.

## **M. CERTIFICATE PERIOD**

1. The period of this Certificate is shown in the Coverage Certificate.
2. Subject to Condition H, Loss Sustained During Prior Insurance, we will pay only for loss that you sustain through acts committed or events occurring during the period of this Certificate.

## **N. RECORDS**

You must keep records of all Covered Property so we can verify the amount of any loss.

## **O. RECOVERIES**

This provision applies to all recoveries of losses sustained by you and covered under this SECTION V – CRIME COVERAGE, whether obtained by you or by us; whether obtained from the actual perpetrator(s), from any person or organization liable for the acts or conduct of the perpetrator(s), or from any other third party; and whether effected or obtained before or after any payment under this coverage.

1. All recoveries shall be applied, after first subtracting the costs, fees and expenses incurred in pursuing and obtaining such recovery, in the following order of priority:
  - a. First, to you, until you are fully reimbursed for the loss you sustained which would have been paid under this coverage but for the fact that it is in excess of the Limit of Liability applicable to this coverage;



- b. Second, to us, until we are fully reimbursed for the amount we paid to you under this coverage;
  - c. Third, to you, until you are fully reimbursed for the loss you sustained within the Deductible applicable to this coverage;
  - d. Fourth, to you, until you are fully reimbursed for the costs, fees and expenses incurred by you to determine, establish and prove the existence and amount of the loss you sustained, and for any other indirect loss as described in SECTION V – CRIME COVERAGE EXCLUSION C;
  - e. Fifth, to the extent of any amount remaining, equally to you and to us.
2. Recoveries do not include any recovery:
- a. From any insurance, suretyship, reinsurance, security or indemnity taken, purchased or obtained by the Pool for its benefit; or
  - b. Of original “securities” after duplicates of them have been issued.

**P. TERRITORY**

This coverage part covers only acts committed or events occurring within the United States of America, its territories or possessions, Puerto Rico, and Canada.

**Q. TRANSFER OF YOUR RIGHTS OF RECOVERY AGAINST OTHERS TO US**

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

**R. VALUATION – SETTLEMENT**

1. Subject to the applicable Limit of Liability shown in the Coverage Certificate, we will pay for:
- a. Loss of “money” but only up to and including its face value. We may, at our option, pay for loss of “money” issued by any country other than the United States of America:
    - (1) At face value in the “money” issued by that country; or
    - (2) In the United States of America dollar equivalent determined by the rate of exchange on the day the loss was discovered.
  - b. Loss of “securities” but only up to and including their value at the close of business on the day the loss was discovered. We may, at our option:

- (1) Pay the value of such “securities” or replace them in kind, in which event you must assign to us all your rights, title and interest in and to those “securities”;
  - (2) Pay the cost of any Lost Securities Bond required in connection with issuing duplicates of the “securities.” However, we will be liable only for the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the:
    - (i) Value of the “securities” at the close of business on the day the loss was discovered; or
    - (ii) Limit;
- c. Loss of, or loss from damage to, “property other than money and securities” or loss from damage to the “premises” for not more than the:
  - (1) Actual Cash Value of the property on the day the loss was discovered;
  - (2) Cost of repairing the property or “premises”; or
  - (3) Cost of replacing the property with property of like kind and quality.

We may, at our option, pay the Actual Cash Value of the property or repair or replace it.

If we cannot agree with you upon the Actual Cash Value or the cost of repair or replacement, the value or cost will be determined by arbitration.

2. We may at our option, pay for loss of, or loss from damage to, property other than “money”:
  - a. In the “money” of the country in which the loss occurred; or
  - b. In the United States of America dollar equivalent of the “money” of the country in which the loss occurred determined by the rate of exchange on the day the loss was discovered.
3. Any property that we pay for or replace becomes our property.

## **SECTION V – CRIME COVERAGE EXCLUSIONS**

Unless specifically stated otherwise, these exclusions apply to this Section and to all Coverage Extensions provided under Section V – Crime Coverage. Additional exclusions may be contained in the specific Coverage Agreements and Extensions.

### **A. ACTS COMMITTED BY YOU OR YOUR PARTNERS**

Loss resulting from any dishonest or criminal act committed:

1. By you; or
2. While acting under your control and pursuant to your instruction or direction, by any of your officers, elected or appointed officials, or “employees”.

### **B. GOVERNMENTAL ACTION**

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

### **C. INDIRECT LOSS**

Loss that is an indirect result of any act or “occurrence” covered by this Certificate including, but not limited to, loss resulting from:

1. Your inability to realize income that you would have realized had there been no loss of, or loss from damage to, Covered Property;
2. Payment of damages of any type for which you are legally liable. But we will pay compensatory damages arising directly from a loss covered under this Certificate;
3. Payment of costs, fees or other expenses you incur in establishing either the existence or the amount of loss under this Certificate.

### **D. EXPENSES, COSTS AND FEES**

Other than as provided in SECTION V – CRIME COVERAGE CONDITION O, we will not pay any expenses, costs, attorneys’ fees, or any other fees incurred by you or on your behalf in bringing, or defending, any investigation, claim or “suit” because of, in connection with, related to, or resulting or arising from loss or damage covered under this Section V – Crime Coverage. Nor will we pay any expenses, costs, attorneys’ fees, or any other fees incurred by you or on your behalf in connection with any criminal investigation or proceeding.

### **E. NUCLEAR**

Loss resulting from nuclear reaction, nuclear radiation or radioactive contamination, or any related act or incident.

## **F. WAR AND SIMILAR ACTIONS**

Loss resulting from war, whether or not declared, warlike action, insurrection, rebellion or revolution, or any related act or incident.

## **SECTION V – CRIME COVERAGE DEFINITIONS**

Unless specifically stated otherwise, these definitions apply to this Section and to all Coverage Extensions provided under Section V – Crime Coverage. Additional definitions may be contained in the specific Coverage Agreements and Extensions.

### **A. EMPLOYEE**

1. “Employee” means:

a. Any natural person:

- (1) While in your service (and for 30 days after termination of service); and
- (2) Whom you compensate directly by salary, wages or commissions; and
- (3) Whom you have the right to direct and control while performing services for you; or

b. Any natural person employed by an employment agency or similar entity while that person is subject to your direction and control and performing services for you excluding, however, any such person while having care and custody of property outside the “premises”; or

c. Any natural person engaged by you as a volunteer while in your service and whom you have the right to direct and control while performing services for you.

2. “Employee” does not mean any:

- a. Agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character; or
- b. Director or trustee except while performing acts coming within the scope of the usual duties of an employee.

### **B. MONEY**

“Money” means:

1. Currency, coins and bank notes in current use and having a face value; and
2. Travelers checks, register checks and money order held for sale to the public.

## **C. PROPERTY OTHER THAN MONEY AND SECURITIES**

“Property Other Than Money and Securities” means any tangible property other than “money” and “securities” that has intrinsic value but does not include any property listed in any Crime Coverage Agreement as Property Not Covered.

## **D. SECURITIES**

“Securities” means negotiable and non-negotiable instruments or contracts representing either “money” or other property and includes:

1. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
2. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;

but does not include “money.”

## SECTION II – EXTENSIONS

### EQUIPMENT BREAKDOWN PROTECTION EXTENSION

This Extension covers “Breakdown” to “Covered Equipment” as described and limited in this Extension, subject, unless specifically stated otherwise in this Extension, to all limitations, terms, conditions and exclusions of SECTION II – AGREEMENT A, and also subject to the additional limitations, terms conditions and exclusions that appear in this Extension. The coverages provided in this Extension do not apply if there is coverage for loss or damage under any other Agreement, Extension, endorsement, or part of SECTION II – PROPERTY COVERAGE of the Coverage Certificate.

### EQUIPMENT BREAKDOWN PROTECTION SCHEDULE

**PREMISES:** This Extension applies to your “Locations.”

**COVERAGES, LIMITS OF COVERAGE, DEDUCTIBLES AND OPTIONS:** Coverage under this Extension applies only to coverages for which a Limit of Coverage is set forth below.

COVERAGE	LIMIT OF COVERAGE
Limit per “One Breakdown”	\$50,000,000
Property Damage	Included in Limit per “One Breakdown”
<b>COVERAGE EXTENSIONS</b>	
Loss of “Business Income”	Included in Limit per “One Breakdown”
Loss of Rent	Included in Limit per “One Breakdown”
“Extra Expense”	Included in Limit per “One Breakdown”
Accounts Receivable	\$100,000
Appurtenant Structures Not Identified in Property Schedule	\$25,000
Architects’ and Engineers’ Fees	7% of the amount of direct physical loss
Civil Authority	Included
Debris Removal	25% of direct physical loss
Expenses to Reduce Loss	Included in Limit per “One Breakdown”
“Fungus”, Wet Rot, Dry Rot and Bacteria <ul style="list-style-type: none"> <li>• Property Damage</li> <li>• Loss of “Business Income”, Loss of Rent, and “Extra Expense”</li> </ul>	\$100,000 30 Days
Increased Cost of Construction	\$1,000,000
Newly Acquired or Constructed Property	\$1,000,000
Preservation of Property	Included
Property Off-Premises	\$100,000
<b>ADDITIONAL COVERAGE EXTENSIONS</b>	
Spoilage Damage (including Utility Interruption-Spoilage) <ul style="list-style-type: none"> <li>• Minimum period of interruption for Utility Interruption-Spoilage:</li> </ul>	\$1,000,000 24 hours

Off Premises Service Interruption – Time Element	
• Minimum period of interruption for Off Premises Service Interruption – Time Element:	24 hours
“Electronic Data” or “Media”	\$1,000,000
Expediting Expense	\$1,000,000
Extended “Period of Restoration”	90 Days
“Green” Coverage	
• Percentage Factor	5%
• Additional Costs Limit of Coverage	\$25,000
• Additional Number of Days	30 Days
Pollutant Debris Removal and Cost of Clean Up	\$250,000
Refrigerant Contamination	\$1,000,000
Water Damage	\$1,000,000
Builders Risk	\$1,000,000

#### OPTIONAL EQUIPMENT COVERAGE

“Diagnostic Equipment”	\$250,000
Power Generating Equipment	<input type="checkbox"/> Included <input checked="" type="checkbox"/> Excluded

COVERAGE	DEDUCTIBLES
Property Damage	Per Member Coverage Certificate
Loss of “Business Income”	Per Member Coverage Certificate
Loss of Rent	Per Member Coverage Certificate
“Extra Expense”	Per Member Coverage Certificate
Spoilage Damage (including Utility Interruption-Spoilage Damage)	Per Member Coverage Certificate
Off Premises Service Interruption -Time Element	Per Member Coverage Certificate
Refrigerant Contamination:	Per Member Coverage Certificate
Time Element from Dependent Properties	Per Member Coverage Certificate



## **A. COVERAGE**

### **1. EQUIPMENT BREAKDOWN PROTECTION – PROPERTY DAMAGE**

We will pay for risks of direct physical loss or damage to “Covered Property” located at the “Locations,” but only if caused by or resulting from a “Breakdown” to “Covered Equipment.” The most we will pay is the Limit of Coverage for Property Damage stated in the Equipment Breakdown Protection Schedule. This limit is a part of and not in addition to the total Limit per ‘One Breakdown’ Limit of Coverage.

### **2. COVERAGE EXTENSIONS**

If a Limit of Coverage appears in any of the Coverage Extensions listed in this Extension’s Equipment Breakdown Protection Schedule, you may extend the coverage provided by this Extension to such coverage as follows. The most we will pay under any of these Coverage Extensions is the Limit of Coverage for each such Coverage Extension stated in the Equipment Breakdown Protection Schedule. These limits are part of and not in addition to the total Limit per ‘One Breakdown’ Limit of Coverage.

These coverages apply to that portion of the direct physical loss or damage that is caused by or results from a “Breakdown” to “Covered Equipment” that is not excluded elsewhere in this Certificate or in this Equipment Breakdown Protection Extension.

If a Limit of Coverage appears in any of the following coverages in the Coverage Extensions listed in this Extension’s Equipment Breakdown Protection Schedule, then such coverage as is provided elsewhere in this Certificate is extended to include loss and expense caused by or resulting from a covered “Breakdown” to “Covered Equipment.” The Limit of Coverage as stated for each of these Coverage Extensions in this Extension’s Equipment Breakdown Protection Schedule is the most we will pay for such loss and expense.

- LOSS OF “BUSINESS INCOME”
- LOSS OF RENT
- “EXTRA EXPENSE”
- ACCOUNTS RECEIVABLE
- APPURTENANT STRUCTURES NOT IDENTIFIED IN PROPERTY SCHEDULE
- ARCHITECTS’ AND ENGINEERS’ FEES
- CIVIL AUTHORITY
- DEBRIS REMOVAL
- EXPENSES TO REDUCE LOSS
- “FUNGUS”, WET ROT, DRY ROT AND BACTERIA
- INCREASED COST OF CONSTRUCTION
- NEWLY ACQUIRED OR CONSTRUCTED PROPERTY
- PRESERVATION OF PROPERTY
- PROPERTY OFF-PREMISE

### 3. ADDITIONAL COVERAGE EXTENSIONS

If a Limit of Coverage appears in any of the Additional Coverage Extensions listed in this Extension's Equipment Breakdown Protection Schedule, you may also extend the coverage provided by this Extension to such coverage as follows. The most we will pay under any of these Additional Coverage Extensions is the Limit of Coverage for each such Additional Coverage Extension stated in the Equipment Breakdown Protection Schedule. These limits are part of and not in addition to the total "Limit per 'One Breakdown'" Limit of Coverage.

These coverages apply only to that portion of the direct physical loss or damage that is covered by or results from a "Breakdown" to "Covered Equipment" that is not excluded elsewhere in this Certificate or in this Equipment Breakdown Protection Extension.

#### a. SPOILAGE DAMAGE

We will pay for:

- (1) Spoilage damage to "Perishable Goods."
- (2) Utility Interruption – Spoilage Damage  
Spoilage damage to "Perishable Goods" that is caused by or results from an interruption in utility services that is the direct result of a "Breakdown" to "Covered Equipment" owned, operated or controlled by a private or public utility, landlord or other supplier with whom you have a contract to provide you with any of the following services: air conditioning, communication services, electric power, gas, heating, refrigeration, steam, water or waste treatment.

For this coverage to apply, the interruption of such utility service to your "locations" must continue uninterrupted for at least the consecutive period of time shown in the Equipment Breakdown Protection Schedule for Utility Interruption – Spoilage Damage. Once this waiting period is met, coverage will commence at and as of the initial time of the interruption and will then be subject to the applicable deductible.

- (3) We will pay any necessary expenses you incur to reduce or avert the amount of loss under this Additional Coverage Extension to the extent those expenses do not exceed the amount of loss that otherwise would have been payable under this Additional Coverage Extension.

As respects spoilage damage caused by a "Breakdown" to "Covered Equipment" only, coverage provided under this Additional Coverage Extension supersedes any other Spoilage coverage provided elsewhere in this Certificate.

b. OFF PREMISES SERVICE INTERRUPTION – TIME ELEMENT

If a Limit of Coverage appears in the Loss of “Business Income”, Loss of Rent, and/or in the “Extra Expense” coverages in the Coverage Extensions listed in this Extension’s Equipment Breakdown Protection Schedule, those coverages are extended to include loss resulting from the interruption in utility services provided all of the following conditions are met:

- (1) The interruption is the direct result of a “Breakdown” to “Covered Equipment” owned, operated or controlled by a local private or public utility or distributor that directly generates, transmits, distributes or provides utility services which you receive; and
- (2) The “Covered Equipment” is used to supply air conditioning, communication services, electric power, gas, heating, refrigeration, steam, water or waste treatment to one or more of your “Locations”; and
- (3) The interruption in utility service to one or more of your “Locations” continues uninterrupted for at least the consecutive period of time shown in the Equipment Breakdown Protection Schedule for Off Premises Service Interruption – Time Element.

c. “ELECTRONIC DATA” OR “MEDIA” COVERAGE

If:

- (1) A Limit of Coverage appears in the Loss of “Business Income”, in the Loss of Rent, and/or in the “Extra Expense” coverages in the Coverage Extensions listed in this Extension’s Equipment Breakdown Protection Schedule; and
- (2) “Media” is damaged or “Electronic Data” is lost or corrupted as a direct result of a “Breakdown” to “Covered Equipment”;

We will pay your actual Loss of “Business Income”, Loss of Rent, and/or your “Extra Expense” during the time reasonably necessary, with due diligence and reasonable speed, to:

- (i) Research, recreate, replace or restore the damaged “Media” or lost or corrupted “Electronic Data”; and
- (ii) Reprogram instructions used in any covered “Computer Equipment”.

There shall be no coverage under this Additional Coverage Extension if any “Electronic Data” or “Media” cannot be replaced, recreated, or restored.

The most we will pay under this Additional Coverage Extension for “Business Income” and/or for “Extra Expense” incurred is the Limit of Coverage stated for “Electronic Data” or “Media” coverage in the Equipment Breakdown Protection Schedule.

d. EXPEDITING EXPENSE

With respect to your damaged “Covered Property”, we will pay the reasonable extra cost you incur to:

- (1) Make temporary repairs; and
- (2) Expedite permanent repairs or permanent replacement.

e. EXTENDED “PERIOD OF RESTORATION”

The “Period of Restoration,” as defined in Paragraph F(17) of this Extension, is extended by the number of consecutive days indicated in the Equipment Breakdown Protection Schedule.

f. “GREEN” COVERAGE

1. “GREEN” ALTERNATIVE ADDITIONAL COSTS

a. We will pay for the reasonably additional cost you incur to:

- (1) Repair or replace the damaged or destroyed portions of the “Covered Property” (except as may be provided under Paragraph E(3)(b) of this Extension) using products or materials that:
  - (a) Are “Green” alternatives to the products or materials of the damaged or destroyed “Covered Property”, in accordance with the documented standards of a “Green Authority”; and
  - (b) Are otherwise of comparable quality and function to the damaged or destroyed “Covered Property”; and
- (2) Employ “Green” methods or processes of construction, disposal or recycling in the course of the repair and replacement of the damaged or destroyed “Covered Property”, in accordance with the documented standards of a “Green Authority”

b. “Green” Reengineering, Recertification and Related Expenses

- (1) If, as a direct result of “Breakdown” to “Covered Equipment”, the pre-loss level of “Green” certification by a “Green Authority” on the “Covered Property” is lost, we will pay for the following reasonable additional expense you incur to re-attain the pre-loss level of “Green” certification from that “Green Authority”:
  - (a) The reasonable additional expense you incur to hire a qualified engineer or other professional required by the “Green Authority” to be involved in:
    - (i) Designing, overseeing or documenting the repair or replacement of the damaged or destroyed “Covered Property”; or
    - (ii) Testing and recalibrating the systems and mechanicals of the damaged or destroyed “Covered Property” to verify that the systems and mechanicals are performing in accordance with the design of such systems and mechanicals or the specifications of the manufacturer; and
  - (b) The reasonable registration and recertification fees charged by the “Green Authority”.
- (2) After repair or reconstruction is completed, we will pay your reasonable expenses to flush out the renovated space and/or conduct air quality testing of the renovated space in accordance with the recommended procedures of a “Green Authority” and for the purpose of mitigating indoor air quality deficiencies resulting from the repair or reconstruction.
- (3) Coverage applies to the additional expenses described in paragraphs 1.b. (1) and (2) above that you incur to achieve the pre-loss level of “Green” certification in accordance with the standards of the “Green Authority” that exist at the time of repair or replacement, even if the standards have changed since the original certification was achieved.

- c. Coverage provided under paragraphs 1.a. and b. above applies only if replacement cost valuation applies to the damaged or destroyed “Covered Property” and then only if the “Covered Property” is actually repaired or replaced as soon as reasonably possible after the “Breakdown” to “Covered Equipment”.
- d. The most we will pay for coverage provided under paragraphs 1.a. and b. of this Additional Coverage Extension for any “One Breakdown” is the least of:
  - (1) The percentage factor shown in the Equipment Breakdown Protection Schedule multiplied by the amount we would otherwise pay for loss covered under this Extension’s COVERAGE A(1) – EQUIPMENT BREAKDOWN PROTECTION – PROPERTY DAMAGE prior to the application of any applicable deductible; or
  - (2) The Additional Costs Limit of Coverage shown in the Equipment Breakdown Protection Schedule.

This limit is part of, and not in addition to, the total Limit per ‘One Breakdown’ Limit of Coverage.

## 2. “GREEN” COVERAGE TIME ELEMENT

- a. If a Limit of Coverage appears in the Loss of “Business Income”, Loss of Rent, and/or the “Extra Expense” coverages in the Coverage Extensions listed in this Extension’s Equipment Breakdown Protection Schedule, we will pay your actual and necessary Loss of “Business Income”, Loss of Rent, and/or “Extra Expense” incurred during any increase of time beyond the “Period of Restoration” which is reasonable and necessary to:
  - (1) Repair or replace the damaged or destroyed portions of the “Covered Property” using products or materials that:
    - (a) Are “Green” alternatives to the products or materials of the damaged or destroyed “Covered Property”, in accordance with the documented standards of a “Green Authority”; and
    - (b) Are otherwise of comparable quality and function to the damaged or destroyed “Covered Property; and

(2) Employ “Green” methods of processes of construction, disposal or recycling in the course of the repair and replacement of the damaged or destroyed “Covered Property”, in accordance with the documented standards of a “Green Authority”.

b. The coverage provided under paragraph 2.a. of this Additional Coverage Extension does not increase the applicable Limit of Coverage for Loss of “Business Income”, Loss of Rent, or for “Extra Expense” stated in the Equipment Breakdown Protection Schedule.

g. POLLUTANT DEBRIS REMOVAL AND COST OF CLEAN UP

Only to the extent set forth immediately below in this Paragraph 3(g), Paragraph A of SECTION I – COMMON EXCLUSIONS does not apply.

If “Covered Property”, including land or water owned by you at your “Locations” is damaged, contaminated or polluted by a “Hazardous Substance” as a direct result of a “Breakdown” to “Covered Equipment”, we will pay for any additional expenses incurred by you for clean-up, repair, replacement or disposal of the affected “Covered Property”.

As used here, additional expenses means the additional cost incurred over and above the amount that we would have paid had no “Hazardous Substance” been involved with the loss.

Ammonia is not considered to be a “Hazardous Substance” as respects this limitation. If a Limit of Coverage appears in the Loss of “Business Income”, in the Loss of Rent, and/or in the “Extra Expense” coverages in the Coverage Extensions listed in this Extension’s Equipment Breakdown Protection Schedule, we will also pay for any loss of “Business Income” or “Extra Expense” caused by such damage, contamination or pollution.

The most we will pay for a “Breakdown” to “Covered Equipment”, “Business Income”, Loss of Rent, and/or “Extra Expense” under this Additional Coverage Extension shall be the Limit of Coverage stated in the Equipment Breakdown Protection Schedule for Pollutant Debris Removal and Cost of Clean Up.

h. REFRIGERANT CONTAMINATION

Only to the extent set forth immediately below in this Paragraph 3(h), Paragraph A of SECTION I – COMMON EXCLUSIONS does not apply.

If “Covered Property” is contaminated by a refrigerant, including ammonia, as a direct result of a “Breakdown” to “Covered Equipment”, we will pay for such damage, including salvage expense and any additional expenses incurred by you for clean-up, repair, replacement or disposal of that property.

i. WATER DAMAGE

If “Covered Property” is damaged by water as a direct result of a “Breakdown” to “Covered Equipment”, we will pay for such damage, including salvage expense.

**B. EXCLUSIONS**

Only for the coverage provided by this Equipment Breakdown Protection Extension, SECTION II – EXCLUSIONS A(3), A(6) and A(8) do not apply.

Under this Equipment Breakdown Protection Extension, we will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

1. “Breakdown” resulting from or caused by capsizing, collapse, collision, upset or overturning of any mobile “Covered Equipment”, the vehicle or floating vessel by which the mobile “Covered Equipment” is transported, or the platform or other base on which the mobile “Covered Equipment” is positioned.
2. Depletion, deterioration, corrosion, erosion, wear and tear, and rust. However, if a “Breakdown” ensues, we will pay the ensuing loss or damage not otherwise excluded.
3. Earth Movement including, but not limited to, earthquake; landslide; land subsidence; mine subsidence; sinkhole collapse; or volcanic action; or other rising or shifting of earth that results from, contributes to, or is aggravated by any of the above, all whether naturally occurring or due to man-made or other artificial causes.
4. An explosion. However, we will pay for direct loss or damage caused by an explosion of “Covered Equipment” of the following kind:
  - (1) Steam boiler; electric steam generator; steam piping; steam turbine; steam engine; or
  - (2) Gas turbine or any other moving or rotating machinery, when such explosion is caused by centrifugal force or mechanical “breakdown”.
5. Fire, including smoke, and water or other means used to extinguish a fire even when the attempt is unsuccessful.
6. “Fungus”, wet rot and dry rot, and bacteria, except as provided under this Extension’s COVERAGE A (2) – COVERAGE EXTENSIONS.
7. Specified Perils

Loss caused by or resulting from: aircraft; civil commotion; collapse; combustion explosion; freezing caused by cold weather; hail; impact of aircraft, missile or vehicle; lightning; molten material; objects falling from aircraft missiles; riot; smoke; vandalism; vehicles; weight of snow, ice or sleet; or windstorm.



However, we will pay for “Breakdown” to “Covered Equipment” if one of the Specified Perils listed above occurs away from your “Locations” and causes an electrical surge or other electrical disturbance that comes through utility transmission lines, if such electrical surge or disturbance is not covered elsewhere in this Certificate.

8. Testing

Any “Breakdown” to “Covered Equipment” that takes place while the “Covered Equipment” is undergoing a test which subjects the “Covered Equipment” to greater than maximum allowable operating conditions as identified by the manufacturer of the “Covered Equipment”.

9. Water

- (1) Flood, surface water, waves, tides, tidal waves, tsunamis, overflow of any body of water, or their spray, all whether driven by wind or not;
- (2) Mudflow or mudslides; or
- (3) Water damage caused by backup of sewers, drains, or drainage piping, all whether naturally occurring or due to manmade or other artificial causes.

However, we will pay the expenses you incur to dry out electrical “Covered Equipment” resulting from such causes of loss. We will not pay for any other resulting loss or expense.

10. Water damage caused by the discharge or leakage of a sprinkler system, sewer piping or domestic water piping, unless such discharge or leakage is the direct result of a “Breakdown” to “Covered Equipment”. The most we will pay for such water damage is the Limit of Coverage stated in the Equipment Breakdown Protection Schedule for the Additional Coverage Extension of Water Damage.
11. With respect to Loss of “Business Income”, Loss of Rent, “Extra Expense”, and Off Premises Service Interruption-Time Element coverages, we will make no payment for any loss or damage caused by or resulting from:
  - (1) Business or activities that would not or could not have been carried on if the “Breakdown” had not occurred; or
  - (2) The failure to use due diligence and dispatch to operate, or to resume operation of, your business or activities on as nearly normal a basis as practicable at one or more of your “Locations”; or
  - (3) The suspension, lapse, cancellation or non-renewal of a contract following a “Breakdown” to “Covered Equipment,” extending beyond the time business could have resumed if the contract had not lapsed, been suspended, cancelled or not renewed.

12. With respect to Utility Services-Spoilage and Off Premises Service Interruption-Time Element coverages, the following additional exclusions will apply:

- (1) Acts of sabotage;
- (2) Deliberate act(s) of load shedding by the supplying or distributing utility.

### **C. LIMITS OF COVERAGE**

Under this Equipment Breakdown Protection Extension,

1. The most we will pay for all covered loss or damage arising from any “One Breakdown” is the amount stated as the Limit per ‘One Breakdown’ in the Equipment Breakdown Protection Schedule. This limit applies to all coverages under this Equipment Breakdown Protection Extension. The Limits of Coverage for all other coverages are part of and not in addition to the amount stated in the Limit per ‘One Breakdown’ Limit of Coverage.
2. The Limit of Coverage under each of the Coverage Extensions and Additional Coverage Extensions for loss or damage caused by or arising from any “One Breakdown” is the amount stated in the Equipment Breakdown Protection Schedule for the applicable Coverage Extension or Additional Coverage Extension. If two or more limits apply to the same portion of a covered loss or damage, the most we will pay is the smallest applicable Limit of Coverage. The Limits of Coverage for each of the Coverage Extensions and Additional Coverage Extensions are part of and not in addition to the amount stated in the Limit per ‘One Breakdown’ Limit of Coverage.
3. The most we will pay for physical loss or damage caused by a “Breakdown” to “Diagnostic Equipment” is \$250,000 for any single piece of equipment, unless another Limit is stated in the Equipment Breakdown Protection Schedule for “Diagnostic Equipment”. This limit is part of, and not in addition to, the Property Damage Limit of Coverage stated in the Equipment Breakdown Protection Schedule.

### **D. DEDUCTIBLES**

Under this Equipment Breakdown Protection Extension only, the following shall apply:

#### **1. APPLICATION OF DEDUCTIBLES**

We will not pay for loss or damage caused by or resulting from any “One Breakdown” until the amount of covered loss or damage exceeds the applicable deductible stated in the Equipment Breakdown Protection Schedule. We will then pay the amount of covered loss or damage in excess of the deductible, up to the applicable Limit of Coverage.

Deductibles apply separately for each applicable coverage except if:

- a. A deductible is shown as Combined for any of the coverages in the Equipment Breakdown Protection Schedule, then we will first subtract the combined

deductible amount from the aggregate amount of any loss to which the combined deductible applies; or

- b. More than one “Covered Equipment” is involved in “One Breakdown”, then only one deductible, the highest, shall apply to each of the applicable coverages.

## 2. DETERMINATION OF DEDUCTIBLES

### a. DOLLAR DEDUCTIBLE

If a dollar deductible is shown in the Equipment Breakdown Protection Schedule, we will first subtract the deductible amount from a covered loss we would otherwise pay.

### b. MULTIPLE PER UNIT DEDUCTIBLE

If a multiple of units deductible is shown in the Equipment Breakdown Protection Schedule, the deductible will be calculated as the product of the multiplier times the number of units specified. (For example: if the deductible is specified as \$25/hp for air conditioning units, and a covered 500 hp air conditioning unit is damaged by a “Breakdown”, the deductible will be \$25 times 500 hp which equals \$12,500).

### c. TIME DEDUCTIBLE

If a time deductible is shown in the Equipment Breakdown Protection Schedule, we will not pay for any loss or damage which occurs during the specified time period immediately following a “Breakdown”. If a time deductible is shown in days, each day shall mean twenty-four consecutive hours.

### d. MULTIPLE OF DAILY VALUE DEDUCTIBLE

If a multiple of daily value deductible is shown in the Equipment Breakdown Protection Schedule, this deductible will be calculated as follows:

- (1) For the entire “Location” where the loss occurred, determine the total amount of “Business Income” that would have been earned during the “Period of Restoration” had no “Breakdown” taken place.
- (2) Divide the result in Paragraph (1) by the number of days the business would have been open during the “Period of Restoration”. The result is the daily value.
- (3) Multiply the daily value in Paragraph (2) by the number of daily value multiples shown in the Equipment Breakdown Protection Schedule. That product is the deductible. We will first subtract the deductible amount from any covered loss or damage we would otherwise pay. We will then pay the amount of covered loss or damage in excess of the deductible, up to the applicable Limit of Coverage.

e. **PERCENTAGE OF LOSS DEDUCTIBLE**

If a deductible is expressed as a percentage of loss in the Equipment Breakdown Protection Schedule, we will not pay the indicated percentage of the gross amount of covered loss or damage. (For example: if the indicated percentage is 15% and the gross amount of covered loss or damage is \$10,000, the deductible, the amount we will not pay, is \$1,500). We will pay the amount of covered loss or damage in excess of the deductible, up to the applicable Limit of Coverage.

f. **MINIMUM OR MAXIMUM DEDUCTIBLE**

(1) **MINIMUM DEDUCTIBLE**

If:

- (a) A minimum dollar amount deductible is shown in the Equipment Breakdown Protection Schedule, and
- (b) The dollar amount of the Multiple per Unit, Multiple of Daily Value, or the Percentage of Loss Deductible is less than the Minimum Deductible,

then the Minimum Deductible amount shown in the Equipment Breakdown Protection Schedule will be the applicable deductible.

(2) **MAXIMUM DEDUCTIBLE**

If:

- (a) a maximum dollar amount deductible is shown in the Equipment Breakdown Protection Schedule, and
- (b) the dollar amount of the Multiple per Unit, Multiple of Daily Value, or the Percentage of Loss Deductible is greater than the Maximum Deductible,

then the Maximum Deductible amount shown in the Equipment Breakdown Protection Schedule will be the applicable deductible.

**E. CONDITIONS**

Only for the coverage provided under this Equipment Breakdown Protection Extension, SECTION II – CONDITIONS, Paragraph A (Valuation) does not apply. SECTION I – TERMS AND CONDITIONS, Paragraph B (Inspections and Surveys) does not apply, but only to the extent that it is at variance with Paragraph E(1) of this Extension. The following conditions shall also apply:

1. **JURISDICTIONAL INSPECTION**

At your option, we will provide certificate-of-operation inspection services for boilers and other pressure vessels where:

- (1) You have notified us of “Covered Equipment” that is covered under this Extension and that requires a certificate-of-operation;
- (2) The certificate-of-operation is required by state, city or town law; and
- (3) The state, city or town law permits inspections by employees of insurance companies, public self-funded pools, or similar organizations.

Certificate-of-operation inspection services shall be provided only in the State of Maine as allowed by state, city or town law.

## 2. SUSPENSION

Whenever “Covered Equipment” is found to be in, or exposed to, a dangerous condition, we may immediately suspend the coverage provided by this Equipment Breakdown Protection Extension. We will deliver or mail a written notice of suspension to your last known address or the address where the item of “Covered Equipment” is located.

Once suspended in this way, coverage can be reinstated only by us agreeing to issue or provide a specific extension for that item of “Covered Equipment”.

If we suspend coverage for an item of “Covered Equipment” under this paragraph, you will receive a pro rata refund of contribution for that item of “Covered Equipment”. But the suspension will be effective as of the date of the written notice of suspension even if we have not yet made or offered a refund.

## 3. VALUATION (not applicable to “Rotating Biological Contactors”)

- a. We will pay the amount you spend to repair or replace “Covered Property,” other than “Rotating Biological Contactors,” with other property of like kind, quality and capacity if such “Covered property” is directly and physically damaged by a “Breakdown” to “Covered Equipment”. Our payment will be the smallest of:

- (1) The cost to repair the damaged property; or
- (2) The cost to replace the damaged property; or
- (3) The amount you actually spend that is necessary to repair or replace the damaged property.

But we will not pay for such damaged property that, prior to the “Breakdown,” was obsolete or useless to you.

In no event will we pay any amount which exceeds the applicable Limit of Coverage.

b. New Generation

If “Covered Equipment” cannot be repaired or if the cost to repair is more than the cost to replace, and the damage to the “Covered Equipment” equals or exceeds 100% of the “Actual Cash Value” of the “Covered Equipment”, you may choose to apply the following provision.

New Generation Coverage – If you want to replace damaged “Covered Equipment” with a newer generation “Covered Equipment” of the same capacity, we will pay up to 25% more than “Covered Equipment” of like kind, quality and capacity would have cost at the time of the “Breakdown.”

In no event will we pay any amount which exceeds the applicable Limit of Coverage.

c. Except as stated in the preceding paragraph E.3.b., you must pay the extra cost of replacing damaged property with property of a better kind or quality or of a larger capacity.

d. Brands and Labels

(1) If branded or labeled merchandise that is “Covered Property” is damaged by a “Breakdown” to “Covered Equipment”, we may take all or any part of the property at an agreed or appraised value. If we take such property, you may:

(a) Stamp the word SALVAGE on the merchandise or its containers if the stamp will not physically damage the merchandise; or

(b) Remove the brands or labels if doing so will not physically damage the merchandise. You must re-label the merchandise or its containers to comply with any law.

(2) We will pay the reasonable cost you incur to perform the activities described in paragraphs E.3.d.(1) (a) and (b) above.

However, if costs identified in paragraph E.3.d.(1)(a) and (b) above are incurred as a result of damage covered under the Pollutant Debris Removal and Cost of Clean Up, Refrigerant Contamination or Water Damage Additional Coverage Extensions, such costs will be a part of, and not in addition to, the respective limits of coverage stated in the Equipment Breakdown Protection Schedule for those Additional Coverage Extensions.

e. Spoilage Damage

We will determine the value of “Covered Property” under the Spoilage Damage Additional Coverage Extension as follows:

- (1) For raw materials, the replacement cost;
- (2) For goods in process, the replacement cost of the raw materials, the labor expended and the proper proportion of overhead charges; and
- (3) For finished goods, the selling price, as if no loss or damage had occurred, less any discounts you offered and expenses you otherwise would have had.

f. Selling Price

Selling price valuation as otherwise provided in this Certificate shall apply, except as specified in E.3.e. above.

g. Warranty and Service Contract

If any damaged “Covered Property”, that is intended for your use, is protected by an extended warranty, or maintenance or service contract, and that warranty or contract becomes void or unusable due to a “Breakdown” to “Covered Equipment”, we will reimburse you for the prorated amount of the unused costs of non-refundable, non-transferable warranties or contracts.

h. Except as specifically provided under the “Green” Alternatives Additional Coverage Extension, the cost to repair, rebuild or replace “Covered Property” does not include any increased cost incurred to re-attain a pre-loss level of “Green” certification from a “Green Authority”.

i. Pairs, Sets or Parts

- (1) Pairs or Sets. In case of “Breakdown” to “Covered Equipment” which causes loss or damage to any part of a pair or set we may:
  - (a) Repair or replace any part to restore the pair or set to its value before the “Breakdown”; or
  - (b) Pay the difference between the value of the pair or set before and after the “Breakdown”.
- (2) Parts. In case of “Breakdown” to “Covered Equipment” which causes loss or damage to any part of “Covered Property” consisting of several parts when complete, we will only pay for the value, as determined elsewhere in this paragraph E(3), of the lost or damaged part.

4. VALUATION (applicable solely to “Rotating Biological Contactors”)

- a. We will pay for damage or loss of a “Rotating Biological Contactor” if such “Rotating Biological Contactor” is directly and physically damaged by a “Breakdown” to “Covered Equipment.” If the damage can be restored by the replacement of any part or parts, we will pay the lesser of:
  - (1) The reasonable cost of the replacement of any part or parts; or
  - (2) The value of the damaged property.
- b. The value of the “Rotating Biological Contactor” will be determined as of the time of the “Breakdown.”
- c. The value of the “Rotating Biological Contactor” will be determined as its replacement cost less depreciation. Depreciation will be calculated at the rate of 5% per year, subject to a maximum of 75%, since the most recent of:
  - (1) The date the “Rotating Biological Contactor” was manufactured; or
  - (2) The date the “Rotating Biological Contactor” was 100% completely rewound, refurbished and/or rebuilt.
- d. We will not pay for the extra cost of replacing a damaged “Rotating Biological Contactor” with a “Rotating Biological Contactor” of a better kind or quality or of a larger capacity. You must pay that extra cost.
- e. We will not pay for a “Rotating Biological Contactor” which, prior to the “Breakdown,” was obsolete or useless to you.
- f. In no event will we pay any amount which exceeds the applicable Limit of Coverage.
- g. In case of “Breakdown” to “Covered Equipment” which causes loss or damage to any part of a “Rotating Biological Contactor” consisting of several parts when complete, we will only pay for the value, as determined elsewhere in this Paragraph E. 4, of the lost or damaged part.

5. REDUCING YOUR LOSS

As soon as possible after a “Breakdown” to “Covered Equipment,” you must:

- (1) Resume business or usual “operations”, partially or completely;
- (2) Make up for lost business or usual “operations” within a reasonable period of time. This reasonable period does not necessarily end when business or usual “operations” are resumed; and



- (3) Make use of every reasonable means to reduce or avert loss including:
  - (a) Working extra time or overtime at the “Location” or at another location you own or acquire to carry on the same business or “operations”;
  - (b) Utilizing the property or services of other concerns;
  - (c) Using merchandise or other property, such as surplus machinery, duplicate parts, equipment, supplies and surplus or reserve stock you own, control or can obtain; and
  - (d) Salvaging the damaged “Covered Property.”

## 6. LOSS PAYMENT

- (1) In the event of physical loss or damage to “Covered Property” caused by or resulting from a “Breakdown” to “Covered Equipment”, we will, at our option and subject to Paragraphs E. 3 and E. 4 above, either:
  - (a) Pay the value of lost or damaged “Covered Property”;
  - (b) Pay the cost of repairing or replacing the lost or damaged “Covered Property”;
  - (c) Take all or any part of the loss or damaged “Covered Property” at an agreed or appraised value; or
  - (d) Repair, rebuild or replace the lost or damaged “Covered Property” with other property of like kind and quality.
- (2) We will give notice of our intentions within 30 days after we receive the signed sworn statement of loss.
- (3) We will not pay more than your financial interest in the “Covered Property”.
- (4) We will pay for covered loss or damage to “Covered Property” within 30 days after we receive the signed sworn statement of loss, if:
  - (a) You have complied with all of the terms of this Extension, and
  - (b) We have reached agreement with you on the amount of loss or an appraisal award has been made and we have not denied the claim.

## F. DEFINITIONS

Only for the coverage provided under this Equipment Breakdown Protection Extension, SECTION II – DEFINITIONS, Paragraph A does not apply. For the coverage provided

under this Equipment Breakdown Protection Extension only, the following definitions also apply:

1. “Breakdown”

- a. “Breakdown” means any of the following which cause direct physical loss or damage to “Covered Equipment” and necessitate the repair or replacement of the “Covered Equipment”:

- (1) Electrical failure, including arcing;
- (2) Failure of pressure or vacuum equipment; or
- (3) Mechanical failure including rupture or bursting caused by centrifugal force;

but there is no “Breakdown” if such loss or damage is otherwise excluded by this Certificate or by any Extension or endorsement forming a part of this Certificate.

- b. “Breakdown” does not mean or include:

- (1) Cracking of any part on an internal combustion gas turbine exposed to the products of combustion;
- (2) Damage to any structure or foundation supporting the “Covered Equipment” or any of its parts;
- (3) Damage to any vacuum tube, gas tube, or brush;
- (4) Defects, erasures, errors, limitations or viruses in “Computer Equipment”, “Electronic Data”, “Media” and/or programs including the inability to recognize and process any date or time or provide instructions to “Covered Equipment”. However, if a “Breakdown” ensues, we will pay the ensuing loss or damage not otherwise excluded;
- (5) Functioning of any safety or protective device;
- (6) Leakage at any valve, fitting, shaft seal, gland packing, joint or connection;  
or
- (7) Malfunction including but not limited to adjustment, alignment, calibration, cleaning or modification.

- (8) Failure of any part of “Covered Equipment” due to fatigue or repetitive use.

2. “Business Income”

- a. Means the net income (net profit or loss before income taxes) that would have been earned or incurred if there had been no physical loss or damage.
- b. Includes normal operating expenses that continue after the physical loss or damage.
- c. Includes “ordinary payroll expenses”;
- d. Does not include taxes.

3. “Computer Equipment” means your programmable electronic equipment that is used to store, retrieve and process data; and associated peripheral equipment that provides communication including input and output functions such as printing or auxiliary functions such as data transmission. It does not include “Electronic Data” or “Media”.

4. “Computer Programs” means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

5. “Covered Equipment”

- a. “Covered Equipment” means any:
  - (1) Equipment designed and built to operate under internal pressure or vacuum other than weight of contents;  
  
For any boiler or fired vessel, the furnace of the “Covered Equipment” and the gas passages from there to the atmosphere will be considered as outside and not part of the “Covered Equipment”;
  - (2) Communication equipment and “Computer Equipment”;
  - (3) Fiber optic cable;
  - (4) Any other electrical or mechanical equipment that is used in the generation, transmission or utilization of energy; or
  - (5) “Rotating Biological Contactors”. But a “Rotating Biological Contactor” that has a square or rectangular shaft is not “Covered Equipment.”

- b. “Covered Equipment” does not mean or include any:
- (1) Astronomical telescope, cyclotron used for other than medical purposes, nuclear reactor, particle accelerator used for other than medical purposes, satellites and/or spacecraft (including satellite or spacecraft contents and/or their launch sites);
  - (2) Catalyst;
  - (3) Dragline, power shovel, excavation or construction equipment including any “Covered Equipment” mounted on or used solely with any dragline, power shovel, excavation or construction equipment;
  - (4) Equipment or any part of equipment manufactured by you for sale.
  - (5) Felt, wire, screen, mold, form, pattern, die, extrusion plate, swing hammer, grinding disc, cutting blade, non-electrical cable, chain, belt, rope, clutch plate, brake pad, non-metal part or any part or tool subject to periodic replacement;
  - (6) Insulating or refractory material;
  - (7) “Media”;
  - (8) Non-metallic pressure or vacuum equipment, unless it is constructed and used in accordance with the American Society of Mechanical Engineers (A.S.M.E.) code or a Code that has been accepted by the National Board of Boiler and Pressure Vessel Inspectors;
  - (9) Part of pressure or vacuum equipment that is not under internal pressure of its contents or internal vacuum;
  - (10) “Power Generating Equipment”, unless shown as Included in the Equipment Breakdown Protection Schedule;
  - (11) Pressure vessels and piping that are buried below ground and require the excavation of materials to inspect, remove, repair or replace;
  - (12) Structure, foundation, cabinet or compartment supporting or containing the “Covered Equipment” or part of the “Covered Equipment” including penstock, draft tube or well casing; gg
  - (13) Vehicle, aircraft, self-propelled equipment or floating vessel, including any “Covered Equipment” mounted on or used solely with any vehicle, aircraft, self-propelled equipment or floating vessel.

6. “Covered Property”, as used in this Extension only, means any property, including “Rotating Biological Contactors,” that you own, or is in your care, custody or control and for which you are legally liable, while at your “Locations.” But a “Rotating Biological Contactor” that has a square or rectangular shaft is not “Covered Property.”

“Covered Property” does not mean live mammals, fish, birds, reptiles or insects. It also does not mean eggs intended to become live mammals, fish, birds, reptiles or insects.

7. “Diagnostic Equipment” means any machine or apparatus (other than astronomical telescopes, cyclotron, nuclear reactor or particle accelerator) used solely for research, diagnosis, medical, surgical, therapeutic, dental or pathological purposes.
8. “Electronic Data” means information, facts or “Computer Programs” stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment.
9. “Extra Expense” means additional expenses you necessarily incur during the “period of restoration” that you would not have incurred if there had been no physical loss or damage.

Any salvage value of property obtained for temporary use during the “period of restoration” which remains after the resumption of normal “operations” will be taken into consideration in the adjustment of any loss.

10. “Green” means products, materials, methods and processes that conserve natural resources, reduce energy or water consumption, avoid toxic or other polluting emissions or otherwise minimize the environmental impact.
11. “Green Authority” means a recognized authority on “Green” building or “Green” products, materials or processes.
12. “Hazardous Substance” means any substance, other than ammonia, that has been declared to be hazardous to health by a federal, state or local governmental agency.
13. “Locations” means the buildings or structures identified in the Property Schedule attached to this Certificate and as defined in Paragraph A(1) of SECTION II – DEFINITIONS.
14. “Media” means electronic data processing or storage material such as films, tapes, discs, drums or cells. However, “Media” does not include any hard disk drive that is an internal component of “Computer Equipment”.
15. “One Breakdown” means if an initial “Breakdown” causes, or results in, other “Breakdowns”, all will be considered “One Breakdown”.

All “Breakdowns” at any one “Location” that manifest themselves at the same time and are the result of the same cause will be considered “One Breakdown”. If an initial “Breakdown” causes, or results in, other “Breakdowns”, all will be considered “One Breakdown”.

16. “Operations” means your business activities occurring at the “Location” where the physical loss or damage occurs.
17. “Ordinary Payroll Expenses” means
  - a. Payroll expenses for all your employees, but not for your elected or appointed officials;
  - b. Includes employee benefits, if directly related to payroll; FICA payments; union dues; and Worker’s Compensation premiums.
18. “Period of Restoration” means the period of time that:
  - a. Begins at the time of the “Breakdown”; and
  - b. Ends on the earlier of:
    - (1) The number of consecutive days indicated in the applicable Coverage Extensions or Additional Coverage Extensions in the Equipment Breakdown Protection Schedule or elsewhere in this Equipment Breakdown Protection Extension after the date when the damaged property at the “Locations” should be repaired or replaced with reasonable speed and similar quality; or
    - (2) The date when business or usual “operations” are resumed at a new permanent location.
  - c. “Period of Restoration” does not include any increased period required to re-attain a pre-loss level of “Green” certification from a “Green Authority”. But this does not apply to any increase in the “Period of Restoration” otherwise covered under the “Green” Alternatives Additional Coverage Extension.
  - d. “Period of Restoration” does not include any increased period required due to the application or enforcement of any kind of ordinance or law that:
    - (1) Regulates the construction, use, repair, or requires the demolition or tearing down, of any property; or
    - (2) Requires any Member 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 “Hazardous Substance.”

The expiration date of this Certificate will not affect or cut short the “Period of Restoration.”

19. “Perishable Goods” means any “Covered Property” that is maintained under controlled conditions for its preservation and that is susceptible to loss or damage if the controlled conditions change.
20. “Power Generating Equipment” means any pressure, mechanical or electrical equipment, machinery, apparatus used in, or associated with, the generation of electric power; but it does not include emergency power generating equipment less than or equal to 1000kw in capacity.
21. “Rental Value” means:
  - a. the net rental income that would have been earned, incurred, paid or received from tenant occupancy of the “Covered Property” where the physical loss or damage occurs if there had been no physical loss or damage; and
  - b. the amount of charges which, but for the occurrence of the physical loss or damage, are or would be the legal obligations of the tenant(s), but would otherwise be your obligations.
22. “Rotating Biological Contactors” means any rotating biological filter, rotating biological treatment unit, or rotating biological treatment process used in wastewater or any other biodegradable effluent treatment plant or facility. “Rotating Biological Contactors” includes discs, shafts and any other constituent part of the filter, unit or process.

Other than the above-stated, all limitations, restrictions, terms and conditions of this Certificate shall remain unchanged.