

Emergency Service Organization Commercial Umbrella

Especially Designed For:

SAN JUAN ISLAND EMERGENCY MEDICAL
SERVICES
PO BOX 2178
FRIDAY HARBOR WA 98250



Underwritten by





Loss Control Policyholder Notice

Dear Emergency Service Client,

Safety and health is a major issue in emergency service organizations today. This issue is important to us because of the major impact that accidents can have on an organization. Morale is affected by accidents and they can have a financial impact. Insurance rarely covers all the expenses associated with accidents. There are often hidden costs that the organization must bear. Examples of hidden costs are time spent reporting, documenting and investigating the accident, time spent training the replacement staff and time to replace the vehicles and equipment. These costs are rarely covered by insurance.

Loss Control Guidelines Provided by VFIS

As a valuable service to you, VFIS provides loss control guidelines and programs to your organization to help you prevent and/or reduce the impact of accidents. Implementing VFIS loss control measures will benefit your organization by reducing or eliminating the hidden costs of accidents and helping your organization to continue the mission of saving lives and property.

VFIS provides a number of programs and services to help you in your loss control effort. While most of these services are available to our clients at no additional cost, some may require a fee based on the scope of the service requested. Some of the services and programs that we provide to our clients are:

- **On-site loss control consultations**
- **Recommendation to control identifiable hazards**
- **Loss experience analysis**
- **Consultation on specific loss control related problems**
- **Sample standard operating guidelines for vehicle operations**
- **Accident investigation procedures and forms**
- **Health and Safety Audit of NFPA 1500**

Loss Control Publications

VFIS has several publications which you can request at no charge. These include the Communiqué which is a one page fact sheet which presents a specific hazard and provides procedures for controlling the hazard. VFIS also provides numerous training programs which you can access through the Client Education and Training Resource Catalog which accompanies your policies.

Inquire About Our Loss Control Services

If you would like information about some of the above services and publications, please call Todd Thompson at VFIS @ 1-800-233-1957.

Named Insured:
 SAN JUAN ISLAND EMERGENCY MEDICAL
 SERVICES

Policy Number: VFIS-CU-5055497-04/000
 Policy Period: From: 01-01-2012
 To: 01-01-2013

Schedule of Underlying Insurance

| Underlying Insurance | Type of Coverage | Limits of Insurance | |
|--|---|--|--|
| Insurer: AMERICAN ALTERNATIVE INSURANCE Policy Number: VFISTR2060934 Term: 01/01/12 to 01/01/13 | Employer's Liability | Bodily Injury by Accident \$ 1,000,000 Bodily Injury by Disease \$ 2,500,000 Bodily Injury by Disease \$ 1,000,000 | Each Accident Policy Limit Each Employee or Volunteer |
| Insurer: AMERICAN ALTERNATIVE INSURANCE Policy Number: VFISTR2060934-04 Term: 01/01/12 to 01/01/13 | General Liability Coverage Type: Occurrence | \$ 1,000,000 \$ 1,000,000 \$ 3,000,000 \$ 3,000,000 | Each Occurrence or Medical Incident Medical Expense Personal & Advertising Injury General Aggregate Products - Completed Operations Aggregate |
| Insurer: AMERICAN ALTERNATIVE INSURANCE Policy Number: VFISCM1056784-04 Term: 01/01/12 to 01/01/13 | Automobile Liability | \$ 1,000,000 | Combined Single Limit |
| Insurer: AMERICAN ALTERNATIVE INSURANCE Policy Number: VFISTR2060934-04 Term: 01/01/12 to 01/01/13 | Management Liability Coverage Type: Claims Made | \$ 3,000,000 \$ 1,000,000 | Aggregate Limit Each Wrongful Act or Offense |

Estimated Premium: \$ 4,198.00

Total Taxes/Fees/Surcharges



American Alternative Insurance Corporation

Policy Number
VFIS-CU-5055497-04/000

SCHEDULE OF FORMS AND ENDORSEMENTS

| | | | |
|---------------|--|-----------------|---------------------------------------|
| Named Insured | SAN JUAN ISLAND EMERGENCY MEDICAL SERVICES | Effective Date: | 01-01-12 12:01 A.M., Standard Time |
| Agency Name | VFIS | | |

COMMON POLICY FORMS AND ENDORSEMENTS

UMBRELLA FORMS AND ENDORSEMENTS

| | | |
|---------|-------|--|
| VLCW24 | 01-08 | CAPS ON LOSSES FROM CERT. ACTS OF TERROR |
| CU1000B | 04-95 | COMMERCIAL UMBRELLA POLICY |
| CUWA01 | 03-10 | WASHINGTON AMENDATORY END. |
| CUWA03 | 06-02 | WA - FUNGI OR BACTERIA EXCL. |
| CU1063 | 07-94 | FIREWORKS EXCLUSION |
| CU1081 | 07-94 | MARITIME EMPLOYERS' LIABILITY EXCL |
| CU1160 | 07-94 | AGGREGATE LIMITS OF INS (PER LOCATION) |
| CU1173 | 04-95 | EMPLOYMENT RELATED PRACTICES EXC. |
| CU1180 | 06-96 | EMERGENCY SERVICE ORG AMENDATORY ENDT |
| CU1187 | 01-96 | FOLLOW FORM POLLUTION LIABILITY |
| CU1197 | 09-97 | SERVICES: FUDICIARY/PROFESSIONAL AMEND |
| CU1203 | 09-97 | KNOWLEDGE OF OCCURRENCE |
| CU1210 | 12-98 | EXCL-YEAR 2000 COMP-RELATED/ELECTRONIC |
| CU1224 | 02-02 | AMEND. OF INS. AGMT - KNOWN INJ. OR DAM. |

POLICYHOLDER NOTICES



American Alternative Insurance Corporation

Policy Number
VFIS-CU-5055497-04/000

INSTALLMENT SCHEDULE

Named Insured SAN JUAN ISLAND EMERGENCY MEDICAL
SERVICES
Agency Name VFIS

Effective Date: 01-01-12
12:01 A.M., Standard Time

IT IS HEREBY AGREED AND UNDERSTOOD THAT THIS POLICY IS
PAYABLE ON INSTALLMENTS AS FOLLOWS:

| | DUE | PREMIUM | SURCHARGE | REVISED INSTALLMENT TOTAL |
|---------|------------|-------------|-----------|------------------------------|
| DEPOSIT | 01/01/2012 | \$ 4,198.00 | | \$ 4,198.00 |

Failure to pay the Installment Premium by the Date Due shown shall constitute non-payment of premium for which we may cancel this policy.



American Alternative Insurance Corporation

Policy Number
VFIS-CU-5055497-04/000

SCHEDULE OF NAMED INSURED(S)

| | | | |
|---------------|--|-----------------|---------------------------|
| Named Insured | SAN JUAN ISLAND EMERGENCY MEDICAL SERVICES | Effective Date: | 01-01-12 |
| Agency Name | VFIS | | 12:01 A.M., Standard Time |

SAN JUAN COUNTY PUBLIC HOSPITAL DISTRICT #1

SAN JUAN ISLAND EMT ASSOCIATION



Date Issued 11-29-11

This endorsement forms a part of the Policy to which attached, effective on the inception date of the Policy unless otherwise stated herein. (The following information is required only when this endorsement is issued subsequent to preparation of the Policy.)

INSURED SAN JUAN ISLAND EMERGENCY

Policy No. VFIS-CU-5055497-04/000 Endorsement Effective 01-01-12
(12:01 A.M.)

Countersigned _____
(Authorized Representative)

by AMERICAN ALTERNATIVE INSURANCE CORPORATION

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

Cap on Losses From Certified Acts of Terrorism

This endorsement modifies insurance provided under the following:

- COMMERCIAL UMBRELLA POLICY – COVERAGE A and COVERAGE B
- COMMERCIAL EXCESS FOLLOW FORM POLICY
- COMMERCIAL EXCESS FOLLOW FORM OCCURRENCE POLICY
- COMMERCIAL EXCESS OCCURRENCE POLICY RETAINED AMOUNT FORM

The following is added and supersedes any provision to the contrary:

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

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

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

All other terms and conditions remain the same.

THIS POLICY PROVIDES COVERAGE ON A CLAIMS MADE BASIS UNDER COVERAGE A IF THE SCHEDULED UNDERLYING POLICY PROVIDES CLAIMS MADE COVERAGE. IF COVERAGE IS SO PROVIDED ON A CLAIMS MADE BASIS, IT APPLIES ONLY TO CLAIMS MADE AGAINST AN INSURED DURING THE POLICY PERIOD OR EXTENDED REPORTING PERIOD, IF APPLICABLE. PLEASE READ CAREFULLY.

COMMERCIAL UMBRELLA POLICY

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we," "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in bold print have special meanings found in Section VI - DEFINITIONS.

I. INSURING AGREEMENTS

We, the Company, in return for the payment of the premium, agree with you, as follows:

- A. Coverage A -- Excess Following Form Liability Over Underlying Claims Made or Occurrence Coverage

We will pay, on behalf of the **insured**, sums in excess of the amount payable under the terms of any Underlying Insurance as stated in the Schedule of Underlying Insurance, that the **insured** becomes legally obligated to pay as damages because of injury or damage to which this insurance applies.

This insurance is subject to the same terms, conditions, agreements, exclusions and definitions as the Underlying Insurance except as otherwise provided in this policy; provided, however, that in no event will this insurance apply unless the Underlying Insurance applies or would apply but for the exhaustion of its applicable Limit of Liability.

If the Scheduled Underlying Policy affords coverage on a **claims made** basis then for this insurance to apply:

1. the injury or damage must be caused by an **occurrence**;
2. the claim for the injury or damage must first be made against the **insured** during the **Policy Period** or the Extended Reporting Period provided herein; and
3.
 - a. the **bodily injury** or **property damage**; or,
 - b. the **occurrence** causing the **personal injury**, **advertising injury**, or **professional liability**;

must take place on or after the Retroactive Date shown in Item 5 of the Declarations and before the termination of this policy;

If the Scheduled Underlying Policy affords coverage on an occurrence basis then for this insurance to apply:

1. the injury or damage must be caused by an **occurrence**; and
2. a. the **bodily injury** or **property damage**; or,
b. the **occurrence** causing the **personal injury**, **advertising injury**, or **professional liability injury**;

must take place during the **Policy Period**.

B. Coverage B -- Umbrella Occurrence Based Liability Coverage Over Retained Limit

We will pay, on behalf of the **insured**, damages with respect to liability for loss in excess of the Retained Limit as specified in Item 4(d) of the Declarations, or the amount payable by any **other insurance**, whichever is greater, up to the applicable Limits of Insurance shown in the Declarations when liability is imposed on the **insured** by law or when liability is assumed by the **insured** under an **insured contract** because of:

1. **bodily injury or property damage** which occurs during the **Policy Period** and is caused by an **occurrence**; and
2. **personal injury or advertising injury** to which this coverage applies, caused by an **occurrence** committed during the **Policy Period**.

Coverage B will NOT apply to any loss for which insurance is afforded under Coverage A or which arises out of subjects of insurance or exposures to loss for which Underlying Policies are required to be maintained under Section V - CONDITIONS, I. MAINTENANCE OF SCHEDULED UNDERLYING INSURANCE.

C. Extended Reporting (Applicable to Coverage A Only)

1. Extended Reporting Periods

If Scheduled Underlying Policy(ies) provide coverage on a **claims made** basis then, as set forth in Section I, paragraph A above, this policy provides coverage on a **claims made** basis and:

- a. We will provide a Basic Extended Reporting Period as described in subparagraph 2 below and, if you purchase it, a Supplemental Extended Reporting Period as described in subparagraph 3 below, IF,
 - i) this insurance is cancelled or not renewed; or
 - ii) we renew or replace this insurance with other insurance that:
 - (a) has a Retroactive Date later than the Retroactive Date shown in the Declarations of this policy; or
 - (b) does NOT apply to injury or damage on a **claims made** basis.

2. Basic Extended Reporting Period

A Basic Extended Reporting Period, equal in length to the Basic Extended Reporting Period provided in the applicable Underlying Insurance, is automatically provided as set forth above at no additional charge and provides that:

- a. claims first made within the Basic Extended Reporting Period; and
- b. claims first made after the Basic Extended Reporting Period for injury or damage caused by an **occurrence** and reported to us in writing within the Basic Extended Reporting Period;

will be deemed to have been made during the **Policy Period** of this policy.

The Basic Extended Reporting Period provided in the Underlying Policy means that extended reporting period provided at no additional charge.

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

3. Supplemental Extended Reporting Period

- a. A Supplemental Extended Reporting Period is available only by an endorsement and for an additional charge. This period starts at the end of the Basic Extended Reporting Period and will be equal in length to the Supplemental Extended Reporting Period you purchased in the applicable Underlying Insurance. Claims first made during this Supplemental Extended Reporting Period will be deemed to have been made during the **Policy Period** of this policy, but will be subject to the separate Aggregate Limits of Liability set forth in subdivision c below.

The Supplemental Extended Reporting Period provided by the Underlying Policy means that extended reporting period provided at an additional charge.

If the Underlying Policy does not provide a Supplemental Extended Reporting Period then this policy does not offer a Supplemental Extended Reporting Period.

- b. The first named **insured** listed in Item 1 of the Declarations must give us a written request for the Endorsement within 60 days after the end of the **Policy Period**. The Supplemental Extended Reporting Period will NOT go into effect unless the first named **insured** pays the additional premium promptly when due.
- c. If said first named **insured** complies with subdivision b above we will issue the Supplemental Extended Reporting Period Endorsement, and will provide the separate Aggregate Limits of Liability described below, but only for claims to which this subparagraph 3 applies.

The separate Aggregate Limits of Liability will be equal to the dollar amount shown in the Declarations in effect at the end of the **Policy Period** for:

- i) General Aggregate Limit;

- ii) Products Completed Operations Aggregate.

Paragraphs B and C of Section II - LIMITS OF LIABILITY will be amended accordingly. The Each Occurrence Limit shown in the Declarations will then continue to apply, as set forth in paragraph A of Section II - LIMITS OF LIABILITY.

- d. We will determine the additional premium for the Supplemental Extended Reporting Period in accordance with our rates.
- e. The Supplemental Extended Reporting Period Endorsement will set forth the terms, not inconsistent with this section, applicable to the Supplemental Extended Reporting Period, including a provision to the effect that the insurance afforded is excess over any **other insurance**, available under policies in force after the Supplemental Extended Reporting Period starts.

4. How Extended Reporting Periods Apply

- a. Extended Reporting Periods apply ONLY to claims for injury or damage which occur before the end of the **Policy Period** but NOT before the Retroactive Date shown in the Declarations.
- b. Extended Reporting Periods do NOT:
 - i) extend the **Policy Period** or change the scope of coverage provided;
 - ii) reinstate or increase the Limits of Liability applicable to any claim to which this insurance applies, except as described in subparagraph 3 of this section.
- c. Extended Reporting Periods may NOT be cancelled once in effect.

5. Notification Of Injury, Damage or Claim

Notification of injury, damage or claim must be in accordance with DUTIES IN THE EVENT OF OCCURRENCE, CLAIM OR **SUIT** as stated in Section V - CONDITIONS of this policy.

Any **insured's** failure to comply with any of the DUTIES IN THE EVENT OF OCCURRENCE, CLAIM OR **SUIT** will void any Extended Reporting Period coverage under this policy, and we will promptly refund any additional premium you paid for the Extended Reporting Period coverage.

II. LIMITS OF LIABILITY

- A. Our total Limit of Liability for loss resulting from any one **occurrence** will NOT exceed the amount specified in Item 4(a) of the Declarations. This will be true regardless of:
 - 1. the number of persons and organizations who are **insureds** under this policy;
 - 2. the number of coverages provided under this policy;

3. the number of claims made and **suits** brought against any or all **insureds**;
 4. the number of persons or organizations making claims or bringing **suits**.
- B. The Products Completed Operations Aggregate as stated in Item 4(b) of the policy Declarations is the most we will pay for all damages to which this policy applies under Coverages A and B because of injury and damages included in the **products -completed operations hazard**.
- C. The General Aggregate as stated in Item 4(c) of the Declarations is the most we will pay for all damages to which this policy applies under Coverages A and B, except for:
1. damages included in paragraph B above, and;
 2. coverages included in the Scheduled Underlying Policy(ies) to which no underlying aggregate(s) applies.
- D. If the Limit of Liability of the Scheduled Underlying Policy(ies) as stated in the Schedule of Underlying Insurance has been exhausted by payments made on behalf of any **insured** by the Underlying Insurer, this policy shall apply as the applicable Underlying Insurance subject to all the terms and conditions of such Underlying Insurance and the terms and conditions of this policy. If the Limit of Liability of the Scheduled Underlying Policy(ies) as stated in the Schedule of Underlying Insurance has been reduced by payments made on behalf of any **insured** by the Underlying Insurer, this policy will drop down to become immediately excess of the reduced underlying limit. Such claims or **suits** will be subject to the terms of Coverage A.
- E. The Limits of Insurance of the Scheduled Underlying Policy(ies) will be reduced or exhausted only by payments made on behalf of the **insured** for injury or damage to which this insurance would apply, but for the amount of such injury or damage.
- F. In NO event will our liability under this policy be greater than the total of the Products Completed Operations Aggregate and the General Aggregate as stated in Items 4(b) and 4(c) of the Declarations.
- G. The Limits of Insurance of this policy apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the **Policy Period** shown in the Declarations, unless the **Policy Period** is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limit of Insurance.

III. DEFENSE PROVISIONS

- A. We will assume charge of the settlement or defense of any claim or **suit** against the **insured** when:
1. the aggregate Limit of Liability of the applicable Scheduled Underlying Policy has been exhausted by payment of claims; or
 2. damages are sought for **bodily injury, personal injury, property damage, or advertising injury** covered by this policy and to which no Underlying Insurance or **other insurance** applies;

Provided there is no duty to defend under any Underlying Policy.

- B. When we assume such charge we will pay in addition to the applicable Limit of Liability:
1. all expenses we incur; and
 2. the following to the extent that they are NOT included in the Underlying Insurance:
 - a. the **insured's** expenses incurred at our request, including actual loss of earnings NOT to exceed \$150 per day;
 - b. premiums for attachment bonds for amounts up to the applicable Limit of Liability, and the cost of bail bonds NOT to exceed \$2,000. We do NOT have to furnish these bonds;
 - c. all costs taxed against the **insured** in the **suit**;
 - d. prejudgment interest awarded against the **insured** on that part of the judgment we pay; if we make an offer to pay the judgment or any remaining applicable limit of liability, we will NOT pay any prejudgment interest incurred after the offer; or
 - e. all interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable Limit of Liability.
- C. We will NOT defend any **suit** or claim after we have exhausted the applicable aggregate Limit of Liability as stated in Items 4(b) and 4(c) of the Declarations.
- If we are prevented by law from carrying out this paragraph, we will NOT pay any expense incurred without our written consent.
- D. In all circumstances for which paragraph A above is not applicable, we will NOT be obligated to assume charge or pay the expenses for the investigation, settlement or defense of any claim made, or **suit** brought, or proceedings instituted against any **insured**. We will, however, have the right in our sole discretion to participate in the defense and trial of any claims, **suits** or proceedings which relate to any **occurrence** that may involve this policy. If we avail ourselves of this right, we will do so at our expense.

IV. EXCLUSIONS

The exclusions applicable to the Underlying Insurance also apply to this insurance. Additionally, the following exclusions apply under:

A. COVERAGES A AND B

This policy will NOT apply:

1. Statutory Obligations To Employees
to any obligation for which the **insured** or any company as its insurer may be held liable under:
 - a. workers' compensation law,
 - b. unemployment compensation law,

- c. disability benefits law, or
- d. under any similar state or federal laws.

2. ERISA

to liability imposed on the **insured** under the Employees' Retirement Income Security Act (ERISA) of 1974 or any amendments thereto or similar subsequent federal acts or any similar provisions of state statutory or common law.

3. Automobile First Party Coverage

to liability imposed on any **insured** under any uninsured/underinsured motorist law or automobile no fault law or first party personal injury law.

4. Owned Property And Damage To Your Products Or Work

to **property damage** to or loss of use of:

- a. property owned or leased by any **insured** or purchased by any **insured** under installment sales contract or property on consignment to any **insured**;
- b. **your product** caused by such product or any of their parts; or
- c. **your work** arising out of the work or out of materials, parts or equipment furnished with such work.

5. Product Recall

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

- a. **your product,**
- b. **your work,** or
- c. **impaired property,**

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

6. Nuclear Liability

to Nuclear Energy Liability (see attached Nuclear Liability Exclusion).

B. COVERAGE A ONLY

This policy will NOT apply:

1. Pollution Liability

- a. to any **professional liability** or related defense costs and expenses arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of pollutants.

- b. to any liability arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of pollutants:
 - i) at or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any **insured**;
 - ii) at or from any premises, site or location which is or was at any time used by or for any **insured** or others for the handling, storage, disposal, processing or treatment of waste;
 - iii) which are or were at any time transported, handled, stored, treated, disposed of or processed as waste by or for any **insured** or person or organization for whom you may be legally responsible;
 - iv) at or from any premises, site or location on which any **insured** or any contractors or subcontractors working directly or indirectly on any **insured's** behalf are performing operations:
 - (a) if the pollutants are brought on or to the premises, site or location in connection with such operations by such **insured**, contractor or subcontractor; or
 - (b) if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of pollutants.
- c. to any loss, cost or expense arising out of any:
 - i) request, demand or order that any **insured** or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of pollutants; or
 - ii) claim or **suit** by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing or in any way responding to or assessing the effects of pollutants.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

C. COVERAGE B ONLY

This policy will NOT apply:

1. Advertising Injury

to **advertising injury** resulting from:

- a. failure of performance of contract, but this exclusion does NOT apply to claims for unauthorized appropriation of ideas based upon alleged breach of an implied contract;

- b. infringement of registered trademark, service mark, trade dress, or trade name, other than titles or slogans, by use on or in connection with goods or services sold, offered for sale or advertised;
- c. incorrect description of any article or commodity;
- d. mistake in advertised price.

2. Owned or Leased Aircraft And Aircraft Chartered Without Crew

to the ownership, entrustment, maintenance, operation, use, loading or unloading of aircraft owned or leased by any **insured** or chartered by or on behalf of any **insured** without crew.

3. Watercraft

to any liability arising out of the ownership, maintenance, operation, use, loading or unloading or entrustment to others of any watercraft owned by any **insured** or rented, loaned, or chartered by or on behalf of any **insured**; however, this exclusion does not apply to:

- a) watercraft while ashore on premises you own or rent; or
- b) watercraft you do not own that is:
 - i) less than 50 feet long and not being used to carry persons or property for a charge; or
 - ii) less than 50 feet long and chartered by you without crew.

4. Fellow Employees

to any employee with respect to injury to or the death of another employee of the same employer, injured or killed in the course of their employment.

5. Damage To Impaired Property

to **property damage** to **impaired property** or property that has NOT been physically injured arising out of:

- a. a defect, deficiency, inadequacy, or dangerous condition in **your product or your work**; or
- b. a delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms,

BUT

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

6. Alcoholic Beverages

to liability arising out of your manufacturing, distributing, selling or serving of alcoholic beverages or to your liability as an owner or lessor of premises used for selling or serving alcoholic beverages.

7. Pollution Liability

- a. to any liability including defense costs and expenses, arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of pollutants;
- b. to any loss, cost or expense arising out of any governmental direction or request that any **insured** or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize pollutants.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

8. Autos

to the ownership, entrustment, maintenance, operation, use, loading or unloading of **autos** within the United States of America, including its possessions and territories, Canada and Mexico or while **autos** are being transported between these places.

9. Employers' Liability

- a. to any liability of any **insured** arising out of injury of an employee in the course of employment by any **insured**; and
- b. to any liability of any **insured** arising out of injury of the spouse, child, parent, brother, or sister of the employee as a consequence of subdivision a above,

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

10. Services: Fiduciary or Professional

to liability arising out of:

- a. the performance of or failure to perform any fiduciary duty or service; or
- b. the rendering of or failure to render any professional service, in whatever form, by or on behalf of any **insured**.

11. War Exclusion

to any liability any **insured** may have, directly or indirectly, occasioned by, happening through, or in consequence of war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, terrorism, military terrorism, military or usurped power or confiscation or nationalization or requisition or destruction of or damage to property by or under the order of any government or public or local authority.

12. Coverage A Exclusion

any liability arising out of any **occurrence** with respect to which any coverage for any other liability, injury or damage is provided by any Underlying Insurance shown in the Schedule of Underlying Insurance.

V. CONDITIONS

A. Appeals

We can appeal a judgment against any **insured** under this agreement if:

1. the judgment is for more than the amount of the Retained Limit or the remaining Limits of Liability under the Underlying Insurance, whichever applies; and
2. the **insured** or the Underlying Insurers do NOT appeal it.

If we appeal the judgment, we will pay the costs of the appeal and any interest on those costs. Those payments will be in addition to the Limits of Liability of this policy.

B. Audit Of Books And Records

We may audit your books and records at any time during the term of this insurance or within three years after its expiration or termination. There is no time limit on auditing your books and records with respect to claims under this policy.

C. Financial Impairment

Bankruptcy, insolvency, rehabilitation, receivership, liquidation or other financial impairment of any **insured** or any insurer providing Underlying Insurance as stated in the Schedule of Underlying Insurance, shall neither relieve nor increase any of our obligations under this policy.

In the event there is a diminished recovery or no recovery available to any **insured** as a result of such financial impairment of any insurer providing Underlying Insurance, the coverage under this policy shall apply only in excess of the Limits of Liability stated in the Schedule of Underlying Insurance. Under no circumstances shall we be required to drop down and replace the underlying Limits of Liability, or assume any other obligations of a financially impaired insurer or the **insured**.

D. Cancellation

The first named **insured** in Item 1 of the Declarations may cancel this policy at any time by sending us a written request or by returning the policy stating the date of cancellation.

We may cancel this policy at any time by sending to the first named **insured** in Item 1 of the Declarations a notice of cancellation 30 days (10 days in the event of non-payment of premium) in advance of the cancellation date. Our notice of cancellation will be mailed to the first named **insured's** last known address, and will indicate the date on which coverage is terminated.

If cancellation is at the request of the first named **insured**, return premium will be computed at 90% of pro rata. If we cancel, return premium will be computed pro rata. If

this policy insures more than one named **insured**, cancellation may be effected by the first named **insured** listed in Item 1 of the Declarations for the account of all the named **insureds**. Notice of cancellation by us to such first named **insured** will be deemed notice to all **insureds** and payment of any return premium to such first named **insured** will be for the account of all interests.

In the event that provisions of this condition conflict with any state law or regulation governing the cancellation/nonrenewal of this policy, then such law or regulation shall prevail and this policy is amended to conform with such law or regulation.

E. Changes

Notice to any agent or knowledge possessed by any agent or by any other person will not effect a waiver or a change in any part of this policy. This policy can only be changed by a written endorsement that becomes part of this policy. The endorsement must be signed by one of our authorized representatives.

F. Duties In The Event Of Occurrence, Claim Or **Suit**

1. You **MUST** see to it that we and your Scheduled Underlying Insurers:
 - a. are notified in writing as soon as possible of any **occurrence** which may reasonably be believed to result in a claim involving this policy;
 - b. receive notice of the claim or **suit** as soon as possible;
 - c. at our request, receive assistance in the enforcement of any right against any person or organization which may be liable to you or any **insured** because of injury or damage to which this insurance may also apply;
 - d. receive your full cooperation as stated in this policy or any Scheduled Underlying Policy; and
 - e. receive your full cooperation in the investigation, settlement or defense of the claim or **suit**.

Notice of an **occurrence** is not notice of a claim.

2. Additionally, no insureds will, except at their own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent, or make any admission of liability. All **insureds** must fully cooperate in the investigation, settlement or defense of the claim or **suit**.
3. Additionally, when we control the defense of a claim or **suit**, we will pay for the defense expense. If by mutual agreement or court order any **insured** assumes control before the applicable Limit of Liability is exhausted, we will reimburse the **insured** for reasonable defense expense. However, we will not pay rates for attorney fees which are greater than those actually paid by us to attorneys retained by us in the ordinary course of business when we are defending similar actions in the community where the claim against the **insured** is being defended.
4. As soon as practicable after we become aware that a Limit of Liability under this policy is exhausted:
 - a. we will notify you of any outstanding claims and **suits** subject to that Limit; and

- b. you will then arrange to assume control of the defense of all such claims and **suits** against you or any other **insured** when our right or duty to defend them ends.
5. a. We will assist you in the transfer of control of the defense of claims and **suits** under subparagraphs 3 or 4 above. Until such arrangements are completed, we will take on behalf of any **insured** those steps that we think appropriate:
- i) to avoid a default in any claim or **suit**; or
 - ii) to the continued defense of a claim or **suit**.
- b. You agree that if we take such steps:
- i) we do not waive or give up our rights under this insurance; and
 - ii) you will reimburse us for any defense expense that arises out of such steps if the applicable Limit of Liability has been exhausted.

G. First Named Insured

The person or organization first named in Item 1 of the Declarations shall be known as the first named **insured** and is primarily responsible for the payment of all premiums. The first named **insured** will act on behalf of all other **insureds** for the giving and receiving of notice of cancellation and the receiving of any return premiums that become payable under this policy. The first named **insured** is authorized to request the Supplemental Extended Reporting Period Endorsement and request changes in the terms of this policy.

H. Inspection

We have the right, but are NOT obligated to inspect your premises and operations at any time. Our inspections are NOT safety inspections. They relate only to the insurability of the premises and operations and the premium to be charged. We may give you reports on the conditions we find. We may also recommend changes. While they may help reduce losses, 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. We do NOT warrant that the premises or operations are safe or healthful, or that they comply with laws, regulations, codes or standards.

I. Maintenance Of Scheduled Underlying Insurance

While this policy is in effect you agree to maintain the Underlying Insurance listed in the Schedule of Underlying Insurance in full force. THIS MEANS THAT:

1. the Scheduled Underlying Policy(ies) may NOT be cancelled or NOT renewed by either you or the Underlying Insurer without notifying us;
2. renewals or replacements will NOT be more restrictive in coverage;
3. terms, conditions and endorsements of the Scheduled Underlying Policy(ies) will NOT materially change;

4. the risk of uncollectibility (in whole or in part) of the Scheduled Underlying Policy(ies) limits as listed in the Schedule of Underlying Insurance, or replacements thereof, whether because of financial impairment or insolvency of an Underlying Insurer or for any other reason, is expressly retained by you and is not in any way or under any circumstances insured or assumed by us; and
5. Limits of Insurance will NOT change except for any reduction in the aggregate limit or Limits of Insurance by payment of claims hereunder.

Your failure and/or your Underlying Insurer's failure to comply with this condition will NOT invalidate this policy but in the event of such failure, we will only be liable to the same extent as if there had been compliance with this condition.

J. Other Insurance

If **other insurance** applies to claims covered by this policy, the insurance under this policy is excess of such **other insurance** and we will NOT make any payments until the **other insurance** has been used up. This condition shall not apply, however, if the other insurance is specifically written to be excess over this policy.

Except to the extent stated in this policy, this insurance is NOT subject to the terms, conditions, or limitations of any **other insurance**.

K. Our Right To Recover Payment

Any persons or organizations for whom we make a payment under this insurance must transfer to us their right to recovery against any other party. After a loss they must do everything necessary to secure, and nothing to impair these rights.

L. Premium

The premium for this policy as stated in Item 3 of the Declarations is a flat premium and is subject to a minimum and deposit premium, if applicable. It is NOT subject to adjustment UNLESS:

1. a rate is shown in Item 3 of the Declarations; or
2. an endorsement or endorsements are attached to this policy changing the Limit of Liability, adding or changing an Underlying Policy, changing the **Policy Period** or extending the policy reporting period.

If a flat premium is charged, and a minimum premium is shown in Item 3 of the Declarations, then that minimum premium is fully earned as of the inception of this policy.

M. Representations

By accepting this policy, you agree that:

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 policy in reliance upon your representations.

N. Titles Of Paragraphs

The titles of the varied Sections, Paragraphs, and Subparagraphs of this policy and endorsements attached to this policy, if any, are inserted solely for convenience or reference and are NOT to be deemed in any way to limit or affect the provisions to which they relate.

O. Transfer Of Rights And Duties

Your rights and duties under this insurance may NOT be transferred without our written consent, except if you die.

P. When Loss Is Payable

This policy will NOT apply until the **insured**, or the **insured's** Underlying Insurer is obligated to pay the amount of the underlying limit or Retained Limit for an **occurrence** which is also covered by this policy. When the amount of loss has finally been determined we will promptly pay on behalf of the **insured** the amount of loss which falls within the terms of this policy.

If we are required, or at our sole discretion elect, to pay any amounts on behalf of the **insured** within the Retained Limits, the first named **insured** listed in Item 1 of the Declarations will promptly reimburse us for any such amounts.

VI. DEFINITIONS

A. Applicable to Coverage A only

The bold face terms appearing in this policy have the meanings as set forth in the Underlying Policy(ies); but, if no definition appears in such Underlying Policy(ies) or if Coverage B applies the definitions in paragraph B immediately below will apply.

B. Applicable to Coverage B

The bold face terms appearing in this policy have the meanings as set forth below.

1. **Advertising Injury**

Means:

One or more of the following offenses:

- a. Libel, slander or defamation;
- b. any infringement of copyright, title or slogan;
- c. piracy, or idea misappropriation under an implied contract; or
- d. oral or written publication of material that violates a person's right of privacy;

committed or alleged to have been committed during the **Policy Period** in any advertisement, publicity article, broadcast or telecast and arising out of the **insured's** advertising activities.

2. **Auto**

Means:

A land motor vehicle, trailer or semi-trailer designed for travel on public roads, including any attached machinery or equipment; but, does NOT include **mobile equipment**.

3. **Bodily Injury**

Means:

- a. injury to the body, sickness or disease, including death resulting from any of these at any time, and if arising out of the foregoing, mental anguish, mental injury, disability, shock or fright;
- b. assault and battery when committed by you or at your direction for the purpose of protecting persons or property.

4. **Claims Made**

Means:

Coverage provided under an Underlying Policy that applies to injury or damage caused by an **occurrence** where (1) the injury or damage takes place on or after the Retroactive Date shown in the Declarations and before the termination of the policy; and (2) the claim for such injury or damage is first made against any **insured** during the **Policy Period** or any Extended Reporting Period purchased under this policy.

5. **Impaired Property**

Means:

Tangible property, other than **your product or your work**, that cannot be used or is less **useful because:**

- a. it incorporates **your product** or **your work** that is known or thought to be defective, deficient, inadequate, or dangerous; or
- b. you have failed to fulfill the terms of a contract or agreement relating to **your product** or **your work**;

if such property can be restored to use by:

- i) the repair, replacement, adjustment, or removal of **your product or your work**; or
- ii) your fulfilling the terms of the contract or agreement.

6. **Insured**

Each of the following is an **insured** to the extent set forth below:

- a. the named **insured**, and any Additional Named insured stated in any Additional Named Insured Endorsement.

Any subsidiary you newly acquire or form, other than a partnership or joint venture, will qualify as a named **insured** if there is no other similar insurance available to that subsidiary. However:

- i) coverage under this provision is afforded only until the 90th day after you acquire or form the subsidiary or the end of the **Policy Period**, whichever is earlier;
- ii) Coverage A does not apply to injury or damage that occurred before you acquired or formed the subsidiary; and
- iii) Coverage B does not apply to **bodily injury, property damage, personal injury, or advertising injury** that occurred before you acquired or formed the subsidiary.

Subsidiary means a corporation of which the named **insured** owns more than fifty percent of the issued and outstanding voting stock, either directly or indirectly, through one or more of its subsidiaries.

- b. if you are an individual, you and your spouse are **insureds**, but this policy will only apply to the conduct of a business or business properties of which you are a sole owner;
- c. if you are a partnership or joint venture, any partner or member and their spouses but only with respect to the conduct of your business. This policy will only apply to partnerships or joint ventures designated within Item 1 of the Declarations as a named **insured**;
- d. any person or organization (other than you) included as an **insured** in the Scheduled Underlying Insurance but NOT for broader coverage than is available to them under the Scheduled Underlying Insurance;
- e. except with respect to the ownership, maintenance, entrustment, operation, use, loading or unloading of aircraft or watercraft; any officer, director, stockholder or employee of yours while acting within the scope of their duties as such, but this subdivision e will NOT apply if it restricts the insurance granted under subdivision d above;
- f. any person (other than one of your employees) or organization while acting as your real estate manager;
- g. if an **insured** dies, then his rights and duties will be transferred to his legal representative, but only while acting within the scope of duties as his legal representative, or to anyone having temporary custody of his property until his legal representative has been appointed.

7. **Insured Contract**

Means:

Any written or oral agreement entered into by the **insured** in the usual course of the business operations of the **insured** in which the **insured** assumes tort liability of another to pay damages because of **bodily injury, personal injury, property damage or advertising injury** to a third person or organization where the contract or agreement is made prior to the injury or damage. However, an **insured 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:
 - i) preparing, approving or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications; or
 - ii) giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage;
- b. under which the **insured**, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the **insured's** rendering or failure to render professional services, including those listed in subdivision a above and supervisory, inspection or engineering services.

Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

8. Mobile Equipment

Means:

Any of the following types of land vehicles, including any attached machinery or equipment:

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

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

- i) equipment designed primarily for:
 - (a) snow removal;
 - (b) road maintenance, but not construction or resurfacing;
 - (c) street cleaning;
- ii) cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
- iii) air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

9. Occurrence

Means:

- a. an accident, including continuous and repeated exposure to substantially the same general harmful conditions which results in **bodily injury** or **property damage** which is neither expected nor intended from the standpoint of the **insured**. All such exposure to substantially the same general conditions will be considered as arising out of one **occurrence**;
- b. with respect to **personal injury**, only the offenses specified in DEFINITION 11. All damages arising out of substantially the same offense will be considered as arising out of one **occurrence**;
- c. with respect to **advertising injury** only the offenses listed in DEFINITION 1. All damages involving the same injurious material or act, regardless of the frequency or repetition thereof, the number or kind of media used, the number of claimants and all such damages will be considered as arising out of one **occurrence**; and
- d. with respect to **professional liability** a breach of duty, neglect, error, omission, misstatement, misleading statement, or other wrongful act as defined by the Scheduled Underlying Insurance. All damages involving the same wrongful act or a series of continuous or interrelated wrongful acts will be considered as arising out of one **occurrence**.

10. **Other Insurance**

Means:

Insurance other than Scheduled Underlying Insurance or insurance specifically purchased to be excess of this policy affording coverage that this policy also affords.

11. **Personal Injury**

Means:

One or more of the following offenses:

- a. false arrest, false imprisonment, wrongful detention or malicious prosecution;
- b. libel, slander, defamation of character, or oral or written publication of material that violates a person's right of privacy, unless arising out of advertising activities;
- c. discrimination EXCEPT:
 - i) when arising out of the willful violation of a statute; or
 - ii) when committed by or with knowledge or consent of an **insured**.
- d. wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies by or on behalf of the owner, landlord or lessor, or by a person claiming to be acting on behalf of the owner, landlord or lessor.

12. **Policy Period**

Means:

the period of time stated in Item 2 of the Declarations.

13. **Products - Completed Operations Hazard**

Means:

- a. All **bodily injury and property damage** arising out of **your product** or **your work** but only if the **bodily injury and property damage**:
 - i) arises from products no longer in your physical possession; or
 - ii) occurs after **your work** has been completed or abandoned.
- b. **Your work** will be considered completed at the earliest of the following times:
 - i) when all of the work called for in your contract has been completed; or
 - ii) when all of the work to be done at the site has been completed if your contract calls for work at more than one site; or
 - iii) when that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.
- c. Work that may need service, maintenance, correction, repair or replacement but which is otherwise complete, will be treated as completed;
- d. The **products - completed operations hazard** does NOT include **bodily injury or property damage** arising out of:
 - i) the transportation of property unless the injury or damage arises out of a condition in or on a vehicle created by the loading or unloading of it;
 - ii) the existence of tools, uninstalled equipment or abandoned or unused materials.

14. **Professional Liability**

Means:

any liability of the **insured** for damages covered by any Scheduled Underlying Insurance arising out of our attributable to any breach of duty, neglect, error, omission, misstatement, misleading statement or other wrongful act as defined in the Scheduled Underlying Insurance.

15. **Property Damage**

Means:

- a. physical injury to tangible property which occurs during the **Policy Period**, including all resulting loss of use of such property resulting from it at any time; or
- b. loss of use of tangible property which has NOT been physically injured or destroyed, provided such loss of use is caused by an **occurrence** during the **Policy Period**.

16. **Suit**

Means:

A civil proceeding in which damages because of **bodily injury, property damage, personal injury, advertising injury, or professional liability** to which this insurance applies are alleged, including, without limitation:

- a. An arbitration proceeding in which such damages are claimed and to which you must submit or do submit with our consent; or
- b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which you submit with our consent.

17. **Your Product**

Means:

- a. any goods or products (other than real property) manufactured, sold, handled, distributed or disposed of by:
 - i) you;
 - ii) others trading under your name; or
 - iii) a person or organization whose business or assets you have acquired; and
- b. containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

Your product includes warranties or representations made at any time with respect to the fitness, quality, durability or performance of any of the items

included above. **Your product** also includes the providing of or failure to provide warnings or instructions.

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

18. **Your Work**

Means:

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

Your work includes warranties or representations made at any time with respect to the fitness, quality, durability or performance of any of the items included above. **Your work** includes the providing of or failure to provide warnings or instructions.

NUCLEAR ENERGY LIABILITY EXCLUSION

This policy does NOT apply to **bodily injury**, **property damage**, **advertising injury**, **personal injury** or **professional liability** if applicable:

- A.
 - 1. to **bodily injury** or **property damage**
 - a. with respect to which an **insured** under the policy is also 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 any of their successors, or would be an **insured** under any such policy but for its termination upon exhaustion of its limit of liability; or
 - b. resulting from the hazardous properties of nuclear material and with respect to which:
 - 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) the **insured** is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, with any person or organization.
 - 2. to expenses incurred with respect to **bodily injury** resulting from the hazardous properties of nuclear material and arising out of the operation of a nuclear facility by any person or organization.
 - 3. to **bodily injury** or **property damage** resulting from the hazardous properties of nuclear material, if:
 - a. the nuclear material:
 - i) is at any nuclear facility owned by, or operated by or on behalf of, an **insured**; or
 - ii) has been discharged or dispersed therefrom;
 - b. the nuclear material is contained in spent fuel or waste at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an **insured**; or
 - c. the **bodily injury** or **property damage** arises out of the furnishing by an **insured** of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any nuclear facility, but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to **property damage** to such nuclear facility and any property thereat.
- B. As used in this exclusion:
 - 1. 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;

2. Waste

Means:

- a. any waste material:
 - i) containing by-product material other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its source material content; and
 - ii) 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.

3. Nuclear facility

Means:

- a. any nuclear reactor;
- b. 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;
- c. any equipment or device used for the processing, fabricating or alloying of special nuclear material if at any time the total amount of such material in the custody of the **insured** at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;
- d. 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;

4. Nuclear reactor

Means:

- a. any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;
- b. property damage includes all forms of radioactive contamination of property.



American Alternative Insurance Corporation

This endorsement forms a part of the Policy to which attached, effective on the inception date of the Policy unless otherwise stated herein. (The following information is required only when this endorsement is issued subsequent to preparation of the Policy.)

INSURED SAN JUAN ISLAND EMERGENCY

Policy No. VFIS-CU-5055497-04/000 Endorsement Effective 01-01-12
(12:01 A.M.)

Countersigned _____
(Authorized Representative)

by AMERICAN ALTERNATIVE INSURANCE CORPORATION, NEW YORK, NEW YORK

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

THIS POLICY IS SUBJECT TO THE FOLLOWING

With respect to: COVERAGE A
 COVERAGE B
 COVERAGE A and COVERAGE B

WASHINGTON AMENDATORY ENDORSEMENT

The following is added to the Cancellation Condition:

1. We must deliver or mail to each first Named **insured** or to each other person shown by the policy to have an interest in any loss which may occur thereunder, at the address last known to us, 45 days notice of cancellation, including the reason for cancellation. Nonpayment of premium will receive 10 days notice. A United States Post Office certificate of mailing shall be sufficient proof of mailing said notice.
2. The first Named **insured** shown in the Declarations may cancel this policy by notifying us or the insurance producer in one of the following ways:
 - (a) Written notice by mail, fax or email;
 - (b) Surrender of the policy or binder; or
 - (c) Verbal notice.
 Upon receipt of such notice, we will cancel this policy or any binder issued as evidence of coverage, effective on the later of the following:
 - (a) The date on which notice is received or the policy or binder is surrendered; or
 - (b) The date of cancellation requested by the first Named **insured**.
3. We may nonrenew this policy with 45 days notice to the First Named **insured**. Our notice will be mailed or delivered to the last known address of the first Named **insured** and will contain specific

WASHINGTON AMENDATORY ENDORSEMENT(continued)

reasons for nonrenewal. A United States Post Office certificate of mailing shall be sufficient proof of mailing.

4. We may nonrenew this policy without notice if:
 - (a) At least 20 days prior to expiration, we have communicated our willingness to renew in writing to the first Named **insured**, have included a statement of the amount of premium required to be paid by the first Named **insured** to renew the policy and the first Named **insured** has failed to discharge when due, his/her obligation in connection with the payment of such premium; or
 - (b) The first Named **insured's**, agent or broker has procured other coverage acceptable to the first Named **insured** prior to the expiration of the policy period.

PART V. CONDITIONS is amended to read as follows:

K. Our Right to Recover Payment

Any persons or organizations for whom we make a payment under this insurance must transfer to us their right to recovery against any other party. After a loss they must do everything necessary to secure, and nothing to impair these rights. We will be entitled to recovery only after the **insured** has been fully compensated for damages.

All Other Terms and Conditions Remain Unchanged.



Date Issued 11-29-11

This endorsement forms a part of the Policy to which attached, effective on the inception date of the Policy unless otherwise stated herein. (The following information is required only when this endorsement is issued subsequent to preparation of the Policy.)

INSURED SAN JUAN ISLAND EMERGENCY

Policy No. VFIS-CU-5055497-04/000 Endorsement Effective 01-01-12
(12:01 A.M.)

Countersigned _____
(Authorized Representative)

by AMERICAN ALTERNATIVE INSURANCE CORPORATION

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

THIS POLICY IS SUBJECT TO THE FOLLOWING

- With respect to: COVERAGE A
- COVERAGE B
- COVERAGE A and COVERAGE B

Washington - Fungi or Bacteria Exclusion

A. The following exclusion is added to Section IV. EXCLUSIONS, COVERAGES A and B:

This policy will NOT apply:

Fungi or Bacteria

- a. to any liability 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 **fungi** or bacteria on or within a building or structure, including its contents.
- b. any loss, cost or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, **fungi** or bacteria, by any **insured** or by any other person or entity.

This exclusion does not apply to any **fungi** or bacteria that are, are on, or are contained in, a good or product intended for consumption.

B. The following definition is added and applies to Coverages A and B:

Fungi means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or byproducts produced or released by **fungi**.

All other terms and conditions remain unchanged.



American Alternative Insurance Corporation

Date Issued 11-29-11

This endorsement forms a part of the Policy to which attached, effective on the inception date of the Policy unless otherwise stated herein. (The following information is required only when this endorsement is issued subsequent to preparation of the Policy.)

INSURED SAN JUAN ISLAND EMERGENCY

Policy No. VFIS-CU-5055497-04/000 Endorsement Effective 01-01-12
(12:01 A.M.)

Countersigned _____
(Authorized Representative)

by AMERICAN ALTERNATIVE INSURANCE CORPORATION, NEW YORK, NEW YORK

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

THIS POLICY IS SUBJECT TO THE FOLLOWING

With respect to:

| | |
|-------------------------------------|---------------------------|
| <input type="checkbox"/> | COVERAGE A |
| <input type="checkbox"/> | COVERAGE B |
| <input checked="" type="checkbox"/> | COVERAGE A and COVERAGE B |

Fireworks Exclusion

This insurance does not apply to any liability caused, directly or indirectly, by fireworks or any similar explosive material.



Date Issued 11-29-11

This endorsement forms a part of the Policy to which attached, effective on the inception date of the Policy unless otherwise stated herein. (The following information is required only when this endorsement is issued subsequent to preparation of the Policy.)

INSURED SAN JUAN ISLAND EMERGENCY

Policy No. VFIS-CU-5055497-04/000 Endorsement Effective 01-01-12
(12:01 A.M.)

Countersigned _____
(Authorized Representative)

by AMERICAN ALTERNATIVE INSURANCE CORPORATION

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

THIS POLICY IS SUBJECT TO THE FOLLOWING

- With respect to:
- COVERAGE A
 - COVERAGE B
 - COVERAGE A and COVERAGE B

Maritime Employers' Liability (Jones Act) Exclusion

This insurance does not apply to any liability for **bodily injury** sustained by the master or any member of the crew of any vessel.



American Alternative Insurance Corporation

Date Issued 11-29-11

This endorsement forms a part of the Policy to which attached, effective on the inception date of the Policy unless otherwise stated herein. (The following information is required only when this endorsement is issued subsequent to preparation of the Policy.)

INSURED SAN JUAN ISLAND EMERGENCY

Policy No. VFIS-CU-5055497-04/000 Endorsement Effective 01-01-12
(12:01 A.M.)

Countersigned _____
(Authorized Representative)

by AMERICAN ALTERNATIVE INSURANCE CORPORATION, NEW YORK, NEW YORK

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

THIS POLICY IS SUBJECT TO THE FOLLOWING

With respect to:

| | |
|---|---------------------------|
| | COVERAGE A |
| | COVERAGE B |
| X | COVERAGE A and COVERAGE B |

AGGREGATE LIMITS OF INSURANCE (PER LOCATION)

Coverage A is amended to include the following:

The General Aggregate under Item 4. Limits of Insurance of the Declarations, applies separately to each "location" owned by or rented to or managed by the named **insured**.

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



Date Issued 11-29-11

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INSURED SAN JUAN ISLAND EMERGENCY

Policy No. VFIS-CU-5055497-04/000 Endorsement Effective 01-01-12
(12:01 A.M.)

Countersigned _____
(Authorized Representative)

by AMERICAN ALTERNATIVE INSURANCE CORPORATION, PRINCETON, NEW JERSEY

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

THIS POLICY IS SUBJECT TO THE FOLLOWING

- With respect to:
- COVERAGE A
 - COVERAGE B
 - COVERAGE A and COVERAGE B

EMPLOYMENT RELATED PRACTICES EXCLUSION

This policy does not apply to **bodily injury** or **personal injury** arising out of any:

- (1) Refusal to employ;
- (2) Termination of employment;
- (3) Coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination or other employment-related practices, policies, acts, or omissions; or
- (4) Consequential **bodily injury** or **personal injury** as a result of (1) through (3) above.

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



American Alternative Insurance Corporation

EMERGENCY SERVICE ORGANIZATION AMENDATORY ENDORSEMENT

The following amendments are made to the COMMERCIAL UMBRELLA POLICY:

APPLICABLE TO COVERAGE B ONLY:

Deletion of Employers' Liability Exclusion

Exclusion 9. under Paragraph C. of Section IV. EXCLUSIONS is deleted.
The Retained Limit for Employers' Liability only under Coverage B will be:

| | |
|----------------------------|--------------------------------------|
| Bodily Injury by accident: | \$100,000 each accident |
| Bodily Injury by disease: | \$500,000 policy limit |
| Bodily Injury by disease: | \$100,000 each employee or volunteer |

APPLICABLE TO COVERAGE A AND B:

1. **Deletion of Owned Property and Damage to Your Products or Work Exclusion**

Exclusion 4. under paragraph A. of Section IV. EXCLUSIONS is deleted.

2. **Amendment of Condition F. Duties In The Event of Occurrence, Claim or Suit**

Subparagraph a. of Paragraph 1. of Condition F. Duties In The Event of Occurrence, Claim or **Suit** is amended as follows:

- a. are notified as soon as possible of any occurrence which may reasonably be believed to result in a claim involving this policy;

3. **Amendment of Defense Provisions**

Subparagraph 2.a. under Paragraph B. of Section III. DEFENSE PROVISIONS is amended to read as follows:

- a. The **insured's** expenses incurred at our request, including actual loss of earnings not to exceed \$300 per day.

4. **Addition of Condition Q. Separation of Insureds**

Condition Q. Separation of Insureds is added to this policy and reads as follows:

Q. Separation of Insureds

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

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

5. **Exclusions Amendment**

The following sentence and phrase after the title of Section IV. EXCLUSIONS:

"The exclusions applicable to the Underlying Insurance also apply to this insurance. Additionally, the following exclusions apply under:"

is deleted and replaced as follows:

"The following exclusions apply under:"



Date Issued 11-29-11

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Policy No. VFIS-CU-5055497-04/000 Endorsement Effective 01-01-12
(12:01 A.M.)

Countersigned _____
(Authorized Representative)

by AMERICAN ALTERNATIVE INSURANCE CORPORATION

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

THIS POLICY IS SUBJECT TO THE FOLLOWING

With respect to:

- COVERAGE A
- COVERAGE B
- COVERAGE A and COVERAGE B

FOLLOW FORM POLLUTION LIABILITY

Exclusion 1. Pollution Liability under Paragraph B. COVERAGE A ONLY under Section IV. EXCLUSIONS is deleted.

All Other Terms and Conditions Remain Unchanged.



American Alternative Insurance Corporation

Date Issued 11-29-11

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Policy No. VFIS-CU-5055497-04/000 Endorsement Effective 01-01-12
(12:01 A.M.)

Countersigned _____
(Authorized Representative)

by AMERICAN ALTERNATIVE INSURANCE CORPORATION, NEW YORK, NEW YORK

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

THIS POLICY IS SUBJECT TO THE FOLLOWING

With respect to:

- COVERAGE A
- COVERAGE B
- COVERAGE A and COVERAGE B

**SERVICES: FIDUCIARY OR PROFESSIONAL AMENDATORY
ENDORSEMENT**

Section IV. EXCLUSION C.10 is deleted and replaced with the following:

10. Services: Fiduciary or Professional

to liability arising out of:

- a. the performance of or failure to perform any fiduciary duty or service; or
- b. the rendering of or failure to render any professional service, in whatever form, by or on behalf of any **insured**; or
- c. an actual or alleged act, error or omission by, or on behalf of, an **insured** in the performance of the **insured's** operations.

All Other Terms and Conditions Remain Unchanged.



Date Issued 11-29-11

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INSURED SAN JUAN ISLAND EMERGENCY

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(12:01 A.M.)

Countersigned _____
(Authorized Representative)

by AMERICAN ALTERNATIVE INSURANCE CORPORATION, PRINCETON, NEW JERSEY

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

THIS POLICY IS SUBJECT TO THE FOLLOWING

- With respect to:
- COVERAGE A
 - COVERAGE B
 - COVERAGE A and COVERAGE B

Knowledge of Occurrence

The following is added to Section V. CONDITIONS:

Q. Knowledge of **Occurrence**

Knowledge of an **occurrence** by the agent, servant or employee of any **insured** shall not in itself constitute knowledge of the **insured** unless an executive officer or risk manager shall have received such notice from the agent, servant or employee.



Date Issued 11-29-11

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INSURED SAN JUAN ISLAND EMERGENCY

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(12:01 A.M.)

Countersigned _____
(Authorized Representative)

by AMERICAN ALTERNATIVE INSURANCE CORPORATION

**THIS ENDORSEMENT CHANGES THE POLICY.
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EXCLUSION – YEAR 2000 COMPUTER-RELATED AND OTHER ELECTRONIC PROBLEMS

With respect to: **COVERAGE A and COVERAGE B**

This policy will NOT apply to any loss, damages, costs, expenses or liability 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 **insured** or to others:
 - (a) Computer hardware, including microprocessors;
 - (b) Computer application software;
 - (c) Computer operating systems and related software;
 - (d) Computer networks;
 - (e) Microprocessors (computer chips) not part of any computer system; or
 - (f) 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 Endorsement due to the inability to correctly recognize, process, distinguish, interpret or accept the year 2000 and beyond.

EXCLUSION – YEAR 2000 COMPUTER-RELATED AND OTHER ELECTRONIC PROBLEMS (Continued)

- 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 Endorsement.

Except that with respect to Coverage A, this exclusion will not apply to the following :

1. Autos

to any liability arising out of the ownership, entrustment, maintenance, operation, use, loading or unloading of **autos**.

2. Employers' Liability

- a. to any liability of any **insured** arising out of injury of an employee in the course of employment by any **insured**; and
- b. to any liability of any **insured** arising out of injury of the spouse, child, parent, brother, or sister of the employee as a consequence of subdivision a above, and

Except that with respect to Coverage B, this exclusion will not apply to the following :

1. Autos

to any liability arising out of the ownership, entrustment, maintenance, operation, use, loading or unloading of **autos** not within the United States of America, including its possessions and territories, Canada and Mexico or while **autos** are being transported between these places.

All Other Terms and Conditions Remain Unchanged.



Date Issued 11-29-11

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INSURED SAN JUAN ISLAND EMERGENCY

Policy No. VFIS-CU-5055497-04/000 Endorsement Effective 01-01-12
(12:01 A.M.)

Countersigned _____
(Authorized Representative)

by AMERICAN ALTERNATIVE INSURANCE CORPORATION, PRINCETON, NEW JERSEY

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

THIS POLICY IS SUBJECT TO THE FOLLOWING

- With respect to: COVERAGE A
- COVERAGE B
- COVERAGE A and COVERAGE B

Amendment of Insuring Agreement - Known Injury or Damage

I. The following is added to Paragraph A. in SECTION I. INSURING AGREEMENTS:

In addition, if the Scheduled Underlying Policy affords coverage on an **occurrence** basis, this insurance applies only if prior to the **Policy Period**, no **insured** described in Paragraphs 6.a., b., c. and d. of the definition of **insured** in SECTION VI. DEFINITIONS and no employee authorized by you to give or receive notice of an **occurrence** or claim, knew that the **bodily injury, property damage or professional liability** injury had occurred, in whole or in part. If such a described **insured** or authorized employee knew, prior to the **Policy Period**, that the **bodily injury, property damage or professional liability** injury occurred, then any continuation, change or resumption of such **bodily injury, property damage or professional liability** injury during or after the **Policy Period** will be deemed to have been known prior to the **Policy Period**.

Bodily injury, property damage or professional liability injury which occurs during the **Policy Period** and was not, prior to the **Policy Period**, known to have occurred by any **insured** described in Paragraphs 6.a., b., c. and d. of the definition of **insured** in SECTION VI. DEFINITIONS or any employee authorized by you to give or receive notice of an **occurrence** or claim, includes any continuation, change or resumption of that **bodily injury, property damage or professional liability** injury after the end of the **Policy Period**.

Bodily injury, property damage or professional liability injury will be deemed to have been known to have occurred at the earliest time when any **insured** described in Paragraphs 6.a., b., c. and d. of the definition of **insured** in SECTION VI. DEFINITIONS or any employee authorized by you to give or receive notice of an **occurrence** or claim:

- (1) reports all, or any part, of the **bodily injury, property damage or professional liability** injury to us or any other insurer;
- (2) receives a written or verbal demand or claim for damages because of the **bodily injury, property damage or professional liability** injury; or
- (3) becomes aware by any other means that **bodily injury, property damage or professional liability** injury has occurred or has begun to occur.

II. Paragraph I. above is also added after subparagraph 2. of Paragraph B. in SECTION I. INSURING AGREEMENTS, except all reference in such paragraph to **professional liability** injury is deleted.

All other terms and conditions remain unchanged.



CLAIM REPORTING

Successful claim handling begins with prompt notification. Incidents that will or might give rise to a claim should be immediately reported to your agent. The agent will relay pertinent information to Glatfelter Claims Management, Inc. (GCM). Minimum information needed is:

- ❖ Name and telephone number of insured contact person.
- ❖ Date, time and location of the accident or incident.
- ❖ Description of how the incident occurred.
- ❖ Description of the vehicle or property involved.
- ❖ Description of the damage and/or injuries.
- ❖ Description of any other automobiles, property, persons and witnesses involved, including addresses and telephone numbers, if available.
- ❖ If known, the name and incident report number of the responding police department or other authority.

Do not delay reporting an incident to your agent waiting on information such as a police report, repair estimate, or other claim details. When additional information is obtained, it should be promptly reported to your agent or the claim handler assigned by GCM.

Should a claim arise, some important points to remember are:

- ❖ Provide assistance to injured persons.
- ❖ Protect property from further damage.
- ❖ Do not divulge information to anyone other than the assigned claim handler or GCM's authorized representative.
- ❖ If a lawsuit is filed, contact your agent immediately who will transmit copies to GCM.

If an after-hours emergency should arise, please contact our office for assistance.

Glatfelter Claims Management, Inc.
P.O. Box 5126
York, PA 17405
Telephone: (800) 233-1957
Claims Fax: (717) 747-7051
E-Mail: claims@glatfelters.com

CA License Number: 2D89880

Glatfelter Claims Management, Inc., a division of Glatfelter Insurance Group, is a wholly owned, third-party claims administrator charged with the handling of claims for VFIS, on behalf of American Alternative Insurance Corporation.



(800) 233-1957

Named Insured:

Policy No. or Type of Policy:

Effective Date:

Insurance Company: **American Alternative Insurance Corporation**
 Great Lakes Reinsurance (UK) PLC
 **The Princeton Excess and Surplus Lines
Insurance Company**

**POLICYHOLDER DISCLOSURE
NOTICE OF TERRORISM
INSURANCE COVERAGE**

You are hereby notified that under the Terrorism Risk Insurance Act, as amended, you now have a right to purchase insurance coverage for losses resulting from acts of terrorism, *as defined in Section 102(1) of the Act*: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury--in concurrence with the Secretary of State, and the Attorney General of the United States--to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

Coverage for certified acts of terrorism has been included in your policy. No additional premium has been charged under this policy for such terrorism coverage.

YOU SHOULD KNOW THAT WHERE COVERAGE IS PROVIDED BY THIS POLICY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM, SUCH LOSSES MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THE FORMULA, THE UNITED STATES GOVERNMENT GENERALLY REIMBURSES 85% OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. THE PREMIUM CHARGED FOR THIS COVERAGE, IF ANY, IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS THAT MAY BE COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A \$100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS \$100 BILLION, IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 BILLION, YOUR COVERAGE MAY BE REDUCED.

HOW DOES THE ACT AFFECT YOUR INSURANCE COVERAGE?

You have a policy of insurance issued by us which has no terrorism exclusion attached to it.

- This policy will remain in effect as written for the remainder of the policy period shown in the Declarations of the policy.
- The decision not to include a terrorism exclusion to your policy when it was issued or last renewed was based on a number of reasons, and the continuation or importance of these reasons may or may not have been altered by the passage of the Act.
- In the time between now and the next renewal we will examine and refine our treatment of terrorism under your policy. This means that you may or may not have the same terms offered to you upon renewal and that the premium charged may or may not reflect alteration based upon the terrorism exposure.

WHAT IS THE TERRORISM RISK INSURANCE ACT ?

The following is a partial summary of the Terrorism Risk Insurance Act, as amended, (hereinafter referred to as the Act). Only the provisions of the Act determine the scope of the insurance protection available for the losses covered under the Act. The Act has been extended through December 31, 2014.

The Act provides coverage for property and casualty insurance for "insured losses" as a result of an "act of terrorism." As stated in the Act:

- A. "Insured loss" means any loss resulting from an "act of terrorism" (including an act of war, in the case of worker's compensation) that is covered by primary or excess property and casualty insurance issued by an insurer if such loss:
1. occurs within the United States; or
 2. occurs to an air carrier (as defined in section 40102 of title 49, United States Code), to a United States flag vessel (or a vessel based principally in the United States, on which US income tax is paid and whose insurance coverage is subject to regulation in the United States), regardless of where the loss occurs, or at the premises of any United States mission.
- B. "Act of terrorism" means any act that is certified by the Secretary of State, in concurrence with the Secretary of State and the Attorney General of the United States:
1. To be an act of terrorism;
 2. To be a violent act or an act that is dangerous to:
 - a. human life;
 - b. property; or
 - c. infrastructure;
 3. to have resulted in damage within the United States, or outside of the United States in the case of:
 - a. an air carrier or vessel described in paragraph (5)(B) of Section 102 of the Act; or
 - b. the premises of a United States mission; and

4. to have been committed by an individual or individuals, as part of an effort to coerce the civilian populations of the United States or to influence the policy or affect the conduct of the United States Government by coercion.
- C. Section 102 (1)(B) of the Act states "no act shall be certified by the Secretary as an act of terrorism if:
1. the act is committed as part of the course of a war declared by the Congress, except that this clause shall not apply with respect to any coverage for workers' compensation; or
 2. property and casualty insurance losses resulting from the act, in the aggregate, do not exceed \$5,000,000."
- D. The Act also contains a "program trigger" in Section 103(e)(1)(B), pursuant to which the federal government does not pay compensation for losses resulting from a certified act occurring after December 31, 2007, unless aggregate industry insured losses from such a certified act exceed a certain amount, or "trigger." For insured losses occurring in 2008 and for all additional program years, the program trigger is \$100,000,000 of aggregate industry insured losses.
- E. The Act does not apply to: crop or livestock insurance; private mortgage insurance or title insurance; financial guaranty insurance issued by monoline financial guaranty insurance corporations; insurance for medical malpractice; health or life insurance; flood insurance provided under the National Flood Insurance Act of 1968; commercial automobile insurance; burglary and theft insurance; surety insurance; professional liability insurance (except Directors and Officers Liability); or farm owners multiple peril insurance.
- F. Under the Act for program years through December 31, 2014, the federal government will reimburse the insurance company for 85% of its insured losses in excess of a deductible, until aggregate "insured losses" in any Program Year exceed \$100 billion. Each insurer's deductible will be 20% of its direct earned premium for property and casualty insurance (as reported on Page 14 of the company's Annual Statement), over the immediately preceding calendar year.

For the purposes of determining such deductibles, direct earned premium means only the premiums earned on the commercial lines property and casualty insurance covered by the Act for U.S. risks or vessels, aircraft and foreign missions outside the U.S. covered by the Act.

Neither the insurance company (having met its statutorily mandated share as described above) nor the federal government will be liable for payment of any portion of "insured losses" under the Act that exceeds \$100 billion in the aggregate during any Program Year.