

UNITED SCHOOLS INSURANCE PROGRAM

MEMORANDUM OF COVERAGE COMMON DECLARATIONS

MEMORANDUM OF COVERAGE #: USIP212234980

Renewal of: 2020-2021
MOC Issue Date: 11/19/2021

Item 1. **Covered Member** and Mailing Address:

Manson School District #19
PO Box 312
Manson WA 98831

Item 2. **Coverage Period:**

From: September 1, 2021 to September 1, 2022 at 12:01 A.M. at your mailing address shown above.

Business Description: Public Entity

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS MEMORANDUM OF COVERAGE, HEREIN AFTER REFERRED TO AS THE "MOC" OR "MEMORANDUM OF COVERAGE," WE AGREE WITH YOU TO PROVIDE COVERAGE AS STATED IN THIS MOC.

Notice: The following coverages are provided by the United Schools Insurance Program, a Joint Self-Insurance program authorized by RCW 48.62.031, to its members in exchange for the consideration set forth in the Interlocal Agreement and the member's status as a party to the Interlocal Agreement. The United Schools Insurance Program is not an insurance company, and this document is not an insurance policy.


This MOC is a negotiated agreement amongst the Group Members and none of the parties to the MOC is entitled to rely on any contract interpretation principles which require interpretation of ambiguous language against the drafter of such MOC. This MOC shall be applied according to the principles of contract law, giving full effect to the intent of the Group Members of the USIP.

Property Coverage Part	Included
General Liability Coverage Part	Included
Wrongful Acts Liability Coverage Part	Included
Automobile Liability Coverage Part	Included
Crime Coverage Part	Included
Equipment Breakdown Coverage Part	Included
Terrorism	Not Covered

Item 3. Total Premium Refer to Invoice for the 09/01/2021 coverage term.

Forms and Endorsements: See attached Schedule of Special Forms and Endorsements.

Date: September 1, 2021 Authorized Representative:



THESE DECLARATIONS, TOGETHER WITH THE ATTACHED PAGES AND ENDORSEMENTS, AND ANY FORMS AND ENDORSEMENTS WE MAY LATER ATTACH TO REFLECT CHANGES, MAKE UP AND COMPLETE THE ABOVE MEMORANDUM OF COVERAGE.

UNITED SCHOOLS INSURANCE PROGRAM

MEMORANDUM OF COVERAGE

SCHEDULE OF SPECIAL FORMS AND ENDORSEMENTS

Effective date of this Schedule: 9/1/2021

Issue date: 11/19/2021

Attached to and forming part of Coverage #: USIP212234980

Issued by: United Schools Insurance Program

Coverage Part / Form Name:	Form Status:
Memorandum of Coverage Common Declarations	Included
Schedule of Special Forms and Endorsements	Included
Property Coverage Part Declarations	Included
Liability Coverage Declarations	Included
Crime Coverage Part Declarations	Included
Equipment Breakdown Coverage Part Declarations	Included
Memorandum of Coverage Common Conditions, Definitions and Exclusions	Included
Property Coverage Part (Includes the following endorsements): <ul style="list-style-type: none">• Additional Covered Party, Loss Payee, and/or Mortgagee Endorsement• Functional Building Valuation Endorsement	Included
Liability Coverages (General Liability, Sexual Abuse Wrongful Acts, Automobile) Common Conditions, Definitions and Exclusions	Included
General Liability Coverage Part (includes the following endorsements): <ul style="list-style-type: none">• Employee Benefits Liability Endorsement• Stop Gap – Employer's Liability – Washington Endorsement• Garage Liability Coverage Endorsement• Traumatic Events Response Coverage Endorsement• Amendment of Definitions of Covered Party Endorsement• Additional Covered Party Endorsement• Waiver of Transfer of Rights Endorsement	Included
Sexual Abuse Liability Coverage Part	Included
Wrongful Act Liability Coverage Part (includes the following endorsement): <ul style="list-style-type: none">• Fiduciary Liability Endorsement• Miscellaneous Professional Liability Endorsement	Included
Automobile Liability Coverage Part (includes the following endorsement): <ul style="list-style-type: none">• Washington Underinsured Motorists Coverage Endorsement	Included
Crime Coverage Part	Included
Equipment Breakdown Coverage Part	Included
Terrorism	Excluded
Participating Reinsurance and Excess Carrier Form	Included
Member Special Endorsement:	None

MEMORANDUM OF COVERAGE

PROPERTY COVERAGE PART DECLARATIONS

- Item 1. USIP Program Retention:**
Real and Personal Property Each **Occurrence** \$350,000
- Item 2. Limit of Coverage:**
Real and Personal Property Each **Occurrence** \$100,000,000
(excluding Earthquake and **Flood**)

Item 3. Sublimits of Coverage:

The Sublimits of Coverage shown below do not increase the overall Limits listed above.

- 1a. \$25,000,000 Sublimit for Earthquake per **Occurrence** and in the Annual Aggregate.
- 1b. \$25,000,000 Annual **Group Aggregate** for Earthquake.
- 2a. \$25,000,000 Sublimit for **Flood** per **Occurrence** and in the Annual Aggregate except that covered **Property** located at the time of loss in any flood zone identified by FEMA as zone A, AO, AH, A1 through 30, AE, A99, AR, AR/A1 through 30, AR/AE, AR/AO, AR/AH, AR/A, VO, V1 through 30, VE, and V; or a similar high risk FEMA rating is subject to the following **Flood** sublimits:
 - \$1,000,000 Per **Occurrence** and Annual Aggregate, and
 - \$15,000,000 Annual **Group Aggregate**.
- 2b. \$25,000,000 Annual Group Aggregate for **Flood**.
- 3. \$1,000,000 Sublimit for combined Transit and Off **Premises** Extension per **Occurrence**.
- 4. \$10,000,000 Sublimit for combined Business Interruption and Extra Expense per **Occurrence**.
- 5. \$1,000,000 Sublimit for Accounts Receivable per **Occurrence**.
- 6. \$5,000,000 Sublimit for Rental Income per **Occurrence**.
- 7. \$1,000,000 Sublimit for **Valuable Papers** per **Occurrence**.
- 8. \$2,500,000 Sublimit for Additionally Acquired **Property** per **Occurrence**.
- 9. \$250,000 Sublimit for Newly Built or Constructed **Property**.
- 10. \$10,000,000 Sublimit for **Electronic Data Processing** per **Occurrence**.
- 11. \$25,000 Sublimit for Re-Keying per **Occurrence** and in the annual aggregate
- 12. \$25,000 Sublimit for **Random Attack of Computer Hack** or **Virus** per **Occurrence**.
- 13. \$1,000,000 Sublimit for **Fine Arts** per **Occurrence**.
- 14. Lesser of 25% of the amount paid for direct physical loss or \$2,500,000 sublimit for Debris Removal Expense Extension per **Occurrence**.
- 15. \$150,000 Sublimit for Personal Effects of Teachers per **Occurrence** subject to \$5,000 maximum any one teacher while on a covered **Premises** or while in the course of duties for or on behalf of a **Covered Member**.
- 16. \$150,000 Sublimit for Personal Effects of Students per **Occurrence** subject to \$1,000 maximum any one student while on a covered **Premises** or while in the participation of activities on behalf of a **Covered Member**.
- 17. \$1,000,000 Sublimit per **Occurrence** for walkways, roadways, tennis courts, running tracks and other similar paved or artificial surfaces.
- 18. Ordinance or Law Coverage A: The building value of the undamaged portion of the building as reported in the **Property** Schedule on file with the **Company** per **Occurrence**.
- 19. Ordinance or Law Coverage B: Demolition Cost is 25% of the building value as reported in the **Property** Schedule on file with the **Company** per **Occurrence**.
- 20. Ordinance or Law Coverage C: Increased cost of construction is 25% of the building value as reported in the **Property** Schedule on file with the **Company**, subject to a combined single limit of \$15,000,000 for coverages B and C combined, per **Occurrence**.
- 21. \$50,000 Sublimit aggregate Temporary Safeguard of **Property** Extension.
- 22a. \$100,000 Sublimit for **Mold** or **Other Fungi** as a result of covered losses.

- 22b. \$300,000 Annual **Group Aggregate** for **Mold** or **Other Fungi** as a result of covered losses.
 23. \$50,000 Sublimit per Occurrence International Travel **Property** for Musical Instruments, subject to a \$5,000 sublimit per student.
 24. \$15,000,000 Sublimit for Off Premises Power Interruption Extension per **Occurrence**

Item 4. Deductible:

The USIP Program Retention listed above is in addition to the deductibles listed below.

Real and Personal Property (except Earthquake and Flood):	Each Occurrence	See Schedule
Miscellaneous Equipment:	Each Occurrence	\$1,000
Auto Physical Damage:	Each Occurrence	See Schedule
Rental Vehicles Physical Damage	Each Occurrence	\$1,000

Earthquake: The greater of 2% of the total value of all **Property** at the **Locations** suffering loss or \$50,000 loss per occurrence. Total value of all **Property** means the total value of all **Property** shown in the statement of values on file with the **Company** at the time of loss. A **Location** means a single street address or if no street address, single legal description.

Flood: \$25,000 each loss per occurrence except that covered **Property** located at the time of loss in a flood zone identified by FEMA as zone A, AO, AH, A1 through 30, AE, A99, AR, AR/A1 through 30, AR/AE, AR/AO, AR/AH, AR/A, VO, V1 through 30, VE, and V; or similar high risk FEMA rating is subject to the following **Flood Deductibles**:

- \$500,000 per **Occurrence** applying to each building damaged, and
- \$500,000 per **Occurrence** applying to **Personal Property** within a building, and
- \$500,000 per **Occurrence** applying to all other covered **Property**.

Item 5. Causes of Loss Covered: Per coverage form attached.

MEMORANDUM OF COVERAGE LIABILITY COVERAGES DECLARATIONS

Item 1. USIP Program Retention:

General Liability	Each Occurrence	\$350,000
Wrongful Act Liability	Per Claim	\$350,000
Automobile Liability	Each Accident	\$350,000

Item 2. Deductible:

The USIP Program Retention listed above is in addition to the deductibles listed below.

a.	General Liability Coverage Part	Each Occurrence	\$1,000
b.	Wrongful Acts Liability Coverage Part	Each Wrongful Act	\$1,000
c.	Miscellaneous Professional Liability	Each Wrongful Act	\$1,000
d.	Automobile Liability Coverage Part	Each Accident	See Schedule
e.	Underinsured Motorist Coverage		
	Property Damage	Each Accident	\$100/\$300
	Bodily Injury	Each Accident	\$0
f.	Employee Benefits Liability	Each Employee Benefits Incident	\$1,000
g.	Stop Gap Employer's Liability	Each Accident	\$1,000
h.	Sexual Abuse Liability	Each Sexual Abuse	\$1,000
i.	Special Education Administrative Hearings & Proceedings	Each Wrongful Act	\$0

Item 3. Limit of Coverage:

The Sublimits of Coverage shown below do not increase the overall Limits listed for Liability Coverages. Aggregate limits are subject to shared excess limits, which may be reduced by prior claims.

a.	General Liability Limit	Each Occurrence	\$25,000,000
		Annual Aggregate	\$45,000,000
		Group Annual Aggregate	\$100,000,000

Sublimits:

Products and Completed Liability Sublimit	Each Occurrence And Aggregate	\$25,000,000
Leased/Rented Premises Liability Sublimit	Each Occurrence and Aggregate	\$1,000,000
Garage Liability Sublimit	Each Occurrence and Aggregate	\$2,000,000
Watercraft Liability Sublimit (Owned Watercraft – less than 75 feet; Non-owned Watercraft – less than 101 feet)	Each Occurrence and Aggregate	\$5,000,000
Stop Gap Employer's Liability Sublimit	Each Accident Annual Aggregate	\$25,000,000
Employee Benefits Liability Sublimit	Each Employee Benefits Incident	\$25,000,000
Unmanned Aircraft Liability Sublimit (Unmanned Aircraft - under 30 lbs. total weight and FAA Compliant)	Annual Aggregate Each Occurrence and Aggregate	\$25,000,000 \$2,000,000

Sexual Abuse Liability Sublimit (Occurrence)		Each Sexual Abuse	\$20,000,000
		Annual Aggregate	\$20,000,000
		Group Aggregate	\$40,000,000
Traumatic Event Response Coverage:			
Crisis Expense sublimit		Each Traumatic Event	\$100,000
Crisis Property Improvements		Each Traumatic Event	Included
		Group Aggregate	\$300,000
Communicable Disease Defense Cost Sublimit		Group Aggregate	\$250,000
b.	Wrongful Act Liability Limit	Each Wrongful Act	\$25,000,000
		Annual Aggregate	\$25,000,000
		Group Annual Aggregate	\$30,000,000
	<u>Sublimits:</u>		
	Miscellaneous Professional Liability Sublimit	Each Wrongful Act	\$25,000,000
	Fiduciary Liability Sublimit	Each Fiduciary Wrongful Act and Aggregate	\$1,000,000
	Special Education Administrative Hearings & Proceedings Sublimit	Annual Aggregate	\$25,000
		Group Annual Aggregate	\$150,000
c.	Automobile Liability Limit	Each Accident	\$25,000,000
	<u>Sublimits:</u>		
	Limited Garagekeepers Sublimit	Each Accident	\$1,000,000
	Underinsured Motorist Sublimit	Each Accident	\$1,000,000

Item 4. Retroactive Date:

Wrongful Acts Liability (includes Fiduciary Liability and Miscellaneous Professional)			
	Primary	\$15,000,000	9/1/1991
	Excess	\$10,000,000	9/1/2018
Employee Benefits Liability			
	Primary	\$15,000,000	9/1/1991
	Excess	\$10,000,000	9/1/2018

SOME COVERAGE PARTS IN THIS MOC MAY PROVIDE COVERAGE ON A CLAIMS-MADE BASIS. IF COVERAGE IS PROVIDED ON A CLAIMS-MADE BASIS, IT IS SUBJECT TO THE TERMS AND CONDITIONS OF THAT COVERAGE PART. PLEASE READ CAREFULLY.

Coverage #: USIP212234980
Covered Member: Manson School District #19

Issue Date: 11/19/2021
Effective Date: 9/1/2021

MEMORANDUM OF COVERAGE CRIME COVERAGE PART DECLARATIONS

Item 1. USIP Program Retention:

Crime Coverage Part	Each Occurrence	\$350,000
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Item 2. Deductible:

The USIP Program Retention listed above is in addition to the deductibles listed below.

Employee Theft	Each Occurrence	\$2,500
Forgery or Alteration	Each Occurrence	\$1,000
Money and Securities	Each Occurrence	\$1,000
Computer Fraud	Each Occurrence	\$2,500
Funds Transfer Fraud	Each Occurrence	EXCLUDED

Item 3. Limit of Coverage:

Crime Coverage Part	Each Occurrence	\$1,000,000
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The Sublimits of Coverage shown below do not increase the overall Limits listed above.

<u>Coverage Agreements</u>	<u>Sublimits of Coverage</u>
Employee Theft – Per Loss Coverage	\$1,000,000
Employee Theft – Per Employee Coverage	EXCLUDED
Forgery or Alteration	\$1,000,000
Inside the Premises – Money and Securities	\$75,000
Inside the Premises – Robbery or Safe Burglary of Other Property	\$75,000
Outside the Premises – Money and Securities	\$75,000
Computer Fraud	\$100,000
Funds Transfer Fraud	EXCLUDED
Money Orders Counterfeit Paper Currency	EXCLUDED
Faithful Performance	Included in Employee Theft Sublimit

MEMORANDUM OF COVERAGE

EQUIPMENT BREAKDOWN COVERAGE PART DECLARATIONS

Item 1. USIP Program Retention:

Equipment Breakdown Coverage Part **"One Accident"** \$10,000

Item 2. Deductible:

The deductibles listed below are part of and not in addition to the USIP Program Retention listed above.

Equipment Breakdown Coverage Part **"One Accident"** \$2,500 Combined, All Coverages
Except **Perishable Goods** 10% of Loss Subject to \$2,500 Minimum

Item 3. Limit of Coverage:

Equipment Breakdown Coverage Part **"One Accident"** \$100,000,000

Item 4. Sublimits of Coverage:

The Sublimits of Coverage shown below do not increase the overall Limits listed above.

Property Damage:	Included
Business Income:	Included
Extra Expense:	Included
Off Premises Property Damage:	\$1,000,000
Contingent Business Income:	\$250,000
Service Interruption:	Included
Perishable Goods:	\$250,000
Computer Equipment:	Included
Data Restoration:	\$250,000
Demolition:	25% of building or tenant's improvement or betterments value
Ordinance or Law:	25% of building or tenant's improvement or betterments value
Expediting Expenses:	Included
CFC Refrigerants:	Included
Hazardous Substances:	\$2,000,000
Extended Period of Restoration:	30 days
Newly Acquired Locations:	Included; 365 days
Service Interruption Waiting Period:	24 hours

MEMORANDUM OF COVERAGE COMMON CONDITIONS, DEFINITIONS AND EXCLUSIONS

Throughout this MOC the words “you” and “your” refer to the **Covered Member**. The words “we”, “us”, “our” and “Company” refer to the United Schools Insurance Program.

Certain words and phrases that appear in bold print have special meaning. Those words or phrases specifically defined in each Coverage Part pertain only to that Coverage Part.

1. COMMON CONDITIONS

All Coverage Parts included in this MOC are subject to the following Common Conditions except as otherwise indicated:

A. Appeal of Coverage Determination and Legal Action Against Us

Any written determination made by the Administrator denying coverage to the Member Entity and/or persons requesting coverage (Tendering Party) shall be final, unless the procedures for appeal, provided hereafter, are followed by the Tendering Party.

- (a) Any Tendering Party who is aggrieved by the Administrator's written coverage determination may appeal the decision to the Board of Directors. The appeal must be initiated by the Tendering Party within thirty (30) days following receipt of the Administrator's written determination. If an appeal is not initiated within thirty (30) days, as provided herein, the Tendering Party shall be deemed to have waived any further right to appeal the decision of the Administrator.
- (b) An appeal is deemed initiated for purposes of this Article when the Tendering Party, or his, her, or its legal representative or service representative, serves a written Notice of Appeal upon the Administrator or upon the Chair of the corporation. The written Notice of Appeal shall include the following information:
 - (1) The name of the Tendering Party initiating the appeal.
 - (2) A brief statement identifying the subject of and basis for the appeal. A copy of the Administrator's written determination should be attached to the Notice of Appeal.
 - (3) The signature of the Tendering Party initiating the appeal or the signature of the Tendering Party's legal representative.
- (c) Within thirty (30) days, or such time as is agreed, after an appeal has been initiated, a meeting of the Board of Directors shall be convened by the Chair of the Board of Directors to hear the appeal. Notice of the date set for hearing of the appeal by the Board of Directors shall be sent to the Tendering Party not later than fifteen (15) days prior to the date set for the hearing. The Chair of the Board of Directors shall have the authority to set hearing dates for the appeal and to grant continuances where good cause is shown.
- (d) The hearing by the Board of Directors may occur when a quorum, pursuant to Section 4.7, is present. Voting by the Board of Directors and the procedures for the meeting of the Board of Directors on the appeal hearing shall be as provided in Sections 4.8 and 4.9. However, members of the Board of Directors shall abstain from participating or voting in any appeals involving a Member with which they are affiliated.
- (e) The hearing of the Board of Directors on the appeal shall proceed as follows:

- (1) The Chair of the Board of Directors shall administer the hearing and make all necessary procedural rulings during the hearing.
 - (2) The Tendering Party or his, her, or its legal representative, if any, shall begin the proceeding with an explanation of the basis for the appeal. The Tendering Party shall present to the Board of Directors all evidence, testimony, argument, and legal authority relevant to and in support of the appeal. Thereafter, the Administrator and/or Company's legal representative may present all evidence, testimony, argument, and legal authority relevant and in opposition to the Tendering Party's position. Each side shall be provided an opportunity to present rebuttal evidence and argument.
 - (3) Following the presentation of evidence, testimony, argument, and legal authority, the Board of Directors may retire into executive session to discuss consideration of the appeal. Thereafter, the Board of Directors shall reconvene in public session to consider and vote on any motion made to decide the appeal. The Board of Directors may vote to uphold the decision of the Administrator or to modify or reverse the decision of the Administrator. The decision of the Board of Directors shall be reduced to writing and signed by the Chairman of the Board of Directors and a copy thereof sent to the Tendering Party within seven (7) days following the final decision of the Board of Directors.
 - (4) The Chair may adjourn and reconvene any hearing on an appeal as may be necessary to preserve a fair hearing.
- (f) A final decision of the Board of Directors denying the Tendering Party the full relief sought shall not preclude the appealing party from seeking judicial review of the Administrator's and/or the Board of Director's coverage determination. However, no Tendering Party may maintain any legal action or suit against the corporation contesting a coverage denial unless the Tendering Party has first exhausted the appeal procedures provided herein. Exhaustion of these appeal procedures shall be a condition precedent to any legal action or suit by a Tendering Party with respect to a coverage determination.

B. Audit of Books and Records

We may audit your books and records at any time during the **Coverage Period** or within five years after the **Coverage Period**. There is no time limit on auditing your books and records with respect to **Claims** under this MOC.

C. Cancellation / Nonrenewal

Cancellation and nonrenewal of this MOC by you or us is subject to the terms of the Bylaws of the United Schools Insurance Program. We may cancel this MOC with 60 days' notice in the event of non-payment of premium. Notice of cancellation will be mailed to the **Covered Member's** last known address and will indicate the date on which coverage is terminated. If applicable, a copy will be mailed to the broker of record on file.

D. Changes

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

E. **Conflicting State Law or Regulation**

In the event that provisions of this MOC conflict with any state law or regulation, then such law or regulation shall prevail and this MOC is amended to conform with such law or regulation.

F. **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 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.

G. **Notice and Claims Handling**

1. All notices or other communications which you and any **Covered Party** desires or are required to give under this MOC shall be delivered, in writing, as stated below, or to such other address(es) as we may designate in writing in the future:

Notice and Claims Correspondence:

All notice required under this MOC and all claims correspondence should be sent to:

Claims Department
Clear Risk Solutions
451 Diamond Drive
Ephrata, WA 98823

Claims Handling: All claims will be handled by Clear Risk Solutions, Third Party Administrator to the United Schools Insurance Program.

No claims correspondence should be sent to the loss location.

Claims Payments:

All claims payments should be sent to:

Clear Risk Solutions
451 Diamond Drive
Ephrata, WA 98823

2. Any recoveries, salvages, or reimbursements applying to risks covered under this Memorandum of Coverage shall always be used to reimburse the excess carriers (from the last to the first, beginning with the carrier of the last excess), according to their participation, before being used in any way to reimburse the pool for its primary loss.

H. **Premium**

1. The **Covered Member** shown in the Declarations:
 - a. Is responsible for the payment of all premiums; and
 - b. Will be the payee for any return premiums we pay.
2. We will compute all premiums for this MOC in accordance with our rules and

rates.

3. The **Covered Member** must keep records of the information needed for premium computation, and send copies at such times as we may request.
4. Midterm changes will not be adjusted (additional or return premium) unless the change is \$250.00 or more.

I. **Titles of Paragraphs**

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

J. **Transfer of Rights and Duties**

Your rights and duties under this MOC may NOT be transferred without our written consent.

2. COMMON DEFINITIONS

All Covered Parties included in this MOC are subject to the following Common Definitions except as otherwise indicated. Defined terms are bolded.

A. **Coverage Period**

Means: The period of time stated in Item 2. of the MOC Common Declarations.

B. **Covered Member**

Means: The organization named in Item 1. of the MOC Common Declarations.

C. **Deductible**

Means: Your contribution to loss under all Coverage Parts including **Defense Costs** and claims expenses arising out of any one **Accident, Occurrence, or Wrongful Act**. This will be true regardless of: the number of persons or organizations who are **Covered Parties** under this MOC; the number of **Claims** made against any or all **Covered Parties**, or the number of persons or organizations making **Claims**. If more than one coverage part applies to any one **Accident, Occurrence, or Wrongful Act**, only the highest **Deductible** will apply. The **Deductible**, which is in addition to the limit of coverage, includes **Defense Costs** and claims expenses. The **Deductible** does not have to be first satisfied before payment of a claim begins.

D. **Defense Costs**

Means: Payments incurred by you or a Third Party Administrator allocated to a specific Claim for defense, including:

- a. Attorney fees and all other litigation costs, including those attorneys retained by a Third Party Administrator;
- b. The cost of bonds to appeal a judgment or award in any Claim we defend, but only for bond amounts within the applicable Limit of Coverage; we do not have to furnish these bonds;

- c. The cost of bonds to release attachments, but only for bond amounts within the applicable Limit of Coverage; we do not have to furnish these bonds;
- d. All reasonable expenses incurred by the Covered Party at our request to assist us in the investigation or defense of the Claim;
- e. **Pre-Judgment Interest** and **Post-Judgment Interest** as required by law on awards and judgments.

Defense Costs do not include Investigation and settlement costs unless preapproved by us. **Defense Costs** do not include salaries and administrative, office, or overhead expenses of our Third Party Administrator, **Employees**, or your **Employees**.

Payment to **Covered Party** shall be reduced by any recoveries or salvages which have been paid or will be collected.

E. **Group**

Means: All members of the United Schools Insurance Program's (USIP) Interlocal Agreement.

F. **Group Aggregate**

Means: Any **Group Aggregate** amount shown in the MOC fixes the most that we will pay in a coverage term for all **Claims** or **Suits** covered by the applicable part combined for all **Group Members**.

G. **Group Member**

Means: All **Covered Parties** defined by the Interlocal Agreement and Bylaws of the USIP, including the **Covered Member** named on this MOC.

H. **Other Insurance**

Means: Insurance, or the funding of loss, that is provided by:

- a. An insurance company;
- b. A risk retention group;
- c. Another risk pool;
- d. A self-insurance method or program, other than any funded by the **Covered Party**; and/or
- e. Any similar risk transfer or risk management method.

3. **COMMON EXCLUSIONS**

The following exclusions apply to all coverage parts within and any coverage endorsed to this Memorandum of Coverage.

A. **Violation of Economic or Trade Sanctions**

We shall not provide any coverage, pay any Claim, or provide any benefit under this Memorandum of Coverage, to the extent that the provision of such coverage, payment of such claim, or provision of such benefit is a violation of any applicable trade or economic sanctions, embargo, laws or regulations, including but not limited to, those administered and enforced by the United States Treasury Department's Office of Foreign Assets Control (OFAC).

PROPERTY COVERAGE PART

1. COVERAGE AGREEMENT

In return for the payment of the premium, we will pay for direct physical loss of or damage to Covered **Property** at the locations that are on file with the Company, caused by or resulting from any **Covered Cause of Loss**. Coverage provided is subject to the limits, sublimits, definitions, terms, conditions and exclusions listed in the MOC.

A. COVERED PROPERTY

1. REAL PROPERTY AND PERSONAL PROPERTY

All **Real Property** and **Personal Property** including your improvements and betterments and **Property** held by you in trust or on commission or on consignment for which you may be held legally liable, against risks of direct physical loss or damage occurring during the period of this MOC.

Except as provided under the TRANSIT AND OFF PREMISES EXTENSION, coverage for **Real Property** and **Personal Property** is limited to those **Locations** listed on the most recent statement of values on file with the Company; however, **Personal Property** Coverage is extended to cover loss of or damage to musical instruments of students occurring during school related international travel. **Real Property** and **Personal Property** acquired after the inception of this MOC will be covered under the terms of the additionally acquired provisions of this MOC.

Your tenant's improvements and betterments are covered as **Personal Property** of the **Covered Member** under this MOC regardless of whether or not the same have or will become a permanent or integral part of the buildings or the **Property** of the building owner or lessor.

2. AUTOMOBILES

As per the schedule on file with us prior to loss, only the following types of **Automobiles**:

- a. School buses; and
- b. Any permanently attached machinery or equipment; and
- c. Any **Mobile Equipment** only while it's being carried or towed by a covered **Automobile**; and
- d. **Automobiles** hired, borrowed, or leased by you – only if you agree to provide physical damage protection to the covered **Automobile** by a contract or agreement prior to the time of loss. This coverage is excess over any valid and collectible insurance available to the damaged vehicle; and
- e. Owned **Automobiles** as scheduled.

B. PROPERTY NOT COVERED

The following property is not covered property under this MOC:

1. Aircraft (except for unmanned aircraft scheduled for physical damage on file with the **Company**), watercraft owned over 26 feet in length (except those scheduled for physical damage on file with the **Company**), railroad rolling stock, jewelry, precious stones and metals, bullion, furs or garments trimmed with fur, or highway signs.
2. Bridges, dams, levees, tunnels, land, bodies of water, standing timber, growing crops,

and animals.

3. Accounts, bills, currency, money, notes, securities, deeds, and evidence of debt.
4. **Property** located underground, except **Property** located on the **Premises** of water pump/lift stations, reservoirs, water tanks and sewer treatment plants, and **Property** located within the foundation footprint of scheduled buildings.
5. **Property** sold or under encumbrance to you after it leaves your custody or the custody of you or an employee.
6. **Automobiles** other than **Automobiles** described in Covered Property Section A.2. above.
7. **Property** covered under another Coverage Part of this MOC or any other MOC issued by us.

C. COVERAGE EXTENSIONS

Additional Coverage under the MOC, which are subject to the limits, sublimits, definitions, terms, conditions, and exclusions of this MOC:

1. EARTHQUAKE

Direct physical loss or damage occurring during the period of this MOC that arises out of earthquake and volcanic eruption.

Volcanic eruption includes the explosion or effusion of a volcano.

If more than one earthquake or volcanic eruption occurs within any 168 hour period, we will consider this as one **Occurrence**. The 168 hour period will not be shortened by the expiration of the MOC.

However, we will not pay for loss or damage:

- A. Which occurs during the period this coverage is in effect if the earthquake or volcanic eruption begins before the inception of this MOC; or
- B. Arising out of earth movement, other than earthquake or volcanic eruption, such as landslide, mine subsidence or earth sinking, rising, or shifting, including that caused by subsidence, settling, contraction, or expansion of soils.

Sublimit for Earthquake Coverage:

The sublimit shown in the Property Declarations for earthquake is the most we will pay for all direct and indirect loss or damage caused by a single earthquake or volcanic eruption, no matter how many **Locations** are covered, and is the aggregate limit we will pay for all earthquake or volcanic eruption losses in any one **Coverage Period**.

If no sublimit is shown for earthquake in the declarations, earthquake is an excluded cause of loss for loss or damage to all **Real Property** and all **Personal Property** at all covered **Locations**. However, this exclusion does not apply to scheduled **Automobiles**, inland marine items, and watercraft on file with us.

Amounts payable under other Coverage Extensions do not increase the limit of coverage for Earthquake.

2. FLOOD

Direct physical loss or damage occurring during the **Coverage Period** of this MOC that arises out of a **Flood**.

Sublimits for **Flood** coverage:

The applicable sublimit for **Flood** per **Occurrence** shown in the Declarations is the most the Company will pay for all direct and indirect loss or damage caused by a single **Flood event**, regardless of the number of covered locations. Annual aggregate limit is the most the Company will pay for all **Flood** losses in any one **Coverage Period**.

Note: As indicated in the Property Coverage Part Declarations, the applicable per **Occurrence**, Aggregate and Annual Group Aggregate limits depend upon whether **Property** is located in certain flood zones designated by the Federal Emergency Management Agency (FEMA).

Amounts payable under other applicable Coverage Extensions do not increase the limits of coverage for **Flood**.

3. ABRUPT COLLAPSE EXTENSION

Except for Property with Limited **Abrupt Collapse** Coverage we will pay for direct physical loss or damage to covered property due to **Abrupt Collapse** of a building or part of a building that is covered by this MOC if such **Abrupt Collapse** is caused by or resulting from any of the following causes of loss:

- Fire, smoke, lightning, wind, hail, explosion, vehicles, aircraft, vandalism, malicious mischief, civil disturbance, riot, leakage from fire extinguishing equipment, sinkhole collapse, and volcanic action;
- Building glass breakage, falling objects, weight of ice, snow, or sleet, water damage;
- Decay that is hidden from view, unless the presence of such decay is known or should have been known to you prior to the collapse;
- Insect or vermin damage that is hidden from view, unless the presence of such damage is known or should have been known to you prior to the collapse;
- Weight of people or **Personal Property**;
- Weight of rain which collects on a roof; or
- Use of defective material or methods in construction, remodeling, or renovation if the collapse occurs before such work is completed.

Property with Limited **Abrupt Collapse** Coverage:

We will pay damage to the following **Property** due to **Abrupt Collapse**, but only if the **Abrupt Collapse** is caused by fire, smoke, lightning, wind, hail, explosion, vehicles, aircraft, vandalism, malicious mischief, civil disturbance, riot, leakage from fire extinguishing equipment, sinkhole collapse, volcanic action, building glass breakage, falling objects, weight of ice, snow, or sleet, or water damage (other than **Flood**);

- Fences, retaining walls;
- Outdoor swimming pools;
- Bulkheads, piers, wharves, docks, pilings;
- Beach or diving platforms and appurtenances;
- Walks, roadways, and other paved surfaces;
- Radio or television antennas, satellite dishes, masts or towers including their lead-in wiring;
- Gutters or downspouts; or
- Awnings or yard fixtures.

4. TRANSIT AND OFF PREMISES EXTENSION

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 or at **Premises** in the United States and Canada not owned or controlled by you, against All Risks of Direct Physical Loss or Damage to such **Property** occurring during the period of this MOC – including general average and salvage charges on shipments covered while waterborne.

5. BUSINESS INTERRUPTION AND EXTRA EXPENSE

Subject to the sublimit for combined Business Interruption and Extra Expense per **Occurrence**:

Business Interruption:

Against loss resulting directly from necessary Interruption of Business, including but not limited to loss of tuitions, caused by Direct Physical Loss or Damage, by causes of loss covered against, to **Real Property** and **Personal Property**, occurring during the **Coverage Period** of this MOC.

In the event of such loss or damage, the Company shall be liable for the Actual Loss Sustained by the **Covered Party** resulting directly from such interruption of business, but not exceeding the reduction in Gross Earnings less charges and expenses which do not necessarily continue during the interruption of business, for only such length of time as would be required with the exercise of due diligence and dispatch to rebuild, repair, or replace such part of the **Property** as has been lost or limited by 365 days from date of loss. Due consideration shall be given to the continuation of normal charges and expenses including payroll expenses to the extent necessary to resume operations of the **Covered Party** with the same quality of service which existed immediately preceding the loss.

Extra Expense:

The necessary Extra Expense incurred by a **Covered Party** in order to continue as nearly as practicable the normal operation of the **Covered Party's** business following damage to or destruction of **Real Property**, **Personal Property**, or **Automobiles**, including loss due to the interruption of power or other utility service furnished to the covered **Premises** if the interruption takes place away from the described **Premises**, by the causes of loss covered against during the **Coverage Period** of this MOC.

We will pay the reasonable and necessary Extra Expense to operate your business during the Period of Restoration. This coverage is limited to that time necessary to rebuild, repair, or replace the damaged or destroyed **Property** with due diligence and dispatch; and that additional length of time as reasonably necessary to restore your operation to the condition that would have existed had no loss occurred. This extension shall not be limited by the expiration of this MOC.

6. ACCOUNTS RECEIVABLE

- A. All sums due to you from customers, provided you are unable to effect collection thereof as the direct result of loss of or damage to records of accounts receivable;
- B. Interest charges on any loan to offset impaired collections pending repayment of such sums made uncollectable by such loss or damage;
- C. Collection expense in excess of normal collection cost and made necessary because of such loss or damage;

- D. Other expenses, when reasonably incurred by you in reestablishing records of accounts receivable following such loss or damage;

When there is proof that a loss of records of accounts receivable has occurred but the **Covered Party** cannot more accurately establish the total amount of accounts receivable outstanding as of the date of such loss, such amount shall be computed as follows:

- The monthly average of accounts receivable during the last available twelve months, together with collection expenses in excess of normal collection costs and made necessary because of such loss or damage and reasonable expenses incurred in reestablishing records of accounts receivable following such loss or damage, shall be adjusted in accordance with the percentage increase or decrease in the twelve months average of monthly gross revenues which may have occurred in the interim.
- The monthly amount of accounts receivable thus established shall be further adjusted in accordance with any demonstrable variance from the average for the particular month in which the loss occurred, due consideration also being given to the normal fluctuations in the amount of accounts receivable within the fiscal month involved.

There shall be deducted from the total amount of accounts receivable, however established, the amount of such accounts evidenced by records not lost or damaged, or otherwise established or collected by the **Covered Party**, and an amount to allow for probable bad debts which would normally have been uncollectable by the **Covered Party**.

7. RENTAL INCOME

Loss of Rental Income resulting directly from necessary inhabitability, caused by damage to or destruction of the buildings or structures covered hereunder, by the causes of loss covered against under this MOC, for such length of time as would be required to regain normal rental income or 365 days.

8. VALUABLE PAPERS AND RECORDS

Research and other expenses necessary to reproduce, replace or restore **Valuable Papers and Records** which have suffered direct loss or damage by a **Covered Cause of Loss** while at a covered **Location**.

9. ADDITIONALLY ACQUIRED PROPERTY

Subject to the sublimits for Additionally Acquired **Property** per **Occurrence** shown on the **Property** Coverage Part Declarations, this MOC is extended to cover **Real Property**, **Automobiles**, and **Mobile Equipment** purchased, leased, or borrowed by you during the term of this MOC, except **Property** described in Section B. **Property** Not Covered. You must notify us in writing within 180 days following the date you purchased, leased, or borrowed such **Property**. Inadvertent error or omission in failing to report such **Property** shall not invalidate coverages provided hereunder. The Additionally Acquired **Property** coverage terminates on the earliest of (1) the expiration date of the MOC, (2) the date on which you report the acquisition to us, or (3) 180 days after the date of acquisition.

10. NEWLY BUILT OR CONSTRUCTED PROPERTY

Subject to the sublimits shown on the **Property** Declarations, this MOC is extended to cover newly built or constructed **Real Property** during the course of construction and after completion, except **Property** which is otherwise specifically excluded by this MOC.

Coverage for **Property** included in this extension shall become effective at the time you become legally responsible for damage to the **Property**, for 90 days. If the value of any one building exceeds the sum of \$250,000, the **Covered Party** shall within 90 days following the date it becomes at risk, notify the Company representative. Inadvertent error or omission in failing to report such **Property** shall not invalidate coverages provided hereunder.

11. ELECTRONIC DATA PROCESSING

Subject to the sublimit for **Electronic Data Processing** shown on the **Property** Declarations, we will pay for direct physical loss or damage caused by a **Covered Cause of Loss** to electronic **Data Processing Equipment, Data** and **Media** that is owned, leased or rented from others by you or for which you are legally responsible. We will also pay the actual cost of reproducing lost or accidentally erased **Data, Media**, documentation, and source materials provided you can and do actually replace or reproduce the same.

12. RE-KEYING EXPENSE

We will pay for the expense you incur replacing building door locks at covered premises described on your Statement of Values if:

- (1) A key to the locks(s) is lost or stolen; and
- (2) The lost or stolen key results in a unauthorized entry at the covered premises described on your Statement of Values; and
- (3) The unauthorized entry in (2) above results in a covered loss under this MOC.

The most we will pay under this coverage extension is the Re-Keying Expense sublimit of coverage shown in the **Property** Declarations.

13. RANDOM ATTACK – HACKING EVENT OR COMPUTER VIRUS

Direct physical loss or damage caused by a **Random Attack** by a **Hacking Event** or **Computer Virus**.

14. FINE ARTS

For **Covered Members** that have **Personal Property** covered under this MOC, **Fine Arts** will be considered **Personal Property**.

15. DEBRIS REMOVAL EXTENSION

- (1) Subject to Paragraphs (2) and (3) below, we will pay your reasonable expense you incur to remove debris that is on the described premises, when such debris results from a **Covered Cause of Loss** that occurs during the **Coverage Period** provided that you shall give notice to us of your intent to claim for cost of removal of debris NO LATER THAN 180 DAYS AFTER THE DATE OF SUCH PHYSICAL LOSS OR DAMAGE.
- (2) This coverage extension does not apply to the costs of decontamination or removal of water, soil, or any other substance on or under the described premises.
- (3) The most that we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Coverage applicable to the Covered **Property** that has sustained loss or damage. The most we will pay under this coverage extension is 25% of the amount paid for the direct physical loss to covered **Property** that resulted in such debris, or \$2,500,000, whichever is less.

16. ORDINANCE OR LAW

- (1) Ordinance or Law coverage under this MOC applies only if the ordinance or law:
- a. Requires the demolition of parts of the same **Property** not damaged by a **Covered Cause of Loss**;
 - b. Regulates the demolition, construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and
 - c. Is in force at the time of loss.

However, coverage under this MOC applies only in response to the minimum requirements of the ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered.

- (2) We will not pay under Coverage A, B, or C of this Ordinance or Law coverage for:
- a. Enforcement of or compliance with any ordinance or law which requires the 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 **Mold or other Fungi**, wet or dry rot, or **Bacteria**; or
 - b. The costs associated with the enforcement of any ordinance or law which requires you 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**, **Mold or other Fungi**, wet or dry rot, or **Bacteria**.

(3) Coverage

- a. Coverage A – Coverage for Loss to the Undamaged Portion of the Building

With respect to the building that has sustained covered direct physical damage, we will pay under Coverage A for the loss in value of the undamaged portion of the building as a consequence of a requirement to comply with an ordinance or law that requires demolition of undamaged parts of the same building.

- b. Coverage B – Demolition Cost Coverage

With respect to the building that has sustained covered direct physical damage, we will pay the cost to demolish and clear the site of undamaged parts of the same building, as a consequence of a requirement to comply with an ordinance or law that requires demolition of such undamaged property.

- c. Coverage C – Increased Cost of Construction Coverage

With respect to the building that has sustained covered direct physical damage, we will pay the increased cost to:

- i) Repair or reconstruct damaged portions of that building; and/or
- ii) Reconstruct or remodel undamaged portions of that building, whether or not demolition is required;

when the increased cost is a consequence of a requirement to comply with the minimum standards of the ordinance or law.

However:

- i) This coverage applies only if the restored or remodeled **Property**

is intended for similar occupancy as the current **Property**, unless such occupancy is not permitted by zoning or land use ordinance or law.

- ii) We will not pay for the increased cost of construction if the building is not repaired, reconstructed, or remodeled.

(4) Loss Payment

- a. When there is a loss in value of an undamaged portion of a building to which Coverage A applies, the loss payment for that building, including damaged and undamaged portions, will be determined as follows:

If the **Property** is being repaired or replaced, on the same or another premises, we will not pay more than the lesser of:

- i) The amount actually spent to repair, rebuild, or reconstruct the building, but not for more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style, and comparable quality of the original **Property** covered; or
- ii) The limit shown in the Limit and Retention Article as applicable to the Covered **Property**.

The most we will pay for Coverage A is the value of the undamaged portion of the building as reported in the **Property** schedule on file with the Company.

- b. The most we will pay, for the total of all covered losses for Coverage B. – Demolition Cost is 25% of the building value as reported in the **Property** schedule on file with the Company and 25% of the building value as reported in the **Property** schedule on file with the Company for Coverage C – Increased Cost of Construction, subject to a Combined Single Limit of \$15,000,000 for Coverages B and C combined.

Coverages A, B, and C do not increase the limits shown in the **Property** Coverage Part Declarations and are subject to any other applicable sublimit in this MOC.

- c. Subject to the limits and sublimits described herein, the following loss payment provisions apply:
 - i) For Coverage B. – Demolition Cost, we will not pay more than the amount actually spent to demolish and clear the site of the described premises.
 - ii) With respect to Coverage C. – Increased Cost of Construction:
 - (a) We will not pay for the increased cost of construction:
 - Until the **Property** is actually repaired or replaced, at the same or another premises; and
 - Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.
 - (b) If the building is repaired or replaced at the same premises, or if the building is rebuilt at another premises, the most we will pay for the increased cost of construction

is the increased cost of construction at the same premises.

- (c) If the ordinance or law requires relocation to another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the new premises.

(5) We will not pay for loss due to any ordinance or law that:

- a. Was required to be complied with before the loss, even if the building was undamaged; and
- b. Was not complied with.

17. TEMPORARY SAFEGUARD OF PROPERTY

Subject to the sublimit for aggregate Temporary Safeguard of **Property** listed in the **Property** Declarations, the Company will pay the necessary and reasonable expenses actually incurred by you to temporarily safeguard Covered **Property** against the threat of imminent direct physical loss or damage by a **Covered Cause of Loss**.

Such expenses as are necessarily incurred for the purpose of reducing the amount of the loss after an **Occurrence** under this MOC, but in no event shall the aggregate of such expenses exceed the amount by which the loss otherwise payable under this MOC is hereby reduced.

- 18. Foam solution or other fire extinguishing materials lost, expended, damaged, or destroyed.
- 19. Loss caused by prevention of access to the Covered **Premises** as a direct result of damage or threat of damage to **Property** in the vicinity thereof by a cause of loss covered against.
- 20. **OFF PREMISES POWER INTERRUPTION**

Loss due to the interruption of power or other utility service furnished to the covered **Premises**, if the interruption takes place away from the described **Premises** by the causes of loss covered against during the **Coverage Period** of this MOC.

2. DEFINITIONS

All **Property** Coverage Parts included in this MOC are subject to any applicable definitions in the coverage part and the following definitions, except as otherwise indicated.

1. **Abrupt 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 purposes. 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 even if it is 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.

2. **Bacteria**

Means:

- Any type or form of bacterium; or
- Any mycotoxin, spore, scent, or byproduct that's produced or released by such

bacterium.

3. **Computer Virus**

Means: A piece of code that is maliciously or fraudulently introduced into a computer or telecommunications system. Once introduced, the virus may destroy, alter, contaminate, or degrade the integrity, quality, or performance of **Data** or any computer application software, computer network, or computer operating system and related software.

4. **Covered Cause of Loss**

Means: Direct physical loss unless the loss is excluded or limited in this MOC.

5. **Data**

Means: Facts, concepts, or instructions converted to a form usable in computer operations. It includes computer programs.

6. **Data Processing Equipment**

Means: A network of machine components capable of accepting information, processing it according to a plan, and producing the desired results. **Data Processing Equipment** includes 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, computers, printers, any other repositories of computer software which are used with electronically controlled equipment, and air conditioning equipment used exclusively with your **Data Processing 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**. This extension does not apply to your "stock" of prepackaged software, or to electronic **Data** which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning, or security system.

7. **Fine Arts**

Means: Paintings, etchings, pictures, tapestries, art glass windows, valuable rugs, statuary, marble, bronzes, antique furniture, rare books, antique silver, porcelain, rare glass, bric-a-brac, and similar **Property** with historical value, or artistic merit. **Fine Arts** does not mean any glass that is part of a building or structure.

8. **Flood**

Means: The temporary condition of partial or complete inundation of normally dry land areas from:

- Waves, tides or tidal water, the rising of bodies of water and streams, or the overflowing or breaking of their boundaries, whether driven by wind or not.
- Water which accumulates or flows on the surface of the ground, and is created by natural causes such as rain, melted snow, or rising springs, but which follows no defined watercourse and does not gather into or form a natural body of water.
- Mudslides or mudflows which are caused by flooding. Other earth movements, such as landslide, slope failure, or a saturated soil mass moving by liquidity down a slope, are not mudslides or mudflows.

All flooding in a continuous or protracted event will constitute a single **Flood**.

9. **Hacking Event**

Means: An attack which allows unauthorized access or use of a computer or telecommunications system by electronically circumventing a security system and procedure.

10. **Location**

Means: Any **Real Property** owned, leased, or used by the **Covered Party**. All **Real Property** separated from other **Real Property** by a distance of more than one thousand (1000) feet and on a different **Premises** shall be deemed a separate **Location**. Covered **Locations** are scheduled on file with the Company.

11. **Media**

Means: Materials on which **Data** is recorded, such as magnetic tapes, disk packs, paper, tapes, cards, flash drives, and hard drives.

12. **Mold or Other Fungi**

Means:

- Any type or form of mold or mildew;
- Any other type or form of fungi; or
- Any mycotoxin, spore, scent, or byproduct that is produced or released by such mold, mildew, or other fungi.

13. **Occurrence**

Means: An event that causes a loss covered under the Property Coverage Part of this MOC.

14. **Personal Property**

Means: Stock, materials, and supplies, including your interest in materials, labor charges furnished, performed, or incurred in connection with any such properties including **Personal Property** of others in your care, custody or control; inventory, furniture, and fixtures; equipment including **Mobile Equipment**, and watercraft 26 feet or less in length or as scheduled on file with the Company; machinery; your tenants improvements and betterments to buildings; and all other types of **Personal Property** not specifically excluded herein, including **Personal Property** of your employees, officers, and teachers under this program. **Personal Property** Coverage is extended to cover loss of or damage to musical instruments of students occurring during school related international travel.

15. **Premises**

Means: The entire area within the property lines at a **Location** including areas under sidewalks and driveways.

16. **Pollutants**

Means: Any solid, liquid, gaseous, or thermal irritant contaminant including:

- Smoke, vapors, soot, fumes;
- Acids, alkalis, chemicals; and **Waste** or **Waste Pollutants**.

Waste includes materials to be recycled, reconditioned, or reclaimed.

Waste Pollutants means those **Pollutants** which are at any time transported, handled, stored, treated, disposed of, or processed as **Waste** by or for you or any other person or organization for whom you are legally responsible.

17. **Pollution**

Means: The actual, alleged, or threatened discharge, dispersal, release, leakage, seepage, migration, or escape of **Pollutants**.

18. **Random Attack**

Means: The widespread attack, by a **Hacking Event** or **Computer Virus**, directed against the computer systems, software, **Data**, or telecommunications systems of multiple organizations or persons who are not part of the **Covered Party**, rather than solely at the **Covered Party's** computer systems, software, **Data**, or telecommunications systems. Such attack is intended for the purpose of fraud, nuisance, or malicious tampering or destruction.

19. **Real Property**

Means: Buildings and all additions and extensions attached thereto, all fixtures, machinery and equipment constituting a permanent part thereof in pertaining to the service of the building, yard fixtures, statuary, or other type of fixtures, and material, supplies, and temporary structures within 1,000 feet of a covered building all except as specifically excluded herein.

20. **Valuable Papers and Records**

Means: account books, manuscripts, abstracts, drawings, card index systems, and other printed or written documents. Also includes maps, films, tapes, and other such material. Does not include computer software or **Data**.

3. **CAUSES OF LOSS EXCLUDED**

The Property Coverage part is subject to the following exclusions.

We will not pay for loss or damage caused by any of the excluded events described below. Loss or damage will be considered to have been caused by an excluded event if the occurrence of that event:

- a. Directly and solely results in loss or damage; or
- b. Initiates a sequence of events that results in loss or damage, regardless of the nature of any intermediate or final event in that sequence.

These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

In addition, there is no coverage under the Property Coverage Part for loss or damage more specifically covered under another part of this or any other MOC issued by us.

1. **Uninsurable Risks Exclusion**

This Coverage Part does not cover loss or damage caused by or resulting from:

- Moth, vermin, termites, or other insects; nesting or infestation, or discharge or release of waste products or secretions by insects, birds, rodents, or other animals;
- Inherent vice;
- Latent defect;

- Faulty workmanship;
- Inadequate maintenance;
- Error in design or materials;
- Wear, tear, or gradual deterioration;
- Corrosion, rust, dampness of atmosphere, smog, or extremes of temperature except as related to electronic **Data Processing Equipment**;
- Loss or damage by normal settling, shrinkage, or expansion in building foundation.

However, resulting loss or damage caused by an otherwise **Covered Cause of Loss** ensuing from the aforementioned excluded causes of loss is covered.

2. **Mold or other Fungi, Rot, or Bacteria and Virus Exclusion**

We will not pay for loss or damage caused directly or indirectly by or resulting from **Mold or other Fungi**, wet or dry rot, **Bacteria** or virus.

We will not pay costs associated with the enforcement of any ordinance, regulation, or law which requires the **Covered Party** or anyone else to:

- Test for, monitor, clean up, remove;
- Contain, treat, detoxify, neutralize; or
- In any way respond to, or assess the effects of **Mold or other Fungi**, wet or dry rot, **Bacteria** or virus.

However, subject to the **Mold or other Fungi** sublimit shown in the **Property** Declarations, we will pay for damage by **Mold or other Fungi**, wet or dry rot, or **Bacteria** when such **Mold or other Fungi**, wet or dry rot, or **Bacteria** is the direct result of a **Covered Cause of Loss** during the MOC period that is not otherwise excluded provided all reasonable means were used to save and preserve the **Property** from further damage at the time of and after that **Occurrence**.

3. **Boiler and Machinery Exclusion**

- a. Breakdown or derangement of machinery and/or boiler explosion unless fire ensues, in which case only for the actual loss or damage caused by such ensuing fire. This exclusion does not apply to electronic **Data Processing Equipment** or **Media** or to coverage provided under the electronic **Data Processing** Coverage Extension.
- b. Explosion of steam boilers, steam pipes, steam engines, or steam turbines owned or leased by you, or operated under your control. However, if explosion of steam boilers, steam pipes, steam engines, or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flutes or passages through which the gases of combustion pass

4. **Artificial Electric Current Exclusion**

Loss or damage to electrical appliances, devices, fixtures, or wiring caused by artificially generated electrical current, unless fire or explosion ensues, and then only for the actual loss or damage caused by such ensuing fire or explosion. This exclusion does not apply to electronic **Data Processing Equipment** or **Media**.

5. **Infidelity and Dishonesty Exclusion**

Infidelity, or any dishonesty by you or any of your employees or others to whom

Property may be delivered or entrusted; inventory shortage or unexplained disappearance.

This exclusion does not apply to acts of destruction by your employees.

6. **Nuclear Hazard**

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.

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 MOC - be covered.

7. **War**

Loss or damage caused directly or indirectly by war, invasion, hostilities, acts of foreign enemies, civil war, military, or usurped power or martial law or confiscation by order of any government or public authority.

8. **Renovation, Repair, and Faulty Workmanship Exclusion**

Loss or damage to **Personal Property** caused by processing, renovation, repairing, or faulty workmanship thereon, unless fire and/or explosion ensues, and then only for direct loss or damage caused by such ensuing fire or explosion.

9. **Shrinkage Exclusion**

Loss or damage to **Personal Property** resulting from: shrinkage, evaporation, loss of weight, exposure to light, or change in color, texture or flavor, unless such loss or damage is caused directly by fire or the combating thereof.

10. **Leakage and Seepage Exclusion**

Loss or damage caused by or resulting from water or steam that seeps or leaks from an appliance; a plumbing, heating, or air conditioning system; or the presence of condensation of humidity, moisture, or vapor if there is known and visible evidence that exceeds 14 days of such seepage or leakage occurring prior to the loss.

11. **Collapse Exclusion**

This Coverage Part does not provide coverage for loss due to collapse, including, but not limited to the following conditions of **Property** or any portion of **Property**:

1. Abrupt falling down or caving in;
2. Loss of structural integrity, including separation of parts of the **Property** or **Property** in danger of falling down or caving in; or
3. Cracking, bulging, sagging, bending, leaning, settling, shrinkage, or expansion related to collapse.

However, this exclusion does not apply to the extent that coverage is provided in the Abrupt Collapse Extension.

12. **Terrorist Activity Exclusion**

All loss, cost, or expense arising out of or related to, either directly or indirectly, any **Terrorist Activity**, as defined herein, and any action taken to hinder, defend against, or

respond to any such activity. This exclusion applies regardless of any other cause or event that in any way contributes concurrently or in any sequence to the loss, cost, or expense.

- a. **Terrorist Activity** shall mean any deliberate, unlawful act that:
 - i. Is declared by any authorized governmental official to be or to involve terrorism, terrorist activity, or acts of terrorism; or
 - ii. Includes, involves, or is associated with the use or threatened use of force, violence, or harm against any person, tangible or intangible **Property**, the environment, or any natural resources, where the act or threatened act is intended, in whole or in part, to:
 - (a) Promote, further, or express opposition to any political, ideological, philosophical, racial, ethnic, social, or religious cause or objective; or
 - (b) Influence, disrupt or interfere with any government related operations, activities, or policies; or
 - (c) Intimidate, coerce, or frighten the general public or any segment of the general public; or
 - (d) Disrupt or interfere with a national economy or any segment of a national economy; or
 - iii. Includes, involves, or is associated with, in whole or in part, any of the following activities, or the threat thereof:
 - (a) Hijacking or sabotage of any form of transportation or conveyance, including but not limited to spacecraft, satellite, aircraft, train, vessel, or motor vehicle;
 - (b) Hostage taking or kidnapping;
 - (c) The use or threatened use of, or release or threatened release of any nuclear, biological, chemical, or radioactive agent, material, device, or weapon;
 - (d) The use of any bomb, incendiary device, explosive, or firearm;
 - (e) The interference with or disruption of basic public or commercial services and systems, including but not limited to the following services or systems: electricity, natural gas, power, postal, communications, telecommunications, information, public transportation, water, fuel, sewer, or waste disposal;
 - (f) The injuring or assassination of any elected or appointed government official or any government **employee**;
 - (g) The seizure, blockage, interference with, disruption of, or damage to any government buildings, institutions, functions, events, tangible or intangible **Property** or other assets; or
 - (h) The seizure, blockage, interference with, disruption of, or damage to tunnels, roads, streets, highways, or other places of public transportation or conveyance.
- b. Any of the activities listed in section a.iii. above shall be considered **Terrorist Activity** except where a **Covered Party** can demonstrate to the Company that the foregoing activities or threats thereof were motivated solely by personal objectives of the perpetrator that are unrelated, in whole or in part, to any intention to
 - i. Promote, further, or express opposition to any political, ideological, philosophical, racial, ethnic, social, or religious cause or objective; or
 - ii. Influence, disrupt, or interfere with any government related operations,

- activities, or policies; or
- iii. Intimidate, coerce, or frighten the general public or any segment of the general public; or
- iv. Disrupt or interfere with a national economy or any segment of a national economy.

13. **Pollution Exclusion**

Loss, damage, costs, or expenses in connection with any kind or description of discharge, dispersal, seepage, migration, release, or escape of **Pollutants**.

However if a fire arises directly or indirectly from the discharge, dispersal, seepage, migration, release, or escape of **Pollutants**, we will cover any ensuing damage to covered **Property** caused directly by that fire, subject to the terms, conditions, and limitations of the MOC.

In addition, if your Covered **Property** first sustains damage by one of the following perils during the MOC period and such damage is not otherwise excluded from coverage, subject to the time restrictions and reporting requirements set forth below, and all other terms, conditions, and limitations of this MOC, we will pay your expense to mitigate and clean up **Pollution** from your covered **Real Property** and **Personal Property**:

- Fire;
- Lightning;
- Explosion;
- Wind or hail;
- Smoke;
- Vehicles;
- Civil disturbance and riot;
- Vandalism;
- Sprinkler leakage;
- Sinkhole collapse;
- Falling objects;
- Weight of snow, ice, or sleet;
- Water damage; or
- Collision, upset, or overturn of a transporting vehicle:
 - While at a covered **Location**; or
 - Away from a covered **Location** when the transporting vehicle is owned, operated, rented, leased, or borrowed by the **Covered Party**.

However, we will not pay for the costs associated with the enforcement of any ordinance, regulation, or law which required you or anyone else to:

- Test for, monitor, clean up, remove;
- Contain, treat, detoxify, neutralize; or
- In any way respond to, or assess the effects of **Pollutants**.

In addition, coverage for an ensuing **Pollution** loss is subject to the following time restraints and reporting requirements:

The discharge, dispersal, release or escape of **Pollutants** must:

- a. Begin at an identified time and place;
- b. End, in its entirety, at an identified time within 72 hours of the beginning of the discharge, dispersal, release, or escape of any **Pollutants**;
- c. Be discovered within 15 days after it began; and
- d. Be reported within 90 days; and

e. Occur during the **Coverage Period** of this MOC.

14. **Authorities Exclusion**

This MOC does not cover expenses, fines, penalties, or cost incurred or sustained by you or imposed on you 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.

15. **Asbestos Material Removal Limitation**

This MOC does not insure loss, damage, or expense to remove or replace asbestos materials unless such materials are themselves damaged by a covered cause of loss. Asbestos abatement due to building code enforcement ensuing from damage to covered **Property** caused by a covered cause is covered; however, we will not pay for asbestos abatement to undamaged portions of your covered **Premises**.

If a government authority declares all or parts of the covered **Premises** unfit for occupancy without removal of or modifications to asbestos materials, we will only pay for costs allocated to the portion of the **Premises** that suffered direct physical damage from a **Covered Cause of Loss**.

If the MOC provides coverage for business interruption, rental value, or other loss of use or occupancy, such coverage shall be limited to the time necessary to repair or replace only the damaged portion(s) of the **Premises**.

However, this exception is subject to and shall not override the Nuclear Exclusion.

16. **Voluntary Parting Exclusion**

Voluntary parting with any **Property** by you or anyone else to whom you have entrusted the **Property** if induced to do so by any fraudulent scheme, trick, device, or false pretense.

17. **Failure to Mitigate Exclusion**

Failure to use all reasonable means to save and preserve **Property** from further damage at and after the time of loss.

18. **Acts or Decisions Exclusion**

Acts or decisions of others, including the failure to act or decide, of any person, group, organization or government body.

However, if a cause of loss that is listed in this Exclusion results in a **Covered Cause of Loss**, we will pay for the loss or damage caused by that **Covered Cause of Loss**.

19. **Workmanship, Design, Materials, and Maintenance Exclusion**

Loss or damage caused by or resulting from:

Faulty, inadequate or defective:

- (1) Planning, zoning, development, surveying, siting;
- (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- (3) Materials used in repair, construction, renovation or remodeling; or
- (4) Maintenance;

Of part of all of any **Property** on or off the described premises.

But if an excluded cause of loss that is listed in this Exclusion results in a **Covered Cause of Loss**, we will pay for the loss or damage caused by that **Covered Cause of Loss**.

20. **Weather Exclusion**

Weather conditions that contribute in any way with an excluded cause of loss or event in this MOC.

However, if a cause of loss that is excluded in this MOC results in a **Covered Cause of Loss**, we will pay for the loss or damage caused by that **Covered Cause of Loss**.

21. **Ordinance or Law**

This MOC does not cover loss or damage arising out of or resulting from any ordinance or law except as provided in the Ordinance or Law Extension.

22. **Governmental Action**

This MOC does not cover loss resulting from seizure or destruction of **Property** by order or governmental authority. However, we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this coverage part.

23. **Transmission and Distribution Lines**

Transmission and distribution lines, other than those within 500 feet of the **Covered Member's** premises.

SUM COVERED

Per **Occurrence** limits: The Company shall not be liable for more than the Limits or Sublimits of Liability stated in the Property Coverage Part Declarations.

TERRITORIAL LIMITS

This MOC insures **Property** at **Locations** in the United States and Canada.

DEDUCTIBLES

Your **Deductible** will not exceed the amount shown in the Property Declarations Item 3.

For the purpose of this Coverage Part, where a series of losses occur which are attributable directly or indirectly to one disaster or weather related cause of loss, all such losses shall be added together and treated as one **Occurrence** irrespective of the period or area. So far as loss involving in whole or in part the causes of loss of tornado, windstorm, cyclone, hurricane, or hail is concerned, the words "one **Occurrence**" shall mean one single atmospheric disturbance as designated by the appropriate weather bureau.

CONDITIONS

1. VALUATION

The Company's liability for loss or damage shall not exceed the least of the following:

- A. The most we will pay for loss for any one **Occurrence** under this **Real Property** and **Personal Property** Coverage Part will not exceed the amount shown in the

Declarations as the **Real** and **Personal Property** Coverage Part Limit of Coverage.

B. The actual expenditure for repairs or replacement of the damaged or destroyed **Property**, subject to the above paragraph and the Loss Payment and the Valuation Conditions of this Coverage Part below.

- (1) If the scheduled building cannot be repaired and must be replaced by a new building, we will pay for the cost to replace the building on the same **Premises** with comparable size, material, and quality used for the same purpose, subject to the other MOC limits, terms, and conditions.
- (2) If a building is rebuilt at a new premise, the cost described above is limited to the cost which would have been incurred if the building had been rebuilt at the original **Premises**.
- (3) You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim if you notify us of your intent to do so within 180 days after the loss or damage.
- (4) We will not pay on a replacement cost basis for any loss or damage:
 - (a) Until the lost or damaged **Property** is actually repaired, rebuilt, or replaced; and
 - (b) Unless the repairs, rebuilding, or replacement are made as soon as reasonably possible after the loss or damage. If the **Property** is not repaired, rebuilt, or replaced as soon as reasonably possible, the value of the **Property** will be determined at actual cash value.

C. With respect to:

1. Books, accounts, abstracts, drawings, card index systems, and other records - except film, tape, disk, drum, cell, and other magnetic recording or storage **Media** for electronic **Data** processing - the cost of blank books, cards, or other blank material plus the cost of labor incurred by you for transcribing, reproducing, or copying such record.
2. Film, tape, disc, drum, cell, flash drives, thumb drives, and other magnetic recording or storage **Media** for electronic **Data** processing, the cost of such **Media** in unexposed or blank form plus the cost of labor incurred by you for repairing, replacing, transcribing, reproducing, or copying.
3. **Fine Arts:**
 - a. Your **Fine Arts Property** shall be valued at the lesser of the cost to repair or the current market value of the **Property** at the time any loss or damage occurs. The loss or damage shall be determined according to such current market value.
 - b. **Property** of others loaned to you and which you were instructed to insure, or for which you may be liable, shall be valued at the current market value of the **Property** at the time the loss or damage occurs unless, prior to the loss or damage, you and the owner had agreed upon a different amount, in which case, the **Fine Arts Property** will be valued at the agreed upon amount, subject to any applicable limits.

In the event of loss or damage to a pair or set, we will cover, as part of such loss,

the reduction in value of the pair or set when the said reduction in values results from the damage or destruction of other parts of the pair or set.

- D. All vehicle losses will be adjusted at Actual Cash Value except total losses to school buses on current schedule with the Washington State Office of Public Instruction (OSPI), which will be adjusted on a Replacement Cost basis. If the damaged bus scheduled with OSPI is determined to be not repairable, the total loss adjustment will not exceed the greater of the following:
- The amount you incur in the actual replacement of the damaged bus.
 - The replacement cost of a new school bus of like kind and quality at the time of loss, as determined by OSPI. This amount will be adjusted to include school bus options not reflected in the State Quote Specifications, less depreciation payments received and obligated as of the date of loss from OSPI. A school bus scheduled with OSPI determined to be a total loss that is not replaced will be adjusted at Actual Cash Value.

- E. **Mobile Equipment** as defined below will be adjusted at Actual Cash Value.

The following types of vehicles will be considered **Mobile Equipment**:

- a. Bulldozers, earth movers, forklifts, and other vehicles designed for use principally off public roads.
 - b. Vehicles maintained for use primarily on or next to **Premises** owned by the **Covered Party**.
 - c. Vehicles that travel on crawler treads.
 - d. Vehicles maintained primarily to provide mobility to permanently mounted power cranes, shovels, loaders, diggers, or drills, and sewer cleaning equipment.
 - e. Road construction or resurfacing equipment such as graders, scrapers, or rollers.
 - f. Street sweepers.
 - g. Snow removal equipment.
 - h. Watercraft 26 feet or less in length.
 - i. Mowers and miscellaneous equipment valued over \$10,000.
- F. Personal effects of teachers will be adjusted based upon the actual expenditure for repairs or replacement cost if the **Property** was registered with the building officials prior to the loss or damage. If not previously registered, such **Property** will be adjusted at Actual Cash Value. **Personal Property** of students will be adjusted at Actual Cash Value.
- G. We may adjust losses with the owners of lost or damaged **Property** if other than you. If we pay the owners, such payments will satisfy your claim against us for the owners' property. We will not pay the owners more than their financial interest in the Covered **Property**.
- H. We may elect to defend you against suits arising from claims of owners of **Property**. We will do this at our expense.

2. GROUP AGGREGATE SUBLIMITS DISTRIBUTION

If damage to covered **Property** of **Group Members** subject to an annual **Group Aggregate** sublimit exceeds the **Group Aggregate** sublimit, the **Group Aggregate** sublimits will be apportioned among all **Group Members** suffering loss based on the percentage of that **Group Member's** total value of all covered **Property** in relation to the sum of the total value of all covered **Property** or all **Group Members** that suffered loss in such **Occurrence**.

For Example:

The total value of **Group Member A's** covered property is \$100,000,000.

The total value of all covered property for all **Group Members** that sustained a covered **Flood** loss is

\$1,000,000,000. The **Flood** sublimit is \$25,000,000 and has not been reduced by prior losses.

Group Member A would receive up to 10% of the sublimit, or \$2,500,000.

All **Group Members** have 90 days from the **Occurrence** to report a loss to us. Losses, including any increase in reported losses, reported after such time will be paid only if the sublimit has not been exhausted.

If two or more events occur in any one **Coverage Period**, the **Group Aggregate** sublimit for subsequent losses will be reduced by the amount of the loss for prior **Occurrences**.

3. NOTIFICATION OF CLAIMS

You, upon knowledge of any **Occurrence** likely to give rise to a claim hereunder, shall give immediate written notice thereof to us.

4. PROOF OF LOSS

You shall render a signed and sworn proof of loss within sixty days after the **Occurrence** of a loss stating the time, place and cause of loss, the interest of the **Covered Party**, and of all others in the **Property**, the sound value thereof and the amount of loss or damage thereto unless we agree in writing to an extension of time.

5. SUBROGATION

This coverage shall not be invalidated by your waiver in writing of your recovery against any party for loss, provided however, that in the event you waive only a part of your rights against any particular third party we shall be subrogated with respect to all rights of recovery which you may have retained against any such third party for loss from the causes of loss covered against to the extent that payment thereof is made by the Company; all subject to the following additional provisions.

- A. If made before loss has occurred, such agreement may run in favor of any third party.
- B. If made after loss occurred, such agreement may run only in favor of a third party falling within one of the following categories at the time of loss:
 - 1. A third party covered under this MOC; or
 - 2. Your tenant.

6. ABANDONMENT

There shall be no abandonment to the Company of any **Property**.

7. OTHER INSURANCE / COVERAGE

If there is valid and collectable **Other Insurance** covering loss or damage that is also covered by this agreement, we will apply this agreement as excess insurance over such **Other Insurance**.

When this agreement is excess insurance, we will pay for loss or damage in excess of:

- The total amount payable under all such **Other Insurance**; and
- The total of all **Deductible** and self-insured amounts under all such **Other Insurance**.

8. SERVICE OF SUITS

No **Covered Party** may maintain any lawsuit or complaint against the Company alleging any improper or incorrect coverage denial unless the **Covered Party** has first exhausted the appeal

procedures set forth in MEMORANDUM OF COVERAGE – COMMON CONDITIONS AND DEFINITIONS, Section 1, Appeal of Coverage and Legal Action Against Us.

It is agreed that in the event we fail to pay any amount claimed to be due under the MOC, at the request of the **Covered Party**, we will submit to the jurisdiction of any court of competent jurisdiction within the State of Washington and will comply with all requirements necessary to give such court jurisdiction and all matters arising hereunder shall be determined in accordance with the law and practice of such court.

No action, **Suit**, or proceeding for the recovery of any claim under this MOC shall be sustainable in any court of law or equity unless the same be commenced within twelve (12) months after discovery by the **Covered Party** of the **Occurrence** which gives rise to the claim. Provided however, that if by the laws of the State within which this MOC is issued such limitation is invalid, then any such claim shall be void unless such action, **Suit**, or proceeding be commenced within the shortest limit of time permitted by the laws of such State.

9. SALVAGE AND RECOVERIES

All salvages, recoveries, and payments recovered or received subsequent to a loss settlement under this MOC shall be applied as if recovered or received prior to the said settlement and all necessary adjustments shall be made by the parties hereto.

10. FALSE OR FRAUDULENT CLAIMS

If the **Covered Party** shall make any claim knowing the same to be false or fraudulent, as regards amount or otherwise, this MOC shall become void and all or any claim hereunder shall be forfeited.

11. EXCESS INSURANCE

Permission is granted to the **Covered Party** to have excess insurance over the limit of liability set forth in this MOC without prejudice to this MOC. The existence of such insurance, if any, shall not reduce any liability under this MOC.

12. APPRAISAL

If we and you fail to agree as to the amount of loss, either may make a written demand for appraisal.

In this event, each party shall select a competent and disinterested appraiser. The appraisers shall select a competent and disinterested umpire. If the appraisers cannot agree upon an umpire within, such umpire shall be selected by a judge of a court having jurisdiction. The appraisers shall then appraise the loss, stating separately the loss to each item, and failing to agree, shall submit the differences, only, to the umpire.

An award in writing decided by any two shall be binding and determine the amount of loss. Each appraiser shall be paid by the party selecting him or her and the expenses of appraisal and umpire shall be paid by parties equally.

If there is an appraisal, we will retain our right to deny the claim.

13. PERMIT CLAUSE

Permission is hereby granted:

1. To erect new buildings and structures and to make alterations, additions, and repairs.
2. For such use of the **Premises** as is usual and incidental to the business as conducted

therein.

Permission is hereby granted for the **Property** covered hereunder to be and remain **Vacant** or not operating without limit of time, subject to a sublimit of \$2,500,000 on vacant **Property**. **Vacant** means the condition of a building or structure not containing sufficient furnishings or other **Property** customary to its intended use or occupancy for a period of time exceeding 90 consecutive days.

14. VACANCY

1. As used in this condition:

a. The term "building" has the meaning set forth in (1) and (2) below:

- (1) When this MOC is issued to a tenant, and with respect to that tenant's interest in Covered Property, "building" means the unit or suite rented or leased to the tenant.
- (2) When this MOC is issued to the owner or general lessee of a building, "building" means the entire building.

b. The term "vacant" means a building that is abandoned or does not contain enough Personal Property to conduct customary operations.

Unoccupied buildings are not considered vacant. An "unoccupied building" is a building which contains enough **Personal Property** to conduct your customary operations, but such operations are temporarily suspended.

Buildings under construction or renovation are not considered vacant.

2. We will only pay for loss or damage by a **Covered Cause of Loss** at a vacant building if:

- a. The vacant building is at a **Premises** described in the **Property** Schedule and you have notified us of the vacancy within 30 days of the date of such building becoming vacant; or
- b. The vacant building is added to the **Property** Schedule after inception of the MOC and you have notified us of the vacancy within 30 days of the effective date of the addition of such building.

3. With respect to a building that has been vacant for a period of more than ninety (90) consecutive days, the amount we will pay will be the lesser of the cost to repair the building, the actual cash value of the building, or the scheduled value of the building. If a building has been vacant for a period of 90 consecutive days or less the valuation will be subject to the valuation condition listed above.

15. ERRORS AND OMISSIONS

Inadvertent failure to report **Property** shall not invalidate coverage provided hereunder.

16. EXAMINATION UNDER OATH

You, as often as may be reasonably required, shall exhibit to any person designated by the Company all that remains of any **Property** herein described, and shall submit, and insofar as is within your power cause your employees and others to submit to examinations under oath by any person named by the Company; and, as often as may be reasonably required, shall produce for examination all writings, books of account, bills, invoices and other vouchers, or certified copies thereof if originals are lost, at such reasonable time and place as may be

designated by the Company or its representative, and shall permit extracts and copies thereof to be made. No such examinations under oath or examination of books or documents, nor any other act of the Company or any of its employees or representatives in connection with the investigation of any loss or claim hereunder, shall be deemed a waiver of any defense which the Company might otherwise have with respect to any loss or claim, but all such examinations and acts shall be deemed to have been made or done without prejudice to the Company's liability.

17. PAYMENT OF LOSS

We will pay for covered loss or damage within 30 days after we receive a sworn proof of loss, provided you have complied with all of the terms of this MOC, and:

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

ADDITIONAL COVERED PARTY, LOSS PAYEE AND/OR MORTGAGEE ENDORSEMENT

THIS ENDORSEMENT MODIFIES COVERAGE PROVIDED UNDER THE FOLLOWING:

PROPERTY COVERAGE PART

This endorsement changes the MOC effective on the inception date of the MOC unless another date is indicated above.

How coverage is changed:

It is agreed that the interest of any Additional **Covered Party**, Loss Payee, or Mortgagee is recognized as their interests may appear, providing the certificate of coverage that this is attached to has been issued and is on file with the Company.

The Limits of Coverage applicable to the Additional **Covered Party** are those specified in either the:

1. Written contract or written agreement; or
2. Declarations for this MOC, whichever is less.

These Limits of Coverage are inclusive and not in addition to the Limits of Coverage shown in the Declarations.

All other terms and conditions remain unchanged.

FUNCTIONAL BUILDING VALUATION ENDORSEMENT

THIS ENDORSEMENT MODIFIES COVERAGE PROVIDED UNDER THE FOLLOWING: PROPERTY COVERAGE PART

This endorsement changes the MOC effective on the inception date of the MOC unless another date is indicated above.

How coverage is changed:

For the buildings scheduled at Functional Building Valuation (indicated with an "F") on the Statement of Values on file with the Company, the following replaces **Property** Coverage Part Conditions, 1. Valuation, B.:

1. Valuation B. Functional Building Valuation

Functional Building Valuation means the cost to replace **Property** with similar **Property** intended to perform the same function when replacement with identical **Property** is not possible or is unnecessary.

1. Repaired or replaced: If the **Covered Party** contracts to repair, replace, or restore the building to perform the same function within 180 days of loss or damage, the Company will pay the least of the following:
 - a. The limit for the building scheduled in the Statement of Values on file with the Company that is applicable to the damaged building; or
 - b. In the event of a total loss, the cost to replace the damaged building on the same site (or on a different site if relocation is required by an ordinance or law), with a less costly building that is functionally equivalent to the damaged building; or
 - c. In the event of partial loss, the cost to repair or replace the damaged portion of the building with less costly material, if available, in the architectural style that existed before the loss or damage occurred; and the amount you actually spend to demolish and clear the site of undamaged parts of the building as required by ordinance or law; or
 - d. The amount you actually spend that is necessary to repair or replace the lost or damaged building with less costly material if available; and to demolish and clear the site of undamaged parts of the building required by ordinance or law;
2. Not repaired or replaced: If the **Covered Party** does not repair or replace the building, the Company will pay the least of the following:
 - a. The limit for the building scheduled in the Statement of Values on file with the Company that is applicable to the damaged building; or
 - b. The "market value" of the damaged building, exclusive of the land value, at the time of loss; or
 - c. The amount it would cost to repair or replace the damaged building on the same site, with less costly material in the architectural style that existed before the damage occurred, less allowance for physical deterioration and depreciation.

Market Value as used in this endorsement means the price which the **Property** might be expected to realize if offered for sale in a fair market.

All other terms and conditions remain unchanged.

LIABILITY COVERAGES

(GENERAL LIABILITY, **SEXUAL ABUSE, WRONGFUL ACTS, AUTOMOBILE**) COMMON CONDITIONS, DEFINITIONS, AND EXCLUSIONS

CONDITIONS

All Liability Coverage Parts (General Liability, **Sexual Abuse, Wrongful Acts, Automobile**) included in this MOC are subject to the conditions in the MOC Common Conditions and the following Liability Conditions except as otherwise indicated:

A. Appeals

We have the right to appeal a judgment against a **Covered Party** under this agreement if:

1. The judgment is for more than the amount of the **Deductible** and
2. A **Covered Party** does not appeal the judgment.

If we appeal a judgment, we will pay the **Defense Costs** of the appeal. This payment will be in addition to any **Limit of Coverage** of this MOC.

B. Bankruptcy or Insolvency

Bankruptcy, insolvency, rehabilitation, receivership, or liquidation of a **Covered Party** or a **Covered Party's** inability to pay any part of the **Deductible** shall neither relieve nor increase any of our obligations under this MOC.

Under no circumstances shall we be required to assume any other obligations of a **Covered Party**.

C. Legal Action Against Us

No person or organization has a right under this MOC:

1. To join us as a party or otherwise bring us into a **Suit** asking for damages from a **Covered Party**; or
2. To sue us under this MOC unless all of its terms and conditions have been fully complied with.

No one may maintain any lawsuit or complaint against the Company alleging any improper or incorrect coverage denial unless the **Covered Party** has first exhausted the appeal procedures set forth in Memorandum of Coverage – Common Conditions and Definitions, Section I, Appeal of Coverage and Legal Action Against Us.

If is agreed that exhaustion of these appeal procedures shall be a condition precedent to any subsequent legal action or suit by a **Covered Party**.

A person or organization may sue us to recover on an agreed settlement as defined below, or on a final judgment against a **Covered Party** obtained after an actual trial; but we will NOT be liable for damages that are NOT payable under the terms of this MOC or that are in excess of any Limits of Insurance. An agreed settlement means a settlement and release of liability signed by us, a **Covered Party** and the claimant or the claimant's legal representative.

D. Other Insurance

If **Other Insurance** is available to cover a **Claim** for a **Covered Party** for any coverage under

this MOC, whether on a primary, excess or contingent basis, the Coverage under this MOC is excess of and does not contribute with such **Other Insurance**.

The coverage under this MOC is not subject to the terms, conditions, or limitations of any **Other Insurance**.

This condition does not apply with respect to excess insurance purchased specifically to be in excess of this MOC.

E. Our Right to Recover Payment

Any persons or organizations for whom we make a payment under this MOC must transfer to us their right to recovery against any other person or entity. After a **Claim** they must do everything necessary to secure, and nothing to impair these rights. However, we will waive our right of recovery against any person or organization with respect to which the **Covered Party** has waived its right of recovery prior to the **Occurrence, Accident, or Wrongful Act** in a **Covered Contract**.

F. Representations

By accepting this MOC, 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 MOC in reliance upon your representations.

Except as otherwise provided in this MOC or by law, this MOC is void back to the first date of the **Coverage Period** in any case of fraud or if you intentionally conceal or misrepresent any material facts concerning this MOC, in your application for this MOC or otherwise.

G. Duties in the Event of **Accident, Occurrence, Wrongful Act, or Claim**

1. You must see to it that:
 - a. We are notified in writing as soon as practicable once you have knowledge of any **Accident, Occurrence, or Wrongful Act** which may give rise to a **Claim** being made against a **Covered Party**. Notice shall be deemed given as soon as practicable if it is given to us by the department or person to whom you have delegated such responsibility as soon as practicable after they have knowledge of such **Accident, Occurrence, or Wrongful Act**.
 - b. If a **Claim** is made against a **Covered Party** which appears likely to involve protection by this MOC, you must immediately record the specifics of the **Claim** and the date received and notify us in writing as soon as practicable. Notice shall be deemed given as soon as practicable if it is given to us by the department or person to whom you have delegated such responsibility as soon as practicable after they have knowledge of such **Claim**;

You and any **Covered Party** must:

- a. At our request, assist us in the enforcement of any right against any person or organization which may be liable to a **Covered Party** because of injury or damage to which this coverage may also apply;
 - b. Cooperate as stated in this MOC; and
 - c. Cooperate in the investigation, settlement, or defense of any **Claim**.
2. In any event you must notify us in the manner specified above of any **Accident, Occurrence, Wrongful Act, or Claim**, regardless of the coverage or liability which involves any of the following:

- Spinal cord injuries with paralysis;
- Severe burns;
- Fatalities;
- Amputation or loss of use of a major extremity;
- Sensory loss (sight, hearing, smell, etc.);
- Brain injuries;
- Discrimination or violation of civil rights;
- **Sexual Abuse;**
- Class action **Suits;**
- Serious disfigurement or scarring;
- Major organ injuries.

3. Knowledge of an **Accident, Occurrence, Wrongful Act, or Claim** by an agent or **Employee** of any **Covered Party** shall not in itself constitute knowledge of the **Covered Member** unless any person with such knowledge is: an executive officer or director; in a supervisory capacity or risk management position; or a person or in a department to which you have delegated such responsibility.

H. Two or More Coverage Parts or MOCs Issued by Us

If more than one Coverage Part or MOC issued to you by us applies to the same **Claim** or **Suit**, the maximum Limit of Coverage under all Coverage Parts and MOCs shall not exceed the highest applicable Limit of Coverage under any one Coverage Form or MOC. This condition does not apply to any coverage issued by us specifically to apply as excess insurance over this Coverage Part.

DEFINITIONS

All Liability Coverage Parts (General Liability, **Sexual Abuse, Wrongful Acts, Automobile**) included in this MOC are subject to any applicable definitions in the Coverage Part and the following definitions, except as otherwise indicated:

1. **Accident**

Means: An accident, including continuous or repeated exposure to substantially the same general harmful conditions which results in **Bodily Injury** or **Property Damage**. All such exposure to substantially the same general conditions will be considered as arising out of one **Accident**.

2. **Administration**

Means:

- a. Giving counsel to **Employees** with respect to your **Employee Benefits Program**;
- b. Interpreting your **Employee Benefits Program**;
- c. Handling of records in connection with your **Employee Benefits Program**; or
- d. Effecting enrollment, termination, or cancellation of **Employees** under your **Employee Benefits Program**;

Provided all such acts are authorized by you.

3. **Advertising Injury**

Means: One or more of the following offenses:

- a. Libel, slander, or defamation;
- b. Any infringement of copyright, title, or slogan;

- c. Misappropriation of advertising ideas or style of doing business;
- d. Oral or written publication of material that violates a person's right of privacy;

committed or alleged to have been committed in any advertisement, publicity article, broadcast or telecast and arising out of your advertising activities except if arising out of electronic chat rooms or bulletin boards.

4. **Automobile**

Means: A land motor vehicle, trailer or semi-trailer designed to be operated primarily on public roads, including any attached machinery or equipment; but, does NOT include **Mobile Equipment** except while being carried or towed by a covered auto.

5. **Bodily Injury**

Means: Any harm to the health of other persons. It includes any of the following that results at any time from such harm:

- a. Physical harm, sickness, or disease;
- b. Mental anguish, injury, or illness;
- c. Emotional distress;
- d. Care, loss of services, or death;
- e. Humiliation.

6. **Claim**

Means: A written or oral notice, including a **Suit**, demanding payment of money to compensate for damages.

7. **Coverage Territory**

Means:

- a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
- b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in Paragraph a. above; or
- c. All other parts of the world if the injury or damage arises out of:
 - (1) Goods or products made or sold by you in the territory described in Paragraph a. above;
 - (2) The activities of a person whose home is in the territory described in Paragraph a. above, but is away for a short time on your business; or
 - (3) **Personal Injury** and **Advertising Injury** offenses that take place through the Internet or similar electronic means of communication

provided the **Covered Party's** responsibility to pay damages is determined in a **Suit** on the merits, in the territory described in Paragraph a. above or in a settlement we agree to.

However, for **Accidents** resulting from the ownership, maintenance, or use of covered autos, **Coverage Territory means:**

- a. The United States of America (including its territories and possessions), Puerto Rico, and Canada;
- b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in Paragraph a. above.

8. **Covered Automobile**

Means: An **Automobile**:

- a. You own;
- b. You acquire during the MOC Period, before the accident for which coverage is sought;
- c. You lease, hire, rent, or borrow (this does not include an **Automobile** you lease, hire, rent or borrow from any of your **Employees** or partners or members of their households); or
- d. You do not own, lease, hire, rent, or borrow that is used in conjunction with your business (this includes an **Automobile** owned by any of your **Employees** or partners or members of their household, but only while used in conjunction with your business).

9. **Covered Contract**

Means:

- a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises rented to you or temporarily occupied by you with permission of the owner is not a **Covered Contract**;
- b. A sidetrack agreement;
- c. Any easement or license agreement, except in connection with vehicle or private pedestrian railroad crossings at grade;
- d. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
- e. A mutual aid assistance agreement or contract between political subdivisions;
- f. An elevator maintenance agreement;
- g. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
- h. That part of any contract or agreement entered into, as part of your operations, pertaining to the rental or lease, by you or any of your **Employees**, of any **Automobile**. However, such contract or agreement shall not be considered a **Covered Contract** to the extent that it obligates you or any of your **Employees** to pay for **Property Damage** to any **Automobile** rented or leased by you or any of your **Employees**.
- i. That part of any other written contract or written agreement pertaining to your operations (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for **Bodily Injury** or **Property Damage** to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

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

- (1) That indemnifies a railroad, any person or organization for **Bodily Injury** or **Property Damage** arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, track, road-bed, tunnel, underpass, or crossing;
- (2) That indemnifies an architect, engineer, or surveyor for injury or damage arising out of:
 - (a) Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders, or drawings and specifications; or
 - (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
- (3) Under which the **Covered Party**, if an architect, engineer, or surveyor, assumes liability for an injury or damage arising out of the **Covered Party's** rendering or failure to render **Professional Services**, including those listed in (2) above and supervisory, inspection, architectural, or engineering activities.

- j. Any service agreement in your **Law Enforcement Activities**, including moonlighting activities by your employed law enforcement officers, provided such agreement is departmentally approved.
- k. Any agreement with another municipality for the use of jail, holding, or incarceration facilities where you are assuming the liability of another entity.

A **Covered Contract** does not include that part of contract or agreement:

- (1) That pertains to the loan, lease, or rental of an **Automobile** to you or any of your **Employees**, if the **Automobile** is loaned, leased, or rented with a driver; or
- (2) That holds a person or organization engaged in the business of transporting property or persons by **Automobile** for hire harmless for your use of a **Covered Automobile** over a route or territory that person or organization is authorized to serve by public authority.

10. **Covered Party**

Means: Each of the following is a **Covered Party** to the extent set forth below:

- a. The **Covered Member**.
- b. While acting within the scope of their duties for the **Covered Member**:
 - (1) Your current or former lawfully elected, appointed, or employed officials;
 - (2) Current or former members of commissions, boards, or other units operated by you and under your jurisdiction, provided such units are within the total operating budget;
 - (3) Your current or former **Employees**;
 - (4) All persons who perform a service on a volunteer basis for you, provided such performance is under your direction and control. This does NOT include any person working on retainer or as an **Independent Contractor**;
 - (5) All persons or organizations providing service to you under any mutual aid or similar agreement;
 - (6) All student teachers, interns and teaching assistants, whether compensated or not, while acting at the direction of or performing services for or on behalf of the **Covered Member** with your knowledge and consent;
 - (7) Auxiliary organizations, booster groups, Parent Teacher Organizations, and student body organizations, but only for activities or work they conduct or perform:
 - (a) At your direction; and
 - (b) Within the scope of their duties for you; or
 - (8) The estate of any person in (1) through (6) immediately above.
- c. Any person or organization while acting as your real estate manager.
- d. With respect to **Mobile Equipment**, any person is a **Covered Party** under the General Liability Coverage Part while operating such equipment with your permission.
- e. With respect to a **Covered Automobile**, any person is a **Covered Party** under the **Automobile** Liability Coverage Part while operating the **Covered Automobile** with your permission.

However, any **Employee**, student teacher, teaching assistant or volunteer of the **Covered Member** is a **Covered Party** while operating an **Automobile** not owned by, or leased to or rented to you, only if the **Automobile** is being used for you and with your express consent; but such coverage as is provided by this provision shall apply only as excess insurance over any other liability insurance that applies to that **Employee**, student teacher, teaching assistant or volunteer or to that **Automobile** whether the coverage available under that policy is collectible or not.
- f. No person or organization is a **Covered Party** with respect to the conduct of any current

or past partnership or joint venture that is not shown as a **Covered Member** in the Declarations Page.

- g. Any landlord, lessor, manager, or owner of a premises rented, loaned or leased to, or borrowed by you but only for the ownership, maintenance, or use of that premises while you rent, lease or borrow it.

However, no landlord, lessor, manager, or owner of such premises is a **Covered Party** for injury or damage that results from any of the following work while being done by or on behalf of that landlord, lessor, manager, or owner: structural changes, new construction work, or demolition work.

- h. No person is a **Covered Party** who is an **Independent Contractor**.
- i. Nursing students. Any nursing student enrolled in a nursing program for activities or work that such nursing student conducts or performs in a nursing program while under the direction and supervision of any of your **Employees** or an **Employee** of a health care facility to which you have assigned such student. Nursing program means an education program in nursing offered by you as a part of your school curriculum.

11. **Employee**

Means: Any natural person:

- a. Whom you compensate directly by salary, wages, or commissions; and
- b. Whom you have the right to direct and control while performing services for you.

12. **Employee Benefits Program**

Means:

- a. Group life insurance, group accident or health insurance, investment plans or savings plans, profit sharing plans, pension plans, and stock subscription plans provided for your **Employees**; or
- b. Unemployment insurance, social security benefits, workers' compensation and disability benefits provided for your **Employees**.

13. **Employment Practices Violations**

Means: Any of the following actual or alleged acts which are employment related:

- a. Wrongful dismissal, discharge, termination, or constructive termination of employment;
- b. Harassment of any type including, but not limited to **Sexual Harassment**;
- c. Discrimination (including but not limited to discrimination based upon age, gender, race, color, national origin, religion, sexual orientation or preference, pregnancy, or disability);
- d. Retaliation;
- e. Misrepresentation to an **Employee** or applicant for employment;
- f. Libel, slander, humiliation, defamation or invasion of privacy;
- g. Wrongful failure to employ or promote;
- h. Wrongful deprivation of career opportunity, wrongful demotion, or negligent **Employee** evaluation, including the giving of negative or defamatory statements in connection with an **Employee** reference;
- i. Wrongful discipline;
- j. Failure to grant tenure or practice privileges;
- k. Failure to provide or enforce adequate or consistent organizational policies or procedures;
- l. Violation of an individual's civil rights.

14. **Impaired Property**

Means: Tangible property, other than **Your Product** or **Your Work** that cannot be used or is

less useful because:

- a. It incorporates **Your Product** or **Your Work** that is known or thought to be defective, deficient, inadequate, or dangerous; or
- b. You have failed to fulfill the terms of a contract or agreement;

If such property can be restored to use by:

- a. The repair, replacement, adjustment, or removal of **Your Product** or **Your Work**; or
- b. You fulfilling the terms of the contract or agreement.

15. **Incidental Medical Malpractice**

Means: Injury arising out of emergency medical services rendered or which should have been rendered to any person or persons during the **Coverage Period** by any duly certified emergency medical technician, paramedic or nurse who is employed by or acting on behalf of a **Covered Party** to provide such services.

Incidental Medical Malpractice also includes injury arising out of the dispensation or failure to dispense medicine to any person or persons by your duly certified school nurse or your authorized **Employee** or volunteer worker acting on behalf of a **Covered Party** to provide such services.

16. **Independent Contractor**

Means: Any person or organization who is not your **Employee**, but who performs duties related to the conduct of your operations in the course of their independent employment in accordance with a contract between you and the **Independent Contractor** for specified services.

17. **Law Enforcement Activities**

Means: Any of the official activities or operations of your **School Security Personnel** which enforce the law and protect persons or property. This includes ownership, maintenance, or use of premises that you own, rent, lease, or borrow in order to perform such activities or operations and providing first aid at the time of an **Accident**, crime, or medical emergency.

18. **Limited Garagekeepers**

Means: **Property Damage** to **Automobiles** owned by others while in the **Covered Party's** care, custody and control for repair operations: (1) as part of an educational program; or (2) for services provided by the **Covered Party** for maintenance or repair of **Automobiles**, whether or not the **Covered Party** makes a charge for services.

19. **Loading or Unloading**

Means: The handling of property:

- a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft, or **Automobile**;
- b. While it is in or on an aircraft, watercraft, or **Automobile**; or
- c. 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**.

20. **Mobile Equipment**

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

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

However, self-propelled vehicles with the following types of permanently attached equipment are not **Mobile Equipment** but will be considered **Automobiles**:

- (1) Equipment designed primarily for:
 - (a) Snow removal;
 - (b) Road maintenance, but not construction or resurfacing; or
 - (2) Cherry pickers and similar devices mounted on **Automobile** or truck chassis and used to raise and lower workers;
 - (3) Air compressors, pumps, and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.
- g. However, **Mobile Equipment** does not include land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged. Land vehicles subject to a compulsory or financial responsibility law or other motor vehicle insurance law, or subject to registration, are considered **Automobiles**.

21. Occurrence

Means:

- a. With respect to **Bodily Injury** and **Property Damage**, an accident, including continuous or repeated exposure to substantially the same general harmful conditions which results in **Bodily Injury** or **Property Damage**. All such exposure to substantially the same general conditions will be considered as arising out of one **Occurrence**, the date of which shall be fixed as the date of the first exposure to harm;
- b. With respect to **Personal Injury**, only the offenses specified in the **Personal Injury** Definition. All damages arising out of substantially the same **Personal Injury** regardless of frequency, repetition, the number or kind of offenses, or number of

claimants, will be considered as arising out of one **Occurrence**, the date of which shall be fixed as the date of the first offense;

- c. With respect to **Advertising Injury**, only the offenses listed in the **Advertising Injury Definition**. All damages arising out of substantially the same **Advertising Injury** regardless of frequency, repetition, the number or kind of media used, the number or kind of offenses, or the number of claimants, will be considered as arising out of one **Occurrence**, the date of which shall be fixed as the date of the first offense.

Regardless of any subsequent renewals or extensions of coverage terms, only one MOC issued by us, one **Deductible** and one **Limit of Coverage** is applicable to any one **Occurrence**. A **Claim** or **Suit** involving an **Occurrence** as defined under two or more of paragraphs a., b., or c. above shall be deemed to be one **Occurrence** and shall be assigned to only one MOC, coverage form, or insurance policy (whether issued by this risk pool, another risk pool, coverage provider, or insurer) and if this MOC applies, only one limit of coverage shall apply.

22. **Personal Injury**

Means: One or more of the following offenses, if not arising out of **Employment Practices Violations**:

- 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, electronic chatrooms, or bulletin boards;
- c. 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 acting on behalf of the owner, landlord, or lessor;
- d. Violation of property rights;
- e. Erroneous service of process;
- f. Violation of civil rights arising out of **Law Enforcement Activities**.

23. **Pollutant**

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.

24. **Post-Judgment Interest**

Means: 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 **Defense Costs**.

25. **Pre-Judgment Interest**

Means: Interest added to settlements, verdicts, awards, or judgments that are within the applicable **Defense Costs**, based on the amount of time prior to the settlements, verdicts, awards, or judgments, whether or not made part of the judgments.

26. **Products and Completed Work Liability**

Means:

- a. Includes all **Bodily Injury** and **Property Damage** occurring away from premises you own or rent and arising out of **Your Product** or **Your Work** except:
 - (1) Products that are still in your physical possession; or

- (2) Work that has not yet been completed or abandoned. However, your work will be deemed completed at the earliest of the following times:
 - a. When all of the work called for in your contract has been completed.
 - b. When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.
 - c. When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

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

- b. Does not include **Bodily Injury** or **Property Damage** arising out of:
 - (1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the **Loading or Unloading** of that vehicle by any **Covered Party**; or
 - (2) The existence of tools, uninstalled equipment, or abandoned or unused materials.

27. Professional Services

Means: Services that may be legally performed only by a person holding a professional license. **Professional Services** do NOT include services by teachers, educators, and those services described under **Incidental Medical Malpractice**.

28. Property Damage

Means:

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

29. School Security Personnel

Means: Personnel with primary duties to provide security and safety such as school police officers, resource officers, security officers, or law enforcement, who have been trained in security enforcement.

30. Sexual Abuse

Means: Any actual, attempted, or alleged acts of **Sexual Abuse**, sexual molestation, or sexual misconduct performed by one person or more than one person acting in concert.

All **Claims** based on or arising out of **Sexual Abuse** by a person, or more than one person acting in concert, will be considered as arising out of one incident of **Sexual Abuse** regardless of:

- a. The number of persons injured;
- b. The number of locations where the **Sexual Abuse** occurred;
- c. The number of acts of **Sexual Abuse**.

Sexual Abuse consisting of or comprising more than one act of **Sexual Abuse**, sexual molestation, or sexual misconduct shall be deemed to take place, for all purposes within the scope of this MOC, at the time of the first such act or encounter.

Sexual Abuse does not include **Sexual Harassment** as defined in this MOC.

31. Sexual Harassment

Means: Any actual, attempted, or alleged unwelcome sexual advances, requests for sexual favors, or other conduct of a sexual nature, of a person by another person, or persons acting in concert, which causes physical and/or mental injuries.

Sexual Harassment also includes the above conduct when:

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

Sexual Harassment does NOT include **Sexual Abuse** as defined in this MOC.

32. **Suit**

Means: A civil proceeding in which damages because of **Bodily Injury, Property Damage, Personal Injury, Advertising Injury, or Wrongful Act** to which the applicable Coverage Part applies are alleged, including:

- a. An arbitration proceeding in which such damages are alleged; or
- b. Any other alternative dispute resolution proceeding in which such damages are alleged.

Suit does not include administrative hearings or proceedings.

33. **Wrongful Act**

Means: Any actual or alleged tortious error, act, omission, misstatement, misleading statement, neglect, or breach of duty committed by a **Covered Party**, including but not limited to violation of civil rights, **Employment Practices Violations**, misfeasance, malfeasance, or nonfeasance in the discharge of duties, individually or collectively, that results directly but unexpectedly and unintentionally in damages to others. All **Claims** involving the same **Wrongful Act** or a series of continuous or interrelated **Wrongful Acts**, by one or more **Covered Parties**, will be considered as arising out of one **Wrongful Act**. The **Wrongful Act** will be deemed to have occurred when it first takes place. Only one MOC issued by us, one **Deductible** and **Limit of Coverage** is applicable to any one **Wrongful Act**.

34. **Your Product**

Means:

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

Your Product also 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.

35. **Your Work**

Means:

- a. Work or operations performed by you or on your behalf;
- 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 a. and b. above. **Your Work** also includes the providing of or failure to provide warnings or instructions.

EXCLUSIONS

All Liability Coverage Parts (General Liability, **Sexual Abuse, Wrongful Acts, Automobile**) included in this MOC are subject to any applicable exclusions in the Coverage Part and the following Exclusions except as otherwise indicated:

The coverage under any Liability Coverage Part in this MOC does NOT apply to:

- 1. Any liability or damages, including diminution of value, arising out of the operation of the principles of eminent domain, condemnation, inverse condemnation, adverse possession, or any other similar proceeding.
- 2. Any liability arising out of estimates of probable costs or cost estimates being exceeded or for faulty preparation of bid specifications or plans or failure to award contracts in accordance with statutes or ordinance which under law must be submitted for bids.
- 3. Any liability arising out of:
 - a. The rendering or failure to render:
 - (1) Medical, surgical, dental, x-ray, or nursing service or treatment, or the furnishing of food or beverages in connection therewith; or
 - (2) Any service or treatment conducive to health or of a professional nature;
 - b. The furnishing or dispensing of drugs, medical, dental, or surgical supplies or appliances;
 - c. Any service by any person as a member of a formal accreditation or similar professional board or committee, or as a person charged with the duty of executing directives of any such board or committee; or
 - d. Any blood product handled or distributed by a **Covered Party** or the reliance upon any representation or warranty made at any time with respect to blood products;
 - e. The handling or treatment of dead bodies, including autopsies, organ donations, or other procedures.

With respect to the General Liability Coverage Part, this exclusion does NOT apply to **Incidental Medical Malpractice** or nursing students.

- 4. Any liability arising out of the rendering or failure to render **Professional Services**, in whatever form, by any person or organization.
- 5. Damages of the following types:
 - a. Any costs, civil fines, penalties, or expenses levied or imposed against a **Covered Party** arising from any complaint or enforcement action from any federal, state, or local government regulatory agency;
 - b. Punitive damages, exemplary damages, or the multiplied portion of any damage award; or
 - c. Relief or redress in any form other than monetary damages, or for any fees, costs, or expenses which a **Covered Party** may become obligated to pay as a result of any

- d. Any fines and/or attorney fees awarded through any administrative hearing process including but not limited to the Washington Public Records Act and Open Public Meetings Act;
 - e. Back wages.
- 6. A **Covered Party's** activities in an investing or fiduciary capacity including but not limited to any **Employee Benefits Program**, the **Administration** of any self-insurance fund or any obligations under the Employees' Retirement Income Security Act (ERISA) of 1974, or any amendments thereto or similar subsequent federal acts or any similar provisions of statutory or common law.
- 7. Any premium, assessment, penalty, fine, benefit, or other obligation imposed by any Workers' Compensation Law, unemployment compensation or disability benefits law, the Jones Act, General Maritime Law, the Federal Employers' Liability Act, Federal Employee Compensation Act, the Defense Base Act, U.S. Longshoremen's and Harbor Workers' Compensation Act, Federal Coal Mine Health and Safety Act, any federal occupational disease law, and any amendments to such laws or under any similar law for which you, or any carrier as your insurer, may be held liable; or for which you are a qualified self-insurer.
- 8. Any liability arising out of any criminal, fraudulent, dishonest act, or bad faith of a **Covered Party**, or arising from the deliberate violation of any federal, state, or local statute, ordinance, rule, or regulation committed by or with the knowledge of a **Covered Party**.

This exclusion does not apply to the **Automobile** Liability Coverage Part. However, we may defend the **Covered Party** until it has been determined or admitted in a legal proceeding that these acts were committed by the **Covered Party** or with the consent or knowledge of the **Covered Party**.
- 9. Any liability arising out of the **Administration** of any **Employee Benefits Program**.
- 10. Any liability for which a **Covered Party** may be held liable by reason of:
 - a. Causing or contributing to the intoxication of any person;
 - b. The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
 - c. Any statute, ordinance, or regulation relating to the sale, gift, distribution, or use of alcoholic beverages.

This exclusion does not apply to the **Automobile** Liability Coverage Part. With respect to the General Liability Coverage Part, this exclusion only applies if you are in the business of manufacturing, distributing, selling, serving, or furnishing alcoholic beverages.

This exclusion does not apply to fund raising events hosted or sponsored by a **Covered Party**.
- 11. Any **Claim** for breach of contract. However, with respect to **Employment Practices Violations**, this exclusion does not apply to implied contracts or employment contracts that are not part of a collective bargaining agreement.
- 12.
 - a. Any liability arising from the actual, alleged, or threatened discharge, dispersal, seepage, migration, release, or escape of **Pollutants**; or
 - b. Any loss, cost, or expense arising out of any:
 - (1) Request, demand, or order that a **Covered Party** or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of **Pollutants**; or
 - (2) Any **Claim** by or on behalf of a governmental authority or others 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**.

c. With respect to the General Liability Coverage Part, this exclusion does NOT apply to:

- (1) **Bodily Injury** or **Property Damage** caused by heat, smoke, or fumes from a Hostile Fire. As used herein, Hostile Fire means a fire which becomes uncontrollable or breaks out from where it was intended to be.
- (2) **Bodily Injury** if sustained within a building owned or occupied by, or rented or loaned to, any **Covered Party** and caused by smoke, fumes, vapor, or soot from equipment used to heat that building.
- (3) **Bodily Injury** or **Property Damage** that first occurs during the **Coverage Period** that results from chemicals or explosion in a laboratory or other educational facility; chemicals used in the maintenance or cleaning of school facilities; pesticides or herbicides used on athletic fields or school grounds or school facilities; or the use of chlorine or other sanitizing or cleaning chemicals in swimming pool operation or maintenance.
- (4) **Bodily Injury** or **Property Damage** that results from your **Products and Completed Work Liability** other than **Waste** products or completed work; or Lease or Rented Premises Liability that results from fire.
- (5) In addition, we will not apply this exclusion to **Bodily Injury** or **Property Damage** that results from pollution caused by fuels, lubricants, fluids, exhaust gases, or similar **Pollutants** that: are needed for or result from the normal electrical, hydraulic, or mechanical functioning of a covered auto, other than the operation of specialized equipment; and escape, seep, or migrate, or are discharged, dispersed, or released, directly from a part of a covered auto designed by its manufacturer to hold, store, receive or dispose of such **Pollutants**.

With respect to the **Automobile** Liability Coverage Part, this exclusion does NOT apply to **Accidents** that occur away from premises owned or rented to a **Covered Party** with respect to **Pollutants** not in or upon a Covered **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 Covered **Automobile**; and
- (b) The discharge, dispersal, seepage, migration, release, or escape of the **Pollutants** is caused directly by such upset, overturn, or damage.

13. Any liability arising out of:

- a. Inhaling, ingesting, or prolonged physical exposure to asbestos or goods or products containing asbestos;
- b. The use of asbestos in constructing or manufacturing of any good, product, or structure;
- c. The manufacture, transportation, storage, or disposal of asbestos or goods or products containing asbestos; or
- d. Payment for the investigation or defense of any loss, fine, or penalty; or for any expense or **Claim** related to a., b., or c. above.
- e. Any loss, cost, or expense arising out of any governmental direction or request that a **Covered Party** tests for, monitors, cleans up, removes, contains, treats, or abates asbestos.

14. Any loss, cost, or expense arising out of, resulting from, caused by, or contributed to by:

- a. The toxic or pathological properties of lead, lead compounds, or lead contained in any materials;
- b. The abatement, mitigation, removal, or disposal of lead, lead compounds, or lead contained in any materials;
- c. Any supervision, instructions, recommendations, warnings, or advice given or which should have been given in connection with a. or b. above; or

- d. Any obligation to share damages with or repay someone else who must pay damages in connection with a., b., or c. above.
 - e. Any loss, cost, or expense arising out of any governmental direction or request that a **Covered Party** tests for, monitors, cleans up, removes, contains, treats, or abates lead.
15. Any liability arising out of the ownership, maintenance, **Loading or Unloading**, control, entrustment to others, use or operations of any:
- a. owned, rented, leased, or borrowed aircraft, airfields, runways, hangars, buildings or other properties in connection with aviation activities,
 - b. owned or non-owned Unmanned Aircraft System (UAS) that weighs more than thirty (30) pounds or is not in compliance with Federal Aviation Administration (FAA) rules and regulations, and
 - c. unmanned aircraft system while engaged in any racing, speed, or any stunt activity, or in practice or preparation for any such contest or activity.

This exclusion applies even if the **Claims** against any **Covered Party** allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that **Covered Party**.

With respect to the General Liability Coverage Part, this exclusion does not apply to liability for the **Premises** of buildings or other properties to which the general public is admitted.

16. Any liability arising out of the ownership, maintenance, operation, use, **Loading or Unloading**, or entrustment to others of any watercraft owned or operated by a **Covered Party**, or rented, loaned, or chartered by or on behalf of a **Covered Party**.

This exclusion applies even if the **Claims** against a **Covered Party** allege negligence or other wrongdoing in the supervision, hiring, employment, training, or monitoring of others by a **Covered Party**.

With respect to the General Liability Coverage Part, this exclusion does NOT apply to:

- a. Watercraft while ashore on premises you own or rent;
 - b. Watercraft you do not own that is less than 101 feet long and not being used to carry persons or property for a charge.
 - c. Watercraft you own that is less than 75 feet long.
 - d. Commercially licensed watercraft chartered with crew for recreational or educational purposes for a period of 24 hours or less. Coverage provided is excess over any coverage applicable to that watercraft, whether collectible or not.
17. Any liability arising out of the ownership, maintenance, operation, control, use, or operations of any landfill or disposal site or other properties in conjunction with landfill or disposal site activities. However, with respect to the General Liability Coverage Part, this exclusion does not apply to liability for the premises of buildings or other properties to which the general public is admitted.
18. Any liability arising out of the operations of a hospital, nursing home, clinic, or similar healthcare facility.
19. Any liability arising out of:
- a. Any **Claim** by a **Covered Party** against any other **Covered Party**; and
 - b. Any injury or damage to the spouse, child, parent, brother, or sister of any **Covered Party** as a consequence of a. above.

This exclusion does not apply with respect to the **Wrongful Acts** Liability Coverage Part to the extent coverage is provided for **Employment Practices Violations** for a **Claim** by an **Employee**.

This exclusion does not apply to **Additional Covered Parties** that have been endorsed to this MOC and are on file with the Company before the loss. In addition, this exclusion does not apply to volunteers that are working for you and under your direction.

20. Any liability arising from subsidence, expansion, settlement, or any other form of earth movement.
21. Any liability arising out of the ownership, maintenance, or use of trampolines or springboards that are five feet or greater in diameter or width respectively, or other rebounding equipment, including but not limited to **Inflatable** or air supported amusement equipment. Nor will we cover **Bodily Injury, Property Damage, Advertising Injury, or Personal Injury** that results from any instruction or failure to instruct in the ownership, maintenance or use of such devices.

However, with regards to General Liability and Wrongful Acts Liability Coverages, this exclusion does not apply to:

- a) Trampolines that are no more than one foot off the ground while used in special education programs under the direction of the **Covered Member**.
- b) Trampolines, springboards, or other rebounding equipment when used in cheerleading activities, but only as part of organized interscholastic athletic programs, to include practices and events, at the direction and control of the **Covered Member**, with direct supervision of district staff.
- c) Trampolines, springboards, or other rebounding equipment when used in gymnastic activities, but only as part of organized interscholastic athletic programs, to include practices and events, at the direction and control of the **Covered Member**, with direct supervision of district staff.
- d) **Inflatable** or air supported amusement equipment used by a **Covered Party**, that has been referred to and approved by the Company prior to use.

For the purpose of this exclusion, the following definition applies:

Inflatable

Means:

An air supported structure that has a platform, floor, or other artificial surface on which users stand, rebound, run, or slide, and any air supported structure to which users are tethered or otherwise attached to during use.

22. Any liability or damages arising out of the intentional or accidental actions of **Armed Educators** on or off school premises.

Armed Educators

Means: Non-security staff, such as superintendents, administrators, or teachers that do not have primary responsibilities to provide security for the District, which are armed with weapons such as firearms.

23. Any liability a **Covered Party** may have, directly or indirectly, occasioned by, happening through, or in consequence of:
- a. War, including declared or civil war;
 - b. Warlike action by a military force including action in hindering or defending against an actual or expected attack, by any government, sovereign, or other authority using

- c. military personnel or other agents;
- d. Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these; or
- e. Confiscation, nationalization, requisition or destruction of or damage to property by or under the order of any government or public or local authority.

24. Any loss, cost, or expense that:

- a. Is incurred by you or others; and
- b. Results from the recall, removal, or withdrawal of **Impaired Property**, or **Your Product** or **Your Work**, from the market, or from use by any person or organization, for any reason.

Nor will we cover any loss, cost, or expense that is incurred by you or others and results from the:

- a. Loss of use;
- b. Adjustment, inspection, repair;
- c. Replacement; or
- d. Disposal

of such **Impaired Property**, **Your Product**, or **Your Work**.

25. Any loss, cost, or expense directly or indirectly arising out of, resulting from, or in any manner related to **Fungal Pathogens** whether or not there is another cause of loss which may have contributed concurrently or in any sequence to a loss.

Fungal Pathogens means any fungus or mycota or any byproduct or type of infestation produced by such fungus or mycota, including but not limited to mold, mildew, mycotoxins, spores, or any biogenic aerosols.

26. All injury, damage, loss, cost, or expense arising out of or related to, either directly or indirectly, any **Terrorist Activity**, as defined herein, and any action taken to hinder, defend against, or respond to any such activity. This exclusion applies regardless of any other cause or event that in any way contributes concurrently or in any sequence to the injury, damage, loss, cost, or expense.

For the purposes of this exclusion:

A. **Terrorist Activity** shall mean any deliberate, unlawful act that:

1. Is declared by any authorized governmental official to be or to involve terrorism, terrorist activity or acts of terrorism; or
2. Includes, involves, or is associated with the use or threatened use of force, violence, or harm against any person, tangible or intangible property, the environment, or any natural resources, where the act or threatened act is intended, in whole or in part, to
 - (a) Promote, further, or express opposition to any political, ideological, philosophical, racial, ethnic, social, or religious cause or objective; or
 - (b) Influence, disrupt, or interfere with any government related operations, activities, or policies; or
 - (c) Intimidate, coerce, or frighten the general public or any segment of the general public; or
 - (d) Disrupt or interfere with a national economy or any segment of a national economy; or
3. Includes, involves, or is associated with, in whole or in part, any of the following activities, or the threat thereof:
 - (a) Hijacking or sabotage of any form of transportation or conveyance, including

- but not limited to spacecraft, satellite, aircraft, train, vessel, or motor vehicle;
- (b) Hostage taking or kidnapping;
- (c) The use or threatened use of, or release or threatened release of any nuclear, biological, chemical, or radioactive agent, material, device or weapon;
- (d) The use of any bomb, incendiary device, explosive, or firearm;
- (e) The interference with or disruption of basic public or commercial services and systems, including but not limited to the following services or systems: electricity, natural gas, power, postal, communications, telecommunications, information, public transportation, water, fuel, sewer, or waste disposal;
- (f) The injuring or assassination of any elected or appointed government official or any government Employee;
- (g) The seizure, blockage, interference with, disruption of, or damage to any government buildings, institutions, functions, events, tangible or intangible property, or other assets; or
- (h) The seizure, blockage, interference with, disruption of, or damage to tunnels, roads, streets, highways, or other places of public transportation or conveyance.

B. Any of the activities listed in section A.3. above shall be considered **Terrorist Activity** except where the **Covered Party** can demonstrate to the **Company**, that the foregoing activities or threats thereof were motivated solely by personal objectives of the perpetrator that are unrelated, in whole or in part, to any intention to:

1. Promote, further or express opposition to any political, ideological, philosophical, racial, ethnic, social or religious cause or objective; or
2. Influence, disrupt or interfere with any government related operations, activities or policies; or
3. Intimidate, coerce or frighten the general public or any segment of the general public; or
4. Disrupt or interfere with a national economy or any segment of a national economy.

C. Application of Other Exclusions

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

27. a. Any liability:

- (1) With respect to which a **Covered Party** under the MOC is also a **Covered Party** under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada, or any of their successors, or would be a **Covered Party** 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:
 - (a) Any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof; or
 - (b) A **Covered Party** is, or had this MOC 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. Any liability for any 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.
- c. Any liability resulting from the **Hazardous Properties** of **Nuclear Material**, if:
 - (1) The **Nuclear Material**:
 - (a) Is at any **Nuclear Facility** owned by, operated by, or on behalf of, a **Covered Party**; or
 - (b) Has been discharged or dispersed therefrom;
 - (2) The **Nuclear Material** contained in **Spent Fuel** or **Waste** is at any time possessed, handled, used, processed, stored, transported, or disposed of by or on behalf of a **Covered Party**; or
 - (3) Arising out of the furnishing by a **Covered Party** 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 threat.
- d. As used in this exclusion, the following definitions apply:

Hazardous Properties

Means: Radioactive, toxic, or explosive properties.

Nuclear Material

Means: **Source Material**, **Special Nuclear Material**, or **By-product Material**. **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.

Spent Fuel

Means: Any fuel element or fuel component, solid, or liquid, which has been used or exposed to radiation in a **Nuclear Reactor**.

Waste

Means: Any **Waste** material:

- (1) Containing **By-Product Material** other than the tailings or **Wastes** produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its **Source Material** content; and
- (2) Resulting from the operation by any person or organization of any **Nuclear Facility**.

Nuclear Facility

Means:

- (1) Any **Nuclear Reactor**;
- (2) Any equipment or device designed or used for:
 - (a) Separating the isotopes of uranium or plutonium,

- (b) Processing or utilizing **Spent Fuel**, or
- (c) Handling, processing, or packaging **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 a **Covered Party** 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.

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.

Property Damage

As defined in this exclusion only means: Physical injury to tangible property and loss of use of tangible property that is not physically damaged, including all resulting loss of use of such property; and includes all forms of radioactive contamination of property.

- 28. Any liability arising out of, resulting from or in any manner related to **Sexual Abuse** except as provided under the Sexual Abuse Liability Coverage Part.
- 29. Any liability, including all loss, cost or expense, directly or indirectly arising out of, resulting as a consequence of, or related to:
 - a. Any access to, failure to protect from access of, theft of, unauthorized viewing or copying of, disclosure of or loss of control over any information;
 - b. Failure to report an unauthorized disclosure of information, or failure to comply with Payment Card Industry Data Security Standards, breach notification laws, data security or privacy laws, or statutory requirements to manage an identity theft prevention program;
 - c. The loss of, loss of use of, damage to, corruption of, alteration of, destruction of, inability to access or inability to manipulate any electronic data;
 - d. The loss of, loss of use of, damage to, corruption of, destruction of, failure of, slowdown or malfunction of, inability to access or inability to manipulate any computer or electronically controlled equipment, or any internet controlled equipment, including but not limited to, software, components, hardware and any peripheral equipment, stationary or mobile devices, repositories and storage devices, processing equipment, and any other media or devices which are used with or for any electronically or internet controlled equipment or electronic data dissemination;
 - e. The loss of, loss of use of, damage to, corruption of, alteration of, destruction of, failure of, slowdown of, malfunction of, overload of, disablement or shutdown of, inability to access, inability to manipulate or inability to conduct transactions over any computer or electronic network, data network, communication network, satellite, systems or website;
 - f. Any acts of electronic, e-commerce or cyber vandalism, cyber or internet crime, cyber terrorism, or any failure to prevent or detect such acts, including but not limited to:
 - (1) Hacking, phishing, or unauthorized access, modification or use, of a computer or electronic network, data network, communication network, satellite, systems, computer or electronically controlled equipment, internet-controlled equipment or website;
 - (2) Unauthorized use of another's name, product or intellectual property;

- (3) The transmission of a computer virus or malicious software or code;
 - (4) A computer security breach, network security or content breach, or data breach;
 - (5) A denial of service attack, or any network service interruption, disruption or failure;
 - (6) Any fraudulent electronic acts, including any fraudulent electronic transfer of funds or charges; and
 - (7) Any acts of cyber espionage or cyber extortion,
- whether or not there is another cause of loss which may have contributed concurrently or in any sequence to a loss.

This exclusion applies even if damages are claimed for:

- a. Business interruption costs, loss of revenue, continuing expenses, extra expenses, increase in costs, repair costs, replacement costs, upgrading or improvement costs, remediation or restoration expenses including any redesign of infrastructure;
- b. Post breach expenses, including but not limited to, notification costs, credit monitoring expenses, identity or fraud monitoring expenses, forensic expenses, investigation costs, legal expenses, public relations expenses and crisis management expenses;
- c. Reputational or brand damage;
- d. Punitive damages, or any assessments, fines or penalties;
- e. Ransom payments or extortion demands;

Or any other loss, costs, expenses or fees incurred by the insured or others arising out of that which is described in paragraph a. through f. above.

As used in this exclusion, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, whether stored locally or hosted on remote servers connected to the internet to and used to store, manage and process data, or on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

- 30. Any loss, damage, liability, claim, cost or expense of whatsoever nature, directly or indirectly caused by, contributed to by, resulting from, arising out of, or in connection with a **Communicable Disease Outbreak** or the fear or threat (whether actual or perceived) of a **Communicable Disease Outbreak**; all regardless of any other cause or event contributing concurrently or in any other sequence thereto.

This MOC further excludes any cost or expense to clean-up, detoxify, remove, monitor, or test for a **Communicable Disease Outbreak** or **Communicable Disease** associated with a **Communicable Disease Outbreak**.

As used in this exclusion, **Communicable Disease** means any disease which can be transmitted by means of any substance or agent from any organism to another organism where:

- a. the substance or agent includes, but is not limited to, a virus, bacterium, parasite or other organism or any variation thereof, whether deemed living or not, and
- b. the method of transmission, whether direct or indirect, includes but is not limited to, airborne transmission, bodily fluid transmission, transmission from or to any surface or object, solid, liquid or gas or between organisms, and
- c. the disease, substance or agent can cause or threaten damage to human health or human welfare or can cause or threaten damage to, deterioration of, loss of value of, marketability of or loss of use of property.

Communicable Disease Outbreak means a **Communicable Disease** that is declared, or determined to be, a public health emergency, pandemic, outbreak, epidemic, disaster, or public emergency by the World Health Organization, or any agency or authority tasked with overseeing international or global public health, or by the United States government, including any federal,

state or local agency.

However, we will reimburse defense costs subject to a \$250,000 annual **Group Aggregate** with respect to General Liability claims arising out of **Communicable Disease**.

This sublimit applies if the following conditions are met:

1. Proof of claim or suit for monetary damages related to liability arising out of **Communicable Disease**; and
2. Defense counsel is approved by us at least 30 days prior to proceedings.

This coverage is subject to proportional annualized **Group Aggregate** Distribution at the end of the **Coverage Period**. All claims for reimbursement must be submitted within 60 days of the end of the **Coverage Period** to be contemplated in the distribution. In the event the total of all **Claims** in connection with **Communicable Disease** defense reported during the **Coverage Period** exceeds the annual **Group Aggregate** sublimit, the **Group Aggregate** sublimit will be apportioned among all **Group Members** suffering loss reported during the **Coverage Period**, based on the percentage of that **Group Member's** loss contributing to the annual **Group Aggregate**. Any **Claims** submitted after the 60 days will be subject to any remaining funds of the **Group Aggregate** on a first come basis.

This exception does not apply to the Stop Gap - Employers Liability coverage within the General Liability Coverage Part.

GENERAL LIABILITY COVERAGE PART

COVERAGE – BODILY INJURY, PERSONAL INJURY, ADVERTISING INJURY, PROPERTY DAMAGE

A. COVERAGE AGREEMENT

In return for the payment of the premium, we agree with you to pay those amounts for which the **Covered Party** becomes legally obligated to pay as damages because of **Bodily Injury, Personal Injury, Advertising Injury, or Property Damage** to which this Coverage Part applies. This Coverage Part applies to **Bodily Injury, Personal Injury, Advertising Injury, or Property Damage** only if:

1. The **Bodily Injury, Personal Injury, Advertising Injury, or Property Damage** is caused by an **Occurrence** that takes place in the **Coverage Territory**;
2. The **Occurrence** first takes place during the **Coverage Period**; and
3. The **Bodily Injury, Personal Injury, Advertising Injury, or Property Damage** occurs during the **Coverage Period**.

This agreement applies separately to each **Covered Party**. However, the limits of coverage and **Deductibles** shown in the Liability Coverages Declarations are shared by all **Covered Parties**. Any right or duty specifically assigned to you remains unchanged.

B. DEFENSE AND SETTLEMENT

1. We have the right and duty to defend, through attorneys of our choice, any **Claim** against a **Covered Party** seeking damages because of **Bodily Injury, Personal Injury, Advertising Injury, or Property Damage** to which this Coverage Part applies. If we defend, we will pay **Defense Costs** of a **Claim** or **Suit** against a **Covered Party** who is covered under this Coverage Part. However, we have no duty to defend against any **Claim** or **Suit** seeking damages to which this Coverage Part does not apply. Our defense obligation will end when we have used up the applicable limit of coverage with the payment of judgments, settlements, and/or **Defense Costs**, whichever comes first.
2. You and any **Covered Party** must obtain our prior written approval before offering or agreeing to pay an amount or settle any **Claim** under this Coverage Part.
3. We shall have the right to propose a settlement for any **Claim** or **Suit**. If a **Covered Party** refuses to consent to a settlement, we will limit the total amount we will pay for damages and **Defense Costs** to no more than the amount we would have paid had you given consent to the proposed settlement.

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

C. DEDUCTIBLE

Your **Deductible** is the amount shown in the Liability Coverages Declarations Item 1.

D. LIMITS OF COVERAGE

1. The Limit of Coverage specified in the Liability Coverages Declarations and the rules below set the most we will pay regardless of:
 - a. The number of persons and organizations who are **Covered Parties** under this MOC;

- b. The number of **Claims** made or **Suits** brought against any or all **Covered Parties**; or
 - c. The number of persons or organizations making **Claims**.
2. The General Liability each **Occurrence** Limit in Item 2 of the Liability Coverages Declarations is the most we will pay for all damages and **Defense Costs** because of **Bodily Injury, Personal Injury, Advertising Injury, and Property Damage** arising out of any one **Occurrence**.
- Two or more claims for damages because of the same incident or interrelated incidents involving **Bodily Injury, Personal Injury, Advertising Injury, or Property Damage** shall be considered one **Occurrence** and shall be assigned to only one MOC, coverage form, or insurance policy (whether issued by this risk pool, another risk pool, coverage provider, or insurer) and if this MOC applies, only one limit of coverage shall apply.
3. The General Liability Limit Annual Aggregate in Item 2 of the Liability Coverages Declarations is the most we will pay for all damages and **Defense Costs** because of (1) **Property Damage** or **Bodily Injury** not included within the **Products and Completed Work Liability**; and (2) **Personal Injury** and **Advertising Injury**.
4. The **Products and Completed Work Liability** Annual Aggregate Limit in Item 2 of the Liability Coverages Declarations is most we will pay for all damages and **Defense Costs** because of **Bodily Injury** or **Property Damage** included within the **Products and Completed Work Liability**.
5. The **Group Aggregate** Limit (All Liability Coverages) in Item 2 of the Liability Coverages Declarations is the most we will pay for all damages and **Defense Costs** under any and all Memoranda of Coverage issued by us to **Group Members** and effective during the **Coverage Period**.
6. The Aggregate Limits of Coverage, specified in Item 2. of the Liability Coverages Declarations apply separately to each consecutive annual period, and to any remaining period of less than twelve (12) months, starting with the beginning of the **Coverage Period** shown in the Declarations. If the **Coverage Period** is extended after issuance for an additional period of less than twelve (12) months, then the additional period will be deemed part of the last preceding period for purposes of determining the Limit of Coverage Aggregates for this Coverage Part.
7. **Defense Costs** are included in the limits specified in Item 2 of the Liability Coverage Declarations and will reduce the Limits of Coverage provided by this Coverage Part.

E. EXCLUSIONS

The following exclusions apply to this Coverage Part in addition to the exclusions in the Liability Coverages (General Liability, **Sexual Abuse, Wrongful Acts, Automobile**), Common Conditions, Definitions, and Exclusions section of this MOC.

The coverage under this Coverage Part does NOT apply to:

- 1. Any **Bodily Injury, Property Damage, Personal Injury, or Advertising Injury** for which coverage is provided under another Coverage Part of this MOC or any other MOC issued by us.
- 2. **Bodily Injury** or **Property Damage** either expected or intended from the standpoint of a **Covered Party**. This exclusion does not apply to **Claims** arising out of use of reasonable force to protect persons or property by you or your **Law Enforcement Activities**.
- 3. **Advertising Injury** or **Personal Injury** caused by or at the direction of the **Covered Party**

with the knowledge that the act would violate the rights of another and would inflict **Advertising Injury** or **Personal Injury**.

4. A **Covered Party's** obligation to pay by reason of the assumption of liability in a contract or agreement. This exclusion does NOT apply to liability for damages:
 - a. That a **Covered Party** would have 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 **Property Damage** occurs subsequent to the execution of the contract or agreement; and such contract or agreement was in effect at the inception of the **Coverage Period** or becomes effective during the **Coverage Period**.
5. **Bodily Injury** to:
 - a. An **Employee** of a **Covered Party** arising out of and in the course of:
 - (1) Employment by a **Covered Party**; or
 - (2) Performing duties related to the conduct of a **Covered Party's** business; or
 - b. The spouse, child, parent, brother, or sister of that **Employee** as a consequence of a. above.

This exclusion applies:

- a. Whether a **Covered Party** may be liable as an employer or in any other capacity; or
- 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 a **Covered Party** under a **Covered Contract**.

6. Any liability arising out of **Employment Practices Violations**.
7. Any liability arising out of **Sexual Harassment**.
8. Any **Property Damage** to:
 - a. Property owned, occupied, or leased by a **Covered Party** or purchased by a **Covered Party** under an installment sales contract or property on consignment to a **Covered Party**; this exclusion shall not apply to those amounts which you become legally obligated to pay in case of physical injury to any one premises, while rented to you or temporarily occupied by you with permission of the owner. Such physical injury must first arise out of an **Occurrence** during the **Coverage Period** and in the **Coverage Territory** and is subject to sublimit for Leased/Rented Premises Liability Sublimit each Occurrence and Aggregate specified in Item 2. of the Liability Coverages Declarations;
 - b. Property loaned to a **Covered Party**;
 - c. **Personal Property** in the care, custody, or control of a **Covered Party**, except in connection with your **Law Enforcement Activities** to property that is impounded (including **Automobiles**) or on persons at the time of arrest or incarceration;
 - d. Premises you sell, give away, or abandon, if the **Property Damage** arises out of any part of those premises;
 - e. That particular part of **Real Property** on which you or any of your contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the **Property Damage** arises out of those operations; or
 - f. That particular part of any property that must be restored, repaired, or replaced because **Your Work** was incorrectly performed on it.

9. Any **Property Damage** to:

- a. **Your Work** or arising out of **Your Work** or any part of it;
- b. **Your Product** or arising out of **Your Product** or any part of it; or
- c. **Impaired Property** or property not physically injured, arising out of a defect, deficiency, inadequacy, or dangerous condition in **Your Product** or **Your Work**, or a delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use or use of other property arising out of unexpected and unintended physical injury to **Your Product** or **Your Work** after it has been put to its intended use.

10. **Personal Injury** arising out of:

- a. Oral or written publication of material, if done by or at the direction of the **Covered Party** with knowledge of its falsity;
- b. Oral or written publication of material whose first publication took place before the beginning of the **Coverage Period**.

11. **Bodily Injury** and **Property Damage** arising out of:

- a. The ownership, entrustment, maintenance, operation, use, or **Loading or Unloading** of any **Automobile** owned or operated by or rented or loaned to any **Covered Party**;
- b. **Automobiles** being transported; or
- c. The transportation of **Mobile Equipment** by an **Automobile** owned or operated by or rented or loaned to any **Covered Party**.

This exclusion applies even if the **Claims** against any **Covered Party** allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that **Covered Party**.

12. Any liability imposed on a **Covered Party** under any Uninsured/Underinsured Motorist law, No Fault law or **Personal Injury** Protection law.

13. **Silica**:

- a. Any liability arising, in whole or in part, out of the actual, alleged, threatened, or suspected inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, **silica** or **silica-related dust**.
- b. Any loss, cost, or expense arising, in whole or in part, 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 **silica** or **silica-related dust**, by any **Covered Party** or by any other person or entity.

As used in this exclusion:

- (1) **Silica**
means: silicon dioxide (occurring in crystalline, amorphous and impure forms), silica particles, **silica** dust, or silica compounds.
- (2) **Silica-related dust**
means: a mixture or combination of silica and other dust or particles.

EMPLOYEE BENEFITS LIABILITY

THIS ENDORSEMENT MODIFIES COVERAGE PROVIDED UNDER THE FOLLOWING:

GENERAL LIABILITY COVERAGE PART

This endorsement changes the MOC effective on the inception date of the MOC unless another date is indicated above.

A. COVERAGE AGREEMENT

In return for the payment of the premium, the General Liability Coverage Part is extended to include defense and payment of those amounts for which you become legally obligated to pay as damages because of an **Employee Benefits Incident** of yours, or any person for whose acts you are legally liable, to which the coverage under this endorsement applies for a **Claim** "first made" against you by any current or former **Employee**.

This coverage extension is subject to all terms and conditions of the General Liability Coverage Part to which this coverage extension is attached, except as otherwise stated below.

This coverage only applies if:

1. The **Employee Benefits Incident** first takes place in the Coverage Territory after the Retroactive Date and before the end of the **Coverage Period**;
2. A **Claim** is "first made" against you during the **Coverage Period** or any applicable Extended Reporting Period we may provide under Section F. of this endorsement; and
3. We receive written notice in accordance with the reporting requirements in the Duties in the Event of an **Accident, Occurrence, Wrongful Act**, or Claim condition in the Liability Coverages (General Liability, **Sexual Abuse, Wrongful Act, Automobile**) Common Conditions, Definitions, and Exclusions section of this MOC, no later than:
 - a. The termination date of the General Liability Coverage Part or the end of the **Coverage Period**, whichever comes first; or
 - b. The end of any applicable Extended Reporting Period we may provide under Section F. of this endorsement.

A **Claim** will be deemed to have been "first made" at the earlier of the following times:

1. When you give written notice to us of an **Employee Benefits Incident** of which you have become aware, that may reasonably and subsequently give rise to a **Claim** being made against any **Covered Party**; or
2. When notice of such **Claim** is received and recorded by you or by us, whichever comes first.

All **Claims** based on or arising out of an **Employee Benefits Incident** covered under this coverage extension will be considered first made when the first of such **Claims** is made.

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

B. RETROACTIVE DATE

The Retroactive Date of this coverage extension is the date shown in Item 3. on the Liability

Coverages Declaration page.

C. LIMIT OF COVERAGE

1. The Limit of Coverage specified in the Liability Coverages Declarations and the rules below set the most we will pay regardless of:
 - a. The number of persons and organizations who are **Covered Parties** under this MOC;
 - b. The number of **Claims** made against any or all **Covered Parties**; or
 - c. The number of persons or organizations making **Claims**.
2. The **Employees Benefits Liability** Sublimit Each **Employee Benefits Incident** in Item 2. of the Liability Coverages Declarations is the most we will pay for all damages and **Defense Costs** arising out of any one **Employee Benefits Incident** under this coverage extension.
3. The **Employees Benefits Liability** Annual Aggregate in Item 2. of the Liability Coverages Declarations is the most we will pay for all damages and **Defense Costs** under this coverage extension.
4. The Annual **Group Aggregate** Limit (All Liability Coverages) in Item 2. of the Liability Coverages Declarations is the most we will pay for all damages and **Defense Costs** under any and all Memorandum of Coverage issued by us to **Group Members** and effective during the **Coverage Period**.
5. The Aggregate Limits of Coverage apply separately to each consecutive annual period, and to any remaining period of less than twelve (12) months, starting with the beginning of the **Coverage Period** shown in the Declarations. If the **Coverage Period** is extended after issuance for an additional period of less than twelve (12) months, then the additional period will be deemed part of the last preceding period for purposes of determining the Limit of Coverage Aggregates for this coverage extension.
6. The Limits of Coverage for this coverage extension are part of, and not in addition to the applicable Limits of Coverage for the General Liability Coverage Part stated in the Liability Coverages Declarations of this MOC.
7. **Defense Costs** are included in the limits specified in Item 2 of the Liability Coverages Declarations and will reduce the Limits of Coverage provided by this coverage extension.

D. EXCLUSIONS

1. Exclusion Number 9 in the Liability Coverages (General Liability, **Sexual Abuse, Wrongful Acts, Automobile**) Common Conditions, Definitions, and Exclusions section of the MOC, regarding the Administration of **Employee Benefits Programs** is deleted.
2. In addition to the Exclusions in the Liability Coverages (General Liability, **Sexual Abuse, Wrongful Acts, Automobile**), Common Conditions, Definitions, and Exclusions section of the MOC and the Exclusions in the General Liability Coverage Part, the coverage under this endorsement does not apply to any **Claim** or **Suit** arising from:
 - a. Failure of investment including but not limited to stocks, bonds, and funds to perform as represented by you.
 - b. Advice given by you to an **Employee** to participate or not to participate in any investment plans, including but not limited to stock, bond, and fund subscription

- plans.
- c. **Claims** which result from an activity, act, or omission of a Third Party Administrator, a firm, or person, other than an **Employee** of yours, who administers your **Employee Benefits Program**.

E. DEFINITIONS

The following definition is added:

Employee Benefits Incident

Means: A negligent act, negligent error, or negligent omission in the Administration of your **Employee Benefits Program**. All Claims involving the same **Employee Benefits Incident** or a series of continuous or interrelated **Employee Benefits Incidents**, by one or more **Covered Parties**, will be considered as arising out of one **Employee Benefits Incident**.

F. EXTENDED REPORTING PERIODS

1. We will provide one or more Extended Reporting Periods as described below, if:
 - a. This endorsement is canceled or not renewed; or
 - b. We renew or replace this endorsement with coverage that:
 - (1) Does not apply to **Employee Benefits Incidents** on a claims made basis; or
 - (2) Has a Retroactive Date later than the date shown in Item 3. on the Liability Coverages Declarations Page.
2. Extended Reporting Periods do not extend the **Coverage Period** or change the scope of coverage provided. They apply only to **Claims** arising out of **Employment Benefits Incidents** that take place before the end of the **Coverage Period**, but not before the Retroactive Date.
3. A Basic Extended Reporting Period is automatically provided without additional premium. It does not apply to **Claims** that are covered under any subsequent insurance you purchase, or that would be covered but for exhaustion of the amount of insurance applicable to such **Claims**. This period starts with the end of the **Coverage Period** and lasts for sixty (60) days.
4. A Supplemental Extended Reporting Period is available by endorsement for an extra premium. This Supplemental Extended Reporting Period starts when the Basic Extended Reporting Period ends.

You must give us a written request for the Supplemental Extended Reporting Period endorsement within 60 days after the end of the Coverage Part. The Supplemental Extended Reporting Period will not go into effect unless you pay the additional premium promptly when due. The additional annual premium for the Extended Reporting Period will NOT exceed 200% of the annual premium for this endorsement.
5. All Extended Reporting Periods do not reinstate or increase the **Limit of Coverage**.
6. Extended Reporting Period will not be provided if cancellation or non-renewal of the MOC is due to non-payment of premium, material misrepresentation, or the **Covered Member's** failure to cooperate.

G. CONDITIONS

The following change is made with respect to the Duties in the Event of an **Accident, Occurrence, Wrongful Act, or Claim** Condition in the Liability Coverages (General Liability, **Sexual Abuse, Wrongful Acts, Automobile**), Common Conditions, Definitions, and Exclusions section of the MOC:

The phrase "**Accident, Occurrence, Wrongful Act, or Claim**" is replaced by the phrase "**Accident, Occurrence, Wrongful Act, Employee Benefits Incident, or Claim**" wherever it appears in these conditions.

All other terms and conditions remain unchanged.

STOP GAP – EMPLOYER’S LIABILITY – WASHINGTON

THIS ENDORSEMENT MODIFIES COVERAGE PROVIDED UNDER THE FOLLOWING:

GENERAL LIABILITY COVERAGE PART

This endorsement changes the MOC effective on the inception date of the MOC unless another date is indicated above.

States in which this coverage applies:

Washington

This coverage extension is subject to all terms and conditions of the General Liability Coverage Part to which this coverage extension is attached, except as otherwise stated below.

A. COVERAGE AGREEMENT

In return for the payment of the premium, the General Liability Coverage Part is extended to include defense and payment of those amounts for which you become legally obligated by Washington Law to pay as damages because of **Bodily Injury by Accident** or **Bodily Injury by Disease** to your **Employee** or volunteer, to which the coverage under this endorsement applies.

This coverage applies to **Bodily Injury by Accident** or **Bodily Injury by Disease** only if:

1. The:
 - a. **Bodily Injury by Accident** or **Bodily Injury by Disease** takes place in the **Coverage Territory**;
 - b. **Bodily Injury by Accident** or **Bodily Injury by Disease** arises out of and in the course of the injured **Employee’s** employment by you or the injured volunteer’s service for you; and
 - c. **Employee** or volunteer at the time of the injury was covered under a worker’s compensation policy and subject to **Workers Compensation Law** of Washington; and
2. The:
 - a. **Bodily Injury by Accident** is caused by an **Accident** that first occurs during the **Coverage Period**; or
 - b. **Bodily Injury by Disease** is caused by or aggravated by conditions of employment by you or volunteer’s service for you and the injured **Employee’s** or volunteer’s last day of last exposure to the conditions causing or aggravating such **Bodily Injury by Disease** occurs during the **Coverage Period**.

Volunteers as used in this endorsement mean all persons who perform a service on a volunteer basis for you and such service is under your direction and control.

Damages, as used in this endorsement, include those:

1. For which you are liable to a third party by reason of a **Claim** or **Suit** against you by that third party to recover the damages claimed against such third party as a result of injury to your **Employee** or volunteer;
2. For care and loss of services; and

3. For consequential **Bodily Injury by Accident** or **Bodily Injury by Disease** to a spouse, child, parent, brother, or sister of the injured Employee or volunteer;

provided that the damages set forth in 1. through 3. above are the direct consequence of **Bodily Injury by Accident** or **Bodily Injury by Disease** that arises out of and in the course of the injured **Employee's** employment by you or the injured volunteer's service for you; and

4. Because of **Bodily Injury by Accident** or **Bodily Injury by Disease** to your **Employee** that arises out of and in the course of employment or to your volunteer that arises out of and in the course of the volunteer's service for you, claimed against you in a capacity other than as an employer.

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

B. LIMIT OF COVERAGE

1. The limits of coverage specified in the Liability Coverages Declarations and the rules below set the most we will pay regardless of:
 - a. The number of persons and organizations who are **Covered Parties** under this MOC;
 - b. The number of **Claims** made against any or all **Covered Parties**; or
 - c. The number of persons or organizations making **Claims**.
2. The Stop Gap Employer's Liability Sublimit Each **Accident** in Item 2. of the Liability Coverages Declarations is the most we will pay for all damages and **Defense Costs** resulting from any one **Accident** under this coverage extension.
3. The Stop Gap Employer's Liability Annual Aggregate Limit in Item 2. of the Liability Coverages Declarations, is the most we will pay for all damages and **Defense Costs** under this coverage extension.
4. The Annual **Group Aggregate** Limit (All Liability Coverages) in Item 2. of the Liability Coverages Declarations is the most we will pay for all damages and **Defense Costs** under any and all Memorandum of Coverage issued by us to **Group Members** and effective during the **Coverage Period**.
5. The Limits of Coverage for this coverage extension are part of, and not in addition to the applicable Limits of Coverage for the General Liability Coverage Part stated in the Liability Coverages Declarations of this MOC.
6. **Defense Costs** are included in the limits specified in Item 2. of the Liability Coverages Declarations and will reduce the Limits of Coverage provided by this coverage extension.

C. EXCLUSIONS

The exclusions in the Liability Coverages (General Liability, **Sexual Abuse, Wrongful Acts, Automobile**), Common Conditions, Definitions, and Exclusions section of the MOC apply to this coverage extension. However, the exclusions in the General Liability Coverage Part are replaced by the following:

This coverage does not apply to:

1. **Bodily Injury by Accident** or **Bodily Injury by Disease** suffered or caused by any

Employee while employed or volunteer while performing a service in violation of law with your actual knowledge or the actual knowledge of any of your executive officers.

As used in this endorsement, executive officer means a person holding any of the officer positions created by your charter, constitution, by-laws, or any other similar governing document.

2. Any premium, assessment, penalty, fine, benefit, or other obligation imposed by or granted pursuant to:
 - a. The Federal Employer's Liability Act (45 USC Sections 51-60);
 - b. The Non-Appropriated Fund Instrumentalities Act (5 USC Sections 8171-8173);
 - c. The Longshore and Harbor Workers' Compensation Act (33 USC Sections 910-950);
 - d. The Outer Continental Shelf Lands Act (43 USC Sections 1331-1356);
 - e. The Defense Base Act (42 USC Sections 1651-1654);
 - f. The Federal Coal Mine Health and Safety Act of 1969 (30 USC Sections 901-942);
 - g. The Migrant and Seasonal Agricultural Worker Protection Act (29 USC Sections 1801-1872);
 - h. Any other worker's compensation, unemployment compensation or disability laws or any similar law; or
 - i. Any subsequent amendments to the laws listed above.
3. Any obligation of the **Covered Party** under a workers' compensation, disability benefits, or unemployment compensation law, or any similar law.
4. **Bodily Injury by Accident** or **Bodily Injury by Disease** to any **Employee** in the course of employment or volunteer while performing a service that is subject to the Jones Act, General Maritime Law, the Federal Employers' Liability Act, Federal Employee Compensation Act, the Defense Base Act, U.S. Longshoremen's and Harbor Workers' Compensation Act, Federal Coal Mine Health and Safety Act, any federal occupational disease law; any amendments to such laws or under any similar law.
5. **Bodily Injury by Accident** or **Bodily Injury by Disease** to an **Employee** or volunteer when you are:
 - a. Deprived of common law defenses; or
 - b. Otherwise subject to penaltybecause of your failure to secure your obligations or other failure to comply with any **Workers Compensation Law**.
6. Liability that you assume under any contract or agreement.
7. **Bodily Injury by Accident** or **Bodily Injury by Disease** intentionally caused or aggravated by you, or **Bodily Injury by Accident** or **Bodily Injury by Disease** resulting from an act which is determined to have been committed by you if it was reasonable to believe that an injury was substantially certain to occur.
8. **Bodily Injury by Accident** or **Bodily Injury by Disease** arising out of **Employment Practices Violations**.
9. **Bodily Injury by Accident** or **Bodily Injury by Disease** suffered or caused by any person:
 - a. Knowingly employed by you in violation of any law as to age; or
 - b. Under the age of 14 years, regardless of any such law.

10. **Bodily Injury by Accident** or **Bodily Injury by Disease** to a master or member of the crew of any vessel or any member of the flying crew of an aircraft.
11. Any assessment, penalty, or fine levied by any regulatory inspection agency or authority.
12. Any **Bodily Injury by Accident** or **Bodily Injury by Disease** for which coverage is provided under another Coverage Part of this MOC or any other MOC issued by us.
13. Multiple, exemplary, or punitive damages.

D. DEFINITIONS

1. For the purposes of this endorsement, the following definitions are added:

Bodily Injury by Accident

Means: **Bodily Injury**, sickness, or disease sustained by a person, including death resulting from an **Accident**. A disease is not **Bodily Injury by Accident** unless it results directly from **Bodily Injury by Accident**.

Bodily Injury by Disease

Means: A disease sustained by a person, including death. **Bodily Injury by Disease** does not include a disease that results from an **Accident**.

Workers Compensation Law

Means: The **Workers Compensation Law** and any Occupational Disease Law of Washington. This does not include provisions of any law providing non-occupational disability benefits.

2. With respect to this endorsement, the definition of **Bodily Injury** in the Liability Coverages (General Liability, **Sexual Abuse, Wrongful Act, Automobile**), Common Conditions, Definitions, and Exclusions section of the MOC does not apply.
3. The following is added to the definition of **Accident** in the Liability Coverages (General Liability, **Sexual Abuse, Wrongful Act, Automobile**), Common Conditions, Definitions, and Exclusions section of the MOC:

Accident

Means: Under this coverage Endorsement, an accidental happening with respect to **Bodily Injury by Accident** or **Bodily Injury by Disease**, including continuous repeated exposure to substantially the same generally harmful conditions which results in **Bodily Injury by Accident** or **Bodily Injury by Disease**. All such exposure to substantially the same general conditions will be considered as arising out of one **Accident**.

4. For the purposes of this coverage extension, the definition of **Bodily Injury** does not apply.

All other terms and conditions remain unchanged.

GARAGE LIABILITY COVERAGE

THIS ENDORSEMENT MODIFIES COVERAGE PROVIDED UNDER THE FOLLOWING:

GENERAL LIABILITY COVERAGE PART

This endorsement changes the MOC effective on the inception date of the MOC unless another date is indicated above.

A. COVERAGE AGREEMENT

In return for the payment of the premium, the General Liability Coverage Part is extended to include defense and payment of those amounts for which you become legally obligated to pay as damages for **Bodily Injury** or **Property Damage** arising out of or due to your **Garage Operations**, first arising out of an **Occurrence** during the **Coverage Period** in the **Coverage Territory**.

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

This coverage extension is subject to all terms, conditions, and exclusions of the General Liability Coverage Part to which this coverage extension is attached, except as otherwise stated below.

B. LIMITS OF COVERAGE

1. The limits of coverage specified in the Liability Coverages Declarations and the rules below set the most we will pay regardless of:
 - a. The number of persons and organizations who are **Covered Parties** under this MOC;
 - b. The number of **Claims** made against any or all **Covered Parties**; or
 - c. The number of persons or organizations making **Claims**.
2. The Garage Liability Sublimit Each **Occurrence** in Item 2. of the Liability Coverages Declarations, is the most we will pay for all **Bodily Injury** or **Property Damage** arising out of or due to your **Garage Operations**, in any one **Occurrence**.

Two or more claims for damages because of the same incident or interrelated incidents involving **Bodily Injury** or **Property Damage** arising out of or due to your **Garage Operations**, shall be considered one **Occurrence** and only one limit of coverage shall apply.

3. The Garage Liability Limit Each **Occurrence** Annual Aggregate Limit in Item 2. of the Liability Coverages Declarations, is the most we will pay for all **Bodily Injury** or **Property Damage** arising out of or due to your **Garage Operations** during the **Coverage Period**.

C. EXCLUSIONS

The exclusions in the Liability Coverages Common Conditions, Definitions, and Exclusions apply with the following changes:

1. The following is added to Exclusion 24:

This exclusion does NOT apply to the extent that **Bodily Injury** or **Property Damage** is covered under the Garage Liability Endorsement.

2. The following exclusions are added:

29. **Property Damage** to any of **Your Products**, if caused by a defect existing in **Your Products** or any part of **Your Products**, at the time it was transferred to another.
30. **Property Damage** to **Your Work** if the **Property Damage** results from any part of the work itself or from the parts, materials, or equipment used in connection with the work.
31. Loss of use of other property not physically damaged if caused by:
 - a. A delay or failure by you or anyone acting on your behalf to perform a contract agreement in accordance with its terms.
 - b. A defect, deficiency, inadequacy, or dangerous condition in **Your Products** or **Your Work**. However, this exclusion 30.b. does not apply if the loss of use was caused by sudden and accidental damage to or destruction of **Your Products** or **Your Work** after they have been put to their intended use.
32. 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 **Your Products** or **Your Work** or other property of which they form a part, 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.

D. DEFINITIONS

1. Under the Definitions section of the Liability Coverages Common Conditions, Definitions, and Exclusions, the following definitions are revised but only with respect to the coverage provided by this endorsement:

a. The definition of **Covered Party** is replaced by the following:

Each of the following is a **Covered Party** with respect to your **Garage Operations**:

- (1) You;
- (2) Your employees or students, but only while acting within the scope of their duties in your **Garage Operations**.

b. The **Property Damage** definition is replaced by the following:

Property Damage means damage to or loss of use of tangible property.

c. The **Your Product** definition is replaced by the following:

Your Product includes:

- (1) The goods or products you made or sold in your **Garage Operations**; and
- (2) The providing or failing to provide warnings or instructions.

d. The **Your Work** definition is replaced by the following:

Your Work includes:

- (1) Work that someone performed on your behalf; and
- (2) The providing of or failure to provide warnings or instructions.

2. The following definition is added:

Garage Operations include the maintenance, service, or repair by your students or employees of a client's or customer's **Automobile** left in your care, custody, or control for such maintenance, service, or repair.

All other terms and conditions remain unchanged.

TRAUMATIC EVENT RESPONSE COVERAGE

THIS ENDORSEMENT MODIFIES COVERAGE PROVIDED UNDER THE FOLLOWING:

GENERAL LIABILITY COVERAGE PART

This endorsement changes the MOC effective on the inception date of the MOC unless another date is indicated above.

SCHEDULE

Limits:

Crisis Expenses Each Traumatic Event	\$100,000
Crisis Property Improvements Each Traumatic Event	Included
Crisis Expenses Group Annual Aggregate	\$300,000
Crisis Property Improvements Group Annual Aggregate	\$300,000

This **Traumatic Event** Response Coverage is added to the General Liability Coverage Part. This coverage extension is subject to all terms and conditions of the General Liability Coverage Part to which this coverage extension is attached, except for the Coverage Agreement and as otherwise stated below.

TRAUMATIC EVENT RESPONSE COVERAGE

A. COVERAGE AGREEMENT

1. In return for the payment of the premium, the General Liability Coverage Part is extended to include payment of **Crisis Expenses** you pay because of a **Traumatic Event** in which this coverage applies.
2. This coverage applies to a **Traumatic Event** only if the **Traumatic Event** takes place in the **Coverage Territory** during the **Coverage Period**.
3. We will pay the **Crisis Expenses** only if:
 - a. You notify us within 30 days of your having knowledge of the **Traumatic Event**;
 - b. The **Crisis Expenses** are incurred and reported to us within one year of the date of the **Traumatic Event**;
 - c. You provide us with proof of payment and adequate documentation to verify the incurred expenses as **Crisis Expenses** and
 - d. A pre-approved **Crisis Management Service Provider** is utilized.
4. As respects a series of related **Traumatic Events** by one or more perpetrators, the **Traumatic Event** shall be deemed to have taken place at the time of the first of such events or alleged events. This coverage does not apply to **Traumatic Events** that take place prior to or after the **Coverage Period** of this MOC. However, as respects a series of related **Traumatic Events** by one or more perpetrators taking place over more than one **Coverage Period**, the **Traumatic Event** shall be deemed to have taken place in the first MOC **Coverage Period** in which the first of such events or alleged events took place and only that MOC's **Traumatic Event** Response Coverage limit.

B. LIMITS OF COVERAGE

1. Our Limit for **Crisis Expenses** under this endorsement, resulting from any one **Traumatic Event** covered under this coverage extension will not exceed the Limit amount specified in the Schedule above for **Crisis Expenses Each Traumatic Event**, subject to paragraph 2. below.

This will be true regardless of:

- a. The number of persons and organizations who are **Covered Members** under this MOC;
 - b. The number of actual or alleged perpetrators; or
 - c. The number of **Victims**.
2. Our **Crisis Expenses** Limit Aggregate stated in the Schedule above, is the most we will pay for all **Crisis Expenses** because of **Traumatic Events** covered under this coverage extension.
 3. Subject to paragraph 2., as part of the **Crisis Expenses** the most we will pay for all **Crisis Property Improvements** is the **Crisis Property Improvement** Aggregate Limit shown in the Schedule above.
 4. Our **Crisis Expenses** Limit Aggregate, specified in the above Schedule, applies separately to each consecutive annual period, and to any remaining period of less than 12 months, starting with the beginning of the **Coverage Period** shown in the Declarations. If the **Coverage Period** is extended after issuance for an additional period of less than 12 months, then the additional period will be deemed part of the last preceding period for purposes of determining the Aggregate for this coverage extension.
 5. The Limits stated in the Schedule above for this coverage extension are part of, and not in addition to the applicable Limits of Coverage for the General Liability Coverage Part stated in the Liability Coverages Declarations of this MOC.
 6. You must make every reasonable effort to reduce the amount of **Crisis Expenses**.
 7. You may incur **Crisis Expenses** without our consent, but the amount we reimburse will be subject to the terms of this MOC and we will not reimburse you until you have complied with all the terms and conditions of this MOC.

C. EXCLUSIONS

The exclusions in the General Liability Coverage Part and the exclusions in the Liability Conditions, Definitions and Exclusions form do not apply to this coverage extension with the exception of the applicable terrorism exclusion, if any. In addition to the applicable terrorism exclusion, if any, the following exclusions apply to the Traumatic Event Response Coverage.

We will not pay for your **Crisis Expenses**, or any other loss, cost, or expense, arising directly or indirectly out of:

1. War
 - a. War, including undeclared or civil war;
 - b. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents;
 - c. Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these; or
 - d. 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.
2. Workers' Compensation and Similar Laws
Any loss which is covered by any workers' compensation, unemployment insurance, social security or disability benefits law or any similar law.
3. Employment-related Expense
Your employees' salaries, wages or any other employment-related expenses.
4. Employee Benefit Plan or Employee Assistance Plan

Any loss which is covered by your Employee Benefit Plan or Employee Assistance Plan.

5. Pollution

- a. Any request, demand, order or statutory or regulatory requirement that a **Covered 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**; or
- b. Any demand or suit by or on behalf of a governmental authority or others 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**.

6. Improvement of Real or Personal Property

Consultant's services for physical improvements or alterations to your Premises, or the costs of such improvements or alterations or replacement of real or personal property except to the extent that they are covered as **Crisis Property Improvements**.

7. Two or More Coverages Issued By Us

Any loss, cost or expense that is covered elsewhere in this MOC.

D. CONDITIONS

The MOC Common Conditions and Liability Coverages Common Conditions section applies except for the following changes:

1. The Duties in the Event of **Accident, Occurrence, Wrongful Act**, or **Claim** condition is deleted and replaced by the following:

Duties in the Event of a **Traumatic Event**

- a. You must notify the police if a law may have been broken.
- b. You must see to it that we are notified within 30 days upon your receiving notice of a **Traumatic Event** which appears likely to result in a payment by us under this coverage extension.

Written notice should be as complete as possible, and must at least include how, when and where the **Traumatic Event** took place and a description of the **Bodily Injury** or damage arising out of any **Traumatic Event**.

You must not in any way jeopardize our rights after a **Traumatic Event**.

c. You must:

- (1) Cooperate with us in the investigation and settlement of the **Claim**;
- (2) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to you for payment of **Crisis Expenses** to which this coverage extension may also apply; and
- (3) Provide a complete and detailed loss summary of the **Crisis Expenses** incurred and any additional information that we may request. You must do this within 60 days after our request.

2. The Our Right to Recover Payment condition is deleted and replaced by the following:

Our Right to Recover Payment

Any persons or organizations for whom we make a payment under this coverage must transfer their right to recovery against any other party. After a **Claim** they must do everything necessary to secure, and nothing to impair these rights. However, we will waive our right of recovery against any person or organization with respect to which the **Covered Member** has waived its right of recovery

prior to the **Traumatic Event** in a **Covered Contract**.

E. DEFINITIONS

The Definition section of the Liability Common Conditions, Definitions, and Exclusions form applies subject to the following changes:

1. With respect to this coverage extension, the following definitions replace and supersede similar definitions in the Liability Common Conditions, Definitions and Exclusions form:

Bodily Injury means: bodily injury, sickness, shock, fright, mental injury or anguish, emotional distress, or disability sustained by a **Victim(s)**, including death resulting from any of these at any time.

2. The following definitions are added with respect to this coverage extension:

a. **Crisis Expenses** include:

- (1) Crisis management service expenses you reasonably incur for services after and in response to a **Traumatic Event**.
- (2) Reasonable travel expenses for natural or adoptive parents, legal guardians, spouse, or child of a **Victim(s)** to the location where the **Traumatic Event** occurred.
Travel expenses are limited to coach air transportation and/or ground transportation and standard class hotel accommodations.
- (3) Reasonable expenses for temporary extra security protection, wages for temporary personnel or rental fees for temporary facilities after and in response to a **Traumatic Event**.
- (4) **Crisis Property Improvements**.
- (5) Reasonable expenses for first aid administered; or emergency medical services rendered by any duly certified emergency medical technician, paramedic or nurse at the time of a **Traumatic Event**.

- b. **Crisis Management Service Provider** is an individual(s) or organization(s) with whom you have a written contract to assist in the execution and coordination of an emergency response plan and to provide post-crisis services.

- c. **Crisis Property Improvements** mean reasonable expenses for equipment or property improvements made to your **Premises** following a **Traumatic Event** that relates directly to the security of your **Premises** and that may assist in prevention or mitigation of future **Traumatic Events**.

Crisis Property Improvements do not include equipment or property improvements covered by other insurance or that were required by a statutory or regulatory requirement that was in effect before the **Traumatic Event** and with which you failed to comply even though you were required to do so.

d. **Premises** means:

- (1) Any building, facility or other real property including adjoining ways, which you own, rent or lease and which is used at the time of the **Traumatic Event** as a place to conduct your operations or related activities;

- (2) Temporary locations that are visited as officially sponsored field trips, if you are an educational or religious institution;
- (3) Temporary locations used for Parent Teacher Organization, Parent Teacher Association, or Parent Teacher Council sponsored special events; and
- (4) School or church buses or other **Automobiles** used to transport students or your congregation members that you own or lease pursuant to a written contract. This does not include buses or any vehicles that you lease to others.

Premises do not include buildings, facilities, or other real property owned, rented or leased for activities that are under the management and direction of others and for which you are not legally liable; or locations for events or activities not organized or sponsored by you. **Premises** also do not include any **Automobiles** other than described in Paragraph d. (4) above.

e. **Traumatic Event** means:

- (1) A tragic event which occurs on your **Premises** which causes **Bodily Injury** to a **Victim(s)**; or
- (2) Death or severe injury involving any **Victim(s)** that results in **Bodily Injury** to other **Victim(s)**.

In the event of a sequence or series of related traumatic acts, the **Traumatic Event** will be deemed to have taken place at the time the first traumatic act began. All traumatic acts, regardless of how many **Victims**, by the same perpetrator, or two or more perpetrators acting in concert, shall be considered one **Traumatic Event**.

f. **Victim(s)** means:

- (1) Your students including students attending your school as part of a school sponsored exchange program, parents or legal guardians of your students; teachers, student teachers, substitute teachers or teachers participating in a teacher exchange program or similar type of program sponsored by you;
- (2) Employee(s), including full-time, part-time and temporary employees of yours; or
- (3) Any person visiting your **Premises** for purposes related to your operations including, but not limited to, guest speakers, and volunteers, in whose presence a **Traumatic Event** takes place.

Victim(s) does not include any independent contractors or subcontracted personnel working on your **Premises**. **Victim(s)** also does not include any person(s) who has or is alleged to have made any attempt at, or knowingly participated in, or encouraged any **Traumatic Event**.

All other terms and conditions remain unchanged.

AMENDMENT OF DEFINITION OF COVERED PARTY

THIS ENDORSEMENT MODIFIES COVERAGE PROVIDED UNDER THE FOLLOWING:

GENERAL LIABILITY COVERAGE PART

This endorsement changes the MOC effective on the inception date of the MOC unless another date is indicated above.

The following is added to the definition of **Covered Party** in the Liability Coverages (General Liability, **Sexual Abuse, Wrongful Acts, Automobile**), Common Conditions, Definitions, and Exclusions section of the MOC:

With respect to **Bodily Injury** and/or **Property Damage** under the General Liability Coverage Part, any person or organization with whom you have agreed in a written contract or written agreement to assume the Tort Liability for a specified activity or operation is a **Covered Party** with regards to such specified activity or operation. However, this coverage only applies with respect to liability for **Bodily Injury** or **Property Damage** caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf.

The following provisions also apply:

- (1) The written contract or written agreement must be in effect at the inception of the **Coverage Period** or become effective during the **Coverage Period**; and
- (2) The written contract or written agreement must be executed prior to the **Bodily Injury** or **Property Damage**.
- (3) If required by the terms of said contract, the coverage provided under this endorsement shall be primary and non-contributory with any **Other Insurance** available to the person or organization you have the contract or agreement with.

In no case will the limits of coverage provided under this agreement exceed the limits as required in the contract or agreement, or the limit of liability available under this MOC, whichever is less.

- (4) Except with respect to the Limits of Coverage, and any rights or duties specifically assigned in this Coverage Part to the **Covered Member**, this coverage applies:
 - a. As if each **Covered Member** were the only **Covered Member**; and
 - b. Separately to each **Covered Party** against whom **Claim** is made or **Suit** is brought.

Subject to the paragraphs above, any such person's or organization's status as a **Covered Party** ends when any of the following first occurs: this MOC terminates; the written contract or written agreement terminates; or the specified activity or operation terminates.

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

All other terms and conditions remain unchanged.

ADDITIONAL COVERED PARTY ENDORSEMENT

THIS ENDORSEMENT MODIFIES COVERAGE PROVIDED UNDER THE FOLLOWING:

GENERAL LIABILITY COVERAGE PART

How coverage is changed:

It is agreed that the interest of any Additional **Covered Party** is recognized as their interests may appear, providing the certificate of coverage that this is attached to has been issued and is on file with the Company.

The Limits of Coverage applicable to the Additional **Covered Party** are those specified in either the:

1. Written contract or written agreement; or
2. Declarations for this MOC, whichever is less.

These Limits of Coverage are inclusive and not in addition to the Limits of Coverage shown in the Declarations.

All other terms and conditions remain unchanged.

WAIVER OF TRANSFER OF RIGHTS AND RECOVERY AGAINST OTHERS TO US

THIS ENDORSEMENT MODIFIES COVERAGE PROVIDED UNDER THE

FOLLOWING:

GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name of Person or Organization:
<p>This endorsement applies only when issued with an approved Certificate of Coverage and as required by Covered Contract.</p> <p>Any person or organization for whom you are performing operations when you and such person or organization have agreed in a Covered Contract or agreement that such person or organization be added as an Additional Covered Party on your coverage including any other person or organization you are required to add as an Additional Covered Party under a Covered Contract or agreement.</p>

Any person or organizations as shown in the Schedule above, for whom we make a payment under this coverage, must transfer their right to recovery against any other party. After a **Claim** they must do everything necessary to secure, and nothing to impair these rights. However, we will waive our right of recovery against any person or organization as shown in the Schedule above with respect to which the **Covered Party** has waived its right of recovery prior to the **Occurrence, Accident or Wrongful Act** in a **Covered Contract**.

All other terms and conditions remain unchanged.

SEXUAL ABUSE LIABILITY COVERAGE PART

This coverage is provided on an **Occurrence** basis. Please read all terms, conditions, and exclusions carefully.

A. COVERAGE AGREEMENT

1. In return for the payment of the premium, we agree with you to pay those amounts for which a **Covered Party** becomes legally obligated to pay as damages because of **Sexual Abuse** to which this Coverage Part applies.
2. This Coverage Part applies to damages because of **Sexual Abuse** only if:
 - (a) The **Sexual Abuse** takes place in the **Coverage Territory**; and
 - (b) The **Sexual Abuse** first occurs during the **Coverage Period**.

This agreement applies separately to each **Covered Party**. However, the limits of coverage and **Deductibles** shown in the Liability Coverages Declarations are shared by all **Covered Parties**. Any right or duty specifically assigned to you remains unchanged.

B. DEFENSE AND SETTLEMENT

1. We have the right and duty to defend, through attorneys of our choice, any **Claim** against a **Covered Party** seeking damages because of **Sexual Abuse** to which this Coverage Part applies. If we defend, we will pay **Defense Costs** of a **Claim** or **Suit** against a **Covered Party** who is covered under this Coverage Part. However, we have no duty to defend against any **Claim** or **Suit** seeking damages to which this Coverage Part does not apply. Our defense obligation will end when we have used up the applicable limit of coverage with the payment of judgments, settlements, and/or **Defense Costs**, whichever comes first.
2. You and any **Covered Party** must obtain our prior written approval before offering or agreeing to pay an amount or settle any **Claim** or **Suit** under this Coverage Part.
3. We shall have the right to propose a settlement for any **Claim** or **Suit**. If a **Covered Party** refuses to consent to a settlement, we will limit the total amount we will pay for damages and **Defense Costs** to no more than the amount we would have paid had the **Covered Party** given consent to the proposed settlement.

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

C. DEDUCTIBLE

Your **Deductible** is the amount shown in Item 1. of the Liability Declarations.

D. LIMITS OF COVERAGE

1. The Limits of Coverage specified in the Liability Coverages Declarations and the rules below set the most we will pay regardless of:
 - a. The number of persons and organizations who are **Covered Parties** under this MOC;
 - b. The number of **Claims** made or **Suits** brought against any or all **Covered Parties**; or
 - c. The number of persons or organizations making **Claims**.
2. The Each **Sexual Abuse** Limit in Item 2. of the Liability Coverage Declarations is the most we will pay for all damages and **Defense Costs** because of the same incident or interrelated incidents of **Sexual Abuse**.

Two or more claims for damages because of the same incident or interrelated incidents of **Sexual Abuse** shall be:

- a. Considered a single **Claim**; and
 - b. Such claims, whenever made, shall be assigned to only one MOC, coverage form, or insurance policy (whether issued by this risk pool, another risk pool, coverage provider, or insurer) and if this MOC applies, only one limit of coverage shall apply.
3. The **Sexual Abuse** Annual Aggregate Limit in Item 2. of the Liability Coverage Declarations is the most we will pay for all damages and **Defense Costs**. The **Sexual Abuse** Aggregate Limit applies separately to each consecutive annual period, and to any remaining period of less than twelve (12) months, starting with the beginning of the **Coverage Period** shown in the Declarations. If the **Coverage Period** is extended after issuance for an additional period of less than twelve (12) months, then the additional period will be deemed part of the last preceding period for purposes of determining the Limit of Coverage Aggregates for this Coverage Part.
 4. The **Sexual Abuse Group Aggregate** in Item 2. of the Liability Coverage Declarations is the most we will pay for all damages and **Defense Costs** under any and all Memorandum of Coverage issued by us to **Group Members** and effective during the **Coverage Period**.
 5. **Defense Costs** are included in the limits in Item 2. of the Liability Coverage Declarations and will reduce the Limits of Coverage provided by this Coverage Part.
 6. The **Sexual Abuse** Annual Aggregate Limit and the **Sexual Abuse Group Aggregate** are part of and not in addition to the applicable Limits of Coverage for the General Liability Coverage Part stated in the Liability Coverages Declarations of this MOC.

E. EXCLUSIONS

The following exclusions apply to this Coverage Part in addition to the exclusions found in the Liability Coverages (General Liability, **Sexual Abuse**, **Wrongful Act**, **Automobile**), Common Conditions, Definitions, and Exclusions section of this MOC.

This Coverage Part does NOT apply to:

1. Any **Claim** for which coverage is provided under another Coverage Part of this MOC or any other MOC issued by us.
2. Any **Claim** if the first incident of **Sexual Abuse** by the same, or allegedly the same, individual or individuals occurred or is alleged to have occurred prior to the inception date of this MOC.
3. Any **Claim** against any person(s) who committed or is alleged to have committed **Sexual Abuse**.
4. Any **Claim** against any person(s) who is alleged to have remained passive after having personal knowledge, or under circumstances in which the person should reasonably have known, of any **Sexual Abuse**.
5. Any obligation to pay by reason of the assumption of liability in a contract or agreement.
6. Any **Claim** by or on behalf of your **Employee** except in the limited instance where that **Employee** is also your student and receiving services falling within the scope of the services which you provide and the **Claim** arises out of the provision of these services.
7. Any liability arising out of **Employment Practices Violations**, including, but not limited to, any **Claim** involving or alleging **Sexual Harassment**.

F. DEFINITIONS

1. The definition of **Covered Party** is deleted and replaced by the following:

Covered Party for this Coverage Part:

Means:

- a. You;
 - b. While acting within the scope of their duties for you:
 - (1) All persons who are now, or shall be your lawfully elected, appointed, or employed officials;
 - (2) Current or former members of commissions, boards, or other units operated by you and under your jurisdiction, provided such units are within the total operating budget;
 - (3) All of your current or former **Employees**;
 - (4) All persons who perform a service on a volunteer basis for you, provided such performance is under your direction and control. This does NOT include any person working on retainer;
 - (5) All persons or organizations providing service to you under any mutual aid or similar agreement; or
 - (6) All student teachers, interns, and teaching assistants, whether compensated or not, while acting at the direction of or performing services for or on your behalf with your knowledge and consent.
- Provided, however, **Covered Party** does not include any person or organization with respect to the conduct of any current or past partnership or joint venture that is not shown as a **Covered Member** in the Declarations Page, or any person who is an **Independent Contractor**.
- e. No person who commits or is alleged to have committed **Sexual Abuse** is a **Covered Party**

G. LIMITED DEFENSE COST REIMBURSEMENT COVERAGE

At your request, we will also reimburse necessary and reasonable **Defense Costs** incurred by your **Employee**, your volunteer, or other person or persons alleged to be directly involved in **Sexual Abuse** in a **Suit** in which a **Covered Party** is alleged to be legally obligated to pay damages because of **Sexual Abuse** committed by such **Employee**, volunteer, or person until such time as that person is adjudicated to be a wrongdoer in the **Suit** or any other criminal or civil litigation.

WRONGFUL ACT LIABILITY COVERAGE PART

COVERAGE – WRONGFUL ACTS

A. COVERAGE AGREEMENT

In return for the payment of the premium, we agree to pay those amounts for which the **Covered Party** becomes legally obligated to pay as damages because of a **Wrongful Act** to which this Coverage Part applies for a **Claim** “first made” against a **Covered Party**, provided that:

1. The **Wrongful Act** first takes place in the **Coverage Territory** after the Retroactive Date shown in Item 3. of the Liability Coverages Declarations and before the end of the **Coverage Period**; and
2. A **Claim** is “first made” against a **Covered Party** during the **Coverage Period** or any applicable Extended Reporting Period we may provide under Section F. of this Coverage Part; and
3. We receive a written notice in accordance with the reporting requirements in the Duties in the Event of an **Accident, Occurrence, Wrongful Act, or Claim** Condition in the Liability Coverages (General Liability, **Sexual Abuse, Wrongful Acts, Automobile**), Common Conditions, Definitions, and Exclusions section of this MOC, no later than:
 - a. The end of the **Coverage Period**; or
 - b. The end of any applicable Extended Reporting Period we may provide under Section F. of this Coverage Part.

A **Claim** will be deemed to have been “first made” at the earlier of the following times:

1. When you give written notice to us of a **Wrongful Act**, of which you have become aware, which may reasonably and subsequently give rise to a **Claim** being made against a **Covered Party**; or
2. When notice of such **Claim** is received and recorded by you or by us, whichever comes first.

All **Claims** based on or arising out of a **Wrongful Act** will be considered “first made” when the first of such **Claims** is made.

This agreement applies separately to each **Covered Party**. However, the limits of coverage and **Deductibles** shown in the Liability Coverages Declarations are shared by all **Covered Parties**. Any right or duty specifically assigned to you remains unchanged.

B. DEFENSE AND SETTLEMENT

1. We have the right and duty to defend, through attorneys of our choice, any **Claim** against a **Covered Party** seeking damages for **Wrongful Acts** to which this Coverage Part applies. If we defend, we will pay **Defense Costs** of a **Claim** or **Suit** against a **Covered Party** who is covered under this Coverage Part. However, we have no duty to defend against any **Claim** or **Suit** seeking damages to which this Coverage Part does not apply. Our defense obligation will end when we have used up the applicable limit of coverage with the payment of judgments, settlements, and/or **Defense Costs**, whichever comes first.
2. You or any **Covered Party** must obtain our prior written approval before offering or agreeing to pay and or to settle any **Claim** under this Coverage Part.
3. We shall have the right to propose a settlement for any **Claim** or **Suit**. If a **Covered Party** refuses to consent to a settlement, we will limit the total amount we will pay for damages

and **Defense Costs** to no more than the amount we would have paid had the **Covered Party** given consent to the proposed settlement.

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

C. DEDUCTIBLE

Your **Deductible** will not exceed the amount shown in the Liability Coverages Declarations Item 1.

D. LIMITS OF COVERAGE

1. The Limits of Coverage specified in the Liability Coverages Declarations and the rules below set the most we will pay regardless of:
 - a. The number of persons and organizations who are **Covered Parties** under this MOC;
 - b. The number of **Claims** made or **Suits** brought against any or all **Covered Parties**; or
 - c. The number of persons or organizations making **Claims**.
2. The **Wrongful Act** Liability Limit Each **Wrongful Act** in Item 2. of the Liability Coverages Declarations is the most we will pay for all damages and **Defense Costs** resulting from any one **Wrongful Act**.
3. The **Wrongful Act** Liability Limit Annual Aggregate in Item 2. of the Liability Coverages Declarations is the most we will pay for all damages and **Defense Costs** under this Coverage Part.
4. The **Wrongful Act** Liability Limit **Group Aggregate** in Item 2. of the Liability Coverages is the most we will pay for all damages and **Defense Costs** under any and all Memorandum of Coverage issued by us to **Group Members** and effective during the **Coverage Period**.
5. Our Limits of Coverage, in the aggregate in Item 2. of the Liability Coverages Declarations, apply separately to each consecutive annual period, and to any remaining period of less than twelve (12) months, starting with the beginning of the **Coverage Period** shown in the Declarations. If the **Coverage Period** is extended after issuance for an additional period of less than twelve (12) months, then the additional period will be deemed part of the last preceding period for purposes of determining the Limit of Coverage Aggregate for this Coverage Part.
6. **Defense Costs** are included in the limits in Item 2. of the Liability Coverages Declarations and will reduce the Limits of Coverage provided by this Coverage Part.

E. EXCLUSIONS

The following exclusions apply to this Coverage Part in addition to the exclusions found in the Liability Coverages (General Liability, **Sexual Abuse, Wrongful Acts, Automobile**), Common Conditions, Definitions, and Exclusions section of this MOC.

The coverage under this Coverage Part does NOT apply to:

1. Any **Wrongful Act** for which coverage is provided under another Coverage Part of this MOC or any other MOC issued by us.
2. Any **Wrongful Act** for which a **Covered Party** is entitled to payment by reason of having given notice of any circumstances which may give rise to a **Claim** under any coverage, the term of which has expired prior to the inception date of this MOC, or for which a **Covered Party** would be entitled to payment except for the exhaustion of the limit of such prior coverage.

3. Known Pending or Prior Acts or Incidents:
 - a. Any known incidents that could give rise to future **Claims** arising out of all known incidents; or
 - b. Any pending or prior litigation including all future **Claims** arising out of all pending or prior litigation.

This exclusion shall only apply with respect to known incidents, pending or prior litigation, or hearings prior to the effective date of the first MOC issued and continuously renewed by us.

4. Any **Wrongful Act** arising out of a **Covered Party** failing to effect, maintain, or administer any insurance coverage, bond, or self-insurance fund.
5. **Wrongful Act(s)** arising out of:
 - a. Any tax assessments or adjustments;
 - b. The collection, refund, disbursement, or application of any taxes; or
 - c. Failure to anticipate tax revenue shortfalls.
6. Any **Claim** for back pay awards, including fringe benefits, educational expenses, overtime, or similar damages, even if designated as liquidated damages, under any federal, state, or local statute, rule, ordinance, or regulation.
7. A **Covered Party's** obligation to pay by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability that a **Covered Party** would have in the absence of the contract or agreement.
8. Any **Bodily Injury, Property Damage, Personal Injury, or Advertising Injury**, or any damages arising out of any **Bodily Injury, Property Damage, Personal Injury, or Advertising Injury** except to the extent that coverage is provided for **Employment Practice Violations**.
9. Any **Wrongful Act** based on or attributable to a **Covered Party** gaining profit, advantage, or remuneration to which a **Covered Party** is not entitled.

However, this exclusion applies only to the **Covered Party** who gained the illegal profit.

10. Any **Wrongful Act** arising out of the destruction or disappearance of **Money** or **Securities**, or the loss of use thereof.
11. Any **Wrongful Act** arising out of the ownership, entrustment, maintenance, operation, use, **Loading or Unloading of Automobiles**; or the transport of any person.
12. Any **Wrongful Act** arising out of actions taken as a participant, member, partner, director, or shareholder of any board, commission, partnership, association, or corporation, not operated by you and under your jurisdiction; except if the participant, member, partner, director, or shareholder serves on such board, commission, partnership, association, or corporation at your specific written request, and any other coverage is not available to cover a **Claim** for such person.
13. Any **Claims**, including **Claims** for attorney fees, arising out of administrative hearings.

Except, we will pay up to an annual aggregate of \$25,000 per **Group Member** with a \$150,000 annual **Group Aggregate**, subject to the **Wrongful Act** Liability Limit Aggregate, specified in Item 2. of the Liability Coverages Declarations, in connection with Special Education administrative proceedings, appeals, or due process hearings.

The \$25,000 sublimit applies if the following conditions are met:

- a. Defense counsel is approved by us at least 30 days prior to the hearing.

We reserve the right to assign defense counsel of our choosing in connection with the administrative proceeding:

- b. A hearing request has been filed with the Office of the Superintendent of Public Instruction;
- c. A case number has been assigned by the Office of Administrative Hearings;
- d. We received written notice one week prior to the first scheduled pre-hearing conference.

This coverage is subject to proportional annualized **Group Aggregate** Distribution at the end of the **Coverage Period**. All claims for reimbursement must be submitted within 60 days of the end of the **Coverage Period** to be contemplated in the distribution. In the event the total of all **Claims** in connection with Special Education administrative proceedings, appeals, or due process hearings reported during the **Coverage Period** exceeds the annual **Group Aggregate** sublimit, the **Group Aggregate** sublimit will be apportioned among all **Group Members** suffering loss reported during the **Coverage Period**, based on the percentage of that **Group Member's** loss contributing to the annual **Group Aggregate** up to the **Group Member's** annual aggregate sublimit. Any Claims submitted after the 60 days will be subject to any remaining funds of the group aggregate on a first come basis.

- 14. Any **Claims**, fines, or penalties, including attorney fees arising out of the Washington Public Records Act, Open Public Meetings Act, or any other similar act or law.
- 15. Any **Claim** arising out of any type of debt financing issued by or for you. Debt financing includes bonds, debentures, guarantees of debt, or notes.
- 16. Any **Claim** arising out of purchase, sale, issuance, distribution, or offer to purchase or sell any debt or equity securities, or other investments.
- 17. Any **Claim** arising out of any strike, riot, protest, demonstration, lock-out, or civil commotion.

F. EXTENDED REPORTING PERIODS

- 1. We will provide one or more Extended Reporting Periods as described below, if:
 - a. This Coverage Part is canceled or not renewed; or
 - b. We renew or replace this Coverage Part with coverage that:
 - (1) Does not apply to **Wrongful Acts** covered under this Coverage Part on a claims made basis; or
 - (2) Has a Retroactive Date later than the date shown in the Declarations for this Coverage Part.
- 2. Extended Reporting Periods do NOT extend the **Coverage Period** or change the scope of coverage provided. They apply only to **Claims** arising out of **Wrongful Acts** that take place before the end of the **Coverage Period**, but not before the Retroactive Date shown in the Liability Coverages Declarations.
- 3. A Basic Extended Reporting Period is automatically provided without additional premium. It does NOT apply to **Claims** that are covered under any subsequent coverage or insurance you purchase, or that would be covered but for exhaustion of the amount of coverage or insurance applicable to such **Claims**. This period starts with the end of the **Coverage Period** and lasts for sixty (60) days.
- 4. A Supplemental Extended Reporting Period is available by endorsement for an extra premium. This Supplemental Extended Reporting Period starts when the Basic Extended Reporting Period ends.

You must give us a written request for the Supplemental Extended Reporting Period endorsement within 60 days after the end of the Coverage. The Supplemental Extended Reporting Period will not go into effect unless you pay the additional premium promptly

when due.

The additional annual premium for the Extended Reporting Period will NOT exceed 200% of the annual premium for this Coverage.

5. All Extended Reporting Periods do NOT reinstate or increase the **Limit of Coverage**.
6. Extended Reporting Period will not be provided if cancellation or non-renewal of the MOC is due to non-payment of premium, material misrepresentation, or the **Covered Party's** failure to cooperate.

FIDUCIARY LIABILITY

THIS ENDORSEMENT MODIFIES COVERAGE PROVIDED UNDER THE FOLLOWING: **WRONGFUL ACT LIABILITY COVERAGE PART**

This endorsement changes the MOC effective on the inception date of the MOC unless another date is indicated above.

FIDUCIARY LIABILITY

Schedule

Retroactive Date:	Per Covered Member Scheduled Retro Date
Pending or Prior Litigation Date:	Per Covered Member Scheduled Retro Date

Retained Limit:

Each Fiduciary Wrongful Act	\$350,000
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Excess Limit of Coverage:

Each Fiduciary Wrongful Act – Member	\$1,000,000
Member Aggregate	\$1,000,000

This coverage extension is subject to all terms and conditions of the **Wrongful Act Liability Coverage Part** to which this coverage extension is attached, except as otherwise stated below.

A. COVERAGE AGREEMENT

In return for the payment of the premium, the **Wrongful Act Liability Coverage Part** is extended to include indemnification for **Loss** in excess of the **Retained Limit** shown in the Schedule above, for which you become legally obligated to pay because of a **Fiduciary Wrongful Act** to which this Coverage applies for a **Claim** "first made" against a **Covered Party**.

This coverage only applies if:

1. The **Fiduciary Wrongful Act** first takes place in the **Coverage Territory** after the Retroactive Date shown in the Schedule above and before the end of the **Coverage Period**;
2. A **Claim** is "first made" against you during the **Coverage Period** or any applicable Extended Reporting Period we may provide under Section I. Extended Reporting Period of this endorsement; and
3. We receive written notice in accordance with the reporting requirements in the Notice To Us condition in Section H. of this endorsement, no later than:
 - a. The termination date of this endorsement, the **Wrongful Act Liability Coverage Part** or the end of the **Coverage Period**, whichever comes first; or
 - b. The end of any applicable Extended Reporting Period we may provide under Section G. Extended Reporting Period of this endorsement.

A **Claim** will be deemed to have been "first made" at the earlier of the following times:

1. When you give written notice to us of a **Fiduciary Wrongful Act**, of which you have become aware, that may reasonably and subsequently give rise to a **Claim** being made against any **Covered Party**; or
2. When notice of such **Claim** is received and recorded by you or by us, whichever comes first.

All **Claims** based on or arising out of a **Fiduciary Wrongful Act** will be considered "first made" when the first of such **Claims** is made.

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

B. EXTENSIONS

Subject to Section A - COVERAGE AGREEMENT, the following coverage extensions are provided with respect to **Covered Parties** other than **Employee Benefit Programs** or **Named Organizations**:

1. Spousal Liability

If a **Claim** against any **Covered Party** includes a **Claim** against the **Covered Party's** spouse (whether such status is derived by reason of statutory or common law, or any other law of any country) solely by reason of:

- a. Such spousal status; or
- b. Such spouse's ownership interest in property or assets that are sought as recovery for the **Fiduciary Wrongful Act** committed or allegedly committed by the **Covered Party**;

all **Loss** which such spouse becomes legally obligated to pay by reason of such **Claim** will be treated for the purposes of this endorsement as **Loss** which the **Covered Party** becomes legally obligated to pay as a result of the **Claim** made against such **Covered Party**. Such **Loss** to the spouse will be covered under this endorsement only if and to the extent such **Loss** would be covered if incurred by the **Covered Party**. However, this extension will not afford coverage for a **Claim** arising out of any **Fiduciary Wrongful Act** committed or allegedly committed by the spouse.

2. Estates, Heirs, and Legal Representatives

This endorsement will afford coverage for **Claims** arising out of the **Fiduciary Wrongful Acts** of any **Covered Party** made against:

- a. The estate, heirs, or legal representatives of that deceased **Covered Party**; and
- b. The legal representative of that **Covered Party** in the event of incompetency, insolvency or bankruptcy.

This extension will afford coverage only if and to the extent that, in the absence of such death, incompetency, insolvency or bankruptcy of the **Covered Party**, such **Claims** would have been covered by this endorsement according to this endorsement's terms, conditions and exclusions.

C. DEFENSE AND INDEMNIFICATION

1. We have no duty to defend a **Claim** against a **Covered Party** seeking damage for **Fiduciary Wrongful Acts**.
2. We shall have no obligation to pay or indemnify a **Covered Party** for any amount under this endorsement if a **Covered Party's** obligation to pay **Loss** is within or equal to the **Retained Limit**.
3. You have the duty to defend any **Claim** to which this Coverage applies and shall be responsible for the **Loss** up to the **Retained Limit**.
4. When the **Loss** exceeds the **Retained Limit** for which you become legally obligated to pay because of a **Fiduciary Wrongful Act**, you will be entitled to indemnification by us under this endorsement. You shall apply for indemnification as soon as practicable after the **Loss** has been determined to exceed the **Retained Limit**. We will promptly indemnify you in excess of the **Retained Limit** subject to the Excess Limit of Coverage for this

endorsement shown on the Schedule.

5. Your legal obligation to pay the **Loss** must be evidenced either by a judgment against you after the actual trial, or by an arbitration award entered as a judgment, or by a written settlement executed by you and the claimant.
6. You must obtain our prior written approval before offering or agreeing to pay an amount which is in excess of the **Retained Limit** in order to settle any **Claim** under this endorsement.
7. We shall have the right and you shall avail us of the opportunity to associate with you in the defense of any **Claim** that in our sole opinion may create indemnification obligations for us under this endorsement.
8. We shall have the right to settle any **Claim** that in our sole opinion may create indemnification obligations for us under this endorsement.

D. RETROACTIVE DATE

The Retroactive Date of this coverage extension is the date shown in the Schedule above.

E. LIMITS OF COVERAGE

1. Your **Retained Limit** for **Loss** under this coverage extension, resulting from any one **Fiduciary Wrongful Act** will not exceed the amount specified in the Schedule above for **Retained Limit**, Each **Fiduciary Wrongful Act**.

The Excess Limit of Coverage for **Loss** under this coverage extension, resulting from any one **Fiduciary Wrongful Act** for each **Member** will not exceed the amount specified in the Schedule above for Excess Limit of Coverage, Each **Fiduciary Wrongful Act - Member**.

2. The Excess Limit of Coverage **Member** Aggregate Limit stated in the Schedule above, is the most we will pay for all **Loss** for each **Member** under this coverage extension. Any payments we make under this coverage extension apply to the Aggregate for the **Wrongful Act** Liability Coverage Part contained within the Schedule of Excess Limits of Coverage stated in the Declarations of this endorsement.
3. Any Limits stated in the Schedule above for this coverage extension are part of, and not in addition to the applicable Limits of Coverage for the **Wrongful Act** Liability Coverage Part stated in the Declarations of this MOC.

F. EXCLUSIONS

With respect to Coverage provided under this endorsement:

1. The following is added to Exclusion 6. in the Liability Conditions, Definitions and Exclusions form: However, with respect to the **Wrongful Acts** Liability Coverage Part, this exclusion does not apply to the extent coverage is provided under the **Fiduciary** Liability endorsement attached to such Coverage Part.
2. The following Exclusions in the Liability Conditions, Definitions and Exclusions form apply to this endorsement: Exclusion 6. as amended in Paragraph 1. above; Exclusion 12. Pollution; Exclusion 23. War and; and Exclusion 24. Nuclear Hazards; and
3. The Exclusions in the **Wrongful Act** Liability Coverage Part are replaced by the following exclusions and apply only to this endorsement:

We will not pay for any **Loss** resulting from any **Claim**:

- a. Based upon, attributable to, or arising in fact out of any dishonest, fraudulent, deliberately criminal or malicious act, or any willful violation of any statute or regulation.
- b. Based upon, attributable to, or arising in fact out of the gaining of any profit, remuneration or advantage to which a **Covered Party** was not legally entitled.

With respect to exclusions a. and b. above, no fact pertaining to or knowledge possessed by any **Covered Party** shall be imputed to any other **Covered Party**.

- c. For bodily injury, mental, or emotional distress, sickness, disease or death of any person, injury from defamation, libel, slander, wrongful entry, eviction, false arrest, false imprisonment, malicious prosecution, assault or battery, or damage to or destruction of any property, including the **Loss** of its use.
- d. Based upon, attributable to, or arising out of the same facts or **Fiduciary Wrongful Acts** alleged or contained in any **Claim** which has been reported, or in any circumstances of which notice has been given, under any insurance policy of which this endorsement is a renewal or replacement.
- e. Based upon, attributable to, or arising out of any demand, **Suit**, or other proceeding against any **Covered Party** which was pending on or existed prior to the applicable Pending or Prior Litigation Date shown in the Schedule of this endorsement, or arising out of the same or substantially the same facts, circumstances, or allegations which are the subject of, or the basis for, such demand, **Suit**, or other proceeding.
- f. Based upon, attributable to, or arising out of the **Covered Party's** failure to comply with the mandatory provisions of:

- (1) The Federal Employer's Liability Act (45 USC Section 51-60);
- (2) The Non-Appropriated Fund Instrumentalities Act (5 USC Sections 8171-8173);
- (3) The Longshore and Harbor Workers' Compensation Act (33 USC Sections 910-950);
- (4) The Outer Continental Shelf Lands Act (43 USC Section 1331-1356);
- (5) The Defense Base Act (42 USC Sections 1651-1654);
- (6) The Federal Coal Mine Health and Safety Act of 1969 (30 USC Sections 901-942);
- (7) The Migrant and Seasonal Agricultural Worker Protection Act (29 USC Sections 1801-1872);
- (8) Any other workers compensation, unemployment compensation, or disability laws or any similar law; or
- (9) Any subsequent amendments to the laws listed above.

This exclusion does not apply to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

- g. Based upon, attributable to, or arising out of:
 - (1) The actual, alleged or threatened discharge, dispersal, seepage, migration, release, or escape of **Pollutants** at any time;
 - (2) Any request, demand, order or statutory or regulatory requirement that any **Covered Party** 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
 - (3) A **Claim** or **Suit** brought by or on behalf of any 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**.

- h. For which the **Covered Party** has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the **Covered Party** would have in the absence of the contract or agreement.
- i. Based upon, attributable to, arising out of, or resulting from the insolvency, bankruptcy, or suspension of payment of any bank, financial institution, securities dealer, or investment firm that holds the assets of the **Employee Benefit Program**.
- j. Based upon, attributable to, or arising out of any actual or alleged failure or omission to effect or maintain insurance or fidelity bonds for the **Employee Benefit Program** as required under **ERISA**.
- k. Based upon, attributable to, or arising out of a **Fiduciary Wrongful Act** that has occurred before the Retroactive Date, if any, shown in the Schedule of this endorsement.
- l. Based upon, attributable to, arising out of, or resulting from the failure to fund an **Employee Benefit Program** in accordance with **ERISA** or the **Employee Benefit Program** instrument or the failure to collect contributions owed to the **Employee Benefit Program**. However, this exclusion does not apply to **Defense Costs**.
- m. Based on the termination of any **Employee Benefit Program** or involving any **Employee Benefit Program** that was sold, spun-off, merged, or terminated, except for any **Fiduciary Wrongful Act** committed or allegedly committed prior to the effective date of such sale, spin-off, merger, or termination.
- n. Any **Claim** based upon, attributable to, or arising out of a **Fiduciary Wrongful Act** or **Occurrence** you or an **Executive Officer** had knowledge of or information on prior to the inception date of continuous claims-made coverage with us, which reasonably may be expected to result in a **Claim**.
- o. Any **Fiduciary Wrongful Act** for which coverage is provided under another endorsement or Coverage Part of this MOC.
- p. Based upon, attributable to, or arising out of the **Administration of Employee Benefits Programs**.

G. DEFINITIONS

The following definitions apply only with respect to this endorsement:

1. **Administration**

Means:

- a. Providing information to **Employees**, including their dependents and beneficiaries, with respect to eligibility for or scope of **Employee Benefit Programs**;
- b. Handling records in connection with the **Employee Benefit Program**; or
- c. Effecting, continuing, or terminating any **Employee's** participation in any benefit included in the **Employee Benefit Program**; however, **Administration** does not include any activities in an investing or **Fiduciary** capacity or the handling of payroll deductions.

2. **Claim**

Means:

- a. A written demand for monetary damages against any **Covered Party**;
- b. A civil proceeding commenced by the service of a complaint or similar pleading;
- c. A criminal proceeding commenced by a return of an indictment; or
- d. A formal administrative or regulatory proceeding commenced by the filing of a notice of charges, formal investigative order or similar document; against any **Covered Party** for a **Fiduciary Wrongful Act**, including any appeal therefrom.

3. **Defense Costs**

Means: Payments allocated to a specific **Claim** for its investigation, settlement, or defense, including:

- a. Attorney fees and all other litigation costs;
- b. The cost of bonds to appeal a judgment or award in any **Claim** we defend;
- c. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of Coverage;
- d. All reasonable expenses incurred by the **Covered Party** at our request to assist us in the investigation or defense of the **Claim**;
- e. **Pre-Judgment Interest** and **Post-Judgment Interest** as required by law on awards and judgments.

Defense Costs do NOT include salaries and expenses of our **Employees** or your **Employees**.

4. **Employee Benefit Program**

Means: One or more of the following plans, other than a government or multi-employer plan, established and maintained solely by the **Named Organization** or in conjunction with a labor organization:

- a. Any welfare or pension plan as defined by **ERISA** established and maintained solely for the benefit of the **Named Organization's Employees**;
- b. Any other benefit plan not subject to **ERISA** that is listed in the Declarations or a Schedule attached to this endorsement; or
- c. Any government mandated insurance such as unemployment insurance, social security benefits, workers' compensation, and disability benefits.

5. **Employee**

Means: A person actively employed, formerly employed, on leave of absence or disabled, or retired. **Employee** includes a **Leased Worker**. **Employee** does not include a **Temporary Worker**.

6. **Executive Officer**

Means: A person holding any of the officer positions created by your charter, constitution, by-laws, or any other similar governing document.

7. **ERISA**

Means: The Employee Retirement Income Security Act of 1974 including amendments thereto or the common or statutory law of the United States of America or any State or other jurisdiction therein with respect to any **Employee Benefit Program**.

8. **Fiduciary**

Means: A **Fiduciary** as defined in **ERISA** with respect to an **Employee Benefit Program** or a person or entity who exercises any discretionary authority or discretionary

control with respect to the management of an **Employee Benefit Program** or the disposition of its assets.

9. **Fiduciary Wrongful Act**

Means: A negligent act, error or omission:

- a. That results in an actual or alleged breach of the responsibilities, obligations or duties imposed on a **Fiduciary** by **ERISA**; or
- b. In any matter (other than described in Paragraph a. above) claimed against a **Fiduciary** solely by reason of his, her or its service as **Fiduciary** of an **Employee Benefit Program**.

10. **Financial Insolvency**

Means: The status of a **Named Organization** resulting from:

- a. The appointment of any receiver, conservator, liquidator, trustee, rehabilitator or similar official to control, supervise, manage or liquidate the **Named Organization**; or
- b. The **Named Organization** becoming a debtor in possession.

11. **Covered Party**

Means:

- a. **Employee Benefit Program**;
- b. The **Named Organization**;
- c. Any past, present, or future **Fiduciary** of the **Employee Benefit Program**; or
- d. The legal representative of a deceased **Covered Party** listed in Paragraph c. above, but only with respect to duties as such. That representative will have all the deceased **Covered Party's** rights and duties under this endorsement.

12. **Leased Worker**

Means: A person leased to the **Named Organization** by a labor leasing firm under an agreement between the **Named Organization** and the labor leasing firm, to perform duties related to the conduct of the **Named Organization's** business. **Leased Worker** does not include a **Temporary Worker**.

13. **Loss**

Means: **Defense Costs**, compensatory damages, settlement amounts, legal fees, and costs awarded pursuant to judgments. **Loss** does not include:

- a. Civil or criminal fines, taxes, the multiplied portion of multiplied damages, penalties, or matters deemed uninsurable under the law to which this endorsement shall be construed, including those imposed under the Internal Revenue Code or any similar state or local law, except for:
 - (1) The five percent (5%) or less civil penalty imposed upon a **Covered Party** under Section 502(i) of **ERISA**; or
 - (2) The twenty percent (20%) or less penalty imposed upon a **Covered Party** under Section 502 (l) of **ERISA**; or
- b. Benefits to the extent that such benefits are available, with reasonable effort and cooperation of the **Covered Party**, from the applicable funds accrued or other collectible insurance.

14. **Named Organization**

Means: The organization that sponsors the **Employee Benefits Program** and is named in the Declarations as the **Covered Member** or added on a Schedule or endorsement as a **Covered Member**.

15. **Occurrence**

Means: An event, including continuous or repeated exposure to substantially the same general harmful conditions.

16. **Temporary Worker**

Means: A person who is furnished to the **Named Organization** to substitute for a permanent **Employee** on leave or to meet seasonal or short-term workload conditions.

H. **ADDITIONAL CONDITIONS**

In addition to the MOC Common Conditions and the conditions in the Liability Common Conditions, Definitions, and Exclusions form, the following provisions apply to this endorsement:

1. The following condition replaces the Duties in the Event of **Accident, Occurrence, Wrongful Act, or Claim** condition in the Liability Conditions, Definitions and Exclusions form:

Notice To Us

- a. As a condition precedent to our obligations under this endorsement, the **Covered Party** must give us written notice of any **Claim** made against any **Covered Party** as soon as practicable, but in no event:
- (1) Later than sixty (60) days after the end of the **Coverage Period**; or
 - (2) After the end of the Supplemental Extended Reporting Period, if purchased.
- b. If during the **Coverage Period** or Basic Extended Reporting Period, any **Covered Party** becomes aware of a specific **Fiduciary Wrongful Act** that occurred after the retroactive date and before the expiration date of the **Coverage Period** that may reasonably be expected to give rise to a **Claim** against any **Covered Party**, and during the **Coverage Period** or Basic Extended Reporting Period, the **Covered Party** gives written notice to us of:
- (1) A description of the specific **Fiduciary Wrongful Act**, including all relevant dates;
 - (2) The names of the persons involved in the specific **Fiduciary Wrongful Act**, including names of the potential claimants;
 - (3) Particulars as to the reasons for anticipating a **Claim** which may result from such specific **Fiduciary Wrongful Act**;
 - (4) The nature of the alleged or potential damages arising from such specific **Fiduciary Wrongful Act**; and
 - (5) The circumstances by which the **Covered Parties** first became aware of the specific **Fiduciary Wrongful Act**; then any **Claim** subsequently made against any **Covered Party** arising out of such specific **Fiduciary Wrongful Act** shall be deemed under this endorsement to be a **Claim** made during the **Coverage Period** in which such specific **Fiduciary Wrongful Act** was first reported to us.

2. The following conditions are added to this endorsement:

Acquisitions or Creation of Another Organization or Program

- a. If before or during the **Coverage Period**, the **Named Organization**:

- (1) Acquires securities or voting rights in another organization or creates another organization, which as a result of such acquisition or creation becomes a subsidiary; or
- (2) Becomes a **Fiduciary** of any **Employee Benefit Program** as a result of any merger or acquisition; then, subject to Paragraph b. below, that organization's **Employee Benefit Program** or **Fiduciary** of an **Employee Benefit Program** will be covered under this endorsement, but only with respect to **Fiduciary Wrongful Acts** which occurred after such acquisition or creation.

b. Paragraph a. will apply only if the **Named Organization**:

- (1) Provides us with complete information regarding such new **Employee Benefit Programs** within ninety (90) days after the effective date of such creation, merger, or acquisition; and
- (2) Agrees to:
 - (a) Pay any additional premium; or
 - (b) Any subsequent amendments to this endorsement as might be required by us; relating to such new **Employee Benefit Programs**.

Acquisition of **Named Organization**

If during the **Coverage Period**:

- a. The **Named Organization** merges into or consolidates with another organization, such that the **Named Organization** is not the surviving organization; or
- b. Another organization, or person or **Group** of organizations and/or persons acting in concert acquires securities or voting rights which result in ownership or voting control by the other organization(s) or person(s) of more than fifty percent (50%) of the outstanding securities representing the preset right to vote for the election of directors of the **Named Organization**;

then coverage under this endorsement will continue until the end of the **Coverage Period**, but only with respect to **Loss** because of any **Fiduciary Wrongful Act** which occurred prior to such merger, consolidation, or acquisition.

The full annual premium for the **Coverage Period** will be deemed fully earned immediately upon the occurrence of such merger, consolidation, or acquisition of the **Named Organization**.

The **Named Organization** must give written notice of such merger, consolidation or acquisition to us as soon as practicable, together with such information as we may reasonably require.

I. EXTENDED REPORTING PERIODS

1. We will provide one or more Extended Reporting Periods as described below, if:

- a. This endorsement or the **Wrongful Acts** Coverage Part is canceled or not renewed; or
- b. We renew or replace this endorsement with Coverage that:
 - (1) Does not apply to **Fiduciary Wrongful Acts** on a claims made basis; or
 - (2) Has a Retroactive Date later than the date shown in the Schedule of this endorsement.

2. Extended Reporting Periods do NOT extend the **Coverage Period** or change the scope of

coverage provided. They apply only to **Claims** arising out of **Fiduciary Wrongful Acts** that take place before the end of the **Coverage Period**, but not before the Retroactive Date shown in the Schedule of this endorsement.

3. A Basic Extended Reporting Period is automatically provided without additional premium. It 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 Coverage applicable to such **Claims**. This period starts with the end of the **Coverage Period** and lasts for sixty (60) days.
4. A Supplemental Extended Reporting Period is available by endorsement for an extra premium. This Supplemental Extended Reporting Period starts when the Basic Extended Reporting Period ends.

You must give us a written request for the Supplemental Extended Reporting Period endorsement within 60 days after the end of the endorsement or Coverage Part, whichever date occurs first. The Supplemental Extended Reporting Period will not go into effect unless you pay the additional premium promptly when due.

The additional annual premium for the Supplemental Extended Reporting Period will NOT exceed 200% of the annual premium for this endorsement. Once in effect, the Supplemental Extended Reporting Period cannot be cancelled. The premium for the Supplemental Extended Reporting Period will be deemed fully earned as of the date it is purchased.

5. All Extended Reporting Periods do NOT reinstate or increase the Excess Limit of Coverage.
6. Extended Reporting Period will not be provided if cancellation or non-renewal of the MOC is due to non-payment of premium, material misrepresentation, or the **Covered Member's** failure to cooperate.

All other terms and conditions remain unchanged.

MISCELLANEOUS PROFESSIONAL LIABILITY

THIS ENDORSEMENT MODIFIES COVERAGE PROVIDED UNDER THE FOLLOWING: **WRONGFUL ACT LIABILITY COVERAGE PART**

A. COVERAGE AGREEMENT

In return for the payment of the premium, we agree with you to pay those amounts for which the **Covered Party** becomes legally obligated to pay as damages because of a **Wrongful Act** arising out of a **Miscellaneous Professional Service** to which this Coverage Part applies, for a **Claim** “first made” against a **Covered Party** provided that:

1. The **Wrongful Act** first takes place in the **Coverage Territory** after the Retroactive Date shown in Item 3. of the Liability Coverages Declarations and before the end of the **Coverage Period**; and
2. A **Claim** is “first made” against a **Covered Party** during the **Coverage Period** or any applicable Extended Reporting Period we may provide under Section G. of this Coverage Part; and
3. We receive a written notice in accordance with the reporting requirements in the Duties in the Event of an **Accident, Occurrence, Wrongful Act, or Claim** condition in the Liability Coverages (General Liability, **Sexual Abuse, Wrongful Acts, Automobile**), Common Conditions, Definitions, and Exclusions section of this MOC, no later than:
 - a. The end of the **Coverage Period**; or
 - b. The end of any applicable Extended Reporting Period we may provide under Section G. of this Coverage Part.

A **Claim** will be deemed to have been “first made” at the earlier of the following times:

1. When you give written notice to us of a **Wrongful Act**, of which you have become aware which may reasonably and subsequently give rise to a **Claim** being made against a **Covered Party**; or
2. When notice of such **Claim** is received and recorded by you or by us, whichever comes first.

All **Claims** based on or arising out of a **Wrongful Act** will be considered “first made” when the first of such **Claims** is made.

This agreement applies separately to each **Covered Party**. However, the limits of coverage and **Deductibles** shown in the Liability Coverages Declarations are shared by all **Covered Parties**. Any right or duty specifically assigned to you remains unchanged.

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

B. DEFENSE AND SETTLEMENT

1. We have the right and duty to defend, through attorneys of our choice, any **Claim** against a **Covered Party** seeking damages for **Wrongful Acts** arising out of a **Miscellaneous Professional Service** to which this Coverage Part applies. If we defend, we will pay **Defense Costs** of a **Claim** or **Suit** against a **Covered Party** who is covered under this Coverage Part. However, we have no duty to defend against any **Claim** or **Suit** seeking damages to which this Coverage Part does not apply. Our defense obligation will end

when we have used up the applicable limit of coverage with the payment of judgments, settlements, and/or **Defense Costs**, whichever comes first.

2. You and any **Covered Party** must obtain our prior written approval before offering or agreeing to pay and or to settle any **Claim** under this Coverage Part.
3. We shall have the right to propose a settlement for any **Claim** or **Suit**. If a **Covered Party** refuses to consent to a settlement, we will limit the total amount we will pay for damages and **Defense Costs** to no more than the amount we would have paid had the **Covered Party** given consent to the proposed settlement.

No other obligations to pay any additional sums or perform acts or services are covered.

C. DEDUCTIBLE

Your **Deductible** will not exceed the amount shown in the Liability Coverages Declarations Item 1.

D. LIMITS OF COVERAGE

1. The Limits of Coverage specified in the Liability Coverages Declarations and the rules below set the most we will pay regardless of:
 - a. The number of persons and organizations who are **Covered Parties** under this MOC;
 - b. The number of **Claims** made or **Suits** brought against any or all **Covered Parties**; or
 - c. The number of persons or organizations making **Claims**.
2. The **Wrongful Act** Liability Limit Each **Wrongful Act** in Item 2. of the Liability Coverages Declarations is the most we will pay for all damages and **Defense Costs** resulting from any one **Wrongful Act**.
3. The **Wrongful Act** Liability Limit Annual Aggregate in Item 2. of the Liability Coverages Declarations is the most we will pay for all damages and **Defense Costs** under this Coverage Part.
4. The **Wrongful Act** Liability Limit **Group Aggregate** in Item 2. of the Liability Coverages is the most we will pay for all damages and **Defense Costs** under any and all Memorandum of Coverage issued by us to **Group Members** and effective during the **Coverage Period**.
5. Our Limits of Coverage, in the aggregate, specified in Item 2. of the Liability Coverages Declarations, apply separately to each consecutive annual period, and to any remaining period of less than twelve (12) months, starting with the beginning of the **Coverage Period** shown in the Declarations. If the **Coverage Period** is extended after issuance for an additional period of less than twelve (12) months, then the additional period will be deemed part of the last preceding period for purposes of determining the Limit of Coverage Aggregates for this Coverage Part.
6. **Defense Costs** are included in the limit specified in Item 2. of the Liability Coverages Declarations and will reduce the Limits of Coverage provided by this Coverage Part.

E. EXCLUSIONS

With respect to this Coverage Part only:

1. Exclusion 3. in the Liability Conditions, Definitions, and Exclusions section of this MOC is deleted and replaced by the following:

Any **Wrongful Act** arising out of:

- a. The rendering or failure to render:
 - (1) Medical, surgical, dental, x-ray, nursing service or treatment, or the furnishing of food or beverages in connection therewith; or
 - (2) Any service or treatment conducive to health or of a professional nature;
- b. The furnishing or dispensing of drugs, medical, dental, or surgical supplies or appliances;
- c. Any service by any person as a member of a formal accreditation or similar professional board or committee, or as a person charged with the duty of executing directives of any such board or committee;
- d. Any blood product handled or distributed by a **Covered Party** or the reliance upon any representation or warranty made at any time with respect to blood products;
- e. The handling or treatment of dead bodies, including autopsies, organ donations, or other procedures;

Except to the extent that coverage is provided under this Coverage Part for **Miscellaneous Professional Services**.

2. Exclusion 4. in the Liability Common Conditions, Definitions, and Exclusions section of this MOC is deleted and replaced by the following:

Any **Wrongful Act** arising out of the rendering or failure to render **Professional Services**, in whatever form, by any person or organization except to the extent that coverage is provided under this Coverage Part for **Miscellaneous Professional Services**.

The following exclusions apply to this Coverage Part in addition to the exclusions found in the Liability Coverages (General Liability, **Sexual Abuse, Wrongful Act, Automobile**), Common Conditions, Definitions, and Exclusions section of this MOC.

The coverage under this Coverage Part does not apply to:

1. Any **Wrongful Act** for which coverage is provided under another Coverage Part of this MOC or any other MOC issued by us.
2. Any **Wrongful Act** for which a **Covered Party** is entitled to payment by reason of having given notice of any circumstances which may give rise to a **Claim** under any coverage, the term of which has expired prior to the inception date of this MOC, or for which a **Covered Party** would be entitled to payment except for the exhaustion of the limit of such prior coverage.
3. Known Pending or Prior Acts or Incidents:
 - a. Any known incidents including future **Claims** arising out of all known incidents; or
 - b. Any pending or prior litigation or hearings including all future **Claims** arising out of all pending or prior litigation or hearings.

This exclusion shall only apply with respect to known incidents, pending or prior litigation or hearings prior to the effective date of the first MOC issued and continuously renewed by us.

4. Any **Wrongful Act** arising out of a **Covered Party** failing to effect, maintain, or administer any insurance coverage, bond, or self-insurance fund.

5. **Wrongful Act(s)** arising out of:
 - a. Any tax assessments or adjustments;
 - b. The collection, refund, disbursement, or application of any taxes; or
 - c. Failure to anticipate tax revenue shortfalls.
6. Any **Claim** for back pay awards, fringe benefits, educational expenses, overtime, or similar damages, even if designated as liquidated damages, under any federal, state or local statute, rule, ordinance, or regulation.
7. Any **Claim** for breach of contract.
8. A **Covered Party's** obligation to pay by reason of the assumption of liability in a contract or agreement. This exclusion does NOT apply to liability that a **Covered Party** would have in the absence of the contract or agreement.
9. Any **Bodily Injury, Property Damage, Personal Injury, or Advertising Injury**, or any damages arising out of any **Bodily Injury, Property Damage, Personal Injury, or Advertising Injury**, except to the extent that coverage is provided under this Coverage Part for **Miscellaneous Professional Services**.
10. Any **Wrongful Act** based on or attributable to a **Covered Party** gaining profit, advantage, or remuneration to which a **Covered Party** is not entitled. But this exclusion applies only to the **Covered Party** who gained the illegal profit.
11. Any **Wrongful Act** arising out of the destruction or disappearance of **Money or Securities**, or the loss of use thereof.
12. Any **Wrongful Act** arising out of the ownership, entrustment, maintenance, operation, use, **Loading or Unloading of Automobiles**; or the transport of any person.
13. Any **Wrongful Act** arising out of actions taken as a participant, member, partner, director, or shareholder of any board, commission, partnership, association, or corporation, not operated by you and under your jurisdiction.
14. Any **Wrongful Act** committed while a **Covered Party's** license is under suspension or has been revoked, surrendered, or otherwise terminated.
15. Any **Wrongful Act** arising out of injury which arises out of the performance by a **Covered Party** while under the influence of intoxicants or drugs. However, this exclusion applies only to the **Covered Party(s)** who was under the influence of intoxicants or drugs.
16. Any **Wrongful Act** arising out of an express warranty or guarantee.
17. Any **Wrongful Act** arising out of the rendering or failure to render **Miscellaneous Professional Services** by a person not properly licensed or certified to provide such **Miscellaneous Professional Services**.

F. DEFINITIONS

1. The definition of **Wrongful Act** is deleted and replaced by the following: **Wrongful Act** as used in this Coverage Part

Means: Any actual or alleged tortious error, act, omission, misstatement, misleading statement, neglect, or breaches of duty committed by a **Covered Party**, including misfeasance, malfeasance, or nonfeasance in the discharge of duties, individually or

collectively that results directly but unexpectedly and unintentionally in damages to others. All **Claims** involving the same **Wrongful Act** or a series of continuous or interrelated **Wrongful Acts**, by one or more **Covered Parties**, will be considered as arising out of one **Wrongful Act**.

Wrongful Act does not include **Employment Practices Violations**.

1. The following definition is added:

Miscellaneous Professional Services

Means: Only those **Professional Services** or individuals specifically described in the Schedule of **Professional Services** listed in this coverage part.

G. EXTENDED REPORTING PERIODS

1. We will provide one or more Extended Reporting Periods as described below, if:
 - a. This Coverage Part is canceled or not renewed; or
 - b. We renew or replace this Coverage Part with coverage that:
 - (1) Does not apply to **Wrongful Acts** covered under this Coverage Part on a claims made basis; or
 - (2) Has a Retroactive Date later than the date shown in the Declarations for this Coverage Part.
2. Extended Reporting Periods do not extend the **Coverage Period** or change the scope of coverage provided. They apply only to **Claims** arising out of **Wrongful Acts** covered under this Coverage Part that take place before the end of the **Coverage Period**, but not before the Retroactive Date shown in the Declarations.
3. A Basic Extended Reporting Period is automatically provided without additional premium. It does not apply to **Claims** that are covered under any subsequent coverage you purchase, or that would be covered but for exhaustion of the amount of coverage applicable to such **Claims**. This period starts with the end of the **Coverage Period** and lasts for sixty (60) days.
4. A Supplemental Extended Reporting Period is available by endorsement for an extra premium. This Supplemental Extended Reporting Period starts when the Basic Extended Reporting Period ends.

You must give us a written request for the Supplemental Extended Reporting Period endorsement within 60 days after the end of Coverage. The Supplemental Extended Reporting Period will not go into effect unless you pay the additional premium promptly when due.

The additional annual premium for the Extended Reporting Period will not exceed 200% of the annual premium for this Coverage Part.
5. All Extended Reporting Periods do not reinstate or increase the Limit of Coverage.
6. Extended Reporting Period will not be provided if cancellation or non-renewal of the MOC is due to non-payment of premium, material misrepresentation, or the **Covered Party's** failure to cooperate.

SCHEDULE OF PROFESSIONAL SERVICES

List the name(s) of individual(s) and/or describe **Professional Services** to be covered:

- Nurses
- ARNPs or similar Nurse Practitioners while acting in the scope of their duties as school nurse
- Counselors (including licensed Mental Health Counselors and Social Workers)
- Therapists (including physical and occupational)
- Psychologists
- Speech Pathologists
- Athletic Trainers

AUTOMOBILE LIABILITY COVERAGE PART

COVERAGES – BODILY INJURY AND PROPERTY DAMAGE

A. COVERAGE AGREEMENT

In return for the payment of the premium, we agree with you to pay those amounts for which the **Covered Party** becomes legally obligated to pay as damages because of **Bodily Injury** or **Property Damage** to which this Coverage Part applies, first arising out of an **Accident** during the **Coverage Period** and resulting from the ownership, maintenance, or use of a **Covered Automobile** in the **Coverage Territory**.

This agreement applies separately to each **Covered Party**. However, the limits of coverage and **Deductibles** shown in the Declarations are shared by all **Covered Parties**. Any right or duty specifically assigned to you remains unchanged.

B. DEFENSE AND SETTLEMENT

1. We have the right and duty to defend, through attorneys of our choice, any **Claim** against a **Covered Party** seeking damages for **Bodily Injury, Personal Injury, Advertising Injury, or Property Damage** to which this Coverage Part applies. If we defend, we will pay **Defense Costs** of a **Claim** or **Suit** against a **Covered Party** who is covered under this Coverage Part. However, we have no duty to defend against any **Claim** or **Suit** seeking damages to which this Coverage Part does not apply. Our defense obligation will end when we have used up the applicable limit of coverage with the payment of judgments, settlements, and/or **Defense Costs**, whichever comes first.
2. You and any **Covered Party** must obtain our prior written approval before offering or agreeing to pay an amount or to settle any **Claim** under this Coverage Part.
3. We shall have the right to propose a settlement for any **Claim** or **Suit**. If a **Covered Party** refuses to consent to a settlement, we will limit the total amount we will pay for damages and **Defense Costs** to no more than the amount we would have paid had the **Covered Party** given consent to the proposed settlement.

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

C. DEDUCTIBLE

Your **Deductible** will not exceed the applicable amount shown in the Declarations Item 1.

D. LIMITS OF COVERAGE

1. The Limits of Coverage specified in the Liability Coverages Declarations and the rules below set the most we will pay regardless of:
 - a. The number of persons and organizations who are **Covered Parties** under this MOC;
 - b. The number of **Claims** made or **Suits** brought against any or all **Covered Parties**; or
 - c. The number of persons or organizations making **Claims**.
2. Our **Limit of Coverage** resulting from any one **Accident** for each **Covered Member** will not exceed the **Automobile** Liability Limit Each Accident in Item 2. of the Liability Coverages Declarations.
3. **Defense Costs** are included in the limits specified in Item 2. of the Liability Coverages

Declarations and will reduce the Limits of Coverage provided by this Coverage Part.

4. Any payment for loss for liability coverage under this agreement will be reduced by any amount paid or required to be paid by any workers' compensation law or similar medical or disability law. No reduction will be taken for amounts paid by Medicare.

Any amount payable for loss for liability coverage under this agreement to a protected person will reduce any amount payable under this MOC's Uninsured Motorists Coverage.

E. EXCLUSIONS

The following exclusions apply to this Coverage Part in addition to the exclusions found in the Liability Coverages (General Liability, **Sexual Abuse, Wrongful Acts, Automobile**), Common Conditions, Definitions, and Exclusions section of this MOC.

The coverage under this Coverage Part does not apply to:

1. Any **Bodily Injury** or **Property Damage** for which coverage is provided under another Coverage Part of this MOC or any other MOC issued by us.
2. **Covered Automobiles** while used in any professional or organized racing or demolition contest or stunting activity, or while practicing for such contest or activity. This coverage also does not apply while that **Covered Automobile** is being prepared for such contest or activity.
3. **Bodily Injury** or **Property Damage** either expected or intended from the standpoint of a **Covered Party**. This exclusion does not apply to claims arising out of use of reasonable force to protect persons or property by you or your **Law Enforcement Activities**.
4. A **Covered Party's** obligation to pay by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:
 - a. That a **Covered Party** would have 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 **Property Damage** occurs subsequent to the execution of the contract or agreement; and such contract or agreement was in effect at the inception of the **Coverage Period** or becomes effective during the **Coverage Period**.
5. **Bodily Injury** to:
 - a. An **Employee** of a **Covered Party** arising out of and in the course of:
 - (1) Employment by a **Covered Party**; or
 - (2) Performing duties related to the conduct of a **Covered Party's** business; or
 - b. The spouse, child, parent, brother, or sister of an **Employee** as a consequence of a. above.

This exclusion applies:

- a. Whether a **Covered Party** may be liable as an employer or in any other capacity; or
- 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 **Covered Party** under a **Covered Contract**.

6. Any **Property Damage** to or involving property owned or transported by a **Covered Party** or in a **Covered Party's** care, custody, or control. However, this exclusion does not apply

to liability assumed under a sidetrack agreement or to the extent coverage is provided under your **Law Enforcement Activities**.

This exclusion does not apply to **Limited Garagekeepers**. Coverage for **Limited Garagekeepers** is subject to the sublimit shown on the declarations page.

7. **Bodily Injury or Property Damage** resulting from the handling of property:
 - a. Before it is moved from the place where it is accepted by a **Covered Party** for the movement into or onto the **Covered Automobile**; or
 - b. After it is moved from the **Covered Automobile** to the place where it is finally delivered by a **Covered Party**.
8. Any liability imposed on a **Covered Party** under any Uninsured/Underinsured Motorist law, No Fault law, or **Personal Injury** Protection law. However, if we are required by law to provide **Personal Injury** Protection, we will make those benefits available pursuant to statute.

WASHINGTON UNDERINSURED MOTORISTS COVERAGE

For a **Covered Automobile** licensed or principally garaged in Washington, this endorsement modifies coverage provided under the following:

AUTOMOBILE LIABILITY COVERAGE PART

With respect to coverage provided by this endorsement, the provisions of the Coverage Part listed above apply unless modified by the endorsement.

This endorsement changes the MOC effective on the inception date of the MOC unless another date is indicated above.

The following Washington Underinsured Motorists Coverage is added:

A. COVERAGE AGREEMENT

We will pay all sums the **Covered Party** is legally entitled to recover as compensatory damages in excess of the **Deductible**, from the owner or driver of an **Underinsured Motor Vehicle**. The damages must result from **Bodily Injury** or **Property Damage** sustained by the **Covered Party** caused by an **Accident**. The owner's or driver's liability for these damages must result from the ownership, maintenance, or use of the **Underinsured Motor Vehicle**.

B. WHO IS A COVERED PARTY

For the purpose of this Coverage Part, the following are **Covered Parties**:

- a. Anyone **Occupying a Covered Automobile** or a temporary substitute for a **Covered Automobile**. The **Covered Automobile** must be out of service because of its breakdown, repair, servicing, **Loss**, or destruction.
- b. Anyone for damages he or she is entitled to recover because of **Bodily Injury** sustained by another **Covered Party**.
- c. The **Covered Member** for **Property Damage** only.

C. EXCLUSIONS

1. Exclusion 8. in the **Automobile** Liability Coverage Part is deleted and replaced by the following:

The coverage under this Coverage Part does NOT apply to:

8. Any liability imposed on a **Covered Party** under any Uninsured/Underinsured Motorist law, No Fault law, or Personal Injury Protection law, or Medical Payments coverage except to the extent coverage is provided under the Washington Underinsured Motorists Coverage endorsement.
2. Additionally, coverage does not apply to:
 - a. The benefit of any insurer or self-insurer under any workers' compensation, disability benefits, or similar law.
 - b. The benefit of any insurer of property.
 - c. Anyone using a vehicle without a reasonable belief that the person is entitled to do so.
 - d. Punitive or exemplary damages.
 - e. **Bodily Injury** or **Property Damage** to a **Covered Party** while operating or

Occupying a motorcycle or motor driven cycle.

- f. **Bodily Injury or Property Damage** arising directly or indirectly out of:
- (1) War, including undeclared or civil war;
 - (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign, or other authority using military personnel or other agents; or
 - (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.
- g. **Property** of protected persons. We will not cover the first \$100 of the amount of **Property Damage** to the property of each protected person as a result of any one **Accident**. But for **Property Damage** that is caused by a hit and run driver, we will not cover the first \$300 of the amount of **Property Damage**.

D. DEDUCTIBLE

1. The **Bodily Injury Deductible**, if indicated, will not exceed the applicable amount shown in the Liability Declarations Item 1.
2. The **Property Damage Deductible**, if indicated in the Liability Declarations, will not exceed \$100 for known drivers, or \$300 for unknown drivers.

E. LIMITS OF COVERAGE

1. Regardless of the number of **Covered Automobiles, Covered Parties**, premiums paid, **Claims** made, or vehicles involved in the **Accident**, the most we will pay for all damages and **Defense Costs** resulting from any one **Accident** in excess of the **Deductible** is the Underinsured Motorist Sublimit Each Accident in Item 2. of the Liability Coverages Declarations. The limit of Washington Underinsured Motorists Coverage is part of and not in addition to the **Limit of Coverage** for the **Automobile** Liability Coverage Part shown in the Declarations.
2. No one will be entitled to receive duplicate payments for the same elements of **Loss** under this endorsement and any other part of this MOC.
3. We will not make a duplicate payment under this Coverage for any element of **Loss** for which payment has been made by or for anyone who is legally responsible.
4. With respect to coverage provided by this endorsement only, **Defense Costs** are part of and not in addition to the Underinsured Motorist Coverage Sublimit Each **Accident** listed in Item 2 of the Liability Coverages Declarations.

F. CHANGES IN CONDITIONS

With respect to an Underinsured Motorists Coverage claim under this endorsement, the Conditions in the Liability Coverages (General Liability, **Sexual Abuse, Wrongful Acts, Automobile**), Common Conditions, Definitions, and Exclusions section are changed as follows:

1. The **Other Insurance** Provision is replaced by the following:

Other Insurance

If there is applicable **Other Insurance** available under one or more policies or provisions of coverage:

- a. The maximum recovery under all coverage forms or policies combined may equal but not exceed the highest applicable limit for any one vehicle under any coverage form, policy, or MOC providing coverage on either a primary or excess basis.
- b. Any coverage we provide with respect to a vehicle the **Covered Member** does not own shall be excess over any other collectible Underinsured/Uninsured Motorists **Other Insurance** providing coverage on a primary basis.
- c. If the coverage under this Coverage Form is provided:
 - (1) On a primary basis, we will pay only our share of the loss that must be paid under all coverage applicable on a primary basis. Our share is the proportion that our limit of liability bears to the total of all applicable limits of liability for coverage on a primary basis.
 - (2) On an excess basis, we will pay only our share of the loss that must be paid under all coverage applicable on an excess basis. Our share is the proportion that our limit of liability bears to the total of all applicable limits of liability for coverage on an excess basis.

2. Duties in the Event of **Accident, Occurrence, Wrongful Act, or Claim** is changed by adding the following:

A person seeking Underinsured Motorists Coverage must also promptly notify us in writing of a tentative settlement between the **Covered Party** and the insurer of an **Underinsured Motor Vehicle**, and allow us 30 days to advance payment to that **Covered Party** in an amount equal to the tentative settlement to preserve our rights against the insurer, owner, or operator of such **Underinsured Motor Vehicle**. However, this provision does not apply if failure to notify us does not prejudice our right to recover payment from the person legally responsible for the **Accident**.

3. Legal Action Against Us is replaced by the following:

- a. No one may bring a legal action against us under this Coverage Form until there has been full compliance with all the terms of this Coverage Form.
- b. Any legal action against us under this Coverage Form must be brought within three years of the date of the **Accident**, or by the claimant's 21st birthday, whichever is later.

4. Transfer of Rights of Recovery Against Others to Us condition is changed by adding the following:

If we make any payment and the **Covered Party** recovers from another party, the **Covered Party** shall hold the proceeds in trust for us and pay us back the amount we have paid. We shall be entitled to recovery only after the **Covered Party** has been fully compensated for damages.

Our rights do not apply under this provision with respect to damages caused by an **Accident** with an **Underinsured Motor Vehicle** if we:

- a. Have been given prompt notice of a tentative settlement between a **Covered Party** and the insurer of an **Underinsured Motor Vehicle**; and

- b. Fail to advance payment to the **Covered Party** in an amount equal to the tentative settlement within 30 days after receipt of notification.

If we advance payment to the **Covered Party** in an amount equal to the tentative settlement within 30 days after receipt of notification:

- (1) That payment will be separate from any amount the **Covered Party** is entitled to recover under the provisions of Washington Underinsured Motorists Coverage; and
- (2) We also have a right to recover the advanced payment.

5. The following condition is added:

Arbitration

A **Covered Party's** legal right to recover damages against the underinsured motorist and the amount of damages is settled by agreement between us.

If we and the **Covered Party** do not agree, the disagreement may be settled by arbitration on written request of either of us. We and the **Covered Party** must mutually agree to arbitrate the disagreement. If we or the **Covered Party** do not agree to arbitrate, the disagreement will be resolved by a trial in a court of general jurisdiction.

If we and the **Covered Party** agree to arbitrate, a single arbitrator will be selected by mutual agreement between the parties. If we and the **Covered Party** cannot agree on a single arbitrator within 30 days of the date of the request for arbitration, either party may ask a judge of the county which has venue over the matter to appoint the single arbitrator. We will pay the fees of the arbitrator. All other arbitration expenses, including attorney fees and fees paid to medical or other expert witnesses, will be paid by the party incurring them.

Unless both parties agree otherwise, arbitration will take place in the county where the **Covered Party** lives. The decision of the arbitrator will be binding on the **Covered Party** and us.

G. DEFINITIONS

As used in this endorsement:

1. **Loss**

Means: Direct and accidental **Loss** or damage.

2. **Occupying**

Means: In, upon, getting in, on, out, or off.

3. **Property Damage**

Means: Injury to or destruction of the property of a **Covered Party**.

4. **Suit**

Means: A civil proceeding in which:

- a. Damages because of **Bodily Injury** or **Property Damage**; or
- b. A covered pollution cost or expense to which this coverage applies, are alleged.

Suit includes:

- (1) An arbitration proceeding in which such damages or covered pollution costs or expenses are claimed; or
- (2) Any other alternative dispute resolution proceeding in which such damages or covered pollution costs or expenses are claimed.

5. **Underinsured Motor Vehicle**

Means: A land motor vehicle or trailer:

- a. For which no liability bond or policy applies at the time of an **Accident**; or
- b. For which liability bonds or policies apply at the time of the **Accident**, but the amount paid under all of the bonds or policies to a **Covered Party** is not enough to pay the full amount a **Covered Party** is legally entitled to recover as damages caused by the **Accident**; or
- c. For which all insuring or bonding companies deny coverage or are insolvent or become insolvent; or
- d. That is a hit-and-run vehicle and neither the driver nor owner can be identified. The vehicle must either:
 - (1) Hit a **Covered Party**, a **Covered Automobile**, or a vehicle a **Covered Party** is **Occupying**; or
 - (2) Cause **Bodily Injury** or **Property Damage** with no physical contact with the **Covered Party** or the vehicle the **Covered Party** was **Occupying** at the time of the **Accident** provided:
 - (a) The facts of the **Accident** can be corroborated by competent evidence other than the testimony of any person having an underinsured motorists coverage **Claim** as a result of such **Accident**; and
 - (b) Someone reports the **Accident** to the police within 72 hours of the **Accident**.

However, **Underinsured Motor Vehicle** does not include any vehicle:

- a. For which the **Automobile** Liability Coverage Part of this MOC applies.
 - b. Owned by a governmental unit or agency. This provision does not apply if the governmental unit or agency is unable to pay damages because of financial inability or insolvency.
 - c. Owned or operated by a person or entity which is self-insured under any applicable motor vehicle law. This provision does not apply if the self-insured person or entity is unable to pay damages because of financial inability or insolvency.
6. Whenever the terms "Uninsured Motorists Coverage" or "Uninsured Motor Vehicle" appear in the Coverage Form or any endorsements attached to the Coverage Form, they are replaced by the terms "Underinsured Motorists Coverage" and "Underinsured Motor Vehicle" for **Covered Automobiles** licensed in Washington.

CRIME COVERAGE PART

A. COVERAGE AGREEMENT

Coverage is provided under the following Agreements for which a Sublimit of Coverage is shown in the Declarations for such Agreement, and applies to loss that you sustain resulting directly from an **Occurrence** taking place during the **Coverage Period** listed in the Declarations, except as provided in Condition E.1.k. or E.1.l. of this Coverage Part, which is **Discovered** by you during the **Coverage Period** listed in the Declarations or during the period of time provided in the Extended Period to **Discover** Loss Condition E.1.g.:

1. **Employee Theft** – Per Loss Coverage

We will pay for loss of or damage to **Money**, **Securities**, and **Other Property** resulting directly from **Theft** committed by an **Employee** or volunteer, whether identified or not, acting alone or in collusion with other persons.

For the purposes of this Coverage Agreement, **Theft** shall also include **Forgery**.

2. **Employee Theft** – Per **Employee** Coverage

We will pay for loss of or damage to **Money**, **Securities**, and **Other Property** resulting directly from **Theft** committed by each **Employee** or volunteer, whether identified or not, acting alone or in collusion with other persons.

For the purposes of this Coverage Agreement, **Theft** shall also include **Forgery**.

3. **Forgery** or Alteration

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

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

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

b. If you are sued for refusing to pay any instrument covered in Paragraph 3.a. above, on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur and pay in that defense. The amount that we will pay is in addition to the Sublimit of Coverage applicable to this Coverage Agreement.

4. Inside The **Premises** – **Theft** of **Money** and **Securities**

a. We will pay for loss of **Money** and **Securities** inside the **Premises** or **Banking Premises**:

- (1) Resulting directly from **Theft** committed by a person present inside such **Premises** or **Banking Premises**; or
- (2) Resulting directly from disappearance or destruction.

- b. We will pay for loss from damage to the **Premises** or its exterior resulting directly from an actual or attempted **Theft of Money and Securities**, if you are the owner of the **Premises** or are liable for damage to it.
 - c. We will pay for loss of or damage to a locked safe, vault, cash register, cash box or cash drawer located inside the **Premises** resulting directly from an actual or attempted **Theft** of or unlawful entry into those containers.
- 5. Inside the **Premises – Robbery or Safe Burglary of Other Property**
 - a. We will pay for loss of or damage to **Other Property**:
 - (1) Inside the **Premises** resulting directly from an actual or attempted **Robbery of a Custodian**;
or
 - (2) Inside the **Premises** in a safe or vault resulting directly from an actual or attempted **Safe Burglary**.
 - b. We will pay for loss from damage to the **Premises** or its exterior resulting directly from an actual or attempted **Robbery or Safe Burglary of Other Property**, if you are the owner of the **Premises** or are liable for damage to it.
 - c. We will pay for loss of or damage to a locked safe or vault located inside the **Premises** resulting directly from an actual or attempted **Robbery or Safe Burglary**.
- 6. Outside the **Premises**
 - a. We will pay for loss of **Money and Securities** outside the **Premises** in the care and custody of a **Messenger** or an armored motor vehicle company resulting directly from **Theft**, disappearance, or destruction.
 - b. We will pay for loss of or damage to **Other Property** outside the **Premises** in the care and custody of a **Messenger** or an armored motor vehicle company resulting directly from an actual or attempted **Robbery**.
- 7. Computer Fraud

We will pay for loss of or damage to **Money, Securities, and Other Property** resulting directly from the use of any computer to fraudulently cause a transfer of that property from inside the **Premises** or **Banking Premises**:

 - a. To a person (other than a **Messenger**) outside those **Premises**; or
 - b. To a place outside those **Premises**.
- 8. **Funds** Transfer Fraud

We will pay for loss of **Funds** resulting directly from a **Fraudulent Instruction** directing a financial institution to transfer, pay, or deliver **Funds** from your **Transfer Account**.
- 9. Money Orders and **Counterfeit** Paper Currency

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

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

We will pay for loss of or damage to **Money, Securities, or Other Property** resulting directly from the failure of any **Employee** to faithfully perform their duties as directed by law, when such failure directly and immediately results in loss to such covered property.

B. EXCLUSIONS

1. This Coverage does not cover:

- a. Loss caused by an **Employee** if the **Employee** had also committed **Theft** or any other dishonest act prior to the effective date of this coverage and you or any of your partners, **Members, Managers**, officers, directors, trustees, or officials, not in collusion with the **Employee**, learned of that **Theft** or dishonest act prior to the **Coverage Period** shown in the Declarations.
- b. Loss resulting from failure to properly collect taxes.
- c. Loss resulting from failure to properly respond to public information requests, including penalties and legal fees.
- d. Loss resulting from **Theft** or any other dishonest act committed by any of your officials, **Employees, Managers**, directors, trustees, or authorized representatives:
 - (1) Whether acting alone or in collusion with other persons; or
 - (2) While performing services for you or otherwise;except when covered under Coverage Agreement A.1. or A.2.
- e. Loss resulting from:
 - (1) The unauthorized disclosure of your confidential information including, but not limited to, patents, trade secrets, processing methods, or customer lists; or
 - (2) The unauthorized use or disclosure of confidential information of another person or entity which is held by you including, but not limited to, financial information, personal information, credit card information, or similar non-public information.
- f. Loss resulting from seizure or destruction of property by order of governmental authority.
- g. Loss that is an indirect result of an **Occurrence** covered by this coverage including, but not limited to, loss resulting from:
 - (1) Your inability to realize income that you would have realized had there been no loss of or damage to **Money, Securities, or Other Property**.
 - (2) Payment of damages of any type for which you are legally liable. However, we will pay compensatory damages arising directly from a loss covered under this MOC.
 - (3) Payment of costs, fees, or other expenses you incur in establishing either the existence or the amount of loss under this MOC.
- h. Fees, costs, and expenses incurred by you which are related to any legal action, except when covered under Coverage Agreement A.3.
- i. Loss or damage resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

- j. Loss or damage caused by or resulting from **Pollution**. **Pollution** means the discharge, dispersal, seepage, migration, release, or escape of any solid, liquid, gaseous, or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, and waste. Waste includes materials to be recycled, reconditioned, or reclaimed.
- k. Loss or damage resulting from:
 - (1) War, including undeclared or civil war;
 - (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign, or other authority using military personnel or other agents; or
 - (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

2. Coverage Agreements A.1. and A.2. do not cover:

- a. Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon:
 - (1) An inventory computation; or
 - (2) A profit and loss computation.

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

- b. Loss resulting from trading, whether in your name or in a genuine or fictitious account.
- c. Loss resulting from the fraudulent or dishonest signing, issuing, canceling or failing to cancel, a warehouse receipt or any papers connected with it.

3. Coverage Agreements A.4., A.5., and A.6. do not cover:

- a. Loss resulting from accounting or arithmetical errors or omissions.
- b. Loss resulting from the giving or surrendering of property in any exchange or purchase.
- c. Loss or damage resulting from fire, however caused, except:
 - (1) Loss of or damage to **Money** and **Securities**; and
 - (2) Loss from damage to a safe or vault.
- d. Loss of property contained in any **Money** operated device unless the amount of **Money** deposited in it is recorded by a continuous recording instrument in the device.
- e. Loss of or damage to motor vehicles, trailers, or semi-trailers or equipment and accessories attached to them.
- f.
 - (1) Loss of or damage to property after it has been transferred or surrendered to a person or place outside the **Premises** or **Banking Premises**:
 - (a) On the basis of unauthorized instructions;
 - (b) As a result of a threat to do bodily harm to any person;

- (c) As a result of a threat to do damage to any property;
- (d) As a result of a threat to introduce a denial of service attack into your computer system;
- (e) As a result of a threat to introduce a virus or other malicious instruction into your computer system which is designed to damage, destroy, or corrupt data or computer programs stored within your computer system;
- (f) As a result of a threat to contaminate, pollute, or render substandard **Your Products** or goods; or
- (g) As a result of a threat to disseminate, divulge, or utilize:
 - (i) Your confidential information; or
 - (ii) Weaknesses in the source code within your computer system.
- (2) But, this Exclusion does not apply under Coverage Agreement A.6. to loss of **Money, Securities, or Other Property** while outside the **Premises** in the care and custody of a **Messenger** if you:
 - (a) Had no knowledge of any threat at the time the conveyance began; or
 - (b) Had knowledge of a threat at the time the conveyance began, but the loss was not related to the threat.
- g. Loss from damage to the **Premises** or its exterior, or to any safe, vault, cash register, cash box, cash drawer, or **Other Property** by vandalism or malicious mischief.
- h. Loss resulting from your, or anyone acting on your express or implied authority, being induced by any dishonest act to voluntarily part with title to or possession of any property.
- 4. Coverage Agreement A.7. does not cover:
 - a. Loss resulting from the use or purported use of credit, debit, charge, access, convenience, identification, stored-value, or other cards or the information contained on such cards.
 - b. Loss resulting from a **Fraudulent Instruction** directing a financial institution to transfer, pay, or deliver **Funds** from your **Transfer Account**. This exclusion only applies to fraud committed by an **Employee** or **Volunteer**.
 - c. Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon:
 - (1) An inventory computation; or
 - (2) A profit and loss computation.
- 5. Coverage Agreement A.8. does not cover loss resulting from the use of any computer to fraudulently cause a transfer of **Money, Securities, or Other Property**.

C. DEDUCTIBLE

Your **Deductible** will not exceed the amount shown in the Crime Declarations Item 1.

D. LIMITS OF COVERAGE

- 1. The most we will pay for any one **Occurrence** for all applicable Coverage Agreements of this Coverage is the Crime Coverage Part **Limit of Coverage** shown in the Declarations.

2. Subject to 1. above:

- a. The most we will pay for any one **Occurrence** under any Coverage Agreement, except Coverage Agreement A.2., is the applicable Sublimit of Coverage, if any, shown in the Declarations; and
- b. The most we will pay for any one **Occurrence** per **Employee** under Coverage Agreement A.2. is the Sublimit of Coverage, if any, shown in the Declarations for such Coverage Agreement.

E. CONDITIONS

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

1. Conditions Applicable to All Coverage Agreements

- a. **Additional Premises or Employees**
If, while this coverage is in force, you establish any additional **Premises** or hire additional **Employees**, other than through consolidation or merger with, or purchase or acquisition of assets or liabilities of, another entity (if you are not a governmental entity), such **Premises** and **Employees** shall automatically be covered under this coverage. Notice to us of an increase in the number of **Premises** or **Employees** need not be given and no additional premium need be paid for the remainder of the **Coverage Period** shown in the Declarations.
- b. **Concealment, Misrepresentation, or Fraud**
This coverage is void in any case of fraud by you as it relates to this coverage at any time. It is also void if you or any other **Covered Party**, at any time, intentionally conceal or misrepresent a material fact concerning:
 - (1) This coverage;
 - (2) The property covered under this MOC;
 - (3) Your interest in the property covered under this MOC; or
 - (4) A claim under this MOC.
- c. **Cooperation**
You must cooperate with us in all matters pertaining to this Coverage Part as stated in its terms and conditions.
- d. **Consolidation - Merger or Acquisition**
If you consolidate or merge with, or purchase or acquire the assets or liabilities of another entity:
 - (1) You must give us written notice as soon as possible and obtain our written consent to extend the coverage provided by this Coverage Part to such consolidated or merged entity or such purchased or acquired assets or liabilities. We may condition our consent by requiring payment of an additional premium; but
 - (2) For the first 90 days after the effective date of such consolidation, merger, or purchase or acquisition of assets or liabilities, the coverage provided by this MOC shall apply to such consolidated or merged entity or such purchased or acquired assets or liabilities, provided that all **Occurrences** causing or contributing to a loss involving such consolidation, merger, or purchase or acquisition of assets or liabilities, must take place after the effective date of such consolidation, merger, or purchase or acquisition of assets or liabilities.

- e. **Duties in the Event of Loss**
After you **Discover** a loss or a situation that may result in loss of or damage to **Money, Securities, or Other Property** you must:
- (1) Notify us as soon as possible. If you have reason to believe that any loss (except for loss covered under Coverage Agreement A.1., A.2., or A.3.) involves a violation of law, you must also notify the local law enforcement authorities.
 - (2) Submit to examination under oath at our request and give us a signed statement of your answers.
 - (3) Produce for our examination all pertinent records.
 - (4) Give us a detailed, sworn proof of loss within 120 days.
 - (5) Cooperate with us in the investigation and settlement of any claim.
- f. **Employee Benefit Plans**
- (1) The **Employee Benefit Plans** administered by the **Covered Party** are included as **Covered Parties** under Coverage Agreement A.1.
 - (2) If any **Employee Benefit Plan** is covered jointly with any other entity under this MOC, you or the Plan Administrator must select a Limit of Coverage for Coverage Agreement A.1. that is sufficient to provide a Limit of Coverage for each Plan that is at least equal to that required if each Plan were separately covered.
 - (3) With respect to loss sustained or **Discovered** by any such Plan, Insuring Agreement A.1. is replaced by the following:
We will pay for loss of or damage to **Funds and Other Property** resulting directly from fraudulent or dishonest acts committed by an **Employee**, whether identified or not, acting alone or in collusion with other persons.
 - (4) If the **Covered Member** is an entity other than a Plan, any payment we make for loss sustained by any Plan will be made to the entity sustaining the loss.
 - (5) If two or more Plans are covered under this MOC, any payment we make for loss:
 - (a) Sustained by two or more Plans; or
 - (b) Of commingled **Funds or Other Property** of two or more Plans; resulting directly from an **Occurrence** will be made to each Plan sustaining loss in the proportion that the Limit of Coverage required for each Plan bears to the total Limit of Coverage of all Plans sustaining loss.
- g. **Extended Period to Discover Loss**
We will pay for loss that you sustained prior to the effective date of cancellation of coverage, which is **Discovered** by you:
- (1) No later than 3 years from the date of that cancellation. However, this extended period to **Discover** loss terminates immediately upon the effective date of any **Other Insurance** obtained by you, whether from us or another insurer, replacing in whole or in part the coverage afforded under this MOC, whether or not such **Other Insurance** provides coverage for loss sustained prior to its effective date.
 - (2) No later than 3 years from the date of that cancellation with regard to any **Employee Benefit Plans**.
- h. **Joint Covered Party**
- (1) If more than one **Covered Party** is named in the Declarations, the **Covered Member** will act for itself and for every other **Covered Party** for all purposes of this MOC. If the **Covered Member** ceases to be covered, then the next **Covered Member** will become the **Covered**

Member.

- (2) If a **Covered Party** or partner, **Member**, officer, or official of that **Covered Party** has knowledge of any information relevant to this coverage, that knowledge is considered knowledge of every **Covered Party**.
- (3) An **Employee** of any **Covered Party** is considered to be an **Employee** of every **Covered Party**.
- (4) If this MOC or any of its coverages is cancelled as to a **Covered Party**, loss sustained by that **Covered Party** is covered only if it is **Discovered** by you:
 - (a) No later than 1 year from the date of that cancellation. However, this extended period to **Discover** loss terminates immediately upon the effective date of any **Other Insurance** obtained by a **Covered Party**, whether from us or another insurer, replacing in whole or in part the coverage afforded under this MOC, whether or not such **Other Insurance** provides coverage for loss sustained prior to its effective date.
 - (b) No later than 1 year from the date of that cancellation with regard to any **Employee Benefit Plans**.
- (5) We will not pay more for loss sustained by more than one **Covered Party** than the amount we would pay if all such loss had been sustained by one **Covered Party**.
- (6) Payment by us to the **Covered Member** for loss sustained by a **Covered Party**, other than an **Employee Benefit Plan**, shall fully release us on account of such loss.

i. Legal Action Against Us

You may not bring any legal action against us involving loss:

- (1) Unless you have complied with all the terms of this MOC;
- (2) Until 90 days after you have filed proof of loss with us; and
- (3) Unless brought within 2 years from the date you **Discovered** the loss.

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

j. Liberalization

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

k. Loss Sustained During Periods Prior to Period of Any MOC Issued by Us

- (1) Loss Sustained Partly During this MOC **Coverage Period** and Partly During Prior Coverage
If you **Discover** loss during the **Coverage Period** shown in the Declarations, resulting directly from an **Occurrence** taking place:
 - (a) Partly during the **Coverage Period** shown in the Declarations; and
 - (b) Partly during the **Coverage Period(s)** of any prior cancelled MOC that we issued to you or any predecessor in interest; and this MOC became effective at the time of cancellation of the prior MOC, we will first settle the amount of loss that you sustained during this **Coverage Period**. We will then settle the remaining amount of loss that you sustained during **Coverage Period(s)** of the prior MOC.

- (2) Loss Sustained Entirely During Prior MOC
If you **Discover** loss during the **Coverage Period** shown in the Declarations, resulting directly from an **Occurrence** taking place entirely during the **Coverage Period(s)** of any prior cancelled MOC that we issued to you or any predecessor in interest, we will pay for the loss, provided:
- (a) This MOC became effective at the time of cancellation of the prior coverage; and
 - (b) The loss would have been covered under this MOC had it been in effect at the time of the **Occurrence**.

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

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

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

- I. Loss Sustained During Prior **Other Insurance** not Issued by Us
- (1) If you **Discover** loss during the **Coverage Period** shown in the Declarations, resulting directly from an **Occurrence** taking place during the **Coverage Period** of any prior cancelled **Other Insurance** that was issued to you or a predecessor in interest by another company, and the period of time to **Discover** loss under that **Other Insurance** had expired, we will pay for the loss under this MOC, provided:
- (a) This Coverage became effective at the time of cancellation of the prior **Other Insurance**; and
 - (b) The loss would have been covered under this MOC had it been in effect at the time of the **Occurrence**.
- (2) In settling loss subject to this Condition:
- (a) The most we will pay for the entire loss is the lesser of the Limits of Coverage applicable during the period of loss, whether such limit was written under this MOC or was written under the prior cancelled **Other Insurance**.
 - (b) We will apply the applicable **Deductible** shown in the Declarations to the amount of loss sustained under the cancelled **Other Insurance**.
- (3) The coverage provided under this Condition is subject to the following:
- (a) If loss covered under this Condition is also partially covered under Condition E.1.k., the amount recoverable under this Condition is part of, not in addition to, the amount recoverable under Condition E.1.k.

- (b) For loss covered under this Condition that is not subject to Paragraph (3)(a), the amount recoverable under this Condition is part of, not in addition to, the Limit of Coverage applicable to the loss covered under this Coverage Part and is limited to the lesser of the amount recoverable under:
 - (i) This MOC as of its effective date; or
 - (ii) The prior cancelled **Other Insurance** had it remained in effect.

m. **Other Insurance**

If valid and collectible **Other Insurance** is available to you for loss covered under this MOC, our obligations are limited as follows:

- (1) Primary Coverage

When this coverage is written as primary coverage, and:

 - (a) You have **Other Insurance** subject to the same terms and conditions as this MOC, we will pay our share of the covered loss. Our share is the proportion that the applicable Limit of Coverage shown in the Declarations bears to the total limit of all insurance covering the same loss.
 - (b) You have **Other Insurance** covering the same loss other than that provided in Paragraph (1)(a), we will only pay for the amount of loss that exceeds:
 - (i) The Limit of Coverage, self-insured retention, and **Deductible** Amount of that **Other Insurance**, whether you can collect on it or not; or
 - (ii) The **Deductible** shown in the Declarations; whichever is greater. Our payment for loss is subject to the terms and conditions of this MOC.
- (2) Excess Insurance
 - (a) When this MOC is written excess over **Other Insurance**, we will only pay for the amount of loss that exceeds the Limit of Coverage, self-insured retention, and **Deductible** Amount of that **Other Insurance**, whether you can collect on it or not. Our payment for loss is subject to the terms and conditions of this MOC.
 - (b) However, if loss covered under this MOC is subject to a self-insured retention and/or **Deductible**, we will reduce the Retained Limit and/or **Deductible** Amount shown in the Declarations by the sum total of all such **Other Insurance** plus any self-insured retention and/or **Deductible** Amount applicable to that **Other Insurance**.

n. **Ownership of Property; Interests Covered**

The property covered under this MOC is limited to property:

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

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

o. **Records**

You must keep records of all property covered under this Coverage Part so

we can verify the amount of any loss.

p. Recoveries

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

q. Territory

This MOC covers loss that you sustain resulting directly from an **Occurrence** taking place within the United States of America (including its territories and possessions) and Puerto Rico.

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

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

s. Valuation – Settlement

- (1) The value of any loss for purposes of coverage under this MOC shall be determined as follows:
 - (a) Loss of **Money** but only up to and including its face value. We will, at your option, pay for loss of **Money** issued by any country other than the United States of America:
 - (i) At face value in the **Money** issued by that country; or
 - (ii) In the United States of America dollar equivalent determined by the rate of exchange published in the *Wall Street Journal* on the day the loss was **Discovered**.
 - (b) Loss of **Securities** but only up to and including their value at the close of business on the day the loss was **Discovered**. We may, at our option:
 - (i) Pay the market value of such **Securities** or replace them in kind, in which event you must assign to us all your rights, title, and interest in and to those **Securities**; or
 - (ii) Pay the cost of any Lost Securities Bond required in connection with issuing duplicates of the **Securities**. However, we will be liable only for the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the:
 - i. Market value of the **Securities** at the close of business on the day the loss was **Discovered**;

- or
 - ii. The Limit of Coverage applicable to the **Securities**.
 - (c) Loss of or damage to **Other Property** or loss from damage to the **Premises** or its exterior for the replacement cost of the property without deduction for depreciation. However, we will not pay more than the least of the following:
 - (i) The cost to replace the lost or damaged property with property of comparable material and quality and used for the same purpose;
 - (ii) The amount you actually spend that is necessary to repair or replace the lost or damaged property; or
 - (iii) The Limit of Coverage applicable to the lost or damaged property.

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

 - i. Until the lost or damaged property is actually repaired or replaced; and
 - ii. Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

If the lost or damaged property is not repaired or replaced, we will pay on an actual cash value basis.
- (2) We will, at your option, settle loss or damage to property other than **Money**:
 - (a) In the **Money** of the country in which the loss or damage occurred; or
 - (b) In the United States of America dollar equivalent of the **Money** of the country in which the loss or damage occurred determined by the rate of exchange published in the *Wall Street Journal* on the day the loss was **Discovered**.
- (3) Any property that we pay for or replace becomes our property.

2. Conditions Applicable to Coverage Agreements A.1. and A.2.

- a. Indemnification

If you are a government entity, we will indemnify any of your officials who are required by law to give individual bonds for the faithful performance of their duties against loss through **Theft** committed by **Employees** who serve under them, subject to the applicable **Deductible** and Sublimit of Coverage.
- b. Termination as to Any **Employee**

This Coverage Agreement terminates as to any **Employee**:

 - (1) As soon as:
 - (a) You; or
 - (b) If you are a government entity, any of your officials or **Employees** authorized to manage, govern, or control your **Employees** not in collusion with the **Employees**; or
 - (c) If you are not a governmental entity, any of your partners, **Members, Managers**, officers, directors, or trustees not in collusion with the **Employee**;

learn of **Theft** or any other dishonest act committed by the **Employee** whether before or after becoming employed by you.

- (2) On the date specified in a notice mailed to the **Covered Member**. That date will be at least 30 days after the date of mailing.
We will mail or deliver our notice to the **Covered Member's** last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.
 - c. Territory
We will pay for loss caused by any **Employee** while temporarily outside the territory specified in the Territory Condition E.1.q. for a period of not more than 90 days.
3. Conditions Applicable to Coverage Agreement A.3.
- a. Electronic and Mechanical Signatures
We will treat signatures that are produced or reproduced electronically, mechanically, or by other means 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 that you sustain resulting directly from an **Occurrence** taking place anywhere in the world. Territory Condition E.1.q. does not apply to Coverage Agreement A.3.
4. Conditions Applicable to Coverage Agreements A.5. and A.6.
- a. Armored Motor Vehicle Companies

Under Coverage Agreement A.6., we will only pay for the amount of loss you cannot recover:
 - (1) Under your contract with the armored motor vehicle company; and
 - (2) From any insurance or indemnity carried by, or for the benefit of customers of the armored motor vehicle company.
 - b. Special Limit of Coverage for Specified Property
We will only pay up to \$5,000 for any one **Occurrence** of loss of or damage to:
 - (1) Precious metals, precious or semi-precious stones, pearls, furs, or completed or partially completed articles made of or containing such materials that constitute the principal value of such articles; or
 - (2) Manuscripts, drawings, or records of any kind, or the cost of reconstructing them or reproducing any information contained in them.
5. Conditions Applicable to Coverage Agreement A.7.
- a. Special Limit of Coverage for Specified Property
We will only pay up to \$5,000 for any one **Occurrence** of loss of or damage to manuscripts, drawings, or records of any kind or the cost of reconstructing them or reproducing any information contained in them.
 - b. Territory
We will cover loss you sustain anywhere in the world. The Territory Condition E.1.q. does not apply to Coverage Agreement A.7.

F. DEFINITIONS

The following definitions apply to this coverage part.

1. **Banking Premises**

Means: The interior of that portion of any building occupied by a banking institution or similar safe depository.

2. **Covered Party**

Means: The **Covered Member**.

3. **Counterfeit Money**

Means: An imitation of **Money** that is intended to deceive and to be taken as genuine.

4. **Custodian**

Means: You, any of your partners or **Members**, or any **Employee** while having care and custody of property inside the **Premises**, excluding any person while acting as a **Watchperson** or janitor.

5. **Discover or Discovered**

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

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

6. a. **Employee**

Means:

(1) Any natural person:

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

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

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

- (3) Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary **Employee** as defined in Paragraph a.(2);
- (4) Any natural person who is:
 - (a) A trustee, officer, official, **Employee**, administrator, or **Manager**, except an administrator or **Manager** who is an independent contractor, of any **Employee Benefit Plan(s)**; and
 - (b) A director, trustee or official of yours while that person is engaged in handling **Funds** or **Other Property** of any **Employee Benefit Plan**;
- (5) Any natural person who is a former **Employee**, partner, **Member**, **Manager**, director, trustee, or official retained as a consultant while performing services for you;
- (6) Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody of property outside the **Premises**;
- (7) Any **Employee** of an entity merged or consolidated with you prior to the effective date of this MOC; or
- (8) Any of your **Managers**, directors, officials, or trustees while:
 - (a) Performing acts within the scope of the usual duties of an **Employee**; or
 - (b) Acting as a **Member** of any committee duly elected or appointed by resolution of your board of directors or board of trustees to perform specific, as distinguished from general, directorial acts on your behalf.

b. **Employee** does not mean:

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

7. **Employee Benefit Plan**

Means: Any welfare or pension benefit plan shown in the Declarations that you sponsor and which is subject to the Employee Retirement Income Security Act of 1974 (ERISA) and any amendments thereto.

8. **Forgery**

Means: The signing of the name of another person or organization with intent to deceive; it does not mean a signature which consists in whole or in part of one's own name signed with or without authority, in any capacity, for any purpose.

9. **Fraudulent Instruction**

Means:

- a. An electronic, telegraphic, cable, teletype, telefacsimile, or telephone instruction which purports to have been transmitted by you, but which was in fact fraudulently transmitted by someone else without your knowledge or consent;
 - b. A written instruction (other than those described in Coverage Agreement A.3.) issued by you, which was forged or altered by someone other than you without your knowledge or consent, or which purports to have been issued by you, but was in fact fraudulently issued without your knowledge or consent; or
 - c. An electronic, telegraphic, cable, teletype, telefacsimile, telephone, or written instruction initially received by you which purports to have been transmitted by an **Employee** but which was in fact fraudulently transmitted by someone else without your or the **Employee's** knowledge or consent.
10. **Funds**
- Means:* **Money** and **Securities**.
11. **Manager**
- Means:* A person serving in a directorial capacity for a limited liability company.
12. **Member**
- Means:* An owner of a limited liability company represented by its membership interest, who may also serve as a **Manager**.
13. **Messenger**
- Means:* You or your **Employee** while having care and custody of property outside the **Premises**.
14. **Money**
- Means:*
- a. Currency, coins, and bank notes in current use and having a face value; and
 - b. Travelers checks, register checks, and money orders held for sale to the public.
15. **Occurrence**
- Means:*
- a. Under Coverage Agreement A.1.:
 - (1) An individual act;
 - (2) The combined total of all separate acts whether or not related;
 - (3) A series of acts whether or not related;
 committed by an **Employee** acting alone or in collusion with other persons, during the **Coverage Period** shown in the Declarations, except as provided under Condition E.1.k. or E.1.l.
 - b. Under Coverage Agreement A.2.:
 - (1) An individual act;
 - (2) The combined total of all separate acts whether or not related; or

(3) A series of acts whether or not related;
committed by each **Employee** acting alone or in collusion with other persons,
during the **Coverage Period** shown in the Declarations, except as provided
under Condition E.1.k. or E.1.l.

c. Under Coverage Agreement A.3.:

- (1) An individual act;
- (2) The combined total of all separate acts whether or not related; or
- (3) A series of acts whether or not related;
committed by a person acting alone or in collusion with other persons,
involving one or more instruments, during the **Coverage Period** shown in the
Declarations, except as provided under Condition E.1.k. or E.1.l.

d. Under all Other Coverage Agreements:

- (1) An individual act or event;
- (2) The combined total of all separate acts or events whether or not related;
or
- (3) A series of acts or events whether or not related;
committed by a person acting alone or in collusion with other persons, or not
committed by any person, during the **Coverage Period** shown in the
Declarations, except as provided under Condition E.1.k. or E.1.l.

16. **Other Property**

Means: Any tangible property other than **Money** and **Securities** that has intrinsic value. **Other Property** does not include computer programs, electronic **Data**, or any property specifically excluded under this Coverage Part.

17. **Premises**

Means: The interior of that portion of any building you occupy in conducting your business.

18. **Robbery**

Means: The unlawful taking of property from the care and custody of a person by one who has:

- a. Caused or threatened to cause that person bodily harm; or
- b. Committed an obviously unlawful act witnessed by that person.

19. **Safe Burglary**

Means: The unlawful taking of:

- a. Property from within a locked safe or vault by a person unlawfully entering the safe or vault as evidenced by marks of forcible entry upon its exterior; or
- b. A safe or vault from inside the **Premises**.

20. **Securities**

Means: Negotiable and nonnegotiable instruments or contracts representing either **Money** or property and includes:

- a. Tokens, tickets, revenue, and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and

- b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you; but does not include **Money**.

21. **Theft**

Means: The unlawful taking of property to the deprivation of the **Covered Party**.

22. **Transfer Account**

Means: An account maintained by you at a financial institution from which you can initiate the transfer, payment, or delivery of **Funds**:

- a. By means of electronic, telegraphic, cable, teletype, telefacsimile, or telephone instructions communicated directly through an electronic **Funds** transfer system; or
- b. By means of written instructions (other than those described in Coverage Agreement A.3.) establishing the conditions under which such transfers are to be initiated by such financial institutions through an electronic **Funds** transfer system.

23. **Watchperson**

Means: Any person you retain specifically to have care and custody of property inside the **Premises** and who has no other duties.

EQUIPMENT BREAKDOWN COVERAGE PART

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

Throughout this MOC, the words You and Your refer to the **Covered Member** shown in the Declarations. The words We, Us, and Our refer to the Company providing this Coverage. Other words and phrases that appear in quotation marks or in bold have special meaning. Refer to Section G-DEFINITIONS. Examples that are shown are for illustrative purposes only and do not represent predicted or expected outcomes.

A. COVERAGE

This Equipment Breakdown Coverage provides Coverage for a **Covered Cause of Loss** as defined in A.1. below. In the event of a **Covered Cause of Loss**, we will pay for loss as described in A.2. below:

1. Covered Cause of Loss – Accident

The **Covered Cause of Loss** for this Equipment Breakdown Coverage is an **Accident**. Without an **Accident**, there is no Equipment Breakdown Coverage.

- a. **Accident** means a fortuitous event that causes direct physical damage to **Covered Equipment**. The event must be one of the following:
- (1) Mechanical breakdown, including rupture or bursting caused by centrifugal force;
 - (2) Artificially generated electrical current, including electrical arcing, that damages electrical devices, appliances, or wires;
 - (3) Explosion, other than combustion explosion, of steam boilers, steam piping, steam engines, or steam turbines;
 - (4) An event inside steam boilers, steam pipes, steam engines, or steam turbines that damages such equipment;
 - (5) An event inside hot water boilers or other water heating equipment that damages such equipment; or
 - (6) Bursting, cracking, or splitting.

Accident does not include any condition or event listed in Definition G.1.b.

- b. **Covered Equipment** means the following:
- (1) Unless specified otherwise in the Declarations:
 - (a) Equipment that generates, transmits, or utilizes energy, including electronic communications and **Data Processing Equipment**; or
 - (b) Equipment which, during normal usage, operates under vacuum or pressure, other than the weight of its contents.
- Covered Equipment** may utilize conventional design and technology or new or newly commercialized design and technology.
- (2) Except as specifically provided for under Off Premises Property Damage, Service Interruption, Contingent **Business Income**, and paragraph (2) of **Perishable Goods**, such equipment must be at a location described in the Declarations and must be owned or leased by you or operated under your control.

Covered Equipment does not include any property listed in Definition G.8.b.

2. Coverages Provided

This section lists the coverages that may apply in the event of an **Accident**. Each coverage is subject to a specific limit as shown in the Declarations. See paragraph C.2. for details.

These coverages apply only to the direct result of an **Accident**. For each coverage, we will pay only for that portion of the loss, damage, or expense that is solely attributable to the **Accident**.

- a. **Property Damage**
We will pay for physical damage to **Covered Property** that is at a location indicated in the Declarations at the time of the **Accident**.
- b. **Off Premises Property Damage**
If you have transportable **Covered Equipment** that, at the time of the **Accident**, is within the **Coverage Territory**, but is not:
 - (1) At a location indicated in the Declarations; or
 - (2) At any other location owned or leased by you,we will pay for physical damage to such **Covered Equipment**.
- c. **Business Income**
 - (1) We will pay your actual loss of **Business Income** during the **Period of Restoration** that results directly from the necessary total or partial interruption of your business.
 - (2) We will also pay any necessary expenses you incur during the **Period of Restoration** to reduce the amount of loss under this coverage. We will pay for such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.
 - (3) We will consider the actual experience of your business before the **Accident** and the probable experience you would have had without the **Accident** in determining the amount of our payment.
- d. **Extra Expense**
We will pay the reasonable and necessary **Extra Expense** to operate your business during the **Period of Restoration**.
- e. **Service Interruption**
We will pay for your loss and expense as defined under **Business Income** coverage and **Extra Expense** coverage that is the result of an **Interruption of Service**.
- f. **Contingent Business Income**
We will pay for your loss and expense as defined under **Business Income** and Extra Expense coverages that results from an **Interruption of Supply**.
- g. **Perishable Goods**
 - (1) We will pay for physical damage to **Perishable Goods** due to **Spoilage**.
 - (2) We will also pay for physical damage to **Perishable Goods** due to **Spoilage** that is the result of an **Interruption of Service**.
 - (3) We will also pay for physical damage to **Perishable Goods** due to contamination from the release of refrigerant, including but not limited to ammonia.
 - (4) We will also pay any necessary expenses you incur during the **Period of Restoration** to reduce the amount of loss under this coverage. We will pay for such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.
- h. **Data Restoration**
 - (1) We will pay for your reasonable and necessary cost to research, replace, or restore lost **Data**.
 - (2) We will also pay for your loss and expense as defined under **Business Income** coverage and Extra Expense coverage that is the result of h.(1)

above, if such coverage is otherwise applicable under this MOC. This coverage is included within and subject to your Data Restoration limit.

i. **Demolition**

- (1) This coverage applies if an **Accident** damages a building that is **Covered Property** and the loss is increased by an ordinance or law that:
 - (a) Requires the demolition of a building that is otherwise repairable;
 - (b) Is in force at the time of the **Accident**; and
 - (c) Is not addressed under **Hazardous Substances** coverage.
- (2) We will pay for the following additional costs to comply with such ordinance or law:
 - (a) Your actual and necessary cost to demolish and clear the site of the undamaged parts of the building; and
 - (b) Your actual and necessary cost to reconstruct the undamaged parts of the building.
- (3) As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no such ordinance or law been in force at the time of the **Accident**.
- (4) We will also pay for your loss and expense as defined under **Business Income** coverage and **Extra Expense** coverage that is the result of i.(1) above, if such coverage is otherwise applicable under this MOC. This coverage is included within and subject to your Demolition limit.

j. **Ordinance or Law**

- (1) This coverage applies if an **Accident** damages a building that is **Covered Property** and the loss is increased by an ordinance or law that:
 - (a) Regulates the construction or repair of buildings, including **Building Utilities**;
 - (b) Is in force at the time of the **Accident**; and
 - (c) Is not addressed under Demolition coverage or Hazardous Substances coverage.
- (2) We will pay for the following additional costs to comply with such ordinance or law:
 - (a) Your actual and necessary cost to repair the damaged portions of the building;
 - (b) Your actual and necessary cost to reconstruct the damaged portions of the building; and
 - (c) Your actual and necessary cost to bring undamaged portions of the building into compliance with the ordinance or law.
- (3) As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no such ordinance or law been in force at the time of the **Accident**.
- (4) We will also pay for your loss and expense as defined under **Business Income** coverage and **Extra Expense** coverage that is the result of j.(1) above, if such coverage is otherwise applicable under this MOC. This coverage is included within and subject to your Ordinance or Law limit.

k. **Expediting Expenses**

With respect to your damaged **Covered Property**, we will pay the reasonable extra cost to:

- (1) Make temporary repairs; and
- (2) Expedite permanent repairs or permanent replacement.

l. **Hazardous Substances**

- (1) We will pay for the additional cost to repair or replace **Covered Property** because of contamination by a **Hazardous Substance**. This includes the additional expenses to clean up or dispose of such property. This does not include contamination of **Perishable Goods** by refrigerant, including but

not limited to ammonia, which is addressed in **Perishable Goods**, A.2.g.(3).

- (2) As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no **Hazardous Substance** been involved.
- (3) We will also pay for your loss and expense as defined under **Business Income** coverage and **Extra Expense** coverage that is the result of I.(1) above, if such coverage is otherwise applicable under this MOC. This coverage is included within and subject to your **Hazardous Substances** limit.

m. **Newly Acquired Locations**

- (1) You will notify us promptly of any newly acquired location that you have purchased or leased during the **Coverage Period**.
- (2) All coverages applicable to any scheduled location under this Equipment Breakdown Coverage are extended to a newly acquired location that you have purchased or leased during the **Coverage Period**.
- (3) This coverage begins at the time you acquire the property. As respects newly constructed properties, we will only consider them to be acquired by you when you have fully accepted the completed project.
- (4) This coverage ends when any of the following first occurs:
 - (a) This MOC expires;
 - (b) The number of days specified in the Declarations for this coverage expires after you acquire the location;
 - (c) The location is incorporated into the regular coverage of this MOC; or
 - (d) The location is incorporated into the regular coverage of another Equipment Breakdown policy you have.
- (5) If limits or deductibles vary by location, the highest limits and deductibles will apply to Newly Acquired Locations. However, the most we will pay for loss, damage, or expense arising from any **One Accident** is the amount shown as the Newly Acquired Locations limit in the Declarations.
- (6) We will charge you additional premium for Newly Acquired Locations from the date you acquire the property.

n. **Course of Construction**

This coverage is automatically included and does not need to be indicated in the Declarations.

- (1) You will notify us promptly of any expansion or rehabilitation of any location described in the Declarations.
- (2) All coverages applicable to any location described in the Declarations are extended to an expansion or rehabilitation of that location.
- (3) This coverage begins at the time you begin the expansion or rehabilitation project.
- (4) We will charge you additional premium for Newly Acquired Equipment from the date the equipment is installed.

B. **EXCLUSIONS**

We will not pay for any excluded loss, damage, or expense, even though any other cause or event contributes concurrently or in any sequence to the loss, damage, or expense.

- 1. We will not pay for loss, damage, or expense caused directly or indirectly by any of the following, whether or not caused by or resulting from an **Accident**.

a. **Fire and Explosion**

- (1) Fire, including smoke from a fire.
- (2) Combustion explosion. This includes, but is not limited to, a combustion explosion of any steam boiler or other fired vessel.

- (3) Any other explosion, except as specifically provided in A.1.a.(3).
- b. **Ordinance or Law**
The enforcement of, or change in, any ordinance, law, regulation, rule, or ruling regulating or restricting repair, replacement, alteration, use, operation, construction, or installation, except as specifically provided in A.2.i., j., and l. (Demolition, Ordinance or Law, and Hazardous Substances coverages).
- c. **Earth Movement**
Earth movement, whether natural or human-made, including but not limited to earthquake, shock, tremor, subsidence, landslide, rock fall, earth sinking, sinkhole collapse, or tsunami.
- d. **Nuclear Hazard**
Nuclear reaction, detonation, or radiation, or radioactive contamination, however caused.
- e. **War and Military Action**
(1) War, including undeclared or civil war;
(2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign, or other authority using military personnel or other agents; or
(3) Insurrection, rebellion, revolution, usurped power, political violence, or action taken by governmental authority in hindering or defending against any of these.
- f. **Water**
(1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
(2) Mudslide or mudflow; or
(3) Water that backs up or overflows from a sewer, drain, or sump.
- g. **Failure to Protect Property**
Your failure to use all reasonable means to protect **Covered Property** from damage following an **Accident**.
- h. **Fines**
Fine, penalty, or punitive damage.
- i. **Mold**
Mold, fungus, mildew, or yeast, including any spores or toxins created or produced by or emanating from such mold, fungus, mildew, or yeast. This includes, but is not limited to, costs arising from clean-up, remediation, containment, removal, or abatement of such mold, fungus, mildew, yeast, spores, or toxins. However, this exclusion does not apply to **Spoilage** of personal property that is **Perishable Goods** to the extent that such **Spoilage** is covered under **Perishable Goods** coverage.
- j. **Deliberate Acts**
The deliberate act of any person to cause damage or harm, including but not limited to vandalism, malicious mischief, or sabotage.
2. We will not pay for an **Accident** caused by or resulting from any of the following causes of loss:
- a. Lightning.
- b. Windstorm or Hail. However, this exclusion does not apply when:
(1) **Covered Equipment** located within a building or structure suffers an **Accident** that results from wind-blown rain, snow, sand, or dust; and

- (2) The building or structure did not first sustain wind or hail damage to its roof or walls through which the rain, snow, sand, or dust entered.
 - c. Collision or any physical contact caused by a **Vehicle**. This includes damage by objects falling from aircraft. However, this exclusion does not apply to any unlicensed **Vehicles** which you own or which are operated in the course of your business.
 - d. Riot or Civil Commotion.
 - e. Leakage or discharge of any substance from an automatic sprinkler system, including collapse of a tank that is part of the system.
 - f. Volcanic Action.
 - g. An electrical insulation breakdown test.
 - h. A hydrostatic, pneumatic, or gas pressure test.
 - i. Water or other means intended to extinguish a fire, even when such an attempt is unsuccessful.
 - j. Elevator Collision.
3. We will not pay for an **Accident** caused by or resulting from any of the following perils, if such peril is a **Covered Cause of Loss** under another coverage part or policy of insurance you have, whether collectible or not, and without regard to whether or not the other coverage part or policy of insurance provides the same coverage or scope of coverage as this MOC.
- a. Falling Objects.
 - b. Weight of Snow, Ice, or Sleet.
 - c. Water Damage, meaning discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance containing water or steam.
 - d. Collapse.
 - e. Breakage of Glass.
 - f. Freezing caused by cold weather.
 - g. Discharge of molten material from equipment, including the heat from such discharged material.
4. Exclusions 2. and 3. do not apply if all of the following are true:
- a. The excluded peril occurs away from any location described in the Declarations and causes an electrical surge or other electrical disturbance;
 - b. Such surge or disturbance is transmitted through utility service transmission lines to a described location;
 - c. At the described location, the surge or disturbance results in an **Accident to Covered Equipment** that is owned or operated under the control of you or your landlord; and
 - d. The loss, damage, or expense caused by such surge or disturbance is not a **Covered Cause of Loss** under another coverage part or policy of insurance you have, whether collectible or not, and without regard to whether or not the other coverage part or policy of insurance provides the same coverage or scope of coverage as this MOC.
5. With respect to **Business Income**, **Extra Expense**, and Service Interruption coverages, we will also not pay for:
- a. Loss associated with business that would not or could not have been carried on if the **Accident** had not occurred;
 - b. Loss caused by your failure to use due diligence and dispatch and all reasonable means to resume business;
 - c. That part of any loss that extends beyond or occurs after the **Period of Restoration**. This includes, but is not limited to:
 - (1) **Business Income** that would have been earned after the **Period of Restoration**, even if such loss is the direct result of the suspension,

- lapse, or cancellation of a contract during the **Period of Restoration**; and
 - (2) **Extra Expense** to operate your business after the **Period of Restoration**, even if such loss is contracted for and paid during the **Period of Restoration**.
 - d. Any increase in loss resulting from an agreement between you and your customer or supplier. This includes, but is not limited to, contingent bonuses or penalties, late fees, demand charges, demurrage charges, and liquidated damages.
- 6. With respect to Off Premises Property Damage coverage, Service Interruption coverage, Contingent **Business Income** coverage and paragraph (2) of **Perishable Goods** coverage, we will also not pay for an **Accident** caused by or resulting from any of the perils listed in Exclusion 3. above, whether or not such perils is a **Covered Cause of Loss** under another coverage part or policy of insurance you have.
- 7. With respect to Data Restoration coverage, we will also not pay to reproduce:
 - a. Software programs or operating systems that are not commercially available; or
 - b. **Data** that is obsolete, unnecessary, or useless to you.
- 8. With respect to Demolition and Ordinance or Law coverages, we will also not pay for:
 - a. Increased demolition or reconstruction costs until they are actually incurred; or
 - b. Loss due to any ordinance or law that:
 - (1) You were required to comply with before the loss, even if the building was undamaged; and
 - (2) You failed to comply with; whether or not you were aware of such non-compliance.

C. LIMITS OF COVERAGE

Any payment made under this Equipment Breakdown coverage will not be increased if more than one **Covered Party** is shown in the Declarations or if you are comprised of more than one legal entity.

1. **Equipment Breakdown Limit**

The most we will pay for loss, damage, or expense arising from any **One Accident** is the amount shown as the Equipment Breakdown Limit in the Declarations.

2. **Coverage Limits**

- a. The limit of coverage under each of the coverages listed in A.2. from loss, damage, or expense arising from any **One Accident** is the amount indicated for that coverage in the Equipment Breakdown Declarations. These limits are a part of, and not in addition to, the Equipment Breakdown Limit. If an amount of time is shown, coverage will continue for no more than that amount of time immediately following the **Accident**. If a coverage is shown as "Included", that coverage is provided up to the remaining amount of the Equipment Breakdown Limit. If no limit is shown in the Declarations for a coverage, or if a coverage is shown as Excluded in the Declarations, that coverage will be considered to have a limit of \$0.
- b. If two or more coverage limits apply to the same loss or portion of a loss, we will pay only the smallest of the applicable limits for that loss or portion of the loss. This means that if:
 - (1) You have a loss under one of the coverages listed in A.2.; and
 - (2) All or part of the loss is not covered because the applicable coverage is excluded or has a limit that is less than the amount of your loss,

we will not pay the remaining amount of such loss under any other coverage.

EXAMPLE 1

Property Damage Limit: \$7,000,000

Business Income Limit: \$1,000,000

Newly Acquired Locations Limit: \$500,000

There is an **Accident** at a newly acquired location that results in a Property Damage loss of \$200,000 and a **Business Income** loss of \$800,000.

We will pay \$500,000, because the entire loss is subject to the Newly Acquired Locations Limit of \$500,000.

EXAMPLE 2

Property Damage Limit: \$7,000,000

Business Income Limit: \$500,000

Hazardous Substances Limit: \$25,000

There is an **Accident** that results in a loss of \$100,000. If no **Hazardous Substance** had been involved, the property damage loss would have been \$10,000 and the **Business Income** loss would have been \$20,000. The presence of the **Hazardous Substance** increased by the loss of \$70,000 (increasing the clean-up and repair costs by \$30,000 and increasing the **Business Income** loss by \$40,000).

We will pay \$55,000 (\$10,000 property damage plus \$20,000 **Business Income** plus \$25,000 hazardous substances).

D. DEDUCTIBLES

1. Deductibles for Each Coverage

- a. Unless the Declarations indicate that your **Deductible** is combined for all coverages, multiple **Deductibles** may apply to any **One Accident**.
- b. We will not pay for loss, damage, or expense under any coverage until the amount of the covered loss or damage exceeds the deductible amount indicated for that coverage in the Declarations. We will then pay the amount of loss, damage, or expense in excess of the applicable deductible amount, subject to the applicable limit indicated in the Declarations.
- c. If **Deductibles** vary by type of **Covered Equipment** and more than one type of **Covered Equipment** is involved in any **One Accident**, only the highest **Deductible** for each coverage will apply.
- d. The following applies when a **Deductible** is expressed as a function of the horsepower rating of a refrigerating or air conditioning system. If more than one compressor is used with a single system, the horsepower rating of the largest motor or compressor will determine the horsepower rating of the system.

2. Direct and Indirect Coverages

- a. Direct Coverages Deductibles and Indirect Coverages Deductibles may be indicated in the Declarations.
- b. Unless more specifically indicated in the Declarations:
 - (1) Indirect Coverages Deductibles apply to **Business Income** and **Extra Expense** loss, regardless of where such coverage is provided in this Equipment Breakdown coverage; and

- (2) Direct Coverages Deductibles apply to all remaining loss, damage, or expense covered by this Equipment Breakdown coverage.

EXAMPLE

An **Accident** results in covered losses as follows:

\$100,000 Total Loss (all applicable coverages)

\$35,000 **Business Income** Loss (including \$2,000 of **Business Income** loss payable under Data Restoration coverage)

\$5,000 **Extra Expense** Loss

In this case, the Indirect Coverages loss totals \$40,000 before application of the Indirect Coverage Deductible. The Direct Coverages loss totals the remaining \$60,000 before application of the Direct Coverage Deductible.

3. Application of Deductibles

a. Dollar Deductibles

We will not pay for loss, damage, or expense resulting from any **One Accident** until the amount of loss, damage, or expense exceeds the applicable deductible or deductibles shown in the Declarations. We will then pay the amount of loss, damage, or expense in excess of the applicable deductible or deductibles, subject to the applicable limits shown in the Declarations.

b. Time Deductibles

If a time deductible is shown in the Declarations, we will not be liable for any loss occurring during the specified number of hours or days immediately following the **Accident**. If a time deductible is expressed in days, each day shall mean twenty-four consecutive hours.

c. Multiple of Average Daily Value (ADV) Deductibles

If a deductible is expressed as a number times ADV, that amount will be calculated as follows:

The ADV (Average Daily Value) will be the **Business Income** that would have been earned during the Period of Interruption had no **Accident** occurred, divided by the number of working days in that period. The ADV applies to the **Business Income** value of the entire location, whether or not the loss affects the entire location. If more than one location is included in the valuation of the loss, the ADV will be the combined value of all affected locations. For purposes of this calculation, the Period of Interruption may not extend beyond the **Period of Restoration**.

The number indicated in the Declarations will be multiplied by the ADV as determined above. The result will be used as the applicable deductible.

EXAMPLE

Business is interrupted, partially or completely, for 10 working days. If there had been no **Accident**, the total **Business Income** at the affected location for those 10 working days would have been \$5,000. The Indirect Coverages Deductible is 3 Times ADV.

$\$5,000 / 10 = \500 ADV

$3 \times \$500 = \$1,500$ Indirect Coverages Deductible

d. Percentage of Loss Deductibles

If a deductible is expressed as a percentage of loss, we will not be liable for the indicated percentage of the gross amount of loss, damage, or expense (prior to any applicable deductible or coinsurance) covered under the applicable coverage. If the dollar amount of such percentage is less than the indicated Minimum Deductible, the Minimum Deductible will be the applicable deductible.

E. LOSS CONDITIONS

The following conditions apply:

1. Abandonment

There can be no abandonment of any property to us.

2. Brands and Labels

If branded or labeled merchandise that is **Covered Property** is damaged by an **Accident**, but retains a salvage value, you may, at your expense:

- 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 the law.

We will pay for any reduction in value of the salvage merchandise resulting from either of these two actions, subject to all applicable limits.

If a Brands and Labels Limit is shown on the Declarations, we will not pay more than the indicated amount for coverage under this Condition.

3. Coinsurance – Business Income Coverage

- a. Unless otherwise shown in the Declarations, **Business Income** coverage is subject to coinsurance. This means that we will not pay the full amount of any **Business Income** loss if the **Business Income Actual Annual Value** is greater than the **Business Income Estimated Annual Value** at the affected location at the time of the **Accident**. Instead, we will determine the most we will pay using the following steps:

- (1) Divide the **Business Income Estimated Annual Value** by the **Business Income Actual Annual Value** at the time of the **Accident**;
- (2) Multiply the total amount of the covered loss of **Business Income** by the amount determined in paragraph (1) above;
- (3) Subtract the applicable deductible from the amount determined in paragraph (2) above;

The resulting amount, or the **Business Income** Limit, whichever is less, is the most we will pay. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

- b. Coinsurance applies separately to each covered location.
- c. If you report a single **Business Income Estimated Annual Value** for more than one location, without providing information on how that amount should be distributed among the locations, we will distribute the amount evenly among all applicable locations.

EXAMPLE 1 (Underinsurance) When:

The **Business Income Actual Annual Value** at the location of loss at the time of the **Accident** is \$200,000.

The **Business Income Estimated Annual Value** shown in the Declarations for the location of loss is \$100,000.

The actual loss of **Business Income** resulting from the **Accident** is \$40,000.

The **Business Income** limit is \$100,000.

The **Business Income** deductible is \$5,000.

Step 1: $\$100,000 / \$200,000 = .5$
 Step 2: $\$40,000 \times .5 = \$20,000$
 Step 3: $\$20,000 - \$5,000 = \$15,000$

The total **Business Income** loss recovery, after deductible, would be \$15,000. For the remainder, you will either have to rely on other insurance or absorb the loss yourself. We will also charge you an additional premium in recognition of the **Business Income Actual Annual Value**.

EXAMPLE 2 (Adequate Insurance) When:

The **Business Income Actual Annual Value** at the location of loss at the time of the **Accident** is \$200,000.

The **Business Income Estimated Annual Value** shown in the Declarations for the location of loss is \$200,000.

The actual loss of **Business Income** resulting from the **Accident** is \$40,000.

The **Business Income** limit is \$100,000.

The **Business Income** deductible is \$5,000.

Step 1: $\$200,000 / \$200,000 = 1$
 Step 2: $\$40,000 \times 1 = \$40,000$
 Step 3: $\$40,000 - \$5,000 = \$35,000$

The total **Business Income** loss recovery, after deductible, would be \$35,000.

4. **Coinurance – Coverages other than Business Income**

Coverages other than **Business Income** may be subject to coinsurance if so indicated in the Declarations. If a Coinsurance percentage is shown in the Declarations, the following condition applies.

- a. We will not pay the full amount of any loss if the value of the property subject to the coverage at the time of the **Accident** times the Coinsurance percentage shown for it in the Declarations is greater than the applicable limit. Instead, we will determine the most we will pay using the following steps:
 - (1) Multiply the value of the property subject to the coverage at the time of the **Accident** by the Coinsurance percentage;
 - (2) Divide the applicable limit by the amount determined in step (1);
 - (3) Multiply the total amount of loss, before the application of any deductible, by the amount determined in step (2); and
 - (4) Subtract the deductible from the amount determined in step (3).
 We will pay the amount determined in step (4) or the applicable limit, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.
- b. Coinsurance applies separately to each covered location.

EXAMPLE 1 (Underinsurance) When:

The actual value of **Perishable Goods** at the location of loss at the time of the **Accident** is \$200,000.

The **Perishable Goods** limit is \$100,000 at 80% coinsurance.

The loss under **Perishable Goods** coverage resulting from the **Accident** is \$60,000.

The **Perishable Goods** deductible is \$5,000.

Step 1: $\$200,000 \times 80\% = \$160,000$
 Step 2: $\$100,000 / \$160,000 = .625$
 Step 3: $\$60,000 \times .625 = \$37,500$
 Step 4: $\$37,500 - \$5,000 = \$32,500$

The total **Perishable Goods** loss recovery, after deductible, would be \$32,500. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

EXAMPLE 2 (Adequate Insurance) When:

The actual value of **Perishable Goods** at the location of loss at the time of the **Accident** is \$100,000.

The **Perishable Goods** limit is \$100,000 at 80% coinsurance.

The loss under **Perishable Goods** coverage resulting from the **Accident** is \$60,000.

The **Perishable Goods** deductible is \$5,000.

Step 1: $\$100,000 \times 80\% = \$80,000$

Step 2: $\$100,000 / \$80,000 = 1.25$

Coinsurance does not apply.

Step 3: $\$60,000 - \$5,000 = \$55,000$

The total **Perishable Goods** loss recovery, after deductible, would be \$55,000.

5. **Defense**

We have the right, but are not obligated, to defend you against suits arising from claims of owners of property in your care, custody, or control. When we do this, it will be at our expense.

6. **Duties in the Event of Loss or Damage**

You must see that the following are done in the event of loss or damage:

- a. Give us a prompt notice of the loss or damage, including a description of the property involved.
- b. You must reduce your loss, damage, or expense, if possible, by:
 - (1) Protecting property from further damage. We will not pay for your failure to protect property, as stated in Exclusion B.1.g.;
 - (2) Resuming business, partially or completely, at the location of loss or at another location;
 - (3) Making up lost business within a reasonable amount of time. This includes working extra time or overtime at the location of loss or at another location. The reasonable amount of time does not necessarily end when the operations are resumed;
 - (4) Using merchandise or other property available to you;
 - (5) Using the property or services of others; and
 - (6) Salvaging the damaged property.
- c. Allow us a reasonable time and opportunity to examine the property and premises before repair or replacement is undertaken or physical evidence of the **Accident** is removed. But you must take whatever measures are necessary for protection from further damage.
- d. Make no statement that will assume any obligation or admit any liability, for any loss, damage, or expense for which we may be liable, without our consent.
- e. Promptly send us any legal papers or notices received concerning the loss, damage, or expense.
- f. As often as may be reasonably required, permit us to inspect your property, premises and records. Also permit us to take samples of damaged and undamaged property for inspection, testing, and analysis, and permit us to make

copies from your books and records.

- g. If requested, permit us to examine you and any of your agents, employees, and representatives under oath. We may examine any **Covered Party** under oath while not in the presence of any other **Covered Party**. Such examination:
 - (1) May be at any time reasonably required;
 - (2) May be about any matter relating to this Coverage, your loss, damage, or expense, or your claim, including, but not limited to, your books and records; and
 - (3) May be recorded by us by any methods we choose.
- h. Send us a signed, sworn proof of loss containing the information we request. You must do this within 60 days after our request.
- i. Cooperate with us in the investigation and settlement of the claim.

7. **Errors and Omissions**

- a. We will pay your loss covered by this Equipment Breakdown coverage if such loss is otherwise not payable solely because of any of the following:
 - (1) Any error or unintentional omission in the description or location of property as covered under this MOC;
 - (2) Any failure through error to include any premises owned or occupied by you at the inception of this MOC; or
 - (3) Any error or unintentional omission by you that results in cancellation of any premises covered under this MOC.
- b. No coverage is provided as a result of any error or unintentional omission by you in the reporting of values or the coverage you requested.
- c. It is a condition of this coverage that such errors or unintentional omissions shall be reported and corrected when discovered. The MOC premium will be adjusted accordingly to reflect the date the premises should have been added had no error or omission occurred.
- d. If an Errors and Omissions Limit is shown on the Declarations, we will not pay more than the indicated amount for coverage under this Condition.

8. **Proving Your Loss**

It is your responsibility, at your own expense, to provide documentation to us:

- a. Demonstrating that the loss, damage, or expense is the result of an **Accident** covered under this Equipment Breakdown Coverage; and
- b. Calculating the dollar amount of the loss, damage, and expense that you claim is covered.

Your responsibility in 8.a. above is without regard to whether or not the possible **Accident** occurred at your premises or involved your equipment.

9. **Salvage and Recoveries**

When, in connection with any loss under this Equipment Breakdown Coverage, any salvage or recovery is received after the payment for such loss, the amount of the loss shall be refigured on the basis on which it would have been settled had the amount of salvage or recovery been known at the time the loss was originally determined. Any amounts thus found to be due either party from the other shall be paid promptly.

10. **Valuation**

We will determine the value of **Covered Property** as follows:

- a. Except as specified otherwise, our payment for damaged **Covered Property** will be the smallest of:
 - (1) The cost to repair the damaged property;
 - (2) The cost to replace the damaged property on the same site; or
 - (3) The amount you actually spend that is necessary to repair or replace the damaged property.
- b. The amount of our payment will be based on the most cost-effective means to replace the function, capacity, and remaining useful life of the damaged property. This may include the use of generic, used, or reconditioned parts, equipment or property.
- c. Except as described in d. below, you must pay the extra cost of replacing damaged property with property of a better kind or quality or of a different size or capacity.
- d. Environmental, Safety, and Efficiency Improvements:
If **Covered Equipment** requires replacement due to an **Accident**, we will pay your additional cost to replace with equipment that we agree is better for the environment, safer for people, or more energy efficient than the equipment being replaced, subject to the following conditions:
 - (1) We will not pay more than 150% of what the cost would have been to replace with like kind and quality;
 - (2) We will not pay to increase the size or capacity of the equipment;
 - (3) This provision only applies to Property Damage coverage;
 - (4) This provision does not increase any of the applicable limits;
 - (5) This provision does not apply to any property valued on an Actual Cash Value basis; and
 - (6) This provision does not apply to the replacement of component parts.
- e. The following property will be valued on an Actual Cash Value basis:
 - (1) Any property that does not currently serve a useful or necessary function for you;
 - (2) Any **Covered Property** that you do not repair or replace within 24 months after the date of the **Accident**; and
 - (3) Any **Covered Property** for which Actual Cash Value coverage is specified in the Declarations.

Actual Cash Value includes deductions for depreciation.

- f. If any one of the following conditions is met, property held for sale by you will be valued at the sales price as if no loss or damage had occurred, less any discounts and expenses that otherwise would have applied:
 - (1) The property was manufactured by you;
 - (2) The sales price of the property is less than the replacement cost of the property; or
 - (3) You are unable to replace the property before its anticipated sale.
- g. Except as specifically provided for under Data Restoration coverage, **Data** and **Media** will be valued on the following basis:
 - (1) For mass produced and commercially available software, at the replacement cost.
 - (2) For all other **Data** and **Media**, at the cost of blank **Media** for reproducing the records. We will not pay for **Data** representing financial records based on the face value of such records.
- h. Air conditioning or refrigeration equipment that utilizes a refrigerant containing

CFC (chlorofluorocarbon) substances will be valued at the cost to do the least expensive of the following:

- (1) Repair or replace the damaged property and replace any lost CFC refrigerant;
- (2) Repair the damaged property, retrofit the system to accept a non-CFC refrigerant, and charge the system with a non-CFC refrigerant; or
- (3) Replace the system with one using a non-CFC refrigerant.

In determining the least expensive option, we will include any associated **Business Income** or **Extra Expense** loss. If option (2) or (3) is more expensive than (1), but you wish to retrofit or replace anyway, we will consider this better for the environment and therefore eligible for valuation under paragraph d., Environmental, Safety, and Efficiency Improvements. In such case, E.10.d.(1) is amended to read: "We will not pay more than 125% of what the cost would have been to repair or replace with like kind and quality."

F. ADDITIONAL CONDITIONS

The following conditions apply in addition to the Loss Conditions:

1. **Additional Covered Party**

If a person or organization is designated in this Equipment Breakdown Coverage as an **Additional Covered Party**, we will consider them to be a **Covered Party** under this Equipment Breakdown Coverage only to the extent of their interest in the **Covered Property**.

2. **Bankruptcy**

The bankruptcy or insolvency of you or your estate will not relieve you or us of any obligation under this Equipment Breakdown Coverage.

3. **Concealment, Misrepresentation, or Fraud**

We will not pay for any loss and coverage will be void if you or any **Additional Covered Party** at any time:

- a. Intentionally cause or allow loss, damage, or expense in order to collect on insurance; or
- b. Intentionally conceal or misrepresent a material fact concerning:
 - (1) This Equipment Breakdown Coverage;
 - (2) The **Covered Property**;
 - (3) Your interest in the **Covered Property**; or
 - (4) A claim under this Equipment Breakdown Coverage.

4. **Inspections and Surveys**

- a. We have the right to:
 - (1) Make inspections and surveys at any time;
 - (2) Give you reports on the conditions we find; and
 - (3) Recommend changes.
- b. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
 - (1) Are safe or healthful; or
 - (2) Comply with laws, regulations, codes, or standards.
- c. Paragraphs a. and b. of this condition apply not only to us, but also to any rating, advisory, rate service, or similar organization which makes insurance

inspections, surveys, reports, or recommendations.

5. **Jurisdictional Inspections**

It is your responsibility to comply with any state or municipal boiler and pressure vessel regulations. If any **Covered Equipment** that is **Covered Property** requires inspection to comply with such regulations, at your option we agree to perform such inspection.

6. **Legal Action Against Us**

No one may bring legal action against us under this Equipment Breakdown Coverage unless:

- a. There has been full compliance with all the terms of this Equipment Breakdown Coverage; and
- b. The action is brought within two years after the date of the **Accident**; or
- c. We agree in writing that you have an obligation to pay for damage to **Covered Property** of others or until the amount of that obligation has been determined by final judgment or arbitration award. No one has the right under this MOC to bring us into an action to determine your liability.

7. **Liberalization**

If we adopt any standard form revision for general use that would broaden the coverage under this Equipment Breakdown Coverage without additional premium, the broadened coverage will apply to this Equipment Breakdown Coverage commencing on the date that such revision becomes effective in the jurisdiction where the **Accident** occurs.

8. **Loss Payable**

- a. We will pay you and the loss payee shown in the Declarations for loss covered by this Equipment Breakdown Coverage as interests may appear. This coverage covers the interest of the loss payee unless the loss results from conversion, secretion, or embezzlement on your part or on the part of the loss payee.
- b. We may cancel the MOC as allowed by the Cancellation Condition. Cancellation ends this agreement as to the loss payee's interest. If we cancel, we will mail you and the loss payee the same advance notice.
- c. If we make any payment to the loss payee, we will obtain their rights against any other party.

9. **Maintaining Your Property and Equipment**

It is your responsibility to appropriately maintain your property and equipment. We will not pay your costs to maintain, operate, protect, or enhance your property or equipment, even if such costs are to comply with our recommendations or prevent loss, damage or expense that would be covered under this MOC.

10. **Mortgage Holders**

- a. The term mortgage holder includes trustee.
- b. We will pay for direct damage to **Covered Property** due to an **Accident** to **Covered Equipment** to you and each mortgage holder shown in the Declarations in their order of precedence, as interests in the **Covered Property** may appear.
- c. The mortgage holder has the right to receive loss payment even if the mortgage holder has started foreclosure or similar action on the **Covered Property**.

- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Equipment Breakdown Coverage, the mortgage holder will still have the right to receive loss payment, provided the mortgage holder does all of the following:
 - (1) Pays any premium due under this Equipment Breakdown Coverage at our request if you have failed to do so;
 - (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so;
 - (3) Has notified us of any change in ownership or material change in risk known to the mortgage holder; and
 - (4) Has complied with all other terms and conditions of this MOC.All of the terms of this Equipment Breakdown Coverage will then apply directly to the mortgage holder.
- e. If we pay the mortgage holder for any loss and deny payment to you because of your acts or because you have failed to comply with the terms of this Equipment Breakdown Coverage:
 - (1) The mortgage holder's right under the mortgage will be transferred to us to the extent of the amount we pay; and
 - (2) 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.
- f. If we cancel this MOC, we will give written notice to the mortgage holder at least:
 - (1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
 - (2) 30 days before the effective date of cancellation if we cancel for any other reason.
- g. If we elect not to renew this MOC, we will give written notice to the mortgage holder at least 10 days before the expiration date of this MOC.
- h. If we suspend coverage, it will also be suspended as respects the mortgage holder. We will give written notice of the suspension to the mortgage holder.

11. **Other Insurance**

If there is **Other Insurance** that applies to the same loss, damage, or expense, this Equipment Breakdown coverage shall apply only as excess insurance after all other applicable insurance has been exhausted.

12. **Coverage Period, Coverage Territory**

Under this Equipment Breakdown Coverage:

- a. The **Accident** must occur during the **Coverage Period**, but expiration of the MOC does not limit our liability.
- b. The **Accident** must occur within the following **Coverage Territory**:
 - (1) The United States of America (including its territories and possessions);
 - (2) Puerto Rico; and
 - (3) Canada.

13. **Privilege to Adjust with Owner**

In the event of loss, damage, or expense involving property of others in your care, custody, or control, we have the right to settle the loss, damage, or expense with respect to such

property with the owner of the property. Settlement with owners of that property will satisfy any claim of yours.

14. **Suspension**

Whenever **Covered Equipment** is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the Coverage against loss from an **Accident** to that **Covered Equipment**. This can be done by delivering or mailing a written notice of suspension to:

- a. Your last known address; or
- b. The address where the **Covered Equipment** is located.

Once suspended in this way, your Coverage can be reinstated only by an endorsement for that **Covered Equipment**.

If we suspend your Coverage, you will get a pro rata refund of premium for that **Covered Equipment** for the period of suspension. But the suspension will be effective even if we have not yet made or offered a refund.

15. **Transfer of Rights of Recovery Against Others to Us**

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

- a. Prior to an **Accident**.
- b. After an **Accident** only if, at the time of the **Accident**, that party is one of the following:
 - (1) Someone covered by this MOC; or
 - (2) A business firm:
 - (a) Owned or controlled by you; or
 - (b) That owns or controls you. G.

G. **DEFINITIONS**

1. **Accident**

- a. **Accident** is defined in A.1.a.
- b. None of the following is an **Accident**, however caused and without regard to whether such condition or event is normal and expected or unusual and unexpected:
 - (1) Depletion, deterioration, rust, corrosion, erosion, settling, or wear and tear;
 - (2) Any gradually developing condition;
 - (3) Any defect, programming error, programming limitation, **Computer Virus**, malicious code, loss of **Data**, loss of access, loss of use, loss of functionality, or other condition within or involving **Data** or **Media** of any kind;
 - (4) Contamination by a **Hazardous Substance**; or
 - (5) Misalignment, miscalibration, tripping off-line, or any condition which can be corrected by resetting, tightening, adjusting, or cleaning, or by the performance of maintenance.

2. **Boilers and Vessels**

Means:

- a. Boilers;
- b. Steam piping;
- c. Piping that is part of a closed loop used to conduct heat from a boiler;
- d. Condensate tanks; and
- e. Unfired vessels which, during normal usage, operate under vacuum or pressure, other than the weight of contents.

These terms do not appear elsewhere in this coverage form, but may appear in the Declarations.

3. **Building Utilities**

Means: **Covered Equipment** permanently mounted on or in a building and used to provide any of the following services within the building: heating, ventilating, air conditioning, electrical power, hot water, elevator or escalator services, natural gas service, or communications. **Building Utilities** does not include personal property or equipment used in manufacturing or processing.

4. **Buried Vessels or Piping**

Means: Any piping or vessel buried or encased in the earth, concrete, or other material, whether above or below grade, or in an enclosure which does not allow access for inspection and repair.

5. **Business Income**

Means: The sum of:

- a. The Net Income (net profit or loss before income taxes) that would have been earned or incurred; and
- b. Continuing normal and necessary operating expenses incurred, including employee payroll.

6. **Business Income Actual Annual Value**

Means: The **Business Income** for the current fiscal year that would have been earned had no **Accident** occurred.

In calculating the **Business Income Actual Annual Value**, we will take into account the actual experience of your business before the **Accident** and the probable experience you would have had without the **Accident**.

7. **Business Income Estimated Annual Value**

Means: The anticipated **Business Income** reported to us and shown in the Declarations. If no value is shown in the Declarations, the **Business Income Estimated Annual Value** will be the most recent report of anticipated **Business Income** values on file with us.

8. **Covered Equipment**

- a. **Covered Equipment** is defined in A.1.b.
- b. None of the following is **Covered Equipment**:
 - (1) Structure, including but not limited to the structural portions of buildings, towers and scaffolding;
 - (2) Foundation;
 - (3) Cabinet, compartment, conduit, or ductwork;
 - (4) Insulating or refractory material;
 - (5) **Buried Vessels or Piping**;
 - (6) Waste, drainage, or sewer piping;

- (7) Piping, valves, or fittings forming a part of a sprinkler or fire suppression system;
- (8) Water piping that is not part of a closed loop used to conduct heat or cooling from a boiler or a refrigeration or air conditioning system;
- (9) **Vehicle** or any equipment mounted on a **Vehicle**;
- (10) Satellite, spacecraft, or any equipment mounted on a satellite or spacecraft;
- (11) Dragline, excavation, or construction equipment;
- (12) Equipment manufactured by you for sale; or
- (13) **Data**.

9. **Covered Property**

Means:

- a. Property that you own or property that is in your care, custody, or control and for which you are legally liable. Such property must be at a location described in the Declarations except as provided under Off Premises Property Damage coverage.
- b. None of the following is **Covered Property**:
 - (1) Accounts, bills, currency, deeds or other evidences of debt, **Money**, notes, or **Securities**;
 - (2) **Fine Arts**, jewelry, furs, or precious stones;
 - (3) Precious metal, unless forming a part of **Covered Equipment**;
 - (4) Animals;
 - (5) Contraband, or property in the course of illegal transportation or trade;
 - (6) Land (including land on which the property is located), water, trees, growing crops or lawns; or
 - (7) Shrubs or plants, unless held indoors for retail sale.

10. **Data**

Means: Information or instructions stored in digital code capable of being processed by machinery.

11. **Electrical Generating Equipment**

Means:

- a. **Electrical Generating Equipment** means equipment which converts any other form of energy into electricity. This includes, but is not limited to, the following:
 - (1) Boilers used primarily to provide steam for one or more turbine-generator units;
 - (2) Turbine-generators (including steam, gas, water, or wind turbines);
 - (3) Engine-generators;
 - (4) Fuel cells or other alternative **Electrical Generating Equipment**;
 - (5) Electrical transformers, switchgears, and power lines used to convey the generated electricity; and
 - (6) Associated equipment necessary for the operation of any of the equipment listed in (1) through (5) above.
- b. **Electrical Generating Equipment** does not mean:
 - (1) Elevator or hoist motors that generate electricity when releasing cable; or
 - (2) Equipment intended to generate electricity solely on an emergency, back-up basis.

This term does not appear elsewhere in this coverage form, but may appear in the Declarations.

12. **Extra Expense**

Means: The additional cost you incur to operate your business over and above the cost that you normally would have incurred to operate your business during the same period

had no **Accident** occurred.

13. **Hazardous Substance**

Means: Any substance that is hazardous to health or has been declared to be hazardous to health by a governmental agency.

14. **Interruption of Service**

- a. **Interruption of Service** means a failure or disruption of the normal supply of any of the Covered Services listed in b. below, when such failure or disruption is caused by an **Accident to Covered Equipment**, subject to the conditions listed in c. through f. below.
- b. Covered Services are electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, internet access, telecommunications services, wide area networks, and **Data** transmission.
- c. The **Covered Equipment** must either be:
 - (1) Owned by a company with whom you have a contract to supply you with one of the Covered Services; or
 - (2) Used to supply you with one of the Covered Services and located within one mile of a location described in the Declarations.
- d. If a Service Interruption Distance Limitation is indicated in the Declarations, the **Covered Equipment** suffering the **Accident** must be located within the indicated distance of any location described in the Declarations.
- e. Unless otherwise shown in the Declarations, no failure or disruption of service will be considered to qualify as an **Interruption of Service** until the failure or disruption exceeds 24 hours immediately following the **Accident**.
- f. **Interruption of Service** does not include any failure or disruption, whether or not arising from or involving an **Accident**, in which a supplier could have continued to provide service to the location but chose for any reason to reduce or discontinue service.

15. **Interruption of Supply**

- a. **Interruption of Supply** means a failure or disruption of the normal supply of any of the Covered Contingencies listed below, when such failure or disruption is caused by an **Accident to Covered Equipment** that is located at a Contingent **Business Income** supplier or receiver location indicated in the Declarations. If no Contingent **Business Income** supplier or receiver location is indicated in the Declarations, the **Covered Equipment** must be owned by a supplier from whom you have received the Covered Contingency for at least six months prior to the **Accident** or a receiver to whom you have supplied the Covered Contingency for at least six months prior to the **Accident**.
- b. Covered Contingencies are raw materials, intermediate products, finished products, packaging materials, and product processing services.

16. **Media**

Means: Material on which **Data** is recorded, such as magnetic tapes, hard disks, optical disks, or floppy disks.

17. **One Accident**

Means: All **Accidents** occurring at the same time from the same event. If an **Accident** causes other **Accidents**, all will be considered **One Accident**.

18. **Ordinary Payroll**

Means: The payroll expenses associated with all employees other than executives, department managers and employees under contract.

As used above, payroll expenses means all payroll, employee benefits directly related to payroll, FICA payments you pay, union dues you pay, and workers compensation premiums. **Ordinary Payroll** does not include pensions or director's fees.

This term does not appear elsewhere in this coverage form, but may appear in the Declarations.

19. **Period of Restoration**

Means: The period of time that begins at the time of the **Accident** and continues until the earlier of:

- a. The date the physical damage to **Covered Equipment** is repaired or replaced; or
- b. The date on which such damage could have been repaired or replaced with the exercise of due diligence and dispatch, plus the number of days, if any, shown in the Declarations for Extended **Period of Restoration**.

20. **Perishable Goods**

Means: Any **Covered Property** subject to deterioration or impairment as a result of a change of conditions, including but not limited to temperature, humidity, or pressure.

21. **Production Machinery**

Means: Any machine or apparatus that processes or produces a product intended for eventual sale. This includes all component parts of such machine or apparatus and any other equipment used exclusively with such machine or apparatus.

However, production machinery does not mean any boiler, or fired or unfired pressure vessel. This term does not appear elsewhere in this coverage form, but may appear in the Declarations.

22. **Spoilage**

Means: Any detrimental change in state. This includes but is not limited to thawing of frozen goods, warming of refrigerated goods, freezing of fresh goods, solidification of liquid or molten material, and chemical reactions to material in process.

23. **Vehicle**

Means: Any machine or apparatus that is used for transportation or moves under its own power. **Vehicle** includes, but is not limited to, car, truck, bus, trailer, train, aircraft, watercraft, forklift, bulldozer, tractor, or harvester.

However, any property that is stationary, permanently installed at a covered location, and that receives electrical power from an external power source will not be considered a **Vehicle**.

PARTICIPATING CARRIERS

THE FOLLOWING CARRIERS REINSURE THE DESIGNATED PORTIONS OF THE MOC:

Property Coverage (limits excess of \$10,000,000 are per occurrence for the group)

Munich Reinsurance America, Inc. (A+ XV)	Admitted	\$10M Primary, per Member, per Occurrence
Arch Specialty Insurance Company (A+ XV)	Non-Admitted	Part of \$15M per Occurrence excess \$10M
Starr Surplus Lines Insurance Company (A XV)	Non-Admitted	Part of \$15M per Occurrence excess \$10M
Everest Indemnity Insurance Company (A+ XV)	Non-Admitted	Part of \$15M per Occurrence excess \$10M
Ironshore Indemnity Inc. (A XV)	Non-Admitted	Part of \$15M per Occurrence excess \$10M
Great American Fidelity Insurance Company (A+ XV)	Non-Admitted	Part of \$75M per Occurrence excess \$25M
Evanston Insurance Company (A+ XV)	Admitted	Part of \$75M per Occurrence excess \$25M

General Liability (limits excess of \$10,000,000 are per occurrence for the group)

Munich Reinsurance America, Inc. (A+ XV)	Admitted	\$10M Primary, per Member, per Occurrence
Great American Insurance Company (A+ XV)	Admitted	\$5M excess \$10M \$15,000,000 Group Agg.
QBE Specialty Insurance Company (A XV)	Non-Admitted	\$5M excess \$15M \$10,000,000 Group Agg.
Gemini Insurance Company (A+ XV)	Non-Admitted	\$5M excess \$20M \$5,000,000 Group Agg.

Automobile Liability (limits excess of \$10,000,000 are per occurrence for the group)

Munich Reinsurance America, Inc. (A+ XV)	Admitted	\$10M Primary, per Member, per Occurrence
Great American Insurance Company (A+ XV)	Admitted	\$5M excess \$10M \$15,000,000 Group Agg.
QBE Specialty Insurance Company (A XV)	Non-Admitted	\$5M excess \$15M \$10,000,000 Group Agg.
Gemini Insurance Company (A+ XV)	Non-Admitted	\$5M excess \$20M \$5,000,000 Group Agg.

Wrongful Acts Liability (limits excess of \$10,000,000 are per occurrence for the group)

Munich Reinsurance America, Inc. (A+ XV)	Admitted	\$10M Primary, per Member, per Occurrence
Great American Insurance Company (A+ XV)	Admitted	\$5M excess \$10M \$15,000,000 Group Agg.
QBE Specialty Insurance Company (A XV)	Non-Admitted	\$5M excess \$15M \$10,000,000 Group Agg.
Gemini Insurance Company (A+ XV)	Non-Admitted	\$5M excess \$20M \$5,000,000 Group Agg.

Crime Coverage

Munich Reinsurance America, Inc. (A+ XV)	Admitted
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Equipment Breakdown Coverage

Hartford Steam Boiler Inspection & Insurance Company of Connecticut (A++ X)	Admitted
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