

U.S. SPECIALTY INSURANCE COMPANY

ENDORSEMENT NO. ZZ

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE DATE (12:01 A.M. STANDARD TIME)	INSURED	AGENCY AND CODE
HMTP-152345RW	12/1/2011	SALINE TOWNSHIP	99900

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

In consideration for the premium charged, it is hereby understood and agreed the following change(s) have been made to the **PUBLIC OFFICIALS LIABILITY** section of the policy.

AMEND Form POOPLH0001 (2011) PUBLIC OFFICIALS LIABILITY COVERAGE FORM (OCCURRENCE) as follows:

SECTION IV – LIMITS OF LIABILITY, 5. is deleted in its entirety and replaced with the following:

5. Subject to 1. above, the sublimit for **REGULATORY TAKING OF PRIVATE PROPERTY** is the limit specified in the declarations. Included in this amount is the Supplementary Payments defined in the Defense and Supplementary Payments Section of this coverage.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED

Bita J. Evans

AUTHORIZED REPRESENTATIVE

1/17/2012
DATE

AGENT: 00040 Burnham & Flower

PKGIL0014 2006

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U.S. SPECIALTY INSURANCE COMPANY

ENDORSEMENT NO. 1

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE (Standard Time)					INSURED	AGENCY AND CODE
	MO.	DAY	YR.	12:01	NOON		
HMTP-152345RW	12	01	2011	A.M. X		SALINE TOWNSHIP WASHTENAW COUNTY	99900

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

In consideration for the premium charged it is hereby understood and agreed the following change (s) have been made to the **GENERAL LIABILITY** section (s) of this policy:

Amend form **POOPLH0002 (2011) PUBLIC OFFICIALS WRONGFUL ACTS LIABILITY COVERAGE Item #3**
REGULATORY TAKING OF PRIVATE PROPERTY LIMIT
 (see attached form)

From: \$100,000
 To: \$500,000

ADDITIONAL PREMIUM DUE: **\$500**

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED

Bita J. Evans

January 11, 2012

 AUTHORIZED REPRESENTATIVE

 DATE

Agent: (40) Burnham and Flower
 Date: 1/11/2012
 alh

U.S. SPECIALTY INSURANCE COMPANY

**PUBLIC OFFICIALS LIABILITY COVERAGE PART —
SUPPLEMENTAL DECLARATIONS**

ITEM 1. THIS SUPPLEMENTAL DECLARATIONS FORMS A PART OF POLICY NO. HMTP-152345RW

ITEM 2. POLICY PERIOD: FROM 12/01/2011 TO 12/01/2012
at 12:01 a.m. Standard Time at your mailing address specified on the Common Policy Declarations.

ITEM 3. LIMIT OF LIABILITY

ANNUAL AGGREGATE LIMIT \$ 0

EACH WRONGFUL ACT LIMIT \$ 5,000,000

REGULATORY TAKING OF
PRIVATE PROPERTY LIMIT \$ \$500,000

REGULATORY TAKING OF
PRIVATE PROPERTY ANNUAL
AGGREGATE LIMIT \$ 0

ITEM 4. DEDUCTIBLE \$ 0

(Amount to be borne by the **INSURED** for each **WRONGFUL ACT**, including **LOSS ADJUSTMENT
EXPENSE**)

DEDUCTIBLE FOR REGULATORY
TAKING OF PRIVATE PROPERTY \$ 0

ITEM 5. PREMIUM \$ INCLUDED

ITEM 6. DESIGNEE OF NAMED INSURED TO REPORT CLAIMS AND RECEIVE NOTICES:

ITEM 7. NOTICE OF CLAIM SHALL BE GIVEN TO:

Midwest Claims Service
1700 Opdyke Court
Auburn Hills, MI 48326

ITEM 8. FORM NUMBERS OF COVERAGE FORMS AND ENDORSEMENTS THAT ARE PART
OF THIS COVERAGE PART AND MADE PART OF THIS POLICY AT TIME OF ISSUE
(other than applicable forms and endorsements shown elsewhere in the policy):
Refer to PKGILH0002 2011

THIS **SUPPLEMENTAL DECLARATIONS** AND THE **COMMON POLICY DECLARATIONS**, TOGETHER WITH THE
COVERAGE FORM(S) AND ENDORSEMENTS COMPLETE THE ABOVE NUMBERED POLICY.

COMMON POLICY CONDITIONS

THE COMMON POLICY CONDITIONS DO NOT APPLY TO THIS COVERAGE PART.

USAGE OF TERMS

WHEN WE USE THE WORD **DECLARATIONS** IN THIS COVERAGE PART, WE MEAN THIS **DECLARATIONS** OR
THE **COMMON POLICY DECLARATIONS**.

U.S. SPECIALTY INSURANCE COMPANY

ENDORSEMENT NO. 1

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 (see attached form)

From: \$100,000
 To: \$500,000

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ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED

Bita J. Evans

January 11, 2012

 AUTHORIZED REPRESENTATIVE

 DATE

Agent: (40) Burnham and Flower
 Date: 1/11/2012
 alh

U.S. SPECIALTY INSURANCE COMPANY

**PUBLIC OFFICIALS LIABILITY COVERAGE PART —
SUPPLEMENTAL DECLARATIONS**

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at 12:01 a.m. Standard Time at your mailing address specified on the Common Policy Declarations.

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EACH WRONGFUL ACT LIMIT \$ 5,000,000

REGULATORY TAKING OF
PRIVATE PROPERTY LIMIT \$ \$500,000

REGULATORY TAKING OF
PRIVATE PROPERTY ANNUAL
AGGREGATE LIMIT \$ 0

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(Amount to be borne by the **INSURED** for each **WRONGFUL ACT**, including **LOSS ADJUSTMENT
EXPENSE**)

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TAKING OF PRIVATE PROPERTY \$ 0

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USAGE OF TERMS

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THE **COMMON POLICY DECLARATIONS**.

U.S. SPECIALTY INSURANCE COMPANY

COMMON POLICY - DECLARATIONS

Sponsored by

Michigan Township Participating Plan

Master Policy No. HMTP-0110000
Certificate No. **HMTP-152345RW**
Renewal of MTP-142345RW

NAMED INSURED AND ADDRESS:

SALINE TOWNSHIP
4254 ARKONA ROAD

SALINE, MI 48176
WASHTENAW COUNTY

AGENT NAME AND ADDRESS:

BURNHAM AND FLOWER AGENCY, INC
315 SOUTH KALAMAZOO MALL

KALAMAZOO, MI 49007

AGENT NO. 99900

POLICY PERIOD: From: **12/01/2011** To: **12/01/2014**
at 12:01 a.m. Standard Time at your mailing address shown above.

PAYMENT PLAN: **ANNUAL**

BUSINESS DESCRIPTION: **GOVERNMENTAL SUBDIVISION**

In return for the payment of the premium, and subject to all terms of this policy, we agree with you to provide the insurance as stated in the policy.

This policy consists of the following coverage parts for which a premium is indicated. This premium may be subject to adjustment.

COVERAGE PART		PREMIUM
Commercial Property Coverage Part	\$	INCLUDED
Commercial General Liability Coverage Part	\$	INCLUDED
Employee Benefits Liability Coverage Part	\$	INCLUDED
Public Officials Liability Coverage Part	\$	INCLUDED
Law Enforcement Liability Coverage Part	\$	EXCLUDED
Commercial Inland Marine Coverage Part	\$	INCLUDED
Commercial EDP Coverage Part	\$	INCLUDED
Commercial Crime Coverage Part	\$	INCLUDED
Commercial Auto Coverage Part	\$	INCLUDED
Boiler & Machinery Coverage Part	\$	INCLUDED
TRIA Property	\$	EXCLUDED
TRIA Casualty	\$	EXCLUDED
TOTAL ANNUAL PREMIUM	\$	6,685
		1st ANNUAL INSTALLMENT

FORMS APPLICABLE TO ALL COVERAGE PARTS:

Refer to PKGILH0002 2011 Schedule of Forms and Endorsements

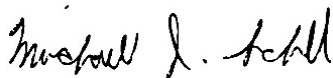
THESE DECLARATIONS TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE PART DECLARATIONS, COVERAGE PART COVERAGE FORM(S) AND FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

COUNTERSIGNED 12/27/2011
DATE

BY _____
AUTHORIZED REPRESENTATIVE

In Witness Whereof, we have caused this policy to be executed and attested, and, if required by state law, this policy shall not be valid unless countersigned by our authorized representative.

By



PRESIDENT

Michael J. Schell



SECRETARY

Randy D. Rinicella

SCHEDULE OF FORMS AND ENDORSEMENTS**USSIC / MTPP**Policy No. **HMT-152345RW**Effective Date: **12/01/2011**
12:01 A.M., Standard TimeNamed Insured: **SALINE TOWNSHIP**

Agent No. 99900

Coverage is provided by those forms marked with an asterisk (*)

FORMS APPLICABLE TO ONE OR MORE COVERAGE PARTS

* PKGILH0016	2011	Common Policy – Declarations
* PKGIL0011	2006	Signature Page
* PKGILH0002	2011	Schedule of Forms and Endorsements
* PKGILH0007	2011	Common Policy Conditions
* PKGIL0008	2006	Nuclear Energy Liability Exclusion Endorsement (Broad Form)
PKGIL0009	2006	Calculation of Premium
* IL0286	7-02	Michigan Changes – Cancellation and Nonrenewal
* PKGIL0012	2006	Knowledge/Notice of Occurrence and Unintentional Errors or Omissions
* GENH0100	2011	Section 2236
* GENH0050	2011	Binding Arbitration
PKGILH0004	2011	Amended Cancellation Clause
* PKGIL0005	2006	Three Year Rate Guarantee
GENH0200	2011	Payment Plan Endorsement

FORMS AND ENDORSEMENTS ATTACHED TO THE COMMERCIAL PROPERTY COVERAGE PART

* PKGPR0013	2006	Public Entity Building and Personal Property Declaration
* PKGPRH0004	2011	Building and Personal Property Coverage Form Public Entity
* PKGPR0017	2006	Deductible Amendatory Endorsement
* PKGPR0018	2006	Fungus, Wet Rot, Dry Rot and Bacteria Endorsement
IL0952	1-08	Cap on Losses from Certified Acts of Terrorism
* IL0953	1-08	Exclusion of Certified Acts of Terrorism
* BMR001	7-11	Equipment Breakdown Coverage
* BMR638	10-09	Equipment Breakdown Covered Equipment Exclusion
* BMR639	10-09	Equipment Breakdown Covered Property Exclusion
* BMR641	10-09	Equipment Breakdown Power Generating Equipment Contract Exclusion
* BMR642	10-09	Equipment Breakdown Power Generating Equipment Time Element Exclusion
BMR803	10-09	Equipment Breakdown Endorsement
PKGPR0012	2006	Functional Building Valuation
* PKGPR0002	2006	Earthquake Coverage Form
* PKGPR0003	2006	Flood Coverage Form
PKGPRH0014	2011	Coverage Extensions – Increased Limits (Public Entity)
PKGPRH0015	2011	Coverage Extensions – Amended (Public Entity)
PKGPR0001	2006	Schedule of Mortgage Holder (s)
CP1218	6-95	Loss Payable Provisions

FORMS AND ENDORSEMENTS ATTACHED TO THE INLAND MARINE COVERAGE PART

* PKGIMH0009	2011	Inland Marine Declarations
* PKGIMH0001	2011	Inland Marine Coverage Form
* PKGIM0015	2006	Inland Marine Conditions
* PKGIM0018	2006	Deductible Amendatory Endorsement
* PKGIM0021	2006	Dock Limitation Endorsement – Inland Marine
IL0952	1-08	Cap on Losses from Certified Acts of Terrorism
* IL0953	1-08	Exclusion of Certified Acts and Other Acts of Terrorism
PKGIM0017	2006	Contractors Equipment Rented From Others Less than 90 Days
PKGIM0020	2006	Inland Marine Loss Payee Endorsement
PKGIM0019	2006	Aircraft Endorsement – Inland Marine
* PKGIM0016	2006	Replacement Cost Valuation

SCHEDULE OF FORMS AND ENDORSEMENTS**USSIC / MTPP**Policy No. **HMT-152345RW**Effective Date: **12/01/2011**
12:01 A.M., Standard TimeNamed Insured: **SALINE TOWNSHIP**

Agent No. 99900

Coverage is provided by those forms marked with an asterisk (*)

FORMS AND ENDORSEMENTS ATTACHED TO THE CRIME COVERAGE PART

* PKGCR0002	2006	Crime Coverage Part Supplemental Declarations
* PKGCR0003	2006	Crime General Provisions
* PKGCR0008	2006	Volunteer Workers, Other Than Fund Solicitors, as Employees
IL0952	1-08	Cap on Losses from Certified Acts of Terrorism
* IL0953	1-08	Exclusion of Certified Acts and Other Acts of Terrorism
* PKGCR0004	2006	Theft, Disappearance and Destruction Coverage Form – Coverage Form C
PKGCRH0007	2011	Public Employee Dishonesty Coverage Form - Coverage Form P – per Employee
* PKGCRH0006	2011	Public Employee Dishonesty Coverage Form - Coverage Form O – per Loss
* PKGCR0009	2006	Add Faithful Performance of Duty
* PKGCR0001	2006	Forgery & Alteration Coverage Form – Coverage Form B
PKGCR0013	2006	Employee Dishonesty Coverage Form – Crime Form A - Schedule
* CR0007	10-90	Computer Fraud Coverage Form
CRH0050	2011	Additional Insured – Designated Person or Organization

FORMS AND ENDORSEMENTS ATTACHED TO THE COMMERCIAL GENERAL LIABILITY COVERAGE PART

* PKGLI0002	2006	Public Entity Supplemental Declarations
* PKGLIH0001	2011	General Liability Coverage Form
* PKGLI0017	2006	Dam Exclusion
* PKGLI0020	2006	Fireworks Exclusion
PKGLI0062	2006	Pollution Exclusion Exception – Partial Sewage Sublimit Endorsement
* PKGLI0060	2006	Amendment of Insuring Agreement – Known Injury or Damage
CG2170	1-08	Cap on Losses from Certified Acts of Terrorism
* CG2173	1-08	Exclusion of Certified Acts of Terrorism
* CG2167	4-02	Exclusion – Fungi or Bacteria
* PKGLIH0003	2011	Cemetery Professional Liability
PKGLI0035	2006	Deductible Liability Insurance
PKGLI0007	2006	Pesticide or Herbicide Applicator Coverage
PKGLI0008	2006	Self Insured Retention Endorsement Loss Adjustment Expense Included in Retention - Unlimited Reporting
PKGLI0021	2006	Exclusion – Coverage C. Medical Payments
PKGLI0031	2006	Prior Acts Coverage
PKGLI0039	2006	Additional Insured – By Contract, Agreement or Permit
PKGLI0043	2006	Additional Insured – Managers or Lessors of Premises
PKGLI0044	2006	Additional Insured – Owners or Others Interests From Whom Land Has Been Leased
PKGLI0045	2006	Additional Insured – Designated Person or Organization
PKGLI0046	2006	Additional Insured – Lessor of Leased Equipment
PKGLI0013	2006	Aircraft Endorsement – General Liability
PKGLI0032	2006	Additional Coverage – Water Districts
PKGLI0063	2006	General Liability Deductible – Included Loss Adjustment Expense
PKGLI0065	2006	Waiver of Transfer of Rights of Recovery
PKGLI0005	2006	Designated Operations Exclusion
PKGLI0064	2006	Contractual Liability - Railroads
* EELIH0050	2011	Excess Employers Liability Insurance

SCHEDULE OF FORMS AND ENDORSEMENTS**USSIC / MTPP**Policy No. **HMT-152345RW**Effective Date: **12/01/2011**
12:01 A.M., Standard TimeNamed Insured: **SALINE TOWNSHIP**

Agent No. 99900

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FORMS AND ENDORSEMENTS ATTACHED TO THE EMPLOYEE BENEFIT COVERAGE PART

* PKGLI0026	2006	Employee Benefits Liability – Declarations
* PKGLIH0025	2011	Employee Benefits Liability Coverage Form
* PKGLI0030	2006	Employee Benefits Liability – War or Terrorism Exclusion
PKGLIH0200	2011	Employee Benefits Liability - Prior Acts or Omissions Form

FORMS AND ENDORSEMENTS ATTACHED TO THE LAW ENFORCEMENT COVERAGE PART

LEPL0002	2006	Law Enforcement Liability Coverage Part – Supplemental Declarations
LEPLH0003	2011	Law Enforcement Liability Policy
LEPL0018	2006	Exclusion – Asbestos
LEPL0019	2006	War or Terrorism Exclusion
LEPL0020	2006	Fungi or Bacteria Exclusion
LEPL0010	2006	Incidental Professional Liability Endorsement
LEPL0011	2006	Law Enforcement Liability Coverage Form – Prior Acts or Omissions Coverage
LEPL0015	2006	Inclusion of Loss Adjustment Expenses in Deductible
LEPLH0100	2011	Designated Professional Services Exclusion
LEPL0004	2006	Law Enforcement Liability Coverage Form – Additional Insured State or Political Subdivision
LEPL0014	2006	Additional Insured – Designated Person or Organizations
LEPL0023	2006	Self Insured Retention Endorsement – LAE Included in Retention – Unlimited Reporting

FORMS AND ENDORSEMENTS ATTACHED TO THE PUBLIC OFFICIALS COVERAGE PART - OCCURRENCE

* POOPLH0002	2011	Public Officials Liability Coverage Part – Supplemental Declarations
* POOPLH0001	2011	Public Officials Liability Coverage Form
* POOPL0024	2006	Exclusion – Failure to Maintain Insurance
* POOPL0022	2006	Exclusion – Financial Loss
* POOPL0021	2006	Exclusion – Insurance Practices
* POOPL0020	2006	Exclusion – Securities/Bonds
* POOPL0017	2006	Enhanced Employment Liability Endorsement
* POOPL0018	2006	Exclusion – Derivative Investment
* POOPL0019	2006	Exclusion – Personal Injury Exclusion Redefined
* POOPL0027	2006	War or Terrorism Exclusion
* POOPL0026	2006	Exclusion – Fungi or Bacteria
POOPL0009	2006	Prior Acts or Omissions Coverage - EPL
POOPLH0100	2011	Designated Professional Services Exclusion - EPL
POOPL0023	2006	Change Endorsement – Insured
* POOPL0025	2006	Exclusion – Activities of any Law Enforcement Agency
POPL0004	2006	Additional Coverage – Water Districts
POCPL0049	2006	Self Insured Retention Endorsement – Unlimited Reporting
POOPL0008	2006	Designated Professional Services Exclusion
POCPLH0027	2011	Non-Monetary Suit Defense Costs Endorsement
POH0050	2011	Prior Acts Coverage

SCHEDULE OF FORMS AND ENDORSEMENTS**USSIC / MTPP**Policy No. **HMT-152345RW**Effective Date: **12/01/2011**
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FORMS AND ENDORSEMENTS ATTACHED TO THE AUTOMOBILE COVERAGE PART

* PKGCA0024	2006	Business Auto Coverage Form Declarations
* PKGCAH0001	2011	Business Auto Coverage Form – Public Entity
* PKGCA0021	2006	Employees and Volunteers As Insureds
* PKGCAH0004	2011	Physical Damage to Volunteers or Employees Personal Autos
* PKGCAH0009	2011	Emergency Response Employee's or Volunteer's Personal Effects in Autos
* PKGCA0029	2006	War or Terrorism Exclusion
* CA0217	3-94	Michigan Changes – Cancellation and Nonrenewal
CA9941	5-96	Michigan Property Damage Liability Coverage Buyback
CA2131	3-06	Michigan Uninsured Motorists Coverage
CA2224	3-06	Michigan Property Protection Coverage
CA2220	3-06	Michigan Personal Injury Protection
* CA2030	12-93	Emergency Vehicles – Volunteer Firefighters and Workers Injury Excluded
* CA9948	3-06	Pollution Liability – Broadened Coverage for Covered Autos – Business Auto, Motor Carrier and Truckers Coverage Forms

PKGCA0018	2006	Deductible Liability Coverage
PKGCAH0005	2011	Customized Vehicle Extension Endorsement
PKGCA0007	2006	Commandeered Auto Coverage
PKGCA0003	2006	Agreed Value Endorsement
PKGCA0008	2006	Freezing Coverage – Fire and Other Emergency Vehicles
PKGCA0006	2006	Impounded Auto Endorsement
PKGCAH0013	2011	Replacement Cost Insurance
PKGCA0014	2006	Garage Keepers Coverage
PKGCA0015	2006	Self – Insured Retention Endorsement – Loss Adjustment Expense Included in Retention Unlimited Reporting
PKGCA0016	2006	Loss Payable Clause
PKGCA0022	2006	Additional Insured – Lessor
PKGCA0017	2006	Business Auto Coverage Form – Designated Insured
PKGCA0026	2006	Auto Physical Damage Catastrophic Coverage Form
PKGCA0028	2006	Prior Acts Coverage – Business Auto
PKGCA0020	2006	Covered Auto Designation Symbol
CAH0050	2011	Fire & Emergency Vehicles Endorsement

FORMS AND ENDORSEMENTS ATTACHED TO THE ELECTRONIC DATA PROCESSING COVERAGE PART

* PKGIM0003	2006	Electronic Data Processing Systems Supplemental Declarations
* PKGIMH0004	2011	Electronic Data Processing Systems – Section I – Equipment
* PKGIM0006	2006	Electronic Data Processing Systems – Extensions of Coverage
* PKGIMH0012	2011	Electronic Data Processing Systems – Section II – Data, Media, Programs
* PKGIM0013	2006	Electronic Data Processing Systems – Section III – Extra Expense
IL0952	1-08	Cap on Losses from Certified Acts of Terrorism
* IL0953	1-08	Exclusion of Certified Acts of Terrorism
* PKGIM0005	2006	Electronic Data Processing Systems – Section IV – Loss of Business Income
PKGIM0020	2006	Inland Marine Loss Payee Endorsement

U.S. SPECIALTY INSURANCE COMPANY

COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. Examination Of Your Books And Records

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

D. Inspections And Surveys

1. We have the right to:
 - a. Make inspections and surveys at any time;

- b. Give you reports on the conditions we find; and

- c. Recommend changes.

2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be changed. 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:

- a. Are safe or healthful; or
 - b. Comply with laws, regulations, codes or standards.

3. Paragraphs 1. and 2. 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.

4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

E. Premiums

The first Named Insured shown in the Declarations:

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

F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

U.S. SPECIALTY INSURANCE COMPANY

ENDORSEMENT NO. _____

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE (Standard Time)					INSURED	AGENCY AND CODE
	MO.	DAY	YR.	12:01 A.M.	NOON		
HMTP-152345RW	12	1	2011	X		SALINE TOWNSHIP	99900

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT (Broad Form)

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

"Hazardous properties" includes 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 (a) 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 (b) resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".

"Nuclear facility" means:

 - (a) Any "nuclear reactor";

U.S. SPECIALTY INSURANCE COMPANY

- (b) Any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing "spent fuel", or (3) handling, processing or packaging "waste";
- (c) Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the "insured" at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;

- (d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

"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" includes all forms of radioactive contamination of property.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED

AUTHORIZED REPRESENTATIVE

DATE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICHIGAN CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
FARM COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
PROFESSIONAL LIABILITY COVERAGE PART

A. The **Cancellation** Common Policy Condition is amended as follows:

1. Paragraph **1.** is replaced by the following:

The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us or our authorized agent advance notice of cancellation.

2. Paragraph **3.** is replaced by the following:

We will mail or deliver our notice to the first Named Insured's last mailing address known to us or our authorized agent.

3. Paragraph **5.** is replaced by the following:

If this policy is cancelled, we will send the first Named Insured any pro rata premium refund due. The minimum earned premium shall not be less than the pro rata premium for the expired time or \$25.00, whichever is greater. The cancellation will be effective even if we have not made or offered a refund.

B. The following Condition is added and supersedes any other provision to the contrary:

NONRENEWAL

If we decide not to renew this policy, we will mail or deliver to the first Named Insured's last mailing address known to us or our authorized agent written notice of the nonrenewal not less than 30 days before the expiration date.

If notice is mailed, proof of mailing shall be sufficient proof of notice.

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ENDORSEMENT NO. _____

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE (Standard Time)					INSURED	AGENCY AND CODE
	MO.	DAY	YR.	12:01 A.M.	NOON		
HMTP-152345RW	12	1	2011	X		SALINE TOWNSHIP	99900

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**GOVERNMENTAL SUBDIVISIONS
AMENDATORY ENDORSEMENT – KNOWLEDGE/NOTICE OF OCCURRENCE
AND UNINTENTIONAL ERRORS OR OMISSIONS**

KNOWLEDGE OF OCCURRENCE

It is agreed that knowledge of an occurrence by the agent, servant or employee of the insured shall not in itself constitute knowledge by the insured unless the city manager or authorized designee shall have received such notice from its agent, servant, or employee.

NOTICE OF OCCURRENCE

It is agreed that if the insured reports an occurrence to its compensation carrier which later develops into a liability claim, coverage for which is provided by the policy to which this endorsement is attached, failure to report such occurrence to the company at the time of occurrence shall not be deemed in violation of the condition entitled "Duties in the Event of Occurrence, Offense, Claim, or Suit." Provided, however that the insured, just as soon as it is definitely made aware of the fact that the particular occurrence is a liability case rather than a compensation case, shall give notification of the aforesaid occurrence to this company.

UNINTENTIONAL ERRORS OR OMISSIONS

It is agreed that failure of the insured to disclose all hazards existing as of the inception date of the policy shall not prejudice the insurance with respect to the coverage afforded by this policy, provided such failure or omission is not intentional.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED

AUTHORIZED REPRESENTATIVE

DATE

U. S. SPECIALTY INSURANCE COMPANY

ENDORSEMENT NO. _____

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE (Standard Time)					INSURED	AGENCY AND CODE
	MO.	DAY	YR.	12:01 A.M.	NOON		
HMTP-152345RW	12	1	2011	X		SALINE TOWNSHIP	99900

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SECTION 2236

All Coverage Parts included in this policy are subject to the following conditions

This policy is exempt from the filing requirements of Section 2236 of The Insurance Code of 1956, 1956 PA 218, MCL 500.2236

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED

AUTHORIZED REPRESENTATIVE

DATE

U.S. SPECIALTY INSURANCE COMPANY

ENDORSEMENT NO. _____

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE (Standard Time)					INSURED	AGENCY AND CODE
	MO.	DAY	YR.	12:01 A.M.	NOON		
HMTP-152345RW	12	1	2011	X		SALINE TOWNSHIP	99900

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BINDING ARBITRATION

This endorsement modifies insurance provided under the following:

**GENERAL LIABILITY COVERAGE FORM
LAW ENFORCEMENT COVERAGE FORM
EMPLOYEE BENEFIT LIABILITY FORM
PUBLIC OFFICIALS LIABILITY COVERAGE FORM**

If **WE** and **YOU** do not agree whether coverage is provided under any of these Coverage Parts for a claim made against **YOU**, then either party may make a written demand for arbitration.

When this demand is made, each party will select an arbitrator, the two arbitrators will select a third. If they cannot agree within 30 days, either may request that selection be made by a judge or a court having jurisdiction. Each party will:

1. Pay the expenses it incurs; and
2. Bear the expense of the third arbitrator equally.

Unless both parties agree otherwise, arbitration will take place in the state in which the address shown in the Declarations. Local rules of law as to procedure and evidence will apply. A decision agreed to by two of the arbitrators will be binding.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED

AUTHORIZED REPRESENTATIVE

DATE

U.S. SPECIALTY INSURANCE COMPANY

ENDORSEMENT NO. _____

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE (Standard Time)					INSURED	AGENCY AND CODE
	MO.	DAY	YR.	12:01 A.M.	NOON		
HMTP-152345RW	12	1	2011	X		SALINE TOWNSHIP	99900

THREE YEAR RATE GUARANTEE

This endorsement applies to all coverages under this policy.

The rates used to determine the premium for this policy are guaranteed to remain the same during the three (3) year policy period shown in the Declarations if the "Account Loss Ratio" does not exceed the following guidelines:

First Anniversary	
"Account Loss Ratio" at 9 months	18%
Second Anniversary	
"Account Loss Ratio" at 21 months	24%

If the "Account Loss Ratio" exceeds the above percentage(s), we reserve the right to increase the rates used to determine your premium at either the first or second anniversary date of the policy.

For purposes of this endorsement, the "Account Loss Ratio" is determined as follows:

Account Loss Ratio =	$\frac{\text{Paid Loss} + \text{Loss Outstanding} + \text{Paid ALAE} * + \text{ALAE} * \text{Outstanding}}{\text{Total Policy Premium}}$
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*ALAE means Allocated Loss Adjustment Expense

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED

AUTHORIZED REPRESENTATIVE_____
DATE

U.S. SPECIALTY INSURANCE COMPANY

BUILDING AND PERSONAL PROPERTY COVERAGE PART SUPPLEMENTAL DECLARATIONS

This Supplemental Declarations forms a part of policy number HMTP-152345RW

DESCRIPTION OF PREMISES					
PREM. #	BLDG. #	LOCATION, CONSTRUCTION AND OCCUPANCY			
ALL	ALL	Per Schedule on File			
COVERAGES PROVIDED					
Insurance at the described premises applies only for coverages for which a Limit of Insurance is shown.					
PREM. #	BLDG. #	COVERAGE	LIMIT OF INSURANCE	COVERED CAUSES OF LOSS	COINS.
ALL	ALL	Building + Personal Property	\$399,348	Special	90
OPTIONAL COVERAGES Applicable only when entries are made in the schedule below.					
PREM. #	BLDG. #	Blanket Basis Per Schedule On File - As stated on application			
		Agreed Value Per Schedule On File - As stated on application			
		Per Schedule on File			
		Replacement Cost Building Valuation Per Schedule on File - As stated on application			
ADDITIONAL COVERAGES Applicable only when entries are made in the schedule below.					
FLOOD					
LOCATION(S)		LIMIT OF INSURANCE		DEDUCTIBLE / S.I.R.*	
		Any One Flood	Annual Aggregate		
ALL		\$100,000	\$100,000	\$10,000	
EARTHQUAKE					
LOCATION(S)		LIMIT OF INSURANCE		DEDUCTIBLE / S.I.R.*	
		Any One Earthquake	Annual Aggregate		
ALL		\$1,000,000	\$1,000,000	\$50,000	
DEDUCTIBLE / SELF-INSURED RETENTION Applicable to coverages other than Flood or Earthquake.					
\$250					
MORTGAGEHOLDERS					
PREM. #	BLDG. #	MORTGAGE HOLDER NAME AND MAILING ADDRESS			
		Per Schedule on File			
FORMS AND ENDORSEMENTS (other than applicable forms and endorsements shown elsewhere in the policy)					
Forms and endorsements applying to this Coverage Part and made a part of this Policy at time of issue: See PKGILH0002 2011					

* Self-Insured Retention

THIS SUPPLEMENTAL DECLARATIONS AND THE COMMON POLICY DECLARATIONS, TOGETHER WITH THE COMMON POLICY PROVISIONS, COVERAGE FORM(S) AND ENDORSEMENTS COMPLETE THE ABOVE NUMBERED POLICY.

U.S. SPECIALTY INSURANCE COMPANY

BUILDING AND PERSONAL PROPERTY COVERAGE FORM PUBLIC ENTITY

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

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we," "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to SECTION H — DEFINITIONS.

SECTION A — COVERAGE

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

1. Covered Property

Covered Property, as used in this Coverage Form, means the type of property described in this section, **A.1.**, and limited in **A.2.**, Property Not Covered, if a Limit of Insurance is shown in the Declarations for that type of property.

a. Building, meaning the building or structure described in the Declarations, including:

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Permanently installed:
 - (a) Machinery; and
 - (b) Equipment;
- (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
 - (a) Fire extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings; and
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
- (5) If not covered by other insurance:
 - (a) Additions under construction, alterations and repairs to the building or structure;
 - (b) Materials, equipment, supplies and temporary structures, on or within 1,000 feet of the described premises, used for making additions, alterations or repairs to the building or structure.

b. Your Business Personal Property located in or on the building described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the described premises, consisting of the following unless otherwise specified in the Declarations:

- (1) Furniture and fixtures;
- (2) Machinery and equipment;
- (3) "Stock";
- (4) All other personal property owned by you and used in your business;
- (5) Labor, materials or services furnished or arranged by you on personal property of others;
- (6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
 - (a) Made a part of the building or structure you occupy but do not own; and
 - (b) You acquired or made at your expense but cannot legally remove;
- (7) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property of Others.

c. Personal Property of Others that is:

- (1) In your care, custody or control; and
- (2) Located in or on the building described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the described premises.

However, our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

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2. Property Not Covered

Covered Property does not include:

- a. Accounts, bills, currency, deeds, evidences of debt, money, notes or securities;
- b. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;
- c. Automobiles held for sale;
- d. Bridges, roadways, walks, patios or other paved surfaces, except as provided in the Coverage Extensions;
- e. Contraband, or property in the course of illegal transportation or trade;
- f. The cost of excavations, grading, backfilling or filling;
- g. Foundations of buildings, structures, machinery or boilers if their foundations are below:
 - (1) The lowest basement floor; or
 - (2) The surface of the ground, if there is no basement,except as provided in the Coverage Extensions;
- h. Land (including land on which the property is located), water, growing crops or lawns;
- i. Personal property while airborne or waterborne;
- j. Bulkheads, pilings, piers, wharves or docks;
- k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- l. Retaining walls that are not part of the building described in the Declarations;
- m. Underground pipes, flues, drains, tanks, or connections, except as provided in the Coverage Extensions;
- n. The cost to research, replace or restore the information on valuable papers and records, including those which exist on electronic or magnetic media, except as provided in the Coverage Extensions;
- o. Vehicles or self-propelled machines (including aircraft or watercraft) that:
 - (1) Are licensed for use on public roads; or
 - (2) Are operated principally away from the described premises.

This paragraph does not apply to:

- (1) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;
- (2) Vehicles or self-propelled machines, other than autos, you hold for sale; or
- (3) Rowboats or canoes out of water at the described premises;
- p. The following property while outside of buildings:
 - (1) Grain, hay, straw or other crops;
 - (2) Fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, signs (other than signs attached to buildings), trees, shrubs or plants (other than "stock" of trees, shrubs or plants), all except as provided in the Coverage Extensions;
- q. Overhead transmission and distribution lines;
- r. Dams.

3. Covered Causes of Loss

When Special is shown in the Declarations, Covered Causes of Loss means RISKS OF DIRECT PHYSICAL LOSS unless the loss is:

- a. Excluded in Section C., Exclusions; or
- b. Limited in Section D., Limitations.

4. Additional Coverage

a. Debris Removal

- (1) We will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the earlier of:
 - (a) The date of direct physical loss or damage; or
 - (b) The end of the policy period.
- (2) The most we will pay under this Additional Coverage is 25% of:
 - (a) The amount we pay for the direct physical loss of or damage to Covered Property, plus
 - (b) The deductible in this policy applicable to that loss or damage.

But this limitation does not apply to any additional debris removal limit provided in the Limits of Insurance section.

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(3) This Additional Coverage does not apply to costs to:

- (a) Extract "pollutants" from land or water; or
- (b) Remove, restore or replace polluted land or water.

b. Preservation of Property

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if the loss or damage occurs within 30 days after the property is first moved.

c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$5,000 for your liability for fire department service charges:

- (1) Assumed by contract or agreement prior to loss; or
- (2) Required by local ordinance.

No Deductible applies to this Additional Coverage.

d. Pollutant Clean Up and Removal

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the earlier of:

- (1) The date of direct physical loss or damage; or
- (2) The end of the policy period.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants." But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay for each described premises under this Additional Coverage is \$10,000 for the sum of all such covered

expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy.

e. Water Damage, Other Liquid, Powder or Molten Material Damage

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes.

f. Collapse

The term Covered Cause of Loss includes the Additional Coverage — Collapse as described and limited below.

(1) We will pay for direct physical loss or damage to Covered Property, caused by collapse of a building or any part of a building insured under this Coverage Form, if the collapse is caused by one or more of the following:

- (a) The "specified causes of loss" or breakage of building glass, all only as insured against in this Coverage Form;
- (b) Hidden decay;
- (c) Hidden insect or vermin damage;
- (d) Weight of people or personal property;
- (e) Weight of rain that collects on a roof;
- (f) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation. However, if the collapse occurs after construction, remodeling or renovation is complete and is caused in part by a cause of loss listed in **f.(1)(a)** through **f.(1)(e)** above, we will pay for the loss or damage even if use of defective material or methods, in construction, remodeling or renovation, contributes to the collapse.

(2) If the direct physical loss or damage does not involve collapse of a building or any part of a building, we will pay for loss or damage to Covered Property caused by the collapse of personal property only if:

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- (a) The personal property which collapses is inside a building; and
 - (b) The collapse was caused by a cause of loss listed in **f.(1)(a)** through **f.(1)(f)** above.
- (3) With respect to the following property:
- (a) Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;
 - (b) Awnings, gutters and downspouts;
 - (c) Yard fixtures;
 - (d) Outdoor swimming pools;
 - (e) Fences;
 - (f) Piers, wharves and docks;
 - (g) Beach or diving platforms or appurtenances;
 - (h) Retaining walls; and
 - (i) Walks, roadways and other paved surfaces;
- if the collapse is caused by a cause of loss listed in **f.(1)(b)** through **f.(1)(f)** we will pay for loss or damage to that property only if:
- (a) Such loss or damage is a direct result of the collapse of a building insured under this Coverage Form; and
 - (b) The property is Covered Property under this Coverage Form.
- (4) Collapse does not include settling, cracking, shrinkage, bulging or expansion.
- (5) This Additional Coverage — Collapse will not increase the Limits of Insurance provided in this Coverage Form.

5. Coverage Extensions

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle). Each of these Extensions is additional insurance. The Deductible shown in the Declarations applies to each of these Extensions, unless otherwise stated. The Additional Condition, Coinsurance, unless otherwise stated, does not apply to these Extensions:

a. Newly Acquired or Constructed Property

- (1) You may extend the insurance that applies to Building to apply to:
 - (a) Your new buildings while being built on the described premises; and

- (b) Buildings you acquire at locations, other than the described premises, intended for:

- (i) Similar use as the building described in the Declarations; or
- (ii) Use as a warehouse.

The most we will pay for loss or damage under this Extension is \$1,000,000 at each building.

- (2) You may extend the insurance that applies to Your Business Personal Property to apply to that property at any location you acquire other than at fairs or exhibitions.

The most we will pay for loss or damage under this Extension is \$250,000 at each building.

- (3) Insurance under this Extension for each newly acquired or constructed property will end when any of the following first occurs:

- (a) This policy expires;
- (b) 180 days expire after you acquire or begin to construct the property; or
- (c) You report values to us.

We will charge you additional premium for values reported from the date construction begins or you acquire the property.

b. Personal Effects and Property of Others

You may extend the insurance that applies to Your Business Personal Property to apply to:

- (1) Personal Effects owned by you, your employees, elected or appointed officials, or volunteers. This Extension applies to Personal Effects located in or on the building described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the described premises. This Extension does not apply to loss or damage by theft. The most we will pay for loss or damage to Personal Effects under this Extension is \$1,000 for personal property owned by you, or any one employee, elected or appointed official, or volunteer; subject to an occurrence limit of \$50,000.

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(2) Personal Property of Others

- (a) In your care, custody or control; and
- (b) Located within 1,000 feet from the described premises.

The most we will pay for loss or damage to Personal Property of Others under this Extension is \$15,000 in any one occurrence.

(3) Our payment for loss or damage to:

- (a) Personal Effects owned by you, your employees, elected or appointed officials, or volunteers; or
- (b) Personal Property of Others will only be for the account of the owner of the property.

c. Valuable Papers and Records — Cost of Research

You may extend the insurance that applies to Your Business Personal Property to apply to your costs to research, replace or restore the lost information on lost or damaged valuable papers and records, including those which exist on electronic or magnetic media, for which duplicates do not exist. This Extension applies to your valuable papers and records located in the building described in the Declarations or within 1,000 feet of the described premises. The most we will pay under this Extension is \$250,000 in any one occurrence.

d. Property Off-Premises

You may extend the insurance provided by this Coverage Form to apply to your Covered Property, other than "stock," that is temporarily at a location you do not own, lease or operate. This Extension does not apply to Covered Property:

- (1) In or on a vehicle; or
- (2) At any fair or exhibition.

The most we will pay for loss or damage under this Extension is \$100,000 in any one occurrence.

e. Outdoor Property

You may extend the insurance provided by this Coverage Form to apply to your outdoor property. The most we will pay for loss or damage under this Extension to fences, signs (other than signs attached to buildings), guardrails, traffic lights, road signs, backstops, goal posts, playground equipment, scoreboards, trees, shrubs, plants, and lawns (excluding golf course greens), including debris removal expense,

is \$10,000 in any one occurrence. For all other outdoor property, the most we will pay for loss or damage under this Extension is \$5,000 in any one occurrence.

The loss or damage must be caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

f. Golf Course Greens

You may extend the insurance provided by this Coverage Form to apply to your golf course greens. The most we will pay for loss or damage under this Extension is \$100,000 in any one occurrence.

g. Fairs or Exhibitions

You may extend the insurance provided by this Coverage Form to apply to your Covered Property at any fair or exhibition.

The most we will pay for loss or damage under this Extension is \$50,000 in any one occurrence.

h. Fire Equipment Recharge

You may extend the insurance provided by this Coverage Form to apply to the recharge or refill of your fire protective devices that are permanently installed in buildings at the described premises. This Extension applies when such devices have been discharged by accident but not for periodic recharge.

The most we will pay under this Extension is \$5,000 for each separate 12 month period of this policy.

No Deductible applies to this Coverage Extension.

i. Inventory Or Appraisal

You may extend the insurance provided by this Coverage Form to apply to the following expenses you incur to prepare a claim as described in Section **G.2.c.** — LOSS CONDITIONS, Duties In The Event Of Loss Or Damage:

- (1) The cost of taking inventories;
- (2) The cost of making appraisals; and
- (3) The cost of preparing a statement of loss and other supporting exhibits.

The most we will pay under this Extension for any claim is \$10,000.

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j. Animal Mortality

You may extend the insurance provided by this Coverage Form to include loss caused by the death or destruction of your animals:

- (1) Used by your police department as part of a canine or equestrian patrol; or
- (2) On exhibit at your zoos.

The most we will pay under this Extension is \$10,000 in any one occurrence.

k. Extra Expense and Business Income

(1) Extra Expense

You may extend the insurance provided by this Coverage Form to apply to the actual and necessary extra expense you sustain due to direct physical loss or damage to property at the described premises caused by or resulting from a Covered Cause of Loss.

Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property:

- (a) To avoid or minimize the suspension of business and to continue "operations";
- (b) To minimize the suspension of business if you cannot continue "operations"; or
- (c) To repair or replace any property to the extent it reduces the amount of loss that otherwise would have been payable under this Extension.

The most we will pay for loss under this Extension is \$500,000 at each described premises.

(2) Business Income

You may extend the insurance provided by this Coverage Form to apply to the actual loss of Business Income you sustain due to the necessary suspension of your "operations" at the described premises during the "period of restoration."

Business Income means:

- (a) Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred, from:
 - (i) "Rental value";
 - (ii) Park and recreational facilities;
 - (iii) Zoos;

(iv) Athletic events; and

(v) Grants, and

- (b) Continuing normal operating expenses incurred, including payroll.

The most we will pay under this Coverage Extension is \$500,000 in any one occurrence.

(3) "Operations" means:

- (a) Your business activities, occurring at the described premises; and
- (b) The tenantability of the described tenant occupied premises.

(4) "Period of Restoration" means the period of time that:

(a) Begins :

- (i) 72 hours after the time of direct physical loss or damage for Business Income coverage; or
- (ii) Immediately after the time of direct physical loss or damage for Extra Expense coverage;

caused by or resulting from any Covered Cause of Loss at the described premises; and

(b) Ends on the earlier of:

- (i) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
- (ii) The date when business is resumed at a new permanent location.

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

- (a) Regulates the construction, use or repair, or requires the tearing down of any property; or
- (b) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants."

The expiration date of this policy will not cut short the "period of restoration."

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(5) "Rental Value" means the:

- (a)** Total anticipated rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, and
- (b)** Amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be your obligations, and
- (c)** Fair rental value of any portion of the described premises which is occupied by you.

I. Theft Damage to Non-Owned Buildings

You may extend the insurance provided by this Coverage Form to apply to the ensuing costs you incur to repair damages to that part of a building that you occupy but do not own, if;

- (1)** The damages resulted directly from theft; and
- (2)** You assume responsibility for such damages under a lease agreement that was executed prior to the theft.

The most we will pay under this Extension for loss or damage is \$50,000 in any one occurrence.

m. Paved Surfaces

You may extend the insurance provided by this Coverage Form to apply to the paved surfaces of your outdoor playgrounds, tennis courts, running tracks or other outdoor athletic courts.

The loss or damage must be caused by or resulting from a Covered Cause of Loss; however, no coverage is provided for loss or damage caused by freezing and thawing or by vehicles.

The most we will pay for loss or damage under this Extension is \$100,000 in any one occurrence.

n. Property in Transit

This Extension applies only to Your Business Personal Property to which this form applies.

- (1)** You may extend the insurance provided by this Coverage Form to apply to Your Business Personal Property in transit more than 1,000 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.

(2) Loss or damage must be caused by or result from one of the following causes of loss:

- (a)** Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
- (b)** Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the roadbed.
- (c)** Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.

The most we will pay for the loss or damage under this Extension is \$50,000 in any one occurrence.

o. Building Ordinance or Law

- (1)** If enforcement of an ordinance or law in effect at the time of loss regulating zoning, land use or construction of a building affects the repair or rebuilding of that building following damage by a Covered Cause of Loss, you may extend the insurance on Building to cover:
 - (a)** Costs to demolish and clear the site of the undamaged portions of the building;
 - (b)** The value of the undamaged portions of the building; and
 - (c)** The increased cost to repair, rebuild or reconstruct the building with another building of the same size, style and comparable quality.
- (2)** We will not pay more under this Extension than if the repaired or replaced building was:
 - (a)** Rebuilt at the same location, as soon as reasonably possible;
 - (b)** To the same extent the law permits, of the same height, floor area, style and comparable quality as the one it replaces; and
 - (c)** Designed for the same type of occupancy and use as the one it replaces, unless otherwise required by zoning or land use ordinance or law.

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The increased rebuilding costs must be kept to the minimum needed to satisfy legal requirements. We will not pay for any costs to acquire land on which to rebuild.

- (3) If you do not repair or replace the damaged building, we will pay under this Extension only to demolish and clear the site of the undamaged portions of the building.
- (4) This Extension does not apply to the costs associated with the enforcement of any ordinance or law that requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", asbestos or lead.

The most we will pay under this Extension is actual loss sustained for loss to the undamaged portion of the building and/or demolition costs. The most we will pay for increased cost of construction as a result of an occurrence actual loss sustained of the value of that building as shown on the most recent statement of values on file with us.

Any Coinsurance penalty applicable to the building will also apply to the amount otherwise payable under this Extension.

p. Electrical Utility Services Interruption

You may extend the insurance provided for Covered Property to apply to loss or damage caused by interruption of electric power supply services to the described premises. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the following property not on the described premises:

- (1) Utility generating plants;
- (2) Switching stations or substations;
- (3) Transformers; and
- (4) Transmission lines, other than overhead transmission lines.

The most we will pay under this Extension is \$25,000 in any one occurrence.

q. Foundations of Machinery

You may extend the insurance that applies to Building to apply to foundations of machinery if their foundations are below:

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

This extension only applies to locations occupied as lift stations, pump houses and other similar equipment. The property must be shown on the schedule of property locations at the value that includes the value of the underground property.

r. Underground Pipes, Flues or Drains

You may extend the insurance that applies to Building to apply to underground pipes, flues, or drains that are within 1,000 feet of the described premises.

The most we will pay under this Extension is \$1,000,000 in any one occurrence.

s. Tree Cleanup

We will pay for the cleanup, removal or stump grinding of any tree that falls onto insured real or personal property. The most we will pay is a limit of \$500 per tree/\$1500 policy aggregate

t. Accounts Receivable

You may extend the insurance that applies to Your Business Personal Property to apply to loss because of loss or damage to your records of accounts receivable:

- (1) At a described premises or in or on a vehicle in transit between described premises; or
- (2) If the records must be removed from a described premises to protect them from the threat of a Covered Cause of Loss.

We will pay:

- (1) All amounts due from your customers that you are unable to collect;
- (2) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
- (3) (3)Collection expenses in excess of your normal collection expenses that are made necessary because of loss or damage; and
- (4) Other reasonable expenses that you incur to re-establish your records of accounts receivable;

that result from Covered Causes of Loss to your records of accounts receivable.

Accounts receivable loss payment will be determined as follows:

- (1) When there is proof that a covered loss has occurred but you cannot accurately establish the amount of accounts receivable outstanding at the time of the

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loss, the amount of the loss will be computed as follows:

- (a) Determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss or damage occurs; and
 - (b) Adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss or damage occurred or for any demonstrated variance from the average for that month.
- (2) We will deduct from the established total amount of accounts receivable:
- (a) The amount of the accounts for which there is no loss or damage;
 - (b) The amount of the accounts that you are able to re-establish or collect;
 - (c) An amount to allow for probable bad debts that you are normally unable to collect; and
 - (d) All unearned interest and service charges.
- (3) If you recover the amount of any accounts receivable that were included in the amount of the paid loss, you will return the recovered amount to us, up to the total amount of the paid loss. You will keep the amount of any accounts receivable you recover in excess of the amount of the paid loss.

The most we will pay under this Extension is \$250,000 in any one occurrence. If accounts receivable records are lost or damaged in transit, the most we will pay is \$10,000.

SECTION B — OPTIONAL COVERAGES

If shown in the Declarations, the following Optional Coverages apply separately to each item.

1. Agreed Value

The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Form for the property bears to the Agreed Value shown for it in the Declarations.

2. Inflation Guard

- a. The Limit of Insurance for property to which this Optional Coverage applies will

automatically increase by the annual percentage shown in the Declarations.

- b. The amount of increase will be:

- (1) The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times
- (2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times
- (3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

Example:

If:

The applicable Limit of Insurance is	\$100,000
The annual percentage increase is	8%
The number of days since the beginning of the policy year (or last policy change) is	146
The amount of increase is $\$100,000 \times .08 \times 146 \div 365$	\$3,200

3. Replacement Cost

- a. Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Loss Condition, Valuation, of this Coverage Form.
- b. This Optional Coverage does not apply to:
 - (1) Personal property of others;
 - (2) Contents of a residence;
 - (3) Manuscripts; or
 - (4) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac.
- c. 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 for the additional coverage this Optional Coverage provides if you notify us of your intent to do so within 180 days after the loss or damage.

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- d. We will not pay on a replacement cost basis for any loss or damage:
- (1) Until the lost or damaged property is actually repaired or replaced; and
 - (2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.
- e. We will not pay more for loss or damage on a replacement cost basis than the least of (1), (2) or (3), subject to f. below:
- (1) The Limit of Insurance applicable to the lost or damaged property;
 - (2) The cost to replace, on the same premises or different premises, the lost or damaged property with other property:
 - (a) Of comparable material and quality; and
 - (b) Used for the same purpose; or
 - (5) (3) The amount you actually spend that is necessary to repair or replace the lost or damaged property.
- f. The cost of repair or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

SECTION C — EXCLUSIONS

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

a. Ordinance or Law

Except as provided under the Coverage Extensions, the enforcement of any ordinance or law:

- (1) Regulating the construction, use or repair of any property; or
- (2) Requiring the tearing down of any property, including the cost of removing its debris.

This exclusion, Ordinance or Law, applies whether the loss results from:

- (1) An ordinance or law that is enforced even if the property has not been damaged; or
- (2) The increased costs incurred to comply with an ordinance or law in the course of

construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

b. Earth Movement

- (1) Any earth movement (other than sinkhole collapse), such as earthquake, landslide, mine subsidence or earth sinking, rising or shifting. But if earth movement results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.
- (2) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or volcanic action, we will pay for the loss or damage caused by that fire, building glass breakage or volcanic action.

Volcanic action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- (a) Airborne volcanic blast or airborne shock waves;
- (b) Ash, dust or particulate matter; or
- (c) Lava flow.

All volcanic eruptions that occur within any 168 hour period will constitute a single occurrence.

Volcanic action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

But 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 Form.

d. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation or radioactive contamination, results in fire, we will pay for the loss or damage caused by that fire.

e. Utility Services

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Except as provided under the Coverage Extensions, the failure of power or other utility service supplied to the described premises, however caused, if the failure occurs away from the described premises.

But if the failure of power or other utility service results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

f. 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, or action taken by governmental authority in hindering or defending against any of these.

g. 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; or
- (2) Mudslide or mudflow.

But if water, as described in **g.(1)** and **g.(2)** results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

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

- a.** Artificially generated electric current, including electric arcing, that disturbs electrical devices, appliances or wires.

But if artificially generated electric current results in fire, we will pay for the loss or damage caused by that fire.

- b.** Delay, loss of use or loss of market.
- c.** Smoke, vapor or gas from agricultural smudging or industrial operations.
- d.**
 - (1) Wear and tear;
 - (2) Rust, corrosion, fungus, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
 - (3) Smog;
 - (4) Settling, cracking, shrinking or expansion of pavements, foundations, walls, floors, roofs or ceilings;

- (5)** Nesting or infestation, or discharge or release of waste products or secretions by insects, birds, rodents or other animals;

- (6)** Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision; or

- (7)** The following causes of loss or damage to personal property:

- (a)** Dampness or dryness of atmosphere;
- (b)** Changes in or extremes of temperature; or
- (c)** Marring or scratching.

But if an excluded cause of loss that is listed in **2.d.(1)** through **2.d.(7)** results in a "specified cause of loss" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage.

- e.** Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But 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 flues or passages through which the gases of combustion pass.

- f.** Continuous or repeated seepage or leakage of water that occurs over a period of 14 days or more.

- g.** Water, other liquid, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:

- (1)** You do your best to maintain heat in the building or structure; or
- (2)** You drain the equipment and shut off the supply if the heat is not maintained.

- h.** Dishonest or criminal act by you, any of your employees (including leased employees), elected or appointed officials, directors, trustees, authorized representatives or

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anyone to whom you entrust the property for any purpose:

- (1) Acting alone or in collusion with others; or
- (2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees (including leased employees); but theft by employees (including leased employees) is not covered.

- i. 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.
 - j. Rain, snow, ice or sleet to personal property in the open.
 - k. Collapse, except as provided in the Additional Coverage for Collapse. But if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.
 - l. Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss." But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss," we will pay for the loss or damage caused by that "specified cause of loss."
3. We will not pay for loss or damage caused by or resulting from any of the following, 3.a. through 3.c. But if an excluded cause of loss that is listed in 3.a. through 3.c. results in a Covered Cause of Loss, we will pay for loss or damage caused by that Covered Cause of Loss.
- a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in paragraph 1. above to produce the loss or damage.
 - b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
 - c. 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 or all of any property on or off the described premises.

SECTION D — LIMITATIONS

The following limitations apply to all policy forms and endorsements, unless otherwise stated.

1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.
 - a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
 - b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
 - c. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.
 - d. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.
2. We will not pay more than \$25,000 for direct physical loss or damage caused by:
 - a. Water that backs-up from a sewer or drain; or
 - b. Water under the ground surface pressing on, or flowing or seeping through:
 - (1) Foundations, walls, floors or paved surfaces;

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- (2) Basements, whether paved or not; or
 - (3) Doors, windows or other openings.
3. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:
- a. Valuable papers and records, such as books of account, manuscripts, abstracts, drawings, card index systems, film, tape, disc, drum, cell or other data processing, recording or storage media, and other records.
 - b. Animals, and then only if they are killed or their destruction is made necessary.
 - c. Fragile articles such as glassware, statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:
 - (1) Glass that is part of a building or structure;
 - (2) Containers of property held for sale; or
 - (3) Photographic or scientific instrument lenses.
4. The special limit shown for each category, a. through c., is the total limit for loss of or damage to all property in that category. The special limit applies to any one occurrence of theft, regardless of the types or number of articles that are lost or damaged in that occurrence. The special limits are:
- a. \$2,500 for furs, fur garments and garments trimmed with fur.
 - b. \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
 - c. \$250 for stamps, tickets and letters of credit.
- These special limits are part of, not in addition to, the Limit of Insurance applicable to the Covered Property.
5. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage:
- a. Results in discharge of any substance from an automatic fire protection system; or
 - b. Is directly caused by freezing.

However, this limitation does not apply to the Extra Expense and Business Income Coverage Extension.

SECTION E — LIMITS OF INSURANCE

The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

The limits applicable to the Coverage Extensions and the Fire Department Service Charge and Pollutant Clean Up and Removal Additional Coverages are in addition to the Limits of Insurance.

Payments under the following Additional Coverages will not increase the applicable Limit of Insurance:

- 1. Preservation of Property;
- 2. Collapse;
- 3. Water Damage, Other Liquid, Powder or Molten Material Damage; or
- 4. Debris Removal; but if:
 - a. The sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or
 - b. The debris removal expense exceeds the amount payable under the 25% limitation in the Debris Removal Additional Coverage;

we will pay up to an additional \$10,000 for each location in any one occurrence under the Debris Removal Additional Coverage.

SECTION F — DEDUCTIBLE

We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance, after any deduction required by the Coinsurance condition or the Agreed Value Optional Coverage.

The deductible will not apply to loss involving breakage of glass that constitutes a part of the insured building.

When the occurrence involves loss to more than one item of Covered Property and more than one Limit of Insurance applies, the Deductible will reduce the total amount of loss payable if loss to at least one item is less than the sum of (1) the Limit of Insurance applicable to that item plus (2) the Deductible.

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Example No. 1:

(This example assumes there is no coinsurance penalty.)

Deductible:	\$250
Limit of Insurance - Bldg. 1:	\$60,000
Limit of Insurance - Bldg. 2:	\$80,000
Loss to Bldg. 1:	\$60,100
Loss to Bldg. 2:	\$90,000

The amount of loss to Bldg. 1 (\$60,100) is less than the sum (\$60,250) of the Limit of Insurance applicable to Bldg. 1 plus the Deductible.

The Deductible will be subtracted from the amount of loss in calculating the loss payable for Bldg. 1:

\$60,100	
-250	
\$59,850	Loss Payable - Bldg. 1

The Deductible applies once per occurrence and therefore is not subtracted in determining the amount of loss payable for Bldg. 2. Loss payable for Bldg. 2 is the Limit of Insurance of \$80,000.

Total amount of loss payable: \$59,850 + 80,000 = \$139,850.

Example No. 2:

(This example, too, assumes there is no coinsurance penalty.)

The Deductible and Limits of Insurance are the same as those in Example No. 1.

Loss to Bldg. 1:	\$70,000	(exceeds Limit of Insurance plus Deductible)
Loss to Bldg. 2:	\$90,000	(exceeds Limit of Insurance plus Deductible)
Loss Payable - Bldg. 1:	\$60,000	(Limit of Insurance)
Loss Payable - Bldg. 2:	\$80,000	(Limit of Insurance)

Total amount of loss payable: \$140,000

SECTION G — CONDITIONS

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

1. COMMERCIAL PROPERTY CONDITIONS

a. Concealment, Misrepresentation Or Fraud

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

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

b. Control Of Property

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Form at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

c. Insurance Under Two Or More Coverages

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

d. Legal Action Against Us

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

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

e. Liberalization

If we adopt any revision that would broaden the coverage under this Coverage Form without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Form.

f. No Benefit To Bailee

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

g. Other Insurance

- (1) You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Form. If you do, we will pay our share of the covered loss or damage. Our share is the proportion

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that the applicable Limit of Insurance under this Coverage Form bears to the Limits of Insurance of all insurance covering on the same basis.

- (2) If there is other insurance covering the same loss or damage, other than that described in (1) above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

h. Policy Period, Coverage Territory

Under this Coverage Form:

- (1) We cover loss or damage commencing:
 - (a) During the policy period shown in the Declarations; and
 - (b) Within the coverage territory.
- (2) The coverage territory is:
 - (a) The United States of America (including its territories and possessions);
 - (b) Puerto Rico; and
 - (c) Canada.

i. Transfer Of Rights Of Recovery Against Others To Us

If any person or organization to or for whom we make payment under this Coverage Form 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:

- (1) Prior to a loss to your Covered Property or Covered Income.
- (2) After a loss to your Covered Property or Covered Income only if, at time of loss, that party is one of the following:
 - (a) Someone insured by this insurance;
 - (b) A business firm:
 - (i) Owned or controlled by you; or
 - (ii) That owns or controls you; or
 - (c) Your tenant.

This will not restrict your insurance.

2. LOSS CONDITIONS

a. Abandonment

There can be no abandonment of any property to us.

b. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

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

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

c. Duties In The Event Of Loss Or Damage

You must see that the following are done in the event of loss or damage to Covered Property:

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
- (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.

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- (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books 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.

- (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
- (8) Cooperate with us in the investigation or settlement of the claim.

We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answer must be signed.

d. Loss Payment

- (1) In the event of loss or damage covered by this Coverage Form, at our option, we will either:
- (a) Pay the value of lost or damaged property;
 - (b) Pay the cost of repairing or replacing the lost or damaged property; subject to (2) below;
 - (c) Take all or any part of the property at an agreed or appraised value; or
 - (d) Repair, rebuild or replace the property with other property of like kind and quality, subject to (2) below.
- (2) The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.
- (3) We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- (4) We will not pay you more than your financial interest in the Covered Property.
- (5) 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 claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.

- (6) We may elect at our expense to defend you against suits arising from claims of owners of property.
- (7) We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Form and:
- (a) We have reached agreement with you on the amount of loss; or
 - (b) An appraisal award has been made.

e. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

f. Vacancy

(1) Description of Terms

- (a) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in (a)(i) and (a)(ii) below:
- (i) When this policy 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. Such building is vacant when it does not contain enough business personal property to conduct customary operations.
 - (ii) When this policy is issued to the owner of a building, building means the entire building. Such building is vacant when 70% or more of its square footage:
 - (aa) Is not rented; or
 - (bb) Is not used to conduct customary operations.
- (b) Buildings under construction or renovation are not considered vacant.

(2) Vacancy Provisions

U.S. SPECIALTY INSURANCE COMPANY

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage occurs:

- (a) We will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:
 - (i) Vandalism;
 - (ii) Sprinkler leakage, unless you have protected the system against freezing;
 - (iii) Building glass breakage;
 - (iv) Water damage;
 - (v) Theft; or
 - (vi) Attempted theft.
- (b) With respect to Covered Causes of Loss other than those listed in (2)(a)(i) through (2)(a)(vi) above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

g. Valuation

We will determine the value of Covered Property in the event of loss or damage as follows:

- (1) At actual cash value as of the time of loss or damage, except as provided in (2), (3), (4), (5), and (6) below.
- (2) If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is \$2,500 or less, we will pay the cost of building repairs or replacement. Any increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property is not covered and may not be included within the cost of building repairs or replacement.

The following property will be valued at the actual cash value even when attached to the building:

- (a) Awnings or floor coverings;
 - (b) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or
 - (c) Outdoor equipment or furniture.
- (3) "Stock" you have sold but not delivered at the selling price less discounts and

expenses you otherwise would have had.

- (4) Glass at the cost of replacement with safety glazing material if required by law.
- (5) Tenant's Improvements and Betterments at:
 - (a) Actual cash value of the lost or damaged property if you make repairs promptly.
 - (b) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
 - (i) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
 - (ii) Divide the amount determined in (i) above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

- (c) Nothing if others pay for repairs or replacement.
- (6) Valuable Papers and Records, including those which exist on electronic or magnetic media (other than prepackaged software programs), at the cost of:
 - (a) Blank materials for reproducing the records; and
 - (b) Labor to transcribe or copy the records when there is a duplicate.

3. ADDITIONAL CONDITIONS

a. Coinsurance

If a Coinsurance percentage is shown in the Declarations, the following condition applies:

- (1) We will not pay the full amount of any loss if the value of the Covered Property at the time of loss times the Coinsurance percentage shown for it in the Declarations is greater than the Limit of Insurance for the property.

Instead, we will determine the amount we will pay using the following steps:

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- (a) Multiply the value of the Covered Property at the time of loss by the Coinsurance percentage;
- (b) Divide the Limit of Insurance of the property by the figure determined in step (a);
- (c) Multiply the total amount of loss, before the application of any deductible, by the figure determined in step (b); and
- (d) Subtract the deductible from the figure determined in step (c).

We will pay the amount determined in step (d) or the limit of insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

Example No. 1 (Underinsurance)

When:

The value of the property is	\$250,000
The Coinsurance percentage for it is	80%
The Limit of Insurance for it is	\$100,000
The deductible is	\$250
The amount of loss is	\$40,000

Step (1): $\$250,000 \times 80\% = \$200,000$ (the minimum amount of insurance to meet your Coinsurance Requirements)

Step (2): $\$100,000 \div \$200,000 = .50$

Step (3): $\$40,000 \times .50 = \$20,000$

Step (4): $\$20,000 - \$250 = \$19,750$

We will pay no more than \$19,750. The remaining \$20,250 is not covered.

Example No. 2 (Adequate Insurance)

When:

The value of the property is	\$250,000
The Coinsurance percentage for it is	80%
The Limit of Insurance for it is	\$200,000
The deductible is	\$250
The amount of loss is	\$40,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ($\$250,000 \times 80\%$). Therefore, the Limit of Insurance in this Example is adequate and no penalty applies. We will pay no more

than \$39,750 (\$40,000 amount of loss minus the deductible of \$250).

If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies.

Example No. 3

When:

The value of the property is:

Bldg. at Location No. 1	\$75,000
Bldg. at Location No. 2	\$100,000
Personal Property at Location No. 2	<u>\$75,000</u>
	\$250,000

The Coinsurance percentage for it is 90%

The Limit of Insurance for Buildings and Personal Property at Location Nos. 1 and 2 is \$180,000

The Deductible is \$1,000

The amount of loss is:

Bldg. at Location No. 2	\$30,000
Personal Property at Location No. 2	<u>\$20,000</u>
	\$50,000

Step (1): $\$250,000 \times 90\% = \$225,000$ (the minimum amount of insurance to meet your Coinsurance requirements and to avoid the penalty shown below)

Step (2): $\$180,000 \div \$225,000 = .80$

Step (3): $\$50,000 \times .80 = \$40,000$.

Step (4): $\$40,000 - \$1,000 = \$39,000$.

We will pay no more than \$39,000. The remaining \$11,000 is not covered.

b. Mortgageholders

- (1) The term mortgageholder includes trustee.
- (2) We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.
- (3) The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
- (4) If we deny your claim because of your acts or because you have failed to

U.S. SPECIALTY INSURANCE COMPANY

comply with the terms of this Coverage Form, the mortgageholder will still have the right to receive loss payment if the mortgageholder:

- (a) Pays any premium due under this Coverage Form at our request if you have failed to do so;
- (b) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
- (c) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

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

- (5) If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Form:

- (a) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
- (b) The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

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

- (6) If we cancel this policy, we will give written notice to the mortgageholder at least:
 - (a) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
 - (b) 30 days before the effective date of cancellation if we cancel for any other reason.
- (7) If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

SECTION H — DEFINITIONS

- 1. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke,

vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

- 2. "Specified Causes of Loss" means the following: Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.
 - a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
 - (1) The cost of filling sinkholes; or
 - (2) Sinking or collapse of land into man-made underground cavities.
 - b. Falling objects does not include loss or damage to:
 - (1) Personal property in the open; or
 - (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
 - c. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance containing water or steam.
- 3. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

U.S. SPECIALTY INSURANCE COMPANY

ENDORSEMENT NO. _____

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE (Standard Time)					INSURED	AGENCY AND CODE
	MO.	DAY	YR.	12:01 A.M.	NOON		
HMTP-152345RW	12	1	2011	X		SALINE TOWNSHIP	99900

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DEDUCTIBLE AMENDATORY ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM – PUBLIC ENTITY

The following is added to **SECTION F. DEDUCTIBLE**:

In the event that loss or damage occurs as a result of one occurrence and the loss would require the application of more than one deductible, only the highest deductible will apply.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED

AUTHORIZED REPRESENTATIVE

DATE

U.S. SPECIALTY INSURANCE COMPANY

ENDORSEMENT NO. _____

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE (Standard Time)					INSURED	AGENCY AND CODE
	MO.	DAY	YR.	12:01 A.M.	NOON		
HMTP-152345RW	12	1	2011	X		SALINE TOWNSHIP	99900

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FUNGUS, WET ROT, DRY ROT AND BACTERIA ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM — PUBLIC ENTITY

A. SECTION C – EXCLUSIONS is changed as follows:

1. The following EXCLUSION is added:

"Fungus", Wet Rot, Dry Rot And Bacteria

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

Presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria.

But if "fungus", wet or dry rot or bacteria results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion does not apply:

- When "fungus", wet or dry rot or bacteria results from fire or lightning; or
- To the extent that coverage is provided in the Additional Coverage - Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria with respect to loss or damage by a cause of loss other than fire or lightning.

This exclusion applies whether or not the loss event results in widespread damage or affects a substantial area.

2. Paragraph (2) of Exclusion 2.d. is deleted and replaced by the following:

- (2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;

3. Exclusion 2.f. is deleted and replaced by the following:

- f. Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.

B. Changes in Coverage Extensions

Paragraph (4) of Coverage Extension, **Building Ordinance or Law**, is deleted and replaced by the following:

(4) Under this Coverage Extension, we will not pay for:

- (a) The enforcement of any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants", asbestos, or lead; or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or

U.S. SPECIALTY INSURANCE COMPANY

- (b) Any costs associated with the enforcement of an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", asbestos, lead, "fungus", wet or dry rot or bacteria.

C. The following Additional Coverage is added:

Additional Coverage - Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria

1. The coverage described in Paragraph 2. below only applies when the "fungus", wet or dry rot or bacteria is the result of one or more of the following causes that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.
 - a. A "specified cause of loss" other than fire or lightning; or
 - b. Flood, if the Flood Coverage Endorsement applies to the affected premises.
2. We will pay for loss or damage by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:
 - a. Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;
 - b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and
 - c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.

3. The coverage described under Paragraph 2. of this Limited Coverage is limited to \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) and Flood which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of \$15,000 even if the "fungus", wet or dry rot or bacteria continues to be present or active, or recurs, in a later policy period.

4. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

If there is covered loss or damage to Covered Property, not caused by "fungus", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungus", wet or dry rot or bacteria causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

5. The terms of this Limited Coverage do not increase or reduce the coverage provided under Paragraph 4.e. (Water Damage, Other Liquids, Powder Or Molten Material Damage) of the Additional Coverages or under the Additional Coverage - Collapse.

D. The following is added to the DEFINITIONS section:

"Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED

AUTHORIZED REPRESENTATIVE

DATE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART
 STANDARD PROPERTY POLICY

SCHEDULE

The **Exception Covering Certain Fire Losses** (Paragraph **C**) applies to property located in the following state(s), if covered under the indicated Coverage Form, Coverage Part or Policy:

State(s)	Coverage Form, Coverage Part Or Policy
Michigan	Property, Inland Marine
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

- A.** The following definition is added with respect to the provisions of this endorsement:

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

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

- B.** The following exclusion is added:

CERTIFIED ACT OF TERRORISM EXCLUSION

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

- C. Exception Covering Certain Fire Losses**

The following exception to the exclusion in Paragraph **B.** applies only if indicated and as indicated in the Schedule of this endorsement.

If a "certified act of terrorism" results in fire, we will pay for the loss or damage caused by that fire. Such coverage for fire applies only to direct loss or damage by fire to Covered Property. Therefore, for example, the coverage does not apply to insurance provided under Business Income and/or Extra Expense coverage forms or endorsements which apply to those forms, or to the Legal Liability Coverage Form or the Leasehold Interest Coverage Form.

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

D. Application Of Other Exclusions

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

EQUIPMENT BREAKDOWN PROTECTION

DECLARATIONS

1. Named of Insured See Declarations – Section A
2. Address of Insured See Declarations – Section A
3. Policy Period See Coverage Period in Declarations – Section A
4. Covered Premises: ☒ All Locations as shown in the Schedule of Insured Property in Declarations – Section A. ☐ All Locations as identified in Equipment Breakdown Covered Premises Schedule BM R2 00
5. Amount of Coverage See the Equipment Breakdown Protection Schedule
6. Deductible See the Equipment Breakdown Protection Schedule
7. “Power Generating Equipment”: Excluded
Other Conditions:

EQUIPMENT BREAKDOWN PROTECTION COVERAGE

EQUIPMENT BREAKDOWN PROTECTION SCHEDULE

Coverage provided under the Equipment Breakdown Protection shall be subject to the Coverages, Exclusions, Limits, Deductibles, Conditions and Definitions found herein only, unless reference to terms found elsewhere in the Policy are specifically identified.

The Limits of Insurance for Property Damage and the Coverage Extensions and Limitations are part of, not in addition to, the Total Limit per Breakdown.

If INCLUDED is shown under Limit of Insurance for Property Damage or a Coverage Extension or Limitation, then the limit for such coverage is part of, not in addition to, the other Limit of Insurance identified.

The Coverage Extensions listed below apply only if a limit or other coverage indicator is shown under the Limit of Insurance for that Coverage Extension.

The Coverage Limitations listed below always apply.

COVERAGE	LIMIT OF INSURANCE
Total Limit per Breakdown:	\$399,348
1. Property Damage (PD):	Included in the Total Limit per Breakdown
2. Coverage Extensions and Limitations:	
a. Business Income Coverage Extension (BI): Business Income "Period of Restoration" extension:	\$500,000 30 days
b. Extra Expense Coverage Extension (EE): Extra Expense "Period of Restoration" extension:	\$500,000 30 days
c. Spoilage Damage Coverage Extension (SD): Utility Interruption – Spoilage coverage applies only if the interruption lasts at least (waiting period):	\$100,000 24 Hours
d. Utility Interruption – Time Element Coverage Extension (UI-TE): Utility Interruption – Time Element coverage applies only if the interruption lasts at least (waiting period):	\$100,000 24 Hours
e. "Electronic Data" or "Media" Coverage Extension	\$25,000
f. Error in Description Coverage Extension:	Included in the Total Limit per Breakdown
g. Expediting Expense Coverage Extension:	\$100,000
h. "Fungus", Wet Rot and Dry Rot Coverage Extension: (1) Property Damage: (2) Business Income or Extra Expense:	\$15,000 0 Days
i. Green Coverage Extension Percentage of Property Damage payable loss: Percentage of Business Income or Extra Expense payable loss: Maximum amount payable:	5% 5% \$25,000
j. Hazardous Substance Limitation:	\$100,000
k. Newly Acquired Locations Coverage Extension: Number of Days of coverage:	\$1,000,000 180 Days
l. Ordinance or Law (including Demolition and Increased Cost of Construction) Coverage Extension:	\$250,000
m. Refrigerant Contamination Limitation:	\$100,000
n. Water Damage Limitation:	\$100,000

DEDUCTIBLE	AMOUNT
Combined Deductible:	Not Applicable
Property Damage (PD):	\$1,000
Business Income (BI):	24 Hours
Extra Expense (EE):	Included in BI Deductible
Spoilage Damage (SD):	10% of Loss subject to a minimum of \$2,500
Utility Interruption-Time Element (UI-TE):	24 Hours
Dependent Properties:	Not Covered
Refrigerant Contamination:	Included in PD Deductible
Other: Air Conditioning and Refrigeration Systems: \$50 per horsepower subject to a \$2,500 minimum	

EQUIPMENT BREAKDOWN PROTECTION COVERAGE

Various provisions in Equipment Breakdown Protection Coverage restrict coverage. Read the entire Policy carefully to determine rights, duties and what is and is not covered.

Throughout the Equipment Breakdown Protection Coverage the words "you" and "your" refer to the Named Insured shown in the Policy Declaration or as endorsed thereto. The words "we", "us" and "our" refer to the Company providing this insurance.

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

A. Coverage

1. Property Damage (PD)

We will pay for direct damage caused by a "Covered Cause of Loss" to "Covered Property" located at the Covered Premises shown in the Equipment Breakdown Protection Schedule.

"Covered Cause of Loss" is a "Breakdown" to "Covered Equipment" unless the loss is excluded.

2. Coverage Extensions and Limitations

Coverage provided under paragraph A.1. may be modified by the following Coverage Extensions. Coverage Extensions apply only if a limit or other coverage indicator is shown under the Limit of Insurance for that Coverage Extension in the Equipment Breakdown Protection Schedule.

Coverage provided under paragraph A.1. is also modified by the following Coverage Limitations.

The Coverage Extensions and Limitations apply only to that portion of the loss or damage that is a direct result of a "Covered Cause of Loss". The "Covered Cause of Loss" must occur during the Policy period, but expiration of the Policy does not limit our liability under these Coverage Extensions and Limitations.

The most we will pay under each of the Coverage Extensions or Limitations is the Limit of Insurance shown in the Equipment Breakdown Protection Schedule for such Coverage Extension or Limitation.

The Limits of Insurance for these Coverage Extensions and Limitations are part of, not in addition to, the Total Limit per Breakdown.

a. Business Income Coverage Extension (BI)

(1) We will pay:

- (a) Your actual loss of "Business Income" from a total or partial interruption of business during the "Period of Restoration"; and
- (b) The additional necessary expenses you incur during the "Period of Restoration", over and above the expenses that you normally would have incurred, to reduce or avert the amount of loss under this Coverage Extension. We will pay for such expenses only to the extent that they do not exceed the amount of loss that otherwise would have been payable under this Coverage Extension.

(2) The "Covered Equipment" must either be:

- (a) "Covered Property"; or
- (b) Property of others that is:
 - (i) Located on or within 1000 feet of a Covered Premises; and
 - (ii) Used to supply air conditioning, communication services, electric power, gas, heating, refrigeration, steam, water or waste treatment to the Covered Premises.

(3) We will take into consideration:

- (a) The experience of your business before the "Breakdown" and the probable experience you would have had without the "Breakdown"; and
- (b) Any amount recovered under physical damage coverages based on selling price valuation; in the adjustment of any loss.

b. Extra Expense Coverage Extension (EE)

(1) We will pay your "Extra Expense".

(2) The "Covered Equipment" must either be:

- (a) "Covered Property"; or
- (b) Property of others that is:
 - (i) Located on or within 1000 feet of a Covered Premises; and
 - (ii) Used to supply air conditioning, communication services, electric power, gas, heating, refrigeration, steam, water or waste treatment to the Covered Premises.

(3) We will take into consideration the experience of your business before the "Breakdown" and the probable experience you would have had without the "Breakdown" in the adjustment of any loss.

c. Spoilage Damage Coverage Extension (SD)

We will pay for:

(1) Spoilage damage to "Perishable Goods".

(2) Utility Interruption – Spoilage

Spoilage damage to "Perishable Goods" that is caused by or results from an interruption in utility services that is the direct result of a "Breakdown" to "Covered Equipment" owned, operated or controlled by a private or public utility, landlord or other supplier with whom you have a contract to provide you with any of the following services: air conditioning, communication services, electric power, gas, heating, refrigeration, steam, water or waste treatment.

The interruption of such utility service to your Covered Premises must last at least the consecutive period of time shown in the Equipment Breakdown Protection Schedule for Utility Interruption – Spoilage. Once this waiting period is met, coverage will commence at the initial time of the interruption and will then be subject to the applicable deductible.

(3) Any necessary expenses you incur to reduce or avert the amount of loss under this Coverage Extension. We will pay such expenses to the extent they do not exceed the amount of loss that otherwise would have been payable under this Coverage Extension.

d. Utility Interruption – Time Element Coverage Extension (UI-TE)

If you have selected the Business Income Coverage Extension or Extra Expense Coverage Extension, the applicable coverage is extended to cover loss caused by the interruption of utility services provided all of the following conditions are met:

- (1) The interruption is the direct result of a "Breakdown" to "Covered Equipment" owned, operated or controlled by a private or public utility, landlord or other supplier with whom you have a contract to provide you with utility services;
- (2) The "Covered Equipment" is located more than 1000 feet from the affected Covered Premises;
- (3) The "Covered Equipment" is used to supply air conditioning, communication services, electric power, gas, heating, refrigeration, steam, water or waste treatment to the Covered Premises; and
- (4) The interruption of utility service to your Covered Premises lasts at least the consecutive period of time shown in the Equipment Breakdown Protection Schedule for Utility Interruption-Time Element. Once this waiting period is met, coverage will commence at the initial time of the interruption and will then be subject to the applicable deductible.

e. "Electronic Data" Or "Media" Coverage Extension

(1) If "Media" is damaged or "Electronic Data" is lost or corrupted as a direct result of a "Covered Cause of Loss" and such "Media" or "Electronic Data" is located at a Covered Premises, we will pay the actual cost to:

(a) Research, replace, recreate or restore the damaged "Media" or lost or corrupted "Electronic Data"; and

(b) Reprogram instructions used in any covered "Computer Equipment".

(2) If you have selected the Business Income Coverage Extension or Extra Expense Coverage Extension, the applicable coverage is extended to cover the actual loss incurred during the time necessary to:

(a) Research, replace, recreate or restore the damaged "Media" or lost or corrupted "Electronic Data"; and

(b) Reprogram instructions used in any covered "Computer Equipment".

(3) There shall be no coverage for any loss or expense incurred due to damaged "Media" or lost or corrupted "Electronic Data" if the "Electronic Data" or "Media" cannot be replaced, recreated or restored. To the extent that "Electronic Data" is not replaced, recreated or restored, the loss will be valued at the cost of replacement of the "Media" on which the "Electronic Data" was stored, with blank "Media" of substantially identical type.

The deductible for coverage under this Coverage Extension is INCLUDED within the applicable Property Damage Deductible, Business Income Deductible or Extra Expense Deductible shown in the Equipment Breakdown Protection Schedule.

f. Error in Description Coverage Extension

We will pay for your loss covered by this Equipment Breakdown Protection Coverage if such loss is otherwise not payable solely because of any unintentional error or omission in the description of a location as insured under Coverage.

You agree to give us prompt notice of any correction or addition to the description of a location insured under this Equipment Breakdown Protection Coverage.

g. Expediting Expense Coverage Extension

With respect to direct damage to "Covered Property" we will pay the reasonable extra cost you necessarily incur to:

- (1) Make temporary repairs to; or
- (2) Expedite the permanent repairs or replacement of; the damaged property.

The deductible for coverage under this Coverage Extension is INCLUDED within the Property Damage Deductible shown in the Equipment Breakdown Protection Schedule.

h. "Fungus", Wet Rot And Dry Rot Coverage Extension

(1) Property Damage

- (a) We will pay for loss or damage by "Fungus", wet or dry rot only when the "Fungus", wet or dry rot is the direct result of a "Covered Cause of Loss" that occurs during the Policy period. As used in this Coverage Extension, the term loss or damage means direct physical loss or damage to "Covered Property" caused by "Fungus", wet or dry rot including the cost:
 - (i) To treat, contain or remove the "Fungus", wet or dry rot;
 - (ii) To dispose of the "Fungus", wet or dry rot;
 - (iii) To tear out and replace any "Covered Property" as needed to gain access to the "Fungus", wet or dry rot; and
 - (iv) Of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "Fungus", wet or dry rot is present.

(b) Limit

- (i) The most we will pay for coverage provided under h.(1)(a) of this Coverage Extension is \$15,000 per Covered Premise per 12-month period starting with the effective date of this Equipment Breakdown Protection Coverage, or the amount shown in the Equipment Breakdown Protection Schedule as the Limit of Insurance for "Fungus", Wet Rot and Dry Rot Coverage Extension, (1) Property Damage, whichever is greater. With respect to any "One Breakdown" which results in "Fungus", wet or dry rot, we will not pay more than such limit even if the "Fungus", wet or dry rot continues to be present or active or recurs in a later policy period.
- (ii) If "Fungus", wet or dry rot results from damage by water as otherwise covered under this Equipment Breakdown Protection Coverage, the limit in h.(1)(b)(i) is part of, not in addition to, the Water Damage Limitation Limit of Insurance.
- (iii) If "Fungus", wet or dry rot results from a "Covered Cause of Loss" other than water, the limit in h.(1)(b)(i) is part of, not in addition to, the Property Damage Limit of Insurance.

(2) Business Income or Extra Expense

- (a) If you have selected the Business Income Coverage Extension or Extra Expense Coverage Extension, the applicable coverage is extended to cover the additional loss caused by the presence of "Fungus", wet or dry rot as identified in paragraph j.(1)(a) above.
- (b) Coverage identified in h.(2)(a) above is limited to 30 days, or the number of days shown in the Equipment Breakdown Protection Schedule as the Limit of Insurance for "Fungus", Wet Rot and Dry Rot Coverage Extension, (2) Business Income or Extra Expense, whichever is greater. The number of indicated days need not be consecutive. This limit is part of, not in addition to, the applicable Limits of Insurance for the Business Income Coverage Extension and Extra Expense Coverage Extension.

The deductible for coverage under this Coverage Extension is INCLUDED within the applicable Property Damage Deductible, Business Income Deductible or Extra Expense Deductible shown in the Equipment Breakdown Protection Schedule.

i. Green Coverage Extension

- (1) With respect to "Covered Property" that was damaged as a result of a "Covered Cause of Loss", we will pay for:

- (a) The reasonable additional cost you incur to repair or replace the damaged or destroyed portions of the "Covered Property" (except as may be provided under E. Conditions, 1. Loss Conditions, I. Valuation, (2) New Generation) using products or materials that:
 - (i) Are "Green" alternatives to the products or materials of the damaged or destroyed "Covered Property", in accordance with the documented standards of a "Green Authority"; and
 - (ii) Are otherwise of comparable quality and function to the damaged or destroyed "Covered Property";
- (b) The reasonable additional cost you incur to employ "Green" methods or processes of construction, disposal or recycling in the course of the repair and replacement of the damaged or destroyed "Covered Property", in accordance with the documented standards of a "Green Authority"; and
- (c) If, as a direct result of the "Covered Cause of Loss", the pre-loss level of "Green" certification by a "Green Authority" on the "Covered Property" is lost, we will pay for the following reasonable additional expenses you incur to re-attain the pre-loss level of "Green" certification from that "Green Authority":

- (i) The reasonable additional expense you incur to hire a qualified engineer or other professional required by the "Green Authority" to be involved in:
 - a. Designing, overseeing or documenting the repair or replacement of the damaged or destroyed "Covered Property"; or
 - b. Testing and recalibrating the systems and mechanicals of the damaged or destroyed "Covered Property" to verify that the systems and mechanicals are performing in accordance with the design of such systems and mechanicals or the specifications of the manufacturer; and
- (ii) The reasonable registration and recertification fees charged by the "Green Authority".
Coverage provided under (1)(c) applies to the additional expenses described above that you incur to achieve the pre-loss level of "Green" certification in accordance with the standards of the "Green Authority" that exist at the time of repair or replacement, even if the standards have changed since the original certification was achieved.
- (2) Coverage provided under (1)(a)-(c) above applies only if replacement cost valuation applies to the damaged or destroyed "Covered Property" and then only if the "Covered Property" is actually repaired or replaced as soon as reasonably possible after the "Covered Cause of Loss".
- (3) If you have selected the Business Income Coverage Extension or Extra Expense Coverage Extension, the applicable coverage is extended to cover the loss incurred during the time necessary to:
 - (a) Repair or replace the damaged or destroyed portions of the "Covered Property" using products or materials that:
 - (i) Are "Green" alternatives to the products or materials of the damaged or destroyed "Covered Property", in accordance with the documented standards of a "Green Authority"; and
 - (ii) Are otherwise of comparable quality and function to the damaged or destroyed "Covered Property"; and
 - (b) Employ "Green" methods or processes of construction, disposal or recycling in the course of the repair and replacement of the damaged or destroyed "Covered Property", in accordance with the documented standards of a "Green Authority".
- (4) The most we will pay for coverage provided under this coverage extension for any "One Breakdown" is the least of:
 - (a) The sum of:
 - (i) the percentage shown in the Equipment Breakdown Protection Schedule for Property Damage, of the amount we would otherwise pay for loss covered under A. Coverage, 1. Property Damage, prior to the application of any applicable deductible, for loss or expense covered under (1) above; plus
 - (ii) the percentage shown in the Equipment Breakdown Protection Schedule for Business Income or Extra Expense, of the amount we would otherwise pay for loss covered under the applicable Business Income Coverage Extension or Extra Expense Coverage Extension, prior to the application of any applicable deductible, for "business income" or "extra expense" covered under (3) above; or
 - (b) the amount shown in the Equipment Breakdown Protection Schedule for the Maximum amount payable.
This limit is part of, not in addition to, the Total Limit Per Breakdown in the Declarations.

j. Hazardous Substance Limitation

The following applies despite the operation of the Ordinance or Law Exclusion:

- (1) If "Covered Property" is damaged, contaminated or polluted by a "Hazardous Substance" as a direct result of a "Covered Cause of Loss", we will pay for physical damage caused by the "Hazardous Substance", including any additional expenses incurred by you for clean-up, repair, replacement or disposal of that property.
- (2) As used here, additional expenses means the additional cost incurred over and above the amount that we would have paid had no "Hazardous Substance" been involved with the loss.
- (3) If you have selected the Business Income Coverage Extension or Extra Expense Coverage Extension, the applicable coverage is extended to cover any loss caused by a "Hazardous Substance" as identified in k.(1) above.
- (4) The most we will pay for all loss or damage described under this Coverage Limitation is the Limit of Insurance shown in the Equipment Breakdown Protection Schedule for Hazardous Substance Limitation.
The deductible for coverage under this Limitation is INCLUDED within the applicable Property Damage Deductible, Business Income Deductible or Extra Expense Deductible shown in the Equipment Breakdown Protection Schedule.

k. Newly Acquired Locations Coverage Extension

We will provide coverage at newly acquired locations you have purchased or leased. This coverage begins at the time you acquire the property and is subject to the following conditions:

- (1) You must promptly inform us in writing of the newly acquired location(s);
- (2) You agree to pay an additional premium as determined by us for the newly acquired location(s) from the date you acquire such location(s);
- (3) The coverage for these locations will be subject to the same terms, conditions, exclusions and limitations as other Covered Premises until endorsed onto this Equipment Breakdown Protection Coverage;
- (4) The coverage under this Coverage Extension will end when any of the following first occurs:
 - (a) This Policy expires;
 - (b) The number of days shown in the Equipment Breakdown Protection Schedule for Newly Acquired Locations is exceeded; or
 - (c) The location is reported to us and we have communicated to you in writing our intent to continue coverage (including coverage with different limits, deductibles, terms or conditions) or decline further coverage for such reported location.
- (5) If the coverages and deductibles vary for existing premises, then the coverages for the newly acquired locations will be the broadest coverage, highest limits and highest deductibles applicable to the existing Covered Premises. However, the most we will pay for all loss or damage as provided under this Coverage Extension is the Limit of Insurance shown in the Equipment Breakdown Protection Schedule for Newly Acquired Locations Coverage Extension.

l. Ordinance or Law (including Demolition and Increased Cost of Construction) Coverage Extension

- (1) The following applies despite the Ordinance or Law Exclusion.
 - (2) With respect to a building or structure that is "Covered Property" and that was damaged as a result of a "Covered Cause of Loss", we will pay for:
 - (a) The loss in value of the undamaged portion of the building or structure as a consequence of enforcement of an ordinance, law, rule, regulation or ruling that requires the demolition of undamaged parts of the same building or structure;
 - (b) Your actual cost to demolish and clear the site of the undamaged parts of the same building or structure as a consequence of enforcement of an ordinance, law, rule, regulation or ruling that requires the demolition of such undamaged property; and
 - (c) The increased cost actually and necessarily expended to:
 - (i) Repair or reconstruct the damaged or destroyed portions of the building or structure; and
 - (ii) Reconstruct or remodel the undamaged portion of that building or structure with buildings or structures of like materials, height, floor area, and style for like occupancy, whether or not demolition is required on:
 - i. The same Covered Premises or at another location, if you so elect. However, if you rebuild at another location, the most we will pay is the increased cost of construction that we would have paid to rebuild at the same Covered Premises; or
 - ii. Another location if the relocation is required by the ordinance, law, rule, regulation or ruling. The most we will pay is the increased cost of construction at the new location.
 - (d) If you have selected the Business Income Coverage Extension or Extra Expense Coverage Extension, the applicable coverage is extended to cover loss incurred as a direct consequence of coverage provided in m.(2)(a)-(c) above. With regard to loss covered under this paragraph, the "Period of Restoration" is extended to include the additional period of time required for demolition, removal, repair, remodeling or reconstruction and to meet the minimum requirement for the enforcement of any ordinance, law, rule, regulation or ruling in effect at the time of the "Breakdown"; provided these increases in loss are necessitated by the enforcement of any ordinance, law, rule, regulation or ruling that is in force at the time of the "Breakdown", which regulates the demolition, construction, repair or use of the building or structure.
- (3) We will not pay for:
 - (a) Demolition or site clearing until the undamaged portions of the buildings or structures are actually demolished;
 - (b) Increase in loss until the damaged or destroyed buildings or structures are actually rebuilt or replaced and approved by the regulating government agency;
 - (c) Loss due to any ordinance, law, rule, regulation or ruling that:
 - (i) You were required to comply with before the loss, even if the building was undamaged; and
 - (ii) You failed to comply with;

- (d) Increase in loss excess of the amount required to meet the minimum requirement of an ordinance, law, rule, regulation or ruling enforcement at the time of the "Breakdown";
 - (e) Increase in loss resulting from a "Hazardous Substance";
 - (f) Loss or expense sustained due to the enforcement of any ordinance, law, rule, regulation or ruling which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to the presence, growth, proliferation, spread or any activity of "Fungus", wet or dry rot; or
 - (g) Costs associated with the enforcement of any ordinance, law, rule, regulation or ruling which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "Fungus", wet or dry rot.
- (4) If:
- (a) The building or structure is damaged by a "Covered Cause of Loss" that is covered by this Equipment Breakdown Protection Coverage;
 - (b) There is other physical damage that is not covered by this; and
 - (c) The building damage in its entirety results in enforcement of ordinance, law, rule, regulation or ruling; then we will not pay the full amount of the loss under this Coverage Extension. Instead, we will pay only that proportion of such loss that the damage by the "Covered Cause of Loss" bears to the total physical damage.
- But if the building or structure sustains direct physical damage that is not covered under this Equipment Breakdown Protection Coverage and such damage is the subject of the ordinance, law, rule, regulation or ruling, then there is no Ordinance or Law coverage under this Coverage even if the building has also sustained damage by a "Covered Cause of Loss".
- (5) The most we will pay under this Coverage Extension for the sum of all covered expenses, including loss covered under any applicable Business Income or Extra Expense coverage, is the Limit of Insurance shown in the Equipment Breakdown Protection Schedule or elsewhere in this Equipment Breakdown Protection Coverage for Ordinance or Law (including Demolition and Increased Cost of Construction). The deductible for coverage under this Coverage Extension is INCLUDED within the applicable Property Damage Deductible, Business Income Deductible or Extra Expense Deductible shown in the Equipment Breakdown Protection Schedule.

m. Refrigerant Contamination Limitation

If "Covered Property" is contaminated by a refrigerant, including ammonia, as a direct result of a "Covered Cause of Loss", the most we will pay for physical damage caused by such refrigerant contamination, including salvage expense and any additional expenses incurred by you for clean-up, repair, replacement or disposal of that property, is the Limit of Insurance shown in the Equipment Breakdown Protection Schedule for Refrigerant Contamination.

n. Water Damage Limitation

If "Covered Property" is damaged by water as a direct result of a "Covered Cause of Loss", the most we will pay for such physical damage, including salvage expense, is the Limit of Insurance shown in the Equipment Breakdown Protection Schedule for Water Damage.

The deductible for coverage under this Limitation is INCLUDED within the Property Damage Deductible shown in the Equipment Breakdown Protection Schedule.

B. Exclusions

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

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

1. Earth Movement

Earth movement including: earthquake; landslide; land subsidence; mine subsidence; sinkhole collapse; volcanic action; or other rising or shifting of earth that results from, contributes to, or is aggravated by any of the above, all whether naturally occurring or due to man-made or other artificial causes.

2. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

3. War or Military Action

- 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; or

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

4. Water

- a. Flood, surface water, waves, tides, tidal waves, tsunamis, overflow of any body of water, or their spray, all whether driven by wind or not;
- b. Mudflow or mudslides; or
- c. Backup of sewers, drains, or drainage piping;
all whether naturally occurring or due to man-made or other artificial causes.

- 5. Discharge or leakage of a sprinkler system, sewer piping or domestic water piping, unless such discharge or leakage is the direct result of a "Covered Cause of Loss". The most we will pay for such water damage is the Limit of Insurance shown in the Equipment Breakdown Protection Schedule for Water Damage Limitation.

- 6. **Delay, interruption of business, loss of use or loss of market** except as provided in Business Income, Extra Expense or Utility Interruption-Time Element coverage.

- 7. **Depletion, deterioration, corrosion, erosion, decay, wear and tear or rust.** However, if a "Covered Cause of Loss" ensues, we will pay the ensuing loss or damage not otherwise excluded.

8. An explosion

However, we will pay for direct loss or damage caused by an explosion of "Covered Equipment" of a kind specified below, and which is not otherwise excluded elsewhere in this Equipment Breakdown Protection Coverage:

- a. Steam boiler; electric steam generator; steam piping; steam turbine; steam engine; or
- b. Gas turbine or any other moving or rotating machinery, when such explosion is caused by centrifugal force or mechanical breakdown.

- 9. **Explosion** within the furnace of a chemical recovery type boiler or within the gas passages from the furnace to the atmosphere.

- 10. **Fire or combustion explosion** including those that:

- a. Result in a "Covered Cause of Loss";
- b. Occur at the same time as a "Covered Cause of Loss"; or
- c. Ensurue from a "Covered Cause of Loss".

11. "Fungus", Wet Rot and Dry Rot

Presence, growth, proliferation, spread or activity of "Fungus", wet or dry rot, except as provided under A.2.j. "Fungus", Wet Rot And Dry Rot Coverage Extension. However, if a "Covered Cause of Loss" ensues, we will pay the ensuing loss or damage not otherwise excluded.

- 12. **"Hacking Event"**. However, if a "Covered Cause of Loss" ensues, we will pay the ensuing loss or damage not otherwise excluded.

- 13. Any indirect loss, including damage due to spoilage, following a "Covered Cause of Loss" that results from the **lack or excess of power, light, heat, steam or refrigeration** except as provided by the Business Income Coverage Extension, Extra Expense Coverage Extension, Utility Interruption-Time Element Coverage Extension or Spoilage Damage Coverage Extension.

- 14. **Neglect** by you to use all reasonable means to save and preserve "Covered Property" from further damage at and after the time of loss.

15. Ordinance or Law

Increase in loss from the enforcement of any ordinance, law, rule, regulation or ruling which restricts or regulates the repair, replacement, alteration, use, operation, construction, installation, clean-up or disposal of "Covered Property", except as provided under A.2.m. Ordinance or Law (including Demolition and Increased Cost of Construction) Coverage Extension.

However the words 'use' and 'operation' shall be eliminated as respects a covered "Breakdown" to electrical supply and emergency generating equipment located on any Covered Premises shown in the Equipment Breakdown Protection Schedule, when continued operation is contingent on the presence of such electrical supply and emergency generating equipment as mandated by any government agency.

16. Specified Perils

- a. Aircraft or missiles;
- b. Civil commotion;

- c. Collapse;
- d. Freezing caused by cold weather;
- e. Hail;
- f. Lightning;
- g. Molten material;
- h. Objects falling from aircraft or missiles;
- i. Riot;
- j. Smoke;
- k. Vandalism;
- l. Vehicles, including any material carried in or on the vehicles;
- m. Weight of snow, ice, sleet; or
- n. Windstorm.

17. Any "Breakdown" to "Covered Equipment" that takes place while the "Covered Equipment" is undergoing a test which subjects the "Covered Equipment" to greater than maximum allowable operating conditions as identified by the manufacturer of the "Covered Equipment".
18. Any **virus, bacterium or other microorganism** that induces, or is capable of inducing, physical distress, illness or disease. However:
 - a. If a "Covered Cause of Loss" ensues, we will pay the ensuing loss or damage not otherwise excluded; and
 - b. This exclusion does not apply to loss or damage caused by or resulting from "Fungus", wet rot or dry rot. Such loss or damage is addressed in Exclusion B.11.
19. **Water or other means used to extinguish a fire**, even when the attempt is unsuccessful.
20. **With respect to the Business Income Coverage Extension, Extra Expense Coverage Extension, and Utility Interruption – Time Element Coverage Extension**, the following additional exclusions shall apply:
 - a. The business that would not or could not have been carried on if the "Covered Cause of Loss" had not occurred;
 - b. Your failure to use due diligence and dispatch to operate your business as nearly normal as practicable at the Covered Premises shown in the Equipment Breakdown Protection Schedule; or
 - c. The suspension, lapse or cancellation of a contract following a "Covered Cause of Loss" extending beyond the time business could have resumed if the contract had not lapsed, been suspended or canceled.
21. **With respect to Utility Interruption-Spoilage coverage [A.2.c(2)] and the Utility Interruption-Time Element Coverage Extension:**
 A "Breakdown" that is caused directly or indirectly by the following. Also excluded are all resulting direct and indirect loss.
 - a. Acts of Sabotage; or
 - b. Deliberate act(s) of load shedding by the supplying or distributing utility, landlord or other supplier.
22. **Any other indirect result** of a "Covered Cause of Loss" except as provided under any Coverage Extension.

C. Limits of Insurance

1. The most we will pay for loss or damage under any and all Coverage and Coverage Extensions and Limitations from any "One Breakdown" is the applicable Total Limit per Breakdown Limit of Insurance shown in the Equipment Breakdown Protection Schedule.
2. For each Coverage and Coverage Extension and Limitation in paragraph A., if:
 - a. INCLUDED is shown in the Equipment Breakdown Protection Schedule under Limit of Insurance, then the limit for such coverage is part of, not in addition to, the other Limit of Insurance identified.
 - b. A Limit of Insurance is shown in the Equipment Breakdown Protection Schedule, we will not pay more than the applicable Limit of Insurance.
3. Any payment made will not be increased if more than one Insured is shown in the Equipment Breakdown Protection Declarations.

D. Deductibles

1. Application of Deductibles

We will not pay for loss or damage resulting from any "One Breakdown" until the amount of covered loss or damage exceeds the deductible shown in the Equipment Breakdown Protection Schedule for each applicable

coverage. We will then pay the amount of covered loss or damage in excess of the deductible, up to the applicable Limit of Insurance.

Deductibles apply separately for each applicable coverage except if:

- a. A Combined Deductible is shown in the Equipment Breakdown Protection Schedule, then we will first subtract the combined deductible amount from the aggregate amount of all loss; or
- b. More than one "Covered Equipment" is involved in "One Breakdown", then only one deductible, the highest, shall apply for each of the applicable coverages; or
- c. INCLUDED is shown in the Equipment Breakdown Protection Schedule, then the deductible for that Coverage or Coverage Extension or Limitation is part of the other deductible identified, and we will subtract the deductible from the aggregate amount of loss under any Coverage and Coverage Extensions and Limitations subject to such deductible.

2. Determination of Deductibles

a. Dollar Deductible

If a dollar deductible is shown in the Equipment Breakdown Protection Schedule, we will first subtract the dollar amount from any loss we would otherwise pay.

b. Multiple per Unit Deductible

If a multiple of units is shown in the Equipment Breakdown Protection Schedule, the deductible will be calculated as the product of the multiplier times the number of units specified. (For example: if the deductible is specified as \$25/hp for air conditioning units, and a covered 500 hp air conditioning unit suffered a "Covered Cause of Loss", the deductible would be \$25 times 500 hp which equals \$12,500.)

c. Time Deductible

If a time deductible is shown in the Equipment Breakdown Protection Schedule, we will not be liable for any loss under that coverage that occurs during that specified time period immediately following a "Breakdown". If a time deductible is shown in days, each day shall mean twenty-four consecutive hours.

d. Multiple of Average Daily Value (ADV) Deductible

If a multiple of average daily value is shown in the Equipment Breakdown Protection Schedule, this deductible will be calculated as follows:

- (1) For the entire Covered Premises where the loss occurred, determine the total amount of "Business Income" that would have been earned during the "Period of Restoration" had no "Covered Cause of Loss" taken place.
- (2) Divide the result in paragraph d.(1) by the number of days the business would have been open during the "Period of Restoration". The result is the average daily value (ADV).
- (3) Multiply the ADV by the multiple of average daily value shown in the Equipment Breakdown Protection Schedule.

e. Percentage of Loss Deductible

If a deductible is expressed as a percentage of loss in the Equipment Breakdown Protection Schedule, we will not be liable for the indicated percentage of the gross amount of loss or damage (prior to the applicable deductible or coinsurance) payable under the applicable coverage.

f. Minimum Or Maximum Deductible

(1) If:

- (a) A minimum dollar amount deductible is shown in the Equipment Breakdown Protection Schedule; and
 - (b) The dollar amount of the Multiple per Unit, Multiple of Average Daily Value or Percentage of Loss Deductible is less than the Minimum Deductible;
- then the Minimum Deductible amount shown in the Equipment Breakdown Protection Schedule will be the applicable deductible.

(2) If:

- (a) A maximum dollar amount deductible is shown in the Equipment Breakdown Protection Schedule; and
 - (b) The dollar amount of the Multiple per Unit, Multiple of Average Daily Value or Percentage of Loss Deductible is greater than the Maximum Deductible;
- then the Maximum Deductible amount shown in the Equipment Breakdown Protection Schedule will be the applicable deductible.

E. Conditions

The following conditions apply in addition to the other Conditions in the Policy:

1. Loss Conditions

a. Abandonment

There can be no abandonment of any property to us.

b. Appraisal

If you and we disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that a judge of a court having jurisdiction make the selection. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

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

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

c. Defense

If there is damage to property of another in your care, custody or control for which you are legally liable, we have the right, but are not obligated, to defend you against any suit alleging liability for that property. When we do this, it will be at our expense.

d. Duties in the Event of Loss or Damage

(1) You must see that the following are done in the event of loss or damage to "Covered Property":

- (a) Give us a prompt notice of the loss or damage. Include a description of the property involved;
- (b) As soon as possible, give us a description of how, when and where the loss or damage occurred;
- (c) Allow us reasonable time and opportunity to examine the property and Covered Premises before repairs are undertaken or physical evidence of the "Covered Cause of Loss" is removed. But you must take whatever measures are necessary to protect the property and Covered Premises from further damage;
- (d) Preserve all repaired or replaced "Covered Property" for our inspection, unless we authorize otherwise;
- (e) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records;
- (f) 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) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms;
- (h) Cooperate with us in the investigation or settlement of the claim;
- (i) Promptly send us any legal papers or notices received concerning the loss or damage; and
- (j) Make no statement that will assume any obligation or admit any liability, for any loss or damage for which we may be liable, without our consent.

(2) We may examine any Insured under oath, while not in the presence of any other Insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an Insured's books and records. In the event of an examination, an Insured's answers must be signed.

e. Insurance Under Two or More Coverages

If two or more of this Equipment Breakdown Protection's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

f. Legal Action Against Us

No one may bring a legal action against us under this Equipment Breakdown Protection Coverage unless:

- (1) There has been full compliance with all the terms of this coverage; and
- (2) The action is brought within 2 years after the date of the "Breakdown"; or
- (3) 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 Equipment Breakdown Protection Coverage to bring us into any action to determine your liability.

g. Other Insurance

- (1) You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Equipment Breakdown Protection Coverage. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Equipment Breakdown Protection Coverage bears to the limit(s) of insurance of all insurance covering on the same basis.
- (2) If there is other insurance covering the same loss or damage, other than that described in paragraph g.(1), we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance under this Equipment Breakdown Protection Coverage.

h. Privilege to Adjust with Owner

In the event of loss or damage involving property of others in your care, custody or control, we have the right to settle the loss or damage with the owner of the property. A receipt for payment from the owner of that property will satisfy any claim of yours against us.

i. Reducing Your Loss

As soon as possible after a "Covered Cause of Loss" you must:

- (1) Resume business, partially or completely;
- (2) Make up for lost business within a reasonable period of time. This reasonable period does not necessarily end when operations are resumed; and
- (3) Make use of every reasonable means to reduce or avert loss including:
 - (a) Working extra time or overtime at the Covered Premises or at another location you own or acquire to carry on the same operations;
 - (b) Utilizing the property or services of other concerns;
 - (c) Using merchandise or other property, such as surplus machinery, duplicate parts, equipment, supplies and surplus or reserve stock you own, control or can obtain; and
 - (d) Salvaging the damaged "Covered Property".

j. Transfer of Rights of Recovery Against Others to Us

If any person or organization to or for whom we make payment under this 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 the loss to impair them.

However, you may waive your rights against another party in writing:

- (1) Prior to a loss to your "Covered Property" or covered income; or
- (2) After a loss to your "Covered Property" or covered income only if, at the time of loss, that party is one of the following:
 - (a) Someone insured by this Endorsement;
 - (b) A business firm:
 - (i) Owned or controlled by you; or
 - (ii) That owns or controls you; or
 - (c) Your tenant.

This will not restrict your insurance.

k. Loss Payment

- (1) In the event of loss or damage covered by this Equipment Breakdown Protection Coverage, at our option, we will either:
 - (a) Pay the value of lost or damaged property;
 - (b) Pay the cost of repairing or replacing the lost or damaged property;
 - (c) Take all or any part of the property at an agreed or appraised value; or
 - (d) Repair, rebuild or replace the property with other property of like kind and quality.
- (2) We will give notice of our intentions within 30 days after we receive the proof of loss.
- (3) We will not pay more than your financial interest in the "Covered Property".
- (4) We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if:
 - (a) You have complied with all of the terms of the Equipment Breakdown Protection Coverage; and
 - (b) We have reached agreement with you on the amount of loss or an appraisal award has been made and we have not denied the claim.

l. Valuation

We will determine the value of "Covered Property" in the event of loss or damage as follows:

- (1) At replacement cost as of the time of loss or damage, except as provided in (2), (4), (5), (6), (7), (9) and (10) below. However we will not pay more for loss or damage on a replacement cost basis than the least of the following:
 - (a) The Limit of Insurance applicable to the damaged "Covered Property";
 - (b) The cost to repair the damaged "Covered Property";
 - (c) The cost to replace the damaged "Covered Property" with other property of comparable material and quality intended to be used for the same purpose; or
 - (d) The amount actually spent that is necessary to repair or replace the damaged "Covered Property".
 But we will not pay for damaged "Covered Property" that is obsolete or useless to you.
- (2) If "Covered Equipment" is valued at replacement cost, cannot be repaired and requires replacement you may choose to apply the following provision.
New Generation Coverage – You may replace damaged "Covered Equipment" with a newer generation "Covered Equipment" of the same capacity which improves the environment, increases efficiency or enhances safety. We will pay up to an additional 25% of the covered property damage amount for the "Covered Equipment". This additional amount is included in, not in addition to, the applicable Property Damage Limit of Insurance.
- (3) Except for New Generation Coverage, you must pay the extra cost of replacing damaged "Covered Property" with property of a better kind or quality or of a larger capacity.
- (4) If:
 - (a) Any damaged "Covered Property", that is intended for your use, is protected by an **extended warranty, or maintenance or service contract**; and
 - (b) That warranty or contract becomes void or unusable due to a "Covered Cause of Loss";
 - (c) we will reimburse you for the prorated amount of the unused costs of non-refundable, non-transferable warranties or contracts.
- (5) Unless we agree otherwise in writing, if you do not repair or replace the damaged "Covered Property" within 24 months following the date of the "Breakdown", then we will pay only the smaller of the:
 - (a) Cost it would have taken to repair the "Covered Property";
 - (b) Cost it would have taken to replace the "Covered Property"; or
 - (c) Actual cash value at the time of the "Breakdown".
- (6) If all of the following conditions are met, **"Covered Property" (including finished goods) held by you for sale** except as identified in I.(7) below, will be valued at the selling price as if no loss or damage had occurred, less any discounts you offered and expenses you otherwise would have had:
 - (a) The selling price of the "Covered Property" is more than the replacement cost of the "Covered Property"; and
 - (b) You are unable to replace the "Covered Property" before its anticipated sale.
- (7) We will determine the value of "Covered Property" that is being processed as follows:
 - (a) For raw materials, the replacement cost; and
 - (b) For goods in process, the replacement cost of the raw materials, the labor extended and the proper proportion of overhead charges.
- (8) Any salvage value of property obtained for temporary repairs or use following a "Covered Cause of Loss" which remains after repairs are completed will be taken into consideration in the adjustment of any loss.
- (9) **Pairs, Sets or Parts**
 - (a) Pairs or Sets. In case of loss caused by a "Covered Cause of Loss" to any part of a pair or set we may:
 - (i) Repair or replace any part to restore the pair or set to its value before the "Breakdown"; or
 - (ii) Pay the difference between the value of the pair or set before and after the "Breakdown".
 - (b) Parts. In case of loss caused by a "Covered Cause of Loss" to any part of "Covered Property" consisting of several parts when complete, we will only pay for the value, as determined elsewhere in this Condition, of the lost or damaged part.
- (10) **Brands and Labels**
 - (a) If branded or labeled merchandise that is "Covered Property" is damaged by a "Covered Cause of Loss", we may take all or any part of the property at an agreed or appraised value. If we take such property, you may:
 - (i) Stamp the word SALVAGE on the merchandise or its containers if the stamp will not physically damage the merchandise; or
 - (ii) Remove the brands or labels if doing so will not physically damage the merchandise. You must re-label the merchandise or its containers to comply with any law.
 - (b) We will pay the reasonable cost you incur to perform the activities described in paragraphs (a)(i) and (a)(ii) above.

However, if costs identified in paragraphs (10)(a)(i) and (10)(a)(ii) above are incurred as a result of damage as covered under the "Fungus", Wet Rot and Dry Rot Coverage Extension, Hazardous Substance Limitation, Refrigerant Contamination Limitation or Water Damage Limitation, such costs will be a part of, not in addition to, the respective limits shown in the Equipment Breakdown Protection Schedule for the "Fungus", Wet Rot and Dry Rot Coverage Extension, Hazardous Substance Limitation, Refrigerant Contamination Limitation and Water Damage Limitation.

- (11) Except as specifically provided under the Green Coverage Extension the cost to repair, rebuild or replace "Covered Property" does not include any increased cost incurred to re-attain a pre-loss level of "Green" certification from a "Green Authority".

2. General Conditions

a. Bankruptcy

The bankruptcy or insolvency of you or your estate will not relieve us of any obligation under this Equipment Breakdown Protection Coverage.

b. Cancellation – as found elsewhere in this Policy.

c. Concealment, Misrepresentation or Fraud

This Equipment Breakdown Protection Coverage is void in any case of fraud, intentional concealment or misrepresentation of a material fact by you or any other Insured, at any time, concerning:

- (1) This Endorsement;
- (2) The "Covered Property";
- (3) Your interest in the "Covered Property"; or
- (4) A claim under this Coverage.

d. Currency

All amounts used herein are expressed in the currency of the United States of America and any loss sustained under the Equipment Breakdown Protection Coverage shall be paid in the currency of the United States of America.

If, in the event of loss or damage, the amount of such loss or damage is computed in a foreign currency, the amount of such loss or damage will then be converted into the currency of the United States of America at the rate of exchange as specified in the Wall Street Journal as of the date the "Breakdown" occurred.

e. Jurisdictional Inspections

At your option, we will provide certificate-of-operation inspection services for boilers and other pressure vessels where:

- (1) You have notified us of equipment that is insured under this Equipment Breakdown Protection Coverage and that requires a certificate-of-operation;
- (2) The certificate-of-operation is required by state, city or provincial law; and
- (3) The state, city or provincial law permits inspections by insurance company employees.

Certificate-of-operation inspection services shall be provided only in the United States of America, Puerto Rico and Canada as allowed by state, city or provincial law.

f. Liberalization

If we adopt any standard form revision for general use that would broaden coverage under the Equipment Breakdown Coverage Protection without additional premium, the broadened coverage will immediately apply to this Coverage if the revision is effective within 45 days prior to or during the Policy period.

g. No Benefit to Bailee

No person or organization, other than you, having custody of "Covered Property" will benefit from this insurance.

h. Policy Period, Coverage Territory

Under this Equipment Breakdown Protection Coverage:

- (1) We cover loss or damage commencing;
 - (a) During the Policy Period shown in the Equipment Breakdown Protection Declarations; and
 - (b) Within the Coverage Territory.
- (2) The Coverage Territory is:
 - (a) The United States of America (including its territories and possessions);
 - (b) Puerto Rico; and
 - (c) Canada.

i. Suspension

Whenever "Covered Equipment" is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance under this Equipment Breakdown Production against loss from a "Breakdown" to that "Covered Equipment". This can be done by delivering or mailing a written notice of suspension to:

- (1) Your last known address; or
- (2) The address where the "Covered Equipment" is located.

Once suspended in this way, your insurance can be reinstated only by an endorsement for that "Covered Equipment".

If we suspend your insurance, you will receive a pro rata refund of premium for such suspension. But the suspension will be effective even if we have not yet made or offered a refund.

3. Joint or Disputed Loss Agreement

a. This condition is intended to facilitate payment of insurance proceeds when:

- (1) Both a commercial property policy and this Equipment Breakdown Protection are in effect;
- (2) Damage occurs to "Covered Property" that is insured by the commercial property policy and this Equipment Breakdown Protection; and
- (3) There is disagreement between the insurers as to whether there is coverage or as to the amount of the loss to be paid, if any, by each insurer under its own policies or endorsements.

b. This condition does not apply if:

- (1) Both the commercial property insurer and we do not admit to any liability; and
- (2) Neither the commercial property insurer nor we contend that coverage applies under the other insurer's endorsement.

c. These provisions of this condition apply only if all of the following requirements are met:

- (1) The commercial property policy carried by the Named Insured, insuring the "Covered Property", contains a similar provision at the time of the loss or damage, with substantially the same requirements, procedures and conditions as contained in this condition; and
- (2) The damage to the "Covered Property" was caused by a loss for which:
 - (a) Both the commercial property insurer and we admit to some liability for payment under the respective policies; or
 - (b) There is disagreement between the insurers with respect to:
 - (i) Whether the damage to the "Covered Property" was caused by a "Covered Cause of Loss" insured under this Equipment Breakdown Protection or by a covered cause of loss insured by the commercial property policy; or
 - (ii) The extent of participation of this Equipment Breakdown Protection and of such commercial property policy in a loss that is insured against, partially or wholly, by both this Equipment Breakdown Protection and such commercial property policy.

d. If the requirements listed in paragraph **c.** above are satisfied, the commercial property insurer and we will make payment per the following:

- (1) We will pay, after your written request, the entire amount of loss that we have agreed is covered, if any, by this Equipment Breakdown Protection and one-half (1/2) the amount of the loss that is in disagreement.
- (2) The commercial property insurer will pay, after your written request, the entire amount of loss that it has agreed is covered, if any, by the commercial property policy and one-half (1/2) the amount of loss that is in disagreement.
- (3) Payments by the insurers of the amounts that are in disagreement, as described in paragraphs d.(1) and d.(2), do not alter, waive or surrender any rights of any insurer against any other with regard to the portion of the loss for which each insurer is liable.
- (4) The amount in disagreement to be paid by us under this condition shall not exceed the amount payable under the equivalent Loss Agreement of the commercial property policy.
- (5) The amount to be paid under this condition shall not exceed the amount we would have paid had no commercial property policy been in effect at the time of loss. In no event will we pay more than the applicable Limit of Insurance shown in the Equipment Breakdown Protection Schedule or elsewhere in this Equipment Breakdown Protection.
- (6) Acceptance by you of sums paid under this condition does not alter, waive or surrender any other rights against us.

e. Arbitration

- (1) The payments by the commercial property insurer and us hereunder and acceptance of those sums by you signify the agreement between the commercial property insurer and us to proceed with arbitration within 90 days of such payment.
- (2) The arbitrators shall be three in number, one of whom shall be appointed by us and one of whom shall be appointed by the commercial property insurer and the third appointed by consent of the other two arbitrators.
- (3) The decision by the arbitrators shall be binding on the commercial property insurer and us and that judgment upon such award may be entered in any court of competent jurisdiction.
- (4) You agree to cooperate in connection with such arbitration but not to intervene therein.

4. Statutes or Regulations

If any term or condition of this Equipment Breakdown Protection conflicts with any requirement of applicable statutory or regulatory law, such term or condition is amended to conform to that law.

5. Mortgageholders

- a. The term – mortgageholder – includes trustee.
- b. We will pay for direct damage to "Covered Property" due to a "Covered Cause of Loss" to each mortgageholder shown in the Mortgagee Schedule forming a part of this Equipment Breakdown Protection in their order of precedence, as interests may appear.
- c. The mortgageholder has the right to receive loss payment even if the mortgageholder 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 Protection, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
 - (1) Pays any premium due under this Equipment Breakdown Protection 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; and
 - (3) Has notified us of any change in ownership or material change in risk known to the mortgageholder.All of the terms of this Equipment Breakdown Protection will then apply directly to the mortgageholder.
- e. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Endorsement:
 - (1) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
 - (2) The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.At our option, we may pay to the mortgageholder 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 Equipment Breakdown Protection, we will give written notice to the mortgageholder 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 do not renew this Equipment Breakdown Protection, we will give written notice to the mortgageholder at least 10 days before the expiration date of this Equipment Breakdown Protection.
- h. If we suspend coverage, it will also be suspended as respects the mortgageholder. We will give written notice of the suspension to the mortgageholder.

F. Definitions

1. "Breakdown"

- a. "Breakdown" means the following direct physical loss that causes physical damage to "Covered Equipment" and necessitates its repair or replacement:
 - (1) Electrical failure including arcing;
 - (2) Failure of pressure or vacuum equipment; or
 - (3) Mechanical failure including rupture or bursting caused by centrifugal force;unless such loss or damage is otherwise excluded within this Equipment Breakdown Protection or any Endorsement forming a part of this Coverage.

- b. "Breakdown" does not mean or include:
 - (1) Cracking of any part of an internal combustion gas turbine exposed to the products of combustion;
 - (2) Damage to any structure or foundation supporting the "Covered Equipment" or any of its parts;
 - (3) Damage to any vacuum tube, gas tube, or brush;
 - (4) Defects, erasures, errors, limitations or viruses in "Computer Equipment", "Electronic Data", "Media" or programs, including the inability to recognize and process any date or time or provide instructions to "Covered Equipment". However, if a "Breakdown" ensues, we will pay the ensuing loss or damage not otherwise excluded;
 - (5) Functioning of any safety or protective device;
 - (6) Leakage at any valve, fitting, shaft seal, gland packing, joint or connection; or
 - (7) Malfunction including adjustment, alignment, calibration, cleaning or modification.
2. **"Business Income"** means the:
 - a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and
 - b. Continuing normal operating expenses incurred, including "Ordinary Payroll".
3. **"Business Income Actual Annual Value"** means the "Business Income" values for the 12 months prior to the "Breakdown".
4. **"Business Income Estimated Annual Value"** means the "Business Income" as estimated in the most recent Business Income Report of Values we have on file.
5. **"Computer Equipment"** means:
 - a. Your programmable electronic equipment that is used to store, retrieve and process data; and
 - b. Associated peripheral equipment that provides communication including input and output functions such as printing or auxiliary functions such as data transmission.
 It does not include "Electronic Data" or "Media".
6. **"Computer Program"** means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enables the computer or device to receive, process, store, retrieve or send data.
7. **"Covered Cause of Loss"** – as defined in **paragraph A.1.**
8. **"Covered Equipment"**
 - a. "Covered Equipment" means any:
 - (1) Equipment designed and built to operate under internal pressure or vacuum other than weight of contents;
For any boiler or fired vessel, the furnace of the "Covered Equipment" and the gas passages from there to the atmosphere will be considered as outside the "Covered Equipment";
 - (2) Communication equipment and "Computer Equipment";
 - (3) Fiber optic cable; or
 - (4) Any other electrical or mechanical equipment that is used in the generation, transmission or utilization of energy.
 - b. "Covered Equipment" does not mean any:
 - (1) Astronomical telescope, cyclotron used for other than medical purposes, nuclear reactor, particle accelerator used for other than medical purposes, satellites or spacecraft (including any "Covered Equipment" mounted on or used solely with any satellite or spacecraft);
 - (2) Catalyst;
 - (3) Dragline, power shovel, excavation or construction equipment including any "Covered Equipment" mounted on or used solely with any dragline, power shovel, excavation or construction equipment;
 - (4) Equipment or any part of equipment manufactured by you for sale;
 - (5) Felt, wire, screen, mold, form, pattern, die, extrusion plate, swing hammer, grinding disc, cutting blade, non-electrical cable, chain, belt, rope, clutch plate, brake pad, non-metal part or any part or tool subject to periodic replacement;
 - (6) Insulating or refractory material;
 - (7) "Media";
 - (8) Non-metallic pressure or vacuum equipment, unless it is constructed and used in accordance with the American Society of Mechanical Engineers (A.S.M.E.) code or other appropriate and approved code;
 - (9) Part of pressure or vacuum equipment that is not under internal pressure of its contents or internal vacuum;
 - (10) Pressure vessels and piping that are buried below ground and require the excavation of materials to inspect, remove, repair or replace;

- (11) "Power Generating Equipment" unless shown as INCLUDED in the Equipment Breakdown Protection Declarations;
- (12) Structure, foundation, cabinet or compartment supporting or containing the "Covered Equipment" or part of the "Covered Equipment" including penstock, draft tube or well casing; or
- (13) Vehicle, aircraft, self-propelled equipment or floating vessel, including any "Covered Equipment" mounted on or used solely with any vehicle, aircraft, self-propelled equipment or floating vessel.

9. "Covered Equipment"

a. "Covered Property" means any property that:

- (1) You own; or
- (2) Is in your care, custody or control and for which you are legally liable; while located at the Covered Premises shown in the Equipment Breakdown Protection Declarations.

b. "Covered Property" does not mean:

- (1) Live mammals, fish, birds, reptiles, amphibians or insects. It also does not mean eggs intended to become live mammals, fish, birds, reptiles, amphibians or insects; or
- (2) "Electronic Data".

10. "Electronic Data" means information, facts or "Computer Programs" stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment

11. "Extra Expense" means the additional cost you necessarily incur to operate your business during the "Period of Restoration" over and above the cost that you normally would have incurred to operate the business during the same period had no "Covered Cause of Loss" occurred.

Any salvage value of property obtained for temporary use during the "Period of Restoration" which remains after the resumption of normal operations will be taken into consideration in the adjustment of any loss

12. "Fungus" means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or by-products produced or released by fungi.

13. "Green" means products, materials, methods and processes that conserve natural resources, reduce energy or water consumption, avoid toxic or other polluting emissions or otherwise minimize the environmental impact.

14. "Green Authority" means a recognized authority on "Green" building or "Green" products, materials or processes.

15. "Hacking Event" means an attack that allows unauthorized access or use of "Covered Equipment".

16. "Hazardous Substance" means any substance, other than refrigerants (including ammonia), that has been declared to be hazardous to health by a government agency.

17. "Media" means electronic data processing or storage material such as films, tapes, discs, drums or cells. However, "Media" does not include any hard disk drive that is an internal component of "Computer Equipment".

18. "One Breakdown" means if an initial "Breakdown" causes other "Breakdowns", all will be considered "One Breakdown". All "Breakdowns" at any one Covered Premises that manifest themselves at the same time and are the direct result of the same cause will be considered "One Breakdown".

19. "Ordinary payroll" means payroll expenses for all your employees except Officers, Executives, Department Managers, and Employees under contract.

"Ordinary Payroll" expenses include payroll; employee benefits, if directly related to payroll; FICA payments; union dues; and Worker's Compensation premiums.

20. "Period of Restoration"

a. "Period of Restoration" means the period of time that:

- (1) Begins at the time of the "Breakdown"; and
- (2) Ends on the earlier of:
 - (a) The number of consecutive days indicated for the applicable "Period of Restoration" extension shown in the Equipment Breakdown Protection Schedule after the date when the property at the Covered Premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
 - (b) The date when business is resumed at a new permanent location.

b. "Period of Restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

- (1) Regulates the construction, use or repair, or requires the tearing down of any property; or

(2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "Hazardous Substance".

c. Except as specifically provided under the Green Coverage Extension "Period of Restoration" does not include any increased period required to re-attain a pre-loss level of "Green" certification from a "Green Authority".

21. "Perishable Goods" means any "Covered Property" that is maintained under controlled conditions for its preservation and that is susceptible to loss or damage if the controlled conditions change

22. "Power Generating Equipment" means any pressure, mechanical or electrical equipment, machinery or apparatus that is used in, or associated with, the generation of electric power. "Power Generating Equipment" does not mean any equipment, machinery or apparatus with less than or equal to 1000 kilowatts of capacity, which is used solely to generate emergency power.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EQUIPMENT BREAKDOWN – COVERED EQUIPMENT EXCLUSION

This endorsement amends coverage provided under the Equipment Breakdown Protection Coverage Endorsement.

Any item indicated below with an X is added to paragraph F. Definitions, 8 "Covered Equipment", b. :

- ☐ "Communication Equipment" meaning any:
 - a. Radio, television or microwave antennae;
 - b. Microwave or satellite dish;
 - c. Any other electrical or mechanical equipment attached to towers: or
 - d. Main transmitter and its power supply including, but not limited to, any klystron tube.
- ☐ Conveyor, crane or hoist, including any "Covered Equipment" mounted on or used solely with any conveyor, crane or hoist.
- ☐ "Diagnostic Equipment" meaning any machine or apparatus used solely for research, diagnosis, medical, surgical, therapeutic, dental or pathological purposes
- ☐ Oven, stove, furnace, incinerator, pot or kiln, including any "Covered Equipment" mounted on or used solely with any oven, stove, furnace, incinerator, pot or kiln
- ☐ Oven, stove, furnace, incinerator, pot or kiln. However, this exclusion shall not apply to any "Covered Equipment" mounted on or used solely with any oven, stove, furnace, incinerator, pot or kiln
- ☒ "Power Generating Equipment" meaning any:
 - a. Pressure, mechanical or electrical equipment, machinery or apparatus used in, or associated with, the generation of electric power; and
 - b. Step up transformers associated with such power generating equipment.
 However, "Power Generating Equipment" does not mean any equipment, machinery or apparatus with less than or equal to 1000 kilowatts of capacity, which is used solely to generate emergency power
- ☐ "Production Machines" meaning any production or process machine or apparatus that processes, forms, cuts, shapes, or grinds raw materials, materials in process or finished products, including any object that is used solely with and/or forms an integral part of the production or process or apparatus. But production machines does not include any:
 - a. pressure vessel or vacuum vessel, other than any cylinder containing a movable plunger or piston; or
 - b. pump, compressor, fan or blower that conveys raw materials, materials in process or finished products; or
 - c. separate enclosed gear set connected by a coupling, clutch or belt; or
 - d. separate driving electrical or mechanical machine connected by a coupling clutch or belt
- ☐ Rotating Biological Contactors (RBC) including any shaft, cylinder, disk or support forming a part of an RBC, but not including any motor or gear set used to drive an RBC.
- ☐ Secondary MEA, meaning electrical apparatus forming a part of an electrical connection between the secondary terminal of any arc or induction transformer and the furnace or heating coil which it supplies
- ☐ Other:

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EQUIPMENT BREAKDOWN – COVERED PROPERTY EXCLUSION

This endorsement amends coverage provided under the Equipment Breakdown Protection Coverage Endorsement.

Any of the following items indicated with an X below are added to paragraph F. Definitions, 9. "Covered Property" b. No coverage, including coverage extensions, shall be provided for such specified property.

- ☐ "Communication Equipment" meaning any:
 - a. Radio, television or microwave antennae; or
 - b. Microwave or satellite dish; or
 - c. Any other electrical or mechanical equipment attached to towers; or
 - d. Main transmitter and its power supply including, but not limited to, any klystron tube.
- ☐ "Course of Construction" – meaning any building or structure (including any "Covered Equipment" located inside or associated with such building or structure) in the course of construction, erection, rehabilitation or installation.
- ☐ "Diagnostic Equipment" meaning any machine or apparatus used solely for research, diagnosis, medical, surgical, therapeutic, dental or pathological purposes
- ☐ "Fine Arts" – meaning any painting, etching, picture, tapestry, art glass window, valuable rug, statutory marble, bronze, antique furniture, rare or valuable books, antique silver, manuscript, porcelain, rare glass, bric-a-brac and similar property of rarity, historical value or artistic merit.
- ☐ "Growing Crops" – includes but is not limited to seeds, seedlings, cuttings, rootings, plants and/or timber.
- ☒ "Power Generating Equipment" meaning any:
 - a. Pressure, mechanical or electrical equipment, machinery or apparatus used in, or associated with, the generation of electric power; and
 - b. Step up transformers associated with such power generating equipment.
 However, "Power Generating Equipment" does not mean any equipment, machinery or apparatus with less than or equal to 1000 kilowatts of capacity, which is used solely to generate emergency power
- ☐ "Production Machines" meaning any production or process machine or apparatus that processes, forms, cuts, shapes, or grinds raw materials, materials in process or finished products, including any object that is used solely with and/or forms an integral part of the production or process or apparatus. But production machines does not include any:
 - a. pressure vessel or vacuum vessel, other than any cylinder containing a movable plunger or piston; or
 - b. pump, compressor, fan or blower that conveys raw materials, materials in process or finished products; or
 - c. separate enclosed gear set connected by a coupling, clutch or belt; or
 - d. separate driving electrical or mechanical machine connected by a coupling clutch or belt
- ☐ Other:

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**EQUIPMENT BREAKDOWN –
POWER GENERATING EQUIPMENT CONTRACT EXCLUSION**

This endorsement amends coverage provided under the Equipment Breakdown Protection Coverage Endorsement.

A. The following is added to paragraph B. Exclusions:

We will not pay for any increase in loss that results from fines, damages or penalties of any nature for breach of contract for late or non-completion of orders as the result of a "Breakdown" to "Power Generating Equipment" owned by you or in your care, custody or control.

B. For purposes of this Endorsement, the following is added to F. Definitions:

"Power Generating Equipment" means any:

1. Pressure, mechanical or electrical equipment, machinery or apparatus used in, or associated with, the generation of electric power; and
2. Step-up transformers associated with such power generating equipment.

However, "Power Generating Equipment" does not mean any equipment, machinery or apparatus with less than or equal to 1000 kilowatts of capacity, which is used solely to generate emergency power.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EQUIPMENT BREAKDOWN – POWER GENERATING EQUIPMENT TIME ELEMENT EXCLUSION

This endorsement amends coverage provided under the Equipment Breakdown Protection Coverage Endorsement.

A. The following is added to B. Exclusions:

With respect to the Business Income Coverage Extension or Extra Expense Coverage Extension, any loss resulting from a "Breakdown" to "Power Generating Equipment" that is owned by you or in your care, custody or control.

B. For purposes of this Endorsement, the following is added to **F. Definitions**:

"Power Generating Equipment" means any:

1. Pressure, mechanical or electrical equipment, machinery or apparatus used in, or associated with, the generation of electric power; and
2. Step-up transformers associated with such power generating equipment.

However, "Power Generating Equipment" does not mean any equipment, machinery or apparatus with less than or equal to 1000 kilowatts of capacity, which is used solely to generate emergency power.

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ENDORSEMENT NO. _____

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE (Standard Time)					INSURED	AGENCY AND CODE
	MO.	DAY	YR.	12:01 A.M.	NOON		
HMTP-152345RW	12	1	2011	X		SALINE TOWNSHIP	99900

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EARTHQUAKE COVERAGE ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM — PUBLIC ENTITY

A. COVERED CAUSES OF LOSS

When Earthquake is shown in the Declarations, Covered Causes of Loss includes the following:

1. **Earthquake.**
2. **Volcanic Eruption**, meaning direct loss or damage resulting from the eruption, explosion or effusion of a volcano when the loss or damage is caused by:
 - (a) Airborne volcanic blast or airborne shock waves;
 - (b) Ash, dust or particulate matter; or
 - (c) Lava flow.

Volcanic eruption does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

All Earthquake activity (including foreshocks and aftershocks) or Volcanic Eruptions that occur within any 168-hour period will constitute a single Earthquake or Volcanic Eruption. The expiration of this policy will not reduce the 168-hour period.

B. EXCLUSIONS

1. Exclusion 1.b. **Earth Movement** of **SECTION C – EXCLUSIONS** is deleted in its entirety.
2. The following exclusions are added to **SECTION C – EXCLUSIONS**:
 - a. We will not pay for loss or damage caused by or resulting from:
 - (1) Fire, explosion (other than volcanic explosion), landslide, mine subsidence, tidal wave, flood, mudslide or mudflow, even if attributable to an Earthquake or Volcanic Eruption.

But,

- (a) If earthquake results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion as provided for under the Building and Personal Property Coverage Form; or
- (b) If volcanic eruption, explosion or effusion results in fire, we will pay for the loss or damage caused by that fire as provided for under the Building and Personal Property Coverage Form.

- (2) Any Earthquake or Volcanic Eruption that begins before the inception of this insurance.

- b. The following provisions apply to the Coverage Extension for Extra Expense and Business Income:

We will not pay for:

- (1) Any increase of loss caused by or resulting from:
 - (a) Delay in rebuilding, repairing or replacing the property or resuming "operations," due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
 - (b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the suspension of "operations," we will cover such loss that affects your Business Income during the "period of restoration."
- (2) Any Extra Expense caused by or resulting from suspension, lapse or

U.S. SPECIALTY INSURANCE COMPANY

cancellation of any license, lease or contract beyond the "period of restoration."

(3) Any other consequential loss.

C. LIMITATION

We will not pay for loss of or damage to exterior masonry veneer (except stucco) on wood frame walls caused by or resulting from Earthquake or Volcanic Eruption. The value of such veneer will not be included in the value of Covered Property or the amount of loss when applying:

1. The Deductible shown in the Declarations; or
2. The Additional Condition, Coinsurance, if applicable to the coverage provided by this endorsement.

This limitation does not apply if:

1. The premises description in the Declarations specifically states "Including Masonry Veneer"; or
2. Less than 10% of the total outside wall area is faced with masonry veneer (excluding stucco).

D. DEDUCTIBLE

The Deductible, if any, in the Building and Personal Property Coverage Form is replaced by the following with respect to Earthquake and Volcanic Eruption:

1. We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of that Deductible, up to the applicable Limit of Insurance, after any reduction required by any of the following: Coinsurance Condition or Agreed Value Optional Coverage.
2. The Deductible may be shown as either an amount or a percentage. When shown as a percentage, the Deductible is that percentage of the value of the Covered Property at the

time of the loss or damage. If the Covered Property is written on a Blanket Insurance basis, the value(s) to be used are those shown in the most recent Statement of Values on file with us.

3. A Deductible is calculated separately for and applies separately to:

- a. Each building, if two or more buildings sustain loss or damage;
- b. The building and personal property in that building, if both sustain loss or damage;
- c. Personal property at each building, if personal property at two or more buildings sustains loss or damage;
- d. Personal property in the open (or in a vehicle) within 1,000 feet of the described premises.

E. LIMITS OF INSURANCE

1. The Limit of Insurance shown in the Declarations as Any One Earthquake is the most we will pay for loss or damage in any one Earthquake or any one Volcanic Eruption, regardless of the number of covered locations.
2. The Limit of Insurance shown in the Declarations as Annual Aggregate is the most we will pay for all claims for Earthquake or Volcanic Eruption damage which occurs during the policy period. If the policy period shown in the Declarations is for a term of more than one year, we will apply the Annual Aggregate Limit separately to each consecutive year of the policy period.
3. The following is added to **SECTION E – LIMITS OF INSURANCE** contained in the Building and Personal Property Coverage Form:

Payments under the Earthquake or Volcanic Eruption Covered Causes of Loss will not increase the applicable Limit of Insurance.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED

AUTHORIZED REPRESENTATIVE

DATE

U.S. SPECIALTY INSURANCE COMPANY**ENDORSEMENT NO.** _____

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE (Standard Time)					INSURED	AGENCY AND CODE
	MO.	DAY	YR.	12:01 A.M.	NOON		
HMTP-152345RW	12	1	2011	X		SALINE TOWNSHIP	99900

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FLOOD COVERAGE ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM — PUBLIC ENTITY**A. COVERED CAUSES OF LOSS**

When Flood is shown in the Declarations, Covered Causes of Loss includes the following:

Flood means flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not, and mudslide or mudflow caused by any of the foregoing.

If flood results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage as provided for under the Building and Personal Property Coverage Form.

B. EXCLUSIONS

Exclusion 1.g. Water of SECTION C - EXCLUSIONS is deleted in its entirety.

C. LIMITATIONS

The following limitation is added:

When a Limit of Insurance for Flood is shown in the Declarations, coverage provided by this endorsement does not apply to any location(s) situated in a "special flood coverage area" as determined by the Federal Emergency Management Agency (FEMA). These areas are currently designated by FEMA as zones A, AO, AH, A1-A30, A99, V, V1-V30. Any area later designated by FEMA as a "special flood coverage area" at the time of a Covered Cause of Loss is also subject to this limitation. Any area removed by FEMA from a "special flood coverage area" designated at the time of a Covered Cause of Loss is not subject to this limitation.

D. DEDUCTIBLE

The Deductible, if any, in the Building and Personal Property Coverage Form is replaced by the following with respect to Flood:

We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible up to the applicable Limit of Insurance—Any One Flood.

E. LIMITS OF INSURANCE

1. The Limit of Insurance shown in the Declarations as Any One Flood is the most we will pay for loss or damage in any one Flood, regardless of the number of covered locations.
2. The Limit of Insurance shown in the Declarations as Annual Aggregate is the most we will pay for all claims for Flood damage which occurs during the policy period. If the policy period shown in the Declarations is for a term of more than one year, we will apply the Annual Aggregate Limit separately to each consecutive year of the policy period.
3. The following is added to **SECTION E – LIMITS OF INSURANCE** contained in the Building and Personal Property Coverage Form:

Payments under the Flood Covered Causes of Loss will not increase the applicable Limit of Insurance.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED_____
AUTHORIZED REPRESENTATIVE_____
DATE

U.S. SPECIALTY INSURANCE COMPANY**INLAND MARINE DECLARATIONS**These Supplemental Declarations form a part of policy number HMTP-152345RW**LIMITS OF INSURANCE****1. COVERED PROPERTY**

- a. Schedule of Property (See
- A.1.**
- of this Coverage Form)

DESCRIPTION OF PROPERTY

Item No.	(Year, Name of Manufacturer, Type, Model, Serial Number) Per Schedule on File with Company	Limit of Insurance
		\$13,500

Total Scheduled Property	\$13,500
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b. Blanket Miscellaneous Tools and Equipment	\$15,914
--	-----------------

c. Limit of Insurance for All Covered Property	\$29,414
--	-----------------

2. AMENDMENT TO COVERAGE EXTENSIONS

(Applicable only for those Coverage Extensions where an increased limit of insurance is shown below)

- a. Additionally Acquired Equipment, 25% of the Total Scheduled Property or \$500,000, whichever is less, for any one item.
-
- (See section
- A.4.a.**
- of the Coverage Form)

Increased to \$ _____

- b. Rental Expense Reimbursement, \$2,500 of rental expenses in any one policy period.
-
- (See section
- A.4.b.**
- of the Coverage Form)

Increased to \$ _____

- c. Debris Removal Expense, 10% of the amount we pay for the direct physical "loss" to Covered Property, or \$5,000 for the sum of all debris removal expense occurring during each separate 12 month period of the policy, whichever is less.
-
- (See section
- A.4.d.**
- of the Coverage Form)

Increased to \$ _____

DEDUCTIBLE \$ 250**RATE** \$**PREMIUM** \$**LOSS PAYABLE TO YOU AND AS
THEIR INTERESTS MAY APPEAR****FORMS AND ENDORSEMENTS**

Forms and endorsements applying to this Coverage Part and made a part of this policy at time of issue:

Refer to PKGILH0002 2011

THIS SUPPLEMENTAL DECLARATIONS AND THE COMMON POLICY DECLARATIONS, TOGETHER WITH THE COMMON POLICY CONDITIONS, THE INLAND MARINE CONDITIONS, COVERAGE FORM(S) AND ENDORSEMENTS COMPLETE THE ABOVE NUMBERED POLICY.

U.S. SPECIALTY INSURANCE COMPANY

INLAND MARINE COVERAGE FORM

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

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we," "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to the DEFINITIONS section in this Coverage Form.

A. COVERAGE

We will pay for "loss" to Covered Property from any of the Covered Causes of Loss.

1. Covered Property

Covered Property means equipment as scheduled in the Declarations, which is:

- a. Your property; and
- b. Similar property of others for which you may be liable.

2. Property Not Covered

Covered Property does not include:

- a. Automobiles, motor trucks, tractors, trailers or other vehicles designed and principally used for highway transportation;
- b. Aircraft or non-owned watercraft; except as scheduled
- c. Property while airborne;
- d. Property while waterborne except while in transit on ferries, lighters or carfloats;
- e. Property while located underground, in caissons or underwater;
- f. Tools and clothing of your employees; except as scheduled
- g. Contraband or property in the course of illegal transportation or trade;
- h. Blueprints, mechanical drawings, designs, tracings, specifications or other similar property;
- i. Property which has or is intended to become a permanent part of any structure;
- j. Building materials and supplies

3. Covered Causes Of Loss

Covered Causes of Loss means RISKS OF DIRECT PHYSICAL "LOSS" to Covered Property except those causes of "loss" listed in the Exclusions.

4. Coverage Extensions

a. Additionally Acquired Equipment

If during the policy period you acquire additional equipment of a type already covered by this form, we will cover such equipment for up to 60 days but not beyond the end of the policy period.

The most we will pay for "loss" to any one item is the lesser of:

(1) 25% of the Total Scheduled Property shown in the Declarations; or

(2) \$500,000;

unless an increased limit for any one item is shown in the Declarations.

You will report such equipment to us within 90 days from the date acquired and will pay any additional premium due. If you do not report such equipment, coverage will cease automatically 90 days after the date the equipment is acquired, or at the end of the policy period, whichever occurs first.

b. Rental Expense Reimbursement

We will reimburse your rental expenses should a covered "loss" to equipment you own make it necessary to rent replacement equipment to continue your normal operation of the work in progress. We will reimburse these rental expenses provided you do not have equivalent idle equipment you can use and restore or replace the lost or damaged equipment as soon as possible.

Our reimbursement is limited to rental expenses incurred during the period of time beginning seventy-two (72) hours after the "loss" has occurred and continuing until the equipment has been restored, replaced, or is no longer needed, whichever occurs first. The period of reimbursement will not be limited by the policy expiration date.

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The most we will pay is \$2,500 of your rental expenses in any one policy period for one or more items of equipment unless an increased limit is shown in the Declarations.

c. Pollutant Clean Up and Removal

(1) We will pay your expenses to extract "pollutants" from land or water if the release, discharge or dispersal of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the earlier of:

- (a) The date of direct physical "loss"; or
- (b) The end of the policy period.

(2) The most we will pay under this Coverage Extension is \$10,000 for the sum of all such expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy.

d. Debris Removal Expense

(1) We will pay your expenses to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the earlier of:

- (a) The date of direct physical "loss"; or
- (b) The end of the policy period.

(2) The most we will pay under this Coverage Extension is the lesser of the following:

- (a) 10 % of the amount we pay for the direct physical "loss" to Covered Property; or
- (b) \$5,000 for the sum of all debris removal expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy.

(3) This Coverage Extension does not apply to costs to:

- (a) Extract "pollutants" from land or water; or
- (b) Remove, restore or replace polluted land or water.

e. Fire Hydrants

We will pay for loss to Fire Hydrants up to \$3,500 per hydrant/\$14,000 per aggregate unless specifically scheduled on the Inland Marine Schedule.

f. Tree Removal

We will pay for the cleanup, removal or stump grinding of any tree that falls onto insured real or personal property. The most we will pay is a limit of \$500 per tree/\$1500 policy aggregate

B. EXCLUSIONS

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

a. Governmental Action

Seizure or destruction of property by order of governmental authority.

But 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 Form.

b. Nuclear Hazard

- (1) Any weapon employing atomic fission or fusion; or
- (2) Nuclear reaction or radiation, or radioactive contamination from any other cause.

But we will pay for direct "loss" caused by resulting fire if the fire would be covered under this Coverage Form.

c. 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 or action taken by governmental authority in hindering or defending against any of these.

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

U.S. SPECIALTY INSURANCE COMPANY

- a. Delay, loss of use, loss of market or any other consequential loss;
- b. Dishonest or criminal act committed by:
 - (1) You, any of your partners, employees, directors, trustees, or authorized representatives;
 - (2) Anyone else with an interest in the property, or their employees or authorized representatives; or
 - (3) Anyone else to whom the property is entrusted for any purpose.

This exclusion applies whether or not such persons are acting alone or in collusion with other persons or such acts occur during the hours of employment.

This exclusion does not apply to Covered Property that is entrusted to others who are carriers for hire or to acts of destruction by your employees. But theft by employees is not covered.

- c. Unexplained disappearance;
- d. Shortage found upon taking inventory;
- e. Explosion, rupture or bursting of any steam boiler, steam piping or pressure vessel owned, leased or operated by the Insured. But if explosion of steam boilers, steam pipes or pressure vessels results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion;
- f. Artificially generated current creating a short circuit or other electrical disturbance within the Covered Property. But we will pay for direct "loss" caused by resulting fire or explosion.

This exclusion only applies to "loss" to that article in which the disturbance occurs

- g. Processing or work upon the property.

We will pay for direct "loss" caused by resulting fire or explosion, if these causes of "loss" would be covered under this Coverage Form;

- h. Voluntary parting with any property by you or anyone entrusted with the property if induced to do so by any fraudulent scheme, trick, device or false pretense;
- i. Unauthorized instructions to transfer property by any person or to any place;
- j. Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage,

migration, release or escape is itself caused by any of the Covered Causes of Loss. But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a Covered Cause of Loss, we will pay for the "loss" caused by that Covered Cause -of Loss.

- 3. We will not pay for "loss" caused by or resulting from any of the following. But if "loss" by a Covered Cause of Loss results, we will pay for that resulting "loss."

- a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in paragraph 1. above to produce the "loss";
- b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body;
- c. Wear and tear, gradual deterioration, corrosion, rust, dryness or dampness of atmosphere, extremes or changes of temperature including freezing;
- d. Insects, vermin, rodents;
- e. Any quality in the property that causes it to damage or destroy itself, hidden or latent defect;
- f. Mechanical or electrical breakdown or failure;
- g. Faulty, inadequate or defective:
 - (1) Planning, zoning, development, surveying or siting;
 - (2) Design, specification, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - (3) Materials used in repair, construction, renovation or remodeling; or
 - (4) Maintenance;of part or all of any property wherever located;
- h. Collapse of all or part of any building or structure.

C. LIMITS OF INSURANCE

The most we will pay for "loss" in any one occurrence:

- 1. For one item of scheduled property is the Limit of Insurance for that item;

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2. For more than one item of scheduled property is the total of the scheduled limits for those items up to the Limit of Insurance for All Covered Property;

3. For Coverage Extensions is the Limit of Insurance applicable to a Coverage Extension;

as shown in the Declarations.

D. DEDUCTIBLE

We will not pay for "loss" in any one occurrence until the amount of the adjusted "loss" exceeds the deductible shown in the Declarations. We will then pay the amount of the adjusted "loss" in excess of the Deductible, up to the applicable Limit of Insurance.

This condition does not apply to Rental Expense Reimbursement and Debris Removal Expense

E. ADDITIONAL CONDITIONS

The following conditions apply in addition to the Inland Marine Conditions and Common Policy Conditions:

1. Valuation

The valuation condition contained in the Inland Marine Conditions is replaced by the following:

The value of property will be the least of the following amounts:

- a. The actual cash value of that property;
- b. The cost of reasonably restoring that property to its condition immediately before "loss"; or
- c. The cost of replacing that property with substantially identical property.

In the event of "loss," the value of property will be determined as of the time of "loss."

However, we will not deduct depreciation on the adjustment of a partial "loss" to an item when the "loss" is less than twenty percent (20%) of the actual cash value of the item.

2. Coinsurance

All Covered Property must be insured for at least 90% of its actual cash value as of the time of "loss" or you will incur a penalty.

The penalty is that we will pay only the proportion of any "loss" that the applicable Limit of Insurance shown in the Declarations bears to 90% of the actual cash value of the Covered Property as of the time of "loss."

If "loss" applies to two or more items, we have the option to apply Coinsurance to each item separately.

F. DEFINITIONS

1. "Flood" means a temporary condition of partial or complete inundation of normally dry land areas as a result of:

- a. The overflow of inland or tidal waters; or
- b. The unusual and rapid accumulation or runoff of surface waters.

"Flood" does not mean:

- a. Water which backs up through sewers or drains;
- b. Water below the surface of the ground; or
- c. Release of water impounded by a dam.

2. "Loss" means accidental loss or damage.

3. "Pollutants" means any Covered Property that becomes a 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.

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INLAND MARINE CONDITIONS

The following conditions apply in addition to the Common Policy Conditions and applicable Additional Conditions in the Inland Marine Coverage Forms:

LOSS CONDITIONS

A. Abandonment

There can be no abandonment of any property to us.

B. Appraisal

If we and you disagree on the value of the property or the amount of "loss," either may make written demand for an appraisal of the "loss." In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of "loss." If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

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

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

C. Duties In The Event Of Loss

You must see that the following are done in the event of "loss" to Covered Property:

1. Notify the police if a law may have been broken.
2. Give us prompt notice of the "loss." Include a description of the property involved.
3. As soon as possible, give us a description of how, when and where the "loss" occurred.
4. Take all reasonable steps to protect the Covered Property from further damage and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent "loss" resulting from a cause of loss that is not a Covered Cause of Loss. Also if feasible, set the damaged property aside and in the best possible order for examination.

5. Make no statement that will assume any obligation or admit any liability, for any "loss" for which we may be liable, without our consent.
6. Permit us to inspect the property and records proving "loss."
7. If requested, permit us to question you under oath, at such times as may be reasonably required, about any matter relating to this insurance or your claim, including your books and records. In such event, your answers must be signed.
8. Send us a signed, sworn statement of "loss" containing the information we request to settle the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
9. Promptly send us any legal papers or notices received concerning the "loss."
10. Cooperate with us in the investigation or settlement of the claim.

D. Insurance Under Two Or More Coverages

If two or more of this policy's coverages apply to the same "loss," we will not pay more than the actual amount of "loss."

E. Loss Payment

We will pay or make good any "loss" covered under this Coverage Part within 30 days after:

1. We reach agreement with you;
2. The entry of final judgment; or
3. The filing of an appraisal award.

We will not be liable for any part of a "loss" that has been paid or made good by others.

F. Other Insurance

If you have other insurance covering the same "loss" as the insurance under this Coverage Part, we will pay only the excess over what you should have received from the other insurance. We will pay the excess whether you can collect on the other insurance or not

G. Pair, Set Or Parts

1. Pair or Set. In case of "loss" to any part of a pair or set we may:
 - a. Repair or replace any part to restore the pair or set to its value before the "loss"; or
 - b. Pay the difference between the value of the pair or set before and after the "loss."
2. Parts. In case of "loss" to any part of Covered Property consisting of several parts when complete, we will only pay for the value of the lost or damaged part.

H. Privilege To Adjust With Owner

In the event of "loss" involving property of others in your care, custody or control, we have the right to:

1. Settle the "loss" with the owners of the property. A receipt for payment from the owners of that property will satisfy any claim of yours.
2. Provide a defense for legal proceedings brought against you. If provided, the expense of this defense will be at our cost and will not reduce the applicable Limit of Insurance under this insurance.

I. Recoveries

Any recovery or salvage on a "loss" will accrue entirely to our benefit until the sum paid by us has been made up.

J. Reinstatement Of Limit After Loss

The Limit of Insurance will not be reduced by the payment of any claim, except for total "loss" of a scheduled item, in which event we will refund the unearned premium on that item.

K. Transfer Of Rights Of Recovery Against Others To Us

If any person or organization to or for whom we make payment under this insurance 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.

GENERAL CONDITIONS

A. Concealment, Misrepresentation Or Fraud

This Coverage Part is void in any case of fraud, intentional concealment or misrepresentation of a material fact, by you or any other insured, at any time concerning:

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

B. Legal Action Against Us

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

1. There has been full compliance with all the terms of the Coverage Part; and
2. The action is brought within 2 years after you first have knowledge of the "loss."

C. No Benefit To Bailee

No person or organization, other than you, having custody of Covered Property, will benefit from this insurance.

D. Policy Period

We cover "loss" commencing during the policy period shown in the Declarations.

E. Coverage Territory

We cover property wherever located within:

1. The United States of America (including its territories and possessions);
2. Puerto Rico; and
3. Canada.

F. Valuation

The value of property will be the least of the following amounts:

1. The actual cash value of that property;
2. The cost of reasonably restoring that property to its condition immediately before "loss"; or
3. The cost of replacing that property with substantially identical property.

In the event of "loss," the value of property will be determined as of the time of "loss."

U.S. SPECIALTY INSURANCE COMPANY

ENDORSEMENT NO. _____

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE (Standard Time)					INSURED	AGENCY AND CODE
	MO.	DAY	YR.	12:01 A.M.	NOON		
HMTP-152345RW	12	1	2011	X		SALINE TOWNSHIP	99900

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DEDUCTIBLE AMENDATORY ENDORSEMENT

This endorsement modifies insurance provided under the following:

INLAND MARINE COVERAGE

The following is added to the DEDUCTIBLE section of the policy:

In the event that "loss" occurs as a result of one occurrence and the "loss" would require the application of more than one deductible, only the highest deductible will apply.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED

AUTHORIZED REPRESENTATIVE

DATE

U.S. SPECIALTY INSURANCE COMPANY

ENDORSEMENT NO. _____

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE (Standard Time)					INSURED	AGENCY AND CODE
	MO.	DAY	YR.	12:01 A.M.	NOON		
HMTP-152345RW	12	1	2011	X		SALINE TOWNSHIP	99900

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

In consideration for the premium charged it is hereby understood and agreed the following change (s) have been made to the **INLAND MARINE** section (s) of this policy:

Piers, wharves, or docks, when covered under this policy, are not covered against loss caused by freezing, thawing, or impact of watercraft or by the pressure or weight of ice or water whether driven by wind or not.

NO PREMIUM ADJUSTMENT DUE:

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED

AUTHORIZED REPRESENTATIVE

DATE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART
 STANDARD PROPERTY POLICY

SCHEDULE

The **Exception Covering Certain Fire Losses** (Paragraph **C**) applies to property located in the following state(s), if covered under the indicated Coverage Form, Coverage Part or Policy:

State(s)	Coverage Form, Coverage Part Or Policy
Michigan	Property, Inland Marine
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

- A.** The following definition is added with respect to the provisions of this endorsement:

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

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

- B.** The following exclusion is added:

CERTIFIED ACT OF TERRORISM EXCLUSION

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

- C. Exception Covering Certain Fire Losses**

The following exception to the exclusion in Paragraph **B.** applies only if indicated and as indicated in the Schedule of this endorsement.

If a "certified act of terrorism" results in fire, we will pay for the loss or damage caused by that fire. Such coverage for fire applies only to direct loss or damage by fire to Covered Property. Therefore, for example, the coverage does not apply to insurance provided under Business Income and/or Extra Expense coverage forms or endorsements which apply to those forms, or to the Legal Liability Coverage Form or the Leasehold Interest Coverage Form.

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

D. Application Of Other Exclusions

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

U.S. SPECIALTY INSURANCE COMPANY

ENDORSEMENT NO. _____

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE (Standard Time)					INSURED	AGENCY AND CODE
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HMTP-152345RW	12	1	2011	X		SALINE TOWNSHIP	99900

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

REPLACEMENT COST VALUATION

This endorsement modifies insurance provided under the following:

INLAND MARINE CONDITIONS

Section **F. Valuation** in the **GENERAL CONDITIONS** is deleted in its entirety and replaced by the following:

F. Valuation

1. You may make a claim for "loss" 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" settled on an actual cash value basis, you may still make a claim for the additional coverage this replacement cost provision provides if you notify us of your intent to do so within 180 days after the "loss".
2. We will not pay on a replacement cost basis for any "loss":
 - a. Until the lost or damaged property is actually repaired or replaced; and

- b. Unless the repairs or replacement are made as soon as reasonably possible after the "loss".

3. The value of property will be the least of the following amounts:
 - a. The Limit of Insurance applicable to the item(s) involved in the "loss"; or
 - b. The cost to repair or replace the damaged or destroyed property, or any part thereof, with materials of like kind and quality, without deduction for depreciation; or
 - c. The amount you actually spend that is necessary to repair or replace the lost or damaged property.

You may substitute property of a different kind or quality, but we will not pay more than what it would cost to replace the damaged or destroyed property with substantially identical property.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED

AUTHORIZED REPRESENTATIVE

DATE

U.S. SPECIALTY INSURANCE COMPANY

CRIME COVERAGE PART SUPPLEMENTAL DECLARATIONS

These Supplemental Declarations form a part of policy number HMT-152345RW

SCHEDULE OF COVERAGE, LIMITS OF INSURANCE AND DEDUCTIBLE

Insurance is only provided for the coverage indicated by an X.

Coverage Form(s)	Limit of Insurance	☒ Deductible ☐ Self-Insured Retention
☐ A Employee Dishonesty – Blanket	\$	\$
☐ A Employee Dishonesty - Schedule		
☒ B Forgery or Alteration	\$ 10,000	\$
☒ C Theft, Disappearance and Destruction	Inside \$ 100,000 Outside \$ 100,000	\$ \$
Tax Time Limit 12/1 – 3/1	\$ 100,000	\$
Optional Tax Periods: From: 01/01/1900 To: 01/01/1900	\$	\$
From: 01/01/1900 To: 01/01/1900	\$	\$
☐ D Robbery and Safe Burglary	Robbery Inside \$ Property Other Than Money Safe Burglary \$ And Securities Robbery Outside \$	\$ \$ \$
☒ O Public Employee Dishonesty – Per Loss	\$ 100,000	\$
P Public Employee Dishonesty – Per Employee	\$	\$
☐ Q Robbery and Safe Burglary	Inside \$ Money and Securities Outside \$	\$ \$
☒ F Computer Fraud	\$ 100,000	\$

CANCELLATION OF PRIOR INSURANCE: By acceptance of this Coverage Part you give us notice cancelling prior policy or bond numbers _____
The cancellation to be effective at the time this Coverage Part becomes effective.

FORMS AND ENDORSEMENT

Forms and endorsements applying to this Coverage Part and made part of this policy at time of issue:
See PKGILH0002 2011

Premium: \$ Included

THIS SUPPLEMENTAL DECLARATION AND THE COMMON POLICY DECLARATIONS, TOGETHER WITH THE COMMON POLICY CONDITIONS, THE CRIME GENERAL PROVISION, COVERAGE FORM(S) AND ENDORSEMENTS COMPLETE THE ABOVE NUMBERED POLICY.

U.S. SPECIALTY INSURANCE COMPANY

CRIME GENERAL PROVISIONS LOSS SUSTAINED FORM

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

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Words and phrases in quotation marks are defined in the policy.

Unless stated otherwise in any Crime Coverage Form, Declarations or endorsement, the following General Exclusions, General Conditions and General Definitions apply to all Crime Coverage Forms forming part of this policy.

GENERAL EXCLUSIONS

We will not pay for loss as specified below:

Acts Committed by You or Your Partners

Loss resulting from any dishonest or criminal act committed by your or any of your partners whether acting alone or in collusion with other persons.

Governmental Action

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

Indirect Loss

Loss that is an indirect result of any act or "occurrence" covered by this insurance including, but not limited to loss resulting from:

1. Your inability to realize income that you would have realized had there been no loss of, or loss from damage to Covered Property.
2. Payment of damages of any type for which you are legally liable. But, we will pay compensatory damages arising directly from a loss covered under this insurance.
3. Payment of costs, fees or other expenses you incur in establishing either the existence or the amount of loss under this insurance.

Legal Expenses

Expenses related to any legal action.

Nuclear

Loss resulting from nuclear reaction, nuclear radiation or radioactive contamination, or any related act or incident.

War And Military Action

Loss or damage caused directly or indirectly by the following. Such loss or damage is excluded regardless of any other cause or event that

contributes concurrently or in any sequence to the loss.

1. War, including undeclared or civil war; or
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.

With respect to any action that comes within the terms of this exclusion and involves nuclear reaction or radiation, or radioactive contamination, this War And Military Action Exclusion supersedes the Nuclear Exclusion.

GENERAL CONDITIONS

Concealment, Misrepresentation or Fraud

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

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

Consolidation - Merger

If through consolidation or merger with, or purchase or acquisition of assets or liabilities of, some other entity:

1. Any additional persons become "employees"; or
2. You acquire the use and control of any additional "premises";

U.S. SPECIALTY INSURANCE COMPANY

any insurance afforded for "employees" or "premises" also applies to those additional "employees" and "premises," for a period of 60 days after the effective date of such consolidation, merger, or purchase or acquisition of assets or liabilities.

You must give us written notice within this 60 day period and obtain our written consent to extend this insurance to such additional "employees" or "premises". Upon obtaining our written consent, you must pay us an additional premium.

If you fail to notify us in writing within this 60 day period, then this insurance shall automatically terminate as to such additional "employees" or "premises".

Coverage Extensions

Unless stated otherwise in the Coverage Form, our liability under any Coverage Extension is part of, not in addition to, the Limit Of Insurance applying to the Coverage or Coverage Section.

Duties in the Event of Loss

After you discover a loss or a situation that may result in loss of, or loss from damage to, Covered Property you must:

1. Notify us as soon as possible.
2. Submit to examination under oath at our request and give us a signed statement of your answers.
3. Give us a detailed, sworn proof of loss within 120 days.
4. Cooperate with us in the investigation and settlement of any claim.

Extended Period To Discover Loss

We will pay only for covered loss discovered no later than one year from the end of the policy period.

Joint Insured

1. If more than one Insured is named in the Declarations, the first named Insured will act for itself and for every other Insured for all purposes of this insurance. If the first named Insured ceases to be covered, then the next named Insured will become the first named Insured.
2. If any Insured or partner or officer of that Insured has knowledge of any information relevant to this insurance, that knowledge is considered knowledge of every Insured.
3. An "employee" of any Insured is considered to be an "employee" of every insured.
4. If this insurance or any of its coverages is cancelled or terminated as to any Insured, loss sustained by that Insured is covered only if

discovered no later than one year from the date of that cancellation or termination.

5. We will not pay more for loss sustained by more than one Insured than the amount we would pay if all the loss had been sustained by one Insured.

Legal Action Against Us

You may not bring any legal action against us involving loss:

1. Unless you have complied with all the terms of this insurance; and
2. Until 90 days after you have filed proof of loss with us; and
3. Unless brought within 2 years from the date you discover the loss.

Liberalization

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

Loss Covered Under More Than One Coverage of This Insurance

If two or more coverages of this insurance apply to the same loss, we will pay the lesser of:

1. The actual amount of loss; or
2. The sum of the limits of insurance applicable to those coverages.

Loss Sustained During Prior Insurance

1. If you, or any predecessor in interest, sustained loss during the period of any prior insurance that you or the predecessor in interest could have recovered under that insurance except that the time within which to discover loss had expired, we will pay for it under this insurance, provided:
 - a. This insurance became effective at the time of cancellation or termination of the prior insurance; and
 - b. The loss would have been covered by this insurance had it been in effect when the acts or events causing the loss were committed or occurred.
2. The insurance under this Condition is part of, not in addition to, the Limits of Insurance applying to this insurance and is limited to the lesser of the amount recoverable under:
 - a. This insurance as of its effective date; or
 - b. The prior insurance had it remained in effect.

U.S. SPECIALTY INSURANCE COMPANY

Loss Covered Under This Insurance and Prior Insurance Issued by Us or Any Affiliate

If any loss is covered:

1. Partly by this insurance; and
2. Partly by any prior cancelled or terminated insurance that we or any affiliate had issued to you or any predecessor in interest;

the most we will pay is the larger of the amount recoverable under this insurance or the prior insurance.

Regardless of the number of years this insurance remains in force or the number of premiums paid, no Limit Of Insurance cumulates from year to year or period to period.

Other Insurance

This insurance does not apply to loss recoverable or recovered under other insurance or indemnity. However, if the limit of the other insurance or indemnity is insufficient to cover the entire amount of the loss, this insurance will apply to that part of the loss, other than that falling within any deductible amount, not recoverable or recovered under the other insurance or indemnity. However, this insurance will not apply to the amount of loss that is more than the applicable Limit Of Insurance shown in the Declarations.

Ownership of Property; Interests Covered

The property covered under this insurance is limited to property:

1. That you own or hold; or
2. For which you are legally liable.

However, this insurance is for your benefit only. It provides no rights or benefits to any other person or organization.

Policy Period

1. The Policy Period is shown in the Declarations.
2. Subject to the Loss Sustained During Prior Insurance condition, we will pay only for loss that you sustain through acts committed or events occurring during the Policy Period.

Records

You must keep records of all Covered Property so we can verify the amount of any loss.

Recoveries

1. Any recoveries, less the cost of obtaining them, made after settlement of loss covered by this insurance will be distributed as follows:

- a. To you, until you are reimbursed for any loss that you sustain that exceeds the Limit of Insurance and the Deductible Amount, if any;
- b. Then to us, until we are reimbursed for the settlement made;
- c. Then to you, until you are reimbursed for that part of the loss equal to the Deductible Amount, if any.

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.

Territory

This insurance covers only acts committed or events occurring within the United States of America, U. S. Virgin Islands, Puerto Rico, Canal Zone, or Canada.

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.

Valuation - Settlement

1. Subject to the applicable Limit of Insurance provision we will pay for:
 - a. Loss of "money" but only up to and including its face value. We may, at our option, pay for loss of "money" issued by any country other than the United States of America:
 - (1) At face value in the "money" issued by that country; or
 - (2) In the United States of America dollar equivalent determined by the rate of exchange on the day the loss was discovered.
 - b. Loss of "securities" but only up to and including their value at the close of business on the day the loss was discovered. We may, at our option:
 - (1) Pay the value of such "securities" or replace them in kind, in which event you must assign to us all your rights, title and interest in and to those "securities"; or
 - (2) Pay the cost of any Lost Securities Bond required in connection with issuing duplicates of the "securities." However, we will be liable only for the payment of so much of the cost of the bond as would be

U.S. SPECIALTY INSURANCE COMPANY

charged for a bond having a penalty not exceeding the lesser of the:

(a) Value of the "securities" at the close of business on the day the loss was discovered; or

(b) Limit of Insurance.

c. Loss of, or loss from damage to, "property other than money and securities" or loss from damage to the "premises" for not more than the:

(1) Actual cash value of the property on the day the loss was discovered;

(2) Cost of repairing the property or "premises"; or

(3) Cost of replacing the property with property of like kind and quality.

We may, at our option, pay the actual cash value of the property or repair or replace it.

If we cannot agree with you upon the actual cash value or the cost of repair or replacement, the value or cost will be determined by arbitration.

2. We may, at our option, pay for loss of, or loss from damage to, property other than "money":

a. In the "money" of the country in which the loss occurred; or

b. In the United States of America dollar equivalent of the "money" of the country in which the loss occurred determined by the rate of exchange on the day the loss was discovered.

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

GENERAL DEFINITIONS

1. "Employee" means:

a. Any natural person:

(1) While in your service (and for 90 days after termination of service); and

(2) Whom you compensate directly by salary, wages or commissions; and

(3) Whom you have the right to direct and control while performing services for you; or

b. Any natural person who is furnished to you to:

(1) Substitute for a permanent "employee" on leave; or

(2) 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".

But "employee" does not mean any:

(1) Agent, broker, person leased to you by a labor leasing firm, factor, commission merchant, consignee, independent contractor or representative of the same general character; or

(2) Director or trustee except while performing acts coming within the scope of the usual duties of an employee.

2. "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.

3. "Property Other Than Money and Securities" means any tangible property other than "money" and "securities" that has intrinsic value but does not include any property listed in any Crime Coverage Form as Property Not Covered.

4. "Securities" means negotiable and non-negotiable instruments or contracts representing either "money" or other 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".

U.S. SPECIALTY INSURANCE COMPANY

ENDORSEMENT NO. _____

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE (Standard Time)					INSURED	AGENCY AND CODE
	MO.	DAY	YR.	12:01 A.M.	NOON		
HMTP-152345RW	12	1	2011	X		SALINE TOWNSHIP	99900

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

VOLUNTEER WORKERS, OTHER THAN FUND SOLICITORS, AS EMPLOYEES

This endorsement modifies insurance provided under the following:

CRIME GENERAL PROVISIONS

"Employee" also includes any non-compensated natural person, other than one who is a fund solicitor, while performing services for you that are usual to the duties of an "employee".

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED

AUTHORIZED REPRESENTATIVE

DATE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART
 STANDARD PROPERTY POLICY

SCHEDULE

The **Exception Covering Certain Fire Losses** (Paragraph **C**) applies to property located in the following state(s), if covered under the indicated Coverage Form, Coverage Part or Policy:

State(s)	Coverage Form, Coverage Part Or Policy
Michigan	Property, Inland Marine
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

- A.** The following definition is added with respect to the provisions of this endorsement:

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

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

- B.** The following exclusion is added:

CERTIFIED ACT OF TERRORISM EXCLUSION

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

- C. Exception Covering Certain Fire Losses**

The following exception to the exclusion in Paragraph **B.** applies only if indicated and as indicated in the Schedule of this endorsement.

If a "certified act of terrorism" results in fire, we will pay for the loss or damage caused by that fire. Such coverage for fire applies only to direct loss or damage by fire to Covered Property. Therefore, for example, the coverage does not apply to insurance provided under Business Income and/or Extra Expense coverage forms or endorsements which apply to those forms, or to the Legal Liability Coverage Form or the Leasehold Interest Coverage Form.

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

D. Application Of Other Exclusions

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

U.S. SPECIALTY INSURANCE COMPANY

THEFT, DISAPPEARANCE AND DESTRUCTION COVERAGE FORM CRIME — COVERAGE FORM C

COVERAGE

We will pay for loss of Covered property resulting directly from the Covered Causes of Loss.

Section 1. — Inside the Premises

1. **Covered property:** "Money" and "securities" inside the "premises" or a "banking premises."
2. **Covered Causes of Loss**
 - a. "Theft"
 - b. Disappearance
 - c. Destruction
3. **Coverage Extensions**
 - a. **Containers of Covered Property:** We will pay for loss of, and loss from damage to, a locked safe, vault, cash register, cash box or cash drawer located in the "premises" resulting directly from an actual or attempted:
 - (1) "Theft" of; or
 - (2) Unlawful entry into those containers.
 - b. **Premises Damage:** We will pay for loss from damage to the "premises" or its exterior resulting directly from an actual or attempted "theft" of Covered Property if you are the owner of the "premises" or are liable for damage to it.

Section 2. — Outside the Premises

1. **Covered Property:** "Money" and "securities" outside the "premises" in the care and custody of a "messenger."
2. **Covered Causes of Loss**
 - a. "Theft"
 - b. Disappearance
 - c. Destruction
3. **Coverage Extension**

Conveyance of Property by Armored Motor Vehicle Company: We will pay for loss of Covered Property resulting directly from the Covered Causes of Loss while outside the "premises" in the care and custody of an armored motor vehicle company.

But we will pay only for the amount of loss that you cannot recover:

 - a. Under your contract with the armored motor vehicle company; and

- b. From any insurance or indemnity carried by, or for the benefit of customers of, the armored motor vehicle company.

LIMIT OF INSURANCE

The most we will pay for loss in any one "occurrence" is the applicable Limit of Insurance shown in the Declarations.

DEDUCTIBLE

We will not pay for loss in any one "occurrence" unless the amount of loss exceeds the Deductible Amount shown in the Declarations. We will then pay the amount of loss in excess of the Deductible Amount, up to the Limit of Insurance. In the event more than one Deductible Amount could apply to the loss, only the highest Deductible Amount may be applied.

ADDITIONAL EXCLUSIONS, CONDITIONS AND DEFINITIONS

In addition to the provisions in the Crime General Provisions, this Coverage Form is subject to the following:

Additional Exclusions:

We will not pay for loss as specified below:

1. **Accounting or Arithmetic Errors or Omissions:** Loss resulting from accounting or arithmetic errors or omissions.
2. **Acts of Employees, Directors, Trustees or Representatives:** Loss resulting from any dishonest or criminal act committed by any of your "employees," directors, trustees or authorized representatives:
 - a. Acting alone or in collusion with other persons; or
 - b. While performing services for you or otherwise.
3. **Exchanges or Purchases:** Loss resulting from the giving or surrendering of property in any exchange or purchase.
4. **Fire:** Loss from damage to the "premises" resulting from fire, however caused.
5. **Money Operated Devices:** Loss of property contained in any money operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.

U.S. SPECIALTY INSURANCE COMPANY

6. Transfer or Surrender of Property

- a. Loss of property after it has been transferred or surrendered to a person or place outside the "premises" or "banking premises":

- (1) On the basis of unauthorized instructions; or
- (2) As a result of a threat to do:
 - (a) Bodily harm to any person; or
 - (b) Damage to any property.

- b. But this exclusion does not apply under **COVERAGE**, Section 2. to loss of Covered Property while outside the "premises" or "banking premises" in the care and custody of a "messenger" if you:

- (1) Had no knowledge of any threat at the time the conveyance began; or
- (2) Had knowledge of a threat at the time the conveyance began, but the loss was not related to the threat.

7. **Vandalism:** Loss from damage to the "premises" or its exterior or to containers of Covered Property by vandalism or malicious mischief.

8. **Voluntary Parting of Title to or Possession of Property:** Loss resulting from your, or anyone

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

Additional Condition

Duties in the Event of Loss: If you have reason to believe that any loss of, or loss from damage to, Covered Property involves a violation of law, you must notify the police.

Additional Definitions

1. **"Banking Premises"** means the interior of that portion of any building occupied by a banking institution or similar safe depository.
2. **"Messenger"** means you, any of your partners or any "employee" while having care and custody of the property outside the "premises."
3. **"Occurrence"** means an:
 - a. Act or series of related acts involving one or more persons; or
 - b. Act or event, or a series of related acts or events not involving any person.
4. **"Premises"** means the interior of that portion of any building you occupy in conducting your business.
5. **"Theft"** means any act of stealing.

U.S. SPECIALTY INSURANCE COMPANY
PUBLIC EMPLOYEE DISHONESTY COVERAGE FORM
CRIME COVERAGE FORM O — PER LOSS

COVERAGE

We will pay loss of, and loss from damage to, Covered Property resulting directly from the Covered Cause of Loss.

1. **Covered Property:** "Money," "securities," and "property other than money and securities."
2. **Covered Cause of Loss:** "Employee dishonesty."
3. **Coverage Extension**

Employees Temporarily Outside Coverage Territory: We will pay for loss caused by any "employee" while temporarily outside the territory specified in the Territory General Condition for a period not more than 90 days.

LIMIT OF INSURANCE

The most we will pay for loss in any one "occurrence" is the applicable Limit of Insurance shown in the Declarations.

DEDUCTIBLE

1. We will not pay for loss in any one "occurrence" unless the amount of loss exceeds the Deductible Amount shown in the Declarations. We will then pay the amount of loss in excess of the Deductible Amount, up to the Limit of Insurance.
2. You must:
 - a. Give us notice as soon as possible of any loss of the type insured under this Coverage Form even though it falls entirely within the Deductible Amount.
 - b. Upon our request, give us a statement describing the loss.

ADDITIONAL EXCLUSIONS, CONDITIONS AND DEFINITIONS:

In addition to the provisions in the Crime General Provisions, this Coverage Form is subject to the following:

1. **Additional Exclusions:** We will not pay for loss or damages as specified below:
 - a. **Employee Cancelled Under Prior Insurance:** loss caused by any "employee" of yours, or predecessor in interest of yours, for whom similar prior insurance has been cancelled and not reinstated since the last such cancellation.

- b. **Inventory Shortages:** loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon:

- (1) An inventory computation; or
 - (2) A profit and loss computation.

- c. **Damages:** damages for which you are legally liable as a result of:

- (1) The deprivation or violation of the civil rights of any person by an "employee"; or
 - (2) The tortious conduct of an "employee," except conversion of property of other parties held by you in any capacity.

2. Additional Conditions:

a. Cancellation as to Any Employee:

This insurance is cancelled as to any "employee":

- (1) Immediately upon discovery by you or any official or employee authorized to manage, govern or control your employees, of any dishonest act committed by that "employee" whether before or after becoming employed by you.
 - (2) On the date specified in a notice mailed to you. That date will be at least 30 days after the date of mailing.

The mailing of notice to you at the last mailing address known to us will be sufficient proof of notice. Delivery of notice is the same as mailing.

- b. **Sole Benefit:** This insurance is for your sole benefit. No legal proceeding of any kind to recover on account of loss under this coverage may be brought by anyone other than you.
 - c. **Indemnification:** We will indemnify any of your officials who are required by law to give bonds for the faithful performance of their service against loss through dishonest acts of persons who serve under them, subject to the Limit of Insurance.

U.S. SPECIALTY INSURANCE COMPANY

3. Additional Definitions

- a. **"Employee Dishonesty"** in Paragraph 2., **COVERAGE** Section, means only dishonest acts committed by an "employee," whether identified or not, acting alone or in collusion with other persons, with the manifest intent to:

- (1) Cause you to sustain loss; and also
- (2) Obtain financial benefit (other than employee benefits earned in the normal course of employment, including:

salaries, commissions, fees, bonuses, promotions, awards, profit sharing, or pensions) for:

(a) The "employee"; or

(b) Any person or organization intended by the "employee" to receive that benefit.

- b. **"Occurrence"** means all loss caused by, or involving, one or more "employees", whether the result of a single act or series of acts.

U.S. SPECIALTY INSURANCE COMPANY

ENDORSEMENT NO. _____

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE (Standard Time)					INSURED	AGENCY AND CODE
	MO.	DAY	YR.	12:01 A.M.	NOON		
HMTP-152345RW	12	1	2011	X		SALINE TOWNSHIP	99900

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADD FAITHFUL PERFORMANCE OF DUTY

This endorsement modifies insurance provided under the following:

PUBLIC EMPLOYEE DISHONESTY COVERAGE FORM O or P

PROVISIONS

1. The following is added as a Covered Cause of Loss:

Failure of any "employee" to faithfully perform his or her duties as prescribed by law, when such failure has as its direct and immediate result a loss of your Covered Property.

2. The following Additional Exclusion is added:

Depository Failure: loss resulting from the failure of any entity acting as a depository for your property or property for which you are responsible.

3. Part **2.a.(1)** of the Additional Condition, **Cancellation as to Any Employee**, is deleted and the following substituted:

Immediately upon discovery by you or any official or employee authorized to manage, govern or

control your employees of any act on the part of an "employee" whether before or after becoming employed by you which would constitute a loss covered under the terms of this Coverage Form, as amended by this endorsement.

4. Part **2.c.** of the Additional Condition, **Indemnification**, is deleted and the following substituted:

Indemnification: We will indemnify any of your officials who are required by law to give bonds for the faithful performance of their service against loss through the failure of any "employee" under the supervision of that official to faithfully perform his or her duties as prescribed by law, when such failure has as its direct and immediate result a loss of your Covered Property.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED

AUTHORIZED REPRESENTATIVE

DATE

U.S. SPECIALTY INSURANCE COMPANY

FORGERY OR ALTERATION COVERAGE FORM CRIME — COVERAGE FORM B

COVERAGE

We will pay for loss involving Covered Instruments resulting directly from the Covered Causes of Loss.

1. Covered Instruments: Checks, drafts, promissory notes, or similar written promises, orders or directions to pay a sum certain in "money" that are:

- a. Made or drawn by or drawn upon you;
- b. Made or drawn by one acting as your agent;

or that are purported to have been so made or drawn;

2. Covered Causes Of Loss: Forgery or alteration of, on or in any Covered Instrument.

3. Coverage Extension

Legal Expenses: If you are sued for refusing to pay any Covered Instrument on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur and pay in that defense. The amount we will pay under this extension is in addition to the Limit of Insurance applicable to this insurance.

LIMIT OF INSURANCE

The most we will pay for loss in any one "occurrence" is the applicable Limit of Insurance shown in the Declarations.

DEDUCTIBLE

We will not pay for loss in any one "occurrence" unless the amount of loss exceeds the Deductible Amount shown in the Declarations. We will then pay the amount of loss in excess of the Deductible Amount, up to the Limit of Insurance. This provision does not apply to legal expenses paid under the Coverage Extension.

ADDITIONAL EXCLUSION, CONDITIONS AND DEFINITION

In addition to the provisions in the Crime General Provisions Form, this Coverage Form is also subject to the following:

1. Additional Exclusion

Acts of Employees, Directors, or Trustees: We will not pay for loss resulting from any dishonest or criminal act committed by any of your "employees," directors, or trustees:

- a. Whether acting alone or in collusion with other persons; or
- b. Whether while performing services for you or otherwise.

2. Additional Conditions

a. Facsimile Signatures: We will treat mechanically reproduced facsimile signatures the same as handwritten signatures.

b. General Amendment: As respects this Coverage Form, the words Covered Property in the Crime General Provisions mean Covered Instruments.

c. Proof of Loss: You must include with your proof of loss any instrument involved in that loss, or, if that is not possible, an affidavit setting forth the amount and cause of loss.

d. Territory: We will cover loss you sustain anywhere in the world.

The Territory General Condition does not apply to this Coverage Form.

3. Additional Definition

"Occurrence" means all loss caused by any person or in which that person is involved, whether the loss involves one or more instruments.

COMPUTER FRAUD COVERAGE FORM

A. COVERAGE-We will pay for loss of, and loss from damage to, Covered Property resulting directly from the Covered Cause of Loss.

1. Covered Property: "Money," "Securities" and "Property Other Than Money and Securities."

2. Covered Cause of Loss: "Computer Fraud"

B. LIMIT OF INSURANCE

The most we will pay for loss in any one "occurrence" is the applicable Limit of Insurance shown in the DECLARATIONS.

C. DEDUCTIBLE

We will not pay for loss in any one "occurrence" unless the amount of loss exceeds the Deductible Amount in the DECLARATIONS. We will then pay the amount of loss in excess of the Deductible Amount, up to the Limit of Insurance. In the event more than one Deductible Amount could apply to the loss, only the highest Deductible Amount may be applied.

D. ADDITIONAL EXCLUSIONS, CONDITIONS AND DEFINITIONS: In addition to the provisions in the Crime General Provisions, this Coverage Form is subject to the following:

1. Additional Exclusions: We will not pay for loss as specified below:

a. Acts of Employees, Directors, Trustees or Representatives: Loss resulting from any dishonest or criminal act committed by any of your "employees," directors, trustees or authorized representatives:

- (1) Acting alone or in collusion with other persons; or
- (2) While performing services for you or otherwise.

b. Inventory Shortages: Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon:

- (1) An inventory computation; or
- (2) A profit and loss computation.

2. Additional Conditions

a. Duties in the Event of Loss: If you have reason to believe that any loss of, or loss from damage to, Covered Property involves a violation of law, you must notify the police.

b. Special Limit of Insurance for Specified Property: We will only pay up to \$5,000 for any one "occurrence" of loss of, and loss from damage to, manuscripts, drawings, or records of any kind or the cost of reconstructing them or reproducing any information contained in them.

3. Additional Definitions

a. "Banking Premises" means the interior of that portion of any building occupied by a banking institution or similar safe depository.

b. "Computer Fraud" means "theft" of property following and directly related to the use of any computer to fraudulently cause a transfer of that property from inside the "premises" or "banking premises" to a person (other than a "messenger") outside those "premises" or to a place outside those "premises."

c. "Messenger" means you, any of your partners or any "employee" while having care and custody of the property outside the "premises."

d. "Occurrence" means an:

- (1) Act or series of related acts involving one or more persons; or
- (2) Act or event, or a series of related acts or events not involving any person.

e. "Premises" means the interior of that portion of any building you occupy in conducting your business.

f. "Theft" means any act of stealing.

U.S. SPECIALTY INSURANCE COMPANY

PUBLIC ENTITY GENERAL LIABILITY COVERAGE PART SUPPLEMENTAL DECLARATIONS

These Supplemental Declarations form a part of policy number HMTP-152345RW

LIMITS OF INSURANCE						
Each Occurrence Limit	\$5,000,000					
Damage to Premises Rented to You Limit	\$500,000	any one premises				
Medical Expense Limit	\$10,000	any one person				
Personal and Advertising Injury Limit	\$5,000,000	any one person or organization				
General Aggregate Limit (other than Products/Completed Operations)	\$0					
Products/Completed Operations Aggregate Limit	INCLUDED					
FORM OF BUSINESS						
Form of business:						
☒ Municipality	☐ Public School	☐ Special District ☐ Other:				
CLASSIFICATION AND PREMIUM						
Classification	Code No.	*Premium Basis	Rate		Advance Premium	
			Prem/Ops	Prod/Comp Ops	Prem/Ops	Prod/Comp Ops
Governmental Entity	44100	Included	Included	Included	Included	Included
					Totals:	Included
FORMS AND ENDORSEMENTS (other than applicable forms and endorsements shown elsewhere in the policy)						
Forms and endorsements applying to this Coverage Part and made part of this policy at time of issue: See PKGILH0002 2011						

* (a) Area, (c) Total Cost, (m) Admission, (p) Payroll, (s) Gross Sales, (u) Units, (o) Other

THIS SUPPLEMENTAL DECLARATIONS AND THE COMMON POLICY DECLARATIONS, TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE FORM(S) AND ENDORSEMENTS COMPLETE THE ABOVE NUMBERED POLICY.

U.S. SPECIALTY INSURANCE COMPANY

GENERAL LIABILITY COVERAGE FORM PUBLIC ENTITY

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

Throughout this policy, the words "you", and "your" and "Named Insured" refer to the entity identified as the "Named Insured" in the Declarations. The words "Insured" or "Insureds" refer to any person or organization qualifying as an "Insured" under SECTION II - WHO IS AN INSURED. The words "we", "us", "our" and "Company" refer to the Company stated in the Declarations as providing this insurance.

Other words and phrases that appear in quotation marks have special meanings. Refer to SECTION V - DEFINITIONS and other provisions of this policy for such meanings.

SECTION I — COVERAGES

COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY

1. Insuring Agreement

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

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

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

- b. This insurance applies to "bodily injury" and "property damage" only if:
 - (1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory"; and
 - (2) The "bodily injury" or "property damage" occurs during the policy period.
- c. Damages because of "bodily injury" include damages claimed by any person or

organization for care, loss of services or death resulting at any time from the "bodily injury".

2. Exclusions

This insurance does not apply to:

a. Expected or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" or "property damage" resulting from the use of reasonable force to protect persons or property.

b. Contractual Liability

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

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

U.S. SPECIALTY INSURANCE COMPANY

c. Liquor Liability

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

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

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

d. Workers Compensation and Similar Laws

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

e. Employer's Liability

"Bodily injury" to:

- (1) An "employee" of the insured arising out of and in the course of employment by the insured;
- (2) Any volunteer, including volunteer firemen or volunteer policemen, arising out of and in the course of their duties for any insured; or
- (3) The spouse, child, parent, brother or sister of that "employee" or volunteer as a consequence of paragraph (1) and (2) above.

This exclusion applies:

- (1) Whether the insured may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

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

f. Pollution

- (1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":
 - (a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or

loaned to, any insured. However, this subparagraph does not apply to:

- (i) "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot from equipment used to heat that building; or
- (ii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";
- (iii) "Bodily Injury" or "Property damage" as a result of operations of your fire department
 - (aa) emergency operations away from premises owned by, or rented to an insured
 - (bb) training operations or as a result of cleaning of equipment used in emergency operations or training operations
- (b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;
- (c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for any insured or any person or organization for whom you may be legally responsible; or
- (d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:
 - (i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This

U.S. SPECIALTY INSURANCE COMPANY

exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;

- (ii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or
 - (iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire".
 - (iv) "Bodily Injury" or "Property damage" as a result of operations of your fire department
 - (aa) emergency operations away from premises owned by, or rented to an insured
 - (bb) training operations or as a result of cleaning of equipment used in emergency operations or training operations
 - (e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".
- (2) Any loss, cost or expense arising out of any:
- (a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way

respond to, or assess the effects of, "pollutants"; or

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

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

g. Aircraft, Auto or Watercraft

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

This exclusion does not apply to:

- (1) A watercraft while ashore or on premises you own or rent;
- (2) A watercraft you do not own that is:
 - (a) Less than 51 feet long; and
 - (b) Not being used to carry persons or property for a charge;
- (3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to any insured;
- (4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or
- (5) "Bodily injury" or "property damage" arising out of the operation of any of the equipment listed in paragraphs f. (2) or f. (3) of the definition of "mobile equipment".

h. Mobile Equipment

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

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

U.S. SPECIALTY INSURANCE COMPANY

i. War

"Bodily injury" or "property damage" due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution. This exclusion applies only to liability assumed under a contract or agreement.

j. Damage to Property

"Property damage" to:

- (1) Property you own, rent or occupy;
- (2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
- (3) Property loaned to you;
- (4) Personal property in the care, custody or control of the insured;
- (5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations; or
- (6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraphs (1), (3) and (4) of this exclusion do not apply to "property damage" (other than damage by fire) to premises, including the contents of such premises, rented to you for a period of 7 or fewer consecutive days. A separate limit of insurance applies to Damage To Premises Rented To You as described in Section III - Limits Of Insurance.

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

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

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

WE will pay for property entrusted to **YOU** principally for storage or safekeeping up to \$25,000 per occurrence/ \$25,000 annual aggregate.

k. Damage to Your Product

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

l. Damage to Your Work

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

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

m. Damage to Impaired Property or Property Not Physically Injured

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

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

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

n. Recall of Products, Work or Impaired Property

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

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

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

o. Failure to Supply

"Bodily injury" or "property damage" arising out of the failure of any insured to adequately supply gas, oil, water, electricity or steam by any utility, whether owned or not by any insured.

Except for those insureds generating their own electric power, this exclusion does not apply if the failure results from the sudden and accidental injury to tangible property owned or used by any insured to procure, produce, process or transmit the gas, oil, water, electricity or steam.

U.S. SPECIALTY INSURANCE COMPANY

p. Employment - Related Practices

"Bodily injury" to:

- (1) A person arising out of any:
 - (a) Refusal to employ that person;
 - (b) Termination of that person's employment;
 - (c) Employment - related practices, policies, acts or omissions, including but not limited to coercion, demotion, failure to promote, evaluation, reassignment, discipline, defamation, harassment, humiliation, or discrimination directed at that person; or
 - (d) Any negligent or intentional misrepresentation made in connection with (a), (b), or (c) above; or
- (2) The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" to that person at whom any of the employment-related practices described in paragraphs (a), (b), or (c) above is directed.

This exclusion applies:

- (1) Whether the insured may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

q. Hospital or Nursing Home Premises

"Bodily injury" or "property damage" arising out of the ownership, maintenance or use of any premises or portion of any premises used as a hospital or nursing home.

r. Professional Health Care Services

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

- (1) The rendering or failure to render:
 - (a) Medical, surgical, dental, x-ray or nursing service, treatment, advice or instruction, or the related furnishing of food or beverages; or
 - (b) Any health or therapeutic service, treatment, advice or instruction.
- (2) The furnishing or dispensing of drugs or medical, dental or surgical supplies or appliances; or
- (3) The handling or treatment of dead bodies, including autopsies, organ donation or other procedures.

This exclusion does not apply to:

- (a) Any Insured who is not required to hold a medical license;
- (b) Is a licensed or registered nurse; or
- (c) Is an EMT, Paramedic, First Responder

s. Asbestos

Any claim, "suit", demand or loss that alleges "bodily injury", "property damage" or "personal and advertising injury" (including but not limited to, compliance with any request, demand, order, or statutory or regulatory requirement or any other action authorized or required by law) including any costs, fees, expenses, penalties, judgments, fines, or sanctions arising there from, which arises out of, or would not have occurred, in whole or in part, but for the "asbestos hazard." As used in this exclusion, "asbestos hazard" means:

- (1) actual, alleged or threatened exposure to asbestos in any manner or form whatsoever, either directly or indirectly, or
- (2) the failure to warn, advise or instruct related to asbestos in any manner or form whatsoever, or
- (3) the failure to prevent exposure to asbestos in any manner or form whatsoever, or
- (4) the presence of asbestos in any place whatsoever, whether or not within a building or structure.

t. Lead

"Occurrences" at or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured, or from the operations of the insured, which result in:

- (1) "Bodily injury" arising out of the ingestion, inhalation or absorption of lead in any form;
- (2) "Property damage" arising from any form of lead;
- (3) Any loss, cost or expense arising out of any request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, lead; or
- (4) Any loss, cost or expense arising out of any claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in

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any way responding to, or assessing the effects of, lead.

u. Airport

"Bodily injury", "property damage", "personal injury", or "advertising injury" arising out of activities at any airfield, runway, hanger, airport, airpark, heliport, or similar property that you own, operate, use, maintain, license, permit, or inspect, or located on any property you rent or lease, including a sublease.

v. Personal And Advertising Injury

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

Exclusions c. through n. do not apply to damage by fire to premises rented to you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to this coverage as described in SECTION III — LIMITS OF INSURANCE.

COVERAGE B. PERSONAL AND ADVERTISING INJURY LIABILITY

1. Insuring Agreement

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

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

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

b. This insurance applies to "personal and advertising injury" caused by an offense arising out of your business but only if the offense was committed in the "coverage territory" during the policy period.

2. Exclusions

This insurance does not apply to:

a. "Personal and advertising injury":

- (1) Caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury";
- (2) Arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity;
- (3) Arising out of oral or written publication of material whose first publication took place before the beginning of the policy period;
- (4) Arising out of a criminal act committed by or at the direction of any insured;
- (5) For which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement;
- (6) Arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement";
- (7) Arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement";
- (8) Arising out of the wrong description of the price of goods, products or services stated in your "advertisement"; or
- (9) Committed by an insured whose business is advertising, broadcasting, publishing or telecasting. However, this exclusion does not apply to paragraphs 13.a, b. and c. of "personal and advertising injury" under SECTION V - DEFINITIONS.
- (10) Arising out of any actual or alleged inverse condemnation or regulatory taking.

b. Professional Health Care Services

"Personal and advertising injury" arising out of:

- (1) The rendering or failure to render:
 - (a) Medical, surgical, dental, x-ray or nursing service, treatment, advice or instruction, or the related furnishing of food or beverages; or
 - (b) Any health or therapeutic service, treatment, advice or instruction.

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- (2) The furnishing or dispensing of drugs or medical, dental or surgical supplies or appliances; or
- (3) The handling or treatment of dead bodies, including autopsies, organ donation or other procedures.

This exclusion does not apply to:

- (a) Any Insured who is not required to hold a medical license, or
- (b) Is a licensed or registered nurse
- (c) Is an EMT, Paramedic, First Responder

c. Pollution

- (1) "Personal and advertising Injury" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.
- (2) Any loss, cost or expense arising out of any:
 - (a) Request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants;" or
 - (b) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

d. Employment - Related Practices

"Personal and advertising injury":

- (1) To a person arising out of any:
 - (a) Refusal to employ that person;
 - (b) Termination of that person's employment;
 - (c) Employment - related practices, policies, acts or omissions, including but not limited to coercion, demotion, failure to promote, evaluation, reassignment, discipline, defamation, harassment, humiliation, or discrimination directed at that person; or
 - (d) Any negligent or intentional misrepresentation made in connection with (a), (b), or (c) above; or
- (2) To the spouse, child, parent, brother or sister of that person as a consequence of

"personal and advertising injury" to that person at whom any of the employment-related practices described in paragraphs (a), (b), or (c) above is directed.

This exclusion applies:

- (1) Whether the insured may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

e. Law Enforcement Activities

"Personal and advertising injury" arising out of:

- (1) The ownership, maintenance or use of any premises or portion of the premises used as a police department or law enforcement department including jails, detention cells and/or holding facilities by the insured; or
- (2) Any act or omission resulting from law enforcement activities of your police department, or any of your other law enforcement agencies, including their agents, volunteers and employees.

f. Asbestos

"Personal and advertising injury" arising out of:

- (1) Inhaling, ingesting or physical exposure to asbestos or goods or products containing asbestos; or
- (2) The use of asbestos in construction or manufacturing any good, product or structure; or
- (3) The removal of asbestos from any good, product or structure; or
- (4) The manufacture, sale, transportation, storage or disposal of asbestos or goods or products containing asbestos.

The insurance afforded by this Coverage Part does not apply to payment for the investigation or defense of any loss, injury or damage or any cost, fine or penalty or for any expense of claim or "suit" related to paragraphs (1), (2), (3), or (4) above.

g. Lead

"Occurrences" or offenses at or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured, or from the operations of the insured, which result in:

- (1) "Personal and advertising injury" arising from any form of lead;

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- (2) Any loss, cost or expense arising out of any request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, lead; or
- (3) Any loss, cost or expense arising out of any claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, lead.

COVERAGE C. MEDICAL PAYMENTS

1. Insuring Agreement

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

2. Exclusions

We will not pay expenses for "bodily injury":

- a. To any insured. This exclusion does not apply to any volunteer while acting under the direction and control of the insured.

- b. To a person hired to do work for or on behalf of any insured or a tenant of any insured.
- c. To a person injured on that part of premises you own or rent that the person normally occupies.
- d. To a person, whether or not an "employee" of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers' compensation or disability benefits law or a similar law.
- e. To a person injured while taking part in athletics.
- f. Included within the "products-completed operations hazard".
- g. Excluded under Coverage A.
- h. Due to war whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution.
- i. To any inmate, patient or prisoner:
 - (1) Who is being treated, cared for, detained or imprisoned in any of the facilities owned or operated by or for any insured; or
 - (2) Because of medical services rendered by you or your "employees" or any person or organization under contract with you to provide these medical services.

SUPPLEMENTARY PAYMENTS — COVERAGES A AND B

- 1. We will pay with respect to any claim we investigate or settle, or any "suit" against an insured we defend:
 - a. All expenses we incur.
 - b. Up to \$2000 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.
 - c. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
 - d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$1000 a day because of time off from work.
 - e. All costs taxed against the insured in the "suit".
 - f. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit

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of insurance, we will not pay any prejudgment interest based on that period of time after the offer.

- g.** All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

- 2.** If we defend an insured against a “suit” and an indemnitee of the insured is also named as a party to the “suit”, we will defend that indemnitee if all of the following conditions are met:

- a.** The “suit” against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an “insured contract”;
- b.** This insurance applies to such liability assumed by the insured;
- c.** The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same “insured contract”;
- d.** The allegations in the “suit” and the information we know about the “occurrence” are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;
- e.** The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such “suit” and agree that we can assign the same counsel to defend the insured and the indemnitee; and
- f.** The indemnitee:

(1) Agrees in writing to:

- (a)** Cooperate with us in the investigation, settlement or defense of the “suit”;
- (b)** Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the “suit”;
- (c)** Notify any other insurer whose coverage is available to the indemnitee; and
- (d)** Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and

(2) Provides us with written authorization to

- (a)** Obtain records and other information related to the “suit”; and

- (b)** Conduct and control the defense of the indemnitee in such “suit”.

So long as the above conditions are met, attorneys fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of paragraph **2.b.(2)** of **COVERAGE A — BODILY INJURY AND PROPERTY DAMAGE LIABILITY** (Section I — Coverages), such payments will not be deemed to be damages for “bodily injury” and “property damage” and will not reduce the limits of insurance.

Our obligation to defend an insured’s indemnitee and to pay for attorneys fees and necessary litigation expenses as Supplementary Payments ends when:

- a.** We have used up the applicable limit of insurance in the payment of judgments or settlements; or
- b.** The conditions set forth above, or the terms of the agreement described in paragraph **f.** above, are no longer met.

SECTION II — WHO IS AN INSURED

- 1.** The term insured as used herein means the entity designated in the Declarations as the Named Insured and, except as excluded by endorsement to this policy, the following:
 - a.** A governmental agency or subdivision, department, municipal body, board or commission, or not-for-profit corporation which is owned and controlled by you.
 - b.** All persons who were, now are, or shall be elected or appointed or employed members of any board, commission or agency of yours while acting within the scope of their duties.
 - c.** Any person while providing services under a mutual aid agreement, joint powers agreement or similar arrangement, but only with respect to the conduct of your business and only to the extent of your participation or your interest.
 - d.** Your “employees” and volunteers but only for acts within the scope of their employment by you or in the course of their duties for you and at your direction.

However, no “employee” or volunteer is an insured for:

- (1)** “Bodily injury” or “personal and advertising injury”:
 - (a)** To you or to a co-“employee” or other volunteer while that co-“employee” or

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other volunteer is either in the course of his or her employment or while acting at the direction of, and within the scope of their duties for you;

- (b) To the spouse, child, parent, brother or sister of that co-“employee” or other volunteer as a consequence of paragraph (a) above;
- (c) For which there is an obligation to share damages with or repay someone else who must pay damages because of the injury described in paragraphs (a) or (b) above; or

(2) “Property damage” to property:

- (a) Owned, occupied, or used by,
- (b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by

you, any of your “employees”, or any of your volunteers.

2. With respect to “mobile equipment” registered in your name under any motor vehicle registration law, any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:

- a. “Bodily injury” to a co-“employee” of the person driving the equipment, or
- b. “Property damage” to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.

3. Any municipality, special district or other entity you newly acquire or form will qualify as a Named Insured if there is no other similar insurance available to that municipality, special district or other entity. However:

- a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or, the end of the policy period, whichever is earlier;
- b. Coverage **A** does not apply to “bodily injury” or “property damage” that occurred before you acquired or formed the organization; and
- c. Coverage **B** does not apply to “personal and advertising injury” arising out of an offense

committed before you acquired or formed the organization.

SECTION III — LIMITS OF INSURANCE

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

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

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the last preceding period for purposes of determining the Limits of Insurance.

SECTION IV — PUBLIC ENTITY GENERAL LIABILITY CONDITIONS

1. Duties In The Event Of Occurrence, Offense, Claim Or Suit

- a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense that may result in a claim. To the extent possible, notice should include:

- (1) How, when and where the "occurrence" or offense took place;
- (2) The names and addresses of any injured persons and witnesses; and
- (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.

- b. If a claim is made or "suit" is brought against any insured, you must:

- (1) Immediately record the specifics of the claim or "suit" and the date received; and
- (2) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or "suit" as soon as practicable.

- c. You and any other involved insured must:

- (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
- (2) Authorize us to obtain records and other information;
- (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and
- (4) Assist us, upon our request, in the enforcement of any right against any person or organization that may be liable to the insured because of injury or damage to which this insurance may also apply.

- d. No insureds will, except at their own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

2. Legal Action Against Us

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

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

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

3. Other Insurance

If other valid and collectible insurance is available to the insured for a loss we cover under Coverage **A** or **B** of this Coverage Part, our obligations are limited as follows:

a. Primary Insurance

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

b. Excess Insurance

This insurance is excess over:

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

(a) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";

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

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

(d) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion g. of Coverage **A** (Section I).

- (2) Any other primary insurance available to you covering liability for damages arising out of the premises or operations for which you have been added as an

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additional insured by attachment of an endorsement.

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

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

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

We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

c. Method of Sharing

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

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

4. Bankruptcy or Insolvency

The bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

5. Representations

By accepting this policy, you agree:

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

6. Separation Of Insureds

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

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

7. Transfer Of Rights Of Recovery Against Others To Us

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

8. When We Do Not Renew

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

If notice is mailed, proof of mailing will be sufficient proof of notice.

SECTION V — DEFINITIONS

1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters.
2. "Auto" means a land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment. But "auto" does not include "mobile equipment".
3. "Bodily injury" means bodily injury, sickness, disease, disability, shock, mental anguish, mental injury and humiliation, including resulting death from any of these at any time.
4. "Coverage territory" means:
 - a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
 - b. International waters or airspace, provided the injury or damage does not occur in the course of travel or transportation to or from any place not included in a. above; or
 - c. All parts of the world if:
 - (1) The injury or damage arises out of the activities of your "employees" whose home is in the territory described in a.

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above, but is away for a short time on your business; and

- (2) The insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in **a.** above or in a settlement we agree to.

- d. An elected or appointed official's residence or place of employment while conducting your business

5. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".

6. "Hostile fire" means one which becomes uncontrollable or breaks out from where it is intended to be.

7. "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. Your fulfilling the terms of the contract or agreement.

8. "Insured contract" means:

- a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
b. A sidetrack agreement;
c. An easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
e. An elevator maintenance agreement;
f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be

imposed by law in the absence of any contract or agreement.

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

- (1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing;

- (2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:

- (a) Preparing, approving or failing to prepare or approve maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or

- (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or

- (3) Under which the insured, if an architect, engineer or surveyor, assumes liability for any injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in (2) above and supervisory, inspection, architectural or engineering activities.

9. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".

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

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

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

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

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- 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. However, any land motor vehicle, trailer, or semi-trailer designed for travel on public roads (including any machinery or apparatus that is attached) owned or leased by you shall be deemed an "auto" and not "mobile equipment" if the only reason for considering it "mobile equipment" is that it is maintained for use exclusively on streets or highways owned by you.
- 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 "autos":

 - (1) Equipment designed primarily for:
 - (a) Snow removal;
 - (b) Road maintenance but not construction or resurfacing; or
 - (c) Street cleaning;
 - (2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
 - (3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.
- 12. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.
- 13. "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:
 - a. False arrest, detention or imprisonment;
 - b. Malicious prosecution;
 - c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
 - d. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
 - e. Oral or written publication of material that violates a person's right of privacy;
 - f. The use of another's advertising idea in your "advertisement";
 - g. Infringing upon another's copyright, trade dress or slogan in your "advertisement";
 - h. False or improper service of process; or
 - i. Discrimination.
- 14. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
- 15. "Products-completed operations hazard":
 - a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:
 - (1) Products that are still in your physical possession; or
 - (2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:
 - (a) When all of the work called for in your contract has been completed.
 - (b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.
 - (c) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or

U.S. SPECIALTY INSURANCE COMPANY

subcontractor working on the same project.

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

- b. Does not include "bodily injury" or "property damage" arising out of:

- (1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured;
- (2) The existence of tools, uninstalled equipment or abandoned or unused materials; or
- (3) Products or operations for which the classification, listed in the Declarations or in a policy schedule, states that products-completed operations are subject to the General Aggregate Limit.

16. "Property damage" means:

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

17. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage", or "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:

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

18. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

19. "Your product" means:

- a. Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - (1) You;

- (2) Others trading under your name; or

- (3) A person or organization whose business or assets you have acquired; and

- b. Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

"Your product" includes:

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

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

20. "Your work" means:

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

"Your work" includes:

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

U.S. SPECIALTY INSURANCE COMPANY

ENDORSEMENT NO. _____

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE (Standard Time)					INSURED	AGENCY AND CODE
	MO.	DAY	YR.	12:01 A.M.	NOON		
HMTP-152345RW	12	1	2011	X		SALINE TOWNSHIP	99900

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DAM EXCLUSION

This endorsement modifies insurance provided under the following:

GENERAL LIABILITY COVERAGE FORM - PUBLIC ENTITY

This insurance does not apply to "bodily injury", "property damage", or "personal and advertising injury" arising out of the rupture, bursting, overtopping, accidental discharge or structural failure of any dam, levee or dike that:

1. You own, operate, use, maintain, license, permit or inspect; or
2. Is located on any property you rent, lease or sub-lease.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED

AUTHORIZED REPRESENTATIVE

DATE

U.S. SPECIALTY INSURANCE COMPANY

ENDORSEMENT NO. _____

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EXCLUSION—FIREWORKS

This endorsement modifies insurance provided under the following:

GENERAL LIABILITY COVERAGE FORM - PUBLIC ENTITY

The following exclusion is added to Paragraph 2.,
**Exclusions of SECTION I - COVERAGE A. BODILY
INJURY AND PROPERTY DAMAGE LIABILITY:**

This insurance does not apply to "bodily injury" or
"property damage" arising out of the ignition or
discharge of fireworks in conjunction with any display,
demonstration or show, conducted, sponsored or co-
sponsored by any insured.

Fireworks include but are not limited to firecrackers
and all aerial or ground displays.

This exclusion does not apply to "bodily injury" or
"property damage" arising out of emergency service
you provide in response to an emergency arising out
of or resulting from fireworks.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED

AUTHORIZED REPRESENTATIVE

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U.S. SPECIALTY INSURANCE COMPANY

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AMENDMENT OF INSURING AGREEMENT — KNOWN INJURY OR DAMAGE

This endorsement modifies insurance provided under the following:

GENERAL LIABILITY COVERAGE FORM — PUBLIC ENTITY

Paragraph 1. **Insuring Agreement of Section I – Coverage A – Bodily Injury And Property Damage Liability** is replaced by the following:

1. Insuring Agreement

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

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

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

- b. This insurance applies to "bodily injury" and "property damage" only if:

- (1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";
- (2) The "bodily injury" or "property damage" occurs during the policy period; and
- (3) Prior to the policy period, no insured listed under Paragraph 1. of SECTION II – WHO IS AN INSURED, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.

- c. "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph 1. of SECTION II – WHO IS AN INSURED, includes any continuation, change or resumption of that "bodily injury" or "property damage" after the end of the policy period.

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d. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph 1. of SECTION II – WHO IS AN INSURED:

(1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;

(2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or

(3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.

e. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED

AUTHORIZED REPRESENTATIVE

DATE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
UNDERGROUND STORAGE TANK POLICY

A. The following exclusion is added:

This insurance does not apply to:

TERRORISM

"Any injury or damage" arising, directly or indirectly, out of a "certified act of terrorism".

B. The following definitions are added:

1. For the purposes of this endorsement, "any injury or damage" means any injury or damage covered under any Coverage Part to which this endorsement is applicable, and includes but is not limited to "bodily injury", "property damage", "personal and advertising injury", "injury" or "environmental damage" as may be defined in any applicable Coverage Part.

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

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FUNGI OR BACTERIA EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

- A.** The following exclusion is added to Paragraph 2., Exclusions of **Section I – Coverage A – Bodily Injury And Property Damage Liability**:

2. Exclusions

This insurance does not apply to:

Fungi or Bacteria

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

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

- B.** The following exclusion is added to Paragraph 2., Exclusions of **Section I – Coverage B – Personal And Advertising Injury Liability**:

2. Exclusions

This insurance does not apply to:

Fungi or Bacteria

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

- C.** The following definition is added to the **Definitions** Section:

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

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CEMETERY PROFESSIONAL LIABILITY

This endorsement modifies insurance provided under the following:

GENERAL LIABILITY COVERAGE FORM - PUBLIC ENTITY

SCHEDULE

COVERAGE

Cemetery Professional Liability
Deductible applies to each occurrence

ADDITIONAL PREMIUM

\$ INCLUDED
\$ 0

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

The insurance provided under **SECTION I - COVERAGE A** applies to "bodily injury" or "property damage" because of "cemetery professional liability".

With respect to the insurance provided by this endorsement:

1. Exclusions b. and j. of SECTION I - COVERAGE A are replaced by the following:

b. Contractual Liability

"Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of any obligation or duty required of the insured under any contract or by reason of any liability assumed by the insured under a contract of indemnity including such legal obligation as may arise out of or result from Vandalism and/or Malicious Mischief, theft to any structure, mausoleum, monument, tombstone, memorial or marker on any grave site in the INSURED'S Cemetery.

j. Damage to Property

"Property damage" to:

- (1) Property you own, rent, or occupy;
- (2) Property you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
- (3) Property loaned to you; or

(4) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

(5) Property Damage or destruction of property or movement of property including loss of use thereof to property of others, including, but not limited to, headstones, grave markers, while in the charge of the INSURED and on the premises of the INSURED'S cemetery caused by falling limbs, and/or trees. Limit under this extension of coverage is limited to \$5,000 per occurrence.

2. The following additional exclusions apply:

This insurance does not apply to:

- a. "Bodily injury" or "property damage" resulting from violation of a law or ordinance. This exclusion does not apply to an act done in good faith at the request of a public official having apparent authority to authorize the act.
- b. "Bodily injury" or "property damage" resulting from a procession or cortege away from premises owned, rented or operated by the insured and used as a cemetery.

3. The following additional definition applies:

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"Cemetery professional liability" means errors or omissions for which the insured is legally liable to pay damages resulting from:

- a. Embalming, handling, disposing, burial, disinterment or removal of any deceased human body;
 - b. Conduct of any memorial service by the insured whether or not a deceased human body is present;
 - c. Destruction of or interference with the right of burial of a deceased human body;
 - d. Damage or destruction of property of others which is not in the custody or control of the insured; or
 - e. Damage to or destruction of urns, caskets, linings or fittings, casket cases, crypts, vaults, or mausoleums used for the burial of a deceased human body which is in the insured's care or custody but is not owned by the insured.
4. Deceased human body includes the ashes after legal cremation.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED

AUTHORIZED REPRESENTATIVE

DATE

U.S. SPECIALTY INSURANCE COMPANY

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EXCESS EMPLOYERS LIABILITY INSURANCE

This endorsement modifies insurance provided under the following:

GENERAL LIABILITY COVERAGE FORM - PUBLIC ENTITY

SCHEDULE

COVERAGE	LIMIT
Bodily Injury by Accident	\$ 100,000
Bodily Injury by Disease	\$ 100,000

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

A. How This Insurance Applies

This employers liability insurance applies to bodily injury by accident or bodily injury by disease. Bodily injury includes resulting death.

1. The bodily injury must arise out of and in the course of the injured employee's employment by you.
2. The employment must be necessary or incidental to your work in Michigan.
3. Bodily injury by accident must occur during the policy period.
4. Bodily injury by disease must be caused or aggravated by the conditions of your employment. The employee's last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during the policy period.
5. If you are sued, the original suit and any related legal actions for damages for bodily injury by accident or by disease must be brought in the United States of America its territories or possessions, or Canada.

B. We Will Pay

We will pay all sums you legally must pay as damages because of bodily injury to your employees, provided the bodily injury is covered by this Employers Liability Insurance.

The damages we will pay, where recovery is permitted by law, include damages:

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;
2. for care and loss of services; and
3. for consequential bodily injury to a spouse, child, parent, brother or sister of the injured employee; provided that these damages are the direct consequence of bodily injury that arises out of and in the course of the injured employee's employment by you; and
4. because of bodily injury to your employee that arises out of and in the course of employment, claimed against you in a capacity other than as employer.

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C. Exclusions

This insurance does not cover:

1. liability assumed under a contract. This exclusion does not apply to a warranty that your work will be done in a workmanlike manner;
2. punitive or exemplary damages because of bodily injury to an employee employed in violation of law;
3. bodily injury to an employee while employed in violation of law with your actual knowledge or the actual knowledge of any of your executive officers;
4. any obligation imposed by a workers compensation, occupational disease, unemployment compensation, or disability benefits law, or any similar law;
5. bodily injury intentionally caused or aggravated by you;
6. bodily injury occurring outside the United States of America, its territories or possessions, and Canada. This exclusion does not apply to bodily injury to a citizen or resident of the United States of America or Canada who is temporarily outside these countries;
7. damages arising out of the discharge of, coercion of, or discrimination against any employee in violation of law.

D. We Will Defend

We have the right and duty to defend, at our expense, and claim, proceeding or suit against you for damages payable by this insurance. We have the right to investigate and settle these claims, proceedings and suits.

We have no duty to defend a claim, proceeding or suit that is not covered by this insurance. We have no duty to defend or continue defending after we have paid our applicable limit of liability under this insurance.

E. We Will Also Pay

We will also pay these costs, in addition to other amounts payable under this insurance, as part of any claim, proceeding or suit we defend:

1. reasonable expenses incurred at our request; but not loss of earnings;
2. premiums for bonds to release attachments and for appeal bonds in bond amounts up to the limit of our liability under this insurance;
3. litigation costs taxed against you;
4. interest on a judgment as required by law until we offer the amount due under this insurance; and
5. expenses we incur.

F. Other Insurance

We will not pay more than our share of damages and costs covered by this insurance and other insurance or self-insurance. Subject to any limits of liability that apply, all shares will be equal until the loss is paid. If any insurance or self-insurance is exhausted, the shares of all remaining insurance and self-insurance will be equal until the loss is paid.

G. Limits of Liability

Our liability to pay for damages is limited. Our limits of liability are shown above

They apply as explained below:

1. Bodily Injury by Accident. The limit shown for "bodily injury by accident-each accident" is the most we will pay for all damages covered by this insurance because of bodily injury to one or more employees in any one accident. A disease is not bodily injury by accident unless it results directly from bodily injury by accident.
2. Bodily Injury by Disease. The limit shown for "bodily injury by disease-policy limit" is the most we will pay for all damages covered by this insurance and arising out of bodily injury by disease, regardless of the number of employees who sustain bodily injury by disease. The limit shown for "bodily injury by disease-each employee" is the most we will pay for all damages because of bodily injury by disease to any one employee. Bodily injury by disease does not include disease that results directly from a bodily injury by accident.

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3. We will not pay for claims for damages after we have paid the applicable limit of our liability under this insurance.

H. Recovery From Others

We have your rights to recover our payment from anyone liable for any injury covered by this insurance. You will do everything necessary to protect these rights for us and to help us enforce them.

I. Actions Against Us

There will be no right of action against us under this insurance unless:

1. you have complied with all the terms of this policy; and
2. the amount you owe has been determined with our consent or by actual trial and final judgment.
3. This insurance does not give anyone the right to add us a defendant in an action against you to determine your liability.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED

AUTHORIZED REPRESENTATIVE

DATE

U.S. SPECIALTY INSURANCE COMPANY

EMPLOYEE BENEFITS LIABILITY COVERAGE PART SUPPLEMENTAL DECLARATIONS

These Supplemental Declarations form a part of policy number

HMTP-152345RW

RETROACTIVE DATE			
This insurance does not apply to acts, errors or omissions which occur before the Retroactive Date, if any, shown below. Retroactive Date: NONE (Enter Date or "NONE" if no Retroactive Date applies)			
LIMITS OF INSURANCE			
Each Employee Limit	\$1,000,000		
Aggregate Limit	\$3,000,000		
FORM OF BUSINESS			
☒ Municipality ☐ Public School ☐ Special District ☐ Other:			
DEDUCTIBLE \$0 This reduces the Limit of Insurance shown as applicable to Each Employee			
PREMIUM			
NO. OF EMPLOYEES	RATE PER EMPLOYEE		ESTIMATED PREMIUM
Included	Included	(first 5,000)	\$ Included
Included	Included	(next 5,000)	\$ Included
Included	Included	(over 10,000)	\$ Included
Minimum Premium			\$ Included
Advance Premium			\$ Included
FORMS AND ENDORSEMENTS (other than applicable forms and endorsements shown elsewhere in the policy)			
Forms and endorsements applying to the Coverage Part and made a part of this policy at time of issue: See PKGILH0002 2011			

THIS SUPPLEMENTAL DECLARATIONS AND THE COMMON POLICY DECLARATIONS, TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE FORM(S) AND ENDORSEMENTS COMPLETE THE ABOVE NUMBERED POLICY.

U.S. SPECIALTY INSURANCE COMPANY

EMPLOYEE BENEFITS LIABILITY COVERAGE FORM

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

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

The word "insured" means any person or organization qualifying as such under SECTION II - WHO IS AN INSURED.

Other words and phrases that appear in quotation marks have special meaning. Refer to SECTION VI - DEFINITIONS.

SECTION I - COVERAGE

1. Insuring Agreement.

We will pay those sums that the insured becomes legally obligated to pay as damages because of any "act, error or omission" of the insured, or of any other person for whose acts the insured is legally liable. The "act, error or omission" must be committed in the "administration" of your "employee benefit program". No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Paragraph 3. Supplementary Payments. The "act, error or omission" must take place in the "coverage territory" and during the policy period.

We will have the right and duty to defend any "suit" seeking those damages. But:

- (1) The amount we will pay for damages is limited as described in SECTION III - LIMITS OF INSURANCE;
- (2) We may at our discretion, investigate any report of an "act, error or omission" and settle any claim or "suit" that may result; and
- (3) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements.

2. Exclusions.

This insurance does not apply to:

- a. Loss arising out of any dishonest, fraudulent, criminal or malicious "act, error or omission" committed by any insured;
- b. "Bodily injury", "property damage" or "personal and advertising injury";
- c. Loss arising out of failure or performance of contract by any insurer, or any other party, including the insured, obligated to afford benefits;
- d. Loss arising out of an insufficiency of funds to meet any obligations under any plan included in the "employee benefit program";
- e. Any claim or "suit" based upon:
 - (1) Failure of any investment to perform as represented by an insured;

- (2) Advice given to any person to participate or not to participate in any plan included in the "employee benefit program"; or

- (3) The investment or non-investment of funds;

- f. Loss arising out of your failure to comply with the mandatory provisions of any law concerning workers' compensation, unemployment insurance, social security or disability benefits;
- g. Loss for which the insured is liable because of liability imposed on a fiduciary by the Employee Retirement Security Act of 1974, as now or hereafter amended; or
- h. Loss or damage for which benefits have accrued under the terms of your "employee benefit program" to the extent that such benefits are available from funds accrued by the insured for such benefits or from collectible insurance, notwithstanding the insured's "act, error or omission" in administering the plan which precluded the claimant from receiving such benefits.

3. Supplementary Payments.

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

- a. All expenses we incur.
- b. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
- c. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$1000 day because of time off from work.
- d. All costs taxed against the insured in the "suit".
- e. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.

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- f. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

SECTION II - WHO IS AN INSURED

1. If you are designated in the Declarations as:
 - a. A municipality, public school or special district, you are an insured.
 - b. A partnership or joint venture, you are an insured.
 - c. An organization other than a municipality, public school, special district, partnership or joint venture, you are an insured. Your directors and stockholders are also insureds, but only with respect to their liability as your directors or stockholders.
2. Each of the following is also an insured:
 - a. Each of your partners, executive officers, board members and "employees" who is authorized to administer your "employee benefit program".
 - b. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.
3. Any organization you newly acquire or form, other than a partnership, joint venture, or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:
 - a. Coverage under this provision is afforded only until the 90th day after you acquire, or form the organization or the end of the policy period, whichever is earlier; and
 - b. Coverage under this provision does not apply to any "act, error or omission" that occurred before you acquired or formed the organization.

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

SECTION III - LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
 - a. Insureds;
 - b. Claims made or "suits" brought;

- c. Persons or organizations making claims or bringing "suits";
- d. "Acts, errors or omissions" which result in loss; or
- e. Plans included in your "employee benefit program".

2. The Aggregate Limit is the most we will pay for all damages because of "acts, errors or omissions" committed in the "administration" of your "employee benefit program".
3. Subject to the Aggregate Limit, the Each Employee Limit is the most we will pay for all damages sustained by any one "employee", including the "employee's" dependents and beneficiaries, because of "acts, errors or omissions" committed in the "administration" of your "employee benefit program".

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

SECTION IV - DEDUCTIBLE

1. Our obligation to pay damages on behalf of the insured applies only to the amount of damages in excess of the deductible amount stated in the Declarations as applicable to "Each Employee". The limits of insurance applicable to "Each Employee" will be reduced by the amount of this deductible. The Aggregate limit shall not be reduced by the application of such deductible amount.
2. The deductible amount stated in the Declarations applies to all damages sustained by an "employee" because of an "act, error or omission" covered by this insurance.
3. The terms of this insurance, including those with respect to:
 - a. Our right and duty to defend any "suits" seeking those damages; and
 - b. Your duties in the event of an "act, error or omission" claim or "suit";apply irrespective of the application of the deductible amount.
4. We may pay any part or all of the deductible amount to effect settlement of any claim or "suit" and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount as has been paid by us.

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SECTION V - EMPLOYEE BENEFITS LIABILITY CONDITIONS

1. Duties In The Event Of Act, Error Or Omission, Claim Or Suit.

- a. You must see to it that we are notified as soon as practicable of an "act, error or omission" which may result in a claim. Notice should include:
 - (1) How, when and where the "act, error or omission" took place;
 - (2) The nature of any damage arising out of the "act, error or omission";
 - (3) The names and addresses of any "employees" who may suffer damages as a result of the "act, error or omission"; and
 - (4) The names and addresses of any witnesses.
- b. If a claim is received by any insured you must:
 - (1) Immediately record the specifics of the claim and the date received; and
 - (2) Notify us as soon as practicable.
- c. You and any other involved insured must:
 - (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
 - (2) Authorize us to obtain records and other information;
 - (3) Cooperate with us in the investigation, settlement or defense of the claim or "suit"; and
 - (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of damage to which this insurance may also apply.
- d. No insureds will, except at their own cost, voluntarily make a payment, assume any obligation or incur any expense without our consent.

2. Legal Action Against Us.

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

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

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured obtained after an actual trial; but we will not be liable for damages that are not

payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

3. Other Insurance.

If other valid and collectible insurance is available to the insured for a loss we cover under this Coverage Part we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers for such loss.

4. Bankruptcy or Insolvency.

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

5. Representations.

By accepting this policy, you agree:

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

6. Separation of Insureds.

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

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

7. Transfer Of Rights Of Recovery Against Others To Us.

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

8. Cancellation, Non-renewal, Renewal And Reduction Or Deletion Of Coverage.

All conditions relating to cancellation, non-renewal, renewal and reduction or deletion of coverage of any General Liability Coverage Form to which this Coverage Form is attached, apply to this Coverage Form.

U.S. SPECIALTY INSURANCE COMPANY

SECTION VI - DEFINITIONS

1. "Act, error or omission" means the failure to execute a required action, or a mistaken action committed in the "administration" of the insured's "employee benefit program".
2. "Administration" means:
 - a. Counseling "employees", including their dependents and beneficiaries, with respect to the "employee benefit program";
 - b. Interpreting the "employee benefit program";
 - c. Handling records in connection with the "employee benefit program"; or
 - d. Effecting or terminating any "employee's" participation in a plan included in the "employee benefit program".
3. "Bodily injury" means bodily injury, sickness, disease, disability, shock, mental anguish, mental injury and humiliation, including resulting death from any of these at any time.
4. "Coverage territory" means the United States of America (including its territories and possessions), Puerto Rico and Canada.
5. "Employees" includes employees whether actively employed, disabled or retired.
6. "Employee benefit program" means the following plans:
 - a. Group life insurance, group accident or health insurance, profit sharing plans, pension plans and stock subscription plans, provided such insurance or plans are:
 - (1) Equally available to all eligible "employees" and;
 - (2) That no one other than an eligible "employee" may subscribe to such insurance or plans; or
 - b. Unemployment insurance, social security benefits, workers' compensation and disability benefits.
7. "Personal and advertising injury" means injury other than "bodily injury" arising out of one or more of the following offenses:
 - a. False arrest, detention or imprisonment;
 - b. Malicious prosecution;
 - c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
 - d. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
 - e. Oral or written publication of material that violates a person's right of privacy;
 - f. The use of another's advertising idea in your "advertisement";
 - g. Infringing upon another's copyright, trade dress or slogan in your "advertisement";
 - h. False or improper service of process; or
 - i. Discrimination.
8. "Property damage" means:
 - a. Physical injury to tangible property, including all resulting loss of use of that property; or
 - b. Loss of use of tangible property that is not physically injured.
9. "Suit" means a civil proceeding in which damages because of an "act, error or omission" to which this insurance applies are alleged. "Suit" includes:
 - a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
 - b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

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ENDORSEMENT NO. _____

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE (Standard Time)					INSURED	AGENCY AND CODE
	MO.	DAY	YR.	12:01 A.M.	NOON		
HMT-152345RW	12	1	2011	X		SALINE TOWNSHIP	99900

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

In consideration for the premium charged it is hereby understood and agreed the following change (s) are made to the **EMPLOYEE BENEFITS** section (s) of this policy:

EXCLUSION OF CERTIFIED ACTS OF TERRORISM AND OTHER ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

EMPLOYEE BENEFITS LIABILITY COVERAGE FORM

A. The following exclusion is added:

This insurance does not apply to:

TERRORISM

Any "act, error or omission" arising, directly or indirectly, out of a "certified act of terrorism" or an "other act of terrorism". However, with respect to an "other act of terrorism", this exclusion applies only when one or more of the following are attributed to such act:

1. The total of insured damage to all types of property exceeds \$25,000,000. In determining whether the \$25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the terrorism and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions; or
2. Fifty or more persons sustain death or serious physical injury. For the purposes of this provision, serious physical injury means:
 - a. Physical injury that involves a substantial risk of death; or
 - b. Protracted and obvious physical disfigurement; or
 - c. Protracted loss of or impairment of the function of a bodily member or organ; or
3. The terrorism involves the use, release or escape of nuclear materials, or directly or indirectly results in nuclear reaction or radiation or radioactive contamination; or
4. The terrorism is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
5. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the terrorism was to release such materials.

With respect to this exclusion, Paragraphs 1. and 2. describe the thresholds used to measure the magnitude of an incident of an "other act of terrorism" and the circumstances in which the threshold will apply for the purpose of determining whether this exclusion will apply to that incident.

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B. The following definitions are added:

1. "Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act of 2002. The federal Terrorism Risk Insurance Act of 2002 sets forth the following criteria for a "certified act of terrorism":
 - a. The act resulted in aggregate losses in excess of \$5 million; and
 - b. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.
2. "Other act of terrorism" means a violent act or an act that is dangerous to human life, property or infrastructure that is committed by an individual or individuals and that appears to be part of an effort to coerce a civilian population or to influence the policy or affect the conduct of any government by coercion, and the act is not certified as a terrorist act pursuant to the federal Terrorism Risk Insurance Act of 2002. Multiple incidents of an "other act of terrorism" which occur within a seventy-two hour period and appear to be carried out in concert or to have a related purpose or common leadership shall be considered to be one incident.

- C. In the event of any incident of a "certified act of terrorism" or an "other act of terrorism" that is not subject to this exclusion, coverage does not apply to any loss or damage that is otherwise excluded under this Coverage Part.**

NO PREMIUM ADJUSTMENT DUE:

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED

AUTHORIZED REPRESENTATIVE

DATE

U.S. SPECIALTY INSURANCE COMPANY

**PUBLIC OFFICIALS LIABILITY COVERAGE PART —
SUPPLEMENTAL DECLARATIONS**

ITEM 1. THIS SUPPLEMENTAL DECLARATIONS FORMS A PART OF POLICY NO. HMTP-152345RW

ITEM 2. **POLICY PERIOD:** FROM 12/01/2011 TO 12/01/2012
at 12:01 a.m. Standard Time at your mailing address specified on the Common Policy Declarations.

ITEM 3. **LIMIT OF LIABILITY**

ANNUAL AGGREGATE LIMIT \$ 0

EACH WRONGFUL ACT LIMIT \$ 5,000,000

**REGULATORY TAKING OF
PRIVATE PROPERTY LIMIT** \$ 100,000

**REGULATORY TAKING OF
PRIVATE PROPERTY ANNUAL
AGGREGATE LIMIT** \$ 0

ITEM 4. **DEDUCTIBLE** \$ 0

(Amount to be borne by the **INSURED** for each **WRONGFUL ACT**, including **LOSS ADJUSTMENT
EXPENSE**)

**DEDUCTIBLE FOR REGULATORY
TAKING OF PRIVATE PROPERTY** \$ 0

ITEM 5. **PREMIUM** \$ INCLUDED

ITEM 6. **DESIGNEE OF NAMED INSURED TO REPORT CLAIMS AND RECEIVE NOTICES:**

ITEM 7. **NOTICE OF CLAIM SHALL BE GIVEN TO:**

Midwest Claims Service
1700 Opdyke Court
Auburn Hills, MI 48326

ITEM 8. **FORM NUMBERS OF COVERAGE FORMS AND ENDORSEMENTS THAT ARE PART
OF THIS COVERAGE PART AND MADE PART OF THIS POLICY AT TIME OF ISSUE**
(other than applicable forms and endorsements shown elsewhere in the policy):
Refer to PKGILH0002 2011

THIS **SUPPLEMENTAL DECLARATIONS** AND THE **COMMON POLICY DECLARATIONS**, TOGETHER WITH THE
COVERAGE FORM(S) AND ENDORSEMENTS COMPLETE THE ABOVE NUMBERED POLICY.

COMMON POLICY CONDITIONS

THE COMMON POLICY CONDITIONS DO NOT APPLY TO THIS COVERAGE PART.

USAGE OF TERMS

WHEN WE USE THE WORD **DECLARATIONS** IN THIS COVERAGE PART, WE MEAN THIS **DECLARATIONS** OR
THE **COMMON POLICY DECLARATIONS**.

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PUBLIC OFFICIALS LIABILITY COVERAGE FORM (OCCURRENCE)

PLEASE READ THIS COVERAGE FORM CAREFULLY

Throughout this policy, the words **YOU**, **YOUR** and **NAMED INSURED** refer to the entity identified as the **NAMED INSURED** in the Declarations. The words **INSURED** or **INSUREDS** refer to any person or entity qualifying as an **INSURED** under SECTION III—WHO IS AN INSURED. The words **WE**, **US**, **OUR** and **COMPANY** refer to the Company stated in the Declarations as providing this insurance.

Other words and phrases that appear in boldface print have special meanings. Refer to SECTION I—DEFINITIONS and other provisions of this policy for such meanings.

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

WE agree with the **INSURED** named in the Declarations, said Declarations being made a part hereof, in consideration of the payment of the premium, and subject to the limit of liability set forth in the Declarations, and in reliance upon representations made in the application (a copy of which is attached and made a part of this policy), and subject to all of the terms, conditions and exclusions of this policy, as follows:

SECTION I — DEFINITIONS

Whenever used in this policy, the following words have these meanings:

DEDUCTIBLE — means the amount shown in Item 4. of the Declarations that the **INSURED** must contribute to **LOSS** and **LOSS ADJUSTMENT EXPENSE**.

LOSS — means any compensatory monetary amount, including punitive damages where permitted by law, for which the **INSURED(S)** is legally obligated to pay as a result of **WRONGFUL ACT(S)** covered by this policy and shall include, but not be limited to, judgments and settlements. **LOSS** shall not include:

1. Criminal or civil fines or penalties;
2. Taxes;
3. The salaries, wages or overhead expenses of the Director, Officers, Trustees, Staff members, or other members of the **NAMED INSURED**;
4. Matters that may be deemed uninsurable under

the law pursuant to which this policy shall be construed.

LOSS ADJUSTMENT EXPENSE — means all expenditures, including but not limited to, costs of investigations, experts, adjustment services, legal services and court costs incurred by **US** as a result of coverage afforded by this policy. **LOSS ADJUSTMENT EXPENSE** shall not include salaries of **OUR** employees.

POLICY PERIOD — means the period of one year following the effective date and hour of this policy or anniversary thereof, or if time between the effective date or any anniversary and the termination of this policy is less than one year, such lesser period.

POLICY TERRITORY—means:

1. The United States of America; or
2. International waters or airspace, provided the injury or **LOSS** does not occur in the course of travel or transportation to or from any place not included in 1. above; or

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3. All parts of the world if:
 - a. The injury or **LOSS** arises out of a **WRONGFUL ACT** of an **INSURED** beyond the territory described in 1. above, who is engaged in the **NAMED INSURED'S** business activities; and
 - b. The **INSURED'S** responsibility to pay **LOSS** is determined in a **SUIT** on the merits, in the territory described in 1. above, or in a settlement to which **WE** agree.

PROPERTY DAMAGE — means:

1. Physical injury to or destruction of property, tangible or intangible, including all resulting loss of use of that property. All such loss of use shall be deemed to take place at the time of the physical injury that caused it; or
2. Loss of use of property, tangible or intangible, that has not been physically injured or destroyed, but only if such **LOSS** took place at the time of a **WRONGFUL ACT**.

REGULATORY TAKING OF PRIVATE PROPERTY — means the enactment or enforcement of any regulations or ordinance which unconstitutionally and temporarily restricts the use of private property.

SUIT — means a civil proceeding in which monetary **LOSS** is alleged because of a **WRONGFUL ACT** to which this insurance applies. **SUIT** includes an arbitration or any other alternative dispute resolution proceeding in which such **LOSS** is claimed and to which the **INSURED** must submit or does submit with **OUR** consent.

SUIT does not include or mean an administrative hearing or proceeding.

WRONGFUL ACT(S) — means:

Any alleged or actual:

1. Error, misstatement, misleading statement, omission, neglect or breach of duty of the **INSURED**; or
2. Violation of any civil rights protected by federal law; or
3. Violation of any state civil rights law; that arises out of the discharge of duties for the **NAMED INSURED**, individually or collectively.

SECTION II — COVERAGES

INSURING AGREEMENTS

WE will pay on behalf of the **INSURED** all **LOSS** that the **INSURED** shall be legally obligated to pay
POOPLH0001 2011

resulting from a **WRONGFUL ACT** to which this insurance applies. The **WRONGFUL ACT(S)** must occur within the **POLICY TERRITORY**. This insurance applies only to **WRONGFUL ACT(S)** that take place during the **POLICY PERIOD**.

All claims for damages causing loss to the same person or organization as a result of WRONGFUL ACT(S) will be deemed to have occurred at the time the first WRONGFUL ACT(S) had allegedly been committed by the INSURED(S).

DEFENSE AND SUPPLEMENTARY PAYMENTS

WE shall have the right and duty to select counsel and to defend any **SUIT** against the **INSURED** seeking damages for **LOSS** even if any of the allegations of the **SUIT** are groundless, false or fraudulent. **WE** shall have the sole right to assign counsel to defend any such **SUIT** against the **INSURED**, and the **INSURED** agrees and consents to **OUR** exercise of that sole right. However, **WE** will have no duty to defend the **INSURED** against any **SUIT** seeking damages for **WRONGFUL ACT(S)** to which this insurance does not apply. **WE** may make such investigation of any **SUIT** as **WE** deem expedient.

WE shall not be obligated to pay any claim or judgment or to defend any **SUIT** or pay any fees, costs or expenses after the applicable limit of **OUR** liability has been exhausted by payment of judgments or settlements.

The **INSURED** shall not, without **OUR** written consent, make any payment, admit any liability, settle any **SUIT**, assume any obligation, or incur any expense, including but not limited to, **LOSS ADJUSTMENT EXPENSE**.

WE shall have the right, but no duty, to appeal any judgment.

WE will pay, in addition to the applicable limit of liability:

1. All expenses **WE** incur;
2. All costs taxed against the **INSURED** in the **SUIT**;
3. All reasonable expenses incurred by the **INSURED** at **OUR** request to assist **US** in the investigation or defense of the **SUIT**, including actual loss of earnings up to \$100 a day because of time off work. Expenses, as used here, do not include salaries of officers or employees of any **NAMED INSURED**,
4. Pre-judgment interest awarded against the **INSURED** on that part of the judgment **WE** pay. If **WE** make an offer to pay the applicable limit of insurance and the **INSURED** refuses to consent to

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OUR offer, **WE** will not pay any pre-judgment interest after the date of **OUR** offer;

5. All interest on the full amount of any judgment that accrues after entry of the judgment and before **WE** have paid, offered to pay, or deposited in court, the part of the judgment that is within the applicable limit of liability.
6. The cost of bonds to release attachments and appeal bonds required in any **SUIT** defended by **US** but only for bond amounts within the applicable limit of insurance. **WE** do not have to furnish these bonds.

EXTENSION OF COVERAGE

At **OUR** option, **WE** have the right, but not the obligation to investigate and defend Equal Employment Opportunity Commission (EEOC) actions against the **INSURED** prior to any **SUIT** being filed. This is in addition to the coverage otherwise provided by this policy. However, the **INSURED** must promptly notify **US** and describe the circumstances surrounding each EEOC action submitted for consideration under this provision. The **DEDUCTIBLE** does not apply to any expenditures **WE** incur under this extension. If **SUIT** is filed later, the **DEDUCTIBLE** shall apply to that **SUIT**.

WE will pay up to \$25,000 loss consisting of back wages, future wages, overtime or similar claims, even if designated as liquidated damages, under any federal, state or local statutes, rules, ordinances or regulations or suit arising from collective bargaining agreements.

EXCLUSIONS

The following section of this policy restricts coverage. Please read these exclusions very carefully.

This insurance does not apply to and **WE** shall not be obligated to make any payment nor to defend any **SUIT** against the **INSURED**:

1. Based upon or attributable to the **INSURED** gaining any profit, advantage or remuneration to which the **INSURED** is not entitled;
2. Brought about or contributed to by fraud, dishonesty, or bad faith of an **INSURED**;
3. Arising from the deliberate violation of any federal, state, or local statute, ordinance, rule or regulation committed by or with the knowledge and consent of the **INSURED**;

4. For any **LOSS** whether direct, indirect or consequential, arising from or caused by bodily injury, sickness, emotional distress, mental anguish, humiliation, disease or death of any person or for **LOSS** to or destruction of any property, tangible or intangible, including diminution of value or loss of use;
5. For false arrest, detention or imprisonment, libel, slander, or other defamatory or disparaging material, discrimination, unless insurance thereof is prohibited by law, 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 its owner, landlord or lessor, assault, battery, malicious prosecution or false or improper service of process;
6. Arising from the activities of any law enforcement agency or law enforcement personnel, including the operation of adult and juvenile detention facilities;
7. As a result of strikes, riots or civil commotion;
8. Based upon or arising out of any activity for which the **INSURED** is acting in a fiduciary capacity, including:
 - a. The administration of any employment benefit plan, including any **SUIT** based upon or arising from the Employee Retirement Income Security Act of 1974 (ERISA) and subsequent amendments or any similar federal, state or local law or regulation; or
 - b. The administration of any self-insurance fund;
9. Resulting in any **SUIT** seeking relief or redress in any form other than compensatory **LOSS**; nor shall **WE** have any obligation to indemnify the **INSURED** for any costs, fees, including attorney fees, or expenses that the **INSURED** shall become obligated to pay as a result of any adverse judgment for injunctive or declaratory relief; however, **WE** will afford defense to the **INSURED** for such **SUIT**, if not otherwise excluded, where payment for compensatory **LOSS** is requested;
10. Arising from a taking that involves or is in any way related to the principles of eminent domain, adverse possession, dedication by adverse use, inverse condemnation, or condemnation proceedings, whether such loss is made directly against any **INSURED** or by virtue of any agreement entered into by or on behalf of any **INSURED**. This exclusion does not apply to the **REGULATORY TAKING OF PRIVATE PROPERTY** Limit of Liability for this coverage

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shown under Limits of Liability on the Declaration Page;

11. Resulting in any **LOSS, cost, or expense, in whole or in part for any of the following:**

- a. The actual alleged or threatened discharge, dispersal, seepage, migration, release or escape of pollutants at any time;
- b. Any request, demand or order that any **INSURED** or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of pollutants;
- c. Any **SUIT** by or on behalf of a government authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, or neutralizing, or in any way responding to, or assessing the effects of pollutants.

POLLUTANTS mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, lead, asbestos, acids, alkalis, chemicals, electro magnetic radiation and waste. Waste includes, but is not limited to, materials to be recycled, reconditioned or reclaimed, and liquid or solid material carried off with groundwater in sewers or drains;

12. For any **LOSS, cost, civil fine, penalty or expense against any **INSURED** arising from any complaint or enforcement action from any federal, state or local governmental regulatory agency or judicial entity;**

13. Resulting in any **LOSS, cost or expense:**

- a. With respect to which an **INSURED** under the policy is also an **INSURED** under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an **INSURED** under any such policy but for its termination upon exhaustion of its limit of liability; or
- b. Resulting from the **HAZARDOUS PROPERTIES** of **NUCLEAR MATERIAL** and with respect to which any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or the **INSURED** is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization; or

c. Resulting from the **HAZARDOUS PROPERTIES** of **NUCLEAR MATERIAL**, if:

- (1) The **NUCLEAR MATERIAL** is located at any **NUCLEAR FACILITY** owned; by, or operated by or on behalf of, an **INSURED** or has been discharged or dispersed therefrom;
- (2) The **NUCLEAR MATERIAL** is contained in **SPENT FUEL** or **WASTE** at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an **INSURED**; or
- (3) The **WRONGFUL ACT** arises out of the furnishing by an **INSURED** of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any **NUCLEAR FACILITY**.

As used in this exclusion, **HAZARDOUS PROPERTIES** include 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 of fuel component, solid or liquid, which has been used or exposed to radiation in a **NUCLEAR REACTOR**;

WASTE means any waste material 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 resulting from the operation by any person or organization of any **NUCLEAR FACILITY** included under the first two paragraphs of the definition of **NUCLEAR FACILITY**;

NUCLEAR FACILITY means:

- a. Any **NUCLEAR REACTOR**;
- b. Any equipment or device designed or used for separating the isotopes of uranium or plutonium, or processing or utilizing **SPENT FUEL**, or handling, processing or packaging **WASTE**;
- c. Any equipment or device used for the processing, fabricating or alloying of **SPECIAL NUCLEAR MATERIAL** if at any time the total amount of such material in the

U.S. SPECIALTY INSURANCE COMPANY

custody of the **INSURED** at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium, or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;

- d. Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of **WASTE**;

And includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations;

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.

- 15. For back wages, overtime or similar claims, even if designated as liquidated damages, under any federal, state or local statutes, rules, ordinances or regulations, or **SUIT** arising from collective bargaining agreements except as provided in the extensions of coverage
- 16. Directly or indirectly arising from:
 - a. Any debt financing, including but not limited to bonds, notes, debentures and guarantees of debts; or
 - b. The formulation of tax rates, the collection of taxes and/or the disbursement of tax refunds;
- 17. Arising from procurement of goods or services, construction contracts, architectural or engineering contracts, or the process of bidding or awarding contracts;
- 18. Based upon or attributable to any failure or omission of the **INSURED** to effect or maintain insurance of any kind;
- 19. Arising from a publication or utterance in the course of or related to advertising, broadcasting or telecasting activities conducted by or on behalf of the **INSURED**;

For any **LOSS** arising as a consequence of the failure, refusal, or inability of the **INSURED** to enter into, renew, or perform any oral, written or implied contract or agreement between the **INSURED** and any other person, except any oral, written or implied contract relating to that persons employment by the **INSURED**.

SECTION III—WHO IS AN INSURED

The term **INSURED** as used herein means the public entity stated in the Declarations as the **NAMED**

INSURED and except as excluded by endorsement to this policy:

- 1. All persons who were, now are, or shall be lawfully elected, appointed or employed officials of the **NAMED INSURED** while acting within the scope of their duties for the **NAMED INSURED**;
- 2. Members of commissions, boards or other units operated by and under the jurisdiction of such **NAMED INSURED** while acting within the scope of their duties for the **NAMED INSURED** and within apportionment of the total operating budget indicated in the application form, provided that the insurance afforded shall not extend to any of the following boards, commissions or units unless specifically endorsed hereon: schools, airports, transit authorities, hospitals, municipally owned gas or electric companies, housing authorities or port authorities;
- 3. All employees and all persons who perform service on a volunteer basis for the **NAMED INSURED** while acting within the scope of their duties for the **NAMED INSURED** and under its direction and control;
- 4. Any persons providing services to the **NAMED INSURED** under any mutual aid or similar agreement;
- 5. The estates, heirs, legal representatives or assigns of deceased persons who were an **INSURED(S)** at the time of the **WRONGFUL ACT(S)** upon which a **SUIT** is based;
- 6. The legal representatives or assigns of the **INSURED(S)** in the event of their incompetency, insolvency or bankruptcy.

However none of the following are **INSURED(S)** under this policy:

- 1. Any **INSURED**, including the **NAMED INSURED**, with respect to the operation of boards, commissions or other units, the members of which are not afforded coverage under 2. above; and
- 2. Any independent contractor, person(s) or entities who are on retainer, are a consultant or are under contract for services, for any **INSURED**, unless specifically designated in the application, a copy of which is attached.

SECTION IV — LIMITS OF LIABILITY

Regardless of the number of **INSURED(S)** under this policy, persons or organizations who sustain **LOSS** from **WRONGFUL ACT(S)**, and/or **SUIT(S)** brought

U.S. SPECIALTY INSURANCE COMPANY

under this policy resulting from **WRONGFUL ACT(S)**, **OUR** liability is limited as follows:

1. The **ANNUAL AGGREGATE LIMIT** specified in the Declarations is the maximum limit of **OUR** liability for all **LOSS** arising out of any **SUIT(S)** during the **POLICY PERIOD**.
2. Subject to 1. above, the **EACH WRONGFUL ACT LIMIT** specified in the Declarations is the limit of **OUR** liability for all **LOSS** arising out of any one **WRONGFUL ACT**.
3. Subject to the limits of liability stated above, **WE** shall only be liable to pay for **LOSS** in excess of the **DEDUCTIBLE** specified in the Declarations for each and every **WRONGFUL ACT**. In the event **WE** expend funds either for **LOSS** or **LOSS ADJUSTMENT EXPENSE** on behalf of the **INSURED**, **WE** will be reimbursed for such expenditures up to the amount of the **DEDUCTIBLE** specified in the Declarations. Upon written demand by **US**, the amount of such **DEDUCTIBLE** will be payable to **US** within thirty (30) days.
4. Claims based on or arising out of the same act or interrelated acts of one or more **INSURED(S)** shall be considered a single **WRONGFUL ACT** and only one **DEDUCTIBLE** shall be applicable.
5. Subject to 1. above, the sublimit for **REGULATORY TAKING OF PRIVATE PROPERTY** is the limit specified in the declarations.

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

SECTION V — CONDITIONS

1. **ASSIGNMENT.** Assignment of interest under this policy shall not bind **US** unless **OUR** consent is first endorsed hereon.
2. **BANKRUPTCY OR INSOLVENCY.** The bankruptcy or insolvency of the **INSURED** or of the **INSURED'S** estate shall not relieve **US** of any of **OUR** obligations under this policy.
3. **CANCELLATION.** This policy may be cancelled by the first **NAMED INSURED** by surrendering this policy to **US** or any of **OUR** authorized agents, or by mailing to **US** written notice stating

when thereafter the cancellation shall be effective. This policy may be cancelled by **US** by mailing to the first **NAMED INSURED**, at the last mailing address known to **US**, written notice stating when, not less than ten (10) days for non-payment of premium, or sixty (60) days for any other valid reason, such cancellation shall be effective. The mailing of notice shall be sufficient proof of notice. The time of surrender or the effective date and hour of cancellation stated in the notice shall become the end of the **POLICY PERIOD**. Delivery of such written notice either by the **NAMED INSURED** or by **US** shall be equivalent to mailing.

If this policy shall be cancelled by the **NAMED INSURED**, **WE** shall retain the customary short rate proportion of the premium hereon. Payment or tender of any unearned premium by **US** shall not be a condition precedent to the effectiveness of cancellation, but such payment shall be made as soon as practical. If the period of limitation, relating to the giving of notice is prohibited or made void by any law controlling the construction thereof, such period shall be deemed to be amended to be equal to the minimum period or limitation of such law.

4. **CHANGES.** Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this policy or estop **US** from asserting any right under the terms of this policy, nor shall the terms of this policy be waived or changed, except by endorsement issued and made a part of this policy.
5. **CONFLICTING LAW.** Terms of this policy that are in conflict with the law of the state wherein this policy is issued are hereby amended to conform to such law.
6. **EXAMINATION OF BOOKS AND RECORDS.** **WE** may examine and audit the **INSURED'S** books and records as they relate to this policy, at any time during the **POLICY PERIOD**, and up to three years afterward.
7. **INSPECTIONS AND SURVEYS.** **WE** have the right, but are not obligated to:
 - a. Make inspections and surveys at any time;
 - b. Give the **INSURED** reports on the conditions **WE** find; and
 - c. Recommend changes.

Any inspections, surveys, reports or recommendations are related 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

U.S. SPECIALTY INSURANCE COMPANY

provide for the health or safety of workers or the public. **WE** do not warrant that conditions:

- a. Are safe or healthful; or
- b. Comply with laws, regulations, codes or standards.

8. **INSURED'S DUTIES IN THE EVENT OF A LOSS OR SUIT.**

- a. In the event of a **LOSS** written notice containing particulars sufficient to identify the **INSURED** and also reasonably obtainable information with respect to the time, place and circumstances thereof, and the names and addresses of the injured and of available witnesses, shall be given by or for the **INSURED** to **US** or any of **OUR** authorized agents as soon as reasonably possible.
- b. If **SUIT** is brought against the **INSURED**, the **INSURED** shall immediately forward to **US** every demand, notice, summons or other process received by the **INSURED**;
- c. In the event of a **LOSS** payable hereunder, notice to **US** shall be given to the person or firm(s) specified under Item 7. of the Declarations. Notice shall be deemed to be received if sent by prepaid mail, properly addressed.
- d. The **INSURED** shall cooperate with **US** and, at **OUR** request, consent to being examined and questioned by **OUR** representative, under oath if necessary, attend hearings, depositions and trials and shall assist in effecting settlement, securing and giving evidence, obtaining the attendance of witnesses and in the conduct of **SUIT(S)**, as well as in the giving of a written statement or statements to **OUR** representatives and defense. In the event of a **LOSS** occurring that is likely to involve **US** hereunder, the **INSURED** shall not make any payment, assume any liability or incur any expense, including but not limited to **LOSS ADJUSTMENT EXPENSE**, without **OUR** consent first being obtained. **WE** shall have full discretion in the handling of any claim, and the **INSURED** shall give full information and assistance as **WE** may reasonably require.

9. **LEGAL ACTION AGAINST US.** No person or organization has a right under this policy:

- a. To join **US** as a party or otherwise bring **US** into a **SUIT** asking for damages from an **INSURED**; or
- b. To sue **US** unless there has been compliance with all policy terms.

A person or organization may sue **US** to recover on an agreed settlement or on a final judgment against an **INSURED** obtained after an actual trial; but **WE** will not be liable for **LOSS** not payable under the terms of this policy or that are in excess of the applicable limit of liability. An agreed settlement means a settlement and release of liability signed by **US**, the **INSURED** and the claimant or the claimant's legal representative.

10. NONRENEWAL. If **WE** elect not to renew this policy, **WE** will mail or deliver to the first **NAMED INSURED** specified in the Declarations, written notice of such nonrenewal. Such written notice will be mailed not less than (30) days prior to the expiration date of this policy. If mailed, proof of mailing will be sufficient proof of notice.

11. OTHER INSURANCE. The insurance afforded by this policy is primary insurance, except when stated to apply in excess of or contingent upon the absence of other insurance. When this insurance is primary and the **INSURED** has other insurance that is stated or found to be applicable to the **LOSS** on an excess or contingent basis, the amount of **OUR** liability under this policy shall not be reduced by the existence of such other insurance.

When this insurance is excess, **WE** will have no duty to defend any claim or **SUIT** that any other insurer has a duty to defend. If no other insurer defends, **WE** will undertake to do so, but **WE** will be entitled to the **INSURED'S** rights against all other insurers.

When this insurance is excess over other insurance, **WE** will pay only **OUR** share of the amount of the **LOSS**, if any, that exceeds the sum of:

- a. The total amount that all such other insurance would pay for the **LOSS** in the absence of this insurance; and
- b. The total of all **DEDUCTIBLE** and self-**INSURED** amounts under all such other insurance.

When both this insurance and other insurance apply to the **LOSS** on the same basis, whether primary, excess or contingent, **WE** shall not be liable under this policy for a greater proportion of the **LOSS** than that stated in the applicable contribution provision below:

- a. **CONTRIBUTION BY EQUAL SHARES.** If all other valid and collectible insurance provides for contribution by equal shares, **WE** will follow this method also. Under this provision, each insurer contributes equal amounts until it has paid its applicable limit of liability or none of the **LOSS** remains, whichever comes first.

U.S. SPECIALTY INSURANCE COMPANY

b. **CONTRIBUTION BY LIMITS.** If any of the other insurance does not provide for contribution by equal shares, **WE** will contribute by limits. Under this provision, each insurer's share is based on the ratio of its applicable limit of liability to the total applicable limits of liability of all insurers.

12. PUBLIC ENTITY AUTHORIZATION CLAUSE.

By acceptance of this policy, the **NAMED INSURED** agrees to act on behalf of each **INSURED** with respect to the giving and receiving of notice of **SUIT**, cancellation or nonrenewal, the payment of premiums that may become due under this policy; and each **INSURED** agrees that the **NAMED INSURED** shall act on their behalf.

13. **REPRESENTATION.** By accepting this policy, **YOU** agree:

- a. The application for insurance completed in solicitation of this insurance is made a part of this policy as though set forth in full herein;
- b. The statements in the Declarations and application for insurance are accurate and complete and are deemed material to the acceptance of the risk or the hazard assumed by **US** under this policy;
- c. Those statements are based upon representations **YOU** made to **US**;
- d. **WE** have issued this policy in reliance upon **YOUR** representations; and
- e. In the event the application either states or fails to state facts materially affecting the risk or hazard assumed by **US** under this policy, this policy in its entirety shall be void and of no effect whatsoever.

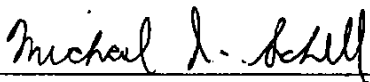
14. **SEPARATION OF INSUREDS.** Except with respect to the limits of liability, and any rights or duties specifically assigned in this policy to the first **NAMED INSURED**, this insurance applies:

- a. As if each **NAMED INSURED** were the only **NAMED INSURED**; and
- b. Separately to each **INSURED** against whom **SUIT** is brought.

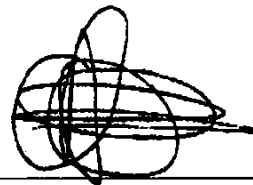
15. **TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US.** If the **INSURED** has rights to recover all or part of any payment **WE** have made under this Policy, those rights are transferred to **US**. The **INSURED** must do nothing after **LOSS** to impair them. At **OUR** request, the **INSURED** will bring **SUIT** or transfer those rights to **US** and help **US** enforce them.

In Witness Whereof, we have caused this policy to be executed and attested, and, if required by state law, this policy shall not be valid unless countersigned by our authorized representative.

BY



PRESIDENT



SECRETARY

U.S. SPECIALTY INSURANCE COMPANY

ENDORSEMENT NO. _____

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE (Standard Time)					INSURED	AGENCY AND CODE
	MO.	DAY	YR.	12:01 A.M.	NOON		
HMTP-152345RW	12	1	2011	X		SALINE TOWNSHIP	99900

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION — FAILURE TO MAINTAIN INSURANCE

This endorsement modifies insurance provided under the following:

PUBLIC OFFICIALS LIABILITY COVERAGE FORM

The following **EXCLUSION** is added to SECTION II — COVERAGES, EXCLUSIONS:

This insurance does not apply to and **WE** shall not be obligated either to make any payment nor to defend any **SUIT** against the **INSURED** arising out of any failure on the part of any **INSURED** to purchase or maintain insurance.

INSURANCE includes, but is not limited to, coverage or benefits provided by self-insurance arrangements, pools, self-insurance trusts, captive insurance companies, retention groups, reciprocal exchanges, or any other plan or agreement of risk transfer or assumption.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED

AUTHORIZED REPRESENTATIVE

DATE

U.S. SPECIALTY INSURANCE COMPANY

ENDORSEMENT NO. _____

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE (Standard Time)					INSURED	AGENCY AND CODE
	MO.	DAY	YR.	12:01 A.M.	NOON		
HMTP-152345RW	12	1	2011	X		SALINE TOWNSHIP	99900

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION — FINANCIAL LOSS

This endorsement modifies insurance provided under the following:

PUBLIC OFFICIALS LIABILITY COVERAGE FORM

The following **EXCLUSION** is added to SECTION II — COVERAGES, EXCLUSIONS:

This insurance does not apply to and **WE** shall not be obligated either to make any payment or to defend any **SUIT** against the **INSURED** directly or indirectly arising from:

1. The purchase, offering, sale, administration, diminution of value, yield income, or failure to comply with any obligation of any type of security, bond, or debenture;
2. The use, misuse, management, mismanagement, loss of, or failure to return, any monies (including funds, grants and appropriations) including any breach of or failure to satisfy and duty or obligation if such failure or breach is caused by the use, misuse, management, mismanagement, loss of, or failure to return any such monies;
3. The formulation of tax rates, the collection of taxes and/or the disbursement of tax refunds; or
4. Any misappropriation and/or improper distribution of taxes.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED

AUTHORIZED REPRESENTATIVE

DATE

U.S. SPECIALTY INSURANCE COMPANY**ENDORSEMENT NO.** _____

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE (Standard Time)					INSURED	AGENCY AND CODE
	MO.	DAY	YR.	12:01 A.M.	NOON		
HMTP-152345RW	12	1	2011	X		SALINE TOWNSHIP	99900

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION — INSURANCE PRACTICES

This endorsement modifies insurance provided under the following:

PUBLIC OFFICIALS LIABILITY COVERAGE FORMThe following **EXCLUSION** is added to SECTION II — COVERAGES, EXCLUSIONS:This insurance does not apply to and **WE** shall not be obligated either to make any payment or to defend any **SUIT** against the **INSURED** arising out of:

1. Actual or alleged cancellation or non-renewal of any insurance;
2. Actual or alleged failure or refusal to pay insurance benefits or proceeds;
3. Actual or alleged delay in the payment of benefits under any insurance contract;
4. Actual or alleged lack of good faith or fair dealing or other breach of any duty in the processing or handling of any insurance claim, or the brokering, procuring or underwriting of insurance; or
5. Any **INSURED** acting in the capacity of an insurance agent, intermediary or broker in the negotiation, placement or maintenance of any insurance contract.

For purposes of this exclusion, the term INSURANCE includes any insurance policy, reinsurance, bond, indemnity agreement, annuity, endowment, pension contract, risk management or insurance program, pool or trust, or any similar program.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED_____
AUTHORIZED REPRESENTATIVE_____
DATE

U.S. SPECIALTY INSURANCE COMPANY

ENDORSEMENT NO. _____

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE (Standard Time)					INSURED	AGENCY AND CODE
	MO.	DAY	YR.	12:01 A.M.	NOON		
HMTP-152345RW	12	1	2011	X		SALINE TOWNSHIP	99900

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION — SECURITIES/BONDS

This endorsement modifies insurance provided under the following:

PUBLIC OFFICIALS LIABILITY COVERAGE FORM

The following **EXCLUSION** is added to SECTION II — COVERAGES, EXCLUSIONS:

This insurance does not apply to and **WE** shall not be obligated either to make any payment or to defend any **SUIT** against the **INSURED** arising out of the purchase, offering, sale or administration of any type of security, bond, or debenture.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED

AUTHORIZED REPRESENTATIVE

DATE

U.S. SPECIALTY INSURANCE COMPANY

ENDORSEMENT NO. _____

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE (Standard Time)					INSURED	AGENCY AND CODE
	MO.	DAY	YR.	12:01 A.M.	NOON		
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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ENHANCED EMPLOYMENT LIABILITY ENDORSEMENT

This endorsement modifies insurance provided under the following:

PUBLIC OFFICIALS LIABILITY COVERAGE FORM

As respects to any **SUIT** arising out of only **EMPLOYMENT CLAIMS**, Exclusion 4. is deleted and replaced by the following:

1. For any **LOSS**, whether direct, indirect, or consequential, arising from or caused by:
 - a. Death of any person;
 - b. Any obligation of the **INSURED** under a Worker's Compensation, disability benefits or unemployment compensation law or any similar law; or
 - c. For **LOSS** to or destruction of any property, tangible or intangible, including diminution of value or **LOSS** of use.

For the purposes of this endorsement only, **EMPLOYMENT CLAIMS** means any **SUIT** by any employee arising out of employee hiring, advancement, remuneration, treatment, condition or termination of employment.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED

AUTHORIZED REPRESENTATIVE

DATE

U.S. SPECIALTY INSURANCE COMPANY

ENDORSEMENT NO. _____

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE (Standard Time)					INSURED	AGENCY AND CODE
	MO.	DAY	YR.	12:01 A.M.	NOON		
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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION — DERIVATIVE INVESTMENT

This endorsement modifies insurance provided under the following:

PUBLIC OFFICIALS LIABILITY COVERAGE FORMA Derivative Investment Exclusion is added to **SECTION II — COVERAGES, EXCLUSIONS.**

This insurance does not apply to and **WE** shall not be obligated to make any payment nor to defend any **SUIT** in connection with any **SUIT** made against the **INSURED**:

1. Arising out of or in any way connected with any insured's involvement in, or vicarious liability for any ownership, management, investment, investment policy, oversight responsibility, or investment advice for any public or private investment fund, trust or pool, including the use of, or failure to use derivative investment components.
2. Arising out of or in any way connected with any actual or alleged violation(s) of the following (including any rules, regulations or amendments thereto):
 - a. The Securities Act of 1933; or
 - b. The Securities Exchange Act of 1934; or
 - c. The Public Utilities Holding Company Act of 1935; or
 - d. The Trust Indenture Act of 1939; or
 - e. The Investment Company Act of 1940; or
 - f. The Investment Advisors Act of 1940; or
 - g. Any state "Blue Sky Laws," or
 - h. Based upon any common law principle(s) of liability if made in connection with any actual or alleged violation of any acts or laws listed in a. - g. above.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED_____
AUTHORIZED REPRESENTATIVE_____
DATE

U.S. SPECIALTY INSURANCE COMPANY

ENDORSEMENT NO. _____

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE (Standard Time)					INSURED	AGENCY AND CODE
	MO.	DAY	YR.	12:01 A.M.	NOON		
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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION — PERSONAL INJURY EXCLUSION REDEFINED

This endorsement modifies insurance provided under the following:

PUBLIC OFFICIALS LIABILITY COVERAGE FORM

SECTION II — COVERAGES, EXCLUSIONS is amended as follows:

EXCLUSION 5. is deleted in its entirety and replaced with the following:

5. For false arrest, detention or imprisonment, libel, slander, or other defamatory or disparaging material, 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 its owner, landlord or lessor, assault, battery, malicious prosecution or false or improper service of process.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED

AUTHORIZED REPRESENTATIVE

DATE

U.S. SPECIALTY INSURANCE COMPANY

ENDORSEMENT NO. _____

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE (Standard Time)					INSURED	AGENCY AND CODE
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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WAR OR TERRORISM EXCLUSION

This endorsement modifies insurance provided under the following:

PUBLIC OFFICIALS LIABILITY COVERAGE FORM

A. This following EXCLUSION is added to SECTION II – COVERAGES, EXCLUSIONS:

WAR OR TERRORISM

This insurance does not apply to and **WE** shall not be obligated either to make any payment or to defend any **SUIT** in connection with any **CLAIM** or **SUIT** made against the **INSURED** arising, directly or indirectly, out of:

1. War, including undeclared or civil war; or
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; or
4. **TERRORISM**, including any action taken in hindering or defending against an actual or expected incident of **TERRORISM**

regardless of any other cause or event that contributes concurrently or in any sequence to the injury or damage.

However, with respect to **TERRORISM**, this exclusion only applies if one or more of the following are attributable to an incident of **TERRORISM**:

1. The total of insured damage to all types of property exceeds \$25,000,000. In determining whether the \$25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the **TERRORISM** and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions; or
2. Fifty or more persons sustain death or serious physical injury. For the purposes of this provision, serious physical injury means:
 - a. Physical injury that involves a substantial risk of death; or
 - b. Protracted and obvious physical disfigurement; or
 - c. Protracted loss of or impairment of the function of a bodily member or organ; or
3. The **TERRORISM** involves the use, release or escape of nuclear materials, or directly or indirectly results in nuclear reaction or radiation or radioactive contamination; or

U.S. SPECIALTY INSURANCE COMPANY

4. The **TERRORISM** is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
5. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the **TERRORISM** was to release such materials.

Paragraphs 1. and 2., immediately preceding, describe the thresholds used to measure the magnitude of an incident of **TERRORISM** and the circumstances in which the threshold will apply for the purpose of determining whether the Terrorism Exclusion will apply to that incident. When the Terrorism Exclusion applies to an incident of **TERRORISM**, there is no coverage under this Coverage Part.

In the event of any incident of **TERRORISM** that is not subject to the Terrorism Exclusion, coverage does not apply to any loss or damage that is otherwise excluded under this Coverage Part.

Multiple incidents of **TERRORISM** which occur within a seventy-two hour period and appear to be carried out in concert or to have a related purpose or common leadership shall be considered to be one incident.

- B. The following definition is added to SECTION I — DEFINITIONS:

TERRORISM means activities against persons, organizations or property of any nature:

1. That involve the following or preparation for the following:
 - a. Use or threat of force or violence; or
 - b. Commission or threat of a dangerous act; or
 - c. Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and
2. When one or both of the following applies:
 - a. The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or
 - b. It appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED

AUTHORIZED REPRESENTATIVE

DATE

U.S. SPECIALTY INSURANCE COMPANY

ENDORSEMENT NO. _____

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE (Standard Time)					INSURED	AGENCY AND CODE
	MO.	DAY	YR.	12:01 A.M.	NOON		
HMTP-152345RW	12	1	2011	X		SALINE TOWNSHIP	99900

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FUNGI OR BACTERIA EXCLUSION

This endorsement modifies insurance provided under the following:

PUBLIC OFFICIALS LIABILITY COVERAGE FORM

- A. The following **EXCLUSION** is added to SECTION II — COVERAGES, EXCLUSIONS:

FUNGI OR BACTERIA

1. This insurance does not apply to and **WE** shall not be obligated to make any payment nor to defend any **SUIT** against the **INSURED**:

For any **LOSS** which would not have taken place, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of any **FUNGI** or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury.

2. The coverage afforded by this policy does not apply to any loss, cost or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, **FUNGI** or bacteria, by any **INSURED** or by any other person or entity.

- B. The following definition is added to the **DEFINITIONS** Section:

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

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED

AUTHORIZED REPRESENTATIVE

DATE

U.S. SPECIALTY INSURANCE COMPANY

ENDORSEMENT NO. _____

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE (Standard Time)					INSURED	AGENCY AND CODE
	MO.	DAY	YR.	12:01 A.M.	NOON		
HMTP-152345RW	12	1	2011	X		SALINE TOWNSHIP	99900

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION — ACTIVITIES OF ANY LAW ENFORCEMENT AGENCY

This endorsement modifies insurance provided under the following:

PUBLIC OFFICIALS LIABILITY COVERAGE FORM

SECTION II — COVERAGES, EXCLUSIONS is amended as follows:

EXCLUSION 6. is deleted in its entirety and replaced with the following:

6. Arising from the activities of any law enforcement agency or law enforcement personnel, including the operation of adult juvenile detention facilities, except as respects to any **LOSS** or **SUIT** arising out of only **EMPLOYMENT CLAIMS**.

For the purposes of this endorsement only, **EMPLOYMENT CLAIMS** means any claim by any employee arising out of employee hiring, advancement, remuneration, treatment, condition or termination of employment.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED

AUTHORIZED REPRESENTATIVE

DATE

U.S. SPECIALTY INSURANCE COMPANY

BUSINESS AUTO COVERAGE FORM DECLARATIONS

ITEM ONE

NAMED INSURED SALINE TOWNSHIP POLICY NO. HMTP-152345RW

FORM OF BUSINESS:

☒ MUNICIPALITY
☐ SPECIAL DISTRICT

☐ PUBLIC SCHOOL
☐ OTHER _____

ITEM TWO

SCHEDULE OF COVERAGES AND COVERED AUTOS

This policy provides only those coverages where a charge is shown in the premium column below. Each of these coverages will apply only to those "autos" shown as covered "autos". "Autos" are shown as covered "autos" for a particular coverage by the entry of one or more of the symbols from the COVERED AUTO Section of the Business Auto Coverage Form next to the name of the coverage.

COVERAGES	COVERED AUTOS (Entry of one or more of the symbols from the COVERED AUTOS Section of the Business Auto Coverage Form shows which autos are covered autos)	LIMIT THE MOST WE WILL PAY FOR ANY ONE ACCIDENT OR LOSS	PREMIUM
LIABILITY	8,9	\$5,000,000	INCLUDED
PERSONAL INJURY PROTECTION (or equivalent added No-fault Coverage)		SEPARATELY STATED IN EACH PIP ENDORSEMENT MINUS \$ Ded.	EXCLUDED
ADDED PERSONAL INJURY PROTECTION (or equivalent added No-fault Coverage)		SEPARATELY STATED IN EACH ADDED PIP ENDORSEMENT	
PROPERTY PROTECTION INSURANCE (Michigan Only)		SEPARATELY STATED IN THE P.P.I ENDORSEMENT MINUS \$ Ded. FOR EACH ACCIDENT	EXCLUDED
AUTO MEDICAL PAYMENTS		\$	
UNINSURED MOTORISTS		\$	EXCLUDED
UNDERINSURED MOTORISTS (When not included in Uninsured Motorists Coverage)		\$	EXCLUDED
PHYSICAL DAMAGE COMPREHENSIVE COVERAGE		ACTUAL CASH VALUE OR COST OF REPAIR, WHICHEVER IS LESS MINUS \$ Ded. FOR EACH COVERED AUTO. See ITEM FOUR for hired or borrowed "autos".	
PHYSICAL DAMAGE SPECIFIED CAUSES OF LOSS COVERAGE		ACTUAL CASH VALUE OR COST OF REPAIR, WHICHEVER IS LESS MINUS \$ Ded. FOR EACH COVERED AUTO. See ITEM FOUR for hired or borrowed "autos".	
PHYSICAL DAMAGE COLLISION COVERAGE		ACTUAL CASH VALUE OR COST OF REPAIR, WHICHEVER IS LESS MINUS \$ Ded. FOR EACH COVERED AUTO. See ITEM FOUR for hired or borrowed "autos".	
PHYSICAL DAMAGE TOWING AND LABOR (Not Available in California)		\$ _____ for each disablement of a private passenger "auto"	
PREMIUM FOR ENDORSEMENTS			INCLUDED
ESTIMATED TOTAL PREMIUM			INCLUDED

ENDORSEMENTS ATTACHED TO THIS COVERAGE FORM:

Refer to Form PKGILH0002 2011

U.S. SPECIALTY INSURANCE COMPANY

BUSINESS AUTO COVERAGE FORM DECLARATIONS (Continued)

ITEM THREE

SCHEDULE OF COVERED AUTOS YOU OWN

DESCRIPTION Year Model, Trade Name	VEHICLE IDENTIFICATION NUMBER (VIN)	TERRITORY

ITEM FOUR

SCHEDULE OF HIRED OR BORROWED COVERED AUTO COVERAGE AND PREMIUMS.

LIABILITY COVERAGE—RATING BASIS, COST OF HIRE				
STATE	ESTIMATED COST OF HIRE FOR EACH STATE	RATE PER EACH \$100 COST OF HIRE	FACTOR (If Liability Coverage is primary)	PREMIUM
MICHIGAN	INCLUDED	INCLUDED	INCLUDED	INCLUDED
			TOTAL PREMIUM	\$ INCLUDED

Cost of hire means the total amount you incur for the hire of "autos" you don't own (not including "autos" you borrow or rent from your partners or employees or their family members). Cost of hire does not include charges for services performed by motor carriers of property or passengers.

PHYSICAL DAMAGE				
COVERAGES	LIMIT OF INSURANCE THE MOST WE WILL PAY DEDUCTIBLE	ESTIMATED ANNUAL COST OF HIRE	RATE PER EACH \$100 ANNUAL COST OF HIRE	PREMIUM
COMPREHENSIVE	ACTUAL CASH VALUE, COST OF REPAIRS OR \$0 WHICHEVER IS LESS MINUS \$0 Ded. FOR EACH COVERED AUTO.			
SPECIFIED CAUSES OF LOSS	ACTUAL CASH VALUE, COST OF REPAIRS OR \$ WHICHEVER IS LESS MINUS \$ Ded. FOR EACH COVERED AUTO.			
COLLISION	ACTUAL CASH VALUE, COST OF REPAIRS OR \$0 WHICHEVER IS LESS MINUS \$0 Ded. FOR EACH COVERED AUTO.			
			TOTAL PREMIUM	\$

ITEM FIVE

SCHEDULE FOR NON-OWNERSHIP LIABILITY

Named Insured's Business	Rating Basis	Number	Premium
Other than a Social Service Agency	Number of Employees		
	Number of Partners		
Social Service Agency	Number of Employees		
	Number of Volunteers		
Total Premium			\$ INCLUDED

U.S. SPECIALTY INSURANCE COMPANY

BUSINESS AUTO COVERAGE FORM PUBLIC ENTITY

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

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

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

SECTION I — COVERED AUTOS

Item Two of the Declarations shows the "autos" that are covered "autos" for each of your coverages. The following numerical symbols describe the "autos" that may be covered "autos". The symbols entered next to a coverage on the Declarations designate the only "autos" that are covered "autos".

A. Description Of Covered Auto Designation Symbols

Symbol	Description
--------	-------------

- | | |
|--|--|
| 1 = Any "Auto". | |
| 2 = Owned "Autos" Only. Only those "autos" you own (and for Liability Coverage any "trailers" you do not own while attached to power units you own). This includes those "autos" you acquire ownership of after the policy begins. | |
| 3 = Owned Private Passenger "Autos" Only. Only the private passenger "autos" you own. This includes those private passenger "autos" you acquire ownership of after the policy begins. | |
| 4 = Owned "Autos" Other Than Private Passenger "Autos" Only. Only those "autos" you own that are not of the private passenger type (and for Liability Coverage any "trailers" you do not own while attached to power units you own). This includes those "autos" not of the private passenger type you acquire ownership of after the policy begins. | |
| 5 = Owned "Autos" Subject To No-Fault. Only those "autos" you own that are required to have No-Fault benefits in the state where they are licensed or principally garaged. This includes those "autos" you acquire ownership of after the policy begins provided they are required to have No-Fault benefits in the state where they are licensed or principally garaged. | |

- | | |
|--|--|
| 6 = Owned "Autos" Subject To A Compulsory Uninsured Motorists Law. Only those | |
|--|--|

"autos" you own that because of the law in the state where they are licensed or principally garaged are required to have and cannot reject Uninsured Motorists Coverage. This includes those "autos" you acquire ownership of after the policy begins provided they are subject to the same state uninsured motorists requirement.

- | | |
|--|--|
| 7 = Specifically Described "Autos". Only those "autos" described in ITEM THREE of the Declarations for which a premium charge is shown (and for Liability Coverage any "trailers" you do not own while attached to any power unit described in ITEM THREE). | |
| 8 = Hired "Autos" Only. Only those "autos" you lease, hire, rent or borrow. This does not include any "auto" you lease, hire, rent, or borrow from any of your "employees", student teachers, volunteers, partners or members of their households. | |
| 9 = Nonowned "Autos" Only. Only those "autos" you do not own, lease, hire, rent or borrow that are used in connection with your business. This includes "autos" owned by your "employees", student teachers, volunteers, partners or members of their households but only while used in your business or your personal affairs. | |

B. Owned Autos You Acquire After The Policy Begins

- If symbols **1, 2, 3, 4, 5** or **6** are entered next to a coverage in **ITEM TWO** of the Declarations, then you have coverage for "autos" that you acquire of the type described for the remainder of the policy period.
- But, if symbol **7** is entered next to a coverage in **ITEM TWO** of the Declarations, an "auto" you acquire will be a covered "auto" for that coverage only if:
 - We already cover all "autos" that you own for that coverage or it replaces an "auto" you previously owned that had that coverage; and

U.S. SPECIALTY INSURANCE COMPANY

- b. You tell us within 60 days after you acquire it that you want us to cover it for that coverage.

C. Certain Trailers, Mobile Equipment And Temporary Substitute Autos

If Liability Coverage is provided by this Coverage Form, the following types of vehicles are also covered "autos" for Liability Coverage:

1. "Trailers" with a load capacity of 2,000 pounds or less designed primarily for travel on public roads.
2. "Mobile equipment" while being carried or towed by a covered "auto".
3. Any "auto" you do not own while used with the permission of its owner, as a temporary substitute for a covered "auto" you own that is out of service because of its:
 - a. Breakdown;
 - b. Repair;
 - c. Servicing;
 - d. "Loss"; or
 - e. Destruction.

SECTION II — LIABILITY COVERAGE

A. Coverage

We will pay all sums an "insured" legally must pay as damages because of "bodily injury" or "property damage" to which this insurance applies, caused by an "accident" and resulting from the ownership, maintenance or use of a covered "auto".

We will also pay all sums an "insured" legally must pay as a "covered pollution cost or expense" to which this insurance applies, caused by an "accident" and resulting from the ownership, maintenance or use of covered "autos". However, we will only pay for the "covered pollution cost or expense" if there is either "bodily injury" or "property damage" to which this insurance applies that is caused by the same "accident".

We have the right and duty to defend any "insured" against a "suit" asking for such damages or a "covered pollution cost or expense". However, we have no duty to defend any "insured" against a "suit" seeking damages for "bodily injury" or "property damage" or a "covered pollution cost or expense" to which this insurance does not apply. We may investigate and settle any claim or "suit" as we consider appropriate. Our duty to defend or settle ends when the Liability Coverage Limit of Insurance

has been exhausted by payment of judgments or settlements.

1. Who Is An Insured

The following are "insureds":

- a. You for any covered "auto".
- b. Anyone else while using with your permission a covered "auto" you own, hire or borrow except:
 - (1) The owner or anyone else from whom you hire or borrow a covered "auto". This exception does not apply if the covered "auto" is a "trailer" connected to a covered "auto" you own.
 - (2) Your "employee", student teacher, volunteer, or partner (if you are a partnership) if the covered "auto" is owned by that "employee", student teacher, volunteer, partner or a member of his or her household.
 - (3) Anyone other than your "employees", student teachers, volunteers, partners (if you are a partnership), or a lessee or borrower or any of their "employees", while moving property to or from a covered "auto".
- c. Anyone liable for the conduct of an "insured" described above but only to the extent of that liability.

2. Coverage Extensions

a. Supplementary Payments

In addition to the Limit of Insurance, we will pay for the "insured":

- (1) All expenses we incur.
- (2) Up to \$2,000 for cost of bail bonds (including bonds for related traffic law violations) required because of an "accident" we cover. We do not have to furnish these bonds.
- (3) The cost of bonds to release attachments in any "suit" we defend, but only for bond amounts within our Limit of Insurance.
- (4) All reasonable expenses incurred by the "insured" at our request, including actual loss of earning up to \$1000 a day because of time off from work.
- (5) All costs taxed against the "insured" in any "suit" against the "insured" we defend.

U.S. SPECIALTY INSURANCE COMPANY

- (6) All interest on the full amount of any judgment that accrues after entry of the judgment in any "suit" against the insured we defend, but our duty to pay interest ends when we have paid, offered to pay or deposited in court the part of the judgment that is within our Limit of Insurance.

b. Out-of-State Coverage Extensions

While a covered "auto" is away from the state where it is licensed we will:

- (1) Increase the Limit of Insurance for Liability Coverage to meet the limits specified by a compulsory or financial responsibility law of the jurisdiction where the covered "auto" is being used. This extension does not apply to the limit or limits specified by any law governing motor carriers of passengers or property.
- (2) Provide the minimum amounts and types of other coverages, such as no-fault, required of out-of-state vehicles by the jurisdiction where the covered "auto" is being used.

We will not pay anyone more than once for the same elements of loss because of these extensions.

c. Tree Cleanup

We will pay for the cleanup, removal or stump grinding of any tree that falls onto insured real or personal property. The most we will pay is a limit of \$500 per tree/\$1500 policy aggregate.

B. Exclusions

This insurance does not apply to:

1. Expected Or Intended Injury

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

2. Contractual

Liability assumed under any contract or agreement.

But this exclusion does not apply to liability for damages:

- a. Assumed in a contract or agreement that is an "insured contract" provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement; or
- b. That the "insured" would have in the absence of the contract or agreement.

3. Worker's Compensation

Any obligation for which the "insured" or the "insured's" insurer may be held liable under any workers' compensation, disability benefits or unemployment compensation law or any similar law.

4. Employee Indemnification And Employer's Liability

"Bodily injury" to:

- a. An "employee", volunteer or student teacher of the "insured" arising out of and in the course of:
- (1) Employment by the "insured"; or
- (2) Performing the duties related to the conduct of the "insured's" business; or
- b. The spouse, child, parent, brother or sister of that "employee", volunteer or student teacher as a consequence of paragraph a. above.

This exclusion applies:

- (1) Whether the "insured" may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

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

5. Fellow Employee

"Bodily injury" to any fellow "employee" of the "insured" arising out of and in the course of the fellow "employee's" employment or while performing duties related to the conduct of your business. However, this exclusion does not apply if the "bodily injury" results from the use of a covered "auto" you don't own, lease, hire, rent or borrow while used in your business.

6. Care, Custody Or Control

"Property damage" to or "covered pollution cost or expense" involving property owned or transported by the "insured" or in the "insured's" care, custody or control. But this exclusion does not apply to liability assumed under a sidetrack agreement.

7. Handling Of Property

"Bodily injury" or "property damage" resulting from the handling of property:

U.S. SPECIALTY INSURANCE COMPANY

- a. Before it is moved from the place where it is accepted by the "insured" for movement into or onto the covered "auto"; or
- b. After it is moved from the covered "auto" to the place where it is finally delivered by the "insured".

8. Movement Of Property By Mechanical Device

"Bodily injury" or "property damage" resulting from the movement of property by a mechanical device (other than a hand truck) unless the device is attached to the covered "auto".

9. Operations

"Bodily injury" or "property damage" arising out of the operation of any equipment listed in paragraphs 6.b. and 6.c. of the definition of "mobile equipment".

10. Completed Operations

"Bodily injury" or "property damage" arising out of your work after that work has been completed or abandoned.

In this exclusion, your work means:

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

Your work includes warranties or representations made at any time with respect to the fitness, quality, durability or performance of any of the items included in paragraphs a. or b. above.

Your work will be deemed completed at the earliest of the following times:

- (1) When all of the work called for in your contract has been completed.
- (2) When all of the work to be done at the site has been completed if your contract calls for work at more than one site.
- (3) 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.

11. Pollution

"Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":

- a. That are, or that are contained in any property that is:
 - (1) Being transported or towed by, handled, or handled for movement into, onto or from, the covered "auto";
 - (2) Otherwise in the course of transit by or on behalf of the "insured"; or
 - (3) Being stored, disposed of, treated or processed in or upon the covered "auto";
- b. Before the "pollutants" or any property in which the "pollutants" are contained are moved from the place where they are accepted by the "insured" for movement into or onto the covered "auto"; or
- c. After the "pollutants" or any property in which the "pollutants" are contained are moved from the covered "auto" to the place where they are finally delivered, disposed of or abandoned by the "insured".

Paragraph a. above does not apply to fuels, lubricants, fluids, exhaust gases or other similar "pollutants" that are needed for or result from the normal electrical, hydraulic or mechanical functioning of the covered "auto" or its parts, if:

- (1) The "pollutants" escape, seep, migrate, or are discharged, dispersed or released directly from an "auto" part designed by its manufacturer to hold, store, receive or dispose of such "pollutants"; and
- (2) The "bodily injury", "property damage" or "covered pollution cost or expense" does not arise out of the operation of any equipment listed in paragraphs 6.b. and 6.c. of the definition of "mobile equipment".

Paragraphs b. and c. above of this exclusion do not apply to "accidents" that occur away from premises owned by or rented to an "insured" with respect to "pollutants" not in or upon a covered "auto" if:

- (1) The "pollutants" or any property in which the "pollutants" are contained are upset, overturned or damaged as

U.S. SPECIALTY INSURANCE COMPANY

a result of the maintenance or use of a covered "auto"; and

- (2) The discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused directly by such upset, overturn or damage.

12. War

"Bodily injury" or "property damage" due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution. This exclusion applies only to liability assumed under a contract or agreement.

13. Racing

Covered "autos" while used in any professional or organized racing or demolition contest or stunting activity, or while practicing for such contest or activity. This insurance also does not apply while that covered "auto" is being prepared for such a contest or activity.

C. Limit Of Insurance

Regardless of the number of covered "autos", "insureds", premiums paid, claims made or vehicles involved in the "accident", the most we will pay for the total of all damages and "covered pollution cost or expense" combined, resulting from any one "accident" is the Limit of Insurance for Liability Coverage shown in the Declarations.

All "bodily injury", "property damage" and "covered pollution cost or expense" resulting from continuous or repeated exposure to substantially the same conditions will be considered as resulting from one "accident".

No one will be entitled to receive duplicate payments for the same elements of "loss" under this Coverage Form and any Medical Payments Coverage Endorsement, Uninsured Motorists Coverage Endorsement or Underinsured Motorists Coverage Endorsement attached to this Coverage Part.

SECTION III — MEDICAL PAYMENTS

A. Coverage

We will pay reasonable expenses incurred for necessary medical and funeral services to or for an "insured" who sustains "bodily injury" caused by "accident". We will pay only those expenses incurred, for services rendered within three years from the date of the "accident".

B. Who Is An Insured

The term "insured" as used herein means anyone "occupying":

1. A covered "auto"; or
2. A temporary substitute for a covered "auto" if the covered "auto" must be out of service because of its breakdown, repair, servicing, loss or destruction.

C. Exclusions

This insurance does not apply to:

1. "Bodily injury" sustained by an "insured" while "occupying" a vehicle located for use as a premises.
2. "Bodily injury" sustained by an "insured" while "occupying" or struck by any vehicle (other than a covered "auto") owned by you or furnished or available for your regular use.
3. "Bodily injury" to your "employee" arising out of and in the course of employment by you.
4. "Bodily injury" due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution.
5. "Bodily injury" to anyone using a vehicle without a reasonable belief that the person is entitled to do so.
6. "Bodily injury" sustained by an "insured" while "occupying" any covered "auto" while used in any professional racing or demolition contest or stunting activity, or while practicing for such contest or activity. This insurance also does not apply to any "bodily injury" sustained by an "insured" while the "auto" is being prepared for such a contest or activity.

D. Limit of Insurance

Regardless of the number of covered "autos", "insureds", premiums paid, claims made or vehicles involved in the "accident", the most we will pay for "bodily injury" for each "insured" injured in any one "accident" is the Limit Of Insurance for Auto Medical Payments Coverage shown in the Declarations.

No one will be entitled to receive duplicate payment for the same elements of "loss" under this coverage and any Liability Coverage Form, Uninsured Motorists Coverage Endorsement or Underinsured Motorists Coverage Endorsement attached to this Coverage Part.

SECTION IV — PHYSICAL DAMAGE COVERAGE

A. Coverage

1. We will pay for "loss" to a covered "auto" or its equipment under:

U.S. SPECIALTY INSURANCE COMPANY

a. Comprehensive Coverage

From any cause except:

- (1) The covered "auto's" collision with another object; or
- (2) The covered "auto's" overturn.

b. Specified Causes of Loss Coverage

Caused by:

- (1) Fire, lightning or explosion;
- (2) Theft;
- (3) Windstorm, hail or earthquake;
- (4) Flood;
- (5) Mischief or vandalism; or
- (6) The sinking, burning, collision or derailment of any conveyance transporting the covered "auto".

c. Collision Coverage.

Caused by:

- (1) The covered "autos" collision with another object; or
- (2) The covered "auto's" overturn.
- (3) All Collision Losses will be adjusted on a Broad Form Collision Basis

2. Glass Breakage — Hitting a Bird or Animal — Falling Objects or Missiles.

If you carry Comprehensive Coverage for the damaged covered "auto", we will pay for the following under Comprehensive Coverage:

- a. Glass breakage;
- b. "Loss" caused by hitting a bird or animal; and
- c. "Loss" caused by falling objects or missiles.

However, you have the option of having glass breakage caused by a covered "auto's" collision or overturn considered a "loss" under Collision Coverage.

3. Coverage Extensions

a. Hired Auto

If hired "autos" are covered "autos" for Liability Coverage and if Comprehensive, Specified Causes of Loss, or Collision coverages are provided under this Coverage Form for any "auto" you own, then the Physical Damage Coverages provided are extended to "autos" you hire. However, this extension does not apply to any "auto" that is leased, hired, rented or borrowed with a driver.

The most we will pay for loss to any hired "auto" is the lesser of \$35,000 or Actual Cash Value or Cost of Repair, minus a deductible. The deductible will be equal to the largest deductible applicable to any owned "auto" for that coverage. No deductible applies to "loss" caused by fire or lightning. Subject to the above limit and deductible provisions, we will provide coverage equal to the broadest coverage applicable to any covered "auto" you own.

We will also cover loss of use of the hired "auto" if it results from an "accident" for which you are legally liable and the lessor incurs an actual financial loss, subject to a maximum of \$500 per "accident".

b. Lease Gap Coverage

If a long-term leased "auto" is a covered "auto" and the lessor is named as an Additional Insured - Lessor, in the event of a total "loss" we will pay your additional legal obligation to the lessor for any difference between the actual cash value of the "auto" at the time of the "loss" and the "outstanding balance" of the lease.

"Outstanding balance" means the amount you owe on the lease at the time of "loss" less any amounts representing taxes; overdue payments; penalties; interest or charges resulting from overdue payments; additional mileage charges; excess wear and tear charges; and lease termination fees.

c. Temporary Transportation Expense

We will pay up to \$50 per day to a maximum of \$1,000 for temporary transportation expense incurred by you because of the total theft of a covered "auto" of the private passenger type. We will pay only for those covered "autos" for which you carry either Comprehensive or Specified Causes of Loss Coverage. We will pay for transportation expenses incurred during the period beginning 48 hours after the theft and ending, regardless of the policy's expiration, when the covered "auto" is returned to use or we pay for its "loss".

d. Undercover Vehicles

We will pay for loss to Law Enforcement Undercover Automobile if shown under the schedule of Automobiles.

B. Exclusions

U.S. SPECIALTY INSURANCE COMPANY

1. We will not pay for "loss" caused by or resulting from any of the following. Such "loss" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the "loss".

a. Nuclear Hazard.

- (1) The explosion of any weapon employing atomic fission or fusion; or
- (2) Nuclear reaction or radiation, or radioactive contamination, however caused.

b. War or 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 or action taken by governmental authority in hindering or defending against any of these.

2. We will not pay for "loss" to any covered "auto" while used in any professional or organized racing or demolition contest or stunting activity, or while practicing for such contest or activity. We will also not pay for "loss" to any covered "auto" while that covered "auto" is being prepared for such a contest or activity.

3. We will not pay for "loss" caused by or resulting from any of the following unless caused by other "loss" that is covered by this insurance:

- a.** Wear and tear, freezing, mechanical or electrical breakdown.
- b.** Blowouts, punctures or other road damage to tires.

However, this exclusion does not apply to "loss" caused by the discharge of an air bag.

4. We will not pay for "loss" to any of the following:

- a.** Tapes, records, discs or other similar audio, visual or data electronic devices designed for use with audio, visual or data electronic equipment.
- b.** Any device designed or used to detect speed measuring equipment such as radar or laser detectors and jamming

apparatus intended to elude or disrupt speed measurement equipment.

- c.** Any electronic equipment, without regard to whether this equipment is permanently installed, that receives or transmits audio, visual or data signals and that is not designed solely for the reproduction of sound.

- d.** Any accessories used with the electronic equipment described in paragraph **c.** above.

Exclusion **4.a.** above does not apply to any equipment that is installed in a covered "auto" which is:

- (1) Owned by a police or fire department;
- (2) Equipped as an emergency vehicle and owned by a public entity or any of its agencies; or
- (3) Equipped as an emergency vehicle and owned by a volunteer fire department, volunteer rescue squad or volunteer ambulance corps.

Exclusions **4.c.** and **4.d.** above do not apply to:

- (1) Equipment designed solely for the reproduction of sound and accessories used with such equipment, provided such equipment is permanently installed in the covered "auto" at the time of the "loss" or such equipment is removable from a housing unit which is permanently installed in the covered "auto" at the time of the "loss", and such equipment is designed to be solely operated by use of the power from the "auto's" electrical system, in or upon the covered "auto"; or
- (2) Any other electronic equipment that is:
 - (a) Necessary for the normal operation of the covered "auto" or the monitoring of the covered "auto's" operating system; or
 - (b) An integral part of the same unit housing any sound reproducing equipment described in (1) above and permanently installed in the opening of the dash or console of the covered "auto" normally used by the manufacturer for installation of a radio.

C. Limit Of Insurance

The most we will pay for "loss" in any one "accident" is the lesser of:

U.S. SPECIALTY INSURANCE COMPANY

1. The actual cash value of the damaged or stolen property as of the time of the "loss"; or
2. The cost of repairing or replacing the damaged or stolen property with other property of like kind and quality.

D. Deductible

1. For each covered "auto", our obligation to pay for, repair, return or replace damaged or stolen property will be reduced by the applicable deductible shown in the Declarations. Any Comprehensive Coverage deductible shown in the Declarations does not apply to
 - a. "Loss" caused by fire or lightning; or
 - b. "Loss" to glass used in the windshield or windows if the glass is repaired rather than replaced.
 - c. "Loss" caused by hitting a bird or animal
2. If another US Specialty Insurance Companies Policy or Coverage form other than a business automobile policy or coverage form applies to the same accident, the following applies:
 - a. If the deductible under this Business Auto Coverage Form is the smaller or smallest, it will be waived, or
 - b. If the deductible under this Business Auto Coverage Form is not the smaller (or smallest) deductible of all the applicable coverages, the deductible will be reduced by the amount of the smaller or smallest deductible

SECTION V — BUSINESS AUTO CONDITIONS

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

A. Loss Conditions

1. Appraisal For Physical Damage Loss

If you and we disagree on the amount of "loss", either may demand an appraisal of the "loss". In this event, each party will select a competent appraiser. The two appraisers will select a competent and impartial umpire. The appraisers will state separately the actual cash value and amount of "loss". If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser, and
- b. Bear the other expenses of the appraisal and umpire equally.

If we submit an appraisal, we will still retain our right to deny the claim.

2. Duties In The Event Of Accident, Claim, Suit Or Loss.

We have no duty to provide coverage under this policy unless there has been full compliance with the following duties:

- a. In the event of "accident", claim, "suit" or "loss", you must give us or our authorized representative prompt notice of the "accident" or "loss". Include:
 - (1) How, when and where the "accident" or "loss" occurred;
 - (2) The "insured's" name and address; and
 - (3) To the extent possible, the names and addresses of any injured persons and witnesses.
- b. Additionally, you and any other involved "insured" must:
 - (1) Assume no obligation, make no payment or incur no expense without our consent, except at the "insured's" own cost.
 - (2) Immediately send us copies of any request, demand, order, notice, summons or legal paper received concerning the claim or "suit".
 - (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit".
 - (4) Authorize us to obtain medical records or other pertinent information.
 - (5) Submit to examination, at our expense, by physicians of our choice, as often as we reasonably require.
- c. If there is "loss" to a covered "auto" or its equipment you must also do the following:
 - (1) Promptly notify the police if the covered "auto" or any of its equipment is stolen.
 - (2) Take all reasonable steps to protect the covered "auto" from further damage. Also keep a record of your expenses for consideration in the settlement of the claim.
 - (3) Permit us to inspect the covered "auto" and records proving the "loss" before its repair or disposition.

U.S. SPECIALTY INSURANCE COMPANY

- (4) Agree to examinations under oath at our request and give us a signed statement of your answers.

3. Legal Action Against Us

No one may bring a legal action against us under this Coverage Form until:

- a. There has been full compliance with all the terms of this Coverage Form; and
- b. Under Liability Coverage, we agree in writing that the “insured” has an obligation to pay or until the amount of that obligation has finally been determined by judgment after trial. No one has the right under this policy to bring us into an action to determine the “insured’s” liability.

4. Loss Payment — Physical Damage Coverages

At our option we may:

- a. Pay for, repair or replace damaged or stolen property;
- b. Return the stolen property, at our expense. We will pay for any damage that results to the “auto” from the theft; or
- c. Take all or any part of the damaged or stolen property at an agreed or appraised value.

5. Transfer Of Rights Of Recovery Against Others To Us

If any person or organization to or for whom we make payment under this Coverage Form has rights to recover damages from another, those rights are transferred to us. That person or organization must do everything necessary to secure our rights and must do nothing after “accident” or “loss” to impair them.

This condition does not apply to SECTION III — MEDICAL PAYMENTS.

B. General Conditions

1. Bankruptcy

Bankruptcy or insolvency of the “insured” or the “insured’s” estate will not relieve us of any obligations under this Coverage Form.

2. Concealment, Misrepresentation Or Fraud

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

- a. This Coverage Form;
- b. The covered “auto”;
- c. Your interest in the covered “auto”; or
- d. A claim under this Coverage Form.

3. Liberalization

If we revise the Coverage Form to provide more coverage without additional premium charge, your policy will automatically provide the additional coverage as of the day the revision is effective in your state.

4. No Benefit To Bailee — Physical Damage Coverages

We will not recognize any assignment or grant any coverage for the benefit of any person or organization holding, storing or transporting property for a fee regardless of another provision of this Coverage Form.

5. Other Insurance

- a. For any covered “auto” you own, this Coverage Form provides primary insurance. For any covered “auto” you do not own, the insurance provided by this Coverage Form is excess over any other collectible insurance. However, while a covered “auto” which is a “trailer” is connected to another vehicle, the Liability Coverage this Coverage Form provides for the “trailer” is:

(1) Excess while it is connected to a motor vehicle you do not own.

(2) Primary while it is connected to a covered “auto” you own.

- b. For Hired Auto Physical Damage coverage, any covered “auto” you lease, hire, rent or borrow is deemed to be a covered “auto” you own. However, any “auto” that is leased, hired, rented or borrowed with a driver is not a covered “auto”.

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- c. Regardless of the provisions of paragraph a. above, this Coverage Form's Liability Coverage is primary for any liability assumed under an "insured contract".
- d. When this Coverage Form and any other Coverage Form or policy covers on the same basis, either excess or primary, we will pay only our share. Our share is the proportion that the Limit of Insurance of our Coverage Form bears to the total of the limits of all the Coverage Forms and policies covering on the same basis.

6. Policy Period, Coverage Territory

- a. Under this Coverage Form, we cover "accidents" and "losses" occurring:
 - (1) During the policy period shown in the Declarations; and
 - (2) Within the coverage territory.
- b. The coverage territory is:
 - (1) The United States of America;
 - (2) The territories and possessions of the United States of America;
 - (3) Puerto Rico;
 - (4) Canada; and
 - (5) Anywhere in the world for a covered "auto" that is leased, hired, rented or borrowed without a driver for a period of 30 days or less provided the "insured's" responsibility to pay damages is determined in a "suit" on the merits, in the territory described in paragraph b. (1), (2), (3) or (4) above or in a settlement we agree to.

We also cover "loss" to, or "accidents" involving, a covered "auto" while being transported between any of the territories described in paragraph b. (1), (2), (3), or (4) above.

7. Two Or More Coverage Forms Or Policies Issued By Us

If this Coverage Form and any other Coverage Form or policy issued to you by us or any company affiliated with us apply to the same "accident", the aggregate maximum Limit of Insurance under all the Coverage Forms or policies shall not exceed the highest applicable Limit of Insurance under any one Coverage Form or policy. This condition does not apply to any Coverage Form or policy issued by us or an affiliated company specifically to apply as excess insurance over this Coverage Form.

SECTION VI — DEFINITIONS

- A. "Accident" includes continuous or repeated exposure to the same conditions resulting in "bodily injury" or "property damage".
- B. "Auto" means a land motor vehicle, "trailer" or semitrailer designed for travel on public roads but does not include "mobile equipment".

However, if you are a governmental entity, any land motor vehicle or "trailer" you own or lease that is designed for travel on public roads is an "auto" and not "mobile equipment" if the sole reason for considering it "mobile equipment" is such vehicle is used solely on roads you own.

- C. "Bodily injury" means bodily injury, sickness or disease sustained by any person, including mental anguish or death resulting from any of these at any time.
- D. "Covered pollution cost or expense" means any cost or expense arising out of:

- 1. Any request, demand or order; or
- 2. Any claim or "suit" by or on behalf of a governmental authority demanding

that the "insured" or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

"Covered pollution cost or expense" does not include any cost or expense arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":

- a. That are, or that are contained in any property that is:
 - (1) Being transported or towed by, handled, or handled for movement into, onto or from the covered "auto";
 - (2) Otherwise in the course of transit by or on behalf of the "insured";
 - (3) Being stored, disposed of, treated or processed in or upon the covered "auto"; or
- b. Before the "pollutants" or any property in which the "pollutants" are contained are moved from the place where they are accepted by the "insured" for movement into or onto the covered "auto"; or

U.S. SPECIALTY INSURANCE COMPANY

- c. After the “pollutants” or any property in which the “pollutants” are contained are moved from the covered “auto” to the place where they are finally delivered, disposed of or abandoned by the “insured”.

Paragraph a. above does not apply to fuels, lubricants, fluids, exhaust gases or other similar “pollutants” that are needed for or result from the normal electrical, hydraulic or mechanical functioning of the covered “auto” or its parts, if:

- (1) The “pollutants” escape, seep, migrate, or are discharged, dispersed or released directly from an “auto” part designed by its manufacturer to hold, store, receive or dispose of such “pollutants”; and
- (2) The “bodily injury”, “property damage” or “covered pollution cost or expense” does not arise out of the operation of any equipment listed in paragraphs 6.b. or 6.c. of the definition of “mobile equipment”.

Paragraphs b. and c. above do not apply to “accidents” that occur away from premises owned by or rented to an “insured” with respect to “pollutants” not in or upon a covered “auto” if:

- (1) 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 “auto”; and
- (2) The discharge, dispersal, seepage, migration, release or escape of the “pollutants” is caused directly by such upset, overturn or damage.

E. “Employee” includes a “leased worker” and a substitute teacher. “Employee” does not include a “temporary worker”.

F. “Insured” means any person or organization qualifying as an insured in the Who Is An Insured provision of the applicable coverage. Except with respect to the Limit of Insurance, the coverage afforded applies separately to each insured who is seeking coverage or against whom a claim or “suit” is brought.

G. “Insured contract” means:

1. A lease of premises;
2. A sidetrack agreement;
3. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;

4. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;

5. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another to pay for “bodily injury” or “property damage” to a third party or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement;

6. That part of any contract or agreement entered into, as part of your business, pertaining to the rental or lease, by you or any of your “employees”, of any “auto”.

However, such contract or agreement shall not be considered an “insured contract” to the extent that it obligates you or any of your “employees” to pay for “property damage” to any “auto” rented or leased by you or any of your “employees”.

An “insured contract” does not include that part of any contract or agreement:

a. That indemnifies a railroad for “bodily injury” or “property damage” arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, roadbeds, tunnel, underpass or crossing; or

b. That pertains to the loan, lease or rental of an “auto” to you or any of your “employees”, if the “auto” is loaned, leased or rented with a driver; or

c. That holds a person or organization engaged in the business of transporting property by “auto” for hire harmless for your use of a covered “auto” over a route or territory that person or organization is authorized to serve by public authority.

H. “Leased worker” means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. “Leased worker” does not include a “temporary worker”.

I. “Loss” means direct and accidental loss or damage.

J. “Mobile equipment” means any of the following types of land vehicles, including any attached machinery or equipment:

U.S. SPECIALTY INSURANCE COMPANY

1. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
 2. Vehicles maintained for use solely on or next to premises you own or rent;
 3. Vehicles that travel on crawler treads;
 4. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
 - a. Power cranes, shovels, loaders, diggers or drills; or
 - b. Road construction or resurfacing equipment such as graders, scrapers or rollers.
 5. Vehicles not described in paragraphs 1, 2, 3, or 4. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - a. Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
 - b. Cherry pickers and similar devices used to raise or lower workers.
 6. Vehicles not described in paragraphs 1, 2, 3 or 4. above maintained primarily for purposes other than the transportation of persons or cargo. However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":
 - a. Equipment designed primarily for:
 - (1) Snow removal;
 - (2) Road maintenance, but not construction or resurfacing; or
 - (3) Street cleaning;
 - b. Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
 - c. Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting or well servicing equipment.
- K.** "Occupying" means in, upon, getting in, on, out or off.
- L.** "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
- M.** "Property damage" means damage to or loss of use of tangible property.
- N.** "Suit" means a civil proceeding in which:
1. Damages because of "bodily injury" or "property damage"; or
 2. A "covered pollution cost or expense", to which this insurance applies are alleged.
- "Suit" includes:
- a. An arbitration proceeding in which such damages or "covered pollution costs or expenses" are claimed and to which the "insured" must submit or does submit with our consent; or
 - b. Any other alternative dispute resolution proceeding in which such damages or "covered pollution costs or expenses" are claimed and to which the insured submits with our consent.
- O.** "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.
- P.** "Trailer" includes semitrailer.

U.S. SPECIALTY INSURANCE COMPANY

ENDORSEMENT NO. _____

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE (Standard Time)					INSURED	AGENCY AND CODE
	MO.	DAY	YR.	12:01 A.M.	NOON		
HMTP-152345RW	12	1	2011	X		SALINE TOWNSHIP	99900

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EMPLOYEES AND VOLUNTEERS AS INSURED

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM

Additional Premium: \$ Included

The following is added to **SECTION II — LIABILITY COVERAGE, A. 1. Who Is An Insured:**

Any "employee" or volunteer of yours is an "insured" while using a covered "auto" you don't own, hire or borrow in your business.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED

AUTHORIZED REPRESENTATIVE

DATE

U.S. SPECIALTY INSURANCE COMPANY

ENDORSEMENT NO. _____

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE (Standard Time)					INSURED	AGENCY AND CODE
	MO.	DAY	YR.	12:01 A.M.	NOON		
HMTP-152345RW	12	1	2011	X		SALINE TOWNSHIP	99900

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PHYSICAL DAMAGE TO VOLUNTEERS' OR EMPLOYEES' PERSONAL AUTOS

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM

For "autos" owned by your volunteers or "employees",
SECTION IV — PHYSICAL DAMAGE COVERAGE,
A. Coverage, 4. Coverage Extensions is amended
to include the following:

We will pay up to \$1000 or the amount of the
deductible under any automobile policy available to
your volunteers or "employees," whichever is less, for

any "loss" described under paragraph **A.1.** of this
section to any "auto" owned by your volunteer or
"employee" while being used in connection with your
business. In no event will we pay for any "loss" under
this endorsement to any "auto" owned, leased, hired,
rented or borrowed by you.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED

AUTHORIZED REPRESENTATIVE

DATE

U.S. SPECIALTY INSURANCE COMPANY

ENDORSEMENT NO. _____

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE (Standard Time)					INSURED	AGENCY AND CODE
	MO.	DAY	YR.	12:01 A.M.	NOON		
HMTP-152345RW	12	1	2011	X		SALINE TOWNSHIP	99900

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EMERGENCY RESPONSE EMPLOYEE'S OR VOLUNTEER'S PERSONAL EFFECTS IN AUTOS

This endorsement modifies insurance under the following:

BUSINESS AUTO COVERAGE FORM

The following Coverage Extension is added to
SECTION IV — PHYSICAL DAMAGE COVERAGE:

Coverage Extension — Personal Effects

- We will pay for "loss" to personal effects of your "emergency response employees or volunteers" provided:
 - Such personal effects are located within an "auto" owned by that "emergency response employee or volunteer"; and
 - The "emergency response employee's or volunteer's" "auto" is going to, located at, or returning from an emergency; and
 - The "emergency response employee or volunteer" is acting within the scope of their duties for you.
- The most we will pay for "loss" to personal effects is:
 - \$3,000 any one "employee" or volunteer; or
 - \$30,000 in any one "accident".
- The insurance provided by this Coverage Extension is excess over any other collectible insurance.
- For the purpose of this endorsement "emergency response employees or volunteers" include your volunteer or employed policemen, firemen, paramedics, and emergency medical technicians.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED

AUTHORIZED REPRESENTATIVE

DATE

U.S. SPECIALTY INSURANCE COMPANY

ENDORSEMENT NO. _____

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE (Standard Time)					INSURED	AGENCY AND CODE
	MO.	DAY	YR.	12:01 A.M.	NOON		
HMTP-152345RW	12	1	2011	X		SALINE TOWNSHIP	99900

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WAR OR TERRORISM EXCLUSION

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE

- I. Exclusion **12. War** under **B. Exclusions** of **SECTION II – LIABILITY COVERAGE** is deleted and replaced by the following:

12. War Or Terrorism

"Bodily injury" or "property damage" arising, directly or indirectly, out of:

- War, including undeclared or civil war; or
- 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
- Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these; or
- "Terrorism", including any action taken in hindering or defending against an actual or expected incident of "terrorism"

regardless of any other cause or event that contributes concurrently or in any sequence to the injury or damage.

However, with respect to "terrorism", this exclusion only applies if one or more of the following are attributable to an incident of "terrorism":

- The total of insured damage to all types of property exceeds \$25,000,000.

In determining whether the \$25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the "terrorism" and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions; or

- Fifty or more persons sustain death or serious physical injury. For the purposes of this provision, serious physical injury means:

II.12.i.a.1. Physical injury that involves a substantial risk of death; or

II.12.i.a.2. Protracted and obvious physical disfigurement; or

II.12.i.a.3. Protracted loss of or impairment of the function of a bodily member or organ; or

- The "terrorism" involves the use, release or escape of nuclear materials, or directly or indirectly results in nuclear reaction or radiation or radioactive contamination; or
- The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or

U.S. SPECIALTY INSURANCE COMPANY

- e. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials.

Paragraphs **a.** and **b.**, immediately preceding, describe the thresholds used to measure the magnitude of an incident of "terrorism" and the circumstances in which the threshold will apply for the purpose of determining whether the Terrorism Exclusion will apply to that incident. When the Terrorism Exclusion applies to an incident of "terrorism", there is no coverage under this Coverage Part.

In the event of any incident of "terrorism" that is not subject to the Terrorism Exclusion, coverage does not apply to any loss or damage that is otherwise excluded under this Coverage part.

Multiple incidents of "terrorism" which occur within a seventy-two hour period and appear to be carried out in concert or to have a related purpose or common leadership shall be considered to be one incident.

II. The following definition is added to **SECTION VI - DEFINITIONS**:

"Terrorism" means activities against persons, organizations or property of any nature:

1. That involve the following or preparation for the following:
 - a. Use or threat of force or violence; or
 - b. Commission or threat of a dangerous act; or
 - c. Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and
2. When one or both of the following applies:
 - a. The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or
 - b. It appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED

AUTHORIZED REPRESENTATIVE

DATE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICHIGAN CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM
GARAGE COVERAGE FORM
MOTOR CARRIER COVERAGE FORM
TRUCKERS COVERAGE FORM
BUSINESS AUTO PHYSICAL DAMAGE COVERAGE FORM

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

If you are an individual and the covered "auto" you own is of the "private passenger type" and the policy covers fewer than five "autos", the CANCELLATION Common Policy Condition does not apply to that "auto". The following Condition applies instead:

ENDING THIS POLICY

A. Cancellation

1. You may cancel the policy by mailing or delivering to us advance notice of cancellation.
2. When this policy is in effect less than 55 days and is not a renewal or continuation policy, we may cancel for any reason by mailing or delivering to you within this period written notice of cancellation at least 20 days before the effective date of cancellation. If we cancel for nonpayment of premium we will mail or deliver notice to you at least 10 days before the effective date of cancellation.
3. When this policy is in effect 55 days or more or is a renewal or continuation policy, we may cancel only for one or more of the reasons listed below. If we cancel for nonpayment of premium, we will mail you at least 10 days notice. If we cancel for any other reason, we will mail you at least 30 days notice.
 - a. Nonpayment of premium.
 - b. The named "insured" or any other operator who either resides in the same household or customarily operates an "auto" has had his or her driver's license suspended during the policy period and the revocation or suspension has become final.
 - c. If during the first 55 days after the original issue date of the policy the risk is unacceptable to us.

But if this policy has been written for a period of more than a year or without a fixed expiration date, we may cancel at an anniversary of its original effective date for any reason. If we cancel, we will mail or deliver to you at least 30 days written notice.

4. Notice of cancellation will state the effective date of cancellation.
5. If this policy is cancelled, we will send you any pro rata premium refund due. The minimum earned premium shall not be less than the pro rata premium for the expired time or \$25.00, whichever is greater. The cancellation will be effective even if we have not made or offered a refund.

B. Nonrenewal

1. If we decide not to renew or continue this policy we will mail or deliver to you written notice at least 30 days before the end of the policy period. If we offer to renew or continue and you do not accept, this policy will terminate at the end of the current policy period. Failure to pay the required renewal or continuation premium when due shall mean that you have not accepted our offer.
2. If we fail to mail or deliver proper notice of nonrenewal and you obtain other insurance this policy will end on the effective date of that insurance.

C. Mailing of Notices

We will mail by certified mail our notice of cancellation to your last mailing address known to us, except that if the policy is in effect less than 55 days or is a renewal policy or is cancelled for nonpayment of premium, we will mail you notice by regular mail. If notice is mailed, proof of mailing will be sufficient proof of notice.

For all other "private passenger types", the CANCELLATION Common Policy Condition does not apply to LIABILITY COVERAGE on a covered "auto" of the "private passenger type". The following Condition applies instead:

ENDING THIS POLICY

A. Cancellation

1. You may cancel the policy by mailing or delivering to us advance notice of cancellation.
2. When this policy is in effect less than 55 days and is not a renewal or continuation policy, we may cancel for any reason by mailing or delivering to you within this period written notice of cancellation at least 20 days before the effective date of cancellation. If we cancel for nonpayment of premium we will mail or deliver notice to you at least 10 days before the effective date of cancellation.
3. When this policy is in effect 55 days or more or is a renewal or continuation policy, we may cancel only for one or more of the reasons listed below. If we cancel for nonpayment of premium, we will mail you at least 10 days notice. If we cancel for any other reason, we will mail you at least 20 days notice.
 - a. Nonpayment of premium.
 - b. The named "insured" or any other operator who either resides in the same household or customarily operates an "auto" has had his or her driver's license suspended during the policy period and the revocation or suspension has become final.

- c. If during the first 55 days after the original issue date of the policy the risk is unacceptable to us.

But if this policy has been written for a period of more than a year or without a fixed expiration date, we may cancel at an anniversary of its original effective date for any reason. If we cancel, we will mail or deliver to you at least 20 days written notice.

4. Notice of cancellation will state the effective date of cancellation.
5. If this policy is cancelled, we will send the first Named Insured any pro rata premium refund due. The minimum earned premium shall not be less than the pro rata premium for the expired time or \$25.00, whichever is greater. The cancellation will be effective even if we have not made or offered a refund.

B. Nonrenewal

1. If we decide not to renew or continue this policy we will mail or deliver to you written notice at least 20 days before the end of the policy period. If we offer to renew or continue and you do not accept, this policy will terminate at the end of the current policy period. Failure to pay the required renewal or continuation premium when due shall mean that you have not accepted our offer.
2. If we fail to mail or deliver proper notice of nonrenewal and you obtain other insurance this policy will end on the effective date of that insurance.

C. Mailing of Notices

We will mail by certified mail our notice of cancellation to your last mailing address known to us, except that if the policy is in effect less than 55 days or is a renewal policy or is cancelled for nonpayment of premium, we will mail you notice by regular mail. If notice is mailed, proof of mailing will be sufficient proof of notice.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EMERGENCY VEHICLES – VOLUNTEER FIREFIGHTERS AND WORKERS INJURIES EXCLUDED

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM

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

LIABILITY COVERAGE is changed by adding the following exclusions:

This insurance does not apply to:

1. "Bodily Injury" to any volunteer firefighter or other volunteer worker of the "insured" if sustained while such person is using or maintaining a covered "auto" or is otherwise engaged in other volunteer firefighting, rescue squad or ambulance corps operations of the "insured".
2. "Bodily Injury" to any fellow volunteer firefighter or other volunteer worker of the "insured" if sustained in the course of volunteer firefighting, rescue squad or ambulance corps operations.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

POLLUTION LIABILITY – BROADENED COVERAGE FOR COVERED AUTOS – BUSINESS AUTO, MOTOR CARRIER AND TRUCKERS COVERAGE FORMS

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM
MOTOR CARRIER COVERAGE FORM
TRUCKERS COVERAGE FORM

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

A. Liability Coverage is changed as follows:

1. Paragraph **a.** of the **Pollution** Exclusion applies only to liability assumed under a contract or agreement.
2. With respect to the coverage afforded by Paragraph **A.1.** above, Exclusion **B.6. Care, Custody Or Control** does not apply.

B. Changes In Definitions

For the purposes of this endorsement, Paragraph **D.** of the **Definitions** Section is replaced by the following:

- D.** "Covered pollution cost or expense" means any cost or expense arising out of:
1. Any request, demand, order or statutory or regulatory requirement that any "insured" or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants"; or
 2. Any claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to or assessing the effects of "pollutants".

"Covered pollution cost or expense" does not include any cost or expense arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":

- a. Before the "pollutants" or any property in which the "pollutants" are contained are moved from the place where they are accepted by the "insured" for movement into or onto the covered "auto"; or
- b. After the "pollutants" or any property in which the "pollutants" are contained are moved from the covered "auto" to the place where they are finally delivered, disposed of or abandoned by the "insured".

Paragraphs **a.** and **b.** above do not apply to "accidents" that occur away from premises owned by or rented to an "insured" with respect to "pollutants" not in or upon a covered "auto" if:

- (1) 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 "auto"; and
- (2) The discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused directly by such upset, overturn or damage.

U.S. SPECIALTY INSURANCE COMPANY
ELECTRONIC DATA PROCESSING SYSTEMS
SUPPLEMENTAL DECLARATIONS

These Supplemental Declarations form a part of policy number HMT-152345RW

NAMED INSURED:

SALINE TOWNSHIP
4254 ARKONA ROAD
SALINE, MI 48176

PREMIUM

The Premium for Electronic Data Processing Systems Coverage Included

Electronic Data Processing Systems Coverage

No coverage is afforded for any Section unless specific Limits of Insurance are provided for that Section.

SECTION I - Equipment Coverage - (per schedule attached to this policy)

- A. On your property in the amount of:
1. \$ \$100,000 located at Per Schedule on File with Company
 2. \$ _____ located at _____
- B. On property leased, rented or under your control in the amount of:
1. \$ Included located at _____
 2. \$ _____ located at _____
- C. Valuation
1. ☐ Actual Cash Value with _____ % coinsurance.
 2. ☒ Replacement cost with 100% coinsurance.
- D. While in transit and temporarily at other Premises \$100,000

DEDUCTIBLE

The Deductible amount for Section I is See Section V

SECTION II - Data, Media, Computer Programs

- A. On your property consisting of "Data", "Media" and "Computer Programs" located at:
- | LOCATION | DATA | MEDIA | UNUSED MEDIA | TOTAL |
|-------------------------------------|-----------------|-----------------|-----------------|------------------|
| 1. <u>Per Schedule on File with</u> | <u>Included</u> | <u>Included</u> | <u>Included</u> | <u>\$100,000</u> |
| 2. _____ | _____ | _____ | _____ | _____ |
- B. While in transit and temporarily at other _____
- C. Articles which cannot be replaced must be insured for a specific amount.
- | LOCATION | Specific Coverage on "Data", "Media", "Computer Programs" | | | TOTAL |
|----------|---|--------------|----------------|-------|
| | SPECIFIC ITEMS | NO. OF ITEMS | VALUE OF ITEMS | |
| 1. _____ | _____ | _____ | _____ | _____ |
| 2. _____ | _____ | _____ | _____ | _____ |
| 3. _____ | _____ | _____ | _____ | _____ |
| 4. _____ | _____ | _____ | _____ | _____ |
| 5. _____ | _____ | _____ | _____ | _____ |
- D. "Data" or "Media" not to be insured:

DEDUCTIBLE

The Deductible amount for Section II is \$ See Section V

U.S. SPECIALTY INSURANCE COMPANY

SECTION III - Extra Expense

A. The limit of Insurance for "Extra Expense" is \$100,000

DEDUCTIBLE

The Deductible amount for Section III is \$ See Section V

SECTION IV - Loss of Business Income

A. The Limit of Insurance for Business Income is \$100,000

B. The Coinsurance Percentage is _____ %

DEDUCTIBLE

The Waiting Period is See Section V hours.

SECTION V - Extensions of Coverage

If an "X" is placed in any box preceding any of the following clauses, the coverage is extended to provide coverage as provided in **SECTION V - Extensions of Coverage**.

☒ **Combined Deductible**

The individual deductibles in each Section that are marked with an "X" in a box below are superseded:

- ☒ Section I - Systems Equipment
- ☒ Section II - "Media", "Data", "Computer Programs"
- ☒ Section III - "Extra Expense"
- ☒ Section IV - "Business Income"

and the following is substituted:

The Deductible amount is \$250 for any one loss.

This Deductible amount does not apply to the other coverages provided by this combination endorsement.

☒ **Breakdown Coverage**

Premium - The Premium for Breakdown insurance Included

Limit of Insurance - The Limit of Insurance for this coverage is \$100,000

Deductible - The Deductible amount for Breakdown coverage is See Section V

☐ C. **Earthquake**

Premium - The Premium for Earthquake coverage is Excluded

Limits of Insurance - 1. \$0 Any One Earthquake
2. _____ Annual Aggregate

Deductible - The Deductible amount for Earthquake is \$ 0

☐ D. **Flood**

Premium - The Premium for Flood coverage is Excluded

Limits of Insurance - 1. \$0 Any One Flood
2. _____ Annual Aggregate

Deductible - The Deductible amount for Flood is \$ 0

FORMS AND ENDORSEMENTS

Forms and endorsements applying to this Coverage Part and made a part of this policy at time of issue:
See PKGILH0002 2011

THIS SUPPLEMENTAL DECLARATIONS AND THE COMMON POLICY DECLARATIONS, TOGETHER WITH THE COMMON POLICY CONDITIONS, THE INLAND MARINE CONDITIONS, COVERAGE FORM(S) AND ENDORSEMENTS COMPLETE THE ABOVE NUMBERED POLICY.

U.S. SPECIALTY INSURANCE COMPANY

ELECTRONIC DATA PROCESSING SYSTEMS SECTION I - EQUIPMENT

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

Throughout this policy, the words "you", "your", and "yours" refer to the Named Insured shown in the Declarations. The words "we", "us", "our", and "ours" refer to the company providing this insurance.

Other words and phrases that appear in quotation marks have a special meaning. Refer to paragraph K. DEFINITIONS.

SECTION I - EQUIPMENT

A. COVERAGE

We will pay for "loss" to Covered Property from any of the Covered Causes of "Loss".

1. COVERED PROPERTY, as used in Section I, means:

"Data processing equipment", including component parts of that equipment, which are:

- a. owned by you;
- b. leased or rented to you; or
- c. under your control;

all as shown in the schedule attached to this policy.

2. PROPERTY NOT COVERED

Covered Property does not include:

- a. "data", "media" or "computer programs";
- b. property you lease or rent to others while it is away from your premises;
- c. property while it is waterborne, unless on transporting vehicles aboard a regular ferry operating on inland waterways; or
- d. accounts, bills, evidences of debt, valuable papers, records, abstracts, deeds, manuscripts, or other documents.

3. COVERED CAUSES OF LOSS

Covered causes of "loss" means Risks of Direct Physical "loss" to Covered Property except those causes of "loss" listed in the exclusions.

4. EXTENSIONS OF COVERAGE

These extensions of coverage shall not increase the Limits of Insurance.

The Coinsurance clause applies to these extensions unless otherwise specifically stated.

a. Removal

If the Covered Property becomes in imminent danger of "loss" at a covered location we will pay for "loss" while the property covered is:

- (1) being removed;
- (2) while at a place of safety; and
- (3) while being returned from the places of safety;

provided you give us written notice of removal and return within ten (10) days of removal.

b. Debris Removal

- (1) we will pay for the cost of removal of debris of the Covered Property if caused by a Covered Cause of "Loss"; but
- (2) we will not pay more than your actual cost of debris removal, or 25% of the applicable Limit of Insurance, or \$100,000, whichever is least;
- (3) in no event will we pay any cost resulting from enforcement of any law or ordinance.

c. Additionally Acquired Property

You agree:

- (1) To report in writing:
additional property of the kind insured by this policy, acquired after the effective date of this policy;
within sixty (60) days from the date acquired; and
- (2) to pay full premium for that property from the date acquired at pro rata of the policy rate for such property.

U.S. SPECIALTY INSURANCE COMPANY

We agree:

(1) to cover such additional property when acquired, pending notice to us:

(a) for no more than the actual cash value of the acquired property; or

(b) for no more than 25% of the highest limit of insurance at any location shown in the Declarations, or \$250,000, whichever is least;

(2) to cease to cover this property if it is not reported to us in writing within the sixty (60) day period.

This coverage applies only to a class of property covered by this policy at the time of acquisition.

The coinsurance clause in this policy does not apply to this extension of coverage.

d. New Location Coverage

You agree:

to report in writing property covered by this policy, which is transferred to a new location, within sixty (60) days from the date transferred.

The new location must have been acquired by you after the effective date of this coverage.

We agree:

(1) to cover this property, pending written notice to us:

(a) beginning with the date the property is physically transferred to your new location; and

(b) until such location is scheduled on this coverage;

(c) for no more than 25% of the highest Limit of Insurance at any location shown in the declarations, or \$250,000, whichever is least;

(2) to cease to cover this property if the new location is not reported to us in writing within the sixty (60) day period.

This coverage applies only to property covered by this policy at time of transfer.

e. Transfer Between Locations Coverage

You agree:

to report in writing property covered by this policy, which is transferred between existing locations specified in this policy, within sixty (60) days from the date of transfer.

We agree:

(1) to cover this property, pending notice to us, for no more than 25% of the highest Limit of Insurance at any location shown in the declarations, or \$250,000, whichever is least;

(2) to cease to cover this property if the changes in location are not reported to us in writing within the sixty (60) day period.

f. Fire Protection Devices

We will pay the cost to recharge or refill:

(1) any fire protection device which is designed specifically to protect Data Processing equipment; and

(2) other fire protection devices in the same room where covered Data Processing equipment is located;

when these devices have been discharged as a result of a fire or explosion.

This coverage shall apply in addition to the coverage otherwise provided by this policy.

We shall not pay more than \$25,000 for the expenses to refill or recharge fire protection devices.

The coinsurance clause in this policy does not apply to this extension of coverage.

We will not cover any property after the end of the policy term, or after cancellation or termination of this coverage.

B. EXCLUSIONS

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

a. GOVERNMENTAL ACTION

Seizure or destruction of property by order of governmental authority.

We will pay for acts of destruction ordered by the governmental authority and taken at the time of a fire to prevent its spread if the fire would be covered under this coverage form.

U.S. SPECIALTY INSURANCE COMPANY

b. NUCLEAR HAZARD

- (1) Any weapon employing atomic fission or fusion; or
- (2) Nuclear reaction or radiation, or radioactive contamination from any other cause.

We will pay for direct "loss" caused by resulting fire if the fire would be covered under this coverage form.

c. WAR AND MILITARY ACTION

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action taken 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.

d. EARTH MOVEMENT

Earthquake, volcanic eruption or effusion, earth sinking, earth rising or shifting, landslide or other earth movement.

We will pay for direct "loss" caused by resulting fire if fire is otherwise covered by this policy.

e. "FLOOD"

We will pay for direct "loss" caused by resulting fire if fire is otherwise covered by this policy.

2. We will not pay for "loss" or damage caused by or resulting from any of the following:

If another "loss" that we cover results we will pay for that resulting "loss".

- a. Acts or decisions, including the failure to act or decide, of any person, group, organization, or governmental body, and including enforcement of any ordinance or law regulating the construction, repair or demolition of building(s) or structure(s);
- b. Faulty, inadequate or defective:
 - (1) planning, zoning, development; surveying or siting;
 - (2) design, specification, workmanship, repair, construction, renovation, remodeling, grading, compaction;

(3) materials used in repair, construction, renovation or remodeling; or

(4) maintenance.

- c. Collapse of all or part of any building or structure.

3. We will not pay for a "loss" caused directly or indirectly by any of the following:

a. collapse, subsidence, settling, cracking, shrinkage or expansion of walls, pavement, foundations, floors, roofs or ceilings;

b. wear and tear, mold, rot;

c. hidden or latent defect, or any quality in property that causes it to damage or destroy itself;

d. insects, vermin, rodents;

e. dryness or dampness of atmosphere, extremes of temperature, corrosion or rust, unless resulting from physical damage to the data processing system's air conditioning facilities by a cause of "loss" not excluded by this policy;

f. delay, loss of market, loss of use, interruption of business, consequential loss of any nature;

g. any change in electric power supply (such as interruption, brown out, or power surge) if the change originates more than 100 feet away from the premises containing the property;

h. actual work upon, installation or testing of property covered; or

i. dishonest or criminal acts:

(1) by you, or by any of your employees;

(2) by anyone authorized to act for you;

(3) by anyone to whom the property is entrusted; or

(4) all whether alone or in collusion with others and during the hours of employment or not.

This exclusion does not apply to a carrier for hire.

This exclusion does not apply to intentional acts of destruction by your employees, but under no circumstances is theft by an employee covered.

C. LIMITS OF INSURANCE

The most we will pay for a "loss" are the amounts stated in Section I of the Declarations.

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D. DEDUCTIBLE

We will not pay for "loss" in any one occurrence until the amount of "loss" exceeds the Deductible amount shown in Section I of the Declarations. We will then pay the amount of "loss" in excess of the Deductible up to the applicable Limit of Insurance.

E. VALUATION

1. If Actual Cash Value is indicated in Section I.C. of the Declarations then clause F.1. below shall apply.
2. If Replacement Cost is indicated in Section I.C. of the Declarations then clause F.2. shall apply, and the amount we will pay shall not exceed the smallest of the following:

- a. the Limit of Insurance which applies to the property involved in the "loss";
- b. the amount you actually spend to repair or replace the property, or any part of it.

You may substitute property of a different kind or quality, but we won't pay more than what it would cost to replace the damaged or destroyed property with substantially identical property.

We will not make any payment under this form until the property involved in the "loss" is actually repaired or replaced by you with due diligence or dispatch.

F. COINSURANCE

1. The following shall apply if indicated in Section I.C.1. of the Declarations:

All property that is covered by this policy must be covered for its total actual cash value at the time of "loss" or you will incur a penalty;

The penalty is that we will pay only the proportion of any "loss" that the Limit of Insurance bears to the total actual cash value of the property at the time of "loss";

2. The following shall apply if indicated in Section I.C.2. of the Declarations:

All property that is covered by this policy must be insured for its total Replacement Cost at the time of "loss" or you will incur a penalty;

The penalty is that we will pay only the proportion of any "loss" that the Limit of Insurance bears to the total Replacement Cost of the property at the time of "loss".

G. RENTED OR LEASED PROPERTY

1. You must provide us with a copy of any lease or rental agreement that applies to any property covered by this policy:

We will cover only those Causes of "Loss" which the lessor has not assumed by the terms of lease or rental and which are not excluded by this policy.

You agree to give us advance notice of any cancellation, alteration, or termination of any such lease or rental agreement.

If you fail to notify us as agreed we shall be responsible for no broader coverage than what we would have been responsible under the last lease or rental agreement reported to us during the term of this coverage.

If no lease or rental agreements have been reported to us we will not cover leased or rented property.

H. RELEASE OF CARRIER'S LIABILITY

You are permitted to accept released value bills of lading from common carriers.

I. RECORDS AND INVENTORY

You will keep accurate records of your business and retain them for three years after the policy ends.

J. PROTECTIVE SAFEGUARDS

You must maintain the protective safeguards stated by you to be in effect at a location when this coverage began.

If you fail to maintain the protective safeguards:

1. in working condition; and
2. in operation;

coverage for which the protective safeguards apply is automatically suspended. This suspension will last until the equipment or services are back in operation.

K. DEFINITIONS

1. "Computer programs" means "data" used to direct computer equipment including diagrams or other records which can be used to reproduce programs.
2. "Data" means facts, concepts or instructions, including computer programs, which are converted to a form usable in your data processing operations.
3. "Data processing equipment" means a network of machine components capable of accepting information, processing it according to plan, and producing a desirable result.

This includes all of your hardware, including air conditioning equipment used exclusively in your data processing operation, but does not include software or the cost of reproducing software.

U.S. SPECIALTY INSURANCE COMPANY

4. "Flood" means a temporary condition of partial or complete inundation of normally dry land areas as a result of:

- a. the overflow of inland or tidal waters; or
- b. the unusual and rapid accumulation or runoff of surface waters.

"Flood" does not mean:

- a. water which backs up through sewers or drains;
 - b. water below the surface of the ground; or
 - c. release of water impounded by a dam.
5. "Loss" means accidental loss or damage.
6. "Media" means materials on which "data" are recorded.

U.S. SPECIALTY INSURANCE COMPANY
ELECTRONIC DATA PROCESSING SYSTEMS
SECTION V - EXTENSIONS OF COVERAGES

If shown in Section V of the Data Processing Systems Declarations, coverage is extended as provided below.

A. COMBINED DEDUCTIBLE

The individual deductible amounts in any of the following coverages are deleted:

Section I — Data Processing Systems Equipment

Section II —Media, Data, Computer Programs

Section III —Extra Expense Coverage

Section IV —Loss of Business Income Coverage

And the following is substituted:

We will not pay for "loss" in any one occurrence until the amount of "loss" for all sections exceeds the Deductible Amount shown in Section V.A. of the Declarations. We will then pay the amount of "loss" in excess of the deductible, up to the applicable Limit of Insurance.

B. BREAKDOWN COVERAGE

If an X is placed in the appropriate box in Section V.B. of the Declarations we will pay for direct physical "loss" to covered property caused by:

1. mechanical failure, faulty construction or error in design of the equipment insured;
2. short circuit, blowout of other electrical disturbance, other than lightning, within electrical apparatus;
3. data processing media failure or breakdown or malfunction of the data processing system equipment and component parts when the media is being run through the system.

Premium

The premium for Breakdown Coverage is as stated in Section V.B. of the Declarations.

Limits Of Insurance

1. The Limit of Insurance shown in Section V.B. of the Declarations is the most we will pay for a Breakdown "loss".
2. The following is added to the LIMITS OF INSURANCE provision contained in the applicable Coverage Form:

Payments under the Breakdown Coverage Extension will not increase the applicable Limit of Insurance.

Deductible

We will not pay for "loss" in any one occurrence until the amount of "loss" exceeds the Deductible amount shown in Section V.B. of the Declarations. We will then pay the amount of "loss" in excess of the deductible, up to the Limit of Insurance for Breakdown coverage.

C. EARTHQUAKE COVERAGE

If an X is placed in the appropriate box in Section V.C. of the Declarations we will pay for direct physical "loss" to covered property caused by:

1. earthquake;
2. volcanic eruption, explosion or effusion;
3. earth sinking, earth rising or shifting;
4. landslide or other earth movement.

When the word "earthquake" appears in this extension of coverage it shall include all of the above.

This extension of coverage does not extend this policy to cover any other Cause of "Loss" which contributes concurrently or in any sequence to the "earthquake" "loss".

Premium

The premium for Earthquake Coverage is as stated in Section V.C. of the Declarations.

Limits Of Insurance

1. The Limit of Insurance shown in Section V.C.1. of the Declarations as Any One Earthquake is the most we will pay for "loss" in any one "earthquake".
2. The Limit of Insurance shown in Section V.C.2. of the Declarations as Annual Aggregate is the most we will pay for all claims for "earthquake" "loss" which occur during the policy period. If the policy period shown in the Declarations is for a term of more than one year, we will apply the Annual Aggregate Limit separately to each consecutive year of the policy period.
3. The following is added to the LIMITS OF INSURANCE provision contained in the applicable Coverage Form:

Payments under the Earthquake Coverage Extension will not increase the applicable Limit of Insurance.

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Deductible

We will not pay for an "Earthquake" "loss" in any one occurrence until the amount of "loss" exceeds the Deductible amount shown in Section V.C. of the Declarations. We will then pay the amount of the "loss" in excess of the deductible, up to the Limit of Insurance for "earthquake".

D. FLOOD COVERAGE

If an X is placed in the appropriate box in Section V.D. of the Declarations we will pay for direct physical "loss" to Covered Property caused by:

1. the overflow of inland or tidal waters;
2. the unusual and rapid accumulation or runoff of surface waters.

"Flood" does not mean:

1. water which backs up through sewers or drains;
2. water below the surface of the ground; or
3. release of water impounded by a dam.

This extension of coverage does not extend this policy to cover any other Cause of "Loss" which contributes concurrently or in any sequence to the "flood" "loss".

Premium

The premium for Flood Coverage is as stated in Section V.D. of the Declarations.

Limits Of Insurance

1. The Limit of Insurance shown in Section V.D.1. of the Declarations as Any One Flood is the most we will pay for "loss" in any one "flood".
2. The Limit of Insurance shown in Section V.D.2. of the Declarations as Annual Aggregate is the most we will pay for all claims for "flood" "loss" which occur during the policy period. If the policy period shown in the Declarations is for a term of more than one year, we will apply the Annual Aggregate Limit separately to each consecutive year of the policy period.
3. The following is added to the LIMITS OF INSURANCE provision contained in the applicable Coverage Form:

Payments under the Flood Coverage Extension will not increase the applicable Limit of Insurance.

Deductible

We will not pay for a "flood" "loss" in any one occurrence until the amount of "loss" exceeds the Deductible amount shown in Section V.D. of the Declarations. We will then pay the amount of the "loss" in excess of the deductible, up to the Limit of Insurance for "flood".

U.S. SPECIALTY INSURANCE COMPANY

ELECTRONIC DATA PROCESSING SYSTEMS

SECTION II - DATA, MEDIA, PROGRAMS

A. COVERAGE

We will pay for "loss" to covered property from any of the covered causes of "loss."

1. COVERED PROPERTY, as used in Section II, means:

- a. "data," "media," (including unused media) or "computer programs," as defined in paragraph F. DEFINITIONS, which is:

- (1) owned by you;
- (2) leased or rented to you; or
- (3) under your control;

all as described in Section II of the Declarations.

2. PROPERTY NOT COVERED

Covered Property does not include:

- a. Any "data" or "media" which cannot be replaced with others of like kind or quality.

This does not apply to any items that are insured for a stated amount per article.

- b. Accounts, bills, evidences of debt, valuable papers, records, abstracts, deeds, manuscripts or other documents except as they may be converted to data processing media form, and then only in that form.
- c. Property while waterborne, unless on transporting vehicles aboard any regular ferry operating in inland waterways.

3. COVERED CAUSES OF LOSS

Covered causes of "loss" means risks of direct physical "loss" to Covered Property except those causes of "loss" listed in the exclusions.

4. EXTENSIONS OF COVERAGE

These extensions of coverage shall not increase the Limit of Insurance.

a. Removal

If the Covered Property becomes in imminent danger of "loss" at a covered

location we will pay for "loss" while the property covered is:

- (1) being removed;
- (2) while at a place of safety; and
- (3) while being returned from such place;

provided you give us written notice within (10) days of removal and return.

b. Debris Removal

We will pay for the cost of removal of debris of the Covered Property as a result of "loss" caused by or resulting from a Covered Cause of "Loss."

- (1) We shall pay for no more than your actual cost of debris removal, or 25% of the applicable Limit of Insurance, or \$100,000, whichever is least.

- (2) In no event will we pay any cost resulting from enforcement of any law or ordinance.

c. Storage of Duplicate Data Elsewhere

We will pay for your "loss" to duplicate or backup data which you store at a separate location.

A separate location is defined as a building located at least 100 feet away from your primary location.

We shall pay no more for "loss" to duplicate or backup data than 25% of the combined "data" and "media" limits at your primary location, or \$100,000, whichever is least.

d. New Location Coverage

You agree:

To report in writing property covered by this policy, which is transferred to a new location, within sixty (60) days from the date of transfer.

The new location must have been acquired by you after the effective date of this policy.

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We agree:

- (1) To cover this transferred property, pending written notice to us, for no more than 25% of the Limit of Insurance shown in the Declarations at the location from which the transfer is made, or \$250,000, whichever is least.
- (2) To cease to cover this property if the new location is not reported to us in writing within the sixty (60) day period.

This coverage applies only to property already covered by this policy at the time of transfer.

e. Transfer between Existing Locations Coverage

You agree:

To report in writing property covered by this policy, which is transferred between existing locations specified in this policy, within sixty (60) days from the date of transfer.

We agree:

- (1) To cover this property, pending notice to us, for no more than 25% of the Limit of Insurance shown in the Declarations for the location from which the transfer is made, or \$250,000, whichever is least.
- (2) To cease to cover this property if the change in location is not reported to us in writing within the sixty (60) day period.

This coverage applies only to property already covered by this policy at the time of transfer.

B. EXCLUSIONS

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

a. GOVERNMENTAL ACTION

Seizure or destruction of property by order of governmental authority.

We will pay for acts of destruction ordered by the governmental authority and taken at the time of a fire to prevent its spread if the fire would be covered under this coverage form.

b. NUCLEAR HAZARD

Any weapon employing atomic fission or fusion.

Nuclear reaction or radiation, or radioactive contamination from any other cause.

We will pay for direct "loss" caused by resulting fire if the fire would be covered under this coverage form.

c. WAR AND MILITARY ACTION

War, including undeclared or civil war.

Warlike action by a military force, including action taken in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents.

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

d. EARTH MOVEMENT

Earthquake, volcanic eruption or effusion, earth sinking, earth rising or shifting, landslide or other earth movement.

We will pay for direct "loss" caused by resulting fire if fire is otherwise covered by this policy.

e. "FLOOD"

We will pay for direct "loss" caused by resulting fire if fire is otherwise covered by this policy.

2. We will not pay for "loss" caused directly or indirectly by any of the following:

- a. collapse, subsidence, settling, cracking, shrinkage or expansion of walls, pavement, foundations, floors, roofs or ceilings;
- b. wear and tear, mold, rot;
- c. hidden or latent defect, or any quality in property that causes it to damage or destroy itself;

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- d. insects, vermin, rodents;
- e. dryness or dampness of atmosphere, extremes of temperature, corrosion or rust, unless resulting from physical damage to the data processing system's air conditioning facilities by a cause of "loss" not excluded by this policy;
- f. delay, loss of market, loss of use, interruption of business, consequential loss of any nature;
- g. any change in electric power supply (such as interruption, brown out, or power surge) if the change originates more than 100 feet away from the premises containing the property;
- h. data processing media failure or breakdown, malfunction of the data processing system;
- i. electrical or magnetic injury, disturbance or erasure of electronic recordings, except by lightning;
- j. dishonest or criminal acts:
 - (1) by you, or by any of your employees;
 - (2) by anyone authorized to act for you; or
 - (3) by anyone to whom the property is entrusted;

all whether alone or in collusion with others and whether during regular work hours or not.

This exclusion does not apply to carriers for hire.

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

- k. error in machine programming or instructions to machine.
3. We will not pay for a "loss" caused by or resulting from any of the following. If "loss" by a covered cause results, we will pay for that resulting "loss":
- a. Weather conditions. This exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph B.1. above to produce the "loss."

- b. Acts or decisions, including the failure to act or decide, if any person, group, organization, or governmental body.
- c. Faulty, inadequate or defective:
 - (1) planning, zoning, development surveying or siting;
 - (2) design, specification, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - (3) materials used in repair, construction, renovation or remodeling; or
 - (4) maintenance.
- d. Collapse of part or all of any building or structure.

C. LIMITS OF INSURANCE

The most we will pay for a "loss" is the amount specified in Section II of the Declarations.

D. DEDUCTIBLE

We will not pay for "loss" in any one occurrence until the amount of "loss" exceeds the Deductible amount shown in Section II of the Declarations. We will then pay the amount of "loss" in excess of the Deductible, up to the applicable Limit of Insurance.

E. VALUATION

The property covered by this section shall be valued as follows:

1. "Data," "media," or "computer programs" for which there is no agreed value specified in the Declarations shall be valued at the actual cost of reproduction provided that the "data" or "computer programs" are replaced or reproduced.

If the property is not replaced or reproduced we shall pay the blank value of "media" on which the "data" or "computer program(s)" were recorded.

On "media," we shall pay the actual cost of repairing or replacing with material of the same kind and quality.

2. The amounts specified in Section 2.D. of the Declarations for each item of "data," "media" or "computer programs" shall be the agreed value for the purposes of this insurance.

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3. Unused "media" shall be valued at the actual cost of repairing or replacing the property with material of the same kind or quality.

F. DEFINITIONS

1. "Computer programs" means "data" used to direct computer equipment including diagrams or other records which can be used to reproduce programs.
2. "Data" means facts, concepts or instructions, including computer programs, which are converted to a form usable in your data processing operations.

3. "Flood" means a temporary condition of partial or complete inundation of normally dry land areas as a result of:

- a. the overflow of inland or tidal waters; or
- b. the unusual and rapid accumulation or runoff of surface waters.

"Flood" does not mean

- a. water which backs up through sewers or drains;
 - b. water below the surface of the ground; or
 - c. release of water impounded by a dam.
4. "Loss" means accidental loss or damage.
 5. "Media" means materials on which "data" are recorded.

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ELECTRONIC DATA PROCESSING SYSTEMS SECTION III — EXTRA EXPENSE

A. COVERAGE

1. We will pay the necessary "extra expense" you incur in order to continue as nearly as practicable the "normal" operation of your business following damage to the property covered under Sections I and II of this policy.
2. We also insure under this section the actual "loss" sustained by you during the "period of restoration," when, as a direct result of a Covered Cause of "Loss":
 - a. the premises in which the property is located is so damaged as to prevent access to it; or
 - b. the air conditioning system or electrical system necessary for the operation of your data processing equipment is so damaged as to reduce or suspend your ability to perform the operations normally performed by the data processing equipment.
 - c. access to your premises where the insured property is located is specifically prohibited by order of civil authority. This coverage shall not exceed two consecutive weeks.

B. EXCLUSIONS

We will not pay for any "extra expense" unless "loss" was caused by or resulted from a Covered Cause of "Loss" under Section I or Section II of this policy.

We will not pay for any "loss" unless it occurs during the policy term.

C. MEASURE OF RECOVERY

1. We shall pay up to the amount specified in the Declarations for the necessary "extra expense" that is incurred for the "period of restoration."

The "period of restoration" starts with the date of "loss" and is not limited by the expiration of this policy.
2. The most we will pay for a "loss" is the amount stated in the Declarations.

D. RESUMPTION OF OPERATIONS

You must resume "normal" operations of your business as soon as practicable after "loss." Coverage under this section shall then cease.

E. DEDUCTIBLE

We will not pay for "loss" in any one occurrence until the amount of "Loss" exceeds the Deductible amount shown in Section III of the Declarations. We will then pay the amount of "loss" in excess of the Deductible, up to any applicable Limit of Insurance.

F. DEFINITIONS

1. "Loss" means accidental loss or damage.
2. "Extra expense" means the excess (if any) of the total cost incurred during the "period of restoration" chargeable to the operations of your business over and above the total cost that would normally have been incurred to conduct the business during the same period had no damage occurred.

The cost in each case includes the expense of using other property or facilities of other concerns or other necessary emergency expenses.

In no event shall we pay for loss of profits or earnings resulting from a reduced volume of business.

In no event shall we pay for direct or indirect "loss" to property covered under Sections I or II.

We shall not pay for the purchase, construction, repair or replacement of any physical property unless incurred for the purpose of reducing a covered "loss" under this Section III, and then any payment shall not exceed the amount by which the "loss" is reduced.

Any salvage value of property obtained for temporary use during the "period of restoration" which remains after the resumption of normal operations shall be taken into consideration in the adjustment of any "loss" hereunder.

3. "Normal" means the condition that would have existed had no "loss" occurred.
4. "Period of restoration" means the length of time:
 - a. starting with the date of "loss"; and
 - b. not limited by the date of expiration of this coverage;

required with due diligence and dispatch to repair, rebuild or replace the part of the property covered by this policy that has been damaged or destroyed.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART
 STANDARD PROPERTY POLICY

SCHEDULE

The **Exception Covering Certain Fire Losses** (Paragraph **C**) applies to property located in the following state(s), if covered under the indicated Coverage Form, Coverage Part or Policy:

State(s)	Coverage Form, Coverage Part Or Policy
Michigan	Property, Inland Marine
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

- A.** The following definition is added with respect to the provisions of this endorsement:

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

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

- B.** The following exclusion is added:

CERTIFIED ACT OF TERRORISM EXCLUSION

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

- C. Exception Covering Certain Fire Losses**

The following exception to the exclusion in Paragraph **B.** applies only if indicated and as indicated in the Schedule of this endorsement.

If a "certified act of terrorism" results in fire, we will pay for the loss or damage caused by that fire. Such coverage for fire applies only to direct loss or damage by fire to Covered Property. Therefore, for example, the coverage does not apply to insurance provided under Business Income and/or Extra Expense coverage forms or endorsements which apply to those forms, or to the Legal Liability Coverage Form or the Leasehold Interest Coverage Form.

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

D. Application Of Other Exclusions

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

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SECTION IV — LOSS OF BUSINESS INCOME

A. COVERAGE

1. We will pay for the actual loss of "business income" you sustain due to the necessary suspension of your operations during the "period of restoration". The suspension must be caused by direct physical "loss" to covered property insured under Section I and Section II caused by or resulting from any Covered Cause of "Loss".

2. Additional Coverages

- a. Extra Expense

We will pay any "extra expense" to avoid or minimize the suspension of business if you cannot continue operations; and to continue operations to the extent it reduces the amount of loss that otherwise would have been payable under this coverage form.

- b. Civil Authority

We will pay for the actual loss of "business income" and necessary "extra expense" caused by action of civil authority that prohibits access to your covered property due to direct physical "loss" to property other than your covered property caused by or resulting from any Covered Cause of "Loss". This coverage will apply for a period of up to two consecutive weeks from the date of that action.

- c. Support Systems

We will also pay for the actual loss of "business income" you sustain due to the necessary suspension of operations during the "period of restoration" when as a direct result of Covered Cause of "Loss" the air conditioning system or electrical system necessary for the operation of your data processing system is so damaged as to reduce or suspend your ability to perform the operations normally performed by that data processing system.

These Additional Coverages will not increase the Limit of Insurance for Business Income.

B. EXCLUSIONS

1. We will not pay for any loss of "business income" unless the loss was caused by a Covered Cause of "Loss" under Section I or Section II of this policy;
2. We will not pay for any loss unless it begins during the coverage period.
3. We will not pay for loss which is the result of or increased by:
 - a. the application of any law or ordinance regulating the construction or repair of buildings or structures;
 - b. the suspension, lapse or cancellation of any lease, contract or order;
 - c. interference by strikers or other persons with rebuilding, repairing or replacing property or with the resumption or continuation of business;
 - d. any other consequential or indirect "loss"; or
 - e. the purchase, construction, repair or replacement of any physical property unless incurred for the purpose of reducing a covered loss under this Coverage Form, and then only to the extent provided for in the Extra Expense Additional Coverage above.
4. We will not pay under this section for direct or indirect physical loss to any property covered under Section I or Section II.

C. MEASURE OF RECOVERY

The amount of Business Income loss will be determined based on:

1. the net income of the business before the direct physical "loss" occurred;
2. the likely net income of the business if no "loss" occurred;
3. the operating expenses, including payroll expenses, necessary to resume operations with the same quality of service that existed just before the direct physical "loss"; and
4. other relevant sources of information including:

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- a. your financial records and accounting procedures;
 - b. bills, invoices and other vouchers; and
 - c. deeds, liens or contracts.
5. The most we will pay for loss of "business income" is the amount stated in the Declarations for Business Income.

Any salvage value of property obtained for temporary use during the "period of restoration" which remains after the resumption of "normal" operations shall be taken into consideration in the adjustment of any loss hereunder.

D. COINSURANCE

We will pay only the percentage of the "business income" loss that the Limit of Insurance for Business Income in the Declarations bears to:

1. the coinsurance percentage shown for Business Income in the Declarations, times:
2. the sum of:
 - a. the net income; and
 - b. all operating expenses including payroll expenses;

that would have been earned (had no loss occurred) by your operations for the 12 months following the inception or last previous anniversary date of this policy (whichever is later).

This condition will not apply to the Extra Expense Additional Coverage.

E. DEDUCTIBLE

The deductible shall be an amount equal to the "business income" that would have been earned commencing with the time of loss and ending with the expiration of the waiting period stated in the Deductible clause in the Declarations.

F. DEFINITIONS

1. "Business income" means:
 - a. net income (net Profit or Loss before income taxes) that would have been earned or incurred; and
 - b. continuing normal operating expenses, including payroll incurred.
2. "Extra expense" means the necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical "loss" to covered property caused by or resulting from any Covered Cause of "Loss".
3. "Loss" means accidental loss or damage.
4. "Normal" means the conditions that would have existed had no loss occurred.
5. "Period of restoration" is the period starting with the date of direct physical "loss" to covered property caused by or resulting from any Covered Cause of "Loss" and ending with the date when the covered property should be repaired, rebuilt or replaced with reasonable speed and similar quality.

"Period of restoration" does not include any increased period required due to the enforcement of any law that regulates the construction, use or repair or requires the tearing down of any property.

The expiration date of this policy will not cut short the "period of restoration".