

FORMS – IMPLEMENTATION

JANUARY 14, 2019

COMMERCIAL LINES

LI-CL-2019-001

KANSAS WITHDRAWAL OF ARBITRATION AND APPRAISAL STATE EXCEPTIONS AND INTRODUCTION OF MULTISTATE ENDORSEMENTS TO BE IMPLEMENTED

KEY MESSAGE

Filing CL-2018-OARB1, which withdraws various Kansas arbitration endorsements and introduces corresponding multistate endorsements, and removes Kansas appraisal provisions from various commercial lines forms in response to 2018 K.S. HB 2571, is being implemented.

Affected lines: AG, BP, CA, CF, CM, CR, CY, EB, FC, FI, FR, GL, HH, OP, PF (IA, MI, RE), PR

Rating Software Impact: Revised forms; new forms; withdrawn forms

BACKGROUND

In circular [LI-CL-2018-038](#), we informed you that in response to 2018 K.S. HB 2571, which became effective 07/01/2018, we submitted filing CL-2018-OARB1, which withdraws various Kansas arbitration endorsements and introduces corresponding multistate endorsements, and removes Kansas appraisal provisions from various commercial lines forms.

INSURANCE DEPARTMENT ACTION

The Kansas Insurance Department has:

- With respect to the Medical Professional Liability (PR) line of business, approved filing CL-2018-OARB1 as submitted; and
- With respect to all other affected lines of business, acknowledged filing CL-2018-OARB1 as submitted.

EFFECTIVE DATE

The ISO revision is subject to the following rule of application:

These changes are applicable to all policies written on or after June 1, 2019.

COMPANY ACTION

If you have authorized us to file on your behalf and decide:

- To use our revision and effective date, you are not required to file anything with the Insurance Department.
- To use our revision with a different effective date, to use our revision with modification, or to not use our revision, you must make an appropriate submission with the Insurance Department.

For guidance on submission requirements, consult the ISO State Filing Handbook.

In all correspondence with the Insurance Department on this revision, you should refer to ISO Filing Designation Number [CL-2018-OARB1](#), not this circular number. Communications with the regulator concerning a filing affecting multiple lines of business (i.e., CL, PL, AL filing designation) should specify the line(s) of business that you are addressing.

RATING SOFTWARE IMPACT

New attributes being introduced with this revision:

- New edition dates of existing form numbers are being introduced.
 - Forms are being withdrawn.
 - New forms are being introduced.
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POLICYHOLDER NOTIFICATION

If you decide to implement this revision, you should check all applicable laws for the state(s) to which this revision applies, to determine whether or not a specific policyholder notice requirement may apply. Please note that circular [LI-CL-2018-044](#) contains the ISO Guide To Renewals With Changed Conditions For Commercial Lines, which is available only as a guide to assist participating companies in complying with various conditional renewal statutes or regulations, for the major commercial lines of insurance serviced by ISO. The information in the Guide does not necessarily reflect all requirements or exceptions that may apply, and it is not intended as a substitute for your review of all applicable statutes and regulations concerning policyholder notification.

REVISION DISTRIBUTION

We will issue a Notice to Portfolioholders with an edition date of 6-19 (or the earliest possible subsequent date), along with any new and/or revised forms.

RELATED RULES REVISION

We are announcing in a separate circular the implementation of a corresponding rules revision. Please refer to the Reference(s) block for identification of that circular.

REFERENCE(S)

- [LI-CL-2019-002](#) (01/14/2019) Kansas Revision And Withdrawal Of Rules Exceptions To Be Implemented
 - [LI-CL-2018-044](#) (11/27/2018) Revised Lead Time Requirements Listing
 - [LI-CL-2018-038](#) (10/29/2018) Kansas Arbitration And Appraisal State Exceptions Withdrawn And Multistate Endorsements Introduced
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ATTACHMENT(S)

Final copies of [AG 01 18 06 19](#), [BP 01 05 06 19](#), [CA 01 22 06 19](#), [CA 21 37 06 19](#), [CM 02 02 06 19](#), [CP 01 01 06 19](#), [EB 01 05 06 19](#), [FC 01 15 06 19](#), [FP 01 15 06 19](#), [HH 04 27 06 19](#), [HH 04 28 06 19](#), [OP 01 10 06 19](#)

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

KANSAS CHANGES

This endorsement modifies insurance provided under the following:

AGRICULTURAL CAPITAL ASSETS (OUTPUT POLICY) COVERAGE PART

A. The **Concealment, Misrepresentation Or Fraud Condition is replaced by the following:**

Concealment, Misrepresentation Or Fraud

We will not pay for any loss or damage under this Coverage Part if you or any other insured in relation to an insurance application, rating, claim or coverage under this policy knowingly and with intent to defraud:

1. Presents, causes to be presented or prepares with the knowledge or belief that it will be presented to or by an insurer, purported insurer, broker or any agent thereof, any written, electronic, electronic impulse, facsimile, magnetic, oral or telephonic communication or statement which such person knows to contain materially false information concerning any material fact; or
2. Conceals information concerning any material fact for the purpose of misleading.

B. The **Legal Action Against Us Condition is replaced by the following:**

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 of the terms of this Coverage Part; and
2. The action is brought within five years after the date on which the direct physical loss or damage occurred.

C. The following is added:

The term "Actual Cash Value" means the amount it would cost to repair or replace Covered Property with material of like kind and quality, less allowance for deterioration and depreciation, including obsolescence.

D. The following applies when coverage is provided for townhouse buildings and structures:

1. The following is added:

The Association of Townhouse Owners includes every person or organization who is an owner of a fee simple title to a townhouse unit for which insurance is provided by this policy.

2. The **Control Of Property Condition is replaced by the following:**

The following will not affect this insurance if beyond your direction or control:

- a. Any act or neglect by any occupants or owners of the buildings; or
- b. Your failure to comply with any warranty or condition with regard to any portion of your "covered location".

If you violate a condition of this Coverage Part, we will not pay for loss or damage at the involved location. But your coverage will continue for other locations at which the violation does not apply.

3. Paragraph **b. in the **Mortgageholders** Additional Condition is replaced by the following:**

b. We will pay for covered loss of or damage to buildings or structures to:

- (1) The Insurance Trustee for the benefit of each Townhouse Owner;
- (2) The holder of each first mortgage; and
- (3) The Association;

as interests may appear and as shown in the Townhouse Declarations.

E. Paragraph 2. of the **Cancellation** Common Policy Condition is replaced by the following:

2.a. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation, stating the reasons for cancellation, at least:

- (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium.
- (2) 30 days before the effective date of cancellation if we cancel for any other reason.

b. If this policy has been in effect for 90 days or more, or if it is a renewal of a policy we issued, we may cancel this policy only for one or more of the following reasons:

- (1) Nonpayment of premium;
- (2) This policy was issued because of material misrepresentation;
- (3) You or any other insured violated any of the material terms and conditions of this policy;
- (4) Unfavorable underwriting factors, specific to you, exist that were not present at the inception of this policy;

(5) A determination by the insurance commissioner that continuation of coverage could place us in a hazardous financial condition or in violation of the laws of Kansas; or

(6) A determination by the insurance commissioner that we no longer have adequate reinsurance to meet our needs.

F. The following is added and supersedes any condition to the contrary:

Nonrenewal

1. If we decide not to renew this policy, we will mail or deliver written notice of nonrenewal, stating the reasons for nonrenewal, to the first Named Insured at least 60 days prior to the expiration of the policy.

2. Any notice of nonrenewal will be mailed or delivered to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

KANSAS CHANGES

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM
INFORMATION SECURITY PROTECTION ENDORSEMENT

A. Section I – Property is amended as follows:

1. Paragraph **E.4. Legal Action Against Us** Property Loss Conditions is replaced by the following:

4. Legal Action Against Us

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

- a. There has been full compliance with all of the terms of this insurance; and
- b. The action is brought within five years after the date on which the direct physical loss or damage occurred.

2. The following is added to Paragraph **E.5. Loss Payment** Property Loss Conditions:

The term "actual cash value" means the amount it would cost to repair or replace lost or damaged property with material of like kind and quality, less allowance for deterioration and depreciation, including obsolescence.

B. Section III – Common Policy Conditions is amended as follows:

1. Paragraph **A.2. Cancellation** is replaced by the following:

2. Cancellation

a. We may cancel this Policy by mailing or delivering to the first Named Insured written notice of cancellation, stating the reasons for cancellation, at least:

- (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium.
- (2) 30 days before the effective date of cancellation if we cancel for any other reason.

b. If this Policy has been in effect for 90 days or more, or if it is a renewal of a policy we issued, we may cancel this Policy only for one or more of the following reasons:

- (1) Nonpayment of premium;
- (2) This Policy was issued because of material misrepresentation;
- (3) You or any other insured violated any of the material terms and conditions of this Policy;
- (4) Unfavorable underwriting factors, specific to you, exist that were not present at the inception of this Policy;
- (5) A determination by the insurance commissioner that continuation of coverage could place us in a hazardous financial condition or in violation of the laws of Kansas; or
- (6) A determination by the insurance commissioner that we no longer have adequate reinsurance to meet our needs.

2. Paragraph **C. Concealment, Misrepresentation Or Fraud** is replaced by the following:

C. Concealment, Misrepresentation Or Fraud

We will not pay for any loss or damage under this Policy if you or any other insured in relation to an insurance application, rating, claim or coverage under this Policy, knowingly and with intent to defraud:

1. Presents, causes to be presented or prepares with the knowledge or belief that it will be presented to or by an insurer, purported insurer, broker or any agent thereof, any written, electronic, electronic impulse, facsimile, magnetic, oral or telephonic communication or statement which such person knows to contain materially false information concerning any material fact; or
2. Conceals information concerning any material fact for the purpose of misleading.

3. The following is added to Paragraph **E. Inspections And Surveys** when the Mechanical Breakdown Optional Coverage in Section I – Property is selected:

If the object covered is a steam boiler and subject to KSA 44-923 (SB7), the steam boiler must be inspected at least annually by our representative.

4. The following paragraph is added:

M. Nonrenewal

1. If we decide not to renew this Policy, we will mail or deliver written notice of nonrenewal, stating the reasons for nonrenewal, to the first Named Insured at least 60 days prior to the expiration date of this Policy.
2. Any notice of nonrenewal will be mailed or delivered to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

C. The following applies when coverage is provided for townhouse buildings and structures under:

1. Section I – Property:

a. The following is added:

The Association of Townhouse Owners includes every person or organization who is an owner of a fee simple title to a townhouse unit for which insurance is provided by this Policy.

b. Paragraph **F.1. Control Of Property** Property General Conditions is replaced by the following:

1. Control Of Property

The following will not affect this insurance if beyond your direction or control:

- a. Any act or neglect by any occupants or owners of the buildings; or
- b. Your failure to comply with any warranty or condition with regard to any portion of your premises.

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. The following is added to Paragraph **A.2. Property Not Covered:**

Household and personal property, unless owned by the Association of Townhouse Owners.

d. Paragraph **F.2.b. Mortgageholders** Property General Conditions is replaced by the following:

b. We will pay for covered loss or damage to buildings or structures to:

- (1) The Insurance Trustee for the benefit of each Townhouse Owner;
- (2) The holder of each first mortgage; and
- (3) The Association;

as interest may appear and as shown in the Townhouse Declaration.

2. Section II – Liability:

The following is added to Paragraph **C.2. Who Is An Insured:**

- e.** Each townhouse owner but only with respect to his or her liability as a member of the Association of Townhouse Owners.

D. The following changes apply only to Information Security Protection Endorsement **BP 15 07** if it is attached to this Policy:

1. Paragraph **(2)** of Insuring Agreement **d. Security Breach Liability** is replaced by the following:

- (2)** We will pay for "defense expenses" as a result of a "claim" in the form of a "regulatory proceeding" first made against the insured during the "policy period" or during the applicable Extended Reporting Period, in response to a "wrongful act" or a series of "interrelated wrongful acts" covered under Paragraph **d.(1)**.

2. Paragraph **d.** of the definition of "loss" in Paragraph **V.** is replaced by the following:

d. With respect to Insuring Agreements **d. Security Breach Liability** and **g. Web Site Publishing Liability:**

Compensatory damages, settlement amounts and costs awarded pursuant to judgments or settlements.

"Loss" does not include:

- (1)** Civil or criminal fines or penalties imposed by law;
- (2)** Punitive or exemplary damages;
- (3)** The multiplied portion of multiplied damages;
- (4)** Taxes;
- (5)** Royalties;
- (6)** The amount of any disgorged profits; or
- (7)** Matters that are uninsurable pursuant to law.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

KANSAS CHANGES

For a covered "auto" licensed or principally garaged in, or "auto dealer operations" conducted in, Kansas, this endorsement modifies insurance provided under the following:

AUTO DEALERS COVERAGE FORM
BUSINESS AUTO COVERAGE FORM
MOTOR CARRIER COVERAGE FORM

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

A. Changes In Covered Autos Liability Coverage

1. The paragraph within **Supplementary Payments** relating to court costs taxed against the "insured" is replaced by the following:

All costs taxed against the "insured" in any "suit" against the "insured" we defend.

2. Paragraph **2.b.(4)** of the **Who Is An Insured** provision of the Auto Dealers Coverage Form does not apply.

3. For coverage and limits required by the Kansas Financial Responsibility law, **Exclusions** is changed as follows:

- a. The **Workers' Compensation** Exclusion is replaced by the following:

Workers' Compensation

Any obligation for which the "insured" or the "insured's" insurer may be held liable under any workers' compensation, disability benefits or any similar law.

- b. The **Employee Indemnification And Employers' Liability** Exclusion is replaced by the following:

Employee Indemnification And Employers' Liability

This coverage does not apply to "bodily injury" to any "employee" of the "insured" arising out of and in the course of the "employee's" employment by the "insured" or while performing duties related to the conduct of the "insured's" business if benefits are required or available for the "employee" under any workers' compensation or disability benefits law or under any similar law. This exclusion does not apply to liability assumed by the "insured" under an "insured contract".

- c. The **Fellow Employee** Exclusion is replaced by the following:

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.

- d. The **Care, Custody Or Control** Exclusion is replaced by the following:

Care, Custody Or Control

This coverage does not apply to "property damage" to property owned by, rented to, or in charge of or transported by an "insured". However, this exclusion does not apply to "property damage" to a rented residence or private garage or to liability assumed by the "insured" under a sidetrack agreement.

- e. The following is added to the **War** Exclusion:

This exclusion applies only to the extent that the limit of insurance for this coverage in this Policy exceeds the limit required by the Kansas Automobile Injury Reparations Act.

- f. The **Racing** Exclusion does not apply.

- g. The exclusion relating to "bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, release or escape of pollutants does not apply if the discharge, dispersal, release or escape is sudden and accidental.

4. Our Limit of Insurance applies except that we will apply the limit shown in the Declarations to first provide the separate limits required by Kansas law as follows:
 - a. \$25,000 for "bodily injury" to any one person caused by any one "accident";
 - b. \$50,000 for "bodily injury" to two or more persons caused by any one "accident"; and
 - c. \$25,000 for "property damage" caused by any one "accident".

This provision will not change our limit of insurance.

B. Changes In Physical Damage Coverage

1. The "**Diminution In Value**" Exclusion does not apply.
2. The Limits Of Insurance provision with respect to repair or replacement resulting in better than like kind or quality in any coverage form or endorsement does not apply.

C. Changes In Conditions

1. The following is added to the **Loss Payment – Physical Damage Coverages** Condition:

An "auto" shall be deemed a total "loss" when such "auto" is required to be registered in this state and has been directly and accidentally wrecked or damaged to the extent that the total cost of repair is 75% or more of the fair market value, in accordance with KAN. STAT. ANN. § 8-197(b)(2).

2. The **Concealment, Misrepresentation Or Fraud** General Condition is replaced by the following:

Concealment, Misrepresentation Or Fraud

We will not pay under this coverage form if you or any other "insured" in relation to an insurance application, rating, claim or coverage under this Policy knowingly and with intent to defraud:

- a. Presents, causes to be presented or prepares with knowledge or belief that it will be presented to or by an insurer, purported insurer, broker or any agent thereof, any written, electronic, electronic impulse, facsimile, magnetic, oral or telephonic communication or statement which such person knows to contain materially false information concerning any material fact; or
- b. Conceals information concerning any material fact for the purpose of misleading.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

KANSAS UNINSURED MOTORISTS COVERAGE

For a covered "auto" licensed or principally garaged in, or "auto dealer operations" conducted in, Kansas, this endorsement modifies insurance provided under the following:

- AUTO DEALERS COVERAGE FORM
- BUSINESS AUTO COVERAGE FORM
- MOTOR CARRIER COVERAGE FORM

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

This endorsement changes the policy effective on the inception date of the policy unless another date is indicated below.

Named Insured:
Endorsement Effective Date:

SCHEDULE

Limit Of Insurance: \$	Each "Accident"
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Coverage

1. We will pay all sums the "insured" is legally entitled to recover as damages from the owner or driver of an "uninsured motor vehicle". The damages must result from "bodily injury" sustained by the "insured" caused by an "accident". The owner's or driver's liability for these damages must result from the ownership, maintenance or use of the "uninsured motor vehicle".
2. With respect to damages resulting from an "accident" with a vehicle described in Paragraph **b.** of the definition of "uninsured motor vehicle", we will pay under this coverage only if **a.** or **b.** below applies:
 - a.** The limit of any applicable liability bonds or policies has been exhausted by payment of judgments or settlements; or

- b.** A tentative settlement has been made between an "insured" and the insurer of a vehicle described in Paragraph **b.** of the definition of "uninsured motor vehicle" and we:
 - (1)** Have been given prompt written notice of such tentative settlement; and
 - (2)** Advance payment to the "insured" in an amount equal to the tentative settlement within 60 days after receipt of notification.

B. Who Is An Insured

If the Named Insured is designated in the Declarations as:

1. An individual, then the following are "insureds":
 - a.** The Named Insured and any "family members".
 - b.** Anyone else "occupying" a covered "auto" or a temporary substitute for a covered "auto". The covered "auto" must be out of service because of its breakdown, repair, servicing, "loss" or destruction.

- c. Anyone for damages he or she is entitled to recover because of "bodily injury" sustained by another "insured".
- 2. A partnership, limited liability company, corporation or any other form of organization, then the following are "insureds":
 - a. Anyone "occupying" a covered "auto" or a temporary substitute for a covered "auto". The covered "auto" must be out of service because of its breakdown, repair, servicing, "loss" or destruction.
 - b. Anyone for damages he or she is entitled to recover because of "bodily injury" sustained by another "insured".

C. Exclusions

This insurance does not apply to any of the following:

- 1. Any claim settled or judgment reached without our consent if the settlement or judgment prejudices our right to recover payment. However, this exclusion does not apply to a settlement made with the insurer of a vehicle described in Paragraph **b.** of the definition of "uninsured motor vehicle".
- 2. The direct or indirect benefit of any insurer or self-insurer under any workers' compensation, disability benefits or similar law.
- 3. Anyone using a vehicle without a reasonable belief that the person is entitled to do so.
- 4. "Bodily injury" sustained by an "insured" while "occupying" or when struck by any motor vehicle that is owned by or provided for the regular use of that "insured" for which the security required by Kansas law is not in effect.

D. Limit Of Insurance

- 1. Regardless of the number of covered "autos", "insureds", premiums paid, claims made or vehicles involved in the "accident", the most we will pay for all damages resulting from any one "accident", is the limit of Uninsured Motorists Insurance shown in the Schedule or Declarations. We will apply the limit shown in the Schedule or Declarations to first provide the separate limits required by Kansas law as follows:
 - a. \$25,000 for "bodily injury" to any one person caused by any one "accident", and
 - b. \$50,000 for "bodily injury" to two or more persons caused by any one "accident".

This provision will not change our total limit of liability.

- 2. The limit for damages resulting from "bodily injury" caused by a vehicle described in Paragraph **b.** of the definition of "uninsured motor vehicle" applies separately from the limit for a vehicle described in Paragraphs **a., c.** and **d.** of that definition.
- 3. No one will be entitled to receive duplicate payments for the same elements of "loss" under this coverage and any Liability Coverage form, Medical Payments Coverage endorsement, Uninsured Motorists Coverage endorsement or Underinsured Motorists Coverage endorsement attached to this Coverage Part.

We will not make a duplicate payment under this coverage for any element of "loss" for which payment has been made by or for anyone who is legally responsible.

We will not pay for any element of "loss" if the person is entitled to receive payment for the same element of "loss" under any workers' compensation, disability benefits or similar law or personal injury protection coverage.

- 4. Any amount paid under this insurance will reduce any amount an "insured" may be paid under the Coverage Form's Covered Autos Liability Coverage.

E. Changes In Conditions

The Conditions are changed for Uninsured Motorists Coverage as follows:

- 1. **Other Insurance** in the Auto Dealers and Business Auto Coverage Forms and **Other Insurance – Primary And Excess Insurance Provisions** in the Motor Carrier Coverage Form are changed by addition of the following:
 - a. The reference to "other collectible insurance" applies only to other collectible uninsured motorists insurance.
 - b. If there is other applicable insurance available under one or more policies or provisions of coverage, the maximum recovery under all Coverage Forms or policies combined may equal but not exceed the highest applicable limit for any one vehicle under any Coverage Form or policy providing coverage on either a primary or excess basis.

2. Duties In The Event Of Accident, Claim, Suit Or Loss in the Business Auto and Motor Carrier Coverage Forms and **Duties In The Event Of Accident, Claim, Offense, Suit, Loss Or Acts, Errors Or Omissions** in the Auto Dealers Coverage Form are changed by adding the following:

- a. Promptly notify the police if a hit-and-run driver is involved.
- b. Promptly send us copies of the legal papers if a "suit" is brought.
- c. A person seeking Uninsured Motorists Coverage must also:

- (1) Notify us in writing, by certified mail, of a tentative settlement between the "insured" and the insurer of a vehicle described in Paragraph **b.** of the definition of "uninsured motor vehicle"; and
- (2) Allow us 60 days after receipt of the written notice to advance payment to that "insured", in an amount equal to the tentative settlement, to preserve our rights against the insurer, owner or operator of such vehicle described in Paragraph **b.** of the definition of "uninsured motor vehicle".

Such written notice shall include written documentation of all damages incurred, copies of all medical bills and written authorization or a court order to obtain reports from all employers and medical providers.

3. Transfer Of Rights Of Recovery Against Others To Us is changed by adding the following:

- a. If we make any payment and the "insured" recovers from another party, the "insured" shall hold the proceeds in trust for us and pay us back the amount we have paid.
- b. We do not have a right of recovery with respect to damages resulting from an "accident" with a vehicle described in Paragraphs **a.**, **c.** and **d.** of the definition of "uninsured motor vehicle" to which a liability bond or policy applies at the time of the "accident", but the bonding or insuring company is or becomes insolvent.

c. Our rights do not apply under this provision with respect to damages caused by an "accident" with a vehicle described in Paragraph **b.** of the definition of "uninsured motor vehicle" if we:

- (1) Have been given written notice by certified mail of a tentative agreement between the "insured" and the insuring company of the owner or operator of the underinsured motor vehicle to settle for liability limits; and
- (2) Fail to advance payments to the "insured" in an amount equal to the tentative settlement within 60 days after receipt of the notice.

If we advance payment to the "insured" in an amount equal to the tentative settlement within 60 days after receipt of notification:

- (1) That payment will be separate from any amount the "insured" is entitled to recover under the provisions of Uninsured Motorists Coverage; and
- (2) We also have a right to recover the advance payment.

4. The Two Or More Coverage Forms Or Policies Issued By Us General Condition does not apply.

5. The Concealment, Misrepresentation Or Fraud General Condition does not apply.

6. The following condition is added:

Arbitration

- a. If we and an "insured" disagree whether the "insured" is legally entitled to recover damages from the owner or driver of an "uninsured motor vehicle" or do not agree as to the amount of damages that are recoverable by that "insured", then the matter may be arbitrated. However, disputes concerning coverage under this endorsement may not be arbitrated. Both parties must agree to arbitration. If so agreed, 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 of a court having jurisdiction. Each party will pay the expenses it incurs and bear the expenses of the third arbitrator equally.

- b. Unless both parties agree otherwise, arbitration will take place in the county in which the "insured" lives. Local rules of law as to procedure and evidence will apply. A decision agreed to by two of the arbitrators will be binding.
- c. Once arbitration is agreed to by both parties, either party has the right to bring arbitration under K.S.A. Sections 5-201 – 5-213 inclusive, in lieu of the arbitration procedure provided in this condition.

F. Additional Definitions

As used in this endorsement:

- 1. "Family member" means a person related to an individual Named Insured by blood, marriage or adoption, who is a resident of such Named Insured's household, including a ward or foster child.
- 2. "Occupying" means in, upon, getting in, on, out or off.
- 3. "Uninsured motor vehicle" means a land motor vehicle or "trailer":
 - a. For which no liability bond or policy at the time of an "accident" provides at least the amounts required by Kansas law;
 - b. That is an underinsured motor vehicle. An underinsured motor vehicle is a land motor vehicle or "trailer" for which the sum of all liability bonds or policies at the time of an "accident" provides at least the amounts required by Kansas law, but their limits are less than the limit of this insurance;

- c. For which an insuring or bonding company denies coverage or is or becomes insolvent;
- d. For which neither the driver nor owner can be identified. The vehicle must either:
 - (1) Hit an "insured", a covered "auto" or a vehicle an "insured" is "occupying"; or
 - (2) Cause "bodily injury" to an "insured" without hitting an "insured", a covered "auto" or a vehicle an "insured" is "occupying", provided the facts of the "accident" can be corroborated by competent evidence other than the testimony of any person having a claim under this or any other similar insurance as the result of such "accident".

However, "uninsured motor vehicle" does not include any vehicle:

- a. Owned or operated by a self-insurer under any applicable motor vehicle law, except a self-insurer who is or becomes insolvent and cannot provide the amounts required by that motor vehicle law.
- b. Owned by a governmental unit or agency.
- c. Designed for use mainly off public roads while not on public roads.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

KANSAS CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART

- A.** General Condition **C. Legal Action Against Us** in the Commercial Inland Marine Conditions is replaced by the following:
- C. Legal Action Against Us**
- No one may bring a legal action against us:
1. Until there has been full compliance with all the terms of this Coverage Part; and
 2. More than five years after you first have knowledge of the direct loss or damage.
- B.** The following Definition is added:
- "Actual cash value" means the amount that it would cost to repair or replace Covered Property with material of like kind and quality, less allowance for physical deterioration and depreciation, including obsolescence.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

KANSAS CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

A. The Legal Action Against Us Commercial Property Condition is replaced by the following:

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 of the terms of this Coverage Part; and
2. The action is brought within five years after the date on which the direct physical loss or damage occurred.

B. The following is added:

The term "Actual Cash Value" means the amount it would cost to repair or replace Covered Property with material of like kind and quality, less allowance for deterioration and depreciation, including obsolescence.

C. The following applies when coverage is provided for townhouse buildings and structures:

1. The following is added:

The Association of Townhouse Owners includes every person or organization who is an owner of a fee simple title to a townhouse unit for which insurance is provided by this Policy.

2. The **Control Of Property** Commercial Property Condition is replaced by the following:

The following will not affect this insurance if beyond your direction or control:

- a. Any act or neglect by any occupants or owners of the buildings; or
- b. Your failure to comply with any warranty or condition with regard to any portion of your premises.

If you violate a condition of this Coverage Part, we will not pay for loss or damage at the involved location. But your coverage will continue for other locations at which the violation does not apply.

3. The following is added to **Property Not Covered** in the Building And Personal Property Coverage Form:

- r. Household and personal property, unless owned by the Association of Townhouse Owners.

4. Paragraph **b.** in the **Mortgageholders** Additional Condition in the Building And Personal Property Coverage Form is replaced by the following:

b. We will pay for covered loss of or damage to buildings or structures to:

- (1) The Insurance Trustee for the benefit of each Townhouse Owner;
- (2) The holder of each first mortgage; and
- (3) The Association;

as interests may appear and as shown in the Townhouse Declarations.

D. The Outdoor Property Coverage Extension is revised to replace "\$250" with "\$500" with respect to the most we will pay for any one tree, shrub or plant. This change applies to the following forms:

1. Building And Personal Property Coverage Form.
2. Condominium Association Coverage Form.
3. Condominium Commercial Unit-owners Coverage Form.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

KANSAS CHANGES

This endorsement modifies insurance provided under the following:

EQUIPMENT BREAKDOWN COVERAGE PART

- A.** The **Inspections And Surveys** Common Policy Condition is amended by the addition of the following:
If the "Covered Equipment" being insured is a steam boiler and subject to KSA 44-923 (SB7) that steam boiler will be inspected at least annually by us.
- B.** Paragraph **(2)** of the **Legal Action Against Us** Condition is amended to read:
(2) The action is brought within five years after the date of the "Breakdown"; or

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

KANSAS CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL FLOOD POLICY

A. The following is added:

The term "Actual Cash Value" means the amount it would cost to repair or replace Covered Property with material of like kind and quality, less allowance for deterioration and depreciation, including obsolescence.

B. The following applies when coverage is provided for townhouse buildings and structures:

1. The following is added:

The Association of Townhouse Owners includes every person or organization who is an owner of a fee simple title to a townhouse unit for which insurance is provided by this Policy.

2. The **Control Of Property** Condition is replaced by the following:

2. Control Of Property

The following will not affect this insurance if beyond your direction or control:

- a. Any act or neglect by any occupants or owners of the buildings; or
- b. Your failure to comply with any warranty or condition with regard to any portion of your premises.

If you violate a condition of this Policy, we will not pay for loss or damage at the involved location. But your coverage will continue for other locations at which the violation does not apply.

3. The following is added to **Property Not Covered**:

- t. Household and personal property, unless owned by the Association of Townhouse Owners.

4. Paragraph **b.** in the **Mortgageholders** Condition is replaced by the following:

- b. We will pay for covered loss of or damage to buildings or structures to:

- (1) The Insurance Trustee for the benefit of each Townhouse Owner;
- (2) The holder of each first mortgage; and

(3) The Association;

as interests may appear and as shown in the Townhouse Declaration.

C. The **Legal Action Against Us** Condition is replaced by the following:

4. Legal Action Against Us

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

- a. There has been full compliance with all of the terms of this Policy; and
- b. The action is brought within five years after the date on which the direct physical loss or damage occurred.

D. The **Appraisal** Time Element Insurance Loss Condition is replaced by the following:

4. Appraisal

If, after a claim has been made, a dispute arises because you and we disagree on the amount of Net Income and operating expense or the amount of loss, either may make a written request for an appraisal of the loss. **However, an appraisal will be made only if both you and we agree, voluntarily, to have the loss appraised.** If so agreed, 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 amount of Net Income and operating expense 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 there is an appraisal, we will still retain our right to deny the claim.

E. The Concealment, Misrepresentation Or Fraud Condition is replaced by the following:

1. Concealment, Misrepresentation Or Fraud

We will not pay for any loss or damage under this Policy if you or any other insured in relation to an insurance application, rating, claim or coverage under this Policy knowingly and with intent to defraud:

- a. Presents, causes to be presented or prepares with the knowledge or belief that it will be presented to or by an insurer, purported insurer, broker or any agent thereof, any written, electronic, electronic impulse, facsimile, magnetic, oral or telephonic communication or statement which such person knows to contain materially false information concerning any material fact; or
- b. Conceals information concerning any material fact for the purpose of misleading.

F. The following are added to the Cancellation Condition and supersede any provision to the contrary:

- 1. Our notice of cancellation will state the reasons for cancellation.
- 2. If this Policy has been in effect for 90 days or more, or if it is a renewal of a policy we issued, we may cancel this Policy only for one or more of the following reasons:
 - a. Nonpayment of premium;

- b. This Policy was issued because of material misrepresentation;
- c. You or any other insured violated any of the material terms and conditions of this Policy;
- d. Unfavorable underwriting factors, specific to you, exist that were not present at the inception of this Policy;
- e. A determination by the insurance commissioner that continuation of coverage could place us in a hazardous financial condition or in violation of the laws of Kansas; or
- f. A determination by the insurance commissioner that we no longer have adequate reinsurance to meet our needs.

G. Paragraph a. of the Nonrenewal Condition is replaced by the following:

- a. If we decide not to renew this Policy, we will mail or deliver written notice of nonrenewal, stating the reasons for nonrenewal, to the first Named Insured at least 60 days prior to the expiration of the Policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

KANSAS CHANGES

This endorsement modifies insurance provided under the following:

FARM COVERAGE PART

- A.** The **Legal Action Against Us** Condition in the:
1. Farm Property – Other Farm Provisions Form – Additional Coverages, Conditions, Definitions;
 2. Mobile Agricultural Machinery And Equipment Coverage Form; and
 3. Livestock Coverage Form,

is replaced by the following:

Legal Action Against Us

No one may bring a legal action against us under a Coverage Form to which this condition applies, unless:

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

- B.** The following is added to the **Definitions** Section in the:

1. Farm Property – Other Farm Provisions Form – Additional Coverages, Conditions, Definitions;
2. Mobile Agricultural Machinery And Equipment Coverage Form; and
3. Livestock Coverage Form.

The term "Actual Cash Value" means the amount it would cost to repair or replace Covered Property with material of like kind and quality, less allowance for deterioration and depreciation, including obsolescence.

- C.** The **Transfer Of Rights Of Recovery Against Others To Us** Condition in the Farm Liability Coverage Form does not apply to **Coverage J – Medical Payments**.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

KANSAS CHANGES – THEFT OF PATIENTS' OR CLIENTS' PROPERTY COVERAGE

This endorsement modifies insurance provided under the following:

HOME HEALTHCARE COVERAGE PART

SCHEDULE

Deductible:	\$
Theft Of Patients' Or Clients' Property Coverage Limit – \$5,000 unless otherwise indicated:	\$
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

With respect to coverage provided by this endorsement, the following is added to **Section I – Coverages:**

Theft Of Patients' Or Clients' Property Coverage

A. We will pay for loss of or damage to "money", "securities" and "other property" sustained by your patient or client resulting directly from theft committed by any of your "employees", acting alone or in collusion with other persons, provided that such "employees" are specifically identified as having committed the theft.

The property covered under this coverage is limited to property that your patient or client:

1. Owns or leases; or
2. Holds for others;

while the property is on your patient's or client's premises. However, this insurance is for your benefit only. It provides no rights or benefits to any other person or organization, including your patient or client. Any claim for loss that is covered under this coverage must be presented by you.

B. We will not pay for loss or damage resulting from:

1. Any dishonest or criminal act that you or any insured listed under **Section III – Who Is An Insured Paragraphs A.1. through A.5.** commit whether acting alone or in collusion with other persons; or

2. Theft committed by any "employee" that:

- a. You; or
- b. Any insured listed under **Section III – Who Is An Insured Paragraphs A.1. through A.5.** not in collusion with the "employee";

discover, prior to the date of such theft, had previously committed any dishonest or criminal act, whether committed by that "employee", before or after being hired by you.

C. With respect to the coverage provided by this endorsement, **Section IV – Limits Of Insurance** is replaced by the following:

Section IV – Limits Of Insurance

The most we will pay under this endorsement for loss or damage in any one theft event is \$5,000, unless a higher Theft Of Patients' Or Clients' Property Coverage Limit is shown in the Schedule of this endorsement.

All loss or damage:

1. Caused by one or more persons; or
 2. Involving a single act or series of acts;
- is considered one theft event.

However, 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.

We will pay only for loss or damage sustained through acts committed or events occurring during the policy period. Regardless of the number of years this Policy remains in force or the number of premiums paid, no limit of insurance cumulates from year to year or period to period.

- D. We will pay only for covered loss or damage sustained during the policy period and discovered no later than one year from the end of the policy period.

However, if your patient or client (or any predecessor in interest) sustained loss or damage during the policy period of any prior insurance and you could have recovered under that insurance except that the time within which to discover loss or damage had expired, we will pay for such loss or damage provided:

1. The coverage provided in this endorsement became effective at the time of cancellation or termination of the prior insurance; and
2. The loss or damage would have been covered by this endorsement had it been in effect when the acts or events causing the loss or damage were committed or occurred.

- E. The coverage provided under Paragraph D. above is part of, not in addition to, the limit of insurance applying to this endorsement and is limited to the lesser of the amount recoverable under:

1. This endorsement as of its effective date; or
2. The prior insurance had it remained in effect.

- F. With respect to the coverage provided by this endorsement, the following is added:

We will not pay for loss or damage in any one theft event until the amount of loss or damage exceeds the deductible amount shown in the Schedule of this endorsement. We will then pay the amount of loss or damage in excess of the deductible up to the applicable limit of insurance. No other deductible applies to theft of patients' or clients' property coverage.

- G. With respect to the coverage provided by this endorsement, Condition **B. Legal Action Against Us**, Condition **C. Other Insurance** and Condition **H. Duties In The Event Of A Wrongful Act, Occurrence, Offense, Claim Or Suit** under **Section V – Conditions** are replaced by the following:

B. Legal Action Against Us

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

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

C. Other Insurance

If there is other insurance covering the same loss or damage, 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 Theft Of Patients' Or Clients' Property Coverage Limit shown in the Schedule of this endorsement.

H. 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 "money", "securities" or "other property":
 - a. Notify the police if a law may have been broken.
 - b. Give us prompt notice of the loss or damage. Include a description of the property involved.
 - c. As soon as possible, give us a description of how, when and where the loss or damage occurred.
 - d. Take all reasonable steps to protect "money", "securities" or "other property" from further loss or damage, and keep a record of your expenses necessary to protect the "money", "securities" or "other property". Also, if feasible, set the damaged property aside and in the best possible order for examination.

- e. At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
- f. 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.

- 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.

- 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.

H. With respect to the coverage provided by this endorsement, the following conditions are added:

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

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

3. Loss Payment

In the event of loss or damage covered by this Policy:

- a. At our option, we will either:
 - (1) Pay the value of lost or damaged property;
 - (2) Pay the cost of repairing or replacing the lost or damaged property;
 - (3) Take all or any part of the property at an agreed or appraised value; or
 - (4) Repair, rebuild or replace the property with other property of like kind and quality.
- b. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- c. We will determine the value of:
 - (1) "Money" at its face value;
 - (2) "Securities" at their value at the close of business on the day the loss is discovered; and
 - (3) "Other property" at actual cash value.
- d. Actual cash value means the amount it would cost to repair or replace lost or damaged property with material of like kind and quality, less allowance for deterioration and depreciation, including obsolescence.
- e. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, provided you have complied with all of the terms of this Policy, and:
 - (1) We have reached agreement with you on the amount of loss; or
 - (2) An appraisal award has been made.

4. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, you may retain the property. But then you must 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 Theft Of Patients' Or Clients' Property Coverage Limit.

5. Policy Period, Coverage Territory

We cover loss or damage commencing:

- a. During the policy period shown in the Declarations; and

- b. Within the "coverage territory" or, with respect to property in transit, while it is between points in the "coverage territory".

6. 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.

7. Liberalization

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

- I. With respect to the coverage provided by this endorsement, the definition of "coverage territory" under **Section VI – Definitions** is replaced by the following:

"Coverage territory" means:

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

- J. With respect to the coverage provided by this endorsement, the following definitions are added:

- 1. "Other property" means any tangible property other than "money" and "securities" that has intrinsic value, but does not include:
 - a. Aircraft, automobiles, motortrucks and other vehicles subject to motor vehicle registration;
 - b. Contraband, or property in the course of illegal transportation or trade;
 - c. Land (including land on which the property is located), water, growing crops or lawns;
 - d. Watercraft (including motors, equipment and accessories) while afloat; or
 - e. Electronic data.

As used in this definition, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

- 2. "Money" means:

- a. Currency, coins and bank notes in current use and having a face value; and
- b. Traveler's checks, register checks and money orders held for sale to the public.

- 3. "Securities" means negotiable and nonnegotiable 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".

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

KANSAS CHANGES – HOME HEALTHCARE EQUIPMENT COVERAGE

This endorsement modifies insurance provided under the following:

HOME HEALTHCARE COVERAGE PART

SCHEDULE

Limits Of Insurance		
A. Your Home Healthcare Equipment Coverage Limits		
1. Blanket: (These limits do not apply with respect to Scheduled Home Healthcare Equipment shown in E. below.)		
a. Maximum For Any One Piece Of Equipment	\$	
b. Maximum In Any One Occurrence (for all Home Healthcare Equipment)	\$	
2. Scheduled: Maximum In Any One Occurrence (Combined Value of Scheduled Home Healthcare Equipment shown in E.1. and E.2. below. This limit applies only with respect to Scheduled Home Healthcare Equipment shown in E.1. and E.2. below.)		
	\$	
B. Home Healthcare Equipment Of Others Coverage (except your employees' and volunteer workers' owned home healthcare equipment) Limit (\$5,000 in any one occurrence unless otherwise stated)		
	\$	
C. Employees' Or Volunteer Workers' Owned Home Healthcare Equipment Coverage Limit (\$2,500 in any one occurrence unless otherwise stated)		
	\$	
D. Rental Reimbursement Coverage Limit		
	\$	
E. Scheduled Home Healthcare Equipment		
Description Of Home Healthcare Equipment	Limit Of Insurance	Agreed Value
	\$	\$
	\$	\$
	\$	\$
1. Total Value Of Home Healthcare Equipment (subject to Coinsurance)	\$	N/A
2. Total Agreed Value Of Home Healthcare Equipment	N/A	\$
F. Coinsurance (applicable to Scheduled Home Healthcare Equipment to which Agreed Value does not apply) The coinsurance percentage is 80% unless otherwise stated: %		
G. All Covered Property In Any One Occurrence		
	\$	
H. Deductible		
	\$	
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

**A. The following is added to Section I – Coverages:
Coverage – Home Healthcare Equipment**

1. Covered Property

We will pay for direct physical loss of or damage to Covered Property from any of the Covered Causes of Loss.

a. Covered Property, as used in this endorsement, means:

- (1)** Your "home healthcare equipment".
- (2)** "Home healthcare equipment" of others, in the care, custody or control of you, your "employees" or "volunteer workers", used in providing "professional services" to your patients or clients, but this Paragraph **a.(2)** does not apply to equipment owned by your "employees" or "volunteer workers".
- (3)** "Home healthcare equipment" owned by any of your "employees" or "volunteer workers", but this Paragraph **a.(3)** only applies while such equipment is being used:
 - (a)** By the "employee" or "volunteer worker" who owns such equipment; and
 - (b)** To provide "professional services" to your patients or clients;
or while such equipment is in transit between visits to your patients or clients for purposes of providing such "professional services".

However, we will not pay for loss of or damage to any "home healthcare equipment" caused by or resulting from theft of such equipment from any unattended vehicle unless, at the time of the theft, the vehicle's windows, doors and compartments were closed and locked, and there are visible signs that the theft was a result of forced entry.

2. Rental Reimbursement Coverage

If a Rental Reimbursement Coverage Limit is shown in the Schedule, we will reimburse you, your "employee" or your "volunteer worker", without application of a deductible, for reasonable expenses incurred in the temporary rental of equipment, if the temporary rental of the equipment is due to the following:

- a.** There is direct physical loss of or damage to Covered Property from a Covered Cause of Loss which makes the property unfit for its intended use;

b. The Covered Property is necessary to continue the providing of "professional services" to your patients or clients; and

c. You, your "employees" or "volunteer workers" do not have the equivalent "home healthcare equipment" reasonably available for use.

Our payment will be limited to that period of time reasonably required to repair or replace the Covered Property or when such property is no longer necessary to continue the providing of "professional services" to your patients or clients, whichever comes first. However, the most we will pay for all rental reimbursement under this Paragraph **2.** as a result of any one occurrence is the Rental Reimbursement Coverage Limit shown in the Schedule of this endorsement. Our payment will not be limited by the expiration date of this Policy, provided that the Covered Cause of Loss to Covered Property occurred during the policy period.

3. Property Not Covered

Covered Property does not include:

- a.** Radium;
- b.** Contraband or property in the course of illegal transportation or trade;
- c.** Electronic data;
- d.** "Home healthcare equipment" owned by you, your "employees" or "volunteer workers" that is loaned, rented or leased to anyone for any purpose other than the providing of "professional services" to your patients or clients; or
- e.** Equipment temporarily rented to you, your "employee" or your "volunteer worker" and for which Rental Reimbursement Coverage is provided.

As used in this Paragraph **A.3.**, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

4. Covered Causes Of Loss

Covered Causes of Loss means direct physical loss of or damage to Covered Property except those causes of loss listed in the Exclusions.

B. Exclusions

With respect to the coverage provided by this endorsement, **Section II – Exclusions** is replaced by the following:

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. 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 endorsement.

b. 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 direct loss or damage caused by that fire if the fire would be covered under this endorsement.

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.

Exclusions **B.1.a.** through **B.1.c.** apply whether or not the loss event results in widespread damage or affects a substantial area.

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

a. Marring, scratching; exposure to light; breakage of tubes, bulbs, lamps or articles made largely of glass (except lenses).

But we will pay for such loss or damage caused directly by fire, lightning, explosion, windstorm, earthquake, flood, vandalism, aircraft, rioters, strikers, theft or attempted theft, or by accident to the vehicle carrying the property if these causes of loss would be covered under this endorsement.

- b. Delay, loss of use, loss of market or any other consequential loss.

- c. Dishonest or criminal act committed by:

- (1) Any insured; or

- (2) Anyone else with an interest in the property, or their "employees", "volunteer workers", "temporary workers", officers, directors, trustees, or authorized representatives;

whether acting alone or in collusion with each other or with any other party.

This exclusion applies whether or not an act occurs during your normal hours of operation.

- d. Processing or work upon the property.

But if processing or work upon the property results in fire or explosion, we will pay for the direct loss or damage caused by that fire or explosion if the fire or explosion would be covered under this endorsement.

This exclusion does not apply if the processing or work upon the property was performed as a reasonable means to save and preserve property from further damage at and after the time of loss.

- e. Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:

- (1) Electrical or electronic wire, device, appliance, system or network; or

- (2) Device, appliance, system or network utilizing cellular or satellite technology;

creating a short circuit or other electric disturbance within an article covered under this endorsement.

For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes, but is not limited to, electrical current, including arcing; electrical charge produced or conducted by a magnetic or electromagnetic field; pulse of electromagnetic energy; electromagnetic waves or microwaves.

But if artificially generated electrical, magnetic or electromagnetic energy, as described above, results in fire or explosion, we will pay for the direct loss or damage caused by that fire or explosion if the fire or explosion would be covered under this endorsement.

This exclusion only applies to loss or damage to that article in which the disturbance occurs.

- f. 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.
- g. Unauthorized instructions to transfer property to any person or to any place.
- h. Neglect of you, your "employees" or "volunteer workers" to use all reasonable means to save and preserve property from further damage at and after the time of loss.
- i. Theft by any person (except carriers for hire) to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.

This exclusion applies whether or not an act occurs during your normal hours of operation.

- 3. We will not pay for loss or damage caused by or resulting from any of the following. But if loss or damage by a Covered Cause of Loss results, we will pay for the 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 **B.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) Design, specifications, workmanship or repair;
 - (2) Materials used in repair or renovation; or
 - (3) Maintenance;
of part or all of any property.
 - d. Wear and tear, any quality in the property that causes it to damage or destroy itself, hidden or latent defect, gradual deterioration; mechanical breakdown; insects, vermin, rodents; corrosion, rust, dampness, cold or heat.

- C. With respect to the coverage provided by this endorsement, **Section IV – Limits Of Insurance** is replaced by the following:

The most we will pay for loss or damage in any one occurrence is the applicable Limit Of Insurance shown in the Schedule of this endorsement; however:

- 1. The most we will pay for loss of or damage to "home healthcare equipment" of others, except equipment owned by your "employees" or "volunteer workers", in any one occurrence is \$5,000 unless a different limit for Home Healthcare Equipment Of Others Coverage is shown in the Schedule of this endorsement. Our payment for such loss or damage to "home healthcare equipment" of others will only be for the account of the owner of the "home healthcare equipment"; and
- 2. The most we will pay for loss of or damage to "home healthcare equipment" owned by any of your "employees" or "volunteer workers" in any one occurrence is \$2,500 unless a different limit for Employees' Or Volunteer Workers' Owned Home Healthcare Equipment Coverage is shown in the Schedule of this endorsement. However, in no event will we pay more than \$500 for any one piece of equipment or more than \$1,000 for all "home healthcare equipment" owned by any one "employee" or "volunteer worker". Our payment for such loss or damage to "home healthcare equipment" owned by your "employees" or "volunteer workers" will only be for the account of the owner of the "home healthcare equipment".

- D. With respect to the coverage provided by this endorsement, Conditions **B.**, **C.** and **H.** of **Section V – Conditions** are replaced by the following:

B. Legal Action Against Us

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

- 1. There has been full compliance with all the terms of coverage provided by this insurance; and
- 2. The action is brought within five years after the date on which the direct physical loss or damage occurred.

C. Other Insurance

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this endorsement. 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 endorsement 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 Paragraph **C.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. Duties In The Event Of Loss

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. 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. You will not, except at your own cost, voluntarily make a payment, assume any obligation, or incur any expense without our consent.
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. 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.
8. Send us a signed, sworn proof 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. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or suit.
10. Cooperate with us in the investigation or settlement of the claim.

- E. With respect to the coverage provided by this endorsement, the following conditions are added to **Section V – Conditions:**

1. Abandonment

There can be no abandonment of property to us.

2. 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:

- a. Pay its chosen appraiser; and
- b. 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.

3. 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 the coverage provided by this endorsement 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.

4. Loss Payment

In the event of loss or damage covered by this insurance:

- a. At our option, we will either:
 - (1) Pay the value of lost or damaged property;
 - (2) Pay the cost of repairing or replacing the lost or damaged property;
 - (3) Take all or any part of the property at an agreed or appraised value; or
 - (4) Repair, rebuild or replace the property with other property of like kind and quality.

We will determine the value of the lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this endorsement.

- b. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- c. We will not pay you more than your financial interest in the Covered Property.
- d. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claim against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- e. 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 the terms of coverage provided by this endorsement and:
 - (1) We have reached agreement with you on the amount of the loss; or
 - (2) An appraisal award has been made.
- f. We will not be liable for any part of a loss that has been paid or made good by others.

5. No Benefit To Bailee

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

6. Pair, Sets Or Parts

a. Pair Or Set

In case of loss or damage to any part of a pair or set we may:

- (1) Repair or replace any part to restore the pair or set to its value before the loss or damage; or
- (2) Pay the difference between the value of the pair or set before and after the loss or damage.

b. Parts

In case of loss or damage 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.

7. Policy Period, Coverage Territory

We cover loss or damage commencing:

- a. During the policy period shown in the Declarations; and
- b. Within the "coverage territory".

8. 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 applicable limit of insurance.

9. Valuation

- a. The value of lost or damaged 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 damage; or
 - (3) The cost of replacing that property with substantially identical property.

In the event of loss or damage, the value of property will be determined as of the time of loss or damage. However, this Paragraph a. does not apply with respect to Covered Property for which an Agreed Value is shown in the Schedule of this endorsement.

For the purposes of this Paragraph E.9.a., actual cash value means the amount that it would cost to repair or replace Covered Property with material of like kind and quality, less allowance for deterioration and depreciation, including obsolescence.

b. With respect to Covered Property for which an Agreed Value is shown in the Schedule of this endorsement:

(1) We will pay no more for loss of or damage to that property than the proportion that the limit of insurance under this Policy for the property bears to the Agreed Value shown for it in the Schedule of this endorsement.

(2) The terms of this Agreed Value coverage option apply only to loss or damage that occurs:

(a) On or after the effective date of this Agreed Value coverage option; and

(b) Before the policy expiration date.

10. Coinsurance

If a Coinsurance percentage is shown in the Schedule of this endorsement or Declarations, the following condition applies, but only with respect to Scheduled Home Healthcare Equipment, as described in the Schedule of this endorsement.

We will not pay the full amount of any loss if the value of 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 most we will pay using the following steps:

a. Multiply the value of 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 applicable limit of insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

However, this Paragraph 10. does not apply with respect to Covered Property for which an Agreed Value is shown in the Schedule of this endorsement.

11. Deductible

We will not pay for loss or damage in any one occurrence until the amount of the adjusted loss or damage before applying the applicable limit of insurance exceeds the Deductible shown in the Schedule of this endorsement. We will then pay the amount of the adjusted loss or damage in excess of the Deductible, up to the applicable limit of insurance. However, if a Rental Reimbursement Coverage Limit is shown in the Schedule of this endorsement, the Deductible does not apply to Rental Reimbursement Coverage.

F. With respect to the coverage provided by this endorsement, the definition of "coverage territory" under **Section VI – Definitions** is replaced by the following:

"Coverage territory" means the United States of America (including its territories and possessions), Puerto Rico and Canada.

G. With respect to the coverage provided by this endorsement, the following definition is added to **Section VI – Definitions**:

"Home healthcare equipment" means equipment, materials, supplies and books customary to the providing of "professional services".

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

KANSAS CHANGES

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM COVERAGE FORM (OUTPUT POLICY)

- A. The **Legal Action Against Us** Capital Assets Program Coverage Form Condition is replaced by the following:**
- 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 of the terms of this Coverage Part; and
 2. The action is brought within five years after the date on which the direct physical loss or damage occurred.
- B. The following is added:**
- The term "Actual Cash Value" means the amount it would cost to repair or replace Covered Property with material of like kind and quality, less allowance for deterioration and depreciation, including obsolescence.
- C. The following applies when coverage is provided for townhouse buildings and structures:**
1. The following is added:
The Association of Townhouse Owners includes every person or organization who is an owner of a fee simple title to a townhouse unit for which insurance is provided by this Policy.
 2. The **Control Of Property** Capital Assets Program Coverage Form Condition is replaced by the following:
The following will not affect this insurance if beyond your direction or control:
 - a. Any act or neglect by any occupants or owners of the buildings; or
- b. Your failure to comply with any warranty or condition with regard to any portion of your "covered location".
If you violate a condition of this Coverage Part, we will not pay for loss or damage at the involved location. But your coverage will continue for other locations at which the violation does not apply.
- 3. The following is added to **Property Not Covered** in the Capital Assets Program Coverage Form (Output Policy):**
- a. Household and personal property, unless owned by the Association of Townhouse Owners.
- 4. Paragraph **b.** in the **Mortgageholders** Additional Condition is replaced by the following:**
- b. We will pay for covered loss of or damage to buildings or structures to:
 - (1) The Insurance Trustee for the benefit of each Townhouse Owner;
 - (2) The holder of each first mortgage; and
 - (3) The Association;as interests may appear and as shown in the Townhouse Declaration.