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Compliance Circulation Notification

Micro-Businessowners Program

Circular Number

BP-2020-01

Effective Date

These changes are applicable to all policies effective on or after

July 1, 2020

WSRB Reference Filing Numbers

BP-2019-OFR19

BP-2019-RRU19

BP-2019-RLC19

Got Questions?

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Seattle, WA 98121

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Changes

These filings introduce Micro-Businessowners Coverage forms, rules and loss costs in Washington.

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.

In all correspondence with the Insurance Department regarding this revision, include the WSRB Reference Filing Number, not this Circular number.

Manual Distribution

Insurance Services Office, Inc. will print and distribute revised manual pages prior to the effective date. A complete copy of the filing is available on the WSRB website using the Compliance Filings Library. Circular notification is available by e-mail only.

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State:	Washington	Filing Company:	Washington Surveying and Rating Bureau
TOI/Sub-TOI:	05.0 CMP Liability and Non-Liability/05.0002 Businessowners		
Product Name:	Micro-Businessowners Program		
Project Name/Number:	Micro-Businessowners Program/BP-2019-OFR19		

Filing at a Glance

Company:	Washington Surveying and Rating Bureau
Product Name:	Micro-Businessowners Program
State:	Washington
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Sub-TOI:	05.0002 Businessowners
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Author(s):	Jim Antush
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State: Washington **Filing Company:** Washington Surveying and Rating Bureau
TOI/Sub-TOI: 05.0 CMP Liability and Non-Liability/05.0002 Businessowners
Product Name: Micro-Businessowners Program
Project Name/Number: Micro-Businessowners Program/BP-2019-OFR19

General Information

Project Name: Micro-Businessowners Program
Project Number: BP-2019-OFR19
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Filing Status Changed: 11/05/2019
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Advisory Org. Circular:
Company Status Changed: 11/06/2019
Deemer Date:
Submitted By: Jim Antush

Filing Description:

This filing introduces a new Micro-Businessowners Coverage form and related endorsements

Company and Contact

Filing Contact Information

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Filing Company Information

Washington Surveying and Rating Bureau	CoCode:	State of Domicile: Washington
2101 4th Avenue, Suite 300	Group Code:	Company Type: Rating
Seattle, WA 98121	Group Name:	Organization - Property
(206) 217-9772 ext. [Phone]	FEIN Number: 74-3049163	State ID Number: 1425

Filing Fees

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Retaliatory? No

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State Specific

Is the Co Tracking # field populated on the General Information Tab? (yes/no): Yes

Form Tab Only - Are the Form # and Form Description fields populated corresponding to the attached form? (yes/no): Yes

State: Washington

Filing Company:

Washington Surveying and Rating Bureau

TOI/Sub-TOI: 05.0 CMP Liability and Non-Liability/05.0002 Businessowners

Product Name: Micro-Businessowners Program

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Form Schedule

Item No.	Schedule Item Status	Form Name	Form Number	Edition Date	Form Type	Form Action	Action Specific Data	Readability Score	Attachments
1	Approved 11/05/2019	Micro-Businessowners Coverage Form	BP 00 04	04 20	PCF	New			BP 00 04 04 20_C.pdf
2	Approved 11/05/2019	Micro-Businessowners Retail	BP 20 01	04 20	END	New			BP 20 01 04 20_C.pdf
3	Approved 11/05/2019	Micro-Businessowners Service	BP 20 02	04 20	END	New			BP 20 02 04 20_C.pdf
4	Approved 11/05/2019	Micro-Businessowners Abuse Or Molestation Exclusion	BP 21 01	04 20	END	New			BP 21 01 04 20_C.pdf
5	Approved 11/05/2019	Micro-Businessowners Employment-Related Practices Exclusion	BP 21 02	04 20	END	New			BP 21 02 04 20_C.pdf
6	Approved 11/05/2019	Micro-Businessowners Professional Services Exclusion	BP 21 03	04 20	END	New			BP 21 03 04 20_C.pdf
7	Approved 11/05/2019	Micro-Businessowners Policy Changes	BP 22 01	04 20	END	New			BP 22 01 04 20_C.pdf
8	Approved 11/05/2019	Micro-Businessowners Professional Liability	BP 22 02	04 20	END	New			BP 22 02 04 20_C.pdf
9	Approved 11/05/2019	Micro-Businessowners Disclosure Pursuant To Terrorism Risk Insurance Act	BP 23 01	04 20	END	New			BP 23 01 04 20_C.pdf
10	Approved 11/05/2019	Micro-Businessowners Cap On Losses From Certified Acts Of Terrorism	BP 23 02	04 20	END	New			BP 23 02 04 20_C.pdf
11	Approved 11/05/2019	Micro-Businessowners Exclusion Of Certified Acts Of Terrorism	BP 23 03	04 20	END	New			BP 23 03 04 20_C.pdf
12	Approved 11/05/2019	Micro-Businessowners Exclusion Of Certified Acts Of Terrorism Involving Nuclear, Biological, Chemical Or Radiological Terrorism; Cap On Covered Certified Acts Losses	BP 23 04	04 20	END	New			BP 23 04 04 20_C.pdf

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BP-2019-OFR19

State: Washington

Filing Company:

Washington Surveying and Rating Bureau

TOI/Sub-TOI: 05.0 CMP Liability and Non-Liability/05.0002 Businessowners

Product Name: Micro-Businessowners Program

Project Name/Number: Micro-Businessowners Program/BP-2019-OFR19

Item No.	Schedule Item Status	Form Name	Form Number	Edition Date	Form Type	Form Action	Action Specific Data	Readability Score	Attachments
13	Approved 11/05/2019	Micro-Businessowners Limitations Of Coverage For Certified Acts Of Terrorism	BP 23 05	04 20	END	New			BP 23 05 04 20_C.pdf
14	Approved 11/05/2019	Micro-Businessowners Exclusion Of Other Acts Of Terrorism Committed Outside The United States; Cap On Losses From Certified Acts Of Terrorism	BP 23 06	04 20	END	New			BP 23 06 04 20_C.pdf
15	Approved 11/05/2019	Micro-Businessowners Exclusion Of Certified Acts Of Terrorism And Exclusion Of Other Acts Of Terrorism Committed Outside The United States	BP 23 07	04 20	END	New			BP 23 07 04 20_C.pdf
16	Approved 11/05/2019	Micro-Businessowners Exclusion Of Punitive Damages Related To A Certified Act Of Terrorism	BP 23 08	04 20	END	New			BP 23 08 04 20_C.pdf
17	Approved 11/05/2019	Micro-Businessowners Conditional Exclusion Of Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act)	BP 23 09	04 20	END	New			BP 23 09 04 20_C.pdf
18	Approved 11/05/2019	Micro-Businessowners Conditional Exclusion Of Terrorism Involving Nuclear, Biological Or Chemical Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act)	BP 23 10	04 20	END	New			BP 23 10 04 20_C.pdf

State: Washington

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Item No.	Schedule Item Status	Form Name	Form Number	Edition Date	Form Type	Form Action	Action Specific Data	Readability Score	Attachments
19	Approved 11/05/2019	Micro-Businessowners Conditional Limitation Of Coverage For Terrorism - Sub-Limit On Annual Aggregate Basis (Relating To Disposition Of Federal Terrorism Risk Insurance Act)	BP 23 11	04 20	END	New			BP 23 11 04 20_C.pdf
20	Approved 11/05/2019	Micro-Businessowners Exclusion Of Terrorism	BP 23 12	04 20	END	New			BP 23 12 04 20_C.pdf
21	Approved 11/05/2019	Micro-Businessowners Exclusion Of Terrorism Involving Nuclear, Biological Or Chemical Terrorism	BP 23 13	04 20	END	New			BP 23 13 04 20_C.pdf
22	Approved 11/05/2019	Micro-Businessowners Limitation Of Coverage For Terrorism - Sub-Limit On Annual Aggregate Basis	BP 23 14	04 20	END	New			BP 23 14 04 20_C.pdf
23	Approved 11/05/2019	Micro-Businessowners Disclosure Of Premium Through End Of Year For Certified Acts Of Terrorism Coverage (Pursuant To Terrorism Risk Insurance Act)	BP 23 15	04 20	END	New			BP 23 15 04 20_C.pdf
24	Approved 11/05/2019	Micro-Businessowners Disclosure Of Premium And Estimated Premium For Certified Acts Of Terrorism Coverage (Pursuant To Terrorism Risk Insurance Act)	BP 23 16	04 20	END	New			BP 23 16 04 20_C.pdf
25	Approved 11/05/2019	Washington Changes - Micro-Businessowners	BP 74 01	04 20	END	New			BP 74 01 04 20_C.pdf
26	Approved 11/05/2019	Washington Changes - Domestic Abuse - Micro-Businessowners	BP 74 02	04 20	END	New			BP 74 02 04 20_C.pdf

State: Washington Filing Company: Washington Surveying and Rating Bureau
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Item No.	Schedule Item Status	Form Name	Form Number	Edition Date	Form Type	Form Action	Action Specific Data	Readability Score	Attachments
27	Approved 11/05/2019	Washington - Amendment Of Terrorism Exclusions - Micro-Businessowners	BP 74 03	04 20	END	New			BP 74 03 04 20_C.pdf
28	Approved 11/05/2019	Washington Changes - Defense Costs - Micro-Businessowners	BP 74 04	04 20	END	New			BP 74 04 04 20_C.pdf
29	Approved 11/05/2019	Washington - Limited Coverage For Bodily Injury, Property Damage Or Personal And Advertising Injury Involving Efficient Proximate Cause (Defense Within Limits) - Micro-Businessowners	BP 74 05	04 20	END	New			BP 74 05 04 20_C.pdf
30	Approved 11/05/2019	Washington - Stop Gap - Employer's Liability Coverage - Micro-Businessowners	BP 74 06	04 20	END	New			BP 74 06 04 20_C.pdf
31	Approved 11/05/2019	Micro-Businessowners Policy Declarations	BP DS 20	04 20	DEC	New			BP DS 20 04 20_C.pdf

Form Type Legend:

ABE	Application/Binder/Enrollment	ADV	Advertising
BND	Bond	CER	Certificate
CNR	Canc/NonRen Notice	DEC	Declarations/Schedule
DSC	Disclosure/Notice	END	Endorsement/Amendment/Conditions
ERS	Election/Rejection/Supplemental Applications	OTH	Other

MICRO-BUSINESSOWNERS 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 Coverage Form, 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.

In Section II – Liability, the word "insured" means any person or organization qualifying as such under Paragraph C. Who Is An Insured.

Other words and phrases that appear in quotation marks have special meaning. Refer to Paragraph G. Property Definitions in Section I – Property and Paragraph F. Liability And Medical Expenses Definitions in Section II – Liability.

SECTION I – PROPERTY

A. Coverage

We will pay for direct physical loss of or damage to Covered Property caused by or resulting from any Covered Cause of Loss.

1. Covered Property

Business Personal Property including:

- a. Property you own that is used in your business;
- b. Property of others that is in your care, custody or control, except as otherwise provided in Loss Payment Property Loss Condition Paragraph E.5.d.(2)(b); and
- c. Leased personal property which you have a contractual responsibility to insure, unless otherwise provided for under Paragraph 1.b.

2. Property Not Covered

Covered Property does not include:

- a. Buildings and structures, 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 buildings or structures, including:
 - (a) Fire extinguishing equipment;

- (b) Outdoor furniture;
- (c) Floor coverings; and
- (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
- (5) Additions under construction, alterations and repairs to buildings or structures; and
- (6) Materials, equipment, supplies and temporary structures used for making additions, alterations or repairs to buildings or structures;
- b. "Stock";
- c. Aircraft, automobiles, motortrucks and other vehicles subject to motor vehicle registration;
- d. "Money" or "securities";
- e. Contraband, or property in the course of illegal transportation or trade;
- f. Watercraft (including motors, equipment and accessories);
- g. Accounts, bills, food stamps, other evidences of debt, accounts receivable or "valuable papers and records";
- h. "Computer(s)" which are permanently installed or designed to be permanently installed in any aircraft, watercraft, motortruck or other vehicle subject to motor vehicle registration;
- i. "Electronic data", except as provided under Additional Coverages – Electronic Data; or
- j. Animals.

3. Covered Causes Of Loss

- a. Fire.
- b. Lightning.
- c. Explosion.
- d. Windstorm or Hail, but not including:
 - (1) Frost or cold weather; or
 - (2) Ice (other than hail), snow or sleet, whether driven by wind or not.
- e. Smoke, causing sudden and accidental loss or damage.

- f. Aircraft or vehicles, meaning only physical contact of an aircraft, a spacecraft, a self-propelled missile, a vehicle or an object thrown up by a vehicle with the Covered Property. This cause of loss includes loss or damage by objects falling from aircraft.

We will not pay for loss or damage caused by or resulting from vehicles you own or which are operated in the course of your business.

- g. Riot or Civil Commotion, including:

- (1) Acts of striking employees (including temporary or leased employees); and
- (2) Looting occurring at the time and place of a riot or civil commotion.

- h. Vandalism, meaning willful and malicious damage to, or destruction of, Covered Property. We will not pay for loss or damage caused by or resulting from theft.

- i. Sprinkler leakage, meaning leakage or discharge of any substance from an Automatic Sprinkler System, including collapse of a tank that is part of the system.

- j. Sinkhole collapse, meaning loss or damage caused by 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.

- k. Volcanic action, meaning direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- (1) Airborne volcanic blast or airborne shock waves;
- (2) Ash, dust or particulate matter; or
- (3) Lava flow.

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

This cause of loss does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss of or damage to Covered Property.

- l. Transportation, meaning loss or damage caused by:

- (1) Collision, derailment or overturn of a vehicle;
- (2) Stranding or sinking of vessels; and
- (3) Collapse of bridges, culverts, piers, wharves or docks.

This cause of loss applies only to Covered Property in the course of transit.

4. Additional Coverages

Electronic Data

- a. Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore "electronic data" which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that "electronic data" is not replaced 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.

- b. The Covered Causes of Loss applicable to Business Personal Property include a computer virus, harmful code or similar instruction introduced into or enacted on a computer system (including "electronic data") or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including "electronic data") by any employee, including a temporary or leased employee, or by an entity retained by you, or for you, to inspect, design, install, modify, maintain, repair or replace that system.

- c. The most we will pay under this Additional Coverage – Electronic Data for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of computer systems involved, is \$1,000, unless a higher Limit Of Insurance is shown in the Declarations. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in, but not after, that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

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

a. Earth Movement

- (1) Earthquake, including tremors and aftershocks and any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;
- (4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in Paragraphs (1) through (4) above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion; and

- (5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire or volcanic action, we will pay for the loss or damage caused by that fire 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.

With respect to coverage for volcanic action as set forth in (5)(a), (5)(b) and (5)(c), 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 of or damage to Covered Property.

This exclusion applies regardless of whether any of the above, in Paragraphs (1) through (5), is caused by an act of nature or is otherwise caused.

b. 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 Policy.

c. 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.

d. Utility Services

The failure of power, communication, water or other utility service, however caused.

Failure of any utility service includes lack of sufficient capacity and reduction in supply.

Loss or damage caused by a surge of power is also excluded, if the surge would not have occurred but for an event causing a failure of power.

But if the failure or surge of power, or the failure of communication, water 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.

Communication services include but are not limited to service relating to Internet access or access to any electronic, cellular or satellite network.

This exclusion does not apply to loss or damage to "computer(s)" and "electronic data".

e. War And Military Action

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

f. Water

- (1) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);
- (2) Mudslide or mudflow;
- (3) Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment;
- (4) Water under the ground surface pressing on, or flowing or seeping through:
 - (a) Foundations, walls, floors or paved surfaces;
 - (b) Basements, whether paved or not; or
 - (c) Doors, windows or other openings; or
- (5) Waterborne material carried or otherwise moved by any of the water referred to in Paragraph (1), (3) or (4), or material carried or otherwise moved by mudslide or mudflow.

This exclusion applies regardless of whether any of the above, in Paragraphs (1) through (5), is caused by an act of nature or is otherwise caused. An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment system fails in whole or in part, for any reason, to contain the water.

But if any of the above, in Paragraphs (1) through (5), results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

g. Certain Computer-related Losses

(1) The failure, malfunction or inadequacy of:

(a) Any of the following, whether belonging to any insured or to others:

- (i) "Computer" hardware, including microprocessors or other electronic data processing equipment as may be described elsewhere in this Policy;
- (ii) "Computer" application software or other "electronic data" as may be described elsewhere in this Policy;
- (iii) "Computer" operating systems and related software;
- (iv) "Computer" networks;
- (v) Microprocessors ("computer" chips) not part of any "computer" system; or
- (vi) Any other computerized or electronic equipment or components; or

(b) Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph (a) above;

due to the inability to correctly recognize, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.

- (2) Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for any potential or actual problems described in Paragraph (1) above.

However, if excluded loss or damage, as described in Paragraph (1) above, results in a Covered Cause Of Loss under Section I – Property, we will pay only for the loss or damage caused by such Covered Cause of Loss.

We will not pay for repair, replacement or modification of any items in Paragraph (1)(a) or (1)(b) to correct any deficiencies or change any features.

h. "Fungi", Wet Rot Or Dry Rot

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

But if "fungi", wet rot or dry rot results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion does not apply when "fungi", wet rot or dry rot results from fire or lightning.

i. Virus Or Bacteria

- (1) Any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease.
- (2) However, the exclusion in Paragraph (1) does not apply to loss or damage caused by or resulting from "fungi", wet rot or dry rot. Such loss or damage is addressed in Exclusion h.
- (3) With respect to any loss or damage subject to the exclusion in Paragraph (1), such exclusion supersedes any exclusion relating to "pollutants".

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

a. Electrical Apparatus

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.

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

- (1) Electrical current, including arcing;
- (2) Electrical charge produced or conducted by a magnetic or electromagnetic field;
- (3) Pulse of electromagnetic energy; or
- (4) Electromagnetic waves or microwaves.

But if fire results, we will pay for the loss or damage caused by fire.

We will pay for loss or damage to "computer(s)" due to artificially generated electrical, magnetic or electromagnetic energy.

b. Burst Piping

Rupture or bursting of water pipes (other than Automatic Sprinkler Systems) unless caused by a Covered Cause of Loss.

c. Water Discharge

Leakage or discharge of water or steam from any part of a system or appliance containing water or steam (other than an Automatic Sprinkler System), unless the leakage or discharge occurs because the system or appliance was damaged by a Covered Cause of Loss.

d. Steam Apparatus

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.

e. Mechanical Breakdown

Mechanical breakdown, including rupture or bursting caused by centrifugal force.

But if mechanical breakdown results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion does not apply with respect to the breakdown of "computers".

f. Errors Or Omissions

Errors or omissions in programming, processing or storing data, as described under "electronic data" or in any "computer" operations.

However, we will pay for direct physical loss or damage caused by resulting fire or explosion if these causes of loss would be covered by this Coverage Form.

g. Installation, Testing, Repair

Errors or deficiency in design, installation, testing, maintenance, modification or repair of your "computer" system including "electronic data".

However, we will pay for direct physical loss or damage caused by resulting fire or explosion if these causes of loss would be covered by this Coverage Form.

h. Electrical Disturbance

Electrical or magnetic injury, disturbance or erasure of "electronic data", except as provided for under the Additional Coverages of Section I – Property.

However, we will pay for direct loss or damage caused by lightning.

i. Continuous Or Repeated Seepage Or Leakage Of Water

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.

3. We will not pay for loss or damage caused by or resulting from any of the following Paragraphs **a.** through **c.** But if an excluded cause of loss that is listed in Paragraphs **a.** through **c.** results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

a. Weather Conditions

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

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

c. Negligent Work

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.

C. Limits Of Insurance

1. The most we will pay for loss or damage in any one occurrence is \$2,500 unless a different Limit Of Insurance for Section I – Property is shown in the Declarations.
2. The amounts of insurance applicable to the Electronic Data Additional Coverage apply in accordance with the terms of such coverages and are in addition to the Limits of Insurance of Section I – Property.

D. Deductible

We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds \$250, unless a higher deductible is 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.

E. Property Loss Conditions

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. Duties In The Event Of Loss Or Damage

- a. 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 Limits of Insurance of Section I – Property. 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.
- (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.

- b. 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.

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 two years after the date on which the direct physical loss or damage occurred.

5. 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 or replace the property with other property of like kind and quality, subject to Paragraph d.(1)(c) below.
- 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. Except as provided in Paragraph (2) below, we will determine the value of Covered Property as follows:
 - (1) At replacement cost without deduction for depreciation, subject to the following:
 - (a) 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 on a replacement cost basis if you notify us of your intent to do so within 180 days after the loss or damage.

- (b) We will not pay on a replacement cost basis for any loss or damage:
 - (i) Until the lost or damaged property is actually repaired or replaced; and
 - (ii) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage.

However, if the cost to repair or replace the damaged property is \$500 or less, we will settle the loss whether or not the actual repair or replacement is complete.
 - (c) The cost to repair or replace does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.
- (2) The following property at actual cash value:
- (a) Used or secondhand merchandise held in storage or for sale;
 - (b) Property of others. However, if an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance; and
 - (c) Works of art, antiques or rare articles, including etchings, pictures, statuary, marble, bronzes, porcelain and bric-a-brac.
- e. Our payment for loss of or damage to personal property of others will only be for the account of the owners of the property. 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.
- f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.

- g. 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.

6. 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 Limits of Insurance of Section I – Property.

F. Property General Conditions

1. 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.

2. No Benefit To Bailee

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

3. Policy Period, Coverage Territory

Under Section I – Property:

- a. We cover loss or damage commencing:
 - (1) During the policy period shown in the Declarations; and
 - (2) Within the coverage territory or, with respect to property in transit, while it is between points in the coverage territory.
- b. The coverage territory is:
 - (1) The United States of America (including its territories and possessions);
 - (2) Puerto Rico; and
 - (3) Canada.

G. Property Definitions

1. "Computer" means:

- a. 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 and auxiliary functions such as data transmission.

"Computer" does not include those used to operate production-type machinery or equipment.

- 2. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a "computer" or device connected to it, which enable the "computer" or device to receive, process, store, retrieve or send data.
- 3. "Fungi" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
- 4. "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.
- 5. "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.
- 6. "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".
- 7. "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.

- 8. "Valuable papers and records" means inscribed, printed or written:

- a. Documents;
- b. Manuscripts; and
- c. Records;

including abstracts, books, deeds, drawings, films, maps or mortgages.

But "valuable papers and records" does not mean "money" or "securities".

SECTION II – LIABILITY

A. Coverages

1. Business Liability

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury", "property damage" or "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 "bodily injury", "property damage" or "personal and advertising injury" to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" or 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 Paragraph **D. Liability And Medical Expenses Limits Of Insurance** in Section II – Liability; 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 or medical expenses.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Paragraph **f. Coverage Extension – Supplementary Payments**.

- b. This insurance applies:

- (1) To "bodily injury" and "property damage" only if:
 - (a) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";
 - (b) The "bodily injury" or "property damage" occurs during the policy period; and

- (c) Prior to the policy period, no insured listed under Paragraph **C.1. Who Is An Insured** and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" 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 before the policy period.
- (2) 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.
- 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 **C.1. Who Is An Insured** or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of "bodily injury" or "property damage" after the end of the policy period.
- 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 **C.1. Who Is An Insured** or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:
 - (1) Reports all, or any part, of the "bodily injury" 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".
- f. Coverage Extension – Supplementary Payments**
 - (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 \$250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which Business Liability Coverage for "bodily injury" applies. We do not have to furnish these bonds.
 - (c) The cost of bonds to release attachments, but only for bond amounts within our 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 \$250 a day because of time off from work.
 - (e) All court costs taxed against the insured in the "suit". However, these payments do not include attorneys' fees or attorneys' expenses taxed against the insured.
 - (f) Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the Limit 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 our Limit of Insurance.

These payments will not reduce the limit of liability.

- (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:

- (i) Agrees in writing to:

- i. Cooperate with us in the investigation, settlement or defense of the "suit";
- ii. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";
- iii. Notify any other insurer whose coverage is available to the indemnitee; and

- iv. Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and

- (ii) Provides us with written authorization to:

- i. Obtain records and other information related to the "suit"; and
- ii. Conduct and control the defense of the indemnitee in such "suit".

- (3) So long as the conditions in Paragraph (2) 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 B.1.b.(2) Exclusions in Section II – Liability, 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 (2)(f) above, are no longer met.

2. Medical Expenses

- 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:

- (a) The accident takes place in the "coverage territory" and during the policy period;

- (b) The expenses are incurred and reported to us within one year of the date of the accident; and
 - (c) 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 Limits of Insurance of Section II – Liability. 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.

B. Exclusions

1. Applicable To Business Liability Coverage

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" 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 attorneys' 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 attorneys' 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.

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 even if the claims allege negligence or other wrongdoing in:

- (a) The supervision, hiring, employment, training or monitoring of others by an insured; or

- (b) Providing or failing to provide transportation with respect to any person that may be under the influence of alcohol;

if the "occurrence" which caused the "bodily injury" or "property damage", involved that which is described in Paragraph (1), (2) or (3) above.

However, this exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages. For the purposes of this exclusion, permitting a person to bring alcoholic beverages on your premises, for consumption on your premises, whether or not a fee is charged or a license is required for such activity, is not by itself considered the business of 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:
 - (a) Employment by the insured; or
 - (b) Performing duties related to the conduct of the insured's business; or
- (2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (1) above.

This exclusion applies whether the insured may be liable as an employer or in any other capacity and 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 produced by or originating from equipment that is used to heat, cool or dehumidify the building, or equipment that is used to heat water for personal use, by the building's occupants or their guests;
 - (ii) "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than that additional insured; or
 - (iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";
 - (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:

(i) Any insured; or

(ii) Any person or organization for whom you may be legally responsible;

(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 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"; or

(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, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This exclusion applies even if the claims allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by an insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This exclusion does not apply to:

- (1) A watercraft while ashore 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 you or the 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:
 - (a) The operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance or motor vehicle registration law where it is licensed or principally garaged; or
 - (b) The operation of any of the following machinery or equipment:
 - (i) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
 - (ii) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing 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 for, or while being prepared for, any prearranged racing, speed, demolition or stunting activity.

i. War

"Bodily injury", "property damage" or "personal and advertising injury", however caused, arising, directly or indirectly, out of:

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by government authority in hindering or defending against any of these.

j. Damage To Property

"Property damage" to:

- (1) Property you own, rent or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;
- (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 contractor or subcontractor working directly or indirectly on your behalf is 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 seven or fewer consecutive days. A separate Limit of Insurance applies to Damage To Premises Rented To You as described in Paragraph D. Liability And Medical Expenses Limits Of Insurance in Section II – Liability.

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".

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. Personal And Advertising Injury

"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, in any manner, 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, in any manner, of material whose first publication took place before the beginning of the policy period;
- (4) 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;
- (5) Arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement";
- (6) Arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement";
- (7) Arising out of the wrong description of the price of goods, products or services stated in your "advertisement";

(8) Committed by an insured whose business is:

- (a) Advertising, broadcasting, publishing or telecasting;
- (b) Designing or determining content of web sites for others; or
- (c) An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs **14.a., b. and c.** of "personal and advertising injury" under Paragraph **F. Liability And Medical Expenses Definitions.**

For the purposes of this exclusion, the placing of frames, borders or links, or advertising, for you or others anywhere on the Internet, by itself, is not considered the business of advertising, broadcasting, publishing or telecasting;

- (9) Arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time;
- (10) With respect to 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";
- (11) Arising out of an electronic chatroom or bulletin board the insured hosts, owns or over which the insured exercises control;
- (12) Arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights. Under this exclusion, such other intellectual property rights do not include the use of another's advertising idea in your "advertisement".

However, this exclusion does not apply to infringement, in your "advertisement", of copyright, trade dress or slogan;

(13) Arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatags, or any other similar tactics to mislead another's potential customers; or

(14) Arising out of any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of any access to or disclosure of any person's or organization's confidential or personal information.

p. Access Or Disclosure Of Confidential Or Personal Information And Data-related Liability

- (1) Damages, other than damages because of "personal and advertising injury", arising out of any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information; or
- (2) Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of that which is described in Paragraph **(1)** or **(2)** above.

However, unless Paragraph **(1)** above applies, this exclusion does not apply to damages because of "bodily injury".

As used in this exclusion, electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

q. Criminal Acts

"Personal and advertising injury" arising out of a criminal act committed by or at the direction of the insured.

r. Recording And Distribution Of Material Or Information In Violation Of Law

"Bodily injury", "property damage" or "personal and advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- (3) The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transaction Act (FACTA); or

- (4) Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

Exclusions **c., d., e., f., g., h., i., j., k., l., m.** and **n.** in Section II – Liability do not apply to damage by fire to premises while rented to you, or temporarily occupied by you with permission of the owner. A separate Damage To Premises Rented To You Limit of Insurance applies to this coverage as described in Paragraph **D. Liability And Medical Expenses Limits Of Insurance** in Section II – Liability.

2. Applicable To Medical Expenses Coverage

We will not pay expenses for "bodily injury":

- a. To any insured, except "volunteer workers".
- 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 practicing, instructing or participating in any physical exercises or games, sports or athletic contests.

- f. Included within the "products-completed operations hazard".
- g. Excluded under Business Liability Coverage.

3. Applicable To Both Business Liability Coverage And Medical Expenses Coverage – Nuclear Energy Liability Exclusion

This insurance does not apply:

- a. Under Business 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 the Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or

- (2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which:

- (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 Medical Expenses 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 Business Liability Coverage, to "bodily injury" or "property damage" resulting from the "hazardous properties" of the "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.

- d. As used in this exclusion:

- (1) "By-product material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;

- (2) "Hazardous properties" include radioactive, toxic or explosive properties;

- (3) "Nuclear facility" means:

- (a) Any "nuclear reactor";

- (b) Any equipment or device designed or used for:

- (i) Separating the isotopes of uranium or plutonium;

- (ii) Processing or utilizing "spent fuel"; or

- (iii) Handling, processing or packaging "waste";

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

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

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

- (4) "Nuclear material" means "source material", "special nuclear material" or "by-product material";
- (5) "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;
- (6) "Property damage" includes all forms of radioactive contamination of property;
- (7) "Source material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;
- (8) "Special nuclear material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;
- (9) "Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor"; and
- (10) "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 Paragraphs (a) and (b) of the definition of "nuclear facility".

C. Who Is An Insured

1. If you are designated in the Declarations as:
 - a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
 - b. A partnership or joint venture, you are an insured. Your members, your partners and their spouses are also insureds, but only with respect to the conduct of your business.
 - c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
 - d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.
 - e. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.
2. Each of the following is also an insured:
 - a. Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" or "volunteer workers" are insureds for:
 - (1) "Bodily injury" or "personal and advertising injury":
 - (a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), or to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;
 - (b) To the spouse, child, parent, brother or sister of that co-"employee" as a consequence of Paragraph (a) above;
 - (c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraph (a) or (b); or
 - (d) Arising out of his or her providing or failing to provide professional health care services.

(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", "volunteer workers", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).
- b.** Any person (other than your "employee" or "volunteer worker"), or any organization while acting as your real estate manager.
- c.** Any person or organization having proper temporary custody of your property if you die, but only:
 - (1)** With respect to liability arising out of the maintenance or use of that property; and
 - (2)** Until your legal representative has been appointed.
- d.** 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 Policy.

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.

D. Liability And Medical Expenses Limits Of Insurance

- 1.** The Limits Of Insurance of Section II – Liability 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 most we will pay for the sum of all damages because of all:
 - a.** "Bodily injury", "property damage" and medical expenses arising out of any one "occurrence"; and

b. "Personal and advertising injury" sustained by any one person or organization;

is the Liability And Medical Expenses limit shown in the Declarations. But the most we will pay for all medical expenses because of "bodily injury" sustained by any one person is the Medical Expenses limit shown in the Declarations.

- 3.** The most we will pay under Business Liability Coverage for damages because of "property damage" to a premises while rented to you or in the case of fire while rented to you or temporarily occupied by you with permission of the owner is the applicable Damage To Premises Rented To You limit shown for that premises in the Declarations. For a premises temporarily occupied by you, the applicable limit will be the highest Damage To Premises Rented To You limit shown in the Declarations.

4. Aggregate Limits

The most we will pay for:

- a.** All "bodily injury" and "property damage" that is included in the "products-completed operations hazard" is twice the Liability And Medical Expenses limit.
- b.** All:
 - (1)** "Bodily injury" and "property damage" except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard";
 - (2)** Plus medical expenses;
 - (3)** Plus all "personal and advertising injury" caused by offenses committed;
is twice the Liability And Medical Expenses limit.

Subject to Paragraph **a.** or **b.** above, whichever applies, the Damage To Premises Rented To You limit is the most we will pay for damages because of "property damage" to any one premises, while rented to you, or in the case of fire, while rented to you or temporarily occupied by you with permission of the owner.

The Limits of Insurance of Section II – Liability 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.

E. Liability And Medical Expenses General Conditions

1. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Policy.

2. 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 which 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 insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

3. 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 on this Policy 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; but we will not be liable for damages that are not payable under the terms of this Policy 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.

4. Separation Of Insureds

Except with respect to the Limits of Insurance of Section II – 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 claim is made or "suit" is brought.

F. Liability And Medical Expenses 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. For the purposes of this definition:

- a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and

- b. Regarding web sites, only that part of a web site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.

2. "Auto" means:

- a. A land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment; or
- b. Any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance or motor vehicle registration law where it is licensed or principally garaged.

However, "auto" does not include "mobile equipment".

3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting 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, but only if the injury or damage occurs in the course of travel or transportation between any places included in Paragraph **a.** above; or
- c. All other parts of the world if the injury or damage arises out of:
 - (1) Goods or products made or sold by you in the territory described in Paragraph **a.** above;
 - (2) The activities of a person whose home is in the territory described in Paragraph **a.** above, but is away for a short time on your business; or
 - (3) "Personal and advertising injury" offenses that take place through the Internet or similar electronic means of communication;

provided the insured's responsibility to pay damages is determined in a "suit" on the merits in the territory described in Paragraph **a.** above or in a settlement we agree to.

5. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".

6. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, bylaws or any other similar governing document.

7. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.

8. "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:

- (1) The repair, replacement, adjustment or removal of "your product" or "your work"; or

- (2) Your fulfilling the terms of the contract or agreement.

9. "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. Any 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; or
- 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, roadbeds, 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, drawings, opinions, reports, surveys, change orders, designs or 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 an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in Paragraph **(2)** above and supervisory, inspection or engineering services.
- 10.** "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".
- 11.** "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".

- 12.** "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:
 - a.** Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
 - b.** Vehicles maintained for use solely on or next to premises you own or rent;
 - c.** Vehicles that travel on crawler treads;
 - d.** Vehicles, whether self-propelled or not, on which are 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 Paragraph **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 Paragraph **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.

However, "mobile equipment" does not include land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicle insurance or motor vehicle registration law where they are licensed or principally garaged. Land vehicles subject to a compulsory or financial responsibility law or other motor vehicle insurance law or motor vehicle registration law are considered "autos".

13. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.
14. "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, in any manner, 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, in any manner, of material that violates a person's right of privacy;
 - f. The use of another's advertising idea in your "advertisement"; or
 - g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".
15. "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.
16. "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 the job site has been put to its intended use by any other 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.

The "bodily injury" or "property damage" must occur away from premises you own or rent, unless your business includes the selling, handling or distribution of "your product" for consumption on premises you own or rent.

- 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; or

- (2) The existence of tools, uninstalled equipment or abandoned or unused materials.

17. "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 of use shall be deemed to occur at the time of the "occurrence" that caused it.

For the purposes of this insurance, electronic data is not tangible property.

As used in this definition, electronic data means information, facts or programs stored as, 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.

18. "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.
19. "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.
20. "Volunteer worker" means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.
21. "Your product":
- a. Means:
 - (1) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - (a) You;
 - (b) Others trading under your name; or
 - (c) A person or organization whose business or assets you have acquired; and
 - (2) Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.
 - b. Includes:
 - (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and
 - (2) The providing of or failure to provide warnings or instructions.
 - c. Does not include vending machines or other property rented to or located for the use of others but not sold.

22. "Your work":

a. Means:

- (1) Work or operations performed by you or on your behalf; and
- (2) Materials, parts or equipment furnished in connection with such work or operations.

b. Includes:

- (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and
- (2) The providing of or failure to provide warnings or instructions.

**SECTION III – COMMON POLICY CONDITIONS
(APPLICABLE TO SECTION I – PROPERTY AND
SECTION II – LIABILITY)**

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.
 - 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. Concealment, Misrepresentation Or Fraud

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

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

D. 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.

E. 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 charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
 - a. Are safe and 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.

F. 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.

G. Liberalization

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

H. Other Insurance

1. 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 Limit of Insurance of Section I – Property.
2. If other valid and collectible insurance is available to the insured for a loss we cover under Business Liability Coverage, our obligations are limited as follows:
 - a. **Primary Insurance**

This insurance is primary except when Paragraph 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 Paragraph c. below.
 - b. **Excess Insurance**
 - (1) This insurance is excess over:
 - (a) Any of the other insurance, whether primary, excess, contingent or on any other basis;
 - (i) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";

- (ii) That is Fire insurance for premises rented to you or temporarily occupied by you with permission of the owner;
 - (iii) 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
 - (iv) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion **B.1.g.** of Section II – Liability.
- (b) 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 additional insured.
- (2) When this insurance is excess, we will have no duty under Business Liability Coverage 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 those other insurers.
- (3) 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 that other insurance.
- (4) 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 Business Liability Coverage Limits Of Insurance shown in the Declarations.

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.

I. Premiums

1. The first Named Insured shown in the Declarations:
 - a. Is responsible for the payment of all premiums; and
 - b. Will be the payee for any return premiums we pay.
2. The premium shown in the Declarations was computed based on rates in effect at the time the Policy was issued. On each renewal, continuation or anniversary of the effective date of this Policy, we will compute the premium in accordance with our rates and rules then in effect.
3. With our consent, you may continue this Policy in force by paying a continuation premium for each successive one-year period. The premium must be:
 - a. Paid to us prior to the anniversary date; and
 - b. Determined in accordance with Paragraph 2. above.

Our forms then in effect will apply. If you do not pay the continuation premium, this Policy will expire on the first anniversary date that we have not received the premium.

J. Premium Audit

1. This Policy is subject to audit if a premium designated as an advance premium is shown in the Declarations. We will compute the final premium due when we determine your actual exposures.
2. Premium shown in this Policy as advance premium is a deposit premium only. At the close of each audit period, we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.
3. The first Named Insured must keep records of the information we need for premium computation and send us copies at such times as we may request.

K. Transfer Of Rights Of Recovery Against Others To Us

1. Applicable to Businessowners Property Coverage:

If any person or organization to or for whom we make payment under this Policy has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

- a. Prior to a loss to your Covered Property.

- b. After a loss to your Covered Property only if, at time of loss, that party is one of the following:

- (1) Someone insured by this insurance;

- (2) A business firm:

- (a) Owned or controlled by you; or

- (b) That owns or controls you.

You may also accept the usual bills of lading or shipping receipts limiting the liability of carriers.

This will not restrict your insurance.

2. Applicable to Businessowners Liability Coverage:

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. This condition does not apply to Medical Expenses Coverage.

L. 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.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICRO-BUSINESSOWNERS RETAIL

This endorsement modifies insurance provided under the following:

MICRO-BUSINESSOWNERS COVERAGE FORM

SCHEDULE

Stock Limit Of Insurance	Theft Deductible
\$	\$
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

The following provisions apply with respect to the coverage provided by this endorsement:

A. When a Stock Limit Of Insurance is shown in the Schedule, **Section I – Property** is amended as follows:

1. Paragraph **A.1. Covered Property** is replaced by the following:

1. Covered Property

"Stock".

2. The following is added to Paragraph **A.3. Covered Causes Of Loss:**

a. Theft.

3. The following is added to Paragraph **B.2. Exclusions:**

a. Dishonesty

Dishonest or criminal acts (including theft) by you, anyone else with an interest in the property, or any of your or their partners, "members", officers, "managers", employees (including temporary or leased employees), directors, trustees or authorized representatives, whether acting alone or in collusion with each other or with any other party; or theft by any person to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.

This exclusion:

- (1)** Applies whether or not an act occurs during your normal hours of operation;
- (2)** Does not apply to acts of destruction by your employees (including temporary or leased employees) or authorized representatives; but theft by your employees (including temporary or leased employees) or authorized representatives is not covered.

For the purpose of this exclusion:

- (1)** "Manager" means a person serving in a directorial capacity for a limited liability company.
- (2)** "Member" means an owner of a limited liability company represented by its membership interest, who also may serve as a "manager".

b. False Pretense

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.

4. The following is added to Paragraph **B. Exclusions:**

4. Additional Exclusions

We will not pay for loss of or damage to:

- a. Any merchandise, goods or other product caused by or resulting from error or omission by any person or entity (including those having possession under an arrangement where work or a portion of the work is outsourced) in any stage of the development, production or use of the product, including planning, testing, processing, packaging, installation, maintenance or repair. This exclusion applies to any effect that compromises the form, substance or quality of the product. But if such error or omission results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.
- b. 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.

5. The following is added to Paragraph **C.1. Limits Of Insurance:**

However, the most we will pay for loss or damage, in any one occurrence, to "stock" is the Stock Limit Of Insurance shown in the Schedule.

6. The following is added to Paragraph **D. Deductible:**

However, we will not pay for loss or damage in any one occurrence of theft until the amount of loss or damage exceeds \$500, unless a higher Theft deductible is shown in the Schedule. 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.

B. Section II – Liability is amended as follows:

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

1. Any person(s) or organization(s):

- a. For whom you are performing operations is also an additional insured if you and such person(s) or organization(s) has agreed in writing in a contract or agreement that such person(s) or organization(s) be included as an additional insured on your policy. Such person(s) or organization(s) is an additional insured only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:

(1) Your acts or omissions; or

(2) The acts or omissions of those acting on your behalf;

in the performance of your ongoing operations for the additional insured.

However, the insurance afforded to such additional insured:

(1) Only applies to the extent permitted by law; and

(2) Will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

A person's or organization's status as an additional insured under this endorsement ends on the earlier of the date:

(1) When your operations for that insured are completed; or

(2) The contract or agreement you have entered into with the additional insured is terminated.

With respect to the insurance afforded to the additional insureds, the following additional exclusion applies:

This insurance does not apply to "bodily injury" or "property damage" occurring after:

- (1) All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or
 - (2) That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.
- b. With whom you have agreed in writing in a contract or agreement that such person(s) or organization(s) be included as an additional insured on your policy. Such person(s) or organization(s) is an additional insured only with respect to liability arising out of the ownership, maintenance or use of that part of the premises leased to you which is used in connection with your operations.

However:

- (1) The insurance afforded to such additional insured only applies to the extent permitted by law; and

- (2) If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to:

- (1) Any "occurrence" that takes place after you cease to be a tenant in the premises.
- (2) Structural alterations, new construction or demolition operations performed by or for such person(s) or organization(s).

2. With respect to the insurance afforded to these additional insureds, the following is added to Paragraph **D. Liability And Medical Expenses Limits Of Insurance:**

The most we will pay on behalf of the additional insured is the amount of insurance:

- a. Required by the contract or agreement you have entered into with the additional insured; or
- b. Available under the applicable Limits Of Insurance shown in the Declarations;

whichever is less.

This endorsement shall not increase the applicable Limits Of Insurance shown in the Declarations.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICRO-BUSINESSOWNERS SERVICE

This endorsement modifies insurance provided under the following:

MICRO-BUSINESSOWNERS COVERAGE FORM

The following provisions apply with respect to the coverage provided by this endorsement:

A. Section I – Property is amended as follows:

1. The following is added to Paragraph **A.3. Covered Causes Of Loss:**

- a. Theft, but only with respect to property addressed under Paragraph **A.1.b.** of the Micro-Businessowners Coverage Form.

2. The following is added to Paragraph **B.2. Exclusions:**

a. Dishonesty

Dishonest or criminal acts (including theft) by you, anyone else with an interest in the property, or any of your or their partners, "members", officers, "managers", employees (including temporary or leased employees), directors, trustees or authorized representatives, whether acting alone or in collusion with each other or with any other party; or theft by any person to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.

This exclusion:

- (1) Applies whether or not an act occurs during your normal hours of operation;
- (2) Does not apply to acts of destruction by your employees (including temporary or leased employees) or authorized representatives; but theft by your employees (including temporary or leased employees) or authorized representatives is not covered.

For the purpose of this exclusion:

- (1) "Manager" means a person serving in a directorial capacity for a limited liability company.
- (2) "Member" means an owner of a limited liability company represented by its membership interest, who also may serve as a "manager".

b. False Pretense

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.

3. The following coverages are added to Paragraph **A.4. Additional Coverages of Section I – Property:**

a. Reward Payment

- (1) We will reimburse you for rewards paid as follows:

- (a) Up to \$500 to an eligible person for information leading to the arrest and conviction of any person or persons committing a crime resulting in loss of or damage to Covered Property from a Covered Cause of Loss. However, we will pay no more than the lesser of the following amounts:

- (i) Actual cash value of the Covered Property at the time of loss or damage, but not more than the amount required to repair or replace it; or
- (ii) The amount determined by the loss settlement procedure applicable to the Covered Property under the Loss Payment Property Loss Condition.

- (b) Up to \$500 to an eligible person for the return of stolen Covered Property when the loss is caused by theft. However, we will pay no more than the lesser of the following amounts:

- (i) Actual cash value based on the condition of the Covered Property at the time it is returned, but not more than the amount required to repair or replace it; or

- (ii) The amount determined by the loss settlement procedure applicable to the returned Covered Property under the Loss Payment Property Loss Condition.
- (2) This Additional Coverage applies subject to the following conditions:
- (a) An eligible person means that person designated by a law enforcement agency as being the first to voluntarily provide the information leading to the arrest and conviction or return of the stolen Covered Property, and who is not:
 - (i) You or any family member;
 - (ii) Your employee (including a temporary or leased employee) or any of his or her family members;
 - (iii) An employee of a law enforcement agency;
 - (iv) An employee of a business engaged in property protection;
 - (v) Any person who had custody of the Covered Property at the time the theft was committed; or
 - (vi) Any person involved in the crime.
 - (b) No reward will be reimbursed unless and until the person(s) committing the crime is (are) convicted or the Covered Property is returned.
 - (c) The lesser of the amount of the reward or \$500 is the most we will reimburse for loss under this Additional Coverage in any one occurrence.

b. Key And Lock Replacement

- (1) We will pay for the cost to replace keys and locks at the client's premises due to theft or other loss to keys entrusted to you by your client.
- (2) We will not pay for loss or damage resulting from theft or any other dishonest or criminal act that you or any of your employees (including temporary or leased employees) or anyone to whom you entrust the keys of a client for any purpose commits, whether acting alone or in collusion with other persons.

- (3) The most we will pay under this Additional Coverage for all loss or damage in any one occurrence is \$1000.
- (4) A per occurrence deductible of \$100 will apply.

B. Section II – Liability is amended as follows:

- 1. Subparagraph (4) of Exclusion B.1.j. does not apply to animals that are in your care, custody or control only as a direct result of services rendered by you.

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

a. Any person(s) or organization(s):

- (1) For whom you are performing operations is also an additional insured, if you and such person(s) or organization(s) have agreed in writing in a contract or agreement that such person(s) or organization(s) be included as an additional insured on your policy. Such person(s) or organization(s) is an additional insured only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:

(a) Your acts or omissions; or

(b) The acts or omissions of those acting on your behalf;

in the performance of your ongoing operations for the additional insured.

However, the insurance afforded to such additional insured:

(a) Only applies to the extent permitted by law; and

(b) Will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

A person's or organization's status as an additional insured under this endorsement ends on the earlier of the date:

(a) When your operations for that insured are completed; or

(b) The contract or agreement you have entered into with the additional insured is terminated.

With respect to the insurance afforded to these additional insureds, the following additional exclusion applies:

This insurance does not apply to "bodily injury" or "property damage" occurring after:

- (a) All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or
 - (b) That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.
- (2) With whom you have agreed in writing in a contract or agreement that such person(s) or organization(s) be included as an additional insured on your policy. Such person(s) or organization(s) is an additional insured only with respect to liability arising out of the ownership, maintenance or use of that part of the premises leased to you which is used in connection with your operations.

However:

- (a) The insurance afforded to such additional insured only applies to the extent permitted by law; and
- (b) If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to:

- (a) Any "occurrence" that takes place after you cease to be a tenant in the premises.
 - (b) Structural alterations, new construction or demolition operations performed by or for such person(s) or organization(s).
- b. With respect to the insurance afforded to these additional insureds, the following is added to Paragraph **D. Liability And Medical Expenses Limits Of Insurance:**
- The most we will pay on behalf of the additional insured is the amount of insurance:
- (1) Required by the contract or agreement you have entered into with the additional insured; or
 - (2) Available under the applicable Limits Of Insurance shown in the Declarations;
- whichever is less.

This endorsement shall not increase the applicable Limits Of Insurance shown in the Declarations.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICRO-BUSINESSOWNERS ABUSE OR MOLESTATION EXCLUSION

This endorsement modifies insurance provided under the following:

MICRO-BUSINESSOWNERS COVERAGE FORM

The following applies to **Section II – Liability** and supersedes any provision to the contrary:

This insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" arising out of:

- (a) The actual or threatened abuse or molestation by anyone of any person while in the care, custody or control of any insured; or
- (b) The negligent:
 - (i) Employment;
 - (ii) Investigation;
 - (iii) Supervision;
 - (iv) Reporting to the proper authorities, or failure to so report; or
 - (v) Retention; of a person for whom any insured is or ever was legally responsible and whose conduct would be excluded by (a) above.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICRO-BUSINESSOWNERS EMPLOYMENT-RELATED PRACTICES EXCLUSION

This endorsement modifies insurance provided under the following:

MICRO-BUSINESSOWNERS COVERAGE FORM

The following exclusion is added to Paragraph **B.1. Exclusions – Applicable To Business Liability Coverage** in **Section II – Liability**:

This insurance does not apply to "bodily injury" or "personal and advertising injury" to:

- (1) A person arising out of any:
 - (a) Refusal to employ that person;
 - (b) Termination of that person's employment; or
 - (c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination or malicious prosecution directed at that person; or

- (2) The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" or "personal and advertising injury" to that person at whom any of the employment-related practices described in Paragraph (a), (b) or (c) above is directed.

This exclusion applies:

- (1) Whether the injury-causing event described in Paragraph (a), (b) or (c) above occurs before employment, during employment or after employment of that person;
- (2) Whether the insured may be liable as an employer or in any other capacity; and
- (3) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICRO-BUSINESSOWNERS PROFESSIONAL SERVICES EXCLUSION

This endorsement modifies insurance provided under the following:

MICRO-BUSINESSOWNERS COVERAGE FORM

The following exclusion is added to Paragraph **B.1. Exclusions – Applicable To Business Liability Coverage in Section II – Liability:**

Professional Services

This insurance does not apply to:

"Bodily injury", "property damage" or "personal and advertising injury" caused by the rendering or failure to render any professional service. This includes but is not limited to:

- a. Legal, accounting or advertising services;
- b. Preparing, approving or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications;
- c. Supervisory, inspection or engineering services;
- d. Medical, surgical, dental, X-ray or nursing services, treatment, advice or instruction;
- e. Any health or therapeutic service, treatment, advice or instruction;

- f. Any service, treatment, advice or instruction for the purpose of appearance or skin enhancement, hair removal or replacement or personal grooming;
- g. Optometry or optical or hearing aid services, including the prescribing, preparation, fitting, demonstration or distribution of ophthalmic lenses and similar products or hearing aid devices;
- h. Body piercing services; and
- i. Services in the practice of pharmacy.

This exclusion applies even if the claims allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by an insured, if the "occurrence" which caused the "bodily injury" or "property damage", or the offense which caused the "personal and advertising injury", involved the rendering or failure to render of any professional service.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICRO-BUSINESSOWNERS POLICY CHANGES

THIS ENDORSEMENT FORMS A PART OF THE POLICY NUMBERED BELOW.

Policy Number:	Policy Changes Effective:		Company:		
Named Insured:			Authorized Representative:		
Changes					
Policy Amount And Premium Adjustment					
	Limits Of Insurance		Premiums		
Coverage Description	Previous Limit Of Insurance	New Limit Of Insurance	Previous Premium	New Premium	<input type="checkbox"/> Add'l Premium <input type="checkbox"/> Return Premium
	\$	\$	\$	\$	\$
	\$	\$	\$	\$	\$
	\$	\$	\$	\$	\$

Total Premium Adjustments			
Premium Due At Policy Change Effective Date:			
Additional	\$	Return	\$

Authorized Representative Signature

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICRO-BUSINESSOWNERS PROFESSIONAL LIABILITY

THIS ENDORSEMENT PROVIDES CLAIMS-MADE AND REPORTED COVERAGE. DEFENSE EXPENSES ARE PAYABLE WITHIN, AND NOT IN ADDITION TO, THE LIMIT OF INSURANCE. PAYMENT OF DEFENSE EXPENSES UNDER THIS ENDORSEMENT WILL REDUCE THE LIMIT OF INSURANCE.

This endorsement modifies insurance provided under the following:

MICRO-BUSINESSOWNERS COVERAGE FORM

SCHEDULE

Description Of Covered Professional Services:	
Micro-Businessowners Professional Liability Aggregate Limit Of Insurance:	\$
Deductible Amount (Per Claim)	\$
Prior Or Pending Litigation Date:	
Retroactive Date:	
<input type="checkbox"/>	Supplemental Extended Reporting Period
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

For the purposes of the coverage provided by this endorsement, **Section II – Liability** is amended as follows:

A. The following is added to Paragraph **A. Coverages:**

1. Professional Liability – Insuring Agreement

- a.** We will pay for both "loss" that the insured becomes legally obligated to pay and "defense expenses" as a result of a "claim" first made against the insured during the policy period or during the applicable Extended Reporting Period, for a "wrongful act" taking place on or after the Retroactive Date, if any, shown in the Schedule and before the end of the policy period.

We will have the right and duty to defend the insured against any "claim", even if that claim is groundless, false or fraudulent. However, we will have no duty to defend the insured against any "claim" because of a "wrongful act" to which this insurance does not apply. We may, at our discretion, investigate any incident that may result from a "wrongful act". But:

- (1)** The amount we will pay for "loss" and "defense expenses" is limited as described in Paragraph **C.1.** Micro-Businessowners Professional Liability Aggregate Limits and Paragraph **C.2.** Deductible of this endorsement; and

- (2) The coverage and duty to defend provided by this endorsement will end when we have used the applicable Limit of Insurance for the payment of "loss" or "defense expenses".

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

- b. This insurance applies to "wrongful acts" only if the "wrongful act" takes place in the coverage territory.
- c. A "claim" will be deemed to have been made at the earlier of the following times:
- (1) When notice of such "claim" after being received by any insured is reported to us in writing; or
- (2) When a "claim" against an insured is made directly to us in writing.
- d. If during the policy period you become aware of a "wrongful act" that may reasonably be expected to give rise to a "claim" against any insured, you must provide notice to us in accordance with the provisions of Paragraph E.1 Duties In The Event Of A Claim Or Wrongful Act That May Result In A Claim.
- e. All "claims" arising out of the same "wrongful act" or any combination of "interrelated wrongful acts" shall be considered a single "claim" subject to one Deductible Amount shown in the Schedule.

B. For the purposes of the coverage provided by this endorsement, the following replaces Paragraph B. Exclusions of Section II – Liability:

1. We will not be liable for "loss" or "defense expenses":

a. Abuse or Molestation

Based upon, attributable to or arising out of:

- (1) The actual or threatened abuse or molestation by anyone of any person while in the care, custody or control of any insured; or
- (2) The negligent:
- (a) Employment;
- (b) Investigation;
- (c) Supervision;
- (d) Reporting to the proper authorities, or failure to so report; or

(e) Retention;

of a person for whom any insured is, or ever was, legally responsible, and whose conduct would be excluded in the preceding Paragraph (1).

b. Access Or Disclosure Of Confidential Or Personal Information And Data-related Liability

Based upon, attributable to or arising out of:

- (1) Any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information; or
- (2) The loss of, loss of use of, damage to, corruption of, inability to access or inability to manipulate electronic data.

This exclusion applies even if "loss" is claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of that which is described in Paragraph (1) or (2) above.

As used in this exclusion, electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

c. Antitrust

Based upon, attributable to or arising out of a violation of antitrust laws.

d. Bodily Injury Or Property Damage

Based upon, attributable to or arising out of:

- (1) Bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time; or
- (2) Physical injury to tangible property, including all resulting loss of use of that property or loss of use of tangible property that is not physically injured.

e. Breach Of Contract And Assumed Liability

Based upon, attributable to or arising out of the actual or alleged breach of any contract or agreement or any liability of others assumed under a contract or agreement by any insured. This exclusion shall not apply to "loss" that an insured would have been liable for in the absence of such contract or agreement.

f. Breach Of Warranty, Guarantee Or Promise

Based upon, attributable to or arising out of any actual or alleged breach of a warranty, guarantee or promise, provided that this exclusion shall not apply to any "loss" that an insured would have been liable for in the absence of such warranty, guarantee or promise.

g. Business Enterprise

Based upon, attributable to or arising out of:

- (1) "Professional services" rendered to any business if at the time those services were rendered:
 - (a) The business enterprise was directly or indirectly owned, controlled, operated or managed by any insured or any insured's spouse; or
 - (b) Ownership or control by any insured, their spouse, or any cumulation of ownership control by insureds or their spouses, exceeded 10%.
- (2) "Professional services" rendered by a business enterprise that, at the time such "professional services" were rendered:
 - (a) Was directly or indirectly owned, controlled, operated or managed by any insured or any insured's spouse; or

- (b) Ownership or control by any insured, their spouse, or any cumulation of ownership or control by any such insureds or their spouses, exceeded 10%.

h. Employment Practices Violations And Discrimination

Based upon, attributable to or arising out of:

- (1) The actual or alleged refusal to employ, wrongful termination of employment, coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, libel, slander, or any other employment-related practices, policies, acts, errors or omissions.
- (2) The actual or alleged discrimination by you against any insured or any other person or entity based on race, color, national origin, religion, gender, marital status, age, sexual orientation or preference, physical or mental condition or residence location.

i. Fees, Costs, Charges Or Estimates

Based upon, attributable to or arising out of any actual or alleged fees, costs or charges or of any estimates made by you that are exceeded.

j. Fungi Or Bacteria

Based upon, attributable to or arising out of any 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.

k. Fraudulent, Criminal, Malicious, Dishonest Or Intentional Acts

Based upon, attributable to or arising out of an insured's liability arising out of criminal, fraudulent or malicious acts or omissions by that insured.

This exclusion does not affect our duty to defend, in accordance with Paragraph A.1. of this endorsement, an insured prior to determining, through the appropriate legal processes, that that insured is responsible for a criminal, fraudulent or malicious act or omission.

I. Governmental And Regulatory Entity

Based upon, attributable to or arising out of any action or proceeding brought by, or on behalf of, any governmental authority or regulatory agency including, but not limited to:

- (1) The seizure or destruction of property by order of a governmental authority; or
- (2) Regulatory actions or proceedings brought by, or on behalf of, the Federal Trade Commission, Federal Communications Commission or other regulatory agency.

However, this exclusion shall not apply to actions or proceedings brought by a governmental authority or regulatory agency if such entity, agency or authority brings the "claim" solely in its capacity as the client or customer of any insured for "professional services".

m. Improper Use Of Funds

Based upon, attributable to or arising out of an insured's:

- (1) Conversion, defalcation or commingling of funds, or the embezzlement, misappropriation or improper use of funds;
- (2) Illegally gained profit, remuneration or monetary advantage; or
- (3) Inability or failure to pay, collect, safeguard or return any funds.

n. Intellectual Property

Based upon, attributable to or arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights.

o. Mental Or Emotional Distress

Based upon, attributable to or arising out of any "claim" for mental or emotional distress.

p. Personal Injury

Based upon, attributable to or arising out of one or more of the following offenses:

- (1) False arrest, detention or imprisonment;
- (2) Malicious prosecution;
- (3) 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;

- (4) Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or

- (5) Oral or written publication, in any manner, of material that violates a person's right of privacy.

q. Pollution

Based upon, attributable to or arising out of:

- (1) The actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time;
- (2) Any request, demand, order or statutory or regulatory requirement that any "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
- (3) A "claim" or suit by or on behalf of any governmental authority for "loss" 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".

r. Prior Or Pending Litigation

Based upon, attributable to or arising out of any "claim" against any insured which was pending on, or existed prior to, the applicable Prior Or Pending Litigation Date shown in the Schedule, or any "claim" arising out of the same or substantially the same facts, circumstances or allegations which are the subject of, or the basis for, such "claim".

s. Prior Notice

Based upon, attributable to or arising out of any "wrongful act" alleged or contained in any "claim" which has been reported, or for which, in any circumstance, notice has been given, under any other prior insurance policy providing essentially the same type of coverage.

t. Recording And Distribution Of Material In Violation Of Law

Based upon, attributable to or arising out of any actual or alleged violation of the:

- (1) Telephone Consumer Protection Act (TCPA);

- (2) CAN-SPAM Act of 2003;
- (3) Fair Debt Collection Practices Act (FDCPA); or
- (4) Fair Credit Reporting Act (FCRA) including the Fair and Accurate Credit Transactions Act (FACTA);

and any amendments of or additions to such law, or any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003, FDCPA or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

u. **Statutory Violations**

Based upon, attributable to or arising out of any actual or alleged violation of the:

- (1) Securities Act of 1933;
- (2) Securities Exchange Act of 1934;
- (3) Employee Retirement Income Security Act of 1974 (ERISA);
- (4) Racketeer Influenced and Corrupt Organizations Act (RICO);
- (5) Sarbanes-Oxley Act of 2002; or
- (6) Foreign Corrupt Practices Act of 1977 (FCPA);

and any amendments thereof, or any similar federal, state or local statutes, rules or regulations or similar laws under any other jurisdiction anywhere in the world.

v. **Workers' Compensation**

Based upon, attributable to or arising out of any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law, or any similar law.

- C. For the purposes of the coverage provided by this endorsement, Paragraph **D. Liability And Medical Expenses Limits Of Insurance** is replaced by the following:

1. **Micro-Businessowners Professional Liability Aggregate Limits**

- a. The Micro-Businessowners Professional Liability Aggregate Limit Of Insurance shown in the Schedule of this endorsement is the most we will pay, regardless of the number of:

- (1) Insureds;
- (2) "Claims" made; or

- (3) Persons or organizations making "claims".

- b. The Micro-Businessowners Professional Liability Aggregate Limit Of Insurance shown in the Schedule of this endorsement is the most we will pay for the sum of:

- (1) All "loss"; and
 - (2) All "defense expenses";
- because of all "wrongful acts" to which this insurance applies.

2. **Deductible**

We will not pay for our share of "loss" and "defense expenses" until the amount of "loss" and "defense expenses" exceeds the Deductible Amount shown in the Schedule of this endorsement. We will then pay the amount of "loss" and "defense expenses" in excess of the Deductible, up to the Professional Liability Aggregate Limit of Insurance.

- a. The Deductible Amount shown in the Schedule applies to all "claims" arising out of the same "wrongful act" or a series of "interrelated wrongful acts".
- b. We may pay any part or all of the Deductible Amount to effect settlement of any "claim" 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.

- D. For the purposes of the coverage provided by this endorsement, the following are added to Paragraph **E. Liability And Medical Expenses General Conditions**:

1. **Assignment**

No change in, modification of or assignment of interest under this Policy will be effective without our written consent.

2. **Consent To Settle**

We may, upon the written consent of the insured, make any settlement of a "claim" which we deem reasonable. If the insured withholds consent to such settlement, our liability for all "loss" resulting from such "claim" will not exceed the amount for which we could have settled such "claim", including "defense expenses" incurred, as of the date we proposed such settlement in writing to the insured.

3. Basic Extended Reporting Period

- a. A Basic Extended Reporting Period is automatically provided without additional charge if:
 - (1) This endorsement is cancelled or not renewed for any reason; or
 - (2) We renew or replace this endorsement with insurance that:
 - (a) Has a Retroactive Date later than the date shown in the Schedule of this endorsement; or
 - (b) Does not apply to "wrongful acts" on a claims-made basis.
- b. The Basic Extended Reporting Period starts with the end of the policy period and lasts for 30 days. A "claim" first made and reported by the insured during this 30-day period will be considered to have been received within the policy period. However, the 30-day Basic Extended Reporting Period does not apply to "claims" that are covered under any subsequent insurance purchased by the insured, or that would be covered but for exhaustion of the Professional Liability Aggregate Limit of Insurance applicable to such "claims".
- c. The Basic Extended Reporting Period does not extend the policy period or change the scope of coverage provided. It applies only to "claims" to which the following applies:
 - (1) The "claim" is first made and reported to us during the Basic Extended Reporting Period; and
 - (2) The "claim" arose out of either a "wrongful act" or the first of a series of "interrelated wrongful acts" which occurred on or after the Retroactive Date, if any, shown in the Schedule and before the end of the policy period.

4. Supplemental Extended Reporting Period

- a. You will have the right to purchase a Supplemental Extended Reporting Period from us if:
 - (1) This endorsement is cancelled or not renewed; or
 - (2) We renew or replace this endorsement with insurance that:
 - (a) Has a Retroactive Date later than the date shown in the Schedule; or
 - (b) Does not apply to "wrongful acts" on a claims-made basis.

- b. The Supplemental Extended Reporting Period will not be available if:
 - (1) We cancel this endorsement for nonpayment of premium; or
 - (2) You fail to pay any amounts owed us.
- c. A Supplemental Extended Reporting Period, as specified in Paragraph a., lasts one year and is available only for an additional premium.
- d. The Supplemental Extended Reporting Period starts with the end of the Basic Extended Reporting Period set forth in Paragraph 3. It does not extend the policy period or change the scope of the coverage provided. It applies only to "claims" to which the following applies:
 - (1) The "claim" is first made and reported to us during the Supplemental Extended Reporting Period; and
 - (2) The "claim" arose out of either a "wrongful act" or the first of a series of "interrelated wrongful acts" which occurred on or after the Retroactive Date, if any, shown in the Schedule and before the end of the policy period.
- e. You must give us a written request for the Supplemental Extended Reporting Period within 30 days after the end of the policy period or the effective date of cancellation, whichever comes first.
- f. The Supplemental Extended Reporting Period will not go into effect unless you pay the additional premium in full along with any premium or deductible you owe us for coverage provided under this endorsement within 30 days after the end of the policy period or the effective date of cancellation, whichever comes first. Once in effect, the Supplemental Extended Reporting Period may not be cancelled.
- g. We will determine the additional premium in accordance with our rules and rates. In doing so, we may take into account the following:
 - (1) The exposures insured;
 - (2) Previous types and amounts of insurance;
 - (3) Limit of Insurance available under this endorsement for future payment of "losses"; and
 - (4) Other related factors.

The additional premium may not exceed 100% of the annual premium for this endorsement. The premium for the Supplemental Extended Reporting Period will be deemed fully earned as of the date it is purchased.

5. Basic And Supplemental Extended Reporting Period Limits

a. Basic Extended Reporting Period Limit

There is no separate or additional Professional Liability Aggregate Limit of Insurance for the Basic Extended Reporting Period. The Limit of Insurance available during the Basic Extended Reporting Period shall be the remaining amount, if any, of the Professional Liability Aggregate Limit of Insurance available at the end of the policy period.

b. Supplemental Extended Reporting Period Limit

There is no separate or additional Professional Liability Aggregate Limit of Insurance for the Supplemental Extended Reporting Period. The Limit of Insurance available during the Supplemental Extended Reporting Period, if purchased, shall be the remaining amount, if any, of the Professional Liability Aggregate Limit of Insurance available at the end of the Basic Extended Reporting Period.

6. Merger Or Acquisition Of Named Insured

If during the policy period:

- a.** The named insured merges into or consolidates with another entity such that the named insured is not the surviving entity; or
- b.** Another entity or person or group of entities and/or persons acting in concert, acquires securities or voting rights which result in ownership or voting control by the other entities or persons of more than 50% of the outstanding securities representing the present right to vote for the election of directors of the named insured;

then coverage under this Policy will continue until the end of the policy period, but only with respect to "claims" arising out of "wrongful acts" which occurred on or after the retroactive date and prior to such merger, consolidation or acquisition.

The full annual premium for the policy period will be deemed fully earned immediately upon the occurrence of such merger, consolidation or acquisition of the named insured. The named insured must give written notice of such merger, consolidation or acquisition to us within 30 days of such merger, consolidation or acquisition.

E. For the purposes of the coverage provided by this endorsement, the following is added to Paragraph E. Liability And Medical Expenses General Conditions:

1. Duties In The Event Of A Claim Or Wrongful Act That May Result In A Claim

- a.** You must give us written notice of any "claim" made against you within the policy period as soon as practicable, but in no event later than 30 days after the end of the policy period.

If you receive a "claim", you must also:

- (1)** Immediately record the specifics of the "claim" and the date received;
- (2)** Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "claim";
- (3)** Authorize us to obtain records and other information;
- (4)** Cooperate with us in the investigation, defense or settlement of the "claim"; and
- (5)** Assist us, upon our request, in the enforcement of any right against any person or entity which may be liable to you because of a "wrongful act" to which this insurance may also apply.

- b.** If during the policy period you become aware of any circumstances potentially involving a "wrongful act" that could reasonably be expected to give rise to a "claim", you must provide us with written notice of the circumstances as soon as practicable, but no later than the end of the policy period.

Such notice of any circumstances potentially involving a "wrongful act" must provide:

- (1)** A description, including all relevant dates;

- (2) The names of the persons involved, including names of the potential claimants;
- (3) Particulars as to the reasons for anticipating a "claim" which may result;
- (4) The nature of the alleged or potential "loss"; and
- (5) The circumstances by which the insured first became aware of the potential "wrongful act".

If a "claim" develops from the same circumstances or from any "interrelated wrongful act", then we will treat that "claim" as if it had first been made against you on the date you notified us of it as a potential "claim". We will do so even if that "claim" is first made against you after the policy period or applicable Extended Reporting Period has ended.

- c. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation or incur any expense without our written consent.

F. For the purposes of the coverage provided by this endorsement, the following is added to Paragraph **F. Liability And Medical Expenses Definitions** of the Policy:

- 1. "Claim" means any of the following received by an insured:
 - a. A written demand for monetary or nonmonetary relief, including injunctive relief;
 - b. A civil proceeding commenced by the receipt of a complaint or similar pleading;
 - c. A written request for mediation or demand for arbitration; or
 - d. A written request to toll or waive a statute of limitations related to a potential "claim" in the preceding Paragraphs a. – c.
- 2. "Defense expenses" means the reasonable and necessary fees (attorneys' and experts' fees) and expenses incurred in the defense or appeal of a "claim", including the cost of appeal, attachment or similar bonds (without any obligation on our part to obtain such bonds) but excluding wages, salaries, benefits or expenses of your employees.

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

- 4. "Interrelated wrongful acts" means all "wrongful acts" that have as a common nexus any:

- a. Fact, circumstance, situation, event, transaction or cause; or
- b. Series of causally connected facts, circumstances, situations, events, transactions or causes.

- 5. "Loss" means the following that you are legally obligated to pay:

- a. Compensatory awards or judgments, including prejudgment and post-judgment interest;
- b. Monetary settlements; or
- c. Punitive, exemplary and multiple damages where insurable by the applicable law which most favors coverage for such damages.

"Loss" does not include:

- a. Taxes, fines or penalties imposed by law, other than punitive, exemplary or multiple damages that are considered insurable by the applicable law which most favors coverage for such damages;
- b. Liquidated damages;
- c. Any amounts that are uninsurable under the law pursuant to which this Policy shall be construed;
- d. Restitution, disgorgement, unjust enrichment or any profits or advantage you were not legally entitled to;
- e. The cost to comply with any order or agreement to provide any equitable relief including injunctive relief; or
- f. Your cost to provide, correct, re-perform or complete any "professional services".

- 6. "Professional services" means only those services specified in the Schedule that are performed by you or on your behalf for others.

- 7. "Wrongful act" means any actual or alleged act, error, misstatement, misleading statement, omission, neglect, breach of duty committed, attempted, or allegedly committed or attempted solely in the performance of or the failure to perform "professional services".

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICRO-BUSINESSOWNERS DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT

SCHEDULE

SCHEDULE – PART I
Terrorism Premium (Certified Acts) \$ Additional information, if any, concerning the terrorism premium:
SCHEDULE – PART II Federal share of terrorism losses _____ % Year: 20 ____ (Refer to Paragraph B. in this endorsement.) Federal share of terrorism losses _____ % Year: 20 ____ (Refer to Paragraph B. in this endorsement.)
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. Disclosure Of Premium

In accordance with the federal Terrorism Risk Insurance Act, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for terrorist acts certified under the Terrorism Risk Insurance Act. The portion of your premium attributable to such coverage is shown in the Schedule of this endorsement or in the policy Declarations.

B. Disclosure Of Federal Participation In Payment Of Terrorism Losses

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals a percentage (as shown in Part II of the Schedule of this endorsement or in the policy Declarations) of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year, the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

C. Cap On Insurer Participation In Payment Of Terrorism Losses

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year 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.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICRO-BUSINESSOWNERS CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

MICRO-BUSINESSOWNERS COVERAGE FORM

The following provisions are added to the Micro-Businessowners Policy and apply to Property and Liability Coverages:

A. Cap On Certified Terrorism Losses

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such 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.

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year 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.

- B.** The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for loss or injury or damage that is otherwise excluded under this Policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICRO-BUSINESSOWNERS EXCLUSION OF CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

MICRO-BUSINESSOWNERS COVERAGE FORM

SCHEDULE

The **Exception Covering Certain Fire Losses** (Paragraph **B.2.**) applies to property located in the following state(s):

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Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. The following provisions are added to the Micro-Businessowners Policy and apply to Property and Liability Coverages:

1. 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 accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such 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.

2. The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for loss or injury or damage that is otherwise excluded under this Policy.

B. The following provisions are added to **Section I – Property** of Micro-Businessowners Coverage Form **BP 00 04**:

1. 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.

2. Exception Covering Certain Fire Losses

The following exception to the exclusion in Paragraph **B.1.** 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.

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year 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.

C. The following provision is added to **Section II – Liability** of the Micro-Businessowners Coverage Form **BP 00 04**:

1. 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".

2. The following definition is added:

For the purposes of this endorsement, "any injury or damage" means any injury or damage covered under any Coverage Form to which this endorsement is applicable, and includes but is not limited to "bodily injury", "property damage" or "personal and advertising injury" as may be defined in any applicable Coverage Form.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICRO-BUSINESSOWNERS EXCLUSION OF CERTIFIED ACTS OF TERRORISM INVOLVING NUCLEAR, BIOLOGICAL, CHEMICAL OR RADIOLOGICAL TERRORISM; CAP ON COVERED CERTIFIED ACTS LOSSES

This endorsement modifies insurance provided under the following:

MICRO-BUSINESSOWNERS COVERAGE FORM

SCHEDULE

The Exception Covering Certain Fire Losses (Paragraph B.2.) applies to property located in the following state(s):
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 accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such 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. Section I – Property is amended as follows:

1. The following exclusion is added:

a. Limited Exclusion Of Certified Acts Of Terrorism

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. But this exclusion applies only when one or more of the following are attributed to such act:

- (1) The terrorism is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or

- (2) Radioactive material is released, and it appears that one purpose of the terrorism was to release such material; or
- (3) The terrorism is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical material; or
- (4) Pathogenic or poisonous biological or chemical material is released, and it appears that one purpose of the terrorism was to release such material.

When this terrorism exclusion applies in accordance with the terms of Paragraph **B.1.a.(1)** or **B.1.a.(2)**, the terrorism exclusion applies without regard to the Nuclear Hazard Exclusion in this Coverage Form.

2. Exception Covering Certain Fire Losses

The following exception to the Exclusion in Paragraph **B.1.** applies only if indicated and as indicated in the Schedule of this endorsement.

If a "certified act of terrorism" excluded under Paragraph **B.1.** results in fire, we will pay for the loss or damage caused by that fire, subject to all applicable policy provisions including the Limit of Insurance on the affected property. Such coverage for fire applies only to direct loss or damage by fire to Covered Property.

C. Section II – Liability is amended as follows:

- 1. 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". However, this exclusion applies only when one or more of the following are attributed to such act:

- a. 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

- b. The terrorism is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
- c. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the terrorism was to release such materials.

- 2. The following definition is added:

- a. For the purposes of this endorsement, "any injury or damage" means any injury or damage covered under this Coverage Form or any applicable endorsement, and includes but is not limited to "bodily injury", "property damage" or "personal and advertising injury" as may be defined in this Coverage Form or any applicable endorsement.

D. Section I – Property and Section II – Liability are amended as follows:

Cap On Certified Terrorism Losses

The following limitation applies to coverage for any one or more "certified acts of terrorism" that are not excluded by the terms of the exclusion in Paragraphs **B.1.** and **C.1.** and to any loss or damage that is covered and to which the exception in Paragraph **B.2.** applies.

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year 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.

E. The following provision is added to **Section I – Property** and **Section II – Liability**:

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for loss or injury or damage that is otherwise excluded under this Policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICRO-BUSINESSOWNERS LIMITATIONS OF COVERAGE FOR CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

MICRO-BUSINESSOWNERS COVERAGE FORM

SCHEDULE

SCHEDULE PART I – Applicability Of Terrorism Sub-limit (refer to Paragraph B.1.) – Property Coverage – Terrorism Sub-limit	
Description Of Property Or Coverage	Certified Acts Sub-limit
SCHEDULE PART II – Exception: Non-applicability Of Certified Acts Sub-limit To Certain Fire Losses (refer to Paragraph B.2.) – Property Coverage	
State(s):	
SCHEDULE PART III – Certified Acts Of Terrorism Aggregate Limit (refer to Paragraph C.2.) – Liability And Medical Expenses Coverage: \$	
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 accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such 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. Section I – Property is amended as follows:

1. Limitation Of Amount Of Coverage For Certified Acts Of Terrorism

When coverage applies to loss or damage caused by a "certified act of terrorism", the full Limit of Insurance on the affected property or coverage does not apply to such loss or damage. Instead, the following limitation applies to the loss or damage. The limitation applies even if another Covered Cause of Loss contributes concurrently or in any sequence to the loss or damage, except as otherwise provided in this endorsement.

The Certified Acts Sub-limit is the most we will pay for the total of all loss or damage (sustained under the coverage to which the Sub-limit applies) caused by one or more "certified acts of terrorism" in an annual policy period. If losses from a "certified act of terrorism" do not exhaust the Certified Acts Sub-limit, then the balance of that Sub-limit is available for losses from a later act(s) that occurs in the same annual policy period. If a "certified act of terrorism" begins during one annual policy period and ends during the following annual policy period, the only amount of coverage available is the Sub-limit (or balance of it) applicable to the annual policy period in which such act began.

Amounts payable under a Coverage Extension, Additional Coverage or similar provision in the Policy do not increase the Certified Acts Sub-limit.

2. Exception: Non-applicability Of The Certified Acts Sub-limit To Certain Fire Losses

The following exception applies only with respect to property located in the states indicated in Part II of the Schedule of this endorsement. The exception relates only to loss or damage caused by a "certified act of terrorism".

When covered direct loss or damage attributable to fire exceeds the amount of the Sub-limit, we will pay the full amount of the fire loss, up to the Limit of Insurance on the affected property, subject to policy provisions including Deductible and Valuation. In that circumstance, the Limit of Insurance is the most we will pay for the total of all covered direct loss or damage by fire and any other effect of the "certified act of terrorism" and any other Covered Cause of Loss that contributes concurrently or in any sequence to the loss or damage.

When covered direct loss or damage attributable to fire is less than the Sub-limit, then the Sub-limit is the most we will pay for the total of fire and any other covered loss or damage.

C. Section II – Liability is amended as follows:

1. Coverage provided by this insurance for "bodily injury", "property damage" or "personal and advertising injury", arising out of a "certified act of terrorism", is subject to the Certified Acts Of Terrorism Aggregate Limit as described in Paragraph **C.2.** of this endorsement.

2. The following provisions are added to Paragraph **D. Liability And Medical Expenses Limits Of Insurance** in **Section II – Liability**:

Subject to Paragraph **D.4.a.** or **D.4.b.**, whichever applies, the Certified Acts Of Terrorism Aggregate Limit shown in the Schedule is the most we will pay for the sum of all damages because of all:

- a. "Bodily injury", "property damage" and medical expenses; and
 - b. "Personal and advertising injury";
- arising out of all "certified acts of terrorism".

Paragraphs **D.2.** and **D.3.** continue to apply to "bodily injury", "property damage", "personal and advertising injury" and medical expenses, as applicable, arising out of a "certified act of terrorism" but only if, and to the extent that, a limit of insurance is available under the Certified Acts Of Terrorism Aggregate Limit.

D. Section I – Property and Section II – Liability are amended as follows:

Cap On Certified Terrorism Losses

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year 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.

E. The following provision is added to Section I – Property and Section II – Liability:

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for loss or injury or damage that is otherwise excluded under this Policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICRO-BUSINESSOWNERS EXCLUSION OF OTHER ACTS OF TERRORISM COMMITTED OUTSIDE THE UNITED STATES; CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

MICRO-BUSINESSOWNERS COVERAGE FORM

The following provisions are added to **Section II – Liability** of the Micro-Businessowners Coverage Form **BP 00 04**:

A. The following exclusion is added:

This insurance does not apply to:

Terrorism

"Any injury or damage" arising, directly or indirectly, out of an "other act of terrorism" that is committed outside of the United States (including its territories and possessions and Puerto Rico), but within the "coverage territory". However, 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 (valued in U.S. dollars). 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.

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 Form to which this endorsement is applicable, and includes but is not limited to "bodily injury", "property damage" or "personal and advertising injury" as may be defined in any applicable Coverage Form.

2. "Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such 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;
- b. The act resulted in damage:
 - (1) Within the United States (including its territories and possessions and Puerto Rico); or
 - (2) Outside of the United States in the case of:
 - (a) An air carrier (as defined in Section 40102 of title 49, United States Code) or United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States), regardless of where the loss occurs; or
 - (b) The premises of any United States mission; and
- c. 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.

3. "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 a "certified act of terrorism".

Multiple incidents of an "other act of terrorism" which occur within a 72-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. The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for injury or damage that is otherwise excluded under this Policy.
- D. If aggregate insured losses attributable to terrorist acts certified under the federal Terrorism Risk Insurance Act exceed \$100 billion in a calendar year 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.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICRO-BUSINESSOWNERS EXCLUSION OF CERTIFIED ACTS OF TERRORISM AND EXCLUSION OF OTHER ACTS OF TERRORISM COMMITTED OUTSIDE THE UNITED STATES

This endorsement modifies insurance provided under the following:

MICRO-BUSINESSOWNERS COVERAGE FORM

The following provisions are added to **Section II – Liability** of the Micro-Businessowners Coverage Form **BP 00 04**:

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", or out of an "other act of terrorism" that is committed outside of the United States (including its territories and possessions and Puerto Rico), but within the "coverage territory". 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 (valued in U.S. dollars). 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.

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 Form to which this endorsement is applicable, and includes but is not limited to "bodily injury", "property damage" or "personal and advertising injury" as may be defined in any applicable Coverage Form.

2. "Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such 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;
- b. The act resulted in damage:
 - (1) Within the United States (including its territories and possessions and Puerto Rico); or
 - (2) Outside of the United States in the case of:
 - (a) An air carrier (as defined in Section 40102 of title 49, United States Code) or United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States), regardless of where the loss occurs; or

(b) The premises of any United States mission; and

c. 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.

3. "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 a "certified act of terrorism".

Multiple incidents of an "other act of terrorism" which occur within a 72-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. The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for injury or damage that is otherwise excluded under this Policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICRO-BUSINESSOWNERS EXCLUSION OF PUNITIVE DAMAGES RELATED TO A CERTIFIED ACT OF TERRORISM

This endorsement modifies insurance provided under the following:

MICRO-BUSINESSOWNERS COVERAGE FORM

The following provisions are added to **Section II – Liability** of the Micro-Businessowners Coverage Form **BP 00 04**:

A. The following exclusion is added:

This insurance does not apply to:

Terrorism Punitive Damages

Damages arising, directly or indirectly, out of a "certified act of terrorism" that are awarded as punitive damages.

B. The following definition is added:

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such 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.

- C.** The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for injury or damage that is otherwise excluded under this Policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICRO-BUSINESSOWNERS CONDITIONAL EXCLUSION OF TERRORISM (RELATING TO DISPOSITION OF FEDERAL TERRORISM RISK INSURANCE ACT)

This endorsement modifies insurance provided under the following:

MICRO-BUSINESSOWNERS COVERAGE FORM

SCHEDULE

The **Exception Covering Certain Fire Losses** (Paragraph B.2.) applies to property located in the following state(s):

<p>Information required to complete this Schedule, if not shown above, will be shown in the Declarations.</p>

A. Section I – Property and Section II – Liability are amended as follows:

1. Applicability Of The Provisions Of This Endorsement

a. The provisions of this endorsement become applicable commencing on the date when any one or more of the following first occurs. But if your policy (meaning the policy period in which this endorsement applies) begins after such date, then the provisions of this endorsement become applicable on the date your policy begins.

(1) The federal Terrorism Risk Insurance Program ("Program"), established by the Terrorism Risk Insurance Act, has terminated with respect to the type of insurance provided under this Coverage Form; or

(2) A renewal, extension or replacement of the Program has become effective without a requirement to make terrorism coverage available to you and with revisions that:

(a) Increase our statutory percentage deductible under the Program for terrorism losses. (That deductible determines the amount of all certified terrorism losses we must pay in a calendar year, before the federal government shares in subsequent payment of certified terrorism losses.); or

(b) Decrease the federal government's statutory percentage share in potential terrorism losses above such deductible; or

- (c) **Redefine terrorism or make insurance coverage for terrorism subject to provisions or requirements that differ from those that apply to other types of events or occurrences under this Policy.**
 - b. **If the provisions of this endorsement become applicable, such provisions:**
 - (1) **Supersede any terrorism endorsement already endorsed to this Policy that addresses "certified acts of terrorism" and/or "other acts of terrorism", but only with respect to loss or injury or damage from an incident(s) of terrorism (however defined) that occurs on or after the date when the provisions of this endorsement become applicable; and**
 - (2) **Remain applicable unless we notify you of changes in these provisions, in response to federal law.**
 - c. **If the provisions of this endorsement do NOT become applicable, any terrorism endorsement already endorsed to this Policy, that addresses "certified acts of terrorism" and/or "other acts of terrorism", will continue in effect unless we notify you of changes to that endorsement in response to federal law.**
2. The following definition is added and applies under this endorsement wherever the term terrorism is enclosed in quotation marks.
- "Terrorism" means activities against persons, organizations or property of any nature:
- a. That involve the following or preparation for the following:
 - (1) Use or threat of force or violence; or
 - (2) Commission or threat of a dangerous act; or
 - (3) Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and

- b. When one or both of the following applies:
 - (1) 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
 - (2) 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.

B. Section I – Property is amended as follows:

- 1. The following exclusion is added:

Exclusion Of Terrorism

We will not pay for loss or damage caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident 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. But this exclusion applies only when one or more of the following are attributed to an incident of "terrorism":

- a. The "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or
- b. Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or
- c. The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
- d. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials; or

- e. The total of insured damage to all types of property in the United States, its territories and possessions, Puerto Rico and Canada 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. Multiple incidents of "terrorism" which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the threshold is exceeded.

With respect to this Item **1.e.**, the immediately preceding paragraph describes the threshold 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 this exclusion will apply to that incident. When the exclusion applies to an incident of "terrorism", there is no coverage under this Coverage Form.

2. Exception Covering Certain Fire Losses

The following exception to the Exclusion Of Terrorism applies only if indicated and as indicated in the Schedule of this endorsement.

If "terrorism" results in fire, we will pay for the loss or damage caused by that fire, subject to all applicable policy provisions including the Limit of Insurance on the affected property. Such coverage for fire applies only to direct loss or damage by fire to Covered Property.

3. Application Of Other Exclusions

When the Exclusion Of Terrorism applies in accordance with the terms of Paragraph **1.a.** or **1.b.**, such exclusion applies without regard to the Nuclear Hazard Exclusion in this Coverage Form.

C. Section II – Liability is amended as follows:

1. The following definition is added and applies under this endorsement wherever the phrase any injury or damage is enclosed in quotation marks:

"Any injury or damage" means any injury or damage covered under this Coverage Form or any applicable endorsement, and includes but is not limited to "bodily injury", "property damage" or "personal and advertising injury", as may be defined under this Coverage Form or any applicable endorsement.

2. The following exclusion is added:

Exclusion Of Terrorism

We will not pay for "any injury or damage" caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident of "terrorism". "Any injury or damage" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to such injury or damage. **But this exclusion applies only when one or more of the following are attributed to an incident of "terrorism":**

- a. The "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or
- b. Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or
- c. The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
- d. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials; or

- e. 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
- f. Fifty or more persons sustain death or serious physical injury. For the purposes of this provision, serious physical injury means:
 - (1) Physical injury that involves a substantial risk of death; or
 - (2) Protracted and obvious physical disfigurement; or
 - (3) Protracted loss of or impairment of the function of a bodily member or organ.

Multiple incidents of "terrorism" which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the thresholds in Paragraph **2.e.** or **2.f.** are exceeded.

With respect to this exclusion, Paragraphs **2.e.** and **2.f.** describe the threshold 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 this exclusion will apply to that incident. When the exclusion applies to an incident of "terrorism", there is no coverage under this Coverage Form.

D. The following provision is added to Section I – Property and Section II – Liability:

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for loss or injury or damage that is otherwise excluded under this Policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICRO-BUSINESSOWNERS CONDITIONAL EXCLUSION OF TERRORISM INVOLVING NUCLEAR, BIOLOGICAL OR CHEMICAL TERRORISM (RELATING TO DISPOSITION OF FEDERAL TERRORISM RISK INSURANCE ACT)

This endorsement modifies insurance provided under the following:

MICRO-BUSINESSOWNERS COVERAGE FORM

SCHEDULE

The **Exception Covering Certain Fire Losses** (Paragraph B.2.) applies to property located in the following state(s):

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. Section I – Property and Section II – Liability
are amended as follows:

**1. Applicability Of The Provisions Of This
Endorsement**

a. The provisions of this endorsement become applicable commencing on the date when any one or more of the following first occurs. But if your policy (meaning the policy period in which this endorsement applies) begins after such date, then the provisions of this endorsement become applicable on the date your policy begins.

(1) The federal Terrorism Risk Insurance Program ("Program"), established by the Terrorism Risk Insurance Act, has terminated with respect to the type of insurance provided under this Coverage Form; or

(2) A renewal, extension or replacement of the Program has become effective without a requirement to make terrorism coverage available to you and with revisions that:

(a) Increase our statutory percentage deductible under the Program for terrorism losses. (That deductible determines the amount of all certified terrorism losses we must pay in a calendar year, before the federal government shares in subsequent payment of certified terrorism losses.); or

(b) Decrease the federal government's statutory percentage share in potential terrorism losses above such deductible; or

- (c) **Redefine terrorism or make insurance coverage for terrorism subject to provisions or requirements that differ from those that apply to other types of events or occurrences under this Policy.**
 - b. **If the provisions of this endorsement become applicable, such provisions:**
 - (1) **Supersede any terrorism endorsement already endorsed to this Policy that addresses "certified acts of terrorism" and/or "other acts of terrorism", but only with respect to loss or injury or damage from an incident(s) of terrorism (however defined) that occurs on or after the date when the provisions of this endorsement become applicable; and**
 - (2) **Remain applicable unless we notify you of changes in these provisions, in response to federal law.**
 - c. **If the provisions of this endorsement do NOT become applicable, any terrorism endorsement already endorsed to this Policy, that addresses "certified acts of terrorism" and/or "other acts of terrorism", will continue in effect unless we notify you of changes to that endorsement in response to federal law.**
2. **The following definition is added and applies under this endorsement wherever the term terrorism is enclosed in quotation marks.**
- "Terrorism" means activities against persons, organizations or property of any nature:**
- a. **That involve the following or preparation for the following:**
 - (1) **Use or threat of force or violence; or**
 - (2) **Commission or threat of a dangerous act; or**
 - (3) **Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and**
 - b. **When one or both of the following applies:**
 - (1) **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**

- (2) **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.**

B. Section I – Property is amended as follows:

- 1. **The following exclusion is added:**

Exclusion Of Terrorism

We will not pay for loss or damage caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident 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. **But this exclusion applies only when one or more of the following are attributed to an incident of "terrorism":**

- a. **The "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or**
- b. **Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or**
- c. **The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or**
- d. **Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials.**

2. Exception Covering Certain Fire Losses

The following exception to the Exclusion Of Terrorism applies only if indicated and as indicated in the Schedule of this endorsement.

If "terrorism" results in fire, we will pay for the loss or damage caused by that fire, subject to all applicable policy provisions including the Limit of Insurance on the affected property. Such coverage for fire applies only to direct loss or damage by fire to Covered Property.

3. Application Of Other Exclusions

When the Exclusion Of Terrorism applies in accordance with the terms of Paragraph 1.a. or 1.b., such exclusion applies without regard to the Nuclear Hazard Exclusion in this Coverage Form.

C. Section II – Liability is amended as follows:

1. The following definition is added and applies under this endorsement wherever the phrase any injury or damage is enclosed in quotation marks:

"Any injury or damage" means any injury or damage covered under this Coverage Form or any applicable endorsement, and includes but is not limited to "bodily injury", "property damage" or "personal and advertising injury" as may be defined under this Coverage Form.

2. The following exclusion is added:

Exclusion Of Terrorism

We will not pay for "any injury or damage" caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident of "terrorism". "Any injury or damage" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to such injury or damage. **But this exclusion applies only when one or more of the following are attributed to an incident of "terrorism":**

- a. The "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or

- b. Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or

- c. The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or

- d. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials.

D. The following provision is added to **Section I – Property** and **Section II – Liability**:

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for loss or injury or damage that is otherwise excluded under this Policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICRO-BUSINESSOWNERS CONDITIONAL LIMITATION OF COVERAGE FOR TERRORISM – SUB-LIMIT ON ANNUAL AGGREGATE BASIS (RELATING TO DISPOSITION OF FEDERAL TERRORISM RISK INSURANCE ACT)

This endorsement modifies insurance provided under the following:

MICRO-BUSINESSOWNERS COVERAGE FORM

SCHEDULE

SCHEDULE PART I – Applicability Of Terrorism Sub-limit:

Description Of Property Or Coverage*	Terrorism Sub-limit
*If a description is entered in the first column of the Schedule (or if such applicability information is entered in the Declarations) but the amount of the corresponding sub-limit is left blank, refer to Paragraph B.1.b. in this endorsement for information on the amount of the sub-limit.	

SCHEDULE PART II – Exception: Non-applicability Of Terrorism Sub-limit To Certain Fire Losses (refer to Paragraph **B.2.**):

State(s):

SCHEDULE PART III – Terrorism Aggregate Limit:

Terrorism Aggregate Limit: \$
Information required to complete Part III of this Schedule, if not shown above, may be shown in the Declarations or another Terrorism Aggregate Limit endorsement attached to this Policy. Refer to Paragraphs C.4. and C.5. in this endorsement for information on how the Terrorism Aggregate Limit applies.
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. Section I – Property and Section II – Liability
are amended as follows:

1. Applicability Of The Provisions Of This Endorsement

a. The provisions of this endorsement become applicable commencing on the date when any one or more of the following first occurs. But if your policy (meaning the policy period in which this endorsement applies) begins after such date, then the provisions of this endorsement become applicable on the date your policy begins.

(1) The federal Terrorism Risk Insurance Program ("Program"), established by the Terrorism Risk Insurance Act, has terminated with respect to the type of insurance provided under this Coverage Form; or

(2) A renewal, extension or replacement of the Program has become effective without a requirement to make terrorism coverage available to you and with revisions that:

(a) Increase our statutory percentage deductible under the Program for terrorism losses. (That deductible determines the amount of all certified terrorism losses we must pay in a calendar year, before the federal government shares in subsequent payment of certified terrorism losses.); or

(b) Decrease the federal government's statutory percentage share in potential terrorism losses above such deductible; or

(c) Redefine terrorism or make insurance coverage for terrorism subject to provisions or requirements that differ from those that apply to other types of events or occurrences under this Policy.

b. If the provisions of this endorsement become applicable, such provisions:

(1) Supersede any terrorism endorsement already endorsed to this Policy that addresses "certified acts of terrorism" and/or "other acts of terrorism", but only with respect to loss or injury or damage from an incident(s) of terrorism (however defined) that occurs on or after the date when the provisions of this endorsement become applicable; and

(2) Remain applicable unless we notify you of changes in these provisions, in response to federal law.

c. If the provisions of this endorsement do NOT become applicable, any terrorism endorsement already endorsed to this Policy, that addresses "certified acts of terrorism" and/or "other acts of terrorism", will continue in effect unless we notify you of changes to that endorsement in response to federal law.

2. The following definition is added and applies under this endorsement wherever the term terrorism is enclosed in quotation marks.

"Terrorism" means activities against persons, organizations or property of any nature:

a. That involve the following or preparation for the following:

(1) Use or threat of force or violence; or

(2) Commission or threat of a dangerous act; or

(3) Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and

b. When one or both of the following applies:

(1) 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

- (2) 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.

For the purpose of this endorsement, the term "terrorism" will apply only to an incident in which the total of insured damage to all types of property in the coverage territory ("coverage territory") 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. Multiple incidents of "terrorism" which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the threshold is exceeded.

B. Section I – Property is amended as follows:

1. Limitation Of Amount Of Coverage For Acts Of Terrorism

- a. When coverage applies to loss or damage caused by "terrorism", the full Limit of Insurance on the affected property or coverage does not apply to such loss or damage. Instead, the following limitation (sub-limit) applies to the loss or damage. The limitation applies even if another Covered Cause of Loss contributes concurrently or in any sequence to the loss or damage, except as otherwise provided in this endorsement.

Subject to Paragraphs **1.b.**, **1.c.** and **1.d.** below, the sub-limit is the most we will pay for the total of all covered loss or damage caused by one or more incidents of "terrorism" in an annual policy period. Amounts payable under a Coverage Extension, Additional Coverage or similar provision in this Coverage Form do not increase the sub-limit.

If an incident of "terrorism" begins during one annual policy period and ends during the following annual policy period, the only amount of coverage available is the sub-limit (or balance of it) applicable to the annual policy period in which such incident began, subject to Paragraphs **1.b.**, **1.c.** and **1.d.** below.

- b. If the provisions of this endorsement supersede (see Paragraph **A.1.b.**) during the policy period, an endorsement that provided a sub-limit on loss or damage from terrorism (however defined), this endorsement does not provide a new or additional sub-limit. Instead, the amount of the sub-limit shown in the superseded endorsement (or balance of that amount), if not exhausted, will apply.
- c. If this Coverage Form did not contain a sub-limit for terrorism (however defined) before the provisions of this endorsement become applicable, the sub-limit in this endorsement begins to apply on the date when the provisions of this endorsement become applicable. In that case, the sub-limit will only apply to loss or damage from incidents of "terrorism" that begin on or after that date.
- d. If covered loss or damage from an incident of terrorism (however defined) does not exhaust the sub-limit, then the balance of that sub-limit is available for covered loss or damage from another incident(s) that occurs in the same annual policy period. The sub-limit for an annual policy period could be exhausted by payments under this endorsement, or under a superseded endorsement (pursuant to Paragraph **1.b.**), or under both endorsements. When the sub-limit for an annual policy period is exhausted, there is no further coverage for loss or damage caused by another incident(s) of terrorism (however defined) in that annual policy period.

2. Exception: Non-applicability Of The Terrorism Sub-limit To Certain Fire Losses

The following exception applies only with respect to property located in the states indicated in Part II of the Schedule of this endorsement, if covered under the Coverage Form. The exception relates only to loss or damage caused by "terrorism".

When covered direct loss or damage attributable to fire exceeds the amount of the sub-limit, we will pay the full amount of the fire loss, up to the Limit of Insurance on the affected property, subject to policy provisions including Deductible and Valuation. In that circumstance, the Limit of Insurance is the most we will pay for the total of all covered direct loss or damage by fire and any other effect of the "terrorism" and any other Covered Cause of Loss that contributes concurrently or in any sequence to the loss or damage.

When covered direct loss or damage attributable to fire is less than the sub-limit, then the sub-limit is the most we will pay for the total of fire and any other covered loss or damage.

C. Section II – Liability is amended as follows:

1. For the purposes of this endorsement, the term "terrorism" will also apply to an incident in which 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.

Multiple incidents of "terrorism" which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the thresholds in Paragraph **A.2.** or **C.1.** are exceeded.

2. Coverage provided by this insurance for "bodily injury", "property damage" or "personal and advertising injury", arising out of "terrorism", is subject to the Terrorism Aggregate Limit as described in Paragraph **C.3.** of this endorsement.
3. The following provisions are added to Paragraph **D. Liability And Medical Expenses Limit Of Insurance** in **Section II – Liability**:

Subject to Paragraph **D.4.a.** or **D.4.b.**, whichever applies, the Terrorism Aggregate Limit shown in the Schedule is the most we will pay for the sum of all damages because of all:

- a. "Bodily injury", "property damage" and medical expenses; and

- b. "Personal and advertising injury" arising out of "terrorism".

Paragraphs **D.2.** and **D.3.** continue to apply to "bodily injury", "property damage", "personal and advertising injury" and medical expenses, as applicable, arising out of "terrorism" but only if, and to the extent that, a limit of insurance is available under the Terrorism Aggregate Limit.

4. If the provisions of this endorsement supersede (see Paragraph **A.1.b.**), during the policy period, an endorsement that provided a Terrorism Aggregate Limit on injury or damage arising out of terrorism (however defined), this endorsement does not provide a new or additional Terrorism Aggregate Limit. Instead, the amount of the Terrorism Aggregate Limit shown in the superseded endorsement (or balance of that amount), if not exhausted, will apply. If that amount is exhausted by payments under the provisions of either endorsement or a combination of the two, no coverage remains under either endorsement.

5. If this Coverage Form did not contain a Terrorism Aggregate Limit for terrorism (however defined), before the provisions of this endorsement become applicable, the Terrorism Aggregate Limit in this endorsement begins to apply on the date when the provisions of this endorsement become applicable. In that case, the Terrorism Aggregate Limit will only apply to injury or damage arising out of an incident(s) of "terrorism" covered under this Coverage Form after that date.

D. The following provision is added to Section I – Property and Section II – Liability:

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for loss or injury or damage that is otherwise excluded under this Policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICRO-BUSINESSOWNERS EXCLUSION OF TERRORISM

This endorsement modifies insurance provided under the following:

MICRO-BUSINESSOWNERS COVERAGE FORM

SCHEDULE

The Exception Covering Certain Fire Losses (Paragraph B.2.) applies to property located in the following state(s):				
State(s)				
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.				

A. Section I – Property and Section II – Liability are amended as follows:

The following definition is added and applies under this endorsement wherever the term terrorism is enclosed in quotation marks.

"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.

B. Section I – Property is amended as follows:

1. The following exclusion is added:

Exclusion Of Terrorism

We will not pay for loss or damage caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident of "terrorism". Such loss or injury or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss or injury or damage. **But this exclusion applies only when one or more of the following are attributed to an incident of "terrorism":**

- a. The "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or
- b. Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or
- c. The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or

- d. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials; or
- e. 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. Multiple incidents of "terrorism" which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident for the purpose of determining whether the threshold is exceeded.

With respect to this item **1.e.**, the immediately preceding paragraph describes the threshold 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 this Exclusion will apply to that incident. When the Exclusion applies to an incident of "terrorism", there is no coverage under this Coverage Form.

2. Exception Covering Certain Fire Losses

The following exception to the Exclusion Of Terrorism applies only if indicated and as indicated in the Schedule of this endorsement.

If "terrorism" results in fire, we will pay for the loss or damage caused by that fire, subject to all applicable policy provisions including the Limit of Insurance on the affected property. Such coverage for fire applies only to direct loss or damage by fire to Covered Property.

3. Application Of Other Exclusions

- a. When the Exclusion Of Terrorism applies in accordance with the terms of **1.a.** or **1.b.**, such exclusion applies without regard to the Nuclear Hazard Exclusion in this Coverage Form.

- b. 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 or damage which would otherwise be excluded under this Coverage Form, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

C. Section II – Liability is amended as follows:

1. The following definition is added and applies under this endorsement wherever the phrase any injury or damage is enclosed in quotation marks:

"Any injury or damage" means any injury or damage covered under this Coverage Form or any applicable endorsement and includes but is not limited to "bodily injury", "property damage", or "personal and advertising injury" as may be defined under this Coverage Form.

2. The following exclusion is added:

Exclusion Of Terrorism

We will not pay for "any injury or damage" caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident of "terrorism." "Any injury or damage" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to such injury or damage. **But this exclusion applies only when one or more of the following are attributed to an incident of "terrorism":**

- a. The "terrorism" is carried out by means of dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or
- b. Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or
- c. The "terrorism" is carried out by means of dispersal or application of pathogenic or poisonous biological or chemical materials; or
- d. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials; or

- e. The total of insured damage to all types of property in the United States, its territories and possessions, Puerto Rico and Canada 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
- f. Fifty or more persons sustain death or serious physical injury. For the purposes of this provision, serious physical injury means:
 - (1) Physical injury that involves a substantial risk of death; or
 - (2) Protracted and obvious physical disfigurement; or
 - (3) Protracted loss of or impairment of the function of a bodily member or organ.

Multiple incidents of "terrorism" which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the thresholds in Paragraph 2.e. or 2.f. are exceeded.

With respect to this Exclusion, Paragraphs 2.e. and 2.f. describe the threshold 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 this Exclusion will apply to that incident. When the Exclusion applies to an incident of "terrorism", there is no coverage under this Coverage Form.

In the event of any incident of "terrorism" that is not subject to this Exclusion, coverage does not apply to "any injury or damage" that is otherwise excluded under this Coverage Form.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICRO-BUSINESSOWNERS EXCLUSION OF TERRORISM INVOLVING NUCLEAR, BIOLOGICAL OR CHEMICAL TERRORISM

This endorsement modifies insurance provided under the following:

MICRO-BUSINESSOWNERS COVERAGE FORM

SCHEDULE

The Exception Covering Certain Fire Losses (Paragraph B.2.) applies to property located in the following state(s):				
State(s)				
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.				

A. Section I – Property and Section II – Liability are amended as follows:

The following definition is added and applies under this endorsement wherever the term terrorism is enclosed in quotation marks.

"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.

B. Section I – Property is amended as follows:

1. The following exclusion is added:

Exclusion Of Terrorism

We will not pay for loss or damage caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident 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.

But this exclusion applies only when one or more of the following are attributed to an incident of "terrorism":

- a. The "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or
- b. Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or
- c. The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or

- d. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials.

2. Exception Covering Certain Fire Losses

The following exception to the Exclusion Of Terrorism applies only if indicated and as indicated in the Schedule of this endorsement.

If "terrorism" results in fire, we will pay for the loss or damage caused by that fire, subject to all applicable policy provisions including the Limit of Insurance on the affected property. Such coverage for fire applies only to direct loss or damage by fire to Covered Property.

3. Application Of Other Exclusions

- a. When the Exclusion Of Terrorism applies in accordance with the terms of **1.a.** or **1.b.**, such exclusion applies without regard to the Nuclear Hazard Exclusion in this Coverage Form.
- b. 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 or damage which would otherwise be excluded under this Coverage Form, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

C. Section II – Liability is amended as follows:

- 1. The following definition is added and applies under this endorsement wherever the phrase any injury or damage is enclosed in quotation marks:

"Any injury or damage" means any injury or damage covered under this Coverage Form or any applicable endorsement, and includes but is not limited to "bodily injury", "property damage" or "personal and advertising injury" as may be defined under this Coverage Form.

- 2. The following exclusion is added:

Exclusion Of Terrorism

We will not pay for "any injury or damage" caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident of "terrorism". "Any injury or damage" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to such injury or damage. **But this exclusion applies only when one or more of the following are attributed to an incident of "terrorism":**

- a. The "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or
- b. Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or
- c. The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
- d. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials.

In the event of any incident of "terrorism" that is not subject to this Exclusion, coverage does not apply to "any injury or damage" that is otherwise excluded under this Coverage Form.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICRO-BUSINESSOWNERS LIMITATION OF COVERAGE FOR TERRORISM – SUB-LIMIT ON ANNUAL AGGREGATE BASIS

This endorsement modifies insurance provided under the following:

MICRO-BUSINESSOWNERS COVERAGE FORM

SCHEDULE

SCHEDULE PART I – Applicability Of Terrorism Sub-limit				
Description Of Property Or Coverage			Terrorism Sub-limit	
SCHEDULE PART II – Exception: Non-applicability Of Terrorism Sub-limit To Certain Fire Losses (refer to Paragraph B.3.):				
State(s)				
SCHEDULE PART III – Terrorism Aggregate Limit				
Terrorism Aggregate Limit			\$	
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.				

A. Section I – Property and Section II – Liability
are amended as follows:

The following definition is added and applies under this endorsement wherever the term terrorism is enclosed in quotation marks.

"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.

For the purpose of this endorsement, the term "terrorism" will apply only to an incident in which the total of insured damage to all types of property in the coverage territory ("coverage territory") 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. Multiple incidents of "terrorism" which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident for the purpose of determining whether the threshold is exceeded.

B. Section I – Property is amended as follows:

1. Application Of Exclusions

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

2. Limitation Of Amount Of Coverage For Acts Of Terrorism

When coverage applies to loss or damage caused by "terrorism", the full Limit of Insurance on the affected property or coverage does not apply to such loss or damage. Instead, the following limitation applies to the loss or damage. The limitation applies even if another Covered Cause of Loss contributes concurrently or in any sequence to the loss or damage, except as otherwise provided in this endorsement.

The Terrorism Sub-limit is the most we will pay for the total of all covered loss or damage caused by one or more incidents of "terrorism" in an annual policy period. If covered loss or damage from an incident of "terrorism" does not exhaust the Terrorism Sub-limit, then the balance of that Sub-limit is available for covered loss or damage from another incident(s) that occurs in the same annual policy period. When the Terrorism Sub-limit for an annual policy period is exhausted, there is no further coverage for loss or damage caused by another incident(s) of "terrorism" in that annual policy period.

If an incident of "terrorism" begins during one annual policy period and ends during the following annual policy period, the only amount of coverage available is the Sub-limit (or balance of it) applicable to the annual policy period in which such incident began.

Amounts payable under a Coverage Extension, Additional Coverage or similar provision in this Coverage Form do not increase the Terrorism Sub-limit.

3. Exception: Non-applicability Of The Terrorism Sub-limit To Certain Fire Losses

The following exception applies only with respect to property located in the states indicated in Part II of the Schedule of this endorsement, if covered under the Coverage Form. The exception relates only to loss or damage caused by "terrorism".

When covered direct loss or damage attributable to fire exceeds the amount of the Sub-limit, we will pay the full amount of the fire loss, up to the Limit of Insurance on the affected property, subject to policy provisions including Deductible and Valuation. In that circumstance, the Limit of Insurance is the most we will pay for the total of all covered direct loss or damage by fire and any other effect of the "terrorism" and any other Covered Cause of Loss that contributes concurrently or in any sequence to the loss or damage.

When covered direct loss or damage attributable to fire is less than the Sub-limit, then the Sub-limit is the most we will pay for the total of fire and any other covered loss or damage.

C. Section II – Liability is amended as follows:

1. For the purposes of this endorsement, the term "terrorism" will also apply to an incident in which 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.

Multiple incidents of "terrorism" which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the threshold is exceeded.

2. Coverage provided by this insurance for "bodily injury", "property damage" or "personal and advertising injury", arising out of "terrorism", is subject to the Terrorism Aggregate Limit as described in Paragraph **C.3.** of this endorsement.

3. The following are added to Paragraph **D. Liability And Medical Expenses Limit Of Insurance** in **Section II – Liability**:

Subject to Paragraphs **D.4.a.** and **D.4.b.**, as applicable, the Terrorism Aggregate Limit shown in the Schedule of this endorsement is the most we will pay for all "bodily injury", "property damage", "personal and advertising injury" and medical expenses under Paragraph **A. Coverages arising out of terrorism.**

Paragraphs **D.2.** and **D.3.** continue to apply to damages arising out of "terrorism". Those limits will only be available if, and to the extent that, limits are available under the Terrorism Aggregate Limit.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICRO-BUSINESSOWNERS DISCLOSURE OF PREMIUM THROUGH END OF YEAR FOR CERTIFIED ACTS OF TERRORISM COVERAGE (PURSUANT TO TERRORISM RISK INSURANCE ACT)

SCHEDULE

SCHEDULE – PART I	
Terrorism Premium (Certified Acts) through end of year (12/31/) \$
Additional information, if any, concerning the terrorism premium:	
SCHEDULE – PART II	
Federal share of terrorism losses _____	% Year: 20 _____
(Refer to Paragraph B. in this endorsement.)	
Federal share of terrorism losses _____	% Year: 20 _____
(Refer to Paragraph B. in this endorsement.)	
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Disclosure Of Premium

In accordance with the federal Terrorism Risk Insurance Act, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for terrorist acts certified under that Act. The portion of your premium attributable to such coverage is shown in the Schedule of this endorsement or in the policy Declarations.

B. Disclosure Of Federal Participation In Payment Of Terrorism Losses

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals a percentage (as shown in Part II of the Schedule of this endorsement or in the policy Declarations) of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year, the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

C. Cap On Insurer Participation In Payment Of Terrorism Losses

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year 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. Possibility Of Additional Premium

The premium for certified acts of terrorism coverage is calculated based in part on the federal participation in payment of terrorism losses as set forth in the Terrorism Risk Insurance Act. The federal program established by the Act is scheduled to terminate at the end of the year specified in Part I of the Schedule of this endorsement, unless extended by the federal government. Continuation of coverage for certified acts of terrorism, or termination of such coverage, will be determined upon disposition of the federal program, subject to the terms and conditions of the Conditional Exclusion on this Policy. If coverage continues past the end of the year specified in Part I of the Schedule of this endorsement, we will calculate the premium for such period of time and charge additional premium if indicated.

If we notify you of an additional premium charge, the additional premium will be due as specified in such notice.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICRO-BUSINESSOWNERS DISCLOSURE OF PREMIUM AND ESTIMATED PREMIUM FOR CERTIFIED ACTS OF TERRORISM COVERAGE (PURSUANT TO TERRORISM RISK INSURANCE ACT)

SCHEDULE

SCHEDULE – PART I

Terrorism Premium (Certified Acts)

(A) Premium through end of year (12/31/) \$

(B) Estimated Premium beyond the date specified above \$

(Refer to Paragraph D. in this endorsement.)

Additional information, if any, concerning the terrorism premium:

SCHEDULE – PART II

Federal share of terrorism losses _____ **% Year: 20** ____
(Refer to Paragraph B. in this endorsement.)

Federal share of terrorism losses _____ **% Year: 20** ____
(Refer to Paragraph B. in this endorsement.)

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. Disclosure Of Premium

In accordance with the federal Terrorism Risk Insurance Act, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for terrorist acts certified under that Act. The portion of your premium attributable to such coverage is shown in the Schedule of this endorsement or in the policy Declarations.

B. Disclosure Of Federal Participation In Payment Of Terrorism Losses

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals a percentage (as shown in Part II of the Schedule of this endorsement or in the policy Declarations) of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year, the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

C. Cap On Insurer Participation In Payment Of Terrorism Losses

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year 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. Possibility Of Additional Or Return Premium

The premium for certified acts of terrorism coverage is calculated based in part on the federal participation in payment of terrorism losses as set forth in the Terrorism Risk Insurance Act. The federal program established by the Act is scheduled to terminate at the end of the year specified in Part I of the Schedule of this endorsement, unless extended by the federal government. If the federal program terminates or if the level or terms of federal participation change, the estimated premium shown in **(B)** in Part I of the Schedule may not be appropriate.

If this Policy contains a Conditional Exclusion, continuation of coverage for certified acts of terrorism, or termination of such coverage, will be determined upon disposition of the federal program, subject to the terms and conditions of the Conditional Exclusion. If this Policy does not contain a Conditional Exclusion, coverage for certified acts of terrorism will continue. In either case, when disposition of the federal program is determined, we will recalculate the premium shown in **(B)** in Part I of the Schedule and will charge additional premium or refund excess premium, if indicated.

If we notify you of an additional premium charge, the additional premium will be due as specified in such notice.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WASHINGTON CHANGES – MICRO-BUSINESSOWNERS

This endorsement modifies insurance provided under the following:

MICRO-BUSINESSOWNERS COVERAGE FORM
MICRO-BUSINESSOWNERS PROFESSIONAL LIABILITY ENDORSEMENT

A. Section I – Property is amended as follows:

1. Paragraphs c. and h. under A.2. Property Not Covered are replaced by the following:

- c.** Aircraft, automobiles or motortrucks; and any other vehicle if such vehicle is subject to licensing requirements;
- h.** "Computer(s)" which are permanently installed or designed to be permanently installed in any aircraft, watercraft, motortruck or other vehicle subject to licensing requirements.

2. In the sections titled Covered Causes Of Loss or Exclusions, any introductory paragraph preceding an exclusion or list of exclusions is replaced by the following paragraph, which pertains to application of those exclusions:

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

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

3. Paragraph k. of A.3. Covered Causes Of Loss is replaced by the following:

k. Volcanic action.

- (1)** Volcanic action, meaning direct loss or damage resulting from the eruption of a volcano when loss or damage is caused by:
 - (a)** Volcanic blast or airborne shock waves; or

(b) Ash, dust or particulate matter.

Volcanic action does not provide coverage for damage to:

- (i)** Land; or
- (ii)** Property in the open or in open sheds.

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

(2) Removal

Direct loss includes the cost to:

Clean equipment.

Payment for removal applies only to the initial deposit of ash, dust or particulate matter following a volcanic eruption. Subsequent deposits arising from the movements of volcanic dust or ash by wind or other means are not covered.

(3) Volcanic action does not include loss caused by, resulting from, contributed to or aggravated by:

- (a)** Fire;
- (b)** Explosion;
- (c)** Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge); or
- (d)** Earth movement, including but not limited to earthquake, volcanic eruption, landslide, mine subsidence, lava flow, mud flow, earth sinking, earth rising or shifting.

4. Paragraph **B.1.a. Earth Movement** Exclusion is replaced by the following:

a. Earth Movement

- (1) Earthquake, including tremors and aftershocks and any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased; or
- (4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in Paragraphs (1) through (4) above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire or volcanic action, we will pay for the loss or damage caused by that fire or volcanic action.
 - (a) Volcanic action means direct loss or damage resulting from the eruption of a volcano when loss or damage is caused by:
 - (i) Volcanic blast or airborne shock waves; or
 - (ii) Ash, dust or particulate matter.

With respect to coverage for volcanic action as set forth in (5)(a)(i) and (5)(a)(ii), all volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

Volcanic action does not provide coverage for damage to:

- i. Land; or
 - ii. Property in the open or in open sheds.
- (b) Direct loss includes the cost to:
Clean equipment.

Payment for removal applies only to the initial deposit of ash, dust or particulate matter following a volcanic eruption. Subsequent deposits arising from the movement of volcanic dust or ash by wind or other means are not covered.

- (c) Volcanic action does not include loss caused by, resulting from, contributed to or aggravated by:
 - (i) Fire;
 - (ii) Explosion;
 - (iii) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge); or
 - (iv) Earth movement, including but not limited to earthquake, volcanic eruption, landslide, mine subsidence, lava flow, mudflow, earth sinking, earth rising or shifting.

This exclusion applies if any of the above, in Paragraphs (1) through (5):

- (a) Occurs independently;
- (b) Is caused by an act of nature; or
- (c) Is caused by an act or omission of humans or animals.

5. Paragraph **B.1.f. Water** Exclusion is replaced by the following:

f. Water

- (1) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);
- (2) Mudslide or mudflow;
- (3) Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment;
- (4) Water under the ground surface pressing on, or flowing or seeping through:
 - (a) Foundations, walls, floors or paved surfaces;

- (b) Basements, whether paved or not; or
- (c) Doors, windows or other openings; or
- (5) Waterborne material carried or otherwise moved by any of the water referred to in Paragraph (1), (3) or (4), or material carried or otherwise moved by mudslide or mudflow.

This exclusion applies if any of the above, in Paragraphs (1) through (5):

- (i) Occurs independently;
- (ii) Is caused by an act of nature;
- (iii) Is caused by an act or omission of humans or animals; or
- (iv) Is attributable to the failure, in whole or in part, of a dam, levee, seawall or other boundary or containment system.

But if any of the above, in Paragraphs (1) through (5), results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

6. Paragraph 3. under **B. Exclusions** is replaced by the following:

- 3. We will not pay for loss or damage caused by or resulting from any of the following, Paragraphs a. through c. But if an excluded cause of loss that is listed in a. through c. results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

a. Weather Conditions

- (1) A weather condition which results in:
 - (a) Landslide, mudslide or mudflow;
 - (b) Mine subsidence; earth sinking, rising or shifting (other than sinkhole collapse); or
 - (c) Water, as described in Paragraphs A.4.f.(1) through A.4.f.(5) of this endorsement.

But if loss or damage by fire, explosion or sprinkler leakage results, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

b. Acts Or Decisions

Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body. But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.

c. Negligent Work

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. But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.

7. Paragraph **E. Property Loss Conditions** is amended as follows:

- a. The last paragraph of Paragraph 2. **Appraisal** does not apply.
- b. Paragraph (1) under 3.a. **Duties In The Event Of Loss Or Damage**, regarding notifying the police if a law may have been broken, does not apply.
- c. Paragraph 4. **Legal Action Against Us** 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 two years after the date on which the direct physical loss or damage occurred.

If this action is brought pursuant to Sec. 3 of RCW 48.30 then, 20 days prior to filing such an action, you are required to provide written notice of the basis for the cause of action to us and the Office of the Insurance Commissioner. Such notice may be sent by regular mail, registered mail or certified mail with return receipt requested.

d. The following is added to Paragraph d.(1) of E.5. Loss Payment:

(d) The term replacement cost means the amount you actually spend in repairing the damage or replacing the damaged property with new property of similar kind and quality.

8. The following is added to Section I – Property:

a. The term actual cash value means:

(1) When the damage to property is economically repairable, actual cash value means the cost of repairing the damage, less reasonable deduction for wear and tear, deterioration and obsolescence.

(2) When the loss or damage to property creates a total loss, actual cash value means the market value of property in a used condition equal to that of the destroyed property, if reasonably available on the used market.

(3) Otherwise, actual cash value means the market value of new, identical or nearly identical property less reasonable deduction for wear and tear, deterioration and obsolescence.

b. The word "vehicles", as used in Section I – Property, means vehicles running on land or tracks, but not aircraft.

B. Section II – Liability is amended as follows:

1. Paragraph B.1.e. Employer's Liability Exclusion applies only to "bodily injury" to "employees" of the insured whose employment is not subject to the Industrial Insurance Act of Washington (Washington Revised Code Title 51).

With respect to "bodily injury" to "employees" of the insured whose employment is subject to the Industrial Insurance Act of Washington, Paragraph **B.1.e. Employer's Liability** is replaced by the following:

e. Employer's Liability

(1) "Bodily injury" to an "employee" of the insured arising out of and in the course of:

(a) Employment by the insured; or

(b) Performing duties related to the conduct of the insured's business.

(2) 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".

2. Paragraph 2.a.(1) under C. Who Is An Insured applies only to "employees" of the insured whose employment is not subject to the Industrial Insurance Act of Washington (Washington Revised Code Title 51).

With respect to "employees" of the insured whose employment is subject to the Industrial Insurance Act of Washington, Paragraph **C.2.a.(1)** is replaced by the following:

(1) "Bodily injury" or "personal injury":

(a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), or to a co-"employee" while that co-"employee" is either in the course of his or her employment or performing duties related to the conduct of your business; or

(b) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraph **(1)(a)**.

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

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

A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this Policy by notifying us or the insurance producer in one of the following ways:
 - a. Written notice by mail, fax or e-mail;
 - b. Surrender of the Policy or binder; or
 - c. Verbal notice.

Upon receipt of such notice, we will cancel this Policy or any binder issued as evidence of coverage, effective on the later of the following:

- a. The date on which notice is received or the Policy or binder is surrendered; or
 - b. The date of cancellation requested by the first Named Insured.
2. We may cancel this Policy by mailing or delivering to the first Named Insured and the first Named Insured's agent or broker written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium.
 - b. 45 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice stating the actual reason for cancellation to the first Named Insured and the first Named Insured's agent or broker at their last mailing addresses known to us.
4. We will also mail or deliver to any pledgee or other person shown in this Policy to have an interest in any loss which may occur under this Policy, at their last mailing address known to us, written notice of cancellation prior to the effective date of cancellation. This notice will be the same as that mailed or delivered to the first Named Insured.

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

6. 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 will be at least 90% of the pro rata refund. The cancellation will be effective even if we have not made or offered a refund.

7. If notice is mailed, proof of mailing will be sufficient proof of notice.

2. Paragraph **1.** under **H. Other Insurance** is replaced by the following:

1. With respect to insurance provided under Section **I – Property**:

- a. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Policy. 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 Policy bears to the Limits of Insurance of all insurance covering on the same basis.

- b. If there is other insurance covering the same loss or damage, other than that described in **a.** 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.

3. Paragraph **3.** under **I. Premiums** is replaced by the following:

3. The premium must be:

- a. Paid to us prior to the anniversary date; and
- b. Determined in accordance with Paragraph **2.** above.

Our forms then in effect will apply. If you do not pay the continuation premium, this Policy will expire on the first anniversary date that we have not received the premium.

4. The following paragraph is added:

M. Nonrenewal

We may elect not to renew this Policy by mailing or delivering written notice of nonrenewal, stating the reasons for nonrenewal, to the first Named Insured and the first Named Insured's agent or broker, at their last mailing addresses known to us. We will also mail to any pledgee or other person shown in this Policy to have an interest in any loss which may occur under this Policy, at their last mailing address known to us, written notice of nonrenewal. We will mail or deliver these notices at least 45 days before the expiration of the Policy. If notice is mailed, proof of mailing will be sufficient proof of notice.

Otherwise, we will renew this Policy unless:

- a. The first Named Insured fails to pay the renewal premium after we have expressed our willingness to renew, including a statement of the renewal premium, to the first Named Insured and the first Named Insured's insurance agent or broker, at least 20 days before the expiration date;

- b. Other coverage acceptable to the insured has been procured prior to the expiration date of the Policy; or

- c. The Policy clearly states that it is not renewable and is for a specific line, subclassification, or type of coverage that is not offered on a renewable basis.

D. The following change applies only to Micro-businessowners Professional Liability Endorsement **BP 22 02** if it is attached to this Policy:

Paragraph **B.1.j. Fungi Or Bacteria** Exclusion is replaced by the following:

j. Fungi Or Bacteria

Based upon, attributable to or arising out of any 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.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WASHINGTON CHANGES – DOMESTIC ABUSE – MICRO-BUSINESSOWNERS

This endorsement modifies insurance provided under the following:

MICRO-BUSINESSOWNERS COVERAGE FORM

- A.** The following exclusion and related provisions are added to Paragraph **B.2. Exclusions** in **Section I – Property**:
1. We will not pay for loss or damage arising out of any act committed or conspired to be committed by or at the direction of an insured with the intent to cause a loss.

In the event of such loss, no insured is entitled to coverage, even insureds who did not commit or conspire to commit the act causing the loss.
 2. However, this exclusion or any other policy provision (including Paragraph **C. Concealment, Misrepresentation Or Fraud** in **Section III – Common Policy Conditions**) will not apply to deny an insured's claim for an otherwise covered property loss if such loss is caused by an act of "domestic abuse" by another insured under the Policy, and the insured making claim:
 - a. Files a police report and cooperates with any law enforcement investigation relating to the act of "domestic abuse"; and
 - b. Did not cooperate in or contribute to the creation of the loss.
 3. If we pay a claim pursuant to Paragraph **A.2.**, our payment to the insured is limited to that insured's insurable interest in the property less any payments we first made to another party with a legal secured interest in the property. In no event will we pay more than the Limit of Insurance.
- B.** The following is added to Paragraph **K. Transfer Of Rights Of Recovery Against Others To Us** in **Section III – Common Policy Conditions**:
- If we pay an insured, who is a victim of "domestic abuse", for a loss caused by an act of "domestic abuse", the rights of that insured to recover damages from the perpetrator of the abuse are transferred to us to the extent of our payment. That insured may not waive such rights to recover against the perpetrator of the "domestic abuse".
- C.** As used in this endorsement, "domestic abuse" means:
1. Physical harm, bodily injury, assault or the infliction of fear of imminent physical harm, bodily injury or assault between family or household members;
 2. Sexual assault of one family or household member by another;
 3. Stalking, as defined in RCW 9A.46.110 of one family or household member by another family or household member; or
 4. Intentionally, knowingly or recklessly causing damage to property so as to intimidate or attempt to control the behavior of another family or household member.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WASHINGTON – AMENDMENT OF TERRORISM EXCLUSIONS – MICRO-BUSINESSOWNERS

This endorsement modifies insurance provided under the following:

MICRO-BUSINESSOWNERS COVERAGE FORM

- A.** The following provision is added to **Section I – Property** of Micro-businessowners Coverage Form **BP 00 04**:

If this Policy (or an endorsement to this Policy) excludes loss or damage caused by a "certified act of terrorism" or "terrorism", the following paragraph is added to such exclusion(s) and supersedes any provision to the contrary.

Loss or damage will be considered to have been caused by such excluded event if the occurrence of that event:

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

- B.** The following provision is added to **Section II – Liability** of Micro-businessowners Coverage Form **BP 00 04**:

If Endorsement **BP 23 09**, **BP 23 10**, **BP 23 12** or **BP 23 13** is attached to this Policy, the following provision in Paragraph **C.2. Exclusion Of Terrorism** is deleted:

"Any injury or damage" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to such injury or damage.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WASHINGTON CHANGES – DEFENSE COSTS – MICRO-BUSINESSOWNERS

This endorsement modifies insurance provided under the following:

MICRO-BUSINESSOWNERS COVERAGE FORM

The following applies to any provision in this Policy, or in any endorsement attached to this Policy, that sets forth a duty to defend:

If we initially defend an insured or pay for an insured's defense but later determine that none of the claims, for which we provided a defense or defense costs, are covered under this insurance, we have the right to reimbursement for the defense costs we have incurred.

The right to reimbursement under this provision will only apply to the costs we have incurred after we notify you in writing that there may not be coverage and that we are reserving our rights to terminate the defense or the payment of defense costs and to seek reimbursement for defense costs.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WASHINGTON – LIMITED COVERAGE FOR BODILY INJURY, PROPERTY DAMAGE OR PERSONAL AND ADVERTISING INJURY INVOLVING EFFICIENT PROXIMATE CAUSE (DEFENSE WITHIN LIMITS) – MICRO-BUSINESSOWNERS

DEFENSE EXPENSES ARE PAYABLE WITHIN, AND NOT IN ADDITION TO, THE EFFICIENT PROXIMATE CAUSE AGGREGATE LIMIT. PAYMENT OF DEFENSE EXPENSES UNDER THIS ENDORSEMENT WILL REDUCE THE EFFICIENT PROXIMATE CAUSE AGGREGATE LIMIT.

This endorsement modifies insurance provided under the following:

MICRO-BUSINESSOWNERS COVERAGE FORM

SCHEDULE

Efficient Proximate Cause Aggregate Limit:	\$
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

Section II – Liability is amended as follows:

A. The following is added to Paragraph **B. Exclusions:**

1. If an exclusion under the terms of this Policy applies with respect to "bodily injury", "property damage" or "personal and advertising injury"; and
2. The efficient proximate cause, in accordance with the law of the State of Washington, of such "bodily injury", "property damage" or "personal and advertising injury" is not also excluded under the terms of this Policy;

then:

- a. The exclusion referenced in Paragraph **A.1.** above does not apply to such "bodily injury", "property damage" or "personal and advertising injury"; and
- b. Coverage provided under this Policy for such "bodily injury", "property damage" or "personal and advertising injury" is subject to the Efficient Proximate Cause Aggregate Limit as described in Paragraph **B.** of this endorsement.

B. For purposes of the coverage provided under this endorsement, the following provisions are added to Paragraph **D. Liability And Medical Expenses Limits Of Insurance:**

1. Subject to:

Paragraph **D.4.a.** or **D.4.b.**, the Efficient Proximate Cause Aggregate Limit shown in the Schedule or Declarations is the most we will pay for the sum of all damages because of all:

- a. "Bodily injury", "property damage" and medical expenses;
- b. "Personal and advertising injury"; and
- c. "Defense expenses";

described in Paragraph **A.** of this endorsement, as applicable.

2. Paragraphs **D.2.** and **D.3.** continue to apply to:

- a. "Bodily injury", "property damage" and medical expenses; and
- b. "Personal and advertising injury";

as applicable, described in Paragraph **A.** of this endorsement but only if, and to the extent that, a limit of insurance is available under the Efficient Proximate Cause Aggregate Limit.

C. For purposes of the coverage provided under this endorsement, Subparagraphs **(a)**, **(d)** and **(e)** of Paragraph **A.1.f.(1) Coverage Extension – Supplementary Payments** do not apply.

D. For purposes of the coverage provided under this endorsement, the following definition is added:

"Defense expenses":

1. Means:

Payments allocated to a specific claim or "suit" we investigate, settle or defend, for its investigation, settlement or defense.

2. Includes payments for:

a. Fees and salaries of attorneys and paralegals we retain, including attorneys and paralegals who are our "employees".

b. Fees of attorneys the insured retains when by mutual agreement or court order the insured is given the right to retain defense counsel to defend a "suit".

c. All other litigation expenses.

d. 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 \$250 a day because of time off from work.

e. Costs taxed against the insured in the "suit".

3. Does not include:

a. Any payments described in Paragraph **D.1.** above allocated to that portion of a specific claim or "suit" involving "bodily injury", "property damage" or "personal and advertising injury" not described in Paragraph **A.** of this endorsement;

b. Salaries and expenses of our "employees" or the insured's "employees" (other than those described in Paragraphs **D.2.a.** and **D.2.d.** above) and does not include fees and expenses of independent adjusters we hire; and

c. Any payments described in Paragraph **D.1.** above allocated to that portion of a specific claim or "suit" involving medical expenses for "bodily injury" under Paragraph **A.2.** Medical Expenses.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WASHINGTON – STOP GAP – EMPLOYER'S LIABILITY COVERAGE – MICRO-BUSINESSOWNERS

This endorsement modifies insurance provided under the following:

MICRO-BUSINESSOWNERS COVERAGE FORM

SCHEDULE

Bodily Injury By Accident	Bodily Injury By Disease	
Each Accident	Each Employee	Aggregate
\$	\$	\$
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

Section II – Liability is amended as follows:

A. Coverage – Stop Gap – Employer's Liability

1. Insuring Agreement

- a. We will pay those sums that the insured becomes legally obligated by Washington law to pay as damages because of "bodily injury by accident" or "bodily injury by disease" to your "employee" 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 to which this insurance does not apply. We may, at our discretion, investigate any accident and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Paragraph **D. Liability And Medical Expenses 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 this coverage.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments.

- b. This insurance applies to "bodily injury by accident" or "bodily injury by disease" only if:

(1) The:

- (a) "Bodily injury by accident" or "bodily injury by disease" takes place in the "coverage territory";
- (b) "Bodily injury by accident" or "bodily injury by disease" arises out of and in the course of the injured "employee's" employment by you; and
- (c) "Employee", at the time of the injury, was covered under a workers' compensation policy and subject to a "workers' compensation law" of Washington; and

(2) The:

- (a) "Bodily injury by accident" is caused by an accident that occurs during the policy period; or
- (b) "Bodily injury by disease" is caused by or aggravated by conditions of employment by you, and the injured "employee's" last day of last exposure to the conditions causing or aggravating such "bodily injury by disease" occurs during the policy period.

- c. The damages we will pay, where recovery is permitted by law, include damages:

(1) For:

- (a) 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";
- (b) Care and loss of services; and
- (c) Consequential "bodily injury by accident" or "bodily injury by disease" to a spouse, child, parent, brother or sister of the injured "employee";

provided that these damages are the direct consequence of "bodily injury by accident" or "bodily injury by disease" that arises out of and in the course of the injured "employee's" employment by you; and

- (2) Because of "bodily injury by accident" or "bodily injury by disease" to your "employee" that arises out of and in the course of employment, claimed against you in a capacity other than as employer.

2. Exclusions Applicable To Stop Gap – Employer's Liability Coverage

This insurance does not apply to:

a. Intentional Injury

"Bodily injury by accident" or "bodily injury by disease" intentionally caused or aggravated by you, or "bodily injury by accident" or "bodily injury by disease" resulting from an act which is determined to have been committed by you if it is reasonable to believe that an injury is substantially certain to occur.

b. Fines Or Penalties

Any assessment, penalty or fine levied by any regulatory inspection agency or authority.

c. Statutory Obligations

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

d. Contractual Liability

Liability assumed by you under any contract or agreement.

e. Violation Of Law

"Bodily injury by accident" or "bodily injury by disease" suffered or caused by any "employee" while employed in violation of law with your actual knowledge or the actual knowledge of any of your "executive officers".

f. Termination, Coercion Or Discrimination

Damages arising out of coercion, criticism, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination against or termination of any "employee", or arising out of other employment or personnel decisions concerning the insured.

g. Failure To Comply With Workers' Compensation Law

"Bodily injury by accident" or "bodily injury by disease" to an "employee" when you are:

- (1) Deprived of common law defenses; or
- (2) Otherwise subject to penalty;

because of your failure to secure your obligations or other failure to comply with any "workers' compensation law".

h. Violation Of Age Laws Or Employment Of Minors

"Bodily injury by accident" or "bodily injury by disease" suffered or caused by any person:

- (1) Knowingly employed by you in violation of any law as to age; or
- (2) Under the age of 14 years, regardless of any such law.

i. Federal Laws

Any premium, assessment, penalty, fine, benefit, liability or other obligation imposed by or granted pursuant to:

- (1) The Federal Employer's Liability Act (45 USC Sections 51-60);
- (2) The Nonappropriated Fund Instrumentalities Act (5 USC Sections 8171-8173);
- (3) The Longshore and Harbor Workers' Compensation Act (33 USC Sections 910-950);
- (4) The Outer Continental Shelf Lands Act (43 USC Sections 1331-1356);
- (5) The Defense Base Act (42 USC Sections 1651-1654);

- (6) The Federal Coal Mine Health and Safety Act of 1969 (30 USC Sections 901-942);
- (7) The Migrant and Seasonal Agricultural Worker Protection Act (29 USC Sections 1801-1872);
- (8) Any other workers' compensation, unemployment compensation or disability laws or any similar law; or
- (9) Any subsequent amendments to the laws listed above.

j. Punitive Damages

Multiple, exemplary or punitive damages.

k. Crew Members

"Bodily injury by accident" or "bodily injury by disease" to a master or member of the crew of any vessel or any member of the flying crew of an aircraft.

B. The Coverage Extension – Supplementary Payments provisions apply to Stop Gap – Employer's Liability Coverage as well as to Business Liability Coverage.

C. For the purposes of this endorsement, Paragraph C. Who Is An Insured is replaced by the following:

C. Who Is An Insured

If you are designated in the Declarations as:

- 1. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
- 2. A partnership or joint venture, you are an insured. Your members, your partners and their spouses are also insureds, but only with respect to the conduct of your business.
- 3. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
- 4. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.
- 5. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.

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.

D. For the purposes of this endorsement, Paragraph D. Liability And Medical Expenses Limits Of Insurance is replaced by the following:

D. Liability And Medical Expenses Limits Of Insurance

- 1. The Limits Of Insurance shown in the Schedule of this endorsement 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 "Bodily Injury By Accident" – Each Accident Limit shown in the Schedule of this endorsement is the most we will pay for all damages covered by this insurance because of "bodily injury by accident" to one or more "employees" in any one accident.
- 3. The "Bodily Injury By Disease" – Aggregate Limit shown in the Schedule of this endorsement 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".
- 4. Subject to Paragraph D.3. of this endorsement, the "Bodily Injury By Disease" – Each "Employee" Limit shown in the Schedule of this endorsement is the most we will pay for all damages because of "bodily injury by disease" to any one "employee".

The limits of the coverage 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.

- E. For the purposes of this endorsement, Condition **2. Duties In The Event Of Occurrence, Offense, Claim Or Suit** of the **Liability And Medical Expenses General Conditions** is replaced by the following:

2. Duties In The Event Of Injury, Claim Or Suit

- a. You must see to it that we or our agent is notified as soon as practicable of a "bodily injury by accident" or "bodily injury by disease" which may result in a claim. To the extent possible, notice should include:
 - (1) How, when and where the "bodily injury by accident" or "bodily injury by disease" took place;
 - (2) The names and addresses of any injured persons and witnesses; and
 - (3) The nature and location of any injury.
- 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 injury, claim, proceeding or "suit";
 - (2) Authorize us to obtain records and other information;
 - (3) Cooperate with us and assist us, as we may request, in the investigation or settlement of the claim or defense against the "suit";
 - (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 injury to which this insurance may also apply; and
 - (5) Do nothing after an injury occurs that would interfere with our right to recover from others.

- d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation or incur any expense, other than for first aid, without our consent.

- F. For the purposes of this endorsement, Paragraph **4. of the Liability And Medical Expenses Definitions** section is replaced by the following:

4. "Coverage territory" means:

- a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
- b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in **a.** above; or
- c. All other parts of the world if the injury or damage arises out of the activities of a person whose home is in the territory described in **a.** above, but who is away for a short time on your business;

provided the insured's responsibility to pay damages is determined in the United States (including its territories and possessions), Puerto Rico or Canada, in a "suit" on the merits according to the substantive law in such territory, or in a settlement we agree to.

- G. The following are added to the **Liability And Medical Expenses Definitions** section:

- 1. "Workers' compensation law" means the Workers' Compensation Law and any Occupational Disease Law of Washington. This does not include provisions of any law providing nonoccupational disability benefits.
- 2. "Bodily injury by accident" means bodily injury, sickness or disease sustained by a person, including death, resulting from an accident. A disease is not "bodily injury by accident" unless it results directly from "bodily injury by accident".
- 3. "Bodily injury by disease" means a disease sustained by a person, including death. "Bodily injury by disease" does not include a disease that results directly from an accident.

- H. For the purposes of this endorsement, the definition of "bodily injury" does not apply.

MICRO-BUSINESSOWNERS POLICY DECLARATIONS

Company Name:	
Producer Name:	
Named Insured:	
Address:	
Policy Period	
From:	
To:	At 12:01 AM* Standard Time at your mailing address shown above
*Exceptions: 12:00 PM in Michigan and North Carolina	

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

Description Of Business	
Form Of Business: <input type="checkbox"/> Individual <input type="checkbox"/> Partnership <input type="checkbox"/> Joint Venture <input type="checkbox"/> Limited Liability Company <input type="checkbox"/> Organization, including a corporation (but not including a partnership, joint venture or limited liability company)	
Business Description:	

SECTION I – PROPERTY

Business Personal Property Limit Of Insurance And Deductible	
Limit Of Insurance:	\$
Deductible:	\$
Electronic Data Additional Coverage – Optional Higher Limit	
\$	

Endorsements Applicable	
Endorsement Number	Endorsement Title

SECTION II – LIABILITY AND MEDICAL EXPENSES

Each paid claim for the following coverages reduces the amount of insurance we provide during the applicable annual period. Please refer to Section II – Liability in the Micro-businessowners Coverage Form and any attached endorsements.

Location:	
Coverage	Limit Of Insurance
Liability And Medical Expenses	\$ Per Occurrence
Medical Expenses	\$ Per Person
Damage To Premises Rented To You	\$ Any One Premises
Other Than Products/Completed Operations Aggregate	\$
Products/Completed Operations Aggregate	\$

<p align="center">Name Of Additional Insured Person(s) Or Organization(s)</p> <p>(Applicable to BP 20 01 and BP 20 02 only if such person(s) or organization(s) is required by contract or agreement to be specifically identified.)</p>

Endorsements Applicable	
Endorsement Number	Endorsement Title

The Total Annual Premium is \$, and is payable	
\$	at inception, and
\$	at each anniversary.
Advance Premium: \$	
Policies Subject To Premium Audit:	
Audit Period:	<input type="checkbox"/> Annually <input type="checkbox"/> Semi-annually <input type="checkbox"/> Quarterly <input type="checkbox"/> Monthly

Countersignature Of Authorized Representative
Name:
Title:
Signature:
Date:

NOTE:

Officers' facsimile signatures may be inserted here, on the policy cover or elsewhere at the company's option.

Introduction Of The Micro-Businessowners Program

About This Filing

This filing introduces a Micro-Businessowners Coverage form and related multistate endorsements. This filing is divided into the following parts:

- ◆ **Part I – Micro-Businessowners Coverage Form**

This part provides a description of the Micro-Businessowners Coverage Form being introduced in this filing.

- ◆ **Part II – Micro-Businessowners Multistate Endorsements and Advisory Declarations**

This part provides a description of the multistate endorsements and advisory Declarations being introduced for use with the Micro-Businessowners Program.

The Declarations included within this filing are being submitted for information only in those jurisdictions which do not require them to be filed. For jurisdictions which require Declarations to be filed, they are being filed subject to applicable filing requirements. However, they are not being filed on behalf of member companies.

- ◆ **Part III – Terrorism Related Endorsements**

This part introduces endorsements in response to the Terrorism Risk Insurance Act of 2002, the Terrorism Risk Insurance Extension Act of 2005 and the Terrorism Risk Insurance Program Reauthorization Act of 2007 and 2015, for use with the Micro-Businessowners Program.

- ◆ **Part IV – Attachment of Forms**

Related Filing(s)

- ◆ BP-2019-RRU19 (Rules)
- ◆ BP-2019-RLC19 (Loss Costs)

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Part I – BP 00 04 – Micro-Businessowners Coverage Form

Introduction

According to ISO MarketStance Commercial Insight, there are an estimated 30 million micro businesses (0-4 employees), and the Small Business Administration estimates that about 80% of them have no employees at all and 60% are home-based.

While many of these home-based businesses are primarily operated out of the home, business activities may take place at other locations as well (e.g., shared spaces, temporary commercial locations or mobile spaces such as kiosks or food carts). Given the nature of these types of business, physical damage coverage for building and structures is often not needed.

In response to the reported "micro-business" trend, we are introducing a new ISO Micro-Businessowners Program specifically tailored to insure these types of businesses. The new Micro-Businessowners coverage form and related forms portfolio will reside within ISO's current Businessowners Program.

Explanation Of Changes

Micro-Businessowners Coverage Form BP 00 04 is largely based on ISO's current Businessowners Coverage Form BP 00 03. Notable features of BP 00 04 are described below.

Section I – Property

Section I – Property has been specifically tailored to address micro-business exposures. Under Paragraph A.1. Covered Property is limited to Business Personal Property. Coverage with respect to business personal property is not tied to any specific premises. Therefore, off-premises coverage is available at full limits.

Physical damage coverage for buildings is not included in this Coverage Form. As such, buildings and structures are explicitly referenced under Paragraph A.2. Property Not Covered.

Stock defined as merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping is also listed as property not covered. Coverage with respect to stock is addressed under the ISO Micro-Businessowners Retail endorsement discussed later in this filing.

Coverage is provided on a named perils basis.

The Electronic Data Additional Coverage is the only Additional Coverage included in the base form. This coverage is subject to an additional \$1,000 Limit of Insurance which may be increased by Declarations entry.

Paragraph B addresses the exclusions.

Paragraph C. indicates that Section I is subject to a \$2,500 Limit of Insurance which may be increased via Declarations entry.

A deductible provision (Paragraph D.) includes a base deductible of \$250 with higher deductible amounts available. Such deductible is designed to apply to all coverage provided under Section I, including the Electronic Data Additional Coverage.

The Property Loss Conditions (Paragraph E.) and Property General Conditions (Paragraph F.) address business personal property.

Property Definitions (Paragraph G.) are included in accordance with the coverages in Section I.

Section II – Liability

Section II – Liability is generally consistent with Section II Liability Coverages in BP 00 03. Noteworthy features of BP 00 04 include:

- ◆ The Professional Services exclusion is not included in Paragraph B. Exclusions. An optional professional exclusion endorsement is available and is discussed under Part II of this filing.
- ◆ The Electronic Data exclusion (Paragraph B.1.p.) addresses the access to or disclosure of confidential or personal information. This is consistent with our approach under ISO's Businessowners program and our conditionally mandatory endorsement BP 15 04 – Exclusion – Access Or Disclosure Of Confidential Or Personal Information And Data-Related Liability – With Limited Bodily Injury Exception.

Section III – Common Policy Conditions (Applicable to Section I – Property And Section II – Liability)

Section III – Common Policy Conditions (Applicable to Section I – Property And Section II – Liability) addresses conditions related to business personal property and liability. Additionally, the Other Insurance Condition (Paragraph H.) addresses when this insurance is to be primary, excess and the method of sharing with respect to Section II- Liability coverages.

New Form

BP 00 04 04 20 – Micro-Businessowners Coverage Form

Part II – Micro-Businessowners Multistate Endorsements and Advisory Declarations

Introduction

We are introducing several multistate endorsements and advisory Declarations for use with the new Micro-Businessowners Program.

Explanation Of Changes

We are introducing:

◆ **BP 20 01 – Micro-Businessowners Retail**

This endorsement is designed to address eligible retail risks. Specifically, BP 20 01 amends coverage provided under the ISO Micro-Businessowners Coverage Form as follows:

- **Section I – Property:**
 - ◇ Coverage is provided for stock. Such coverage is subject to the Stock Limit Of Insurance indicated in the Schedule.
 - ◇ Theft is added as a Covered Cause of Loss with respect to stock. Such coverage is subject to a separate \$500 Theft Deductible. This deductible may be increased via Schedule entry. Additionally, we are adding several theft-related exclusions for dishonesty, false pretense and inventory shortages.
 - ◇ A Loss Or Damage To Products exclusion designed to apply to merchandise, goods or products.
- **Section II – Liability** is amended to include as an additional insured any person(s) or organization(s) who have signed a contract or an agreement that requires them to be added as additional insureds with respect to liability:
 - ◇ in connection with the insured's ongoing operations performed for that additional insured; or
 - ◇ arising out of the ownership, maintenance or use of that part of the premises leased to the insured which is used in connection with the insured's operations.

◆ **BP 20 02 – Micro-Businessowners Service**

This endorsement is designed to address eligible service risks. Specifically, BP 20 02 amends coverage provided under the Micro-Businessowners Coverage Form as follows:

■ Section I – Property:

- ◇ Theft is added as a Covered Cause of Loss, but only with respect to the property of others in the insureds care, custody or control. Additionally, we are adding theft-related exclusions for dishonesty and false pretense.
- ◇ Reward Payment coverage is provided up to \$500 for information leading to the arrest and conviction of anyone committing a crime resulting in loss to Covered Property from a Covered Cause of Loss and up to \$500 for the return of stolen Covered Property.
- ◇ Key And Lock Replacement coverage is provided up to \$1000 to replace keys and locks at a client's premises due to theft or other loss to keys entrusted to the named insured by a client. This coverage is subject to a \$100 per occurrence deductible.

■ Section II – Liability:

- ◇ An exception to The Damage To Property exclusion indicates that it does not apply to animals that are in the insureds care, custody or control as a direct result of services rendered by the insured.
- ◇ Is amended to include as an additional insured to any person(s) or organization(s) who have signed a contract or an agreement that requires them to be added as additional insureds with respect to liability:
 - in connection with the insured's ongoing operations performed for that additional insured; or
 - arising out of the ownership, maintenance or use of that part of the premises leased to the insured which is used in connection with the insured's operations.

◆ **BP 21 01 – Micro-Businessowners Abuse Or Molestation Exclusion**

This endorsement provides that coverage will not apply to bodily injury, property damage or personal and advertising injury arising out of:

- The actual or threatened abuse or molestation by anyone of any person while in the care, custody or control of any insured; or
- The negligent: employment; investigation; supervision; reporting to the proper authorities, or failure to so report; or retention; of a person for whom any insured is or ever was legally responsible, and whose conduct would be excluded by item 1. above.

◆ **BP 21 02 – Micro-Businessowners Employment-related Practices Exclusion**

This endorsement provides that coverage will not apply to bodily injury or personal and advertising injury arising out of various employment-related practices. This exclusion applies:

- Whether the injury causing event took place before, during or after employment of that person;
- Whether the insured may be liable as an employer or in any other capacity; or
- To any obligation to share damages with or repay someone else who must pay damages because of the injury.

◆ **BP 21 03 – Micro-Businessowners Professional Services Exclusion**

This endorsement provides that coverage will not apply to bodily injury, property damage or personal and advertising injury caused by the rendering or failure to render any professional service. This exclusion applies even if the claims allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by an insured, if the occurrence which caused the bodily injury or property damage, or the offense which caused the personal and advertising injury, involved the rendering or failure to render of any professional service.

◆ **BP 22 01 – Micro-Businessowners Policy Changes**

This endorsement is for use when changes are made to an insured's existing Micro-Businessowners policy. Entry fields include the effective date, a description of the coverage change, previous and new limits of insurance, and previous and new premiums.

◆ **BP 22 02 – Micro-Businessowners Professional Liability**

This endorsement addresses Professional Liability coverage for eligible service risks. Specifically, BP 22 02 provides an aggregate limit for losses arising out of the rendering or failure to render professional services.

Some noteworthy exceptions to this coverage include:

- Abuse and Molestation
- Bodily Injury and Property Damage
- Intellectual Property
- Mental or Emotional Distress
- Personal Injury

Coverage is limited to the professional services listed in the Schedule.

Coverage is provided on a claims-made basis and defense is provided within the limit of insurance.

A deductible is to apply to this coverage. Retroactive date and Extended Reporting Periods are also included.

◆ **BP DS 20 – Micro-Businessowners Policy Declarations**

New advisory Declarations are being introduced for use with the Micro-Businessowners program.

The Declarations included within this filing are being submitted for information only in those jurisdictions which do not require them to be filed. For jurisdictions which require Declarations to be filed, they are being filed subject to applicable filing requirements, however they are not being filed on behalf of member companies.

New Forms

- ◆ BP 20 01 04 20 – Micro-Businessowners Retail
- ◆ BP 20 02 04 20 – Micro-Businessowners Service
- ◆ BP 21 01 04 20 – Micro-Businessowners Abuse Or Molestation Exclusion
- ◆ BP 21 02 04 20 – Micro-Businessowners Employment-related Practices Exclusion
- ◆ BP 21 03 04 20 – Micro-Businessowners Professional Services Exclusion
- ◆ BP 22 01 04 20 – Micro-Businessowners Policy Changes
- ◆ BP 22 02 04 20 – Micro-Businessowners Professional Liability
- ◆ BP DS 20 04 20 – Micro-Businessowners Policy Declarations

Part III – Terrorism Related Endorsements

Introduction

This part introduces endorsements in response to the Terrorism Risk Insurance Act of 2002, the Terrorism Risk Insurance Extension Act of 2005 and the Terrorism Risk Insurance Program Reauthorization Act of 2007 and 2015, for use with the Micro-Businessowners program.

Background

General Overview of the Act and its Extensions

The Terrorism Risk Insurance Act (TRIA) of 2002 established a program (the Terrorism Risk Insurance Program or "TRIP") within the Department of the Treasury under which the federal government shares, with the insurance industry, the risk of loss from future terrorist attacks. The Act is triggered when the Secretary of the Treasury certifies that an event meets the definition of an act of terrorism.

Pursuant to Section 103(c) of the Act, all insurers providing insurance for applicable lines of business are required to participate in the program by making coverage available for insured losses resulting from an act of terrorism as defined by the Act (so-called certified acts coverage).

Although TRIA was scheduled to terminate on December 31, 2005, Congress, by virtue of the legislation referenced in the Introduction section above, has acted to extend the provisions of the Act on three occasions. The Act, as extended, is now currently set to expire on December 31, 2020.

Requirements for Insurer Participation in the Program

Requirements for the Terrorism Risk Insurance Program, as extended, are as follows:

- ◆ All insurers providing "commercial property and casualty insurance", as defined, are required to participate in the Program through December 31, 2020, insurers must offer insureds coverage for losses caused by federally certified acts of terrorism.
- ◆ Insurance companies must disclose to policyholders the premium they charge for insured losses covered by the Program and the Federal share of compensation for insured losses under the Program. The notice to policyholders must be provided on policies issued at the time of offer, purchase and renewal of the policy.
- ◆ Each insurer retains a certain amount of insured losses under the Program through both a deductible and co-insurance.

- ◆ Under the most recent Authorization Act, the deductible was set at 20% of an insurer's direct earned premium for the preceding calendar year and the federal share of compensation was set at 85% of insured losses that exceed insurer deductibles until January 1, 2016. Thereafter, the federal share is to be decreased by 1 percentage point per calendar year until it reaches 80%.
- ◆ Losses covered by the Program will be capped at \$100 billion per calendar year. If the insurer has met its deductible, it shall not be liable for payment of any portion that exceeds the capped amount (subject to possible further congressional action if that level of losses is reached).

TRIA defines property and casualty insurance, in part, as "commercial lines of property and casualty insurance, including excess insurance, workers' compensation insurance, and directors and officers liability insurance, and...[d]oes not include...professional liability insurance [as that term is defined therein]..." Federal regulations further indicate that property and casualty insurance "means commercial lines within only...[specified] lines of insurance from the NAIC's Exhibit of Premium and Losses (commonly known as Statutory Page 14)." Federal regulations related to TRIA also define professional liability insurance as "insurance coverage for liability arising out of the performance of professional or business duties related to a specific occupation, with coverage being tailored to the needs of the specific occupation. Examples include abstracters, accountants, insurance adjusters, architects, engineers, insurance agents and brokers, lawyers, real estate agents, stockbrokers, and veterinarians. For purposes of this definition, professional liability insurance does not include directors and officers liability insurance". The Home Healthcare Coverage Part provides liability coverage for the operations of those in the home healthcare service industry. The range of operations this program could be used to insure for will vary from general home healthcare services to related specific occupations.

Explanation Of Changes

TRIA Endorsements

We are introducing the following TRIA related endorsements for use with the Micro-Businessowners program.

◆ **BP 23 02 – Micro-Businessowners Cap On Losses From Certified Acts Of Terrorism**

As described above, TRIA caps an insurer's liability for payments for terrorism losses. This endorsement explicitly refers to the amount of the cap and addresses allocation of an insured loss, pursuant to Sections 103(e)(2)(A) and 103(e)(2)(B) of the Act. This endorsement should be used on policies if the insured accepts coverage for certified acts of terrorism for a new and renewal policy.

◆ **BP 23 03 – Micro-Businessowners Exclusion Of Certified Acts Of Terrorism**

This endorsement provides an exclusion for certified acts of terrorism. This endorsement should be attached at the time of a policy's inception or renewal if the insured rejects the offer of coverage for certified acts of terrorism.

◆ **BP 23 04 – Micro-Businessowners Exclusion Of Certified Acts Of Terrorism Involving Nuclear, Biological Chemical Or Radiological Terrorism, Cap On Covered Certified Acts Losses**

Section I – Property

Coverage is excluded for:

- A certified act of terrorism that is carried out using radioactive material or a nuclear device;
- A certified act of terrorism in which radioactive material is released, and it appears that one purpose of the terrorism was to release such material;
- A certified act of terrorism that is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials;
- A certified act of terrorism in which pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the terrorism was to release such materials.

In Standard Fire Policy (SFP) states coverage is provided for fire following an excluded act of terrorism. This coverage is stated in Paragraph B.2. of the endorsement and is made applicable by entry of state information in the Schedule of the endorsement. This treatment enables the same endorsement to be used in SFP and non-SFP states, thereby reducing the number of

endorsements in the terrorism series and simplifying the presentation of coverage on policies covering property in multiple states.

Section II – Liability

This endorsement provides an exclusion for any injury or damage attributed to nuclear, biological, chemical or radiological material arising, directly or indirectly, out of a certified act of terrorism.

This endorsement is available for use on new and renewal policies where the insured rejects coverage for certified acts of terrorism. This provides the insurer with an option to subsequently offer limited terrorism coverage to the insured and exclude a certified act of terrorism that is only attributed to nuclear, biological, chemical or radiological material.

Condition Applicable To Both Sections I and II

With respect to covered certified acts, the endorsement explicitly refers to the amount of the cap and addresses allocation of insured losses, pursuant to Sections 103(e)(2)(A) and 103(e)(2)(B) of the Act.

Coverage continues to be excluded for acts of terrorism that would be subject to an underlying policy exclusion (such as the nuclear hazard or war and military action exclusion), consistent with the treatment of such exposures in other terrorism endorsements. This treatment is supported by Section 103(c) of the Act and by Treasury rule section 50.23(b);

◆ BP 23 05 – Micro-Businessowners Limitations Of Coverage For Certified Acts Of Terrorism

Section I – Property

Under this endorsement, the Limit of Insurance for certified acts of terrorism is less than the Limit of Insurance applicable to other perils. In recognition of that, the policy's insurance-to-value requirements do not apply to this sub-limit coverage.

The sub-limit applies on an annual aggregate basis, and therefore coverage will not apply (for the remainder of the annual policy period) when the stated sub-limit has been exhausted by incurred losses.

In SFP states the sub-limit does not apply (and therefore the otherwise applicable Limit applies) to direct damage caused by fire following a certified act of terrorism, when such fire loss exceeds the amount of the Sub-Limit. This provision is stated in Paragraph B.2. of the endorsement and is made applicable by entry of state information in the Schedule of the endorsement.

Section II – Liability

For new and renewal policies, the insured may reject full coverage for certified acts of terrorism. This option allows the insurer to subsequently offer coverage for certified acts of terrorism subject to a Certified Acts of Terrorism Aggregate Limit. The Certified Acts of Terrorism Aggregate Limit will be subject to the Liability And Medical Expenses Aggregate Limit. All other applicable limits under Paragraph D. continue to apply if and to the extent that the Certified Acts of Terrorism Aggregate Limit has not been used up.

Condition Applicable To Both Sections I and II

The endorsement states that the insurer will not pay any amounts for which the insurer is not responsible under the terms of the Act, which caps an insurer's liability for payments for terrorism losses as described in the Background of this explanatory memorandum.

Coverage is subject to underlying policy exclusions, as explained above.

◆ BP 23 06 – Micro-Businessowners Exclusion Of Other Acts Of Terrorism Committed Outside The United States; Cap On Losses From Certified Acts Of Terrorism

This endorsement, in part, excludes any injury or damage arising out of an "other act of terrorism" that is committed outside the United States. The exclusion is limited to acts where:

- The total of all damage to all types of property (including business interruption losses) from a terrorism incident exceeds \$25 million; or
- Fifty or more persons sustain death or serious physical injury; or
- The terrorism incident 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 incident is carried out by means of dispersal or application of pathogenic or poisonous biological or chemical materials; or
- Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the terrorism incident was to release such materials.

In addition, as described above, the Federal Terrorism Risk Insurance Act caps an insurer's liability payments for terrorism losses. The endorsement explicitly refers to the amount of the cap and addresses allocation of insured losses, pursuant to Sections 103(e)(2)(A) and 103(e)(2)(B) of the Act. In addition, the form does not exclude acts that would satisfy the first part of the definition of certified acts but which are not certified because the related losses do not exceed five million dollars.

This endorsement is available for use on new and renewal policies where the insured accepts coverage for certified acts of terrorism. This gives the insurer an option to then exclude "other acts of terrorism" committed outside the United States.

◆ **BP 23 07 – Micro-Businessowners Exclusion Of Certified Acts Of Terrorism And Exclusion Of Other Acts Of Terrorism Committed Outside The United States**

This endorsement excludes losses arising out of both a certified act of terrorism and other acts of terrorism committed outside the United States. The other acts of terrorism will be subject to the same threshold described for BP 23 06 (discussed above) before the exclusion can apply.

This endorsement is available for use on new and renewal policies where the insured rejects coverage for certified acts of terrorism. This gives the insurer a tool to also exclude other acts of terrorism.

◆ **BP 23 08 – Micro-Businessowners Exclusion Of Punitive Damages Related To A Certified Act Of Terrorism**

Under the Act, insured losses covered under the Program do not include amounts awarded in a civil action that are attributable to punitive damages. As a result, this endorsement excludes punitive damages arising out of a certified act of terrorism.

Conditional Endorsements

We have developed so-called "conditional" endorsements to enable insurers to implement their underwriting decisions for policies with terms that extend into the post-TRIA time period. The conditional endorsements are designed to be placed on policies that become effective beginning January 1, 2020, and can be used along with the current TRIP-based endorsements or in the absence of the current endorsements. Thus coverage at the beginning of the policy period would reflect coverage (or exclusions or limitations) under TRIP. The conditional endorsement on a policy would not come into play unless TRIP terminates or is renewed with certain changes. The conditional endorsements circumscribe terrorism in terms used in pre-TRIA forms, with a \$25 million or 50 or more physically injured persons threshold (on events other than nuclear-biological-chemical events) and a terrorism definition with no distinction between certified and other acts. There are three versions of the conditional endorsements, as outlined below. We have also developed a set of endorsements for use on policies that will become effective after the termination of TRIP. The exclusions, limitations and related provisions of such endorsements parallel those in the conditional endorsements. The conditional endorsements and post-TRIA endorsements, like today's terrorism endorsements, are optional. As with current forms, terrorism coverage could be provided in the post-TRIA environment by omitting a terrorism exclusion

or limitation endorsement, in which case underlying policy provisions would govern coverage.

The three conditional endorsements (BP 23 09, BP 23 10 and BP 23 11) may be used on policies that become effective on January 1, 2020 or later, with policy terms that continue past December 31, 2020, the anticipated termination date of TRIP.

The provisions of the conditional endorsements do not affect coverage in 2020 even if insurers' participation in TRIP is made optional for that Year, that is, if the make-available requirement does not apply in 2020. Thus, January 1, 2021 is the earliest possible date that the provisions of the conditional endorsements may "wake up" and govern coverage under the policy.

Any one of the following conditions trigger applicability of the provisions of the conditional endorsements:

- ◆ If TRIP terminates; or
- ◆ If TRIP is extended without the make-available requirement and under the extended Program terrorism is redefined or terrorism insurance coverage becomes subject to provisions or requirements that differ from those that apply to other events or occurrences; or
- ◆ If TRIP is extended without the make-available requirement and the backstop provisions (retention, federal share in losses) are less favorable to insurers (for example, higher insurer retention percentage).

The following conditions are key examples of when the provisions of the conditional endorsements will **not** become applicable:

- ◆ If TRIP is extended without the make-available requirement and the backstop remains unchanged or is more favorable to insurers and the terms of terrorism insurance coverage are unchanged; or
- ◆ If TRIP is extended with a make-available requirement and there is no change in the terrorism definition and no change in the requirement to provide terrorism coverage subject to the same terms and conditions that apply to other events or occurrences under the policy; or
- ◆ If TRIP is extended with a make-available requirement and there is a change in the terrorism definition or there is a requirement to provide terrorism coverage subject to terms or conditions different from those that apply to other events or occurrences under the policy. In this circumstance, the insurer would need to take appropriate steps in response to the federal requirements.

All of the conditional endorsements generally maintain the pre-TRIA, ISO/NAIC approach on:

- ◆ The definition of terrorism;
- ◆ The \$25 million or 50 or more physically injured persons threshold for events other than nuclear-biological-chemical events;
- ◆ The description of nuclear-biological-chemical events;
- ◆ Applicability of underlying policy exclusions; and
- ◆ Fire coverage in Standard Fire Policy states.

The descriptions of the conditional endorsements are as follows:

- ◆ **BP 23 09 – Micro-Businessowners Conditional Exclusion Of Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act)**

Provision Applicable To Both Section I – Property and Section II – Liability

The conditional clause (titled Applicability Of The Provisions Of This Endorsement) governs applicability of this endorsement, as explained in detail above.

Coverage continues to be excluded for acts of terrorism that would be subject to an underlying policy exclusion (such as the nuclear hazard or war and military action exclusion), consistent with the treatment of such exposures in other terrorism endorsements.

Section I

Coverage is excluded, in part, for losses from:

- A terrorism event that exceeds the \$25 million threshold; or
- An act of terrorism that is carried out using radioactive material or a nuclear device; or
- An act of terrorism in which radioactive material is released, and it appears that one purpose of the terrorism was to release such material; or
- An act of terrorism that is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
- An act of terrorism in which pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the terrorism was to release such materials.

In Standard Fire Policy (SFP) states, for the lines of business affected by the SFP statute, coverage is provided for fire following an excluded act of terrorism. This coverage is stated in Paragraph **B.2.** of the endorsement and is made applicable by entry of state information in the Schedule of the endorsement. This treatment enables the same endorsement to be used in SFP (including, where applicable, the SFP marine exemption) and non-SFP states, thereby reducing the number of endorsements in the terrorism series and simplifying the presentation of coverage on policies covering property in multiple states.

Section II

- ◆ Coverage is excluded for the same losses resulting from acts of terror as in Section I. Additionally, injury or damage resulting from a terrorism event that exceeds the 50 or more physically injured persons threshold is excluded.

BP 23 10 – Micro-Businessowners Conditional Exclusion Of Terrorism Involving Nuclear Biological Or Chemical Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act)

Provision Applicable To Both Section I – Property and Section II – Liability

The conditional clause (titled Applicability Of The Provisions Of This Endorsement) governs applicability of this endorsement, as explained in detail above.

Coverage continues to be excluded for acts of terrorism that would be subject to an underlying policy exclusion (such as the nuclear hazard or war and military action exclusion), consistent with the treatment of such exposures in other terrorism endorsements.

Section I

Coverage is excluded for losses from:

- An act of terrorism that is carried out using radioactive material or a nuclear device; or
- An act of terrorism in which radioactive material is released, and it appears that one purpose of the terrorism was to release such material; or
- An act of terrorism that is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
- An act of terrorism in which pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the terrorism was to release such materials.

In Standard Fire Policy (SFP) states, for the lines of business affected by the SFP statute, coverage is provided for fire following an excluded act of terrorism. This coverage is stated in Paragraph B.2. of the endorsement and is made applicable by entry of state information in the Schedule of the endorsement.

Section II

Coverage is excluded for the same losses resulting from acts of terrorism as in Section I.

◆ BP 23 11 – Micro-Businessowners Conditional Limitation Of Coverage For Terrorism – Sub Limit On Annual Aggregate Basis (Relating To Disposition Of Federal Terrorism Risk Insurance Act)

Provision Applicable To Both Section I – Property and Section II – Liability

The conditional clause (titled Applicability Of The Provisions Of This Endorsement) governs applicability of this endorsement, as explained in detail above.

Section I

Coverage continues to be excluded for acts of terrorism that would be subject to an underlying policy exclusion (such as the nuclear hazard or war and military action exclusion), consistent with the treatment of such exposures in current and prior terrorism endorsements.

Under this endorsement, the Limit of Insurance for losses from an incident of terrorism that exceeds the \$25 million threshold is less than the Limit of Insurance applicable to other perils. The sub-limit applies on an annual aggregate basis, and therefore coverage will not apply (for the remainder of the annual policy period) when the stated sub-limit has been exhausted by incurred losses.

The operation of the sub-limit as set forth in the proceeding paragraph (aside from its focus on terrorism as redefined), is the same as provided in the current terrorism sub-limit endorsements.

Since this conditional sub-limit endorsement can be used with or without a current sub-limit endorsement, Paragraph B.2. of the conditional endorsement describes how the sub-limit would operate in each situation. Where a sub-limit does not currently apply, the conditional sub-limit would only affect losses from incidents that occur on or after the date when the provisions of the conditional endorsement become applicable. Where the conditional sub-limit is used along with a current sub-limit endorsement, the language in Paragraph B.2. of the conditional endorsement conveys that a single sub-limit applies to the entirety of the annual policy period.

In SFP states, for the lines of business subject to the SFP statute, the sub-limit does not apply (and therefore the otherwise applicable Limit applies) to direct damage caused by fire following an act of terrorism, when such fire loss exceeds the amount of the Sub-Limit. This provision is stated in Paragraph B.3. of the endorsement and is made applicable by entry of state information in the Schedule of the endorsement.

The Loss Payment Property Loss Condition, which limits loss payment when the Limit Of Insurance for the lost or damaged property is less than 80% of the replacement cost at the time of loss, does not apply.

Section II

The substance of the provisions applicable to Section I applies to Section II. Additionally:

- the term "terrorism" will also apply under Section II to an incident in which fifty or more persons sustain death or serious physical injury, as defined; and
- under this endorsement, the Limit of Insurance for losses from an incident of terrorism that exceeds the \$25 million or 50 or more physically injured persons threshold is less than the Limit of Insurance applicable to other losses.

Post-TRIA Endorsements

Once the disposition of TRIP is known, policies written to become effective after its termination will not require conditional endorsements. Instead, the following endorsements can be used with such policies:

◆ BP 23 12 – Micro-Businessowners Exclusion Of Terrorism

This endorsement is the same as BP 23 09, but without the conditional clause.

◆ BP 23 13 – Micro-Businessowners Exclusion Of Terrorism Involving Nuclear, Biological, Or Chemical Terrorism

This endorsement is the same as BP 23 10, but without the conditional clause.

◆ BP 23 14 – Micro-Businessowners Limitation Of Coverage For Terrorism – Sub Limit On Annual Aggregate Basis

This endorsement is the same as BP 23 11, except that:

- The conditional clause is omitted; and
- The provisions relating to operation of the Terrorism Aggregate Limit do not address the existence or absence of a prior terrorism aggregate limit endorsement, since mid-term change in applicability is not an issue.

Disclosure Endorsements Related To Premium Determination

◆ BP 23 01 – Micro-Businessowners Disclosure Pursuant To Terrorism Risk Insurance Act

This endorsement can be used by insurers in complying with the separate line item requirement in subparagraph 103(b)(2) of the Act which requires that an insurer provide clear and conspicuous disclosure to the policyholder of the premium charged for insured losses covered by the Program and the federal share of compensation for insured losses under the Program.

For any terrorism event that occurs in 2020, the federal share equals a percentage of that portion of the amount of insured losses that exceeds the applicable insurer retention. This percentage is incorporated into the body of the line item disclosure endorsement. The Schedule of the endorsement enables entry of an applicable percentage for years subsequent to 2020, if a federal Program is in effect at that time.

The filing of this endorsement does not preclude an insurer from using other means of complying with section 103(b)(2) of the Act and the Treasury interim guidance.

◆ BP 23 15 – Micro-Businessowners Disclosure Of Premium Through End Of Year For Certified Acts Of Terrorism Coverage (Pursuant To Terrorism Risk Insurance Act)

This disclosure endorsement can be used in the situation where a conditional exclusion endorsement is attached to the policy and premium is initially determined only through the end of a year specified in the endorsement because rating is done prior to a federal decision on termination or further extension of the federal Program, with no estimated amount of premium set forth for coverage that will be provided or may be provided beyond the date specified in the endorsement (see following section for discussion of endorsement BP 23 16, which sets forth such an estimated premium).

The Schedule of this disclosure endorsement identifies the premium as related to coverage through the end of a year specified in the endorsement. Paragraph D. of the endorsement explains the determination of premium and the circumstances surrounding such determination and advises that additional premium may be charged if coverage continues past the date specified in the endorsement.

◆ **BP 23 16 – Micro-Businessowners Disclosure Of Premium And Estimated Premium For Certified Acts Of Terrorism Coverage (Pursuant To Terrorism Risk Insurance Act)**

This disclosure endorsement can be used when a full-term premium is being disclosed and is relevant whether or not a conditional exclusion endorsement is attached to the policy. The Schedule of this disclosure endorsement identifies the two components of the premium, that is, an amount representing coverage through the end of a year specified in the endorsement, and an estimated amount of premium for coverage that will be provided or may be provided beyond the date specified in the endorsement. Paragraph D. of the endorsement explains the determination of premium and the circumstances surrounding such determination and advises that additional or return premium may later be indicated depending on the disposition of the federal program and continuation or termination of coverage after termination of the federal program.

New Forms

- ◆ BP 23 01 04 20 – Micro-Businessowners Disclosure Pursuant To Terrorism Risk Insurance Act
- ◆ BP 23 02 04 20 – Micro-Businessowners Cap On Losses From Certified Acts Of Terrorism
- ◆ BP 23 03 04 20 – Micro-Businessowners Exclusion Of Certified Acts Of Terrorism
- ◆ BP 23 04 04 20 – Micro-Businessowners Exclusion Of Certified Acts Of Terrorism Involving Nuclear, Biological, Chemical Or Radiological Terrorism, Cap On Covered Certified Acts Losses
- ◆ BP 23 05 04 20 – Micro-Businessowners Limitations Of Coverage For Certified Acts Of Terrorism
- ◆ BP 23 06 04 20 – Micro-Businessowners Exclusion Of Other Acts Of Terrorism Committed Outside The United States; Cap On Losses From Certified Acts Of Terrorism
- ◆ BP 23 07 04 20 – Micro-Businessowners Exclusion Of Certified Acts Of Terrorism And Exclusion Of Other Acts Of Terrorism Committed Outside The United States
- ◆ BP 23 08 04 20 – Micro-Businessowners Exclusion Of Punitive Damages Related To A Certified Act Of Terrorism
- ◆ BP 23 09 04 20 – Micro-Businessowners Conditional Exclusion Of Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act)

- ◆ BP 23 10 04 20 – Micro-Businessowners Conditional Exclusion Of Terrorism Involving Nuclear Biological Or Chemical Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act)
- ◆ BP 23 11 04 20 – Micro-Businessowners Conditional Limitation Of Coverage For Terrorism – Sub Limit On Annual Aggregate Basis (Relating To Disposition Of Federal Terrorism Risk Insurance Act)
- ◆ BP 23 12 04 20 – Micro-Businessowners Exclusion Of Terrorism
- ◆ BP 23 13 04 20 – Micro-Businessowners Exclusion Of Terrorism Involving Nuclear, Biological, Or Chemical Terrorism
- ◆ BP 23 14 04 20 – Micro-Businessowners Limitation Of Coverage For Terrorism – Sub Limit On Annual Aggregate Basis
- ◆ BP 23 15 04 20 – Micro-Businessowners Disclosure Of Premium Through End Of Year For Certified Acts Of Terrorism Coverage (Pursuant To Terrorism Risk Insurance Act)
- ◆ BP 23 16 04 20 – Micro-Businessowners Disclosure Of Premium And Estimated Premium For Certified Acts Of Terrorism Coverage (Pursuant To Terrorism Risk Insurance Act)

Part IV – Attachment of Forms

This part contains a complete copy of the new coverage form and endorsements as listed below. The coverage form and endorsements are attached as follows.

Form Number	Title
BP 00 04 04 20	Micro-Businessowners Coverage Form
BP 20 01 04 20	Micro-Businessowners Retail
BP 20 02 04 20	Micro-Businessowners Service
BP 21 01 04 20	Micro-Businessowners Abuse Or Molestation Exclusion
BP 21 02 04 20	Micro-Businessowners Employment-Related Practices Exclusion
BP 21 03 04 20	Micro-Businessowners Professional Services Exclusion
BP 22 01 04 20	Micro-Businessowners Policy Changes
BP 22 02 04 20	Micro-Businessowners Professional Liability
BP DS 20 04 20	Micro-Businessowners Policy Declarations
BP 23 01 04 20	Micro-Businessowners Disclosure Pursuant To Terrorism Risk Insurance Act
BP 23 02 04 20	Micro-Businessowners Cap On Losses From Certified Acts Of Terrorism
BP 23 03 04 20	Micro-Businessowners Exclusion Of Certified Acts Of Terrorism
BP 23 04 04 20	Micro-Businessowners Exclusion Of Certified Acts Of Terrorism Involving Nuclear, Biological, Chemical Or Radiological Terrorism, Cap On Covered Certified Acts Losses
BP 23 05 04 20	Micro-Businessowners Limitations Of Coverage For Certified Acts Of Terrorism
BP 23 06 04 20	Micro-Businessowners Exclusion Of Other Acts Of Terrorism Committed Outside The United States; Cap On Losses From Certified Acts Of Terrorism
BP 23 07 04 20	Micro-Businessowners Exclusion Of Certified Acts Of Terrorism And Exclusion Of Other Acts Of Terrorism Committed Outside The United States
BP 23 08 04 20	Micro-Businessowners Exclusion Of Punitive Damages Related To A Certified Act Of Terrorism
BP 23 09 04 20	Micro-Businessowners Conditional Exclusion Of Terrorism

	(Relating To Disposition Of Federal Terrorism Risk Insurance Act)
BP 23 10 04 20	Micro-Businessowners Conditional Exclusion Of Terrorism Involving Nuclear, Biological Or Chemical Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act)
BP 23 11 04 20	Micro-Businessowners Conditional Limitation Of Coverage For Terrorism – Sub Limit On Annual Aggregate Basis (Relating To Disposition Of Federal Terrorism Risk Insurance Act)
BP 23 12 04 20	Micro-Businessowners Exclusion Of Terrorism
BP 23 13 04 20	Micro-Businessowners Exclusion Of Terrorism Involving Nuclear, Biological, Or Chemical Terrorism
BP 23 14 04 20	Micro-Businessowners Limitation Of Coverage For Terrorism – Sub Limit On Annual Aggregate Basis
BP 23 15 04 20	Micro-Businessowners Disclosure Of Premium Through End Of Year For Certified Acts Of Terrorism Coverage (Pursuant To Terrorism Risk Insurance Act)
BP 23 16 04 20	Micro-Businessowners Disclosure Of Premium And Estimated Premium For Certified Acts Of Terrorism Coverage (Pursuant To Terrorism Risk Insurance Act)

Washington Supplement to the Introduction Of The Micro-Businessowners Program

About This Filing

This supplement addresses state-specific provisions to complement the introduction of a Micro-Businessowners Coverage form and related multistate endorsements in the multistate portion of this filing.

New Forms

We are introducing the following forms:

- ◆ BP 74 01 04 20 – Washington Changes – Micro-Businessowners
- ◆ BP 74 02 04 20 – Washington Changes – Domestic Abuse – Micro-Businessowners
- ◆ BP 74 03 04 20 – Washington – Amendment of Terrorism Exclusions – Micro-Businessowners
- ◆ BP 74 04 04 20 – Washington Changes – Defense Costs – Micro-Businessowners
- ◆ BP 74 05 04 20 – Washington – Limited Coverage For Bodily Injury, Property Damage Or Personal And Advertising Injury Involving Efficient Proximate Cause (Defense Within Limits) – Micro-Businessowners
- ◆ BP 74 06 04 20 – Washington – Stop Gap – Employer's Liability Coverage – Micro-Businessowners

Related Filing(s)

BP-2019-RRU19 (Rules)

BP-2019-RLC19 (Loss Costs)

Background

In the multistate section of this filing, we are introducing the Micro-Businessowners Coverage Form BP 00 04 and corresponding multi-state endorsements for use with our Micro-Businessowners program.

Explanation of Changes

BP 74 01 04 20 – Washington Changes – Micro-Businessowners

We are introducing this Washington-specific endorsement to modify multistate Micro-Businessowners Policy BP 00 04 as follows:

- In accordance with Washington specific requirements, Section I Property, paragraphs **c.** and **h.** under **A.2.** of the Property Not Covered condition are amended to address licensing requirements.
- In accordance with Washington's application of the efficient proximate cause rule as set forth in *Xia v. ProBuilders*, 393 P.3d 748 (2017), the sections titled Covered Causes Of Loss or Exclusions are amended.
- Paragraph **A.3.k.** Covered Causes Of Loss is amended to provide a Washington specific volcanic action as a covered cause of loss.
- Paragraph **B.1.a.** of the Earth Movement Exclusion is amended to reflect Washington specific language.
- Paragraph **B.1.f.** of the Water Exclusion is amended to reflect Washington specific language.
- Paragraph **B.3.** of the Exclusions provision is amended to reflect Washington specific language for Weather Conditions, Acts Or Decisions, and Negligent Work.
- Based on the position of Washington's Department of Insurance, the last paragraph of Paragraph **2.** Appraisal does not apply.
- The Duties In the Event Of Loss Or Damage Condition is amended so that the insured is not required to notify the police if a law may have been broken.
- Based on WASH. REV. CODE § 48.18.200, Paragraph **E.4.** of the Legal Action Against Us provision is amended to provide that action against an insurer must be brought within two years after the date of when the loss or damage occurred.
- Section I – Property is amended to provide for the explanation of actual cash value.
- Section I – Property is amended to provide that the word "vehicles" is added to provide vehicles running on land or tracks but does not include aircraft.
- Section II – Liability, Paragraph **B.1.e.** exclusion for an Employer's Liability for bodily injury to an employee is amended to delete the exclusion for a spouse, child, parent, brother or sister of that "employee".

- Paragraph **C.2.a.(1)** Who Is An Insured is amended to provide for who is an insured under the Policy.
- Paragraph **A.** Cancellation is amended to provide the acceptable reasons for cancellation.
- Paragraph **H.1.** Other Insurance is amended to provide that if there is other insurance subject to the same plan, terms, conditions and provisions, the Policy will pay on a proportional basis. If there is other insurance covering the same loss or damage covered under Section I – Property, the Policy will pay only for the amount of covered loss or damage in excess of the amount due from the other insurance.
- Paragraph **I.3.** Premiums is amended to provide, in part, that the premium must be paid prior to the anniversary date and determined by the provisions in Paragraph **I.2.**
- Paragraph **M.** Nonrenewal is added to provide the acceptable reasons and the time frame for notice of nonrenewal.

In addition, BP 74 01 04 20 modifies various provisions in multistate Micro-Businessowners Professional Liability endorsement BP 22 02 as follows:

- Paragraph **B.1.j.** Fungi Or Bacteria Exclusion is amended in response to *Graham v. PEMCO*, 98 Wn.2d 533, *Villella v. PEMCO*, 106 Wn.2d 806 and *SAFECO v. Hirschmann*, 112 Wn.2d 621, which in general hold that if the "efficient proximate cause" of a loss is covered, coverage must be included for later events, even if they are the "causes-in-fact".

BP 74 02 04 20 – Washington Changes – Domestic Abuse – Micro-Businessowners

This endorsement is based on WASH. REV. CODE ANN. § 48.18.550.

BP 74 03 04 20 – Washington – Amendment Of Terrorism Exclusions – Micro-Businessowners

We are introducing this Washington-specific endorsement in response to a requirement in Washington to include an endorsement titled Washington – Amendment Of Terrorism Exclusions whenever a terrorism exclusion is used. This endorsement effects compliance with Washington law on causation.

BP 74 04 04 20 – Washington Changes – Defense Costs – Micro-Businessowners

In response to *National Surety Corporation v. Immunex Corporation*, 256 P.3d 439 (2011), we are introducing a Washington-specific Defense Costs endorsement which amends any provision in the policy, or any endorsement attached to the policy, that sets forth a duty to defend, to state that if the insurer initially agrees to defend the insured (or pay for the insured's defense), and it is

later determined that none of the claims are covered under the insurance, the insurer will have the right to reimbursement for defense costs.

BP 74 05 04 20 – Washington – Limited Coverage For Bodily Injury, Property Damage Or Personal And Advertising Injury Involving Efficient Proximate Cause (Defense Within Limits) – Micro-Businessowners

To address the State of Washington's application of the efficient proximate cause, as currently set forth in *Xia v. ProBuilders*, 393 P.3d 748 (2017), we are introducing an optional efficient proximate cause related aggregate limit endorsement.

BP 74 06 04 20 – Washington – Stop Gap – Employer's Liability Coverage - Micro-Businessowners

In Washington, employer's liability insurance is not available through the workers compensation state fund. Since this may create a coverage gap for insureds, we are providing an endorsement that could be added to the Micro-Businessowners policy so that employer's liability coverage would be available.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICRO-BUSINESSOWNERS PROFESSIONAL SERVICES EXCLUSION

This endorsement modifies insurance provided under the following:

MICRO-BUSINESSOWNERS COVERAGE FORM

The following exclusion is added to Paragraph **B.1. Exclusions – Applicable To Business Liability Coverage in Section II – Liability:**

Professional Services

This insurance does not apply to:

"Bodily injury", "property damage" or "personal and advertising injury" caused by the rendering or failure to render any professional service. This includes but is not limited to:

- a. Legal, accounting or advertising services;
- b. Preparing, approving or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications;
- c. Supervisory, inspection or engineering services;
- d. Medical, surgical, dental, X-ray or nursing services, treatment, advice or instruction;
- e. Any health or therapeutic service, treatment, advice or instruction;

f. Any service, treatment, advice or instruction for the purpose of appearance or skin enhancement, hair removal or replacement or personal grooming;

g. Optometry or optical or hearing aid services, including the prescribing, preparation, fitting, demonstration or distribution of ophthalmic lenses and similar products or hearing aid devices;

h. Body piercing services; and

i. Services in the practice of pharmacy.

This exclusion applies even if the claims allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by an insured, if the "occurrence" which caused the "bodily injury" or "property damage", or the offense which caused the "personal and advertising injury", involved the rendering or failure to render of any professional service.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICRO-BUSINESSOWNERS POLICY CHANGES

THIS ENDORSEMENT FORMS A PART OF THE POLICY NUMBERED BELOW.

Policy Number:	Policy Changes Effective:	Company:			
Named Insured:		Authorized Representative:			
Changes					
Policy Amount And Premium Adjustment					
	Limits Of Insurance		Premiums		
Coverage Description	Previous Limit Of Insurance	New Limit Of Insurance	Previous Premium	New Premium	<input type="checkbox"/> Add'l Premium <input type="checkbox"/> Return Premium
	\$	\$	\$	\$	\$
	\$	\$	\$	\$	\$
	\$	\$	\$	\$	\$

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Total Premium Adjustments					
Premium Due At Policy Change Effective Date:					
Additional	\$		Return	\$	

Authorized Representative Signature

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICRO-BUSINESSOWNERS PROFESSIONAL LIABILITY

THIS ENDORSEMENT PROVIDES CLAIMS-MADE AND REPORTED COVERAGE. DEFENSE EXPENSES ARE PAYABLE WITHIN, AND NOT IN ADDITION TO, THE LIMIT OF INSURANCE. PAYMENT OF DEFENSE EXPENSES UNDER THIS ENDORSEMENT WILL REDUCE THE LIMIT OF INSURANCE.

This endorsement modifies insurance provided under the following:

MICRO-BUSINESSOWNERS COVERAGE FORM

SCHEDULE

Description Of Covered Professional Services:	
Micro-Businessowners Professional Liability Aggregate Limit Of Insurance:	\$
Deductible Amount (Per Claim)	\$
Prior Or Pending Litigation Date:	
Retroactive Date:	
<input type="checkbox"/>	Supplemental Extended Reporting Period
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

For the purposes of the coverage provided by this endorsement, **Section II – Liability** is amended as follows:

A. The following is added to Paragraph **A. Coverages:**

1. Professional Liability – Insuring Agreement

- a.** We will pay for both "loss" that the insured becomes legally obligated to pay and "defense expenses" as a result of a "claim" first made against the insured during the policy period or during the applicable Extended Reporting Period, for a "wrongful act" taking place on or after the Retroactive Date, if any, shown in the Schedule and before the end of the policy period.

We will have the right and duty to defend the insured against any "claim", even if that claim is groundless, false or fraudulent. However, we will have no duty to defend the insured against any "claim" because of a "wrongful act" to which this insurance does not apply. We may, at our discretion, investigate any incident that may result from a "wrongful act". But:

- (1)** The amount we will pay for "loss" and "defense expenses" is limited as described in Paragraph **C.1.** Micro-Businessowners Professional Liability Aggregate Limits and Paragraph **C.2.** Deductible of this endorsement; and

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- (2) The coverage and duty to defend provided by this endorsement will end when we have used the applicable Limit of Insurance for the payment of "loss" or "defense expenses".

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

- b. This insurance applies to "wrongful acts" only if the "wrongful act" takes place in the coverage territory.
- c. A "claim" will be deemed to have been made at the earlier of the following times:
- (1) When notice of such "claim" after being received by any insured is reported to us in writing; or
- (2) When a "claim" against an insured is made directly to us in writing.
- d. If during the policy period you become aware of a "wrongful act" that may reasonably be expected to give rise to a "claim" against any insured, you must provide notice to us in accordance with the provisions of Paragraph E.1 Duties In The Event Of A Claim Or Wrongful Act That May Result In A Claim.
- e. All "claims" arising out of the same "wrongful act" or any combination of "interrelated wrongful acts" shall be considered a single "claim" subject to one Deductible Amount shown in the Schedule.

B. For the purposes of the coverage provided by this endorsement, the following replaces Paragraph B. Exclusions of Section II – Liability:

1. We will not be liable for "loss" or "defense expenses":

a. Abuse or Molestation

Based upon, attributable to or arising out of:

- (1) The actual or threatened abuse or molestation by anyone of any person while in the care, custody or control of any insured; or
- (2) The negligent:
- (a) Employment;
- (b) Investigation;
- (c) Supervision;
- (d) Reporting to the proper authorities, or failure to so report; or

(e) Retention;

of a person for whom any insured is, or ever was, legally responsible, and whose conduct would be excluded in the preceding Paragraph (1).

b. Access Or Disclosure Of Confidential Or Personal Information And Data-related Liability

Based upon, attributable to or arising out of:

- (1) Any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information; or
- (2) The loss of, loss of use of, damage to, corruption of, inability to access or inability to manipulate electronic data.

This exclusion applies even if "loss" is claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of that which is described in Paragraph (1) or (2) above.

As used in this exclusion, electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

c. Antitrust

Based upon, attributable to or arising out of a violation of antitrust laws.

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d. Bodily Injury Or Property Damage

Based upon, attributable to or arising out of:

- (1) Bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time; or
- (2) Physical injury to tangible property, including all resulting loss of use of that property or loss of use of tangible property that is not physically injured.

e. Breach Of Contract And Assumed Liability

Based upon, attributable to or arising out of the actual or alleged breach of any contract or agreement or any liability of others assumed under a contract or agreement by any insured. This exclusion shall not apply to "loss" that an insured would have been liable for in the absence of such contract or agreement.

f. Breach Of Warranty, Guarantee Or Promise

Based upon, attributable to or arising out of any actual or alleged breach of a warranty, guarantee or promise, provided that this exclusion shall not apply to any "loss" that an insured would have been liable for in the absence of such warranty, guarantee or promise.

g. Business Enterprise

Based upon, attributable to or arising out of:

- (1) "Professional services" rendered to any business if at the time those services were rendered:
 - (a) The business enterprise was directly or indirectly owned, controlled, operated or managed by any insured or any insured's spouse; or
 - (b) Ownership or control by any insured, their spouse, or any cumulation of ownership control by insureds or their spouses, exceeded 10%.
- (2) "Professional services" rendered by a business enterprise that, at the time such "professional services" were rendered:
 - (a) Was directly or indirectly owned, controlled, operated or managed by any insured or any insured's spouse; or

- (b) Ownership or control by any insured, their spouse, or any cumulation of ownership or control by any such insureds or their spouses, exceeded 10%.

h. Employment Practices Violations And Discrimination

Based upon, attributable to or arising out of:

- (1) The actual or alleged refusal to employ, wrongful termination of employment, coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, libel, slander, or any other employment-related practices, policies, acts, errors or omissions.
- (2) The actual or alleged discrimination by you against any insured or any other person or entity based on race, color, national origin, religion, gender, marital status, age, sexual orientation or preference, physical or mental condition or residence location.

i. Fees, Costs, Charges Or Estimates

Based upon, attributable to or arising out of any actual or alleged fees, costs or charges or of any estimates made by you that are exceeded.

j. Fungi Or Bacteria

Based upon, attributable to or arising out of any 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.

k. Fraudulent, Criminal, Malicious, Dishonest Or Intentional Acts

Based upon, attributable to or arising out of an insured's liability arising out of criminal, fraudulent or malicious acts or omissions by that insured.

This exclusion does not affect our duty to defend, in accordance with Paragraph A.1. of this endorsement, an insured prior to determining, through the appropriate legal processes, that that insured is responsible for a criminal, fraudulent or malicious act or omission.

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I. Governmental And Regulatory Entity

Based upon, attributable to or arising out of any action or proceeding brought by, or on behalf of, any governmental authority or regulatory agency including, but not limited to:

- (1) The seizure or destruction of property by order of a governmental authority; or
- (2) Regulatory actions or proceedings brought by, or on behalf of, the Federal Trade Commission, Federal Communications Commission or other regulatory agency.

However, this exclusion shall not apply to actions or proceedings brought by a governmental authority or regulatory agency if such entity, agency or authority brings the "claim" solely in its capacity as the client or customer of any insured for "professional services".

m. Improper Use Of Funds

Based upon, attributable to or arising out of an insured's:

- (1) Conversion, defalcation or commingling of funds, or the embezzlement, misappropriation or improper use of funds;
- (2) Illegally gained profit, remuneration or monetary advantage; or
- (3) Inability or failure to pay, collect, safeguard or return any funds.

n. Intellectual Property

Based upon, attributable to or arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights.

o. Mental Or Emotional Distress

Based upon, attributable to or arising out of any "claim" for mental or emotional distress.

p. Personal Injury

Based upon, attributable to or arising out of one or more of the following offenses:

- (1) False arrest, detention or imprisonment;
- (2) Malicious prosecution;
- (3) 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;

- (4) Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or

- (5) Oral or written publication, in any manner, of material that violates a person's right of privacy.

q. Pollution

Based upon, attributable to or arising out of:

- (1) The actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time;
- (2) Any request, demand, order or statutory or regulatory requirement that any "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
- (3) A "claim" or suit by or on behalf of any governmental authority for "loss" 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".

r. Prior Or Pending Litigation

Based upon, attributable to or arising out of any "claim" against any insured which was pending on, or existed prior to, the applicable Prior Or Pending Litigation Date shown in the Schedule, or any "claim" arising out of the same or substantially the same facts, circumstances or allegations which are the subject of, or the basis for, such "claim".

s. Prior Notice

Based upon, attributable to or arising out of any "wrongful act" alleged or contained in any "claim" which has been reported, or for which, in any circumstance, notice has been given, under any other prior insurance policy providing essentially the same type of coverage.

t. Recording And Distribution Of Material In Violation Of Law

Based upon, attributable to or arising out of any actual or alleged violation of the:

- (1) Telephone Consumer Protection Act (TCPA);

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- (2) CAN-SPAM Act of 2003;
- (3) Fair Debt Collection Practices Act (FDCPA); or
- (4) Fair Credit Reporting Act (FCRA) including the Fair and Accurate Credit Transactions Act (FACTA);

and any amendments of or additions to such law, or any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003, FDCPA or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

u. Statutory Violations

Based upon, attributable to or arising out of any actual or alleged violation of the:

- (1) Securities Act of 1933;
- (2) Securities Exchange Act of 1934;
- (3) Employee Retirement Income Security Act of 1974 (ERISA);
- (4) Racketeer Influenced and Corrupt Organizations Act (RICO);
- (5) Sarbanes-Oxley Act of 2002; or
- (6) Foreign Corrupt Practices Act of 1977 (FCPA);

and any amendments thereof, or any similar federal, state or local statutes, rules or regulations or similar laws under any other jurisdiction anywhere in the world.

v. Workers' Compensation

Based upon, attributable to or arising out of any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law, or any similar law.

- C. For the purposes of the coverage provided by this endorsement, Paragraph **D. Liability And Medical Expenses Limits Of Insurance** is replaced by the following:

1. Micro-Businessowners Professional Liability Aggregate Limits

- a. The Micro-Businessowners Professional Liability Aggregate Limit Of Insurance shown in the Schedule of this endorsement is the most we will pay, regardless of the number of:

- (1) Insureds;
- (2) "Claims" made; or

- (3) Persons or organizations making "claims".

- b. The Micro-Businessowners Professional Liability Aggregate Limit Of Insurance shown in the Schedule of this endorsement is the most we will pay for the sum of:

- (1) All "loss"; and

- (2) All "defense expenses";

because of all "wrongful acts" to which this insurance applies.

2. Deductible

We will not pay for our share of "loss" and "defense expenses" until the amount of "loss" and "defense expenses" exceeds the Deductible Amount shown in the Schedule of this endorsement. We will then pay the amount of "loss" and "defense expenses" in excess of the Deductible, up to the Professional Liability Aggregate Limit of Insurance.

- a. The Deductible Amount shown in the Schedule applies to all "claims" arising out of the same "wrongful act" or a series of "interrelated wrongful acts".

- b. We may pay any part or all of the Deductible Amount to effect settlement of any "claim" 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.

- D. For the purposes of the coverage provided by this endorsement, the following are added to Paragraph **E. Liability And Medical Expenses General Conditions**:

1. Assignment

No change in, modification of or assignment of interest under this Policy will be effective without our written consent.

2. Consent To Settle

We may, upon the written consent of the insured, make any settlement of a "claim" which we deem reasonable. If the insured withholds consent to such settlement, our liability for all "loss" resulting from such "claim" will not exceed the amount for which we could have settled such "claim", including "defense expenses" incurred, as of the date we proposed such settlement in writing to the insured.

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3. Basic Extended Reporting Period

- a. A Basic Extended Reporting Period is automatically provided without additional charge if:
 - (1) This endorsement is cancelled or not renewed for any reason; or
 - (2) We renew or replace this endorsement with insurance that:
 - (a) Has a Retroactive Date later than the date shown in the Schedule of this endorsement; or
 - (b) Does not apply to "wrongful acts" on a claims-made basis.
- b. The Basic Extended Reporting Period starts with the end of the policy period and lasts for 30 days. A "claim" first made and reported by the insured during this 30-day period will be considered to have been received within the policy period. However, the 30-day Basic Extended Reporting Period does not apply to "claims" that are covered under any subsequent insurance purchased by the insured, or that would be covered but for exhaustion of the Professional Liability Aggregate Limit of Insurance applicable to such "claims".
- c. The Basic Extended Reporting Period does not extend the policy period or change the scope of coverage provided. It applies only to "claims" to which the following applies:
 - (1) The "claim" is first made and reported to us during the Basic Extended Reporting Period; and
 - (2) The "claim" arose out of either a "wrongful act" or the first of a series of "interrelated wrongful acts" which occurred on or after the Retroactive Date, if any, shown in the Schedule and before the end of the policy period.

4. Supplemental Extended Reporting Period

- a. You will have the right to purchase a Supplemental Extended Reporting Period from us if:
 - (1) This endorsement is cancelled or not renewed; or
 - (2) We renew or replace this endorsement with insurance that:
 - (a) Has a Retroactive Date later than the date shown in the Schedule; or
 - (b) Does not apply to "wrongful acts" on a claims-made basis.

- b. The Supplemental Extended Reporting Period will not be available if:

- (1) We cancel this endorsement for nonpayment of premium; or
- (2) You fail to pay any amounts owed us.

- c. A Supplemental Extended Reporting Period, as specified in Paragraph a., lasts one year and is available only for an additional premium.

- d. The Supplemental Extended Reporting Period starts with the end of the Basic Extended Reporting Period set forth in Paragraph 3. It does not extend the policy period or change the scope of the coverage provided. It applies only to "claims" to which the following applies:

- (1) The "claim" is first made and reported to us during the Supplemental Extended Reporting Period; and
- (2) The "claim" arose out of either a "wrongful act" or the first of a series of "interrelated wrongful acts" which occurred on or after the Retroactive Date, if any, shown in the Schedule and before the end of the policy period.

- e. You must give us a written request for the Supplemental Extended Reporting Period within 30 days after the end of the policy period or the effective date of cancellation, whichever comes first.

- f. The Supplemental Extended Reporting Period will not go into effect unless you pay the additional premium in full along with any premium or deductible you owe us for coverage provided under this endorsement within 30 days after the end of the policy period or the effective date of cancellation, whichever comes first. Once in effect, the Supplemental Extended Reporting Period may not be cancelled.

- g. We will determine the additional premium in accordance with our rules and rates. In doing so, we may take into account the following:

- (1) The exposures insured;
- (2) Previous types and amounts of insurance;
- (3) Limit of Insurance available under this endorsement for future payment of "losses"; and
- (4) Other related factors.

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The additional premium may not exceed 100% of the annual premium for this endorsement. The premium for the Supplemental Extended Reporting Period will be deemed fully earned as of the date it is purchased.

5. Basic And Supplemental Extended Reporting Period Limits

a. Basic Extended Reporting Period Limit

There is no separate or additional Professional Liability Aggregate Limit of Insurance for the Basic Extended Reporting Period. The Limit of Insurance available during the Basic Extended Reporting Period shall be the remaining amount, if any, of the Professional Liability Aggregate Limit of Insurance available at the end of the policy period.

b. Supplemental Extended Reporting Period Limit

There is no separate or additional Professional Liability Aggregate Limit of Insurance for the Supplemental Extended Reporting Period. The Limit of Insurance available during the Supplemental Extended Reporting Period, if purchased, shall be the remaining amount, if any, of the Professional Liability Aggregate Limit of Insurance available at the end of the Basic Extended Reporting Period.

6. Merger Or Acquisition Of Named Insured

If during the policy period:

- a.** The named insured merges into or consolidates with another entity such that the named insured is not the surviving entity; or
- b.** Another entity or person or group of entities and/or persons acting in concert, acquires securities or voting rights which result in ownership or voting control by the other entities or persons of more than 50% of the outstanding securities representing the present right to vote for the election of directors of the named insured;

then coverage under this Policy will continue until the end of the policy period, but only with respect to "claims" arising out of "wrongful acts" which occurred on or after the retroactive date and prior to such merger, consolidation or acquisition.

The full annual premium for the policy period will be deemed fully earned immediately upon the occurrence of such merger, consolidation or acquisition of the named insured. The named insured must give written notice of such merger, consolidation or acquisition to us within 30 days of such merger, consolidation or acquisition.

E. For the purposes of the coverage provided by this endorsement, the following is added to Paragraph E. Liability And Medical Expenses General Conditions:

1. Duties In The Event Of A Claim Or Wrongful Act That May Result In A Claim

- a.** You must give us written notice of any "claim" made against you within the policy period as soon as practicable, but in no event later than 30 days after the end of the policy period.

If you receive a "claim", you must also:

- (1)** Immediately record the specifics of the "claim" and the date received;
- (2)** Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "claim";
- (3)** Authorize us to obtain records and other information;
- (4)** Cooperate with us in the investigation, defense or settlement of the "claim"; and
- (5)** Assist us, upon our request, in the enforcement of any right against any person or entity which may be liable to you because of a "wrongful act" to which this insurance may also apply.

- b.** If during the policy period you become aware of any circumstances potentially involving a "wrongful act" that could reasonably be expected to give rise to a "claim", you must provide us with written notice of the circumstances as soon as practicable, but no later than the end of the policy period.

Such notice of any circumstances potentially involving a "wrongful act" must provide:

- (1)** A description, including all relevant dates;

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- (2) The names of the persons involved, including names of the potential claimants;
- (3) Particulars as to the reasons for anticipating a "claim" which may result;
- (4) The nature of the alleged or potential "loss"; and
- (5) The circumstances by which the insured first became aware of the potential "wrongful act".

If a "claim" develops from the same circumstances or from any "interrelated wrongful act", then we will treat that "claim" as if it had first been made against you on the date you notified us of it as a potential "claim". We will do so even if that "claim" is first made against you after the policy period or applicable Extended Reporting Period has ended.

- c. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation or incur any expense without our written consent.

F. For the purposes of the coverage provided by this endorsement, the following is added to Paragraph **F. Liability And Medical Expenses Definitions** of the Policy:

1. "Claim" means any of the following received by an insured:
 - a. A written demand for monetary or nonmonetary relief, including injunctive relief;
 - b. A civil proceeding commenced by the receipt of a complaint or similar pleading;
 - c. A written request for mediation or demand for arbitration; or
 - d. A written request to toll or waive a statute of limitations related to a potential "claim" in the preceding Paragraphs a. – c.
2. "Defense expenses" means the reasonable and necessary fees (attorneys' and experts' fees) and expenses incurred in the defense or appeal of a "claim", including the cost of appeal, attachment or similar bonds (without any obligation on our part to obtain such bonds) but excluding wages, salaries, benefits or expenses of your employees.

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

4. "Interrelated wrongful acts" means all "wrongful acts" that have as a common nexus any:

- a. Fact, circumstance, situation, event, transaction or cause; or
- b. Series of causally connected facts, circumstances, situations, events, transactions or causes.

5. "Loss" means the following that you are legally obligated to pay:

- a. Compensatory awards or judgments, including prejudgment and post-judgment interest;
- b. Monetary settlements; or
- c. Punitive, exemplary and multiple damages where insurable by the applicable law which most favors coverage for such damages.

"Loss" does not include:

- a. Taxes, fines or penalties imposed by law, other than punitive, exemplary or multiple damages that are considered insurable by the applicable law which most favors coverage for such damages;
- b. Liquidated damages;
- c. Any amounts that are uninsurable under the law pursuant to which this Policy shall be construed;
- d. Restitution, disgorgement, unjust enrichment or any profits or advantage you were not legally entitled to;
- e. The cost to comply with any order or agreement to provide any equitable relief including injunctive relief; or
- f. Your cost to provide, correct, re-perform or complete any "professional services".

6. "Professional services" means only those services specified in the Schedule that are performed by you or on your behalf for others.

7. "Wrongful act" means any actual or alleged act, error, misstatement, misleading statement, omission, neglect, breach of duty committed, attempted, or allegedly committed or attempted solely in the performance of or the failure to perform "professional services".

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICRO-BUSINESSOWNERS DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT

SCHEDULE

SCHEDULE – PART I	
Terrorism Premium (Certified Acts)	\$
Additional information, if any, concerning the terrorism premium:	
SCHEDULE – PART II	
Federal share of terrorism losses	% Year: 20
(Refer to Paragraph B. in this endorsement.)	
Federal share of terrorism losses	% Year: 20
(Refer to Paragraph B. in this endorsement.)	
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Disclosure Of Premium

In accordance with the federal Terrorism Risk Insurance Act, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for terrorist acts certified under the Terrorism Risk Insurance Act. The portion of your premium attributable to such coverage is shown in the Schedule of this endorsement or in the policy Declarations.

B. Disclosure Of Federal Participation In Payment Of Terrorism Losses

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals a percentage (as shown in Part II of the Schedule of this endorsement or in the policy Declarations) of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year, the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

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C. Cap On Insurer Participation In Payment Of Terrorism Losses

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year 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.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICRO-BUSINESSOWNERS CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

MICRO-BUSINESSOWNERS COVERAGE FORM

The following provisions are added to the Micro-Businessowners Policy and apply to Property and Liability Coverages:

A. Cap On Certified Terrorism Losses

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such 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.

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year 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.

- B.** The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for loss or injury or damage that is otherwise excluded under this Policy.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICRO-BUSINESSOWNERS EXCLUSION OF CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

MICRO-BUSINESSOWNERS COVERAGE FORM

SCHEDULE

The **Exception Covering Certain Fire Losses** (Paragraph **B.2.**) applies to property located in the following state(s):

--

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. The following provisions are added to the Micro-Businessowners Policy and apply to Property and Liability Coverages:

1. 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 accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such 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.

2. The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for loss or injury or damage that is otherwise excluded under this Policy.

B. The following provisions are added to **Section I – Property** of Micro-Businessowners Coverage Form **BP 00 04**:

1. 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.

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2. Exception Covering Certain Fire Losses

The following exception to the exclusion in Paragraph **B.1.** 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.

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year 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.

C. The following provision is added to **Section II – Liability** of the Micro-Businessowners Coverage Form **BP 00 04**:

1. 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".

2. The following definition is added:

For the purposes of this endorsement, "any injury or damage" means any injury or damage covered under any Coverage Form to which this endorsement is applicable, and includes but is not limited to "bodily injury", "property damage" or "personal and advertising injury" as may be defined in any applicable Coverage Form.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICRO-BUSINESSOWNERS EXCLUSION OF CERTIFIED ACTS OF TERRORISM INVOLVING NUCLEAR, BIOLOGICAL, CHEMICAL OR RADIOLOGICAL TERRORISM; CAP ON COVERED CERTIFIED ACTS LOSSES

This endorsement modifies insurance provided under the following:

MICRO-BUSINESSOWNERS COVERAGE FORM

SCHEDULE

The **Exception Covering Certain Fire Losses** (Paragraph B.2.) applies to property located in the following state(s):

--

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 accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such 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. Section I – Property is amended as follows:

1. The following exclusion is added:

a. Limited Exclusion Of Certified Acts Of Terrorism

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. But this exclusion applies only when one or more of the following are attributed to such act:

- (1) The terrorism is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or

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- (2) Radioactive material is released, and it appears that one purpose of the terrorism was to release such material; or
- (3) The terrorism is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical material; or
- (4) Pathogenic or poisonous biological or chemical material is released, and it appears that one purpose of the terrorism was to release such material.

When this terrorism exclusion applies in accordance with the terms of Paragraph **B.1.a.(1)** or **B.1.a.(2)**, the terrorism exclusion applies without regard to the Nuclear Hazard Exclusion in this Coverage Form.

2. Exception Covering Certain Fire Losses

The following exception to the Exclusion in Paragraph **B.1.** applies only if indicated and as indicated in the Schedule of this endorsement.

If a "certified act of terrorism" excluded under Paragraph **B.1.** results in fire, we will pay for the loss or damage caused by that fire, subject to all applicable policy provisions including the Limit of Insurance on the affected property. Such coverage for fire applies only to direct loss or damage by fire to Covered Property.

C. Section II – Liability is amended as follows:

1. 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". However, this exclusion applies only when one or more of the following are attributed to such act:

- a. 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

- b. The terrorism is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
- c. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the terrorism was to release such materials.

2. The following definition is added:

- a. For the purposes of this endorsement, "any injury or damage" means any injury or damage covered under this Coverage Form or any applicable endorsement, and includes but is not limited to "bodily injury", "property damage" or "personal and advertising injury" as may be defined in this Coverage Form or any applicable endorsement.

D. Section I – Property and Section II – Liability are amended as follows:

Cap On Certified Terrorism Losses

The following limitation applies to coverage for any one or more "certified acts of terrorism" that are not excluded by the terms of the exclusion in Paragraphs **B.1.** and **C.1.** and to any loss or damage that is covered and to which the exception in Paragraph **B.2.** applies.

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year 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.

E. The following provision is added to **Section I – Property** and **Section II – Liability**:

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for loss or injury or damage that is otherwise excluded under this Policy.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICRO-BUSINESSOWNERS LIMITATIONS OF COVERAGE FOR CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

MICRO-BUSINESSOWNERS COVERAGE FORM

SCHEDULE

SCHEDULE PART I – Applicability Of Terrorism Sub-limit (refer to Paragraph B.1.) – Property Coverage – Terrorism Sub-limit	
Description Of Property Or Coverage	Certified Acts Sub-limit
SCHEDULE PART II – Exception: Non-applicability Of Certified Acts Sub-limit To Certain Fire Losses (refer to Paragraph B.2.) – Property Coverage	
State(s):	
SCHEDULE PART III – Certified Acts Of Terrorism Aggregate Limit (refer to Paragraph C.2.) – Liability And Medical Expenses Coverage: \$	
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 accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such 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.

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B. Section I – Property is amended as follows:

1. Limitation Of Amount Of Coverage For Certified Acts Of Terrorism

When coverage applies to loss or damage caused by a "certified act of terrorism", the full Limit of Insurance on the affected property or coverage does not apply to such loss or damage. Instead, the following limitation applies to the loss or damage. The limitation applies even if another Covered Cause of Loss contributes concurrently or in any sequence to the loss or damage, except as otherwise provided in this endorsement.

The Certified Acts Sub-limit is the most we will pay for the total of all loss or damage (sustained under the coverage to which the Sub-limit applies) caused by one or more "certified acts of terrorism" in an annual policy period. If losses from a "certified act of terrorism" do not exhaust the Certified Acts Sub-limit, then the balance of that Sub-limit is available for losses from a later act(s) that occurs in the same annual policy period. If a "certified act of terrorism" begins during one annual policy period and ends during the following annual policy period, the only amount of coverage available is the Sub-limit (or balance of it) applicable to the annual policy period in which such act began.

Amounts payable under a Coverage Extension, Additional Coverage or similar provision in the Policy do not increase the Certified Acts Sub-limit.

2. Exception: Non-applicability Of The Certified Acts Sub-limit To Certain Fire Losses

The following exception applies only with respect to property located in the states indicated in Part II of the Schedule of this endorsement. The exception relates only to loss or damage caused by a "certified act of terrorism".

When covered direct loss or damage attributable to fire exceeds the amount of the Sub-limit, we will pay the full amount of the fire loss, up to the Limit of Insurance on the affected property, subject to policy provisions including Deductible and Valuation. In that circumstance, the Limit of Insurance is the most we will pay for the total of all covered direct loss or damage by fire and any other effect of the "certified act of terrorism" and any other Covered Cause of Loss that contributes concurrently or in any sequence to the loss or damage.

When covered direct loss or damage attributable to fire is less than the Sub-limit, then the Sub-limit is the most we will pay for the total of fire and any other covered loss or damage.

C. Section II – Liability is amended as follows:

1. Coverage provided by this insurance for "bodily injury", "property damage" or "personal and advertising injury", arising out of a "certified act of terrorism", is subject to the Certified Acts Of Terrorism Aggregate Limit as described in Paragraph **C.2.** of this endorsement.

2. The following provisions are added to Paragraph **D. Liability And Medical Expenses Limits Of Insurance** in **Section II – Liability**:

Subject to Paragraph **D.4.a.** or **D.4.b.**, whichever applies, the Certified Acts Of Terrorism Aggregate Limit shown in the Schedule is the most we will pay for the sum of all damages because of all:

- a. "Bodily injury", "property damage" and medical expenses; and
 - b. "Personal and advertising injury";
- arising out of all "certified acts of terrorism".

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Paragraphs **D.2.** and **D.3.** continue to apply to "bodily injury", "property damage", "personal and advertising injury" and medical expenses, as applicable, arising out of a "certified act of terrorism" but only if, and to the extent that, a limit of insurance is available under the Certified Acts Of Terrorism Aggregate Limit.

D. Section I – Property and Section II – Liability are amended as follows:

Cap On Certified Terrorism Losses

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year 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.

E. The following provision is added to Section I – Property and Section II – Liability:

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for loss or injury or damage that is otherwise excluded under this Policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICRO-BUSINESSOWNERS EXCLUSION OF OTHER ACTS OF TERRORISM COMMITTED OUTSIDE THE UNITED STATES; CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

MICRO-BUSINESSOWNERS COVERAGE FORM

The following provisions are added to **Section II – Liability** of the Micro-Businessowners Coverage Form **BP 00 04**:

A. The following exclusion is added:

This insurance does not apply to:

Terrorism

"Any injury or damage" arising, directly or indirectly, out of an "other act of terrorism" that is committed outside of the United States (including its territories and possessions and Puerto Rico), but within the "coverage territory". However, 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 (valued in U.S. dollars). 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.

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 Form to which this endorsement is applicable, and includes but is not limited to "bodily injury", "property damage" or "personal and advertising injury" as may be defined in any applicable Coverage Form.

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2. "Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such 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;
- b. The act resulted in damage:
 - (1) Within the United States (including its territories and possessions and Puerto Rico); or
 - (2) Outside of the United States in the case of:
 - (a) An air carrier (as defined in Section 40102 of title 49, United States Code) or United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States), regardless of where the loss occurs; or
 - (b) The premises of any United States mission; and
- c. 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.

3. "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 a "certified act of terrorism".

Multiple incidents of an "other act of terrorism" which occur within a 72-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. The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for injury or damage that is otherwise excluded under this Policy.
- D. If aggregate insured losses attributable to terrorist acts certified under the federal Terrorism Risk Insurance Act exceed \$100 billion in a calendar year 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.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICRO-BUSINESSOWNERS EXCLUSION OF CERTIFIED ACTS OF TERRORISM AND EXCLUSION OF OTHER ACTS OF TERRORISM COMMITTED OUTSIDE THE UNITED STATES

This endorsement modifies insurance provided under the following:

MICRO-BUSINESSOWNERS COVERAGE FORM

The following provisions are added to **Section II – Liability** of the Micro-Businessowners Coverage Form **BP 00 04**:

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", or out of an "other act of terrorism" that is committed outside of the United States (including its territories and possessions and Puerto Rico), but within the "coverage territory". 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 (valued in U.S. dollars). 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.

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 Form to which this endorsement is applicable, and includes but is not limited to "bodily injury", "property damage" or "personal and advertising injury" as may be defined in any applicable Coverage Form.

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2. "Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such 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;
- b. The act resulted in damage:
 - (1) Within the United States (including its territories and possessions and Puerto Rico); or
 - (2) Outside of the United States in the case of:
 - (a) An air carrier (as defined in Section 40102 of title 49, United States Code) or United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States), regardless of where the loss occurs; or

(b) The premises of any United States mission; and

c. 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.

3. "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 a "certified act of terrorism".

Multiple incidents of an "other act of terrorism" which occur within a 72-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. The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for injury or damage that is otherwise excluded under this Policy.

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MICRO-BUSINESSOWNERS 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 Coverage Form, 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.

In Section II – Liability, the word "insured" means any person or organization qualifying as such under Paragraph C. Who Is An Insured.

Other words and phrases that appear in quotation marks have special meaning. Refer to Paragraph G. Property Definitions in Section I – Property and Paragraph F. Liability And Medical Expenses Definitions in Section II – Liability.

SECTION I – PROPERTY

A. Coverage

We will pay for direct physical loss of or damage to Covered Property caused by or resulting from any Covered Cause of Loss.

1. Covered Property

Business Personal Property including:

- a. Property you own that is used in your business;
- b. Property of others that is in your care, custody or control, except as otherwise provided in Loss Payment Property Loss Condition Paragraph E.5.d.(2)(b); and
- c. Leased personal property which you have a contractual responsibility to insure, unless otherwise provided for under Paragraph 1.b.

2. Property Not Covered

Covered Property does not include:

- a. Buildings and structures, 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 buildings or structures, including:
 - (a) Fire extinguishing equipment;

- (b) Outdoor furniture;
 - (c) Floor coverings; and
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
- (5) Additions under construction, alterations and repairs to buildings or structures; and
- (6) Materials, equipment, supplies and temporary structures used for making additions, alterations or repairs to buildings or structures;
- b. "Stock";
 - c. Aircraft, automobiles, motortrucks and other vehicles subject to motor vehicle registration;
 - d. "Money" or "securities";
 - e. Contraband, or property in the course of illegal transportation or trade;
 - f. Watercraft (including motors, equipment and accessories);
 - g. Accounts, bills, food stamps, other evidences of debt, accounts receivable or "valuable papers and records";
 - h. "Computer(s)" which are permanently installed or designed to be permanently installed in any aircraft, watercraft, motortruck or other vehicle subject to motor vehicle registration;
 - i. "Electronic data", except as provided under Additional Coverages – Electronic Data; or
 - j. Animals.

3. Covered Causes Of Loss

- a. Fire.
- b. Lightning.
- c. Explosion.
- d. Windstorm or Hail, but not including:
 - (1) Frost or cold weather; or
 - (2) Ice (other than hail), snow or sleet, whether driven by wind or not.
- e. Smoke, causing sudden and accidental loss or damage.

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- f. Aircraft or vehicles, meaning only physical contact of an aircraft, a spacecraft, a self-propelled missile, a vehicle or an object thrown up by a vehicle with the Covered Property. This cause of loss includes loss or damage by objects falling from aircraft.

We will not pay for loss or damage caused by or resulting from vehicles you own or which are operated in the course of your business.

- g. Riot or Civil Commotion, including:

- (1) Acts of striking employees (including temporary or leased employees); and
- (2) Looting occurring at the time and place of a riot or civil commotion.

- h. Vandalism, meaning willful and malicious damage to, or destruction of, Covered Property. We will not pay for loss or damage caused by or resulting from theft.

- i. Sprinkler leakage, meaning leakage or discharge of any substance from an Automatic Sprinkler System, including collapse of a tank that is part of the system.

- j. Sinkhole collapse, meaning loss or damage caused by 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.

- k. Volcanic action, meaning direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- (1) Airborne volcanic blast or airborne shock waves;
- (2) Ash, dust or particulate matter; or
- (3) Lava flow.

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

This cause of loss does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss of or damage to Covered Property.

- l. Transportation, meaning loss or damage caused by:

- (1) Collision, derailment or overturn of a vehicle;
- (2) Stranding or sinking of vessels; and
- (3) Collapse of bridges, culverts, piers, wharves or docks.

This cause of loss applies only to Covered Property in the course of transit.

4. Additional Coverages

Electronic Data

- a. Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore "electronic data" which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that "electronic data" is not replaced 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.

- b. The Covered Causes of Loss applicable to Business Personal Property include a computer virus, harmful code or similar instruction introduced into or enacted on a computer system (including "electronic data") or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including "electronic data") by any employee, including a temporary or leased employee, or by an entity retained by you, or for you, to inspect, design, install, modify, maintain, repair or replace that system.

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- c. The most we will pay under this Additional Coverage – Electronic Data for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of computer systems involved, is \$1,000, unless a higher Limit Of Insurance is shown in the Declarations. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in, but not after, that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

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

a. Earth Movement

- (1) Earthquake, including tremors and aftershocks and any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;
- (4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in Paragraphs (1) through (4) above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion; and

- (5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire or volcanic action, we will pay for the loss or damage caused by that fire 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.

With respect to coverage for volcanic action as set forth in (5)(a), (5)(b) and (5)(c), 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 of or damage to Covered Property.

This exclusion applies regardless of whether any of the above, in Paragraphs (1) through (5), is caused by an act of nature or is otherwise caused.

b. 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 Policy.

c. 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.

d. Utility Services

The failure of power, communication, water or other utility service, however caused.

Failure of any utility service includes lack of sufficient capacity and reduction in supply.

Loss or damage caused by a surge of power is also excluded, if the surge would not have occurred but for an event causing a failure of power.

But if the failure or surge of power, or the failure of communication, water 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.

Communication services include but are not limited to service relating to Internet access or access to any electronic, cellular or satellite network.

This exclusion does not apply to loss or damage to "computer(s)" and "electronic data".

e. War And Military Action

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

f. Water

- (1) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);
- (2) Mudslide or mudflow;
- (3) Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment;
- (4) Water under the ground surface pressing on, or flowing or seeping through:
 - (a) Foundations, walls, floors or paved surfaces;
 - (b) Basements, whether paved or not; or
 - (c) Doors, windows or other openings; or
- (5) Waterborne material carried or otherwise moved by any of the water referred to in Paragraph (1), (3) or (4), or material carried or otherwise moved by mudslide or mudflow.

This exclusion applies regardless of whether any of the above, in Paragraphs (1) through (5), is caused by an act of nature or is otherwise caused. An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment system fails in whole or in part, for any reason, to contain the water.

But if any of the above, in Paragraphs (1) through (5), results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

g. Certain Computer-related Losses

(1) The failure, malfunction or inadequacy of:

(a) Any of the following, whether belonging to any insured or to others:

- (i) "Computer" hardware, including microprocessors or other electronic data processing equipment as may be described elsewhere in this Policy;
- (ii) "Computer" application software or other "electronic data" as may be described elsewhere in this Policy;
- (iii) "Computer" operating systems and related software;
- (iv) "Computer" networks;
- (v) Microprocessors ("computer" chips) not part of any "computer" system; or
- (vi) Any other computerized or electronic equipment or components; or

(b) Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph (a) above;

due to the inability to correctly recognize, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.

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- (2) Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for any potential or actual problems described in Paragraph (1) above.

However, if excluded loss or damage, as described in Paragraph (1) above, results in a Covered Cause Of Loss under Section I – Property, we will pay only for the loss or damage caused by such Covered Cause of Loss.

We will not pay for repair, replacement or modification of any items in Paragraph (1)(a) or (1)(b) to correct any deficiencies or change any features.

h. "Fungi", Wet Rot Or Dry Rot

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

But if "fungi", wet rot or dry rot results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion does not apply when "fungi", wet rot or dry rot results from fire or lightning.

i. Virus Or Bacteria

- (1) Any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease.
- (2) However, the exclusion in Paragraph (1) does not apply to loss or damage caused by or resulting from "fungi", wet rot or dry rot. Such loss or damage is addressed in Exclusion h.
- (3) With respect to any loss or damage subject to the exclusion in Paragraph (1), such exclusion supersedes any exclusion relating to "pollutants".

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

a. Electrical Apparatus

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.

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

- (1) Electrical current, including arcing;
- (2) Electrical charge produced or conducted by a magnetic or electromagnetic field;
- (3) Pulse of electromagnetic energy; or
- (4) Electromagnetic waves or microwaves.

But if fire results, we will pay for the loss or damage caused by fire.

We will pay for loss or damage to "computer(s)" due to artificially generated electrical, magnetic or electromagnetic energy.

b. Burst Piping

Rupture or bursting of water pipes (other than Automatic Sprinkler Systems) unless caused by a Covered Cause of Loss.

c. Water Discharge

Leakage or discharge of water or steam from any part of a system or appliance containing water or steam (other than an Automatic Sprinkler System), unless the leakage or discharge occurs because the system or appliance was damaged by a Covered Cause of Loss.

d. Steam Apparatus

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.

e. Mechanical Breakdown

Mechanical breakdown, including rupture or bursting caused by centrifugal force.

But if mechanical breakdown results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion does not apply with respect to the breakdown of "computers".

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f. Errors Or Omissions

Errors or omissions in programming, processing or storing data, as described under "electronic data" or in any "computer" operations.

However, we will pay for direct physical loss or damage caused by resulting fire or explosion if these causes of loss would be covered by this Coverage Form.

g. Installation, Testing, Repair

Errors or deficiency in design, installation, testing, maintenance, modification or repair of your "computer" system including "electronic data".

However, we will pay for direct physical loss or damage caused by resulting fire or explosion if these causes of loss would be covered by this Coverage Form.

h. Electrical Disturbance

Electrical or magnetic injury, disturbance or erasure of "electronic data", except as provided for under the Additional Coverages of Section I – Property.

However, we will pay for direct loss or damage caused by lightning.

i. Continuous Or Repeated Seepage Or Leakage Of Water

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.

3. We will not pay for loss or damage caused by or resulting from any of the following Paragraphs **a.** through **c.** But if an excluded cause of loss that is listed in Paragraphs **a.** through **c.** results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

a. Weather Conditions

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

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

c. Negligent Work

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.

C. Limits Of Insurance

1. The most we will pay for loss or damage in any one occurrence is \$2,500 unless a different Limit Of Insurance for Section I – Property is shown in the Declarations.
2. The amounts of insurance applicable to the Electronic Data Additional Coverage apply in accordance with the terms of such coverages and are in addition to the Limits of Insurance of Section I – Property.

D. Deductible

We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds \$250, unless a higher deductible is 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.

E. Property Loss Conditions

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

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- 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. Duties In The Event Of Loss Or Damage

- a. 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 Limits of Insurance of Section I – Property. 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.
- (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.

- b. 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.

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 two years after the date on which the direct physical loss or damage occurred.

5. 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 or replace the property with other property of like kind and quality, subject to Paragraph d.(1)(c) below.
- 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. Except as provided in Paragraph (2) below, we will determine the value of Covered Property as follows:
 - (1) At replacement cost without deduction for depreciation, subject to the following:
 - (a) 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 on a replacement cost basis if you notify us of your intent to do so within 180 days after the loss or damage.

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- (b) We will not pay on a replacement cost basis for any loss or damage:
 - (i) Until the lost or damaged property is actually repaired or replaced; and
 - (ii) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage.

However, if the cost to repair or replace the damaged property is \$500 or less, we will settle the loss whether or not the actual repair or replacement is complete.
 - (c) The cost to repair or replace does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.
- (2) The following property at actual cash value:
- (a) Used or secondhand merchandise held in storage or for sale;
 - (b) Property of others. However, if an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance; and
 - (c) Works of art, antiques or rare articles, including etchings, pictures, statuary, marble, bronzes, porcelain and bric-a-brac.
- e. Our payment for loss of or damage to personal property of others will only be for the account of the owners of the property. 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.
- f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.

- g. 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.

6. 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 Limits of Insurance of Section I – Property.

F. Property General Conditions

1. 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.

2. No Benefit To Bailee

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

3. Policy Period, Coverage Territory

Under Section I – Property:

- a. We cover loss or damage commencing:

- (1) During the policy period shown in the Declarations; and
- (2) Within the coverage territory or, with respect to property in transit, while it is between points in the coverage territory.

- b. The coverage territory is:

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

G. Property Definitions

- 1. "Computer" means:

- a. Programmable electronic equipment that is used to store, retrieve and process data; and

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- b. Associated peripheral equipment that provides communication, including input and output functions such as printing and auxiliary functions such as data transmission.

"Computer" does not include those used to operate production-type machinery or equipment.

- 2. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a "computer" or device connected to it, which enable the "computer" or device to receive, process, store, retrieve or send data.
- 3. "Fungi" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
- 4. "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.
- 5. "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.
- 6. "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".
- 7. "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.

- 8. "Valuable papers and records" means inscribed, printed or written:

- a. Documents;
- b. Manuscripts; and
- c. Records;

including abstracts, books, deeds, drawings, films, maps or mortgages.

But "valuable papers and records" does not mean "money" or "securities".

SECTION II – LIABILITY

A. Coverages

1. Business Liability

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury", "property damage" or "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 "bodily injury", "property damage" or "personal and advertising injury" to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" or 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 Paragraph D. Liability And Medical Expenses Limits Of Insurance in Section II – Liability; 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 or medical expenses.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Paragraph f. Coverage Extension – Supplementary Payments.

- b. This insurance applies:

- (1) To "bodily injury" and "property damage" only if:
 - (a) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";
 - (b) The "bodily injury" or "property damage" occurs during the policy period; and

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- (c) Prior to the policy period, no insured listed under Paragraph **C.1. Who Is An Insured** and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" 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 before the policy period.
- (2) 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.
- 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 **C.1. Who Is An Insured** or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of "bodily injury" or "property damage" after the end of the policy period.
- 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 **C.1. Who Is An Insured** or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:
 - (1) Reports all, or any part, of the "bodily injury" 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".
- f. **Coverage Extension – Supplementary Payments**
 - (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 \$250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which Business Liability Coverage for "bodily injury" applies. We do not have to furnish these bonds.
 - (c) The cost of bonds to release attachments, but only for bond amounts within our 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 \$250 a day because of time off from work.
 - (e) All court costs taxed against the insured in the "suit". However, these payments do not include attorneys' fees or attorneys' expenses taxed against the insured.
 - (f) Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the Limit of Insurance, we will not pay any prejudgment interest based on that period of time after the offer.

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- (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 our Limit of Insurance.

These payments will not reduce the limit of liability.

- (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:

- (i) Agrees in writing to:

- i. Cooperate with us in the investigation, settlement or defense of the "suit";
- ii. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";
- iii. Notify any other insurer whose coverage is available to the indemnitee; and

- iv. Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and

- (ii) Provides us with written authorization to:

- i. Obtain records and other information related to the "suit"; and
- ii. Conduct and control the defense of the indemnitee in such "suit".

- (3) So long as the conditions in Paragraph (2) 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 B.1.b.(2) Exclusions in Section II – Liability, 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 (2)(f) above, are no longer met.

2. Medical Expenses

- 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:

- (a) The accident takes place in the "coverage territory" and during the policy period;

- (b) The expenses are incurred and reported to us within one year of the date of the accident; and
 - (c) 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 Limits of Insurance of Section II – Liability. 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.

B. Exclusions

1. Applicable To Business Liability Coverage

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" 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 attorneys' 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 attorneys' 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.

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 even if the claims allege negligence or other wrongdoing in:

- (a) The supervision, hiring, employment, training or monitoring of others by an insured; or

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- (b) Providing or failing to provide transportation with respect to any person that may be under the influence of alcohol;

if the "occurrence" which caused the "bodily injury" or "property damage", involved that which is described in Paragraph (1), (2) or (3) above.

However, this exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages. For the purposes of this exclusion, permitting a person to bring alcoholic beverages on your premises, for consumption on your premises, whether or not a fee is charged or a license is required for such activity, is not by itself considered the business of 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:
 - (a) Employment by the insured; or
 - (b) Performing duties related to the conduct of the insured's business; or
- (2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (1) above.

This exclusion applies whether the insured may be liable as an employer or in any other capacity and 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 produced by or originating from equipment that is used to heat, cool or dehumidify the building, or equipment that is used to heat water for personal use, by the building's occupants or their guests;
 - (ii) "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than that additional insured; or
 - (iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";
 - (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;

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(c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for:

(i) Any insured; or

(ii) Any person or organization for whom you may be legally responsible;

(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 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"; or

(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, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

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This exclusion applies even if the claims allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by an insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This exclusion does not apply to:

- (1) A watercraft while ashore 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 you or the 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:
 - (a) The operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance or motor vehicle registration law where it is licensed or principally garaged; or
 - (b) The operation of any of the following machinery or equipment:
 - (i) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
 - (ii) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing 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 for, or while being prepared for, any prearranged racing, speed, demolition or stunting activity.

i. War

"Bodily injury", "property damage" or "personal and advertising injury", however caused, arising, directly or indirectly, out of:

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by government authority in hindering or defending against any of these.

j. Damage To Property

"Property damage" to:

- (1) Property you own, rent or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;
- (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 contractor or subcontractor working directly or indirectly on your behalf is 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 seven or fewer consecutive days. A separate Limit of Insurance applies to Damage To Premises Rented To You as described in Paragraph D. Liability And Medical Expenses Limits Of Insurance in Section II – Liability.

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".

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. Personal And Advertising Injury

"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, in any manner, 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, in any manner, of material whose first publication took place before the beginning of the policy period;
- (4) 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;
- (5) Arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement";
- (6) Arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement";
- (7) Arising out of the wrong description of the price of goods, products or services stated in your "advertisement";

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(8) Committed by an insured whose business is:

- (a) Advertising, broadcasting, publishing or telecasting;
- (b) Designing or determining content of web sites for others; or
- (c) An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs **14.a., b. and c.** of "personal and advertising injury" under Paragraph **F. Liability And Medical Expenses Definitions.**

For the purposes of this exclusion, the placing of frames, borders or links, or advertising, for you or others anywhere on the Internet, by itself, is not considered the business of advertising, broadcasting, publishing or telecasting;

- (9) Arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time;
- (10) With respect to 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";
- (11) Arising out of an electronic chatroom or bulletin board the insured hosts, owns or over which the insured exercises control;
- (12) Arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights. Under this exclusion, such other intellectual property rights do not include the use of another's advertising idea in your "advertisement".

However, this exclusion does not apply to infringement, in your "advertisement", of copyright, trade dress or slogan;

(13) Arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatags, or any other similar tactics to mislead another's potential customers; or

(14) Arising out of any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of any access to or disclosure of any person's or organization's confidential or personal information.

p. Access Or Disclosure Of Confidential Or Personal Information And Data-related Liability

(1) Damages, other than damages because of "personal and advertising injury", arising out of any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information; or

(2) Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of that which is described in Paragraph **(1)** or **(2)** above.

However, unless Paragraph **(1)** above applies, this exclusion does not apply to damages because of "bodily injury".

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As used in this exclusion, electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

q. Criminal Acts

"Personal and advertising injury" arising out of a criminal act committed by or at the direction of the insured.

r. Recording And Distribution Of Material Or Information In Violation Of Law

"Bodily injury", "property damage" or "personal and advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- (3) The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transaction Act (FACTA); or

- (4) Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

Exclusions **c., d., e., f., g., h., i., j., k., l., m.** and **n.** in Section II – Liability do not apply to damage by fire to premises while rented to you, or temporarily occupied by you with permission of the owner. A separate Damage To Premises Rented To You Limit of Insurance applies to this coverage as described in Paragraph **D. Liability And Medical Expenses Limits Of Insurance** in Section II – Liability.

2. Applicable To Medical Expenses Coverage

We will not pay expenses for "bodily injury":

- a. To any insured, except "volunteer workers".
- 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 practicing, instructing or participating in any physical exercises or games, sports or athletic contests.

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- f. Included within the "products-completed operations hazard".
- g. Excluded under Business Liability Coverage.

3. Applicable To Both Business Liability Coverage And Medical Expenses Coverage – Nuclear Energy Liability Exclusion

This insurance does not apply:

- a. Under Business 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 the Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or

- (2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which:

- (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 Medical Expenses 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 Business Liability Coverage, to "bodily injury" or "property damage" resulting from the "hazardous properties" of the "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.

- d. As used in this exclusion:

- (1) "By-product material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;

- (2) "Hazardous properties" include radioactive, toxic or explosive properties;

- (3) "Nuclear facility" means:

- (a) Any "nuclear reactor";

- (b) Any equipment or device designed or used for:

- (i) Separating the isotopes of uranium or plutonium;

- (ii) Processing or utilizing "spent fuel"; or

- (iii) Handling, processing or packaging "waste";

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

- (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;

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- (4) "Nuclear material" means "source material", "special nuclear material" or "by-product material";
- (5) "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;
- (6) "Property damage" includes all forms of radioactive contamination of property;
- (7) "Source material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;
- (8) "Special nuclear material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;
- (9) "Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor"; and
- (10) "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 Paragraphs (a) and (b) of the definition of "nuclear facility".

C. Who Is An Insured

1. If you are designated in the Declarations as:
 - a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
 - b. A partnership or joint venture, you are an insured. Your members, your partners and their spouses are also insureds, but only with respect to the conduct of your business.
 - c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
 - d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.
 - e. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.
2. Each of the following is also an insured:
 - a. Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" or "volunteer workers" are insureds for:
 - (1) "Bodily injury" or "personal and advertising injury":
 - (a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), or to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;
 - (b) To the spouse, child, parent, brother or sister of that co-"employee" as a consequence of Paragraph (a) above;
 - (c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraph (a) or (b); or
 - (d) Arising out of his or her providing or failing to provide professional health care services.

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(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", "volunteer workers", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).

- b.** Any person (other than your "employee" or "volunteer worker"), or any organization while acting as your real estate manager.
- c.** Any person or organization having proper temporary custody of your property if you die, but only:
 - (1)** With respect to liability arising out of the maintenance or use of that property; and
 - (2)** Until your legal representative has been appointed.
- d.** 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 Policy.

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.

D. Liability And Medical Expenses Limits Of Insurance

- 1.** The Limits Of Insurance of Section II – Liability 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 most we will pay for the sum of all damages because of all:
 - a.** "Bodily injury", "property damage" and medical expenses arising out of any one "occurrence"; and

- b.** "Personal and advertising injury" sustained by any one person or organization;

is the Liability And Medical Expenses limit shown in the Declarations. But the most we will pay for all medical expenses because of "bodily injury" sustained by any one person is the Medical Expenses limit shown in the Declarations.

- 3.** The most we will pay under Business Liability Coverage for damages because of "property damage" to a premises while rented to you or in the case of fire while rented to you or temporarily occupied by you with permission of the owner is the applicable Damage To Premises Rented To You limit shown for that premises in the Declarations. For a premises temporarily occupied by you, the applicable limit will be the highest Damage To Premises Rented To You limit shown in the Declarations.

4. Aggregate Limits

The most we will pay for:

- a.** All "bodily injury" and "property damage" that is included in the "products-completed operations hazard" is twice the Liability And Medical Expenses limit.
- b.** All:
 - (1)** "Bodily injury" and "property damage" except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard";
 - (2)** Plus medical expenses;
 - (3)** Plus all "personal and advertising injury" caused by offenses committed;is twice the Liability And Medical Expenses limit.

Subject to Paragraph **a.** or **b.** above, whichever applies, the Damage To Premises Rented To You limit is the most we will pay for damages because of "property damage" to any one premises, while rented to you, or in the case of fire, while rented to you or temporarily occupied by you with permission of the owner.

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The Limits of Insurance of Section II – Liability 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.

E. Liability And Medical Expenses General Conditions

1. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Policy.

2. 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 which 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 insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

3. 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 on this Policy 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; but we will not be liable for damages that are not payable under the terms of this Policy 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.

4. Separation Of Insureds

Except with respect to the Limits of Insurance of Section II – 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 claim is made or "suit" is brought.

F. Liability And Medical Expenses 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. For the purposes of this definition:

- a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and

- b. Regarding web sites, only that part of a web site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.

2. "Auto" means:

- a. A land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment; or
- b. Any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance or motor vehicle registration law where it is licensed or principally garaged.

However, "auto" does not include "mobile equipment".

3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting 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, but only if the injury or damage occurs in the course of travel or transportation between any places included in Paragraph **a.** above; or
- c. All other parts of the world if the injury or damage arises out of:
 - (1) Goods or products made or sold by you in the territory described in Paragraph **a.** above;
 - (2) The activities of a person whose home is in the territory described in Paragraph **a.** above, but is away for a short time on your business; or
 - (3) "Personal and advertising injury" offenses that take place through the Internet or similar electronic means of communication;

provided the insured's responsibility to pay damages is determined in a "suit" on the merits in the territory described in Paragraph **a.** above or in a settlement we agree to.

5. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".

6. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, bylaws or any other similar governing document.

7. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.

8. "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:

- (1) The repair, replacement, adjustment or removal of "your product" or "your work"; or
- (2) Your fulfilling the terms of the contract or agreement.

9. "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. Any 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; or
- 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.

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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, roadbeds, 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, drawings, opinions, reports, surveys, change orders, designs or 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 an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in Paragraph **(2)** above and supervisory, inspection or engineering services.
10. "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".
11. "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".

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

- a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
- b. Vehicles maintained for use solely on or next to premises you own or rent;
- c. Vehicles that travel on crawler treads;
- d. Vehicles, whether self-propelled or not, on which are 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 Paragraph **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 Paragraph **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.

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However, "mobile equipment" does not include land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicle insurance or motor vehicle registration law where they are licensed or principally garaged. Land vehicles subject to a compulsory or financial responsibility law or other motor vehicle insurance law or motor vehicle registration law are considered "autos".

13. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.
14. "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, in any manner, 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, in any manner, of material that violates a person's right of privacy;
 - f. The use of another's advertising idea in your "advertisement"; or
 - g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".
15. "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.
16. "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 the job site has been put to its intended use by any other 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.

The "bodily injury" or "property damage" must occur away from premises you own or rent, unless your business includes the selling, handling or distribution of "your product" for consumption on premises you own or rent.

- 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; or
 - (2) The existence of tools, uninstalled equipment or abandoned or unused materials.

17. "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 of use shall be deemed to occur at the time of the "occurrence" that caused it.

For the purposes of this insurance, electronic data is not tangible property.

As used in this definition, electronic data means information, facts or programs stored as, 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.

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18. "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.

19. "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.

20. "Volunteer worker" means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.

21. "Your product":

a. Means:

- (1) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:

(a) You;

(b) Others trading under your name; or

(c) A person or organization whose business or assets you have acquired; and

- (2) Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

b. Includes:

- (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and

(2) The providing of or failure to provide warnings or instructions.

c. Does not include vending machines or other property rented to or located for the use of others but not sold.

22. "Your work":

a. Means:

(1) Work or operations performed by you or on your behalf; and

(2) Materials, parts or equipment furnished in connection with such work or operations.

b. Includes:

(1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and

(2) The providing of or failure to provide warnings or instructions.

SECTION III – COMMON POLICY CONDITIONS (APPLICABLE TO SECTION I – PROPERTY AND SECTION II – LIABILITY)

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.

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.

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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. Concealment, Misrepresentation Or Fraud

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

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

D. 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.

E. 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 charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
 - a. Are safe and 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.

F. 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.

G. Liberalization

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

H. Other Insurance

1. 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 Limit of Insurance of Section I – Property.
2. If other valid and collectible insurance is available to the insured for a loss we cover under Business Liability Coverage, our obligations are limited as follows:
 - a. **Primary Insurance**

This insurance is primary except when Paragraph 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 Paragraph c. below.
 - b. **Excess Insurance**
 - (1) This insurance is excess over:
 - (a) Any of the other insurance, whether primary, excess, contingent or on any other basis;
 - (i) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";

- (ii) That is Fire insurance for premises rented to you or temporarily occupied by you with permission of the owner;
 - (iii) 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
 - (iv) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion **B.1.g.** of Section **II** – Liability.
- (b) 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 additional insured.
- (2) When this insurance is excess, we will have no duty under Business Liability Coverage 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 those other insurers.
- (3) 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 that other insurance.
- (4) 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 Business Liability Coverage Limits Of Insurance shown in the Declarations.

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.

I. Premiums

1. The first Named Insured shown in the Declarations:
 - a. Is responsible for the payment of all premiums; and
 - b. Will be the payee for any return premiums we pay.
2. The premium shown in the Declarations was computed based on rates in effect at the time the Policy was issued. On each renewal, continuation or anniversary of the effective date of this Policy, we will compute the premium in accordance with our rates and rules then in effect.
3. With our consent, you may continue this Policy in force by paying a continuation premium for each successive one-year period. The premium must be:
 - a. Paid to us prior to the anniversary date; and
 - b. Determined in accordance with Paragraph **2.** above.

Our forms then in effect will apply. If you do not pay the continuation premium, this Policy will expire on the first anniversary date that we have not received the premium.

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J. Premium Audit

1. This Policy is subject to audit if a premium designated as an advance premium is shown in the Declarations. We will compute the final premium due when we determine your actual exposures.
2. Premium shown in this Policy as advance premium is a deposit premium only. At the close of each audit period, we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.
3. The first Named Insured must keep records of the information we need for premium computation and send us copies at such times as we may request.

K. Transfer Of Rights Of Recovery Against Others To Us

1. Applicable to Businessowners Property Coverage:

If any person or organization to or for whom we make payment under this Policy has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

- a. Prior to a loss to your Covered Property.

- b. After a loss to your Covered Property only if, at time of loss, that party is one of the following:

- (1) Someone insured by this insurance;

- (2) A business firm:

- (a) Owned or controlled by you; or

- (b) That owns or controls you.

You may also accept the usual bills of lading or shipping receipts limiting the liability of carriers.

This will not restrict your insurance.

2. Applicable to Businessowners Liability Coverage:

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. This condition does not apply to Medical Expenses Coverage.

L. 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.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICRO-BUSINESSOWNERS RETAIL

This endorsement modifies insurance provided under the following:

MICRO-BUSINESSOWNERS COVERAGE FORM

SCHEDULE

Stock Limit Of Insurance	Theft Deductible
\$	\$
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

The following provisions apply with respect to the coverage provided by this endorsement:

A. When a Stock Limit Of Insurance is shown in the Schedule, **Section I – Property** is amended as follows:

1. Paragraph **A.1. Covered Property** is replaced by the following:

1. Covered Property

"Stock".

2. The following is added to Paragraph **A.3. Covered Causes Of Loss:**

a. Theft.

3. The following is added to Paragraph **B.2. Exclusions:**

a. Dishonesty

Dishonest or criminal acts (including theft) by you, anyone else with an interest in the property, or any of your or their partners, "members", officers, "managers", employees (including temporary or leased employees), directors, trustees or authorized representatives, whether acting alone or in collusion with each other or with any other party; or theft by any person to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.

This exclusion:

- (1)** Applies whether or not an act occurs during your normal hours of operation;
- (2)** Does not apply to acts of destruction by your employees (including temporary or leased employees) or authorized representatives; but theft by your employees (including temporary or leased employees) or authorized representatives is not covered.

For the purpose of this exclusion:

- (1)** "Manager" means a person serving in a directorial capacity for a limited liability company.
- (2)** "Member" means an owner of a limited liability company represented by its membership interest, who also may serve as a "manager".

b. False Pretense

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.

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4. The following is added to Paragraph **B. Exclusions:**

4. Additional Exclusions

We will not pay for loss of or damage to:

- a. Any merchandise, goods or other product caused by or resulting from error or omission by any person or entity (including those having possession under an arrangement where work or a portion of the work is outsourced) in any stage of the development, production or use of the product, including planning, testing, processing, packaging, installation, maintenance or repair. This exclusion applies to any effect that compromises the form, substance or quality of the product. But if such error or omission results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.
- b. 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.

5. The following is added to Paragraph **C.1. Limits Of Insurance:**

However, the most we will pay for loss or damage, in any one occurrence, to "stock" is the Stock Limit Of Insurance shown in the Schedule.

6. The following is added to Paragraph **D. Deductible:**

However, we will not pay for loss or damage in any one occurrence of theft until the amount of loss or damage exceeds \$500, unless a higher Theft deductible is shown in the Schedule. 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.

B. Section II – Liability is amended as follows:

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

1. Any person(s) or organization(s):

- a. For whom you are performing operations is also an additional insured if you and such person(s) or organization(s) has agreed in writing in a contract or agreement that such person(s) or organization(s) be included as an additional insured on your policy. Such person(s) or organization(s) is an additional insured only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:

(1) Your acts or omissions; or

(2) The acts or omissions of those acting on your behalf;

in the performance of your ongoing operations for the additional insured.

However, the insurance afforded to such additional insured:

(1) Only applies to the extent permitted by law; and

(2) Will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

A person's or organization's status as an additional insured under this endorsement ends on the earlier of the date:

(1) When your operations for that insured are completed; or

(2) The contract or agreement you have entered into with the additional insured is terminated.

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With respect to the insurance afforded to the additional insureds, the following additional exclusion applies:

This insurance does not apply to "bodily injury" or "property damage" occurring after:

- (1) All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or
 - (2) That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.
- b. With whom you have agreed in writing in a contract or agreement that such person(s) or organization(s) be included as an additional insured on your policy. Such person(s) or organization(s) is an additional insured only with respect to liability arising out of the ownership, maintenance or use of that part of the premises leased to you which is used in connection with your operations.

However:

- (1) The insurance afforded to such additional insured only applies to the extent permitted by law; and

- (2) If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to:

- (1) Any "occurrence" that takes place after you cease to be a tenant in the premises.
 - (2) Structural alterations, new construction or demolition operations performed by or for such person(s) or organization(s).
2. With respect to the insurance afforded to these additional insureds, the following is added to Paragraph **D. Liability And Medical Expenses Limits Of Insurance:**

The most we will pay on behalf of the additional insured is the amount of insurance:

- a. Required by the contract or agreement you have entered into with the additional insured; or
- b. Available under the applicable Limits Of Insurance shown in the Declarations;

whichever is less.

This endorsement shall not increase the applicable Limits Of Insurance shown in the Declarations.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICRO-BUSINESSOWNERS SERVICE

This endorsement modifies insurance provided under the following:

MICRO-BUSINESSOWNERS COVERAGE FORM

The following provisions apply with respect to the coverage provided by this endorsement:

A. Section I – Property is amended as follows:

1. The following is added to Paragraph **A.3. Covered Causes Of Loss:**

- a. Theft, but only with respect to property addressed under Paragraph **A.1.b.** of the Micro-Businessowners Coverage Form.

2. The following is added to Paragraph **B.2. Exclusions:**

a. Dishonesty

Dishonest or criminal acts (including theft) by you, anyone else with an interest in the property, or any of your or their partners, "members", officers, "managers", employees (including temporary or leased employees), directors, trustees or authorized representatives, whether acting alone or in collusion with each other or with any other party; or theft by any person to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.

This exclusion:

- (1) Applies whether or not an act occurs during your normal hours of operation;
- (2) Does not apply to acts of destruction by your employees (including temporary or leased employees) or authorized representatives; but theft by your employees (including temporary or leased employees) or authorized representatives is not covered.

For the purpose of this exclusion:

- (1) "Manager" means a person serving in a directorial capacity for a limited liability company.
- (2) "Member" means an owner of a limited liability company represented by its membership interest, who also may serve as a "manager".

b. False Pretense

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.

3. The following coverages are added to Paragraph **A.4. Additional Coverages** of **Section I – Property:**

a. Reward Payment

- (1) We will reimburse you for rewards paid as follows:

- (a) Up to \$500 to an eligible person for information leading to the arrest and conviction of any person or persons committing a crime resulting in loss of or damage to Covered Property from a Covered Cause of Loss. However, we will pay no more than the lesser of the following amounts:

- (i) Actual cash value of the Covered Property at the time of loss or damage, but not more than the amount required to repair or replace it; or

- (ii) The amount determined by the loss settlement procedure applicable to the Covered Property under the Loss Payment Property Loss Condition.

- (b) Up to \$500 to an eligible person for the return of stolen Covered Property when the loss is caused by theft. However, we will pay no more than the lesser of the following amounts:

- (i) Actual cash value based on the condition of the Covered Property at the time it is returned, but not more than the amount required to repair or replace it; or

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- (ii) The amount determined by the loss settlement procedure applicable to the returned Covered Property under the Loss Payment Property Loss Condition.
- (2) This Additional Coverage applies subject to the following conditions:
- (a) An eligible person means that person designated by a law enforcement agency as being the first to voluntarily provide the information leading to the arrest and conviction or return of the stolen Covered Property, and who is not:
 - (i) You or any family member;
 - (ii) Your employee (including a temporary or leased employee) or any of his or her family members;
 - (iii) An employee of a law enforcement agency;
 - (iv) An employee of a business engaged in property protection;
 - (v) Any person who had custody of the Covered Property at the time the theft was committed; or
 - (vi) Any person involved in the crime.
 - (b) No reward will be reimbursed unless and until the person(s) committing the crime is (are) convicted or the Covered Property is returned.
 - (c) The lesser of the amount of the reward or \$500 is the most we will reimburse for loss under this Additional Coverage in any one occurrence.

b. Key And Lock Replacement

- (1) We will pay for the cost to replace keys and locks at the client's premises due to theft or other loss to keys entrusted to you by your client.
- (2) We will not pay for loss or damage resulting from theft or any other dishonest or criminal act that you or any of your employees (including temporary or leased employees) or anyone to whom you entrust the keys of a client for any purpose commits, whether acting alone or in collusion with other persons.

- (3) The most we will pay under this Additional Coverage for all loss or damage in any one occurrence is \$1000.

- (4) A per occurrence deductible of \$100 will apply.

B. Section II – Liability is amended as follows:

- 1. Subparagraph (4) of Exclusion B.1.j. does not apply to animals that are in your care, custody or control only as a direct result of services rendered by you.

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

a. Any person(s) or organization(s):

- (1) For whom you are performing operations is also an additional insured, if you and such person(s) or organization(s) have agreed in writing in a contract or agreement that such person(s) or organization(s) be included as an additional insured on your policy. Such person(s) or organization(s) is an additional insured only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:

- (a) Your acts or omissions; or

- (b) The acts or omissions of those acting on your behalf;

in the performance of your ongoing operations for the additional insured.

However, the insurance afforded to such additional insured:

- (a) Only applies to the extent permitted by law; and

- (b) Will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

A person's or organization's status as an additional insured under this endorsement ends on the earlier of the date:

- (a) When your operations for that insured are completed; or

- (b) The contract or agreement you have entered into with the additional insured is terminated.

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With respect to the insurance afforded to these additional insureds, the following additional exclusion applies:

This insurance does not apply to "bodily injury" or "property damage" occurring after:

- (a) All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or
 - (b) That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.
- (2) With whom you have agreed in writing in a contract or agreement that such person(s) or organization(s) be included as an additional insured on your policy. Such person(s) or organization(s) is an additional insured only with respect to liability arising out of the ownership, maintenance or use of that part of the premises leased to you which is used in connection with your operations.

However:

- (a) The insurance afforded to such additional insured only applies to the extent permitted by law; and
- (b) If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to:

- (a) Any "occurrence" that takes place after you cease to be a tenant in the premises.
 - (b) Structural alterations, new construction or demolition operations performed by or for such person(s) or organization(s).
- b. With respect to the insurance afforded to these additional insureds, the following is added to Paragraph **D. Liability And Medical Expenses Limits Of Insurance**:
- The most we will pay on behalf of the additional insured is the amount of insurance:
- (1) Required by the contract or agreement you have entered into with the additional insured; or
 - (2) Available under the applicable Limits Of Insurance shown in the Declarations;
- whichever is less.

This endorsement shall not increase the applicable Limits Of Insurance shown in the Declarations.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICRO-BUSINESSOWNERS ABUSE OR MOLESTATION EXCLUSION

This endorsement modifies insurance provided under the following:

MICRO-BUSINESSOWNERS COVERAGE FORM

The following applies to **Section II – Liability** and supersedes any provision to the contrary:

This insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" arising out of:

- (a) The actual or threatened abuse or molestation by anyone of any person while in the care, custody or control of any insured; or
- (b) The negligent:
 - (i) Employment;

(ii) Investigation;

(iii) Supervision;

(iv) Reporting to the proper authorities, or failure to so report; or

(v) Retention;

of a person for whom any insured is or ever was legally responsible and whose conduct would be excluded by (a) above.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICRO-BUSINESSOWNERS EMPLOYMENT-RELATED PRACTICES EXCLUSION

This endorsement modifies insurance provided under the following:

MICRO-BUSINESSOWNERS COVERAGE FORM

The following exclusion is added to Paragraph **B.1. Exclusions – Applicable To Business Liability Coverage** in **Section II – Liability**:

This insurance does not apply to "bodily injury" or "personal and advertising injury" to:

- (1) A person arising out of any:
 - (a) Refusal to employ that person;
 - (b) Termination of that person's employment; or
 - (c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination or malicious prosecution directed at that person; or

- (2) The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" or "personal and advertising injury" to that person at whom any of the employment-related practices described in Paragraph (a), (b) or (c) above is directed.

This exclusion applies:

- (1) Whether the injury-causing event described in Paragraph (a), (b) or (c) above occurs before employment, during employment or after employment of that person;
- (2) Whether the insured may be liable as an employer or in any other capacity; and
- (3) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICRO-BUSINESSOWNERS EXCLUSION OF PUNITIVE DAMAGES RELATED TO A CERTIFIED ACT OF TERRORISM

This endorsement modifies insurance provided under the following:

MICRO-BUSINESSOWNERS COVERAGE FORM

The following provisions are added to **Section II – Liability** of the Micro-Businessowners Coverage Form **BP 00 04**:

A. The following exclusion is added:

This insurance does not apply to:

Terrorism Punitive Damages

Damages arising, directly or indirectly, out of a "certified act of terrorism" that are awarded as punitive damages.

B. The following definition is added:

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such 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.

- C.** The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for injury or damage that is otherwise excluded under this Policy.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICRO-BUSINESSOWNERS CONDITIONAL EXCLUSION OF TERRORISM (RELATING TO DISPOSITION OF FEDERAL TERRORISM RISK INSURANCE ACT)

This endorsement modifies insurance provided under the following:

MICRO-BUSINESSOWNERS COVERAGE FORM

SCHEDULE

The **Exception Covering Certain Fire Losses** (Paragraph B.2.) applies to property located in the following state(s):

--

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. Section I – Property and Section II – Liability
are amended as follows:

**1. Applicability Of The Provisions Of This
Endorsement**

- a. The provisions of this endorsement become applicable commencing on the date when any one or more of the following first occurs. But if your policy (meaning the policy period in which this endorsement applies) begins after such date, then the provisions of this endorsement become applicable on the date your policy begins.

- (1) The federal Terrorism Risk Insurance Program ("Program"), established by the Terrorism Risk Insurance Act, has terminated with respect to the type of insurance provided under this Coverage Form; or

- (2) A renewal, extension or replacement of the Program has become effective without a requirement to make terrorism coverage available to you and with revisions that:

- (a) Increase our statutory percentage deductible under the Program for terrorism losses. (That deductible determines the amount of all certified terrorism losses we must pay in a calendar year, before the federal government shares in subsequent payment of certified terrorism losses.); or
- (b) Decrease the federal government's statutory percentage share in potential terrorism losses above such deductible; or

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- B. Section I – Property** is amended as follows:

- ## Exclusion Of Terrorism

We will not pay for loss or damage caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident 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. But this exclusion applies only when one or more of the following are attributed to an incident of "terrorism":

- a.** The "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or
- b.** Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or
- c.** The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
- d.** Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials; or

- e. The total of insured damage to all types of property in the United States, its territories and possessions, Puerto Rico and Canada 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. Multiple incidents of "terrorism" which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the threshold is exceeded.

With respect to this Item 1.e., the immediately preceding paragraph describes the threshold 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 this exclusion will apply to that incident. When the exclusion applies to an incident of "terrorism", there is no coverage under this Coverage Form.

2. Exception Covering Certain Fire Losses

The following exception to the Exclusion Of Terrorism applies only if indicated and as indicated in the Schedule of this endorsement.

If "terrorism" results in fire, we will pay for the loss or damage caused by that fire, subject to all applicable policy provisions including the Limit of Insurance on the affected property. Such coverage for fire applies only to direct loss or damage by fire to Covered Property.

3. Application Of Other Exclusions

When the Exclusion Of Terrorism applies in accordance with the terms of Paragraph 1.a. or 1.b., such exclusion applies without regard to the Nuclear Hazard Exclusion in this Coverage Form.

C. Section II – Liability is amended as follows:

1. The following definition is added and applies under this endorsement wherever the phrase any injury or damage is enclosed in quotation marks:

"Any injury or damage" means any injury or damage covered under this Coverage Form or any applicable endorsement, and includes but is not limited to "bodily injury", "property damage" or "personal and advertising injury", as may be defined under this Coverage Form or any applicable endorsement.

2. The following exclusion is added:

Exclusion Of Terrorism

We will not pay for "any injury or damage" caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident of "terrorism". "Any injury or damage" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to such injury or damage. **But this exclusion applies only when one or more of the following are attributed to an incident of "terrorism":**

- a. The "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or
- b. Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or
- c. The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
- d. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials; or

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- e. 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
- f. Fifty or more persons sustain death or serious physical injury. For the purposes of this provision, serious physical injury means:
 - (1) Physical injury that involves a substantial risk of death; or
 - (2) Protracted and obvious physical disfigurement; or
 - (3) Protracted loss of or impairment of the function of a bodily member or organ.

Multiple incidents of "terrorism" which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the thresholds in Paragraph 2.e. or 2.f. are exceeded.

With respect to this exclusion, Paragraphs 2.e. and 2.f. describe the threshold 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 this exclusion will apply to that incident. When the exclusion applies to an incident of "terrorism", there is no coverage under this Coverage Form.

D. The following provision is added to Section I – Property and Section II – Liability:

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for loss or injury or damage that is otherwise excluded under this Policy.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICRO-BUSINESSOWNERS EXCLUSION OF TERRORISM INVOLVING NUCLEAR, BIOLOGICAL OR CHEMICAL TERRORISM

This endorsement modifies insurance provided under the following:

MICRO-BUSINESSOWNERS COVERAGE FORM

SCHEDULE

The Exception Covering Certain Fire Losses (Paragraph B.2.) applies to property located in the following state(s):				
State(s)				
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.				

A. Section I – Property and Section II – Liability are amended as follows:

The following definition is added and applies under this endorsement wherever the term terrorism is enclosed in quotation marks.

"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.

B. Section I – Property is amended as follows:

1. The following exclusion is added:

Exclusion Of Terrorism

We will not pay for loss or damage caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident 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. **But this exclusion applies only when one or more of the following are attributed to an incident of "terrorism":**

- a. The "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or
- b. Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or
- c. The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or

- d. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials.

2. Exception Covering Certain Fire Losses

The following exception to the Exclusion Of Terrorism applies only if indicated and as indicated in the Schedule of this endorsement.

If "terrorism" results in fire, we will pay for the loss or damage caused by that fire, subject to all applicable policy provisions including the Limit of Insurance on the affected property. Such coverage for fire applies only to direct loss or damage by fire to Covered Property.

3. Application Of Other Exclusions

- a. When the Exclusion Of Terrorism applies in accordance with the terms of 1.a. or 1.b., such exclusion applies without regard to the Nuclear Hazard Exclusion in this Coverage Form.
- b. 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 or damage which would otherwise be excluded under this Coverage Form, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

C. Section II – Liability is amended as follows:

- 1. The following definition is added and applies under this endorsement wherever the phrase any injury or damage is enclosed in quotation marks:

"Any injury or damage" means any injury or damage covered under this Coverage Form or any applicable endorsement, and includes but is not limited to "bodily injury", "property damage" or "personal and advertising injury" as may be defined under this Coverage Form.

- 2. The following exclusion is added:

Exclusion Of Terrorism

We will not pay for "any injury or damage" caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident of "terrorism". "Any injury or damage" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to such injury or damage. **But this exclusion applies only when one or more of the following are attributed to an incident of "terrorism":**

- a. The "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or
- b. Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or
- c. The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
- d. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials.

In the event of any incident of "terrorism" that is not subject to this Exclusion, coverage does not apply to "any injury or damage" that is otherwise excluded under this Coverage Form.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICRO-BUSINESSOWNERS LIMITATION OF COVERAGE FOR TERRORISM – SUB-LIMIT ON ANNUAL AGGREGATE BASIS

This endorsement modifies insurance provided under the following:

MICRO-BUSINESSOWNERS COVERAGE FORM

SCHEDULE

SCHEDULE PART I – Applicability Of Terrorism Sub-limit				
Description Of Property Or Coverage			Terrorism Sub-limit	
SCHEDULE PART II – Exception: Non-applicability Of Terrorism Sub-limit To Certain Fire Losses (refer to Paragraph B.3.):				
State(s)				
SCHEDULE PART III – Terrorism Aggregate Limit				
Terrorism Aggregate Limit			\$	
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.				

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A. Section I – Property and Section II – Liability
are amended as follows:

The following definition is added and applies under this endorsement wherever the term terrorism is enclosed in quotation marks.

"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.

For the purpose of this endorsement, the term "terrorism" will apply only to an incident in which the total of insured damage to all types of property in the coverage territory ("coverage territory") 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. Multiple incidents of "terrorism" which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident for the purpose of determining whether the threshold is exceeded.

B. Section I – Property is amended as follows:

1. Application Of Exclusions

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

2. Limitation Of Amount Of Coverage For Acts Of Terrorism

When coverage applies to loss or damage caused by "terrorism", the full Limit of Insurance on the affected property or coverage does not apply to such loss or damage. Instead, the following limitation applies to the loss or damage. The limitation applies even if another Covered Cause of Loss contributes concurrently or in any sequence to the loss or damage, except as otherwise provided in this endorsement.

The Terrorism Sub-limit is the most we will pay for the total of all covered loss or damage caused by one or more incidents of "terrorism" in an annual policy period. If covered loss or damage from an incident of "terrorism" does not exhaust the Terrorism Sub-limit, then the balance of that Sub-limit is available for covered loss or damage from another incident(s) that occurs in the same annual policy period. When the Terrorism Sub-limit for an annual policy period is exhausted, there is no further coverage for loss or damage caused by another incident(s) of "terrorism" in that annual policy period.

If an incident of "terrorism" begins during one annual policy period and ends during the following annual policy period, the only amount of coverage available is the Sub-limit (or balance of it) applicable to the annual policy period in which such incident began.

Amounts payable under a Coverage Extension, Additional Coverage or similar provision in this Coverage Form do not increase the Terrorism Sub-limit.

3. Exception: Non-applicability Of The Terrorism Sub-limit To Certain Fire Losses

The following exception applies only with respect to property located in the states indicated in Part II of the Schedule of this endorsement, if covered under the Coverage Form. The exception relates only to loss or damage caused by "terrorism".

When covered direct loss or damage attributable to fire exceeds the amount of the Sub-limit, we will pay the full amount of the fire loss, up to the Limit of Insurance on the affected property, subject to policy provisions including Deductible and Valuation. In that circumstance, the Limit of Insurance is the most we will pay for the total of all covered direct loss or damage by fire and any other effect of the "terrorism" and any other Covered Cause of Loss that contributes concurrently or in any sequence to the loss or damage.

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When covered direct loss or damage attributable to fire is less than the Sub-limit, then the Sub-limit is the most we will pay for the total of fire and any other covered loss or damage.

C. Section II – Liability is amended as follows:

1. For the purposes of this endorsement, the term "terrorism" will also apply to an incident in which 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.

Multiple incidents of "terrorism" which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the threshold is exceeded.

2. Coverage provided by this insurance for "bodily injury", "property damage" or "personal and advertising injury", arising out of "terrorism", is subject to the Terrorism Aggregate Limit as described in Paragraph **C.3.** of this endorsement.

3. The following are added to Paragraph **D. Liability And Medical Expenses Limit Of Insurance** in **Section II – Liability**:

Subject to Paragraphs **D.4.a.** and **D.4.b.**, as applicable, the Terrorism Aggregate Limit shown in the Schedule of this endorsement is the most we will pay for all "bodily injury", "property damage", "personal and advertising injury" and medical expenses under Paragraph **A. Coverages arising out of terrorism.**

Paragraphs **D.2.** and **D.3.** continue to apply to damages arising out of "terrorism". Those limits will only be available if, and to the extent that, limits are available under the Terrorism Aggregate Limit.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICRO-BUSINESSOWNERS DISCLOSURE OF PREMIUM THROUGH END OF YEAR FOR CERTIFIED ACTS OF TERRORISM COVERAGE (PURSUANT TO TERRORISM RISK INSURANCE ACT)

SCHEDULE

SCHEDULE – PART I	
Terrorism Premium (Certified Acts) through end of year (12/31/) \$
Additional information, if any, concerning the terrorism premium:	
SCHEDULE – PART II	
Federal share of terrorism losses _____ % Year: 20 _____	
(Refer to Paragraph B. in this endorsement.)	
Federal share of terrorism losses _____ % Year: 20 _____	
(Refer to Paragraph B. in this endorsement.)	
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

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A. Disclosure Of Premium

In accordance with the federal Terrorism Risk Insurance Act, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for terrorist acts certified under that Act. The portion of your premium attributable to such coverage is shown in the Schedule of this endorsement or in the policy Declarations.

B. Disclosure Of Federal Participation In Payment Of Terrorism Losses

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals a percentage (as shown in Part II of the Schedule of this endorsement or in the policy Declarations) of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year, the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

C. Cap On Insurer Participation In Payment Of Terrorism Losses

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year 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. Possibility Of Additional Premium

The premium for certified acts of terrorism coverage is calculated based in part on the federal participation in payment of terrorism losses as set forth in the Terrorism Risk Insurance Act. The federal program established by the Act is scheduled to terminate at the end of the year specified in Part I of the Schedule of this endorsement, unless extended by the federal government. Continuation of coverage for certified acts of terrorism, or termination of such coverage, will be determined upon disposition of the federal program, subject to the terms and conditions of the Conditional Exclusion on this Policy. If coverage continues past the end of the year specified in Part I of the Schedule of this endorsement, we will calculate the premium for such period of time and charge additional premium if indicated.

If we notify you of an additional premium charge, the additional premium will be due as specified in such notice.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICRO-BUSINESSOWNERS DISCLOSURE OF PREMIUM AND ESTIMATED PREMIUM FOR CERTIFIED ACTS OF TERRORISM COVERAGE (PURSUANT TO TERRORISM RISK INSURANCE ACT)

SCHEDULE

SCHEDULE – PART I

Terrorism Premium (Certified Acts)

(A) Premium through end of year (12/31/) \$

(B) Estimated Premium beyond the date specified above \$

(Refer to Paragraph D. in this endorsement.)

Additional information, if any, concerning the terrorism premium:

SCHEDULE – PART II

Federal share of terrorism losses % Year: 20

(Refer to Paragraph B. in this endorsement.)

Federal share of terrorism losses % Year: 20

(Refer to Paragraph B. in this endorsement.)

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. Disclosure Of Premium

In accordance with the federal Terrorism Risk Insurance Act, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for terrorist acts certified under that Act. The portion of your premium attributable to such coverage is shown in the Schedule of this endorsement or in the policy Declarations.

B. Disclosure Of Federal Participation In Payment Of Terrorism Losses

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals a percentage (as shown in Part II of the Schedule of this endorsement or in the policy Declarations) of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year, the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

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C. Cap On Insurer Participation In Payment Of Terrorism Losses

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year 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. Possibility Of Additional Or Return Premium

The premium for certified acts of terrorism coverage is calculated based in part on the federal participation in payment of terrorism losses as set forth in the Terrorism Risk Insurance Act. The federal program established by the Act is scheduled to terminate at the end of the year specified in Part I of the Schedule of this endorsement, unless extended by the federal government. If the federal program terminates or if the level or terms of federal participation change, the estimated premium shown in **(B)** in Part I of the Schedule may not be appropriate.

If this Policy contains a Conditional Exclusion, continuation of coverage for certified acts of terrorism, or termination of such coverage, will be determined upon disposition of the federal program, subject to the terms and conditions of the Conditional Exclusion. If this Policy does not contain a Conditional Exclusion, coverage for certified acts of terrorism will continue. In either case, when disposition of the federal program is determined, we will recalculate the premium shown in **(B)** in Part I of the Schedule and will charge additional premium or refund excess premium, if indicated.

If we notify you of an additional premium charge, the additional premium will be due as specified in such notice.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WASHINGTON CHANGES – DOMESTIC ABUSE – MICRO-BUSINESSOWNERS

This endorsement modifies insurance provided under the following:

MICRO-BUSINESSOWNERS COVERAGE FORM

- A.** The following exclusion and related provisions are added to Paragraph **B.2. Exclusions** in **Section I – Property**:
- 1.** We will not pay for loss or damage arising out of any act committed or conspired to be committed by or at the direction of an insured with the intent to cause a loss.

In the event of such loss, no insured is entitled to coverage, even insureds who did not commit or conspire to commit the act causing the loss.
 - 2.** However, this exclusion or any other policy provision (including Paragraph **C. Concealment, Misrepresentation Or Fraud** in **Section III – Common Policy Conditions**) will not apply to deny an insured's claim for an otherwise covered property loss if such loss is caused by an act of "domestic abuse" by another insured under the Policy, and the insured making claim:
 - a.** Files a police report and cooperates with any law enforcement investigation relating to the act of "domestic abuse"; and
 - b.** Did not cooperate in or contribute to the creation of the loss.
 - 3.** If we pay a claim pursuant to Paragraph **A.2.**, our payment to the insured is limited to that insured's insurable interest in the property less any payments we first made to another party with a legal secured interest in the property. In no event will we pay more than the Limit of Insurance.
- B.** The following is added to Paragraph **K. Transfer Of Rights Of Recovery Against Others To Us** in **Section III – Common Policy Conditions**:
- If we pay an insured, who is a victim of "domestic abuse", for a loss caused by an act of "domestic abuse", the rights of that insured to recover damages from the perpetrator of the abuse are transferred to us to the extent of our payment. That insured may not waive such rights to recover against the perpetrator of the "domestic abuse".
- C.** As used in this endorsement, "domestic abuse" means:
- 1.** Physical harm, bodily injury, assault or the infliction of fear of imminent physical harm, bodily injury or assault between family or household members;
 - 2.** Sexual assault of one family or household member by another;
 - 3.** Stalking, as defined in RCW 9A.46.110 of one family or household member by another family or household member; or
 - 4.** Intentionally, knowingly or recklessly causing damage to property so as to intimidate or attempt to control the behavior of another family or household member.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WASHINGTON – AMENDMENT OF TERRORISM EXCLUSIONS – MICRO-BUSINESSOWNERS

This endorsement modifies insurance provided under the following:

MICRO-BUSINESSOWNERS COVERAGE FORM

- A.** The following provision is added to **Section I – Property** of Micro-businessowners Coverage Form **BP 00 04**:

If this Policy (or an endorsement to this Policy) excludes loss or damage caused by a "certified act of terrorism" or "terrorism", the following paragraph is added to such exclusion(s) and supersedes any provision to the contrary.

Loss or damage will be considered to have been caused by such excluded event if the occurrence of that event:

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

- B.** The following provision is added to **Section II – Liability** of Micro-businessowners Coverage Form **BP 00 04**:

If Endorsement **BP 23 09**, **BP 23 10**, **BP 23 12** or **BP 23 13** is attached to this Policy, the following provision in Paragraph **C.2. Exclusion Of Terrorism** is deleted:

"Any injury or damage" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to such injury or damage.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WASHINGTON CHANGES – DEFENSE COSTS – MICRO-BUSINESSOWNERS

This endorsement modifies insurance provided under the following:

MICRO-BUSINESSOWNERS COVERAGE FORM

The following applies to any provision in this Policy, or in any endorsement attached to this Policy, that sets forth a duty to defend:

If we initially defend an insured or pay for an insured's defense but later determine that none of the claims, for which we provided a defense or defense costs, are covered under this insurance, we have the right to reimbursement for the defense costs we have incurred.

The right to reimbursement under this provision will only apply to the costs we have incurred after we notify you in writing that there may not be coverage and that we are reserving our rights to terminate the defense or the payment of defense costs and to seek reimbursement for defense costs.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WASHINGTON – LIMITED COVERAGE FOR BODILY INJURY, PROPERTY DAMAGE OR PERSONAL AND ADVERTISING INJURY INVOLVING EFFICIENT PROXIMATE CAUSE (DEFENSE WITHIN LIMITS) – MICRO-BUSINESSOWNERS

**DEFENSE EXPENSES ARE PAYABLE WITHIN, AND NOT IN ADDITION TO, THE EFFICIENT PROXIMATE
CAUSE AGGREGATE LIMIT. PAYMENT OF DEFENSE EXPENSES UNDER THIS ENDORSEMENT WILL
REDUCE THE EFFICIENT PROXIMATE CAUSE AGGREGATE LIMIT.**

This endorsement modifies insurance provided under the following:

MICRO-BUSINESSOWNERS COVERAGE FORM

SCHEDULE

Efficient Proximate Cause Aggregate Limit:	\$
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

Section II – Liability is amended as follows:

A. The following is added to Paragraph **B. Exclusions:**

1. If an exclusion under the terms of this Policy applies with respect to "bodily injury", "property damage" or "personal and advertising injury"; and
2. The efficient proximate cause, in accordance with the law of the State of Washington, of such "bodily injury", "property damage" or "personal and advertising injury" is not also excluded under the terms of this Policy;

then:

- a.** The exclusion referenced in Paragraph **A.1.** above does not apply to such "bodily injury", "property damage" or "personal and advertising injury"; and
- b.** Coverage provided under this Policy for such "bodily injury", "property damage" or "personal and advertising injury" is subject to the Efficient Proximate Cause Aggregate Limit as described in Paragraph **B.** of this endorsement.

B. For purposes of the coverage provided under this endorsement, the following provisions are added to Paragraph **D. Liability And Medical Expenses Limits Of Insurance:**

1. Subject to:

Paragraph **D.4.a.** or **D.4.b.**, the Efficient Proximate Cause Aggregate Limit shown in the Schedule or Declarations is the most we will pay for the sum of all damages because of all:

- a.** "Bodily injury", "property damage" and medical expenses;
- b.** "Personal and advertising injury"; and
- c.** "Defense expenses";

described in Paragraph **A.** of this endorsement, as applicable.

2. Paragraphs **D.2.** and **D.3.** continue to apply to:

- a.** "Bodily injury", "property damage" and medical expenses; and
- b.** "Personal and advertising injury";

as applicable, described in Paragraph **A.** of this endorsement but only if, and to the extent that, a limit of insurance is available under the Efficient Proximate Cause Aggregate Limit.

C. For purposes of the coverage provided under this endorsement, Subparagraphs **(a)**, **(d)** and **(e)** of Paragraph **A.1.f.(1) Coverage Extension – Supplementary Payments** do not apply.

D. For purposes of the coverage provided under this endorsement, the following definition is added:

"Defense expenses":

1. Means:

Payments allocated to a specific claim or "suit" we investigate, settle or defend, for its investigation, settlement or defense.

2. Includes payments for:

a. Fees and salaries of attorneys and paralegals we retain, including attorneys and paralegals who are our "employees".

b. Fees of attorneys the insured retains when by mutual agreement or court order the insured is given the right to retain defense counsel to defend a "suit".

c. All other litigation expenses.

d. 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 \$250 a day because of time off from work.

e. Costs taxed against the insured in the "suit".

3. Does not include:

a. Any payments described in Paragraph **D.1.** above allocated to that portion of a specific claim or "suit" involving "bodily injury", "property damage" or "personal and advertising injury" not described in Paragraph **A.** of this endorsement;

b. Salaries and expenses of our "employees" or the insured's "employees" (other than those described in Paragraphs **D.2.a.** and **D.2.d.** above) and does not include fees and expenses of independent adjusters we hire; and

c. Any payments described in Paragraph **D.1.** above allocated to that portion of a specific claim or "suit" involving medical expenses for "bodily injury" under Paragraph **A.2.** Medical Expenses.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WASHINGTON – STOP GAP – EMPLOYER'S LIABILITY COVERAGE – MICRO-BUSINESSOWNERS

This endorsement modifies insurance provided under the following:

MICRO-BUSINESSOWNERS COVERAGE FORM

SCHEDULE

Bodily Injury By Accident	Bodily Injury By Disease	
Each Accident	Each Employee	Aggregate
\$	\$	\$
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

Section II – Liability is amended as follows:

A. Coverage – Stop Gap – Employer's Liability

1. Insuring Agreement

- a. We will pay those sums that the insured becomes legally obligated by Washington law to pay as damages because of "bodily injury by accident" or "bodily injury by disease" to your "employee" 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 to which this insurance does not apply. We may, at our discretion, investigate any accident and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Paragraph **D. Liability And Medical Expenses 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 this coverage.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments.

- b. This insurance applies to "bodily injury by accident" or "bodily injury by disease" only if:

(1) The:

- (a) "Bodily injury by accident" or "bodily injury by disease" takes place in the "coverage territory";
- (b) "Bodily injury by accident" or "bodily injury by disease" arises out of and in the course of the injured "employee's" employment by you; and
- (c) "Employee", at the time of the injury, was covered under a workers' compensation policy and subject to a "workers' compensation law" of Washington; and

(2) The:

- (a) "Bodily injury by accident" is caused by an accident that occurs during the policy period; or
- (b) "Bodily injury by disease" is caused by or aggravated by conditions of employment by you, and the injured "employee's" last day of last exposure to the conditions causing or aggravating such "bodily injury by disease" occurs during the policy period.

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- c. The damages we will pay, where recovery is permitted by law, include damages:

(1) For:

- (a) 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";
- (b) Care and loss of services; and
- (c) Consequential "bodily injury by accident" or "bodily injury by disease" to a spouse, child, parent, brother or sister of the injured "employee";

provided that these damages are the direct consequence of "bodily injury by accident" or "bodily injury by disease" that arises out of and in the course of the injured "employee's" employment by you; and

- (2) Because of "bodily injury by accident" or "bodily injury by disease" to your "employee" that arises out of and in the course of employment, claimed against you in a capacity other than as employer.

2. Exclusions Applicable To Stop Gap – Employer's Liability Coverage

This insurance does not apply to:

a. Intentional Injury

"Bodily injury by accident" or "bodily injury by disease" intentionally caused or aggravated by you, or "bodily injury by accident" or "bodily injury by disease" resulting from an act which is determined to have been committed by you if it is reasonable to believe that an injury is substantially certain to occur.

b. Fines Or Penalties

Any assessment, penalty or fine levied by any regulatory inspection agency or authority.

c. Statutory Obligations

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

d. Contractual Liability

Liability assumed by you under any contract or agreement.

e. Violation Of Law

"Bodily injury by accident" or "bodily injury by disease" suffered or caused by any "employee" while employed in violation of law with your actual knowledge or the actual knowledge of any of your "executive officers".

f. Termination, Coercion Or Discrimination

Damages arising out of coercion, criticism, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination against or termination of any "employee", or arising out of other employment or personnel decisions concerning the insured.

g. Failure To Comply With Workers' Compensation Law

"Bodily injury by accident" or "bodily injury by disease" to an "employee" when you are:

- (1) Deprived of common law defenses; or
- (2) Otherwise subject to penalty;

because of your failure to secure your obligations or other failure to comply with any "workers' compensation law".

h. Violation Of Age Laws Or Employment Of Minors

"Bodily injury by accident" or "bodily injury by disease" suffered or caused by any person:

- (1) Knowingly employed by you in violation of any law as to age; or
- (2) Under the age of 14 years, regardless of any such law.

i. Federal Laws

Any premium, assessment, penalty, fine, benefit, liability or other obligation imposed by or granted pursuant to:

- (1) The Federal Employer's Liability Act (45 USC Sections 51-60);
- (2) The Nonappropriated Fund Instrumentalities Act (5 USC Sections 8171-8173);
- (3) The Longshore and Harbor Workers' Compensation Act (33 USC Sections 910-950);
- (4) The Outer Continental Shelf Lands Act (43 USC Sections 1331-1356);
- (5) The Defense Base Act (42 USC Sections 1651-1654);

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- (6) The Federal Coal Mine Health and Safety Act of 1969 (30 USC Sections 901-942);
- (7) The Migrant and Seasonal Agricultural Worker Protection Act (29 USC Sections 1801-1872);
- (8) Any other workers' compensation, unemployment compensation or disability laws or any similar law; or
- (9) Any subsequent amendments to the laws listed above.

j. Punitive Damages

Multiple, exemplary or punitive damages.

k. Crew Members

"Bodily injury by accident" or "bodily injury by disease" to a master or member of the crew of any vessel or any member of the flying crew of an aircraft.

B. The Coverage Extension – Supplementary Payments provisions apply to Stop Gap – Employer's Liability Coverage as well as to Business Liability Coverage.

C. For the purposes of this endorsement, Paragraph C. Who Is An Insured is replaced by the following:

C. Who Is An Insured

If you are designated in the Declarations as:

- 1. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
- 2. A partnership or joint venture, you are an insured. Your members, your partners and their spouses are also insureds, but only with respect to the conduct of your business.
- 3. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
- 4. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.
- 5. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.

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.

D. For the purposes of this endorsement, Paragraph D. Liability And Medical Expenses Limits Of Insurance is replaced by the following:

D. Liability And Medical Expenses Limits Of Insurance

- 1. The Limits Of Insurance shown in the Schedule of this endorsement 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 "Bodily Injury By Accident" – Each Accident Limit shown in the Schedule of this endorsement is the most we will pay for all damages covered by this insurance because of "bodily injury by accident" to one or more "employees" in any one accident.
- 3. The "Bodily Injury By Disease" – Aggregate Limit shown in the Schedule of this endorsement 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".
- 4. Subject to Paragraph D.3. of this endorsement, the "Bodily Injury By Disease" – Each "Employee" Limit shown in the Schedule of this endorsement is the most we will pay for all damages because of "bodily injury by disease" to any one "employee".

The limits of the coverage 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.

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E. For the purposes of this endorsement, Condition **2. Duties In The Event Of Occurrence, Offense, Claim Or Suit** of the **Liability And Medical Expenses General Conditions** is replaced by the following:

2. Duties In The Event Of Injury, Claim Or Suit

- a. You must see to it that we or our agent is notified as soon as practicable of a "bodily injury by accident" or "bodily injury by disease" which may result in a claim. To the extent possible, notice should include:
 - (1) How, when and where the "bodily injury by accident" or "bodily injury by disease" took place;
 - (2) The names and addresses of any injured persons and witnesses; and
 - (3) The nature and location of any injury.
- 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 injury, claim, proceeding or "suit";
 - (2) Authorize us to obtain records and other information;
 - (3) Cooperate with us and assist us, as we may request, in the investigation or settlement of the claim or defense against the "suit";
 - (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 injury to which this insurance may also apply; and
 - (5) Do nothing after an injury occurs that would interfere with our right to recover from others.

- d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation or incur any expense, other than for first aid, without our consent.

F. For the purposes of this endorsement, Paragraph **4. of the Liability And Medical Expenses Definitions** section is replaced by the following:

4. "Coverage territory" means:

- a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
- b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in **a.** above; or
- c. All other parts of the world if the injury or damage arises out of the activities of a person whose home is in the territory described in **a.** above, but who is away for a short time on your business;

provided the insured's responsibility to pay damages is determined in the United States (including its territories and possessions), Puerto Rico or Canada, in a "suit" on the merits according to the substantive law in such territory, or in a settlement we agree to.

G. The following are added to the **Liability And Medical Expenses Definitions** section:

- 1. "Workers' compensation law" means the Workers' Compensation Law and any Occupational Disease Law of Washington. This does not include provisions of any law providing nonoccupational disability benefits.
- 2. "Bodily injury by accident" means bodily injury, sickness or disease sustained by a person, including death, resulting from an accident. A disease is not "bodily injury by accident" unless it results directly from "bodily injury by accident".
- 3. "Bodily injury by disease" means a disease sustained by a person, including death. "Bodily injury by disease" does not include a disease that results directly from an accident.

H. For the purposes of this endorsement, the definition of "bodily injury" does not apply.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICRO-BUSINESSOWNERS CONDITIONAL EXCLUSION OF TERRORISM INVOLVING NUCLEAR, BIOLOGICAL OR CHEMICAL TERRORISM (RELATING TO DISPOSITION OF FEDERAL TERRORISM RISK INSURANCE ACT)

This endorsement modifies insurance provided under the following:

MICRO-BUSINESSOWNERS COVERAGE FORM

SCHEDULE

The **Exception Covering Certain Fire Losses** (Paragraph B.2.) applies to property located in the following state(s):

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Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. Section I – Property and Section II – Liability
are amended as follows:

**1. Applicability Of The Provisions Of This
Endorsement**

a. The provisions of this endorsement become applicable commencing on the date when any one or more of the following first occurs. But if your policy (meaning the policy period in which this endorsement applies) begins after such date, then the provisions of this endorsement become applicable on the date your policy begins.

(1) The federal Terrorism Risk Insurance Program ("Program"), established by the Terrorism Risk Insurance Act, has terminated with respect to the type of insurance provided under this Coverage Form; or

(2) A renewal, extension or replacement of the Program has become effective without a requirement to make terrorism coverage available to you and with revisions that:

(a) Increase our statutory percentage deductible under the Program for terrorism losses. (That deductible determines the amount of all certified terrorism losses we must pay in a calendar year, before the federal government shares in subsequent payment of certified terrorism losses.); or

(b) Decrease the federal government's statutory percentage share in potential terrorism losses above such deductible; or

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- (c) **Redefine terrorism or make insurance coverage for terrorism subject to provisions or requirements that differ from those that apply to other types of events or occurrences under this Policy.**
 - b. **If the provisions of this endorsement become applicable, such provisions:**
 - (1) **Supersede any terrorism endorsement already endorsed to this Policy that addresses "certified acts of terrorism" and/or "other acts of terrorism", but only with respect to loss or injury or damage from an incident(s) of terrorism (however defined) that occurs on or after the date when the provisions of this endorsement become applicable; and**
 - (2) **Remain applicable unless we notify you of changes in these provisions, in response to federal law.**
 - c. **If the provisions of this endorsement do NOT become applicable, any terrorism endorsement already endorsed to this Policy, that addresses "certified acts of terrorism" and/or "other acts of terrorism", will continue in effect unless we notify you of changes to that endorsement in response to federal law.**
- 2. **The following definition is added and applies under this endorsement wherever the term terrorism is enclosed in quotation marks.**

"Terrorism" means activities against persons, organizations or property of any nature:

 - a. **That involve the following or preparation for the following:**
 - (1) **Use or threat of force or violence; or**
 - (2) **Commission or threat of a dangerous act; or**
 - (3) **Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and**
 - b. **When one or both of the following applies:**
 - (1) **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**

- (2) **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.**

B. Section I – Property is amended as follows:

- 1. **The following exclusion is added:**

Exclusion Of Terrorism

We will not pay for loss or damage caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident 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. **But this exclusion applies only when one or more of the following are attributed to an incident of "terrorism":**

- a. **The "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or**
- b. **Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or**
- c. **The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or**
- d. **Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials.**

2. Exception Covering Certain Fire Losses

The following exception to the Exclusion Of Terrorism applies only if indicated and as indicated in the Schedule of this endorsement.

If "terrorism" results in fire, we will pay for the loss or damage caused by that fire, subject to all applicable policy provisions including the Limit of Insurance on the affected property. Such coverage for fire applies only to direct loss or damage by fire to Covered Property.

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3. Application Of Other Exclusions

When the Exclusion Of Terrorism applies in accordance with the terms of Paragraph **1.a.** or **1.b.**, such exclusion applies without regard to the Nuclear Hazard Exclusion in this Coverage Form.

C. Section II – Liability is amended as follows:

1. The following definition is added and applies under this endorsement wherever the phrase any injury or damage is enclosed in quotation marks:

"Any injury or damage" means any injury or damage covered under this Coverage Form or any applicable endorsement, and includes but is not limited to "bodily injury", "property damage" or "personal and advertising injury" as may be defined under this Coverage Form.

2. The following exclusion is added:

Exclusion Of Terrorism

We will not pay for "any injury or damage" caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident of "terrorism". "Any injury or damage" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to such injury or damage. **But this exclusion applies only when one or more of the following are attributed to an incident of "terrorism":**

- a. The "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or

- b. Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or

- c. The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or

- d. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials.

D. The following provision is added to **Section I – Property** and **Section II – Liability**:

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for loss or injury or damage that is otherwise excluded under this Policy.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICRO-BUSINESSOWNERS CONDITIONAL LIMITATION OF COVERAGE FOR TERRORISM – SUB-LIMIT ON ANNUAL AGGREGATE BASIS (RELATING TO DISPOSITION OF FEDERAL TERRORISM RISK INSURANCE ACT)

This endorsement modifies insurance provided under the following:

MICRO-BUSINESSOWNERS COVERAGE FORM

SCHEDULE

SCHEDULE PART I – Applicability Of Terrorism Sub-limit:

Description Of Property Or Coverage*	Terrorism Sub-limit
*If a description is entered in the first column of the Schedule (or if such applicability information is entered in the Declarations) but the amount of the corresponding sub-limit is left blank, refer to Paragraph B.1.b. in this endorsement for information on the amount of the sub-limit.	

SCHEDULE PART II – Exception: Non-applicability Of Terrorism Sub-limit To Certain Fire Losses (refer to Paragraph **B.2.**):

State(s):

SCHEDULE PART III – Terrorism Aggregate Limit:

Terrorism Aggregate Limit: \$
Information required to complete Part III of this Schedule, if not shown above, may be shown in the Declarations or another Terrorism Aggregate Limit endorsement attached to this Policy. Refer to Paragraphs C.4. and C.5. in this endorsement for information on how the Terrorism Aggregate Limit applies.
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. Section I – Property and Section II – Liability
are amended as follows:

1. Applicability Of The Provisions Of This Endorsement

a. The provisions of this endorsement become applicable commencing on the date when any one or more of the following first occurs. But if your policy (meaning the policy period in which this endorsement applies) begins after such date, then the provisions of this endorsement become applicable on the date your policy begins.

(1) The federal Terrorism Risk Insurance Program ("Program"), established by the Terrorism Risk Insurance Act, has terminated with respect to the type of insurance provided under this Coverage Form; or

(2) A renewal, extension or replacement of the Program has become effective without a requirement to make terrorism coverage available to you and with revisions that:

(a) Increase our statutory percentage deductible under the Program for terrorism losses. (That deductible determines the amount of all certified terrorism losses we must pay in a calendar year, before the federal government shares in subsequent payment of certified terrorism losses.); or

(b) Decrease the federal government's statutory percentage share in potential terrorism losses above such deductible; or

(c) Redefine terrorism or make insurance coverage for terrorism subject to provisions or requirements that differ from those that apply to other types of events or occurrences under this Policy.

b. If the provisions of this endorsement become applicable, such provisions:

(1) Supersede any terrorism endorsement already endorsed to this Policy that addresses "certified acts of terrorism" and/or "other acts of terrorism", but only with respect to loss or injury or damage from an incident(s) of terrorism (however defined) that occurs on or after the date when the provisions of this endorsement become applicable; and

(2) Remain applicable unless we notify you of changes in these provisions, in response to federal law.

c. If the provisions of this endorsement do NOT become applicable, any terrorism endorsement already endorsed to this Policy, that addresses "certified acts of terrorism" and/or "other acts of terrorism", will continue in effect unless we notify you of changes to that endorsement in response to federal law.

2. The following definition is added and applies under this endorsement wherever the term terrorism is enclosed in quotation marks.

"Terrorism" means activities against persons, organizations or property of any nature:

a. That involve the following or preparation for the following:

(1) Use or threat of force or violence; or

(2) Commission or threat of a dangerous act; or

(3) Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and

b. When one or both of the following applies:

(1) 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

- (2) 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.

For the purpose of this endorsement, the term "terrorism" will apply only to an incident in which the total of insured damage to all types of property in the coverage territory ("coverage territory") 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. Multiple incidents of "terrorism" which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the threshold is exceeded.

B. Section I – Property is amended as follows:

1. Limitation Of Amount Of Coverage For Acts Of Terrorism

- a. When coverage applies to loss or damage caused by "terrorism", the full Limit of Insurance on the affected property or coverage does not apply to such loss or damage. Instead, the following limitation (sub-limit) applies to the loss or damage. The limitation applies even if another Covered Cause of Loss contributes concurrently or in any sequence to the loss or damage, except as otherwise provided in this endorsement.

Subject to Paragraphs **1.b.**, **1.c.** and **1.d.** below, the sub-limit is the most we will pay for the total of all covered loss or damage caused by one or more incidents of "terrorism" in an annual policy period. Amounts payable under a Coverage Extension, Additional Coverage or similar provision in this Coverage Form do not increase the sub-limit.

If an incident of "terrorism" begins during one annual policy period and ends during the following annual policy period, the only amount of coverage available is the sub-limit (or balance of it) applicable to the annual policy period in which such incident began, subject to Paragraphs **1.b.**, **1.c.** and **1.d.** below.

- b. If the provisions of this endorsement supersede (see Paragraph **A.1.b.**) during the policy period, an endorsement that provided a sub-limit on loss or damage from terrorism (however defined), this endorsement does not provide a new or additional sub-limit. Instead, the amount of the sub-limit shown in the superseded endorsement (or balance of that amount), if not exhausted, will apply.
- c. If this Coverage Form did not contain a sub-limit for terrorism (however defined) before the provisions of this endorsement become applicable, the sub-limit in this endorsement begins to apply on the date when the provisions of this endorsement become applicable. In that case, the sub-limit will only apply to loss or damage from incidents of "terrorism" that begin on or after that date.
- d. If covered loss or damage from an incident of terrorism (however defined) does not exhaust the sub-limit, then the balance of that sub-limit is available for covered loss or damage from another incident(s) that occurs in the same annual policy period. The sub-limit for an annual policy period could be exhausted by payments under this endorsement, or under a superseded endorsement (pursuant to Paragraph **1.b.**), or under both endorsements. When the sub-limit for an annual policy period is exhausted, there is no further coverage for loss or damage caused by another incident(s) of terrorism (however defined) in that annual policy period.

2. Exception: Non-applicability Of The Terrorism Sub-limit To Certain Fire Losses

The following exception applies only with respect to property located in the states indicated in Part II of the Schedule of this endorsement, if covered under the Coverage Form. The exception relates only to loss or damage caused by "terrorism".

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When covered direct loss or damage attributable to fire exceeds the amount of the sub-limit, we will pay the full amount of the fire loss, up to the Limit of Insurance on the affected property, subject to policy provisions including Deductible and Valuation. In that circumstance, the Limit of Insurance is the most we will pay for the total of all covered direct loss or damage by fire and any other effect of the "terrorism" and any other Covered Cause of Loss that contributes concurrently or in any sequence to the loss or damage.

When covered direct loss or damage attributable to fire is less than the sub-limit, then the sub-limit is the most we will pay for the total of fire and any other covered loss or damage.

C. Section II – Liability is amended as follows:

1. For the purposes of this endorsement, the term "terrorism" will also apply to an incident in which 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.

Multiple incidents of "terrorism" which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the thresholds in Paragraph **A.2.** or **C.1.** are exceeded.

2. Coverage provided by this insurance for "bodily injury", "property damage" or "personal and advertising injury", arising out of "terrorism", is subject to the Terrorism Aggregate Limit as described in Paragraph **C.3.** of this endorsement.

3. The following provisions are added to Paragraph **D. Liability And Medical Expenses Limit Of Insurance** in **Section II – Liability**:

Subject to Paragraph **D.4.a.** or **D.4.b.**, whichever applies, the Terrorism Aggregate Limit shown in the Schedule is the most we will pay for the sum of all damages because of all:

- a. "Bodily injury", "property damage" and medical expenses; and

- b. "Personal and advertising injury" arising out of "terrorism".

Paragraphs **D.2.** and **D.3.** continue to apply to "bodily injury", "property damage", "personal and advertising injury" and medical expenses, as applicable, arising out of "terrorism" but only if, and to the extent that, a limit of insurance is available under the Terrorism Aggregate Limit.

4. If the provisions of this endorsement supersede (see Paragraph **A.1.b.**), during the policy period, an endorsement that provided a Terrorism Aggregate Limit on injury or damage arising out of terrorism (however defined), this endorsement does not provide a new or additional Terrorism Aggregate Limit. Instead, the amount of the Terrorism Aggregate Limit shown in the superseded endorsement (or balance of that amount), if not exhausted, will apply. If that amount is exhausted by payments under the provisions of either endorsement or a combination of the two, no coverage remains under either endorsement.

5. If this Coverage Form did not contain a Terrorism Aggregate Limit for terrorism (however defined), before the provisions of this endorsement become applicable, the Terrorism Aggregate Limit in this endorsement begins to apply on the date when the provisions of this endorsement become applicable. In that case, the Terrorism Aggregate Limit will only apply to injury or damage arising out of an incident(s) of "terrorism" covered under this Coverage Form after that date.

- D. The following provision is added to **Section I – Property** and **Section II – Liability**:

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for loss or injury or damage that is otherwise excluded under this Policy.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICRO-BUSINESSOWNERS EXCLUSION OF TERRORISM

This endorsement modifies insurance provided under the following:

MICRO-BUSINESSOWNERS COVERAGE FORM

SCHEDULE

The Exception Covering Certain Fire Losses (Paragraph B.2.) applies to property located in the following state(s):				
State(s)				
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.				

A. Section I – Property and Section II – Liability are amended as follows:

The following definition is added and applies under this endorsement wherever the term terrorism is enclosed in quotation marks.

"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.

B. Section I – Property is amended as follows:

1. The following exclusion is added:

Exclusion Of Terrorism

We will not pay for loss or damage caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident of "terrorism". Such loss or injury or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss or injury or damage. **But this exclusion applies only when one or more of the following are attributed to an incident of "terrorism":**

- a. The "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or
- b. Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or
- c. The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or

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- d. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials; or
- e. 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. Multiple incidents of "terrorism" which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident for the purpose of determining whether the threshold is exceeded.

With respect to this item **1.e.**, the immediately preceding paragraph describes the threshold 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 this Exclusion will apply to that incident. When the Exclusion applies to an incident of "terrorism", there is no coverage under this Coverage Form.

2. Exception Covering Certain Fire Losses

The following exception to the Exclusion Of Terrorism applies only if indicated and as indicated in the Schedule of this endorsement.

If "terrorism" results in fire, we will pay for the loss or damage caused by that fire, subject to all applicable policy provisions including the Limit of Insurance on the affected property. Such coverage for fire applies only to direct loss or damage by fire to Covered Property.

3. Application Of Other Exclusions

- a. When the Exclusion Of Terrorism applies in accordance with the terms of **1.a.** or **1.b.**, such exclusion applies without regard to the Nuclear Hazard Exclusion in this Coverage Form.

- b. 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 or damage which would otherwise be excluded under this Coverage Form, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

C. Section II – Liability is amended as follows:

- 1. The following definition is added and applies under this endorsement wherever the phrase any injury or damage is enclosed in quotation marks:

"Any injury or damage" means any injury or damage covered under this Coverage Form or any applicable endorsement and includes but is not limited to "bodily injury", "property damage", or "personal and advertising injury" as may be defined under this Coverage Form.

- 2. The following exclusion is added:

Exclusion Of Terrorism

We will not pay for "any injury or damage" caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident of "terrorism." "Any injury or damage" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to such injury or damage. **But this exclusion applies only when one or more of the following are attributed to an incident of "terrorism":**

- a. The "terrorism" is carried out by means of dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or
- b. Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or
- c. The "terrorism" is carried out by means of dispersal or application of pathogenic or poisonous biological or chemical materials; or
- d. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials; or

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- e. The total of insured damage to all types of property in the United States, its territories and possessions, Puerto Rico and Canada 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
- f. Fifty or more persons sustain death or serious physical injury. For the purposes of this provision, serious physical injury means:
 - (1) Physical injury that involves a substantial risk of death; or
 - (2) Protracted and obvious physical disfigurement; or
 - (3) Protracted loss of or impairment of the function of a bodily member or organ.

Multiple incidents of "terrorism" which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the thresholds in Paragraph 2.e. or 2.f. are exceeded.

With respect to this Exclusion, Paragraphs 2.e. and 2.f. describe the threshold 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 this Exclusion will apply to that incident. When the Exclusion applies to an incident of "terrorism", there is no coverage under this Coverage Form.

In the event of any incident of "terrorism" that is not subject to this Exclusion, coverage does not apply to "any injury or damage" that is otherwise excluded under this Coverage Form.

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MICRO-BUSINESSOWNERS POLICY DECLARATIONS

Company Name:	
Producer Name:	
Named Insured:	
Address:	
Policy Period	
From:	
To:	At 12:01 AM* Standard Time at your mailing address shown above
*Exceptions: 12:00 PM in Michigan and North Carolina	

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

Description Of Business	
Form Of Business: <input type="checkbox"/> Individual <input type="checkbox"/> Partnership <input type="checkbox"/> Joint Venture <input type="checkbox"/> Limited Liability Company <input type="checkbox"/> Organization, including a corporation (but not including a partnership, joint venture or limited liability company)	
Business Description:	

SECTION I – PROPERTY

Business Personal Property Limit Of Insurance And Deductible	
Limit Of Insurance:	\$
Deductible:	\$
Electronic Data Additional Coverage – Optional Higher Limit	
\$	

Endorsements Applicable	
Endorsement Number	Endorsement Title

SECTION II – LIABILITY AND MEDICAL EXPENSES

Each paid claim for the following coverages reduces the amount of insurance we provide during the applicable annual period. Please refer to Section II – Liability in the Micro-businessowners Coverage Form and any attached endorsements.

Location:	
Coverage	Limit Of Insurance
Liability And Medical Expenses	\$ Per Occurrence
Medical Expenses	\$ Per Person
Damage To Premises Rented To You	\$ Any One Premises
Other Than Products/Completed Operations Aggregate	\$
Products/Completed Operations Aggregate	\$

<p align="center">Name Of Additional Insured Person(s) Or Organization(s)</p> <p>(Applicable to BP 20 01 and BP 20 02 only if such person(s) or organization(s) is required by contract or agreement to be specifically identified.)</p>

Endorsements Applicable	
Endorsement Number	Endorsement Title

The Total Annual Premium is \$, and is payable	
\$	at inception, and
\$	at each anniversary.
Advance Premium: \$	
Policies Subject To Premium Audit:	
Audit Period: <input type="checkbox"/> Annually <input type="checkbox"/> Semi-annually <input type="checkbox"/> Quarterly <input type="checkbox"/> Monthly	

Countersignature Of Authorized Representative
Name:
Title:
Signature:
Date:

NOTE:

Officers' facsimile signatures may be inserted here, on the policy cover or elsewhere at the company's option.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WASHINGTON CHANGES – MICRO-BUSINESSOWNERS

This endorsement modifies insurance provided under the following:

MICRO-BUSINESSOWNERS COVERAGE FORM
MICRO-BUSINESSOWNERS PROFESSIONAL LIABILITY ENDORSEMENT

A. Section I – Property is amended as follows:

1. Paragraphs c. and h. under A.2. Property Not Covered are replaced by the following:

- c.** Aircraft, automobiles or motortrucks; and any other vehicle if such vehicle is subject to licensing requirements;
- h.** "Computer(s)" which are permanently installed or designed to be permanently installed in any aircraft, watercraft, motortruck or other vehicle subject to licensing requirements.

2. In the sections titled Covered Causes Of Loss or Exclusions, any introductory paragraph preceding an exclusion or list of exclusions is replaced by the following paragraph, which pertains to application of those exclusions:

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

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

3. Paragraph k. of A.3. Covered Causes Of Loss is replaced by the following:

k. Volcanic action.

- (1)** Volcanic action, meaning direct loss or damage resulting from the eruption of a volcano when loss or damage is caused by:
 - (a)** Volcanic blast or airborne shock waves; or

(b) Ash, dust or particulate matter.

Volcanic action does not provide coverage for damage to:

- (i)** Land; or
- (ii)** Property in the open or in open sheds.

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

(2) Removal

Direct loss includes the cost to:

Clean equipment.

Payment for removal applies only to the initial deposit of ash, dust or particulate matter following a volcanic eruption. Subsequent deposits arising from the movements of volcanic dust or ash by wind or other means are not covered.

(3) Volcanic action does not include loss caused by, resulting from, contributed to or aggravated by:

- (a)** Fire;
- (b)** Explosion;
- (c)** Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge); or
- (d)** Earth movement, including but not limited to earthquake, volcanic eruption, landslide, mine subsidence, lava flow, mud flow, earth sinking, earth rising or shifting.

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4. Paragraph **B.1.a. Earth Movement** Exclusion is replaced by the following:

a. Earth Movement

- (1) Earthquake, including tremors and aftershocks and any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased; or
- (4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in Paragraphs (1) through (4) above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire or volcanic action, we will pay for the loss or damage caused by that fire or volcanic action.

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

- (i) Volcanic blast or airborne shock waves; or
- (ii) Ash, dust or particulate matter.

With respect to coverage for volcanic action as set forth in (5)(a)(i) and (5)(a)(ii), all volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

Volcanic action does not provide coverage for damage to:

- i. Land; or
 - ii. Property in the open or in open sheds.
- (b) Direct loss includes the cost to:
Clean equipment.

Payment for removal applies only to the initial deposit of ash, dust or particulate matter following a volcanic eruption. Subsequent deposits arising from the movement of volcanic dust or ash by wind or other means are not covered.

- (c) Volcanic action does not include loss caused by, resulting from, contributed to or aggravated by:

(i) Fire;

(ii) Explosion;

(iii) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge); or

(iv) Earth movement, including but not limited to earthquake, volcanic eruption, landslide, mine subsidence, lava flow, mudflow, earth sinking, earth rising or shifting.

This exclusion applies if any of the above, in Paragraphs (1) through (5):

- (a) Occurs independently;
- (b) Is caused by an act of nature; or
- (c) Is caused by an act or omission of humans or animals.

5. Paragraph **B.1.f. Water** Exclusion is replaced by the following:

f. Water

(1) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);

(2) Mudslide or mudflow;

(3) Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment;

(4) Water under the ground surface pressing on, or flowing or seeping through:

- (a) Foundations, walls, floors or paved surfaces;

- (b) Basements, whether paved or not; or
- (c) Doors, windows or other openings; or
- (5) Waterborne material carried or otherwise moved by any of the water referred to in Paragraph (1), (3) or (4), or material carried or otherwise moved by mudslide or mudflow.

This exclusion applies if any of the above, in Paragraphs (1) through (5):

- (i) Occurs independently;
- (ii) Is caused by an act of nature;
- (iii) Is caused by an act or omission of humans or animals; or
- (iv) Is attributable to the failure, in whole or in part, of a dam, levee, seawall or other boundary or containment system.

But if any of the above, in Paragraphs (1) through (5), results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

6. Paragraph 3. under **B. Exclusions** is replaced by the following:

- 3. We will not pay for loss or damage caused by or resulting from any of the following, Paragraphs a. through c. But if an excluded cause of loss that is listed in a. through c. results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

a. Weather Conditions

- (1) A weather condition which results in:
 - (a) Landslide, mudslide or mudflow;
 - (b) Mine subsidence; earth sinking, rising or shifting (other than sinkhole collapse); or
 - (c) Water, as described in Paragraphs A.4.f.(1) through A.4.f.(5) of this endorsement;

But if loss or damage by fire, explosion or sprinkler leakage results, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

b. Acts Or Decisions

Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body. But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.

c. Negligent Work

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. But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.

7. Paragraph **E. Property Loss Conditions** is amended as follows:

- a. The last paragraph of Paragraph 2. **Appraisal** does not apply.
- b. Paragraph (1) under 3.a. **Duties In The Event Of Loss Or Damage**, regarding notifying the police if a law may have been broken, does not apply.
- c. Paragraph 4. **Legal Action Against Us** 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 two years after the date on which the direct physical loss or damage occurred.

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If this action is brought pursuant to Sec. 3 of RCW 48.30 then, 20 days prior to filing such an action, you are required to provide written notice of the basis for the cause of action to us and the Office of the Insurance Commissioner. Such notice may be sent by regular mail, registered mail or certified mail with return receipt requested.

d. The following is added to Paragraph d.(1) of E.5. Loss Payment:

(d) The term replacement cost means the amount you actually spend in repairing the damage or replacing the damaged property with new property of similar kind and quality.

8. The following is added to Section I – Property:

a. The term actual cash value means:

- (1)** When the damage to property is economically repairable, actual cash value means the cost of repairing the damage, less reasonable deduction for wear and tear, deterioration and obsolescence.
- (2)** When the loss or damage to property creates a total loss, actual cash value means the market value of property in a used condition equal to that of the destroyed property, if reasonably available on the used market.
- (3)** Otherwise, actual cash value means the market value of new, identical or nearly identical property less reasonable deduction for wear and tear, deterioration and obsolescence.

b. The word "vehicles", as used in Section I – Property, means vehicles running on land or tracks, but not aircraft.

B. Section II – Liability is amended as follows:

- 1. Paragraph B.1.e. Employer's Liability** Exclusion applies only to "bodily injury" to "employees" of the insured whose employment is not subject to the Industrial Insurance Act of Washington (Washington Revised Code Title 51).

With respect to "bodily injury" to "employees" of the insured whose employment is subject to the Industrial Insurance Act of Washington, Paragraph **B.1.e. Employer's Liability** is replaced by the following:

e. Employer's Liability

- (1)** "Bodily injury" to an "employee" of the insured arising out of and in the course of:

- (a)** Employment by the insured; or
- (b)** Performing duties related to the conduct of the insured's business.

- (2)** 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".

- 2. Paragraph 2.a.(1) under C. Who Is An Insured** applies only to "employees" of the insured whose employment is not subject to the Industrial Insurance Act of Washington (Washington Revised Code Title 51).

With respect to "employees" of the insured whose employment is subject to the Industrial Insurance Act of Washington, Paragraph **C.2.a.(1)** is replaced by the following:

- (1)** "Bodily injury" or "personal injury":

- (a)** To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), or to a co-"employee" while that co-"employee" is either in the course of his or her employment or performing duties related to the conduct of your business; or

- (b)** For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraph **(1)(a)**.

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

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

A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this Policy by notifying us or the insurance producer in one of the following ways:

- a. Written notice by mail, fax or e-mail;
- b. Surrender of the Policy or binder; or
- c. Verbal notice.

Upon receipt of such notice, we will cancel this Policy or any binder issued as evidence of coverage, effective on the later of the following:

- a. The date on which notice is received or the Policy or binder is surrendered; or
 - b. The date of cancellation requested by the first Named Insured.
2. We may cancel this Policy by mailing or delivering to the first Named Insured and the first Named Insured's agent or broker written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium.
 - b. 45 days before the effective date of cancellation if we cancel for any other reason.
 3. We will mail or deliver our notice stating the actual reason for cancellation to the first Named Insured and the first Named Insured's agent or broker at their last mailing addresses known to us.
 4. We will also mail or deliver to any pledgee or other person shown in this Policy to have an interest in any loss which may occur under this Policy, at their last mailing address known to us, written notice of cancellation prior to the effective date of cancellation. This notice will be the same as that mailed or delivered to the first Named Insured.

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

6. 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 will be at least 90% of the pro rata refund. The cancellation will be effective even if we have not made or offered a refund.

7. If notice is mailed, proof of mailing will be sufficient proof of notice.

2. Paragraph **1. under H. Other Insurance** is replaced by the following:

1. With respect to insurance provided under Section **I – Property**:

- a. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Policy. 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 Policy bears to the Limits of Insurance of all insurance covering on the same basis.

- b. If there is other insurance covering the same loss or damage, other than that described in **a.** 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.

3. Paragraph **3. under I. Premiums** is replaced by the following:

3. The premium must be:

- a. Paid to us prior to the anniversary date; and
- b. Determined in accordance with Paragraph **2.** above.

Our forms then in effect will apply. If you do not pay the continuation premium, this Policy will expire on the first anniversary date that we have not received the premium.

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4. The following paragraph is added:

M. Nonrenewal

We may elect not to renew this Policy by mailing or delivering written notice of nonrenewal, stating the reasons for nonrenewal, to the first Named Insured and the first Named Insured's agent or broker, at their last mailing addresses known to us. We will also mail to any pledgee or other person shown in this Policy to have an interest in any loss which may occur under this Policy, at their last mailing address known to us, written notice of nonrenewal. We will mail or deliver these notices at least 45 days before the expiration of the Policy. If notice is mailed, proof of mailing will be sufficient proof of notice.

Otherwise, we will renew this Policy unless:

- a. The first Named Insured fails to pay the renewal premium after we have expressed our willingness to renew, including a statement of the renewal premium, to the first Named Insured and the first Named Insured's insurance agent or broker, at least 20 days before the expiration date;

- b. Other coverage acceptable to the insured has been procured prior to the expiration date of the Policy; or
- c. The Policy clearly states that it is not renewable and is for a specific line, subclassification, or type of coverage that is not offered on a renewable basis.

D. The following change applies only to Micro-businessowners Professional Liability Endorsement **BP 22 02** if it is attached to this Policy:

Paragraph **B.1.j. Fungi Or Bacteria** Exclusion is replaced by the following:

j. Fungi Or Bacteria

Based upon, attributable to or arising out of any 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.

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Amendment To Washington Supplement To The 2019 Micro- Businessowners Program

About This Filing

This amendment revises a Washington-specific endorsement in response to a Washington Office of the Insurance Commissioner objection.

Revised Form

We are revising the state exception to:

- ♦ BP 74 01 04 20 – Washington Changes – Micro-Businessowners

We have used a format of underlining additions and inserting a revision bar in the left margin to indicate changes.

Related Filing(s)

BP-2019-RRU19 (Rules)

BP-2019-RLC19 (Loss Costs)

Background

In the multistate section of this filing, we introduced the Micro-Businessowners Coverage Form BP 00 04 and corresponding multi-state endorsements for use with our Micro-Businessowners program.

During review, we received comments from the Washington Office of the Insurance Commissioner that the use of the term "replacement cost" without a corresponding definition under Paragraph E.5. Loss Payment of BP 00 04 is ambiguous under RCW 48.18.110(1)(c) and must be defined.

Explanation of Changes

BP 74 01 – Washington Changes – Micro-Businessowners

In response to the OIC's position, we are introducing Washington-specific language that provides a description of replacement cost valuation of covered business personal property in Washington.

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