**ENDORSEMENT**

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

This endorsement, effective 12:01 A.M.,

Forms a part of Policy No.:

**ALASKA**

**DEFENSE ONLY COVERAGE FOR CERTAIN ATF PROCEEDINGS ENDORSEMENT**

**NOTICE: THIS ENDORSEMENT PROVIDES COVERAGE FOR “DEFENSE COSTS” ONLY.**

**NOTICE: THE LIMITS OF INSURANCE PROVIDED HEREIN ARE IN ADDITION TO THE LIMITS OF INSURANCE FOR ALL OTHER COVERAGES UNDER THIS POLICY.**

This endorsement modifies insurance provided under the following:

## COMMERCIAL GENERAL LIABILITY COVERAGE FORM

**SCHEDULE**

|  |  |
| --- | --- |
| **AGGREGATE PROCEEDING DEFENSE LIMIT** | **$ Each “Licensed Location”** |
| **EACH PROCEEDING DEFENSE LIMIT** | **$ Each “Licensed Location”** |

**1. Insuring Agreement**

**a.** We will pay reasonable and necessary “defense costs” to defend you in a “proceeding” arising from your “violation” of 27 CFR 478 et seq., as may be amended from time to time, or any similar state law or regulation governing the administrative and recordkeeping procedures of firearms dealers, provided that, you are in the business of selling firearms at wholesale or retail, and to which this insurance applies.

We will have the right and the duty to defend you against any “proceeding” to which this insurance applies. At our sole discretion, we shall have the right to select an attorney, certified public accountant or other person recognized to practice before the “ATF” to defend you against any “proceeding” as provided by 27 CFR 478.76, or other written procedure permitted by the “ATF” governing the requirements for representing a firearms licensee at a “proceeding”. However, we will have no duty to defend you against any “proceeding” to which this insurance does not apply. The amount we will pay for “defense costs” is limited as described in Paragraph **3. Limits of Insurance** as shown below.

**b.** The insurance applies only if the “ATF” first notifies you in writing during the policy period of the “proceeding”. You shall report such notification to us as soon as practicable.

**c.** This insurance applies only if, prior to the first effective date of this “Defense Only Coverage for Certain ATF Proceedings Endorsement” which is continuously renewed with us, neither you nor any of your “employees” received notice of a "violation" or knew that the "violation” had occurred, in whole or in part. If you or your “employees” received notice of a “violation” or knew, prior to such effective date, that the "violation" occurred, then any continuation, change or resumption of such "violation” during or after the policy period will be deemed to have been known prior to the policy period and notification of a “proceeding” arising out of such “violation(s)” shall not be covered under this endorsement.

**2.** **Exclusions**

This insurance does not apply to, and we will not defend or pay any “defense costs”:

**a.** **After Adjudication by De Novo Judicial Review**

After adjudication by de novo judicial review of a final denial of a renewal, suspension or revocation of a firearms license.

**b.** **Criminal Acts**

Arising out of any “violation” which results in any criminal indictments or charges or arises out of a criminal act committed by or at the direction of any insured.

**c. Other Coverages**

Arising out of any “violation” that is covered under Coverages A or B of this policy.

**d. Participating in Compliance Reviews, Audits or Inspections**

Incurred by you to participate in any compliance reviews, audits or inspections, whether or not requested by the “ATF”.

**3.** **Limits of Insurance**

**a.** The Limits of Insurance shown in the Schedule to this “Defense Only Coverage For Certain ATF Proceedings Endorsement” (hereinafter the “Schedule”) apply to each “Licensed Location” and the rules below fix the most we will pay for “defense costs” regardless of the number of:

* + 1. Insureds;
    2. Persons or entities filing or initiating a “proceeding”;
    3. “Violations” cited in such “proceedings”; or
    4. “Proceedings” filed or initiated against the insured.

**b**. The Aggregate Proceeding Defense Limit shown in the Schedule is the most we will pay in the aggregate for all “defense costs” for all “proceedings” filed against all insureds at each “licensed location”.

* 1. Subject to Subparagraph **b.** above, the Each Proceeding Defense Limit shown in Schedule is the most we will pay for all “defense costs” arising out of a single “proceeding” at each “licensed location”.
  2. All “proceedings” or series of related or interrelated “proceedings” arising out of an inspection or re-inspection of the “licensed location” by the “ATF” will be deemed to be a single “proceeding” and will be deemed to have occurred when you receive written notice of the first “proceeding” by the “ATF”. Only the policy in effect when you receive written notice of the first “proceeding” shall apply to all such “proceedings”.

**4. Definitions**

**a.** “ATF” means the Bureau of Alcohol, Tobacco, Firearms and Explosives, or a similar state agency that has the authority to issue and revoke firearms licenses.

**b.** “Defense costs” means the cost of hiring an attorney, certified public accountant or other person recognized to practice before the “ATF” to represent you at a “proceeding”, as provided by 27 CFR 478.76, or other written procedure permitted by the “ATF” governing the requirements for representing a firearms licensee at a “proceeding”.

“Defense costs” do not include equitable relief or any type of damages, including, but not limited to, compensatory damages, consequential damages, punitive damages, exemplary damages, fines, penalties, statutory damages or any court costs, filing fees, expenses, or costs charged to you by any governmental agency or court.

**c.** “Licensed location” means each location owned by you that holds the required firearms license in order to sell firearms at wholesale or retail.

**d.** “Proceeding” means a hearing, including:

**(1)** a “warning conference”;

**(2)** other hearing, as provided by 27 CFR 478.74, regarding the denial of a renewal, suspension or revocation of a firearms license by the “ATF”; or

**(3)** de novo judicial review of a final denial of a renewal, suspension or revocation of a firearms license by the “ATF”

which occurs after you have been notified in writing of a “violation” by the “ATF”. However, we will not defend you until you have received written notice from the “ATF” requiring your attendance at such a hearing.

**e.** “Violation” means the actual or alleged failure to comply with 27 CFR 478 et seq., as may be amended from time to time, or any similar state law or regulation governing the administrative and recordkeeping procedures of firearms dealers, provided that, you are in the business of selling firearms at wholesale or retail. Such “violation” must have been found during an “ATF” inspection of the “licensed location” authorized under 27 CFR 478.23(b)(2)(i), or any similar state law or regulation.

**f.** “Warning conference” means an informal conference offered by the “ATF”, in writing, to provide the insured with the opportunity to respond to the “violations” and to determine any necessary corrective actions.

All other terms and conditions of the policy remain the same.

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Authorized Representative