

AGENDA

In accordance with Governor Lamont's Executive Order 7B and social distancing guidelines recommended by the CDC to slow community spread of COVID-19, this meeting is physically closed to the public. The public may view the meeting live at <https://mansfieldct.gov/video> or on Charter Spectrum Cable Channel 191 (the website is recommended as it is a higher image clarity).

Public Comment will be accepted by email at TownMngr@mansfieldct.org or by USPS mail at 4 South Eagleville Road, Mansfield CT 06268 and must be received prior to the meeting (public comment received after the meeting will be shared at the next meeting). Additionally, public comment can be phoned in live. Please email TownMngr@mansfieldct.org or call 860-429-3336 ext. 5 by Noon on the day of the meeting to receive instructions for how to phone in public comment.

Call to Order

Opportunity for Public Comment

Staff Reports

1. Approval of Minutes
 - a. June 9, 2020

Old Business

2. Liability Insurance Discussion

New Business

3. Parks & Recreation Financial Projections
4. OPEB Trust Fund Policy

Communications/Other Business/Future Agenda Items

Adjournment

I. LIABILITY DEFINITIONS

The following words and phrases have special meaning throughout this coverage certificate and are in quotation marks when used. PLEASE READ THEM CAREFULLY.

- A.** “*Advertising Injury*” means injury arising out of one or more of the following offenses:
1. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products, or services;
 2. Oral or written publication of material that violates a person's right of privacy;
 3. Misappropriation of advertising ideas or style of doing business; or
 4. Infringement of copyright, title, or slogan.
- B.** “*Asbestos*” means the mineral in any form, including but not limited to fibers or dust.
- C.** “*Asbestos Hazard*” means:
1. An actual exposure, or threat of exposure, to the harmful properties of “*asbestos*,” or;
 2. The presence of “*asbestos*” in any place, whether or not within a building or structure.
- D.** “*Auto*” means a land motor vehicle, trailer, or semi-trailer designed for travel on public roads, including any attached machinery or equipment. But “*auto*” does not include “*mobile equipment*.”
- E.** “*Bodily Injury*” means bodily injury, sickness or disease, humiliation, mental anguish or mental injury sustained by a person, including death resulting from any of these at any time.
- F.** “*Claim*” means a demand that seeks damages.
- G.** “*Company*” refers to Connecticut Interlocal Risk Management Agency (CIRMA). The terms we, us and our(s) in this coverage certificate refer to “*Company*.”
- H.** “*Coverage Period*” means the period stated in the Introduction as such, 12:01 a.m. Standard Time at your mailing address.

I. “Coverage Territory” means:

1. The United States of America (including its territories and possessions), Puerto Rico, and Canada;
2. International waters or airspace (provided the injury or damage does not occur in the course of travel or transportation to or from any place not included in 1. above); or
3. Except with respect to liability resulting from the ownership, maintenance, or use of “autos,” all parts of the world if:
 - a. The injury or damage arises out of
 - (1) Goods or products made or sold by you in the territory described in 1. above; or
 - (2) The activities of a person whose home is in the territory described in 1. above, but is away for a short time on your business; and
 - b. The insured's responsibility to pay damages is determined in a “suit” on the merits, in the territory described in 1. above, or in a settlement to which we agree.

J. “Covered Contract” means:

1. A lease of premises;
2. A sidetrack agreement;
3. An easement or license agreement (in connection with vehicle or pedestrian private railroad crossings at grade);
4. Any other easement agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
5. An indemnification of another municipality;
6. An elevator maintenance agreement; or
7. That part of any other contract or agreement pertaining to your business under which you assume the tort liability of another to pay damages because of “bodily injury,” “property damage,” “personal injury,” or “advertising injury” to a third person or organization, if the contract or agreement is made prior to the “bodily injury,” “property damage,” “personal injury,” or “advertising injury.”

This part of the definition of “covered contract” does not include that part of any contract or agreement that indemnifies a railroad for liability for “bodily injury” or “property damage” arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass, or crossing.

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

8. A mutual aid agreement with another municipality.

9. A “*covered contract*” does not include that part of any contract or agreement:
 - a. That indemnifies an architect, engineer, or surveyor for injury or damage arising out of:
 - (1) Preparing, approving, or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs, or specifications; or
 - (2) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage.
 - b. Under which the insured, if an architect, engineer, or surveyor, assumes liability for injury or damage arising out of the insured's rendering or failing to render professional services, including those listed in 1. above and supervisory, inspection, or engineering services; or
 - c. 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.

K. “*Employee*” includes a “*leased worker*.”

L. “*Employment Related Practices*” means:

1. Employment related misrepresentation, wrongful failure to employ or promote, wrongful deprivation of career opportunity, wrongful discipline or negligent employee evaluation and “*discrimination*,” “*wrongful termination*,” or “*harassment*”;
2. “*Discrimination*” means unlawful discriminatory treatment against a past, present, future, or temporary employee or volunteer that is based upon race, color, religion, age, gender, sexual orientation, disability (as defined by the Americans with Disabilities Act), pregnancy, national origin, or any other legally protected class;
3. “*Wrongful Termination*” means termination of an employment relationship with an employee or the failure to enter into an employment relationship with an applicant for employment in a manner that is against the law, including breach of an implied agreement to continue employment;
4. “*Harassment*” means unlawful creation of a harassing workplace environment based upon race, religion, age, gender, sexual orientation, disability (as defined by the Americans with Disabilities Act), pregnancy, national origin, or any other legally protected class, including without limitation, any unlawful sexual advances and/or requests for sexual favors that are made a condition of employment, are a basis for employment decisions, or create a work environment that interferes with performance.

- M.** ***“Fungi, bacteria, wet or dry rot”*** means:
1. any type of fungus, including mold or mildew and any mycotoxins, spores, scents, or by-products produced or released by a fungus;
 2. wet or dry rot; or
 3. bacteria other than fungi or bacteria that exist, are on, or are contained in, a good or product intended for consumption.
- N.** ***“Garage operations”*** means the ownership, maintenance or use of locations for the purpose of the business of selling, servicing, repairing, parking or storing ***“autos”*** and that portion of the roads or other accesses that adjoin these locations.
- O.** ***“Health Care Professional Services”*** includes the performance of:
1. Any dental, medical, mental, nursing, surgical, x-ray, or other health care professional service, including any advice, instruction, food, or beverage provided with such service;
 2. The dispensing of drugs or medical or dental supplies and appliances; and
 3. The handling or treatment of corpses, including autopsies, organ donation, and other postmortem procedures.
- P.** ***“Hired Auto”*** means only those ***“autos”*** you lease, hire, rent, or borrow. This does not include any auto you lease, hire, rent, or borrow from any of your employees, or volunteers or members of their households.
- Q.** ***“Impaired Property”*** means tangible property, other than ***“your product”*** or ***“your work”***, that cannot be used or is less useful because:
1. It incorporates ***“your product”*** or ***“your work”*** that is known or thought to be defective, deficient, inadequate, or dangerous; or
 2. You have failed to fulfill the terms of a contract or agreement; and
 3. If such property can be restored to use by:
 - a. The repair, replacement, adjustment, or removal of ***“your product”*** or ***“your work;”*** or
 - b. Your fulfillment of the terms of the contract or agreement.
- R.** ***“Law Enforcement”*** means operations or activities engaged in or conducted in furtherance of your obligation to provide law enforcement service. This includes operations or activities which arise out of the ownership, maintenance, or use of premises you designate for these operations and activities and the providing of first aid at the time of an accident or crime.
- S.** ***“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. However, a leased worker does not include any worker who is hired to temporarily take the place of a permanent employee on leave or meet seasonal or short-term workload conditions.

T. “Loading or Unloading” means the handling of property:

1. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft, or “*auto*,” or
2. While it is in or on an aircraft, watercraft, or “*auto*,” or
3. 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 aircraft, watercraft, or “*auto*.”

U. “Mobile Equipment” means any of the following types of land vehicles, including any attached machinery or equipment:

1. Bulldozers, farm machinery, forklifts, and other vehicles designed for use principally off public roads;
2. Vehicles maintained for use solely on or next to premises you own or rent (the term premises as used in this definition does not include roads you own);
3. Vehicles that travel on crawler treads;
4. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
 - a. Power cranes, shovels, loaders, diggers, or drills; or
 - b. Road construction or resurfacing equipment such as graders, scrapers, or rollers;
5. Vehicles not described in 1., 2., 3., or 4. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - a. Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting, and well servicing equipment; or
 - b. Cherry pickers and similar devices used to raise or lower workers;
6. Vehicles not described in 1., 2., 3., or 4. above maintained primarily for purposes other than the transportation of persons or cargo.
7. However, self-propelled vehicles with the following types of permanently attached equipment are not “*mobile equipment*” but will be considered “*autos*.”
 - a. Equipment designed primarily for:

- (1) Snow removal;
 - (2) Road maintenance, but not construction or resurfacing;
 - (3) Street cleaning; or
 - (4) Fire fighting;
- b. Cherry pickers and similar devices mounted on “*auto*” or truck chassis and used to raise or lower workers; and
 - c. Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting, and well servicing equipment.

- V. “*Non-Owned Auto*”** means only those “*autos*” you do not own, lease, hire, or borrow which are used in connection with your business. This includes “*autos*” owned by:
1. Your employees;
 2. Volunteers; or
 3. Members of their households;
 4. Others when used as part of your “*garage operations*”.

But only while used in your business or your personal affairs.

- W. “*Occurrence*”** means an accident, including continuous or repeated exposure to substantially the same general harmful conditions, which causes “*bodily injury*” or “*property damage*.”

1. With respect to:
 - a. Coverage Section A.
 - b. Coverage Section C.
 - c. Coverage Section D. “*Occurrence*” also includes incidents in which “*bodily injury*” or “*property damage*” result from an employee while performing their duties and acting within the scope of their employment, unless such “*bodily injury*” or “*property damage*” is the result of any willful or wanton act of such employee in the performance of such duty.
 - d. Coverage Section E.
 - e. Coverage Section G in connection with “*bodily injury*” and “*property damage*”; and
2. With respect to Coverage Section B in connection with “*personal injury*” and “*advertising injury*,” an offense listed in Section 1. Liability Definitions, A. “*Advertising Liability*,” and S. “*Personal Injury*.”
3. With respect to Coverage Section G. in connection with “*personal injury*” and “*advertising injury*,” an offense listed in Section I. Liability Definitions, A. “*Advertising Liability*,” and S. “*Personal Injury*.”

- X.** *“Organized Athletic Activities”* means any team organized, sponsored, or supervised by you for the purpose of promoting or permitting athletic competition by team members. Participation in regular school physical education classes during regular school hours is not considered participation on an organized athletic team.
- Y.** *“Personal Injury”* means injury, other than *“bodily injury,”* arising out of one or more of the following offenses;
1. False arrest, detention, or imprisonment;
 2. Malicious prosecution;
 3. Wrongful entry into, or eviction of a person from, a room, dwelling, or premises that the person occupies;
 4. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products, or services; or
 5. Oral or written publication of material that violates a person's right of privacy.
- Z.** *“Pollution Hazard”* means the:
1. Actual, alleged, or threatened discharge, dispersal, release, or escape of pollutants; or
 2. The actual exposure or threat of exposure to the corrosive, toxic, or other harmful properties of pollutants.
- Pollutants means any solid, liquid, gaseous, or thermal irritant or contaminant, including but not limited to smoke, vapor, soot, fumes, acids, alkalis, chemicals, and waste. Waste includes materials to be recycled, reconditioned, or reclaimed.
- AA.** *“Products-Completed Operations Hazard”* 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. *“Your products”* that are still in your physical possession; or
 2. *“Your work”* that has not yet been completed or abandoned. However *“your work”* will be deemed completed at the earliest of the following times:
 - a. When all of the work called for in your contract has been completed.
 - b. When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.
 - c. When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.
 - d. Work that may need service, maintenance, correction, repair, or replacement, but which is otherwise complete, will be treated as completed.

3. This “*products-completed operations hazard*” does not include “*bodily injury*” or “*property damage*” arising out of:
 - a. 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;
 - b. The existence of tools, uninstalled equipment, or abandoned or unused materials;

BB. “*Property Damage*” means:

1. Physical injury to tangible property, including all resulting loss of use of that property; or
2. Loss of use of tangible property that is not physically injured.

CC. “*Retroactive Date*” means that date so specified as such in the Declarations.

DD. “*Suit*” means a civil proceeding that seeks damages. It includes:

1. An arbitration proceeding in which such damages are claimed and to which the insured must submit or to which the insured submits with our consent;
2. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

However, this definition does not apply to Coverage Sections H and I.

EE. “*Trailer*” includes semi-trailer.

FF. “*Unmanned Aircraft*” means an aircraft that is not designed, manufactured, or modified after manufacture to be controlled directly by a person from within or on the aircraft. Unmanned Aircraft include, but are not limited to, drones and unmanned aerial vehicles.

GG. “*Unmanned Aircraft System*” means an “*unmanned aircraft*” and all of the associated equipment, including but not limited to, the control station, data links, telemetry, communications, navigation equipment, cameras, and other equipment necessary to operate and/or installed on, carried on board, or being loaded onto or unloaded from, the aircraft.

HH. “*Your Product*” 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.
3. “*Your product*” includes warranties or representation made at any time with respect to the fitness, quality, durability or performance of any of the items included in 1. and 2. above.
4. “*Your product*” does not include vending machines or other property rented to or located for the use of others but not sold.

II. “*Your Work*” 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.
3. “*Your work*” includes warranties or representations made at any time with respect to the fitness, quality, durability, or performance of any of the items included in 1. or 2. above.

(This page left intentionally blank)

II. LIABILITY GENERAL TERMS AND CONDITIONS

Please refer to each Coverage Section as they may contain exceptions or additions to these GENERAL TERMS AND CONDITIONS.

A. WHO IS AN INSURED

1. The individual Coverage Sections may contain specific provisions regarding WHO IS AN INSURED. It is important to refer to each Coverage Section in addition to the following provisions.
2. You are an insured as shown as named insured in the Declarations.
3. Each of the following is also an insured to the extent indicated:
 - a. Your elected or appointed directors, officers, officials, and members of any boards or commissions, but only with respect to their duties as your directors, officers, officials, or board or commission members.
 - b. Employees of any school district named in the Declarations who hold the position of Superintendent or Assistant Superintendent, Administrator or Assistant Administrator, Principal or Assistant Principal or any equivalent administrative position, but only for acts within the scope of their employment by you.
 - c. Your employees, other than those included in a. and b. above, but only for acts within the scope of their employment by you, or in the case of a *“leased worker,”* while performing duties related to the conduct of your business. However, none of these employees are covered for:
 - (1) *“Bodily injury”* or *“personal injury”* to you; or
 - (2) *“Property damage”* to property owned or occupied by or rented or loaned to that employee, or any of your other employees except *“autos.”*
 - d. Any volunteer other than included in 1., 2., or 3. a., b., or c. above, but only for acts within the scope of the duties assigned by you. However, none of these volunteers are insured for:
 - (1) *“Bodily injury”* or *“personal injury”* to you; or
 - (2) *“Property damage”* to property owned or occupied by or rented or loaned to that volunteer except *“autos.”*
 - e. Any student teacher other than included in 1., 2., or 3. a., b., or c. above, but only for acts within the scope of the duties assigned by you. However, none of these student teachers are insured for:
 - (1) *“Bodily injury”* or *“personal injury”* to you; or
 - (2) *“Property damage”* to property owned or occupied by or rented or loaned to that student teacher except *“autos.”*

B. DEDUCTIBLE

It is agreed that:

1. The deductible amount applies to all damages, sums described as SUPPLEMENTARY PAYMENTS and other costs, expenses and sums with respect to which coverage is provided.
2. Our obligation under any Coverage Section to pay damages or other sums or incur SUPPLEMENTARY PAYMENTS applies only to the amount of such sums in excess of any deductible amount stated in the Declarations as applicable to a Coverage Section. The Limit of Coverage shown in the Declarations for a Coverage Section shall not be reduced by the amount of the deductible.
3. The deductible amount applies on either an each “*occurrence*,” “*each wrongful act*” or each offense basis depending upon which Coverage Section is involved. The amount of the deductible and the basis upon which it applies is indicated in the Declarations.

All injury or damage arising out of continuous or repeated exposure to substantially the same general harmful conditions shall be considered as arising out of one “*occurrence*.” If coverage is provided on a claims-made basis, all “*claims*” arising from a “*wrongful act*” or from repeated or interrelated acts, shall be considered one “*claim*”.

4. The terms of this coverage certificate, including but not limited to those with respect to:
 - a. our rights and duties with respect to the defense of “*suits*” and
 - b. your duties in the event of an “*occurrence*,” “*wrongful act*,” offense, “*claim*,” or “*suit*” apply irrespective of the application of the deductible amount.
5. We will pay any part or all of the deductible amount as SUPPLEMENTARY PAYMENTS to effect settlement of any “*claim*” or “*suit*,” or to pay any judgment or pay any other sum with respect to which coverage is provided. Upon notification of the action taken, you will promptly reimburse us for the deductible amount paid by us.
6. The deductible amount will apply first to SUPPLEMENTARY PAYMENTS. The remaining deductible amount, if any, will then apply to damages and other sums with respect to which coverage is provided.

C. SUPPLEMENTARY PAYMENTS

We will pay with respect to any “*claim*” we investigate or settle or any “*suit*” against an insured we defend:

1. All expenses we incur, including but not limited to attorney fees and other costs of defense.
2. 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 Coverage Section D applies. We do not have to furnish these bonds.
3. The cost of bonds to release attachments in a “*suit*” we defend, but only for bond amounts within the applicable limit of coverage. We do not have to furnish these bonds.
4. Premiums on appeal bonds in any “*suit*” we defend.
5. 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 to attend hearings or trials at our request.
6. All costs taxed against the insured in the “*suit*.”
7. Pre-judgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of coverage, we will not pay any pre-judgment interest based on that period of time after the offer.
8. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of coverage.

These payments will not reduce the Limits of Coverage unless this clause is specifically amended by the provisions applicable to a particular Coverage Section.

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 a “*covered contract*;”
- b. This coverage 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 “*covered contract*;”
- d. The allegations in the “*suit*” and the information we know about the occurrence are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;

- e. The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such “*suit*” and agree that we can assign the same counsel to defend the insured and the indemnitee; and
- f. The indemnitee:
 - (1) agrees in writing to:
 - (a) cooperate with us in the investigation, settlement, or defense of the “*suit*”;
 - (b) immediately send us copies of any demands, notices, summonses, or legal papers received in connection with the “*suit*”;
 - (c) notify any other insurer whose coverage is available to the indemnitee;
 - (d) cooperate with us with respect to coordinating other applicable Insurance available to the indemnitee; and
 - (2) provides us with written authorization to:
 - (a) obtain records and other information related to the “*suit*”;
 - (b) conduct and control the defense of the indemnitee in such “*suit*”.

So long as the above conditions are met, attorneys’ fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us, and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of paragraph 2.b.(2) of Coverage Section A. General Liability and paragraph 2.a.(4) of Coverage Section B. Personal Injury and Advertising Injury, such payments will not be deemed to be damages for “*bodily injury*” and “*property damage*” and will not reduce the limits of coverage.

Our obligation to defend an insured's indemnitee and to pay for attorneys fees and necessary litigation expenses as Supplementary Payments ends when:

- 1. We have used up the applicable limit of coverage in the payments of judgments or settlements; or
- 2. The conditions set forth above, or the terms of the agreement described in paragraph f. above are no longer met.

D. GENERAL EXCLUSIONS

The coverage provided under this coverage certificate does not apply to:

1. Aircraft and Watercraft

“*Bodily injury*” or “*property damage*” arising out of the ownership, maintenance, use, or entrustment to others of any aircraft, other than an “*unmanned aircraft system*”, or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and “*loading or unloading*”.

This exclusion does not apply to:

- a. A watercraft while ashore on premises you own or rent; or

- b. A watercraft that is:
 - (1) Less than 50 feet long; and
 - (2) Not being used to carry persons or property for a charge.

2. Asbestos

- a. “*Bodily injury*,” “*property damage*,” “*personal injury*,” “*advertising injury*,” or any other injury, damage, or loss of any nature or kind arising out of, based upon, or attributable to the “*asbestos hazard*.”
- b. Any loss, cost, or expense arising out of any action taken by you or others to comply with requirements imposed by law by reason of the “*asbestos hazard*.”

3. Auto and Mobile Equipment Stunting Activity

“*Bodily injury*” or “*property damage*” arising out of the use of an “*auto*” or “*mobile equipment*” in, or while in practice or preparation for, a prearranged racing, speed, or demolition contest or in any stunting activity.

However, this exclusion does not apply to “*bodily injury*” or “*property damage*” arising out of the use of an “*auto*” while participating in any transit, snowplow, or fire apparatus rodeo. Transit, snowplow, or fire apparatus rodeo means a driver or firefighter course event that is authorized by you.

4. Aviation Operations or Airports

Any liability arising out of general aviation operations at or from any airports you own or operate, but this exclusion does not apply to:

- a. “*law enforcement*;”
- b. sanitation services; and
- c. other incidental non-aviation operations.

5. Employer's Liability

“*Bodily injury*” to:

- a. An employee of the insured arising out of and in the course of employment by the insured; or
- b. The spouse, child, parent, brother, or sister of that employee as a consequence of a. above.

This exclusion applies:

- a. Whether the insured may be liable as an employer or in any other capacity; and
- b. To any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by you under a “*covered contract*.”

6. Failure to Supply Water, Gas, Electricity

Injury, damage, loss or damages claimed as a result of your failure to supply water, gas, or electricity or your failure to supply sufficient water, gas, or electricity to meet demand. However, we won't apply this exclusion if the failure to supply results from sudden and accidental damage to tangible property, other than damage to any utility pole, owned or used by you to obtain, produce, process, or transmit such service.

7. Fungi, bacteria, wet or dry rot

- a. “*Bodily injury*” or *property damage*” which would not have occurred, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any “*fungi, bacteria, wet or dry rot*” on or within a building or structure including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.
- b. Any loss, cost or expenses arising out of the abating, testing for, monitoring, remediating or disposing, or in any way responding to, or assessing the effects of, “*fungi, bacteria, wet or dry rot*” by any insured or by any other person or entity.

8. Health Care Facilities

Liability arising out of health care facilities, except with respect to the operation of your schools, mental health department, public health department, and emergency medical operations.

9. Health Care Services

“*Bodily injury*” or “*personal injury*” arising out of the providing of or failing to provide “*health care professional services*”. However, this exclusion does not apply to the operation of your schools, mental health department, public health department, or emergency medical personnel, as long as they are not physicians or independent contractors.

10. Inverse Condemnation

A “*claim*” for or arising from inverse condemnation, adverse possession, dedication by adverse use, or property devaluation.

11. Joint Ventures

Liability arising out of the conduct of any past, present, or future partnership or joint venture of which you were, are, or shall become a partner or member unless we have specifically agreed to provide such coverage by addendum to this coverage certificate, except that this exclusion does not apply to mutual aid agreements.

12. Nuclear Energy

Nuclear Energy Liability Exclusion (Broad Form)

It is agreed that:

- a. The coverage certificate does not apply:
 - (1) Under any Coverage Section, to “*bodily injury*” or “*property damage*”
 - (a) With respect to which an insured under this coverage certificate is also an insured under a nuclear energy liability coverage certificate issued by 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 Coverage; or
 - (b) 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 coverage certificate 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.
 - (2) Under Coverage Section C, or under any Supplementary Payments provision relating to first aid, 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.
 - (3) Under any Coverage Section, to “*bodily injury*” or “*property damage*” resulting from the hazardous properties of nuclear material if
 - (a) The nuclear material (1) is at any nuclear facility owned by, or operated by or on behalf of, an insured or (2) has been discharged or dispersed therefrom;

- (b) 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
 - (c) 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 subparagraph (c) applies only to “*property damage*” to such nuclear facility and any property thereat.
- b. As used in this exclusion:
- (1) “*Hazardous properties*” include radioactive, toxic, or explosive properties;
 - (2) “*Nuclear material*” means source material, special nuclear material, or byproduct material;
 - (3) “*Source material*,” “*special nuclear material*,” and “*byproduct material*” have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof;
 - (4) “*Spent fuel*” means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor;
 - (5) “*Waste*” means any waste material (a) containing byproduct material and (b) resulting from the operation by any person or organization of any nuclear facility included within the definition of nuclear facility under paragraph (1) or (2) thereof;
 - (6) “*Nuclear facility*” means:
 - (a) Any nuclear reactor;
 - (b) Any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing spent fuel, or (3) handling, processing, or packaging waste;
 - (c) Any equipment or device used for the processing, fabricating, or alloying of special nuclear material if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;
 - (d) Any structure, basin, excavation, premises, or place prepared or used for the storage or disposal of waste, and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations;

- (7) “*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;
- (8) “*Property damage*” includes all forms of radioactive contamination of property.

13. Pollution

“*Bodily injury*”, “*property damage*”, “*personal injury*”, “*advertising injury*”, medical expense or any other injury, damage, or loss of any nature or kind arising out of, based upon, or attributable to the “*pollution hazard*” at, on, in, or from any:

- a. Insured’s premises. For the purpose of this exclusion, insured’s premises means any premises, site, or location that is or was at any time owned, rented, leased, borrowed, or occupied by any insured. But we won’t consider a premises, site, or location that isn’t owned, rented, leased or borrowed, or occupied by any insured to be an insured’s premises in connection with pollution that results from any insured’s work being performed there;
- b. Waste sites. For the purpose of this exclusion, waste site means 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. Insured’s work site. For the purpose of this exclusion, insured’s work site means any premises, site, or location at, on, or in which work is being performed by or for any insured when the pollution involves a pollutant that is brought to, on, or in such premises, site, or location by or for any insured in connection with such work or the work being performed is pollution work.

14. Pollution Work Loss, Cost, or Expense

Any loss, cost, or expense arising out of:

- (a) Any request, demand, or order that any insured or others perform pollution work; or
- (b) Any “*claim*” or “*suit*” by or for governmental authority for damages that result from the performance of pollution work.

Pollution work means to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize any pollutants, or to respond to, or assess, in any way the effects of any pollutant.

This exclusion does not apply to amounts any insured is legally required to pay as covered pollution cost or expense that arises from an “*auto*” accident which also causes “*bodily injury*” or “*property damage*” covered by Coverage Section D. Bodily Injury and Property Damage (“*Auto*” Liability).

15. War

“Bodily injury” or *“property damage”* due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion, or revolution.

16. Workers' Compensation and Similar Laws

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

17. Punitive Damages

Any claim for or award of punitive, exemplary or multiple damages against any insured on any basis and under any legal authority.

18. *“Unmanned Aircraft System”*

“Bodily injury”, *“personal injury”*, *“advertising injury”*, or *“property damage”* arising out of the ownership, maintenance, use, or entrustment to others of any *“unmanned aircraft system”*.

E. GENERAL CONDITIONS

1. Bankruptcy

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

2. Canceling or Non-Renewing Coverage Under This Coverage certificate During the “Coverage Period”

- a. The “*insured*” shown in the Declarations may cancel this coverage certificate at any time by mailing or delivering to CIRMA advance written notice of cancellation.
- b. Cancellation of policies in effect for less than 60 days.
 - (1) If this coverage certificate has been in effect for less than 60 days and is not a renewal of a coverage certificate issued by CIRMA, CIRMA may cancel this coverage certificate for any reason by giving you written notice of cancellation at least:
 - (a) 10 days before the effective date of cancellation if CIRMA cancels for non-payment of premium; or
 - (b) 30 days before the effective date of cancellation if CIRMA cancels for any other reason.
 - (2) Unless cancellation is for non-payment of premium, notice of cancellation will state the reasons for cancellation.
- c. Cancellation of policies in effect for 60 days or more.
 - (1) If this coverage certificate has been in effect for 60 days or more, or this is a renewal of a coverage certificate issued by CIRMA, CIRMA may cancel this coverage certificate by giving you written notice of cancellation at least:
 - (a) 10 days before the effective date of cancellation if CIRMA cancels for one or more of the following reasons:
 - (i) Non-payment of premium;
 - (ii) Conviction of a crime arising out of acts increasing the hazard insured against;
 - (iii) Discovery of fraud or material misrepresentation by the “*insured*” in obtaining the coverage certificate or in perfecting any “*claim*” under the coverage certificate;
 - (iv) Discovery of any willful or reckless act or omission by the “*insured*” increasing the hazard insured against; or
 - (v) A determination by the Insurance Commissioner that continuation of the coverage certificate would violate, or place CIRMA in violation of, the law; or

- (b) 90 days before the effective date of cancellation if CIRMA cancels for one or more of the following reasons:
 - (i) Physical changes in the property which increase the hazard insured against;
 - (ii) A material increase in the hazard insured against; or
 - (iii) A substantial loss of reinsurance by CIRMA affecting these particular lines of coverage.
 - (2) CIRMA may not cancel policies in effect for 60 days or more or renewal policies for any reason other than the reasons described in Paragraph c(1) above.
 - (3) Unless cancellation is for non-payment of premium, notice of cancellation will state the reasons for cancellation.
- d. If CIRMA cancels for non-payment of premium, the “insured” may continue the coverage and avoid the effect of the cancellation by payment in full at any time prior to the effective date of cancellation.
- e. Notice of Cancellation will state the effective date of cancellation. The “coverage period” will end on that date.
- f. Non-renewal
 - (1) If CIRMA decides not to renew this coverage certificate, CIRMA will send notice of non-renewal at least 60 days before the expiration date of this coverage certificate.
 - (a) This notice will include the specific reason for non-renewal.
 - (b) CIRMA doesn’t have to send such notice if CIRMA is not renewing because the “insured” failed to pay the premium.
 - (2) If CIRMA decides not to renew Employee Benefits Liability, Law Enforcement Liability, Public Officials Liability, or School Leaders Liability, CIRMA will send 90 days notice of non-renewal.
- g. Notice of cancellation will be sent or delivered by:
 - (1) Registered Mail;
 - (2) Certified Mail; or
 - (3) Mail evidenced by a United States Post Office certificate of mailing.
- h. We will give notice to the “insured” at the last mailing address known to the “Company.”
- i. If notice is mailed, proof of mailing will be sufficient proof of notice.
- j. If we cancel or non-renew this coverage certificate, we’ll send you the claim and premium information described below along with our notice of cancellation or non-renewal. We will provide a maximum of four years of

information from the date of the “insured’s” request for such information. The information that will be provided includes:

- (1) Coverage certificate number;
- (2) Beginning and ending dates;
- (3) A copy of proof that this information was provided as required by law;
- (4) The total amount of premium paid;
- (5) Number of claims;
- (6) Total of all paid losses; and
- (7) Date of each loss.
- (8) If your coverage certificate provides coverage under Coverage Sections III A., B., C., or D., CIRMA will also provide pricing information as specified by the insurance regulation of the State of Connecticut.
 - (a) If coverage under Coverage Sections III A., B., C., or D. is cancelled for non-payment of premium, conviction of a crime, fraud or material misrepresentation, willful or reckless act or omission, or determination by the Insurance Commissioner, the “Company” will provide this information by written report within 30 days of receiving the “insureds” written request for this information.
 - (b) If coverage under Coverage Sections III A., B., C., or D. is cancelled for any other reason not stated in h(i), CIRMA will provide this information to the “insured” or the “insured’s” authorized agent no later than the date of notice of cancellation or non-renewal.
 - (c) If further reports are required to provide sufficient information to rate or obtain insurance with a different insurer, such reports will be furnished within 30 days of a written request by the “insured” or the “insureds” authorized representative.
- k. If this coverage certificate is cancelled, CIRMA will send the “insured” any premium refund due. If CIRMA cancels, the refund will be prorata. If the “insured” cancels, the refund will be short rated. The cancellation will be effective even if CIRMA has not made or offered a refund. Notice of cancellation will state that the excess premium (if not tendered) will be refunded on demand.

3. Changes

This coverage certificate contains all the agreements between you and us. Its terms may not be changed or waived except by Endorsement issued by us. If a change requires a premium adjustment, we will adjust the premium as of the effective date of change.

4. Duties in the event of “occurrences,” “wrongful act,” act, error, omission or other circumstances which may give rise to a “claim” or “suit.”

- a. You must see to it that we are notified promptly of an “occurrence,” “wrongful act,” act, error, omission, or other circumstance that may result in a “claim”. Notice should include:
 - (1) How, when, and where the “occurrence,” “wrongful act,” act, error, omission, or other circumstance took place; and
 - (2) The names and addresses of any injured persons and witnesses.
- b. If a “claim” is made or “suit” brought against any insured, you must see to it that we receive prompt written notice of the “claim” or “suit.”
- c. You and any other involved insured must:
 - (1) Immediately send us copies of any demands, notices, summons, 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 and/or settlement and/or defense of the “claim” and/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 or damage to which this coverage may also apply;
 - (5) Submit at our expense and as often as we require to physical examinations by physicians we select; and
 - (6) Authorize us to obtain medical reports and other pertinent medical information.
- 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.

For the purpose of this section, the terms we, our, or us refers to CIRMA or it’s Service Provider.

5. Inspection And Surveys

At our option we may inspect or make surveys of your property and operations at any time. We may give reports on the conditions found and recommend changes. These inspections are for our benefit only and relate only to our willingness to

offer you coverage and the premiums that will be charged. By our right to inspect or by our making any inspection we make no representation that your property or operations are safe, not harmful to health or comply with any laws, rules, regulations, codes, or standards. We do not make safety inspections nor do we perform the duty of any person or organization to provide for the health or safety of workers or the public.

For the purpose of this section, the terms we or us refer to CIRMA or its Service Provider.

6. Legal Action Against Us

No person or organization has a right under this coverage certificate to:

- a. Join us as a party or otherwise bring us into a “*suit*” asking for damages from an insured; or
- b. Sue us on this coverage certificate unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured obtained after an actual trial; but we will not be liable for damages that are not payable under the terms of this coverage certificate or that are in excess of the applicable limit of coverage. An agreed settlement means a settlement and release of liability signed by us, the insured, and the claimant or the claimant's legal representative.

7. Other Insurance

The coverage provided by this coverage certificate is primary except when a., b., or c. below applies.

- a. For any covered “auto” you don’t own, the coverage provided by this coverage certificate is excess over any collectible insurance. However, while a covered “*auto*” that is a “*trailer*” is connected to another vehicle, the liability coverage provided by this coverage certificate provides for the “*trailer*”:
 - (1) Is excess while it is connected to a motor vehicle you don't own.
 - (2) Is primary while it is connected to a covered “*auto*” you own.
- b. Excess Insurance

Unless such other insurance is specifically in excess of the coverage afforded by this coverage certificate, this coverage is excess over any of the other insurance, whether primary, excess, contingent, or on any other basis, and shall not contribute with such other insurance.

When this coverage is excess, we will have no duty to defend any “*claim*” or “*suit*” that any other insurer has a duty to defend. If no other insurer defends,

we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

When this coverage is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

- (1) The total amount that all such other insurance would pay for the loss in the absence of this coverage; and
- (2) The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Coverage shown in the Declarations.

c. **Method of Sharing**

If we should become obligated to share with other insurance, and if such other insurance permits premium 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 premium 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.

8. Representations

By accepting this coverage certificate you agree that:

- a. The statements in the Declarations are accurate and complete;
- b. Those statements are based upon representations you made to us; and
- c. We have issued this coverage certificate in reliance upon your representations.

Any unintentional error or omission made by the insured shall not void or impair the coverage hereunder provided the "*insured*" reports such error or omission as soon as reasonably possible after discovery.

9. Separation Of Insureds

Except with respect to the Limits of Coverage, and any rights or duties specifically assigned to you in this coverage certificate, this coverage applies:

- a. As if each entity named in the Declarations were the only entity named in the Declarations; and

- b. Separately to each insured against whom “*claim*” is made or “*suit*” is brought.

10. Subrogation

- a. Any rights any insured may have to recover all or part of any payment we have made under any Coverage Section are transferred to us. The insured must do nothing after loss to impair them. At our request, you will bring “*suit*” and help us enforce these rights.

Any amount recovered, less than the cost of obtaining such recovery, will be apportioned as follows:

- (1) Any interest, including you, that has paid any amount with respect to liability in excess of our limit of liability under this coverage certificate will be reimbursed first from the recovered amount.
- (2) We will then be reimbursed for any amounts we paid under the provisions of this coverage certificate. If any other interest, including you, contributed to any portion of a loss we paid under the provisions of the Other Insurance section of this coverage certificate or any other written sharing agreement, such interest will be reimbursed in the same proportion as their premium to the loss payment bore to the total loss payment.
- (3) Any remaining amount will be paid to you.
- (4) If, at our discretion, we try to obtain a recovery and no amount is recovered we will pay all the expenses.
- (5) A different apportionment may be made to effect settlement of a “*claim*”.

11. Transfer Of Your Interest In This Coverage certificate

Your rights and duties under this coverage certificate may not be assigned without our written consent.

12. State Law

Any part of this coverage certificate that conflicts with state law is automatically changed to conform with the law.

13. Assessment

At any time that the losses and expenses of the Pool with respect to any Pool coverage year (July 1 through June 30) exceed the sum of the contributions with respect to that year and income earned on such contributions, or upon other condition considered by us to require an assessment, we, by vote of our Board of Directors, may assess you for an additional contribution to the Pool. Such assessment shall not exceed 30% of your contribution to the pool for the year with respect to which the assessment is made. In making assessments we may make reasonable distinctions among members on the basis of loss experience and differences as to the lines of coverage in which they participated in the year with respect to which the assessment is made. We may assess you with respect to a Pool coverage year during which you were a member of the Pool whether or not you are a member at the time of the assessment.

III. LIABILITY COVERAGE SECTIONS

Coverage is only afforded if a Limit of Coverage is shown in the Declarations.

A. COVERAGE SECTION A.

BODILY INJURY AND PROPERTY DAMAGE LIABILITY (GENERAL LIABILITY)

1. Coverage Agreement

- a. We will pay, on behalf of the insured, all sums that the insured becomes legally obligated to pay as damages because of “*bodily injury*” or “*property damage*” to which this Coverage Section applies. No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under SUPPLEMENTARY PAYMENTS. This coverage applies only to “*bodily injury*” and “*property damage*” which occurs during the “*coverage period*.” The “*bodily injury*” or “*property damage*” must be caused by an “*occurrence*.” The “*occurrence*” must take place in the “*coverage territory*.” We will have the right and duty to defend any “*suit*” seeking those damages even if any of the allegations of the “*suit*” are groundless, false, or fraudulent. But:
 - (1) The amount we will pay for damages is limited as described in Limits of Coverage;
 - (2) We may investigate and settle any “*claim*” or “*suit*” at our discretion;
 - (3) Our right and duty to defend ends when we have used up the applicable Limit of Coverage in the payment of judgments or settlements;
 - (4) We will have no duty to defend the insured against any “*suit*” seeking damages for “*bodily injury*” or “*property damage*” to which this insurance does not apply.
- b. 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 “*bodily injury*.”
- c. “*Property damage*” that is loss of use of tangible property that is not physically injured shall be deemed to occur at the time of the “*occurrence*” that caused it.

2. Special Exclusions

This Coverage Section does not apply to:

a. Automobile Liability

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use, or entrustment to others of any *"auto"* owned or operated by or rented or loaned to any insured. Use includes operation and *"loading or unloading."*

This exclusion does not apply to:

- (1) the parking of 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. The term premises does not include roads you own;
- (2) *"non-owned autos"* owned by others when used as part of your *"garage operations."*

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) Assumed in a contract or agreement that is a *"covered contract,"* provided that the *"bodily injury" or "property damage"* occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in a *"covered contract,"* reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of *"bodily injury" or "property damages,"* provided;
 - (a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same *"covered contract"*; and
 - (b) Such attorney fees and litigation expenses are for the defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this coverage applies are alleged.
- (2) That the insured would have in the absence of the contract or agreement.

c. 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.

d. Damage to Property

“*Property damage*” to:

- (1) Property you own, rent, or occupy;
- (2) Premises you sell, give away, or abandon, if the “*property damage*” arises out of any part of those premises;
- (3) Property loaned to you, except property loaned to you by another political entity;
- (4) Personal property in your care, custody, or control, except property loaned to you by another political entity;
- (5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the “*property damage*” arises out of those operations; or
- (6) That particular part of any property that must be restored, repaired, or replaced because “*your work*” was incorrectly performed on it.

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.

Paragraphs (4) and (6) do not apply to “*garage operations*”.

Paragraph (6) of this exclusion does not apply to “*property damage*” included in the “*products-completed operations hazard*.”

e. Damage to “Your Product”

“*Property damage*” to “*your product*” arising out of it or any part of it.

f. 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 “*property damage*” arises was performed on your behalf by a subcontractor.

g. Downhill Ski Facilities

“*Bodily injury*” or “*property damage*” arising out of downhill ski facilities or operations.

h. Expected or Intended Injury

“*Bodily injury*” or “*property damage*” expected or intended from the standpoint of the insured. This exclusion does not apply to:

- (1) “*Bodily injury*” or “*Property damage*” resulting from the use of reasonable force to protect persons or property.
- (2) Corporal punishment to any student or pupil administered by or at the direction of any insured.

i. Law Enforcement

“*Bodily injury*” or “*property damage*” arising out of “*law enforcement*” or other matters with respect to which coverage is provided under Coverage Section G. Law Enforcement Liability. However, this exclusion does not apply to an “*occurrence*” arising out of the ownership, maintenance, operation, use, loading or unloading of “*mobile equipment*” or to an “*occurrence*” arising out of the physical condition of any premises (or part thereof) owned by you or in your possession or control.

j. Mobile Equipment

“*Bodily injury*” or “*property damage*” arising out of the transportation of “*mobile equipment*” by an “*auto*” owned or operated by or rented or loaned to any insured.

k. 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, organization, government agency, or regulatory authority because of a known or suspected defect, deficiency, inadequacy, or dangerous condition in it.

Fire Damage Liability

Exclusions d. through f. do not apply to damage by fire or explosion to premises while rented to you or temporarily occupied by you with permission of the owner.

A separate sublimit of coverage applies to this coverage as described in Limits of Coverage.

3. Who Is An Insured

In addition to those who are designated in the GENERAL TERMS AND CONDITIONS as insured for coverage under this Coverage Section, the following are also an insured:

- a. Any person (other than your employee), or any organization while acting as your real estate manager.
- b. With respect to your “*mobile equipment*” any person is an insured while driving such equipment with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the “*mobile equipment*,” and only if no other insurance of any kind is available for this liability. However, no person or organization is an insured with respect to “*property damage*” to property owned by, rented to, in the charge of, or occupied by you or the employer of any person who is an insured under this provision.
- c. Any person who is a landlord, but only with respect to “*bodily injury*” or “*property damage*” resulting from the ownership, maintenance, or use of the premises rented, leased, or loaned to the insured. However, the landlord is not an insured as respects “*bodily injury*” or “*property damage*” resulting from any of the following while being done by or for the landlord on or to the premises rented, leased, or loaned to the insured:
 - (1) Structural changes.
 - (2) New construction work.
 - (3) Demolition work.

Landlord means the owner, lessor, or manager of a premises.

- d. Any person who is an equipment lessor, but only with respect to “*bodily injury*” or “*property damage*” resulting from insured’s maintenance, operation, or use of equipment they lease to you. However, the equipment lessor is not an insured as respects “*bodily injury*” or “*property damage*” resulting from their sole negligence or for “*bodily injury*” or “*property damage*” resulting from any “*occurrence*” that happens after the equipment lease ends.
- e. Any person who is a mortgagee, assignee, or receiver, but only with respect to “*bodily injury*” or “*property damage*” arising out of the ownership, maintenance, or use of a premises owned by you. However, the mortgagee, assignee, or receiver is not an insured as respects “*bodily injury*” or “*property*”

damage” resulting from any of the following while being done by or for the mortgagee, assignee, or receiver:

- (1) Structural changes.
 - (2) New construction work.
 - (3) Demolition work.
- f. As respects covered watercraft, any person or organization who uses or is responsible for the use of covered watercraft you own or use, but only with respect to “*bodily injury*” or “*property damage*” that results from the use of such watercraft with your permission.
- g. Any person or organization who uses or is legally responsible for the use of golf-mobiles which you or your concessionaires loan or rent to others, but only for “*bodily injury*” or “*property damage*” that results from the use of golf-mobiles.

4. Limits Of Coverage

- a. The Limits of Coverage shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
- (1) Insureds;
 - (2) “*Claims*” made or “*suits*” brought; or
 - (3) Persons or organizations making “*claims*” or bringing “*suits.*”
- b. The Limit of Coverage shown in the Declarations as Aggregate is the most we will pay for the sum of all damages:
- (1) Because of all “*bodily injury,*” “*property damage,*” fire damage liability, limited care, custody, and control, under this Coverage Section, and “*personal injury*” and “*advertising injury*” under Coverage Section B., and all medical expenses under Coverage Section C. that occur in the “*coverage period;*” and separately;
 - (2) Because of all injury or damage included in the “*products-completed operations hazard*” that occur in the “*coverage period.*”
- If the Aggregate limit is used up by the payment of “*claims* or “*suits,*” the aggregate limit will be reinstated once during the “*coverage period*” at no additional premium charge.
- c. Subject to b. above the each “*occurrence*” limit shown in the Declarations is the most we will pay including payment of medical expenses under Coverage Section C., for the sum of all damages because of all injury and damage arising out of one “*occurrence.*”

- d. All “*bodily injury*” and “*property damage*” arising out of continuous or repeated exposure to substantially the same general conditions shall be considered as arising out of one “*occurrence*.”

- e. **Fire Damage Liability**

Subject to the above, with respect to fire and explosion damage to premises rented to you or temporarily occupied by you with permission of the owner, the Fire Damage Limit shown in the Declarations is the most we will pay under Coverage Section A for damages because of “*property damage*” to premises rented to you or temporarily occupied by you with permission of the owner, arising out of any one fire or explosion.

- f. **Limited Care, Custody, and Control**

Subject to a., b., c., and d. above, the Limited Care, Custody, and Control Sublimit shown in the Declarations is the most we will pay with respect to “*property damage*” to personal property loaned to you by another political entity while such property is in your care, custody, or control.

The Limits of this Coverage Section apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the “*coverage period*” shown in the Declarations, unless the “*coverage 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 Coverage.

(This page intentionally left blank)

B. COVERAGE SECTION B.

PERSONAL INJURY AND ADVERTISING INJURY LIABILITY

Coverage is only afforded if a Limit of Coverage is shown in the Declarations.

1. Coverage Agreement

- a. We will pay on behalf of the insured all sums that the insured becomes legally obligated to pay as damages because of “*personal injury*” or “*advertising injury*” to which this coverage applies. No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under SUPPLEMENTARY PAYMENTS. We will have the right and duty to defend any “*suit*” seeking those damages even if any of the allegations of the “*suit*” are groundless, false, or fraudulent. But:
 - (1) The amount we will pay for damages is limited as described in the Limits of Coverage;
 - (2) We may investigate and settle any “*claim*” or “*suit*” at our discretion;
 - (3) Our right and duty to defend ends when we have used up the applicable Limits of Coverage in the payment of judgments or settlements;
 - (4) We will have no duty to defend the insured against any “*suit*” seeking damages for “*personal injury*” or “*advertising injury*” to which this insurance does not apply.
- b. This coverage applies to “*personal injury*” only if caused by an offense:
 - (1) Committed in the “*coverage territory*” during the “*coverage period;*” and
 - (2) Arising out of the conduct of your business, excluding advertising, publishing, broadcasting, or telecasting done by or for you.
- c. This coverage applies to “*advertising injury*” only if caused by an offense committed:
 - (1) In the “*coverage territory*” during the “*coverage period;*” and
 - (2) In the course of advertising your goods, products, or services.

2. Special Exclusions

This coverage does not apply to:

- a. “*Personal injury*” or “*advertising injury.*”
 - (1) Arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity;
 - (2) Arising out of oral or written publication of material whose first publication took place before the beginning of the “*coverage period;*”

- (3) Arising out of the willful violation of a penal statute or ordinance committed by or with the consent of the insured;
 - (4) For which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages:
 - (a) Assumed by you in a contract or agreement that is a “*covered contract*,” provided that the “*personal injury*” or “*advertising injury*” occurs subsequent to the executive of the contract or agreement. Solely for the purposes of liability assumed in a “*covered contract*,” reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of “*personal injury*” or “*advertising injury*,” provided:
 - (i) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same “*covered contract*”; and
 - (ii) Such attorney fees and litigation expenses are for the defense of that party against a civil or alternative dispute resolution proceeding in which this coverage applies are alleged.
 - (b) That the insured would have in the absence of the contract or agreement.
 - (5) Arising out of “*law enforcement*.”
- b. “*Advertising injury*” arising out of:
- (1) Breach of contract, other than misappropriation of advertising ideas under an implied contract;
 - (2) The failure of goods, products, or services to conform with advertised quality or performance;
 - (3) The wrong description of the price of goods, products, or services; or
 - (4) An offense committed by an insured whose business is advertising, broadcasting, publishing, or telecasting.
- c. “*Claims*” or “*suits*” arising out of your “*employment related practices*.”

3. Who Is An Insured

In addition to those who are designated in the GENERAL TERMS AND CONDITIONS as insured for coverage under this Coverage Section, any person (other than your employee), or any organization while acting as your real estate manager is also an insured.

4. Limits Of Coverage

- a. Subject to the Limits of Coverage provision 4.b.1. of COVERAGE SECTION A., the Limits of Coverage shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
 - (1) Insureds;
 - (2) “*Claims*” made or “*suits*” brought; or
 - (3) Persons or organizations making “*claims*” or bringing “*suits.*”
- b. The Personal and Advertising Injury Limit shown in the Declarations as each offense is the most we will pay under Coverage Section B for the sum of all damages because of all “*personal injury*” and all “*advertising injury*” sustained by any person and organization during the “*coverage period.*”

The Limits of Coverage apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the “*coverage period*” shown in the Declarations, unless the “*coverage 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 Coverage.

(This page intentionally left blank)

C. COVERAGE SECTION C.

MEDICAL PAYMENTS

Coverage is only afforded if a Limit of Coverage is shown in the Declarations.

1. Coverage Agreement

- a. We will pay medical expenses as described below for “*bodily injury*” caused by an “*occurrence*”:
 - (1) On premises you own or rent;
 - (2) On ways next to premises you own or rent; or
 - (3) Because of your operations, including operation of a covered “*auto*,” provided that:
 - (a) The “*bodily injury*” takes place in the “*coverage territory*” and during the “*coverage period*”;
 - (b) The expenses are incurred and reported to us within one year of the date of the “*bodily injury*”; 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 applicable limit of coverage. We will pay reasonable expenses for:
 - (1) First aid administered at the time the “*bodily injury*” commenced;
 - (2) Necessary medical, surgical, x-ray, and dental services, including prosthetic devices; and
 - (3) Necessary ambulance, hospital, professional nursing, and funeral services.

2. Special Exclusions

We will not pay expenses for “*bodily injury*”:

- a. To any insured, except a volunteer
- b. To a person hired to do work for or on behalf of any insured or a tenant of any insured.
- c. To a person injured on that part of premises you own or rent that the person normally occupies.
- d. To a person, whether or not an employee of any insured, if benefits for the “*bodily injury*” are payable or must be provided under a workers’ compensation or disability benefits law or a similar law.
- e. To a person injured while taking part in “*organized athletic activities*” or other athletics. This exclusion does not apply to physical education classes at schools.

- f. Included within the “*products-completed operations hazard.*”
- g. Excluded under Coverage Section A.

3. Limits of Coverage

- a. Subject to the Limits of Coverage provisions of Coverage Section A, the Limit of Coverage shown in the Declarations as each person fix the most we will pay for medical expenses because of “*bodily injury*” to each person.

D. COVERAGE SECTION D

BODILY INJURY AND PROPERTY DAMAGE LIABILITY (AUTO LIABILITY)

Coverage is only afforded if a Limit of Coverage is shown in the Declarations.

1. Coverage Agreement

- a. We will pay on behalf of the insured all sums that the insured becomes legally obligated to pay because of “*bodily injury*” or “*property damage*” to which this Coverage Section applies, and resulting from the ownership, maintenance, or use including the “*loading or unloading*” of a covered “*auto.*” No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under SUPPLEMENTARY PAYMENTS. This coverage applies only to “*bodily injury*” and “*property damage*” which occurs during the “*coverage period.*” The “*bodily injury*” or “*property damage*” must be caused by an “*occurrence.*” The “*occurrence*” must take place in the “*coverage territory.*” We will have the right and duty to defend any “*suit*” seeking those damages even if any of the allegations of the “*suit*” are groundless, false, or fraudulent. But:
 - (1) The amount we will pay for damages is limited as described in LIMITS OF COVERAGE;
 - (2) We may investigate and settle any “*claim*” or “*suit*” at our discretion;
 - (3) Our right and duty to defend end when we have used up the applicable Limits of Coverage in the payment of judgments or settlements.
- b. 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 “*bodily injury.*”
- c. “*Property damage*” that is loss of use of tangible property that is not physically injured shall be deemed to occur at the time of the “*occurrence*” that caused it.

2. Special Exclusions

This Coverage Section does not apply to:

a. Care, Custody, or Control

“*Property damage*” to:

- (1) Property you own or rent;
- (2) Property loaned to you, being transported by you, or in your care, custody, or control except property loaned to you by another political entity.

However, this exclusion does not apply to “*property damage*” to a residence or private garage caused by covered “*auto*” of the private passenger type.

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 except liability assumed under a contract or agreement that is a “*covered contract*.”

c. Employee Injury

“*Bodily injury*” to an employee of the insured arising out of and in the course of employment by the insured or while performing duties related to the conduct of your business. We will nevertheless cover “*bodily injury*” caused by your employee to his fellow employee.

d. Expected or Intended Injury

“*Bodily injury*” or “*property damage*” expected or intended from the standpoint of the insured. This exclusion does not apply to “*bodily injury*” or “*property damage*” resulting from the use of reasonable force to protect persons or property.

However, this exclusion does not apply to “*bodily injury*” or “*property damage*” resulting from an employee while performing their duties and acting within the scope of their employment, unless such “*bodily injury*” or “*property damage*” is the result of any willful or wanton act of such employee in the performance of such duty.

e. Handling of Property

“*Bodily injury*” or “*property damage*” resulting from the handling of property:

- (1) Before it is moved from the place where it is accepted by the insured for movement into or onto the covered “*auto*,” or
- (2) After it is moved from the covered “*auto*” to the place where it is finally delivered by the insured.

f. Movement of Property

“*Bodily injury*” or “*property damage*” resulting from the movement of property by a mechanical device (other than a hand truck) not attached to the covered “*auto*.”

g. Pollution

“*Bodily injury*” or “*property damage*” arising out of the “*pollution hazard*”. This exclusion does not apply if the discharge, dispersal, migration, release, escape, or seepage of pollutants is sudden and accidental.

3. Who Is An Insured

In addition to those who are designated in the GENERAL TERMS AND CONDITIONS as insured for coverage under this Coverage Section, the following are also an insured:

- a. Anyone else is an insured while using, with your permission, a covered “*auto*” you own, hire, or borrow, except:
 - (1) The owner of a covered “*hired auto*” or a member of his or her household.
 - (2) Someone using a covered “*auto*” while he or she is working in a business of selling, servicing, repairing, or parking “*autos*” unless that business is yours.
 - (3) Anyone other than your employees, a lessee or borrower, or any of their employees while moving property to or from a covered “*auto*.”
- b. The owner of a commandeered auto while the commandeered auto is in your temporary care, custody, or control. A commandeered auto is an auto that you commandeer, or take with or without permission, for the purpose of performing emergency operations, such as firefighting or law enforcement activities.

Anyone liable for the conduct of an insured described above is an insured but only to the extent of that liability. However, the owner or anyone else from whom you hire or borrow a covered “*auto*” is an insured only if that “*auto*” is a “*trailer*” connected to a covered “*auto*” you own.

4. Which “Autos” Are Covered “Autos”

Any “*auto*” that is owned, hired, borrowed, a “*non-owned auto*”, or otherwise utilized by the Named Insured, including “*mobile equipment*” while being carried or towed by a covered “*auto*.”

5. Limits Of Coverage

- a. The Limits of Coverage shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
 - (1) Insureds;

- (2) “*Claims*” made or “*suits*” brought;
 - (3) Persons or organizations making “*claims*” or bringing “*suits*,” or
 - (4) Number of covered “*autos*” or “*autos*” involved in the “*occurrence*.”
- b. The most we will pay for the sum of all damages because of all injury or damage arising out of one “*occurrence*” is the limit shown in the Declarations as applicable to each “*occurrence*.”
 - c. All “*bodily injury*” and “*property damage*” arising out of continuous or repeated exposure to substantially the same general conditions shall be considered as arising from one “*occurrence*.”
 - d. While a covered “*auto*” is away from the state where it is licensed we will:
 - (1) Increase this coverage certificate's liability limits to meet those specified by a compulsory or financial responsibility law in the jurisdiction where the covered “*auto*” is being used.
 - (2) Provide the minimum amounts and types of other coverages required of out-of-state vehicles by the jurisdiction where the covered “*auto*” is being used.

We will not pay anyone more than once for the same elements of loss because of these extensions.

6. Supplementary Payments

In addition to the Supplementary Payments provision of the General Terms and Conditions, this coverage section will pay with respect to any “*claim*” or “*suit*” we defend:

- a. All expenses incurred by an insured for first aid to others at the time of an accident or “*occurrence*.”

**E. COVERAGE SECTION E.
UNINSURED/UNDERINSURED MOTORISTS COVERAGE**

Coverage is only afforded if a Limit of Coverage is shown in the Declarations.

1. Coverage Agreement

- a. We will pay all sums the insured is legally entitled to recover as compensatory damages from the owner or driver of an “*uninsured/ underinsured auto.*” The damages must result from “*bodily injury*” sustained by the insured caused by an “*occurrence.*” The owner's or driver's liability for these damages must result from the ownership, maintenance, or use of the *uninsured/ underinsured auto.*”
- b. We will pay only after all liability bonds or policies have been exhausted by judgments or payments.
- c. Any judgment for damages arising out of a “*suit*” brought without our written consent is not binding on us.

2. Special Exclusions

This Coverage Section does not apply to any of the following:

- a. “*Bodily injury*” sustained by:
 - (1) Your employee or volunteer while “*occupying,*” or when struck by, any vehicle owned by you that is not a covered “*auto*” for Uninsured or Underinsured Motorists Coverage under this coverage certificate.
- b. Anyone using an “*auto*” without a reasonable belief that the person is entitled to do so.
- c. Any “*claim*” settled without our consent.
- d. The direct or indirect benefit of any insurer or self-insurer under Workers’ Compensation, disability benefits, or similar law.
- e. Punitive or exemplary damages.

3. Who Is An Insured

- a. Anyone “*occupying*” within the scope of your permission a covered “*auto*” you own, or a temporary substitute for a covered “*auto*” you own. The temporary substitute must be for a covered “*auto*” that is out of service because of its breakdown, repair, servicing, loss or destruction.

- b. Anyone for damages he or she is entitled to recover as a representative of the injured insured.
- c. If an employee or volunteer is covered for liability coverages for a covered auto you do not own, any employee of yours is an insured under this coverage while using a covered “auto” you do not own, but only in the course of your business. However, your employee or volunteer is not covered if the covered “auto” is owned by that employee or a member of his or her household.

4. Limits of Coverage

- a. The Limits of Coverage shown in the Declarations and the rules below fix the most we will pay for all damages resulting from any one occurrence, regardless of the number of covered “autos,” insureds, premiums or premiums paid, “claims” made, or vehicles involved in the “occurrence,” the most we will pay for all damages resulting from any one “occurrence.”
- b. Any amount payable under this Coverage Section shall be reduced by:
 - (1) All sums paid or payable under any workers' compensation, disability benefits, or similar law; and
 - (2) All sums paid by or for anyone who is legally responsible, including all sums paid under any liability of this coverage certificate.
- c. Any amount paid under this coverage will reduce any amount an insured may be paid under any liability of this coverage certificate.
- d. No one will be entitled to receive duplicate payments for the same elements of loss.

5. Definitions Applicable Only To This Coverage Section

- a. “Occupying” means in, upon, getting in, on, out, or off.
- b. “Uninsured auto” means a land motor vehicle or trailer:
 - (1) To which no bodily injury liability bond or policy applies at the time of an “occurrence”;
 - (2) For which an insuring or bonding company denies coverage or is or becomes insolvent, or
 - (3) That is a hit-and-run vehicle and neither the driver nor owner can be identified. The vehicle must either:
 - (a) Hit an insured, a covered “auto,” or a vehicle an insured is “occupying;” or
 - (b) Cause “bodily injury” to the insured without physical contact with the insured, a covered “auto” or a vehicle the insured is “occupying.”

However, in such cases the insured must prove by a fair preponderance of the evidence that the “*bodily injury*” resulted from the negligence of an unidentified motorist.

However, “*uninsured auto*” does not include any vehicle:

- (1) Owned or operated by a self-insurer under any applicable motor vehicle or insurance law, except a self-insurer who is or who becomes insolvent and cannot provide the amounts required by that motor vehicle law;
 - (2) Owned by a governmental unit or agency;
 - (3) Designed for use mainly off public roads while not on public roads.
- d. “*Underinsured auto*” means a land motor vehicle or trailer for which the sum of all bodily injury liability bonds or policies applicable at the time of the “*occurrence*” is less than the Limit of this Coverage Section.

However, “*underinsured auto*” does not include any vehicle:

- (1) Owned or-operated by a self-insurer under any applicable motor vehicle law;
- (2) Owned by a governmental unit or agency;
- (3) Designed for use mainly off public roads while not on public roads; or
- (4) For which an insuring or bonding company denies coverage or is or becomes insolvent.

6. Changes Or Additions To General Conditions

The GENERAL CONDITIONS of the policy are changed for Uninsured/Underinsured Motorists Coverage as follows:

- a. OTHER INSURANCE is replaced by the following:

If there is other insurance available to cover damages for “*bodily injury*”, the following rules apply:

- (1) When this coverage certificate and other insurance both apply to the same loss, the most that we will pay is the highest limit of coverage that applies for any one “*auto*” under any one policy.
- (2) This policy provides excess coverage for “*autos*” you do not own. Excess coverage applies after other collectible “*uninsured auto*” and “*underinsured auto*” motorists insurance has been used up.
- (3) When this policy and other collectible “*uninsured auto*” and “*underinsured auto*” insurance apply to a loss on the same primary, secondary, or excess basis, we will pay that portion of the loss equal to what our limit of coverage bears to the total available limits applicable on the same level of priority.

- b. The following is added to the CONDITION entitled DUTIES IN THE EVENT OF “OCCURRENCE,” “CLAIM,” OR “SUIT.”

You and any other involved insured must:

- (1) Promptly notify the police if a hit-and-run driver is involved; and
- (2) Promptly send us copies of the legal papers if a “suit” is brought against you or by you.

- c. The following is added to the CONDITION entitled TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US.

If we make any payment and the insured recovers from another party, the insured shall hold the proceeds in trust for us and pay us back the amount we have paid.

We will not acquire by assignment the insured's right of action to recover for “bodily injury” from any third party prior to settlement or judgment.

7. Underinsured Motorists Conversion Coverage

If the schedule or Declarations indicate that Underinsured Motorists Conversion Coverage is included, the following provisions apply:

- a. The definition of “*underinsured auto*” is replaced by the following:
“*Underinsured auto*” means a land motor vehicle or trailer for which the sum of all payments received by or on behalf of the insured, from or on behalf of anyone who is legally responsible is less than the fair, just, and reasonable damages of the insured.
- b. With respect to coverage provided under the above definition of “*underinsured auto*,” the Limit of Coverage is not reduced by amounts paid by or on behalf of a tortfeasor or any third party, or under Workers' Compensation, disability benefits, or similar law.

F. COVERAGE SECTION F

EMPLOYEE BENEFITS LIABILITY (CLAIMS MADE FORM)

Coverage is only afforded if a Limit of Coverage is shown in the Declarations.

1. Coverage Agreement

We will pay on behalf of the insured all sums that the insured becomes legally obligated to pay as damages because of a “*claim*” first made against the insured during the “*coverage period*” by reason of any negligent act, error, or omission in the “*administration*” of your “*employee benefit programs*.”

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under SUPPLEMENTARY PAYMENTS. This coverage applies only to negligent acts, errors, or omissions that occur after the Retroactive Date, if any, shown in the Declarations and which also occur in the “*coverage territory*.”

We will have the right and duty to defend any “*suit*” seeking those damages even if any of the allegations of the “*suit*” are groundless, false, or fraudulent. However:

- a. The amount we will pay for damages is limited as described in Limits of Coverage.
- b. We may investigate and settle any “*claim*” or “*suit*” at our discretion; and
- c. Our right and duty to defend ends when we have used up the applicable Limits of Coverage in the payment of judgments or settlements.

2. Special Exclusions

This Coverage Section does not apply to any “*claim*”:

a. Advice on Investments and Savings Programs

Based upon advice given to any employee or beneficiary to participate or not participate in investments or savings programs.

b. “Bodily Injury,” “Property Damage,” “Personal Injury,” “Advertising Injury”

For “*bodily injury*” or arising out of “*property damage*,” “*personal injury*,” “*advertising injury*,” discrimination, or humiliation.

c. Changes in Benefit Programs

Based on changes in the ultimate cost or level of any benefit program available to any employee of the insured or changes made to any benefit program resulting from efforts of the insured to comply with any tax laws or other laws which result in changes to the benefits available to any employee of the insured.

d. Circumstances Known At Effective Date

Arising out of circumstances that the insured, at the effective date of this coverage, could have reasonably foreseen as giving rise to a “*claim*” or “*suit*.”

e. Fiduciary Liability

Based upon breach of fiduciary duty under the Employee Retirement Security Act of 1974.

f. Fiduciary Liability - Contractual Obligations

Based upon failure of an insured or any insurer or fiduciary to meet his obligation to make payment of benefits or otherwise perform his contractual obligations.

g. Investments or Savings Programs

Based upon failure of investments or savings programs to perform as represented.

h. Malicious Intent

Arising out of a dishonest, fraudulent, criminal, or malicious act.

i. Prior Acts

Based upon a negligent act, error, or omission that occurred prior to the Retroactive Date, if any, shown in the Declarations.

j. Failure to Comply with Law

Based upon failure to comply with any law concerning workers' compensation, unemployment insurance, social security, disability benefits, or any similar law.

3. Limits Of Coverage

a. The Limits of Coverage shown in the Declarations and the rules below fix the most we will pay regardless of the number of:

- (1) Insureds;
- (2) “*Claims*” made or “*suits*” brought;
- (3) Persons or organizations making “*claims*” or bringing “*suits*.”

b. The Limit of Coverage shown in the Declarations as Aggregate is the most we will pay for all damages because of all “*claims* made against all insureds during the “*coverage period*.”

- c. Subject to b. above the each “*claim*” limit shown in the Declarations is the most we will pay for all damages because of each “*claim*”.
- d. All damages claimed by one employee as the result of a series of acts, errors, or omissions shall be considered as one “*claim*” and the each “*claim*” limit will apply to that “*claim*.”

The Limits of this Coverage Section apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the “*coverage period*” shown in the Declarations, unless the “*coverage 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 Coverage.

If you or the other insureds are entitled to or exercise rights to an Extended Discovery Period, a separate aggregate limit equal to the aggregate limit applying to this Coverage Section will apply to the Extended Discovery Period.

4. Definitions Applicable Only To This Coverage Section

- a. “*Administration*” means:
 - (1) Giving counsel to employees with respect to “*employee benefit programs*;”
 - (2) Interpreting “*employee benefit programs*;”
 - (3) Handling of records in connection with “*employee benefit programs*;”
 - (4) Effecting enrollment, termination, or cancellation of employees under “*employee benefit programs*” performed by a person you authorized to do such acts.
- b. “*Employee benefit programs*” means group life insurance, group accident and health insurance, profit sharing pension plans, employee stock subscription plans, workers’ compensation insurance, unemployment insurance, social security and disability benefits insurance.

- c. “*Reduction in Coverage*”

For the purpose of this Coverage Section, “*reduction in coverage*” means any:

- (1) decrease in a limit;
- (2) increase in a deductible or self-insured retention; or
- (3) addition of a new limitation or exclusion

5. Special Conditions

- a. Loss Provisions

- (1) If during the “*coverage period*,” which includes any applicable Discovery Period, you or another insured shall:
 - (a) Receive written or oral notice from any employee or third party that it is the intention of the employee or third party to hold you or an insured responsible for any negligent act, error, or omission in the “*administration*” of your “*employee benefit program*,” or
 - (b) Become aware of any circumstances which may subsequently give rise to a “*claim*” being made against you or another insured for a negligent act, error, or omission in the “*administration*” of your “*employee benefit programs*,”

And provided that in either case written notice is given to us during the “*coverage period*” (including any applicable Discovery Period) of such written or oral notice under (a), or such circumstances under (b), then any “*claim*” which is subsequently made against you or another insured arising out of such negligent act, error, or omission in the “*administration*” of your “*employee benefit programs*” shall, for the purposes of this Coverage Section, be treated as a “*claim*” first made during the “*coverage period*.”

- (2) If we or you cancel or choose not to renew this Coverage Section or at any time we require a “*reduction in coverage*,” then you or another insured shall have the right to an extension of the coverage granted by this Coverage Section (said extension being called a Discovery Period), in respect of any “*claims*” first made against you or another insured during the Discovery Period. We will notify you in writing no earlier than the date coverage is cancelled, not renewed, or a “*reduction in coverage*” takes place and no later than 15 days after coverage ends of the limited reporting period, the need for purchasing an Extended Discovery Period, and the cost of that Extended Discovery Period. The right to the Discovery Period is subject to the following terms and conditions:
 - (a) The coverage will apply to “*claims*” first made during the Discovery Period, but only as respects a negligent act, error, or omission in the “*administration*” of your “*employee benefit programs*” committed before the effective date of cancellation, non-renewal, or imposition of an exclusion, and for which coverage is otherwise provided pursuant to the terms of this Coverage Section;
 - (b) If the Discovery Period results from the imposition of a “*reduction in coverage*” on renewal, then the coverage will only apply to “*claims*” first made during the Discovery Period for any negligent act, error, or omission in the “*administration*” of your “*employee benefit programs*” which would have been covered prior to the “*reduction in coverage*,”

- (c) The Discovery Period will be determined as follows:
 - (i) If at the time of termination of coverage subject to this provision you owe us any premiums for this Coverage Section or have any outstanding unpaid reimbursable deductibles due, the Discovery Period will be 30 days unless such amounts due are paid within 30 days of termination of coverage;
 - (ii) If at the time of termination of coverage subject to this provision you do not owe us any premiums or reimbursable deductibles, or pay such amounts as are due within 30 days of termination of coverage, the Discovery Period will be 90 days;
- (d) You have the option of purchasing an Extended Discovery Period equal to three years beginning at the end of the Discovery Period, but only if you have notified us in writing within 30 days of termination of coverage or 15 days after we mail you notice of the availability of the Extended Discovery Period and you pay the necessary additional premium when it is due.

The Additional Premium due for the Extended Discovery Period will be determined by us based on the rates and rules in effect when this Coverage Section took effect. This premium will not exceed 200% of the annual premium for this Coverage Section, as shown in the Declarations.

Once you have notified us in writing that you want to purchase the Extended Discovery Period and pay the necessary additional premium, the Extended Discovery Period may not be cancelled and the premium is considered fully earned.

If this Coverage Section is cancelled or not renewed as a result of non-payment of premium, any premium paid for the Extended Discovery Period will first be applied to any premium for this Coverage Section that was not paid when due. The remaining balance of the premium payment, if any, will then be applied to the purchase of the Extended Discovery Period. However, the Extended Discovery Period won't take effect until the past due premium is paid in full and the Extended Discovery Period premium is paid in full when due.

- b. The Retroactive Date (if any) may not be changed to a later date during the time that this Coverage Section has been continuously in effect with us, or during the Discovery Period unless you have consented in writing to making this change and we have notified you of your right to buy an Extended Discovery Period.

(This page left intentionally blank)

G. COVERAGE SECTION G

LAW ENFORCEMENT LIABILITY

Coverage is only afforded if a Limit of Coverage is shown in the Declarations.

1. Coverage Agreement

- a. We will pay on behalf of the insured all sums that the insured becomes legally obligated to pay as damages because of a “*wrongful act*” which results in “*bodily injury*,” “*property damage*,” “*personal injury*,” or “*advertising injury*” to which this Coverage Section applies.

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

This coverage applies only if the “*wrongful act*” was committed in the course of and the injury or damage arises out of “*law enforcement*.”

This coverage applies to “*bodily injury*” and “*property damage*” which occurs during the “*coverage period*,” and to “*personal injury*” and “*advertising injury*” caused by an offense committed during the “*coverage period*.”

This coverage applies to “*bodily injury*,” “*property damage*,” “*personal injury*,” and “*advertising injury*” for “*wrongful acts*” which take place in the “*coverage territory*.”

- b. We will have the right and duty to defend any “*suit*” seeking covered damages even if the allegations of the “*suit*” are groundless, false, or fraudulent. However:
 - (1) The amount we will pay for damages is limited as described in LIMITS OF COVERAGE;
 - (2) We will not settle any “*claim*” or “*suit*” without your consent, unless, after we have given you reasonable notice, you do not respond to our request for your consent to settle; in which case we shall have the authority to settle such “*claim*” or “*suit*” at our discretion. If you refuse to consent to our recommendation to the settlement of any “*claim*” or “*suit*,” to which settlement the claimant has agreed, and elect to contest such “*claim*” or “*suit*” or continue any legal proceedings in connection with such “*claim*” or “*suit*,” our liability for the “*claim*” or “*suit*” shall not exceed the amount, if any, excess of your deductible for which the “*claim*” or “*suit*” could have been so settled or the amounts described in subparagraph (1) above, whichever is less. You will pay or reimburse us for legal fees and other costs of defense incurred after you have declined to consent to a settlement recommended by us. Upon declining

to consent to a recommended settlement, you may take over control of the defense, including choice of attorneys, and in such case you will pay the costs of defense directly; we will remain liable only for the amount, if any, excess of your deductible for which the “*claim*” or “*suit*” could have been so settled or the amounts described in subparagraph (1) above, whichever is less.

- (3) Our right and duty to defend ends when we have used up the applicable Limits of Coverage in the payment of judgments, settlements, medical payments.
 - (4) No insured shall admit liability for, nor make any voluntary settlement, nor incur any costs or expenses in connection with any “*claim*” or “*suit*” without our written consent.
- c. Damages because of “*bodily injury*” include damages claimed by any person or organization for care, loss of services, or death resulting at any time from “*bodily injury*.”
- d. “*Property damage*” that is loss of use of tangible property that is not physically injured shall be deemed to occur at the time of the “*wrongful act*” that caused it.

2. Special Exclusions

This Coverage Section does not apply to:

a. Advertising Injury

“*Advertising Injury*” arising out of:

- (1) Breach of contract, other than misappropriation of advertising ideas under an implied contract;
- (2) The failure of goods, products, or services to conform with advertised quality or performance;
- (3) The wrong description of the price of goods, products, or services; or
- (4) An offense committed by an insured whose business is advertising, broadcasting, publishing, or telecasting.

b. Automobile

“*Bodily injury*” or “*property damage*” arising out of ownership, maintenance, or use of any “*auto*” owned, operated, rented, leased, hired, or borrowed by any insured. Use includes operation and *loading or unloading*.”

This exclusion does not apply to the parking of 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. The term premises does not include roads you own.

c. Contractual Liability

“Bodily injury,” “property damage,” “personal injury,” or “advertising injury” 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) Assumed in a mutual law enforcement assistance agreement or contract with another political entity;
- (2) Liability assumed in a lease of premises, easement agreement, or equipment lease; or
- (3) That the insured would have in the absence of the contract or agreement.

d. 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.

e. Damage to Property

“Property damage” to:

- (1) Property you own, rent, or occupy;
- (2) Premises you sell, give away, or abandon, if the *“property damage”* arises out of any part of those premises;
- (3) Property loaned to you, except property loaned to you by another political entity;
- (4) Personal property in your care, custody, or control except property loaned to you by another political entity;
- (5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the *“property damage”* arises out of those operations; or
- (6) That particular part of any property that must be restored, repaired, or replaced because *“your work”* was incorrectly performed on it.

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.

Paragraph (3), (4), (5), and (6) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph (4) of this exclusion does not apply to property of persons involuntarily confined or property held as evidence or otherwise seized or impounded if such property has been accurately recorded and is reasonably secured.

Paragraph (6) of this exclusion does not apply to “*property damage*” included in the “*products-completed operations hazard*.”

f. Damage to “Your Product”

“*Property damage*” to “*your product*” arising out of it or any part of it.

g. 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 *property damage* arises, was performed on your behalf by a subcontractor.

h. Fraud, Bad Faith, Criminal Acts, Malicious Intent

Any “*claim*” or “*suit*” involving allegations of fraud, bad faith, dishonest or criminal acts or omissions, or malicious intent; however, the insured shall be reimbursed for all amounts which would have been collectible under this Coverage Section if such allegations are not subsequently proven.

i. Law Enforcement Performed for Others

“*Claims*” or “*suits*” arising out of the performance of any act or any law enforcement for anyone other than you. This exclusion does not apply to (1) the performance of any act or law enforcement operation or activity under a mutual law enforcement assistance agreement or other contract between you and another political entity, and (2) any departmentally approved activities.

j. Mobile Equipment

“*Bodily injury*” or “*property damage*” arising out of the ownership, maintenance, operations, use, loading or unloading of “*mobile equipment*”.

k. Non-Monetary Damages

Actions, “*claims*” or “*suits*,” or demands seeking relief or redress in any form other than money damages. We also do not have any obligation to indemnify the insured for any costs, fees, or expenses which the insured shall become obligated to pay as a result of an adverse judgment for injunctive or declaratory relief. However, we will afford defense to you for such actions, *claims*,” *suits*,” or demands, if not otherwise excluded, where compensatory damages are demanded.

l. Personal Injury / Advertising Injury

“*Personal injury*” or “*advertising injury*:”

- (1) Arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity;
- (2) Arising out of oral or written publication of material whose first publication took place before the beginning of the “*coverage period*;”
- (3) Arising out of the willful violation of a penal statute or ordinance committed by or with the consent of the insured.
- (4) For which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages
 - (a) Assumed by you in a contract or agreement that is a “*covered contract*;” or
 - (b) That the insured would have in the absence of the contract or agreement.

m. Premises You Own

“*Bodily injury*” or “*property damage*” arising out of the physical condition of any premises (or part thereof) owned by you or in your possession or control.

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, organization, government agency, or regulatory authority acting voluntarily or involuntarily because of a known or suspected defect, deficiency, inadequacy, or dangerous condition in it.

o. Willful Violation

“*Claims*” or “*suits*” arising out of the willful violation of a statute, regulation, or ordinance committed by or with the knowledge or consent of the insured.

Exclusions d. through g. do not apply to damage by fire or explosion to premises rented to you or temporarily occupied by you with permission of the owner. A separate limit of coverage applies to this coverage as described in LIMITS OF COVERAGE.

3. Who Is An Insured

In addition to those who are designated in the GENERAL TERMS AND CONDITIONS as insured for coverage under this Coverage Section, the following are also an insured:

- a. Any person (other than your employee), or any organization while acting as your real estate manager.
- b. Past and future employees, volunteers, and holders of the positions indicated in subparagraphs 3a. and b. of the WHO IS AN INSURED provisions of the GENERAL TERMS AND CONDITIONS but only to the extent and on the terms indicated with respect to present employees, volunteers, and holders of such positions.

4. Limits Of Coverage

- a. The Limits of Coverage shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
 - (1) Insureds;
 - (2) “*Claims*” made or “*suits*” brought; or
 - (3) Persons or organization making “*claims*” or bringing “*suits.*”
- b. The Limit of Coverage shown in the Declarations as Aggregate is the most we will pay for all damages because of all “*claims*” first made against all insureds.
- c. Subject to b. above the each “*wrongful act*” limit shown in the Declarations is the most we will pay for all “*bodily injury*” and “*property damage*” that takes place and all offenses giving rise to “*personal injury*” and/or “*advertising injury*” as a result of one “*wrongful act.*”

The Limits of this Coverage Section apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the “*coverage period*” shown in the Declarations, unless the “*coverage 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 Coverage.

5. Special Definitions

a. *“Personal Injury”*

For the purpose of this Coverage Section the term *“personal injury”* is amended to include the following subparagraphs:

- (6) False, erroneous, or improper service of civil papers.
- (7) Violation of civil rights including discrimination.
- (8) Assault and battery.

b. *“Wrongful Act”*

For the purpose of this Coverage Section the term *“wrongful act”* shall mean any actual or alleged error, omission, misstatement, act of neglect, or breach of duty including misfeasance, malfeasance, or nonfeasance of you or an insured while acting in his capacity as such in *“law enforcement.”*

(This page intentionally left blank)

H. COVERAGE SECTION H

PUBLIC OFFICIALS LIABILITY (CLAIMS MADE FORM)

Coverage is only afforded if a Limit of Coverage is shown in the Declarations.

1. Coverage Agreement

- a. We will pay on behalf of an individual insured those sums which the individual insured becomes legally obligated to pay as damages because of a “*claim*” first made against him during the “*coverage period*” by reason of a “*wrongful act*.”
- b. We will pay on your behalf those sums that you are either obligated or permitted to pay an individual insured as indemnity for damages or other loss sustained because of a “*claim*” first made against him during the “*coverage period*” by reason of a “*wrongful act*.”
- c. We will pay on your behalf those sums that you become legally obligated to pay as damages because of a “*claim*” first made against you during the “*coverage period*” by reason of a “*wrongful act*.”

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under SUPPLEMENTARY PAYMENTS. This coverage applies only to a “*wrongful act*” which occurs after the Retroactive Date, if any, shown in the Declarations and which also occurs in the “*coverage territory*.”

- d. If this coverage applies to a “*claim*”, we will have the right and duty to defend any suit seeking damages because of that “*claim*” even if any of the allegations of that suit are groundless, false, or fraudulent, but:
 - (1) The amount we will pay for damages is limited as described in LIMITS OF COVERAGE;
 - (2) We will not settle any “*claim*” or suit without your consent, unless, after we have given you reasonable notice, you do not respond to our request for your consent to settle; in which case we shall have the authority to settle such “*claim*” or suit at our discretion. If you refuse to consent to our recommendation to the settlement of any “*claim*” or suit, to which settlement the claimant has agreed and elect to contest such “*claim*” or suit or continue any legal proceedings in connection with such “*claim*” or suit, our liability for the “*claim*” or suit shall not exceed the amount, if any, excess of your deductible for which the “*claim*” or suit could have been so settled or the amounts described in subparagraph (1) above, whichever is less. You will pay or reimburse us for legal fees and other costs of defense incurred after you have declined to consent to a settlement recommended by us. Upon declining to consent to a recommended settlement, you may take over control of the defense,

including choice of attorneys, and in such case you will pay the costs of defense directly; we will remain liable only for the amount, if any, excess of your deductible for which the “*claim*” or suit could have been so settled or the amounts described in subparagraph (1) above, whichever is less.

- (3) Our right and duty to defend end when we have used up the applicable limit of coverage in the payment of judgments, settlements.
 - (4) No insured shall admit liability for, nor make any voluntary settlement, nor incur any costs or expenses in connection with any “*claim*” or suit without our written consent.
- e. All “*claims*” for damages because of the same or interrelated “*wrongful acts*” will be deemed to have been made at the time the first of those “*claims*” is made against any insured.

2. Special Exclusions

a. This coverage section does not apply to:

- (1) **“*Bodily Injury,*” “*Property Damage,*” “*Personal Injury,*” or “*Advertising Injury*”**

A “*claim*” for, based upon, or arising from “*bodily injury,*” “*property damage,*” “*personal injury,*” or “*advertising injury.*” However, this exclusion will not apply to any “*claim*” for “*personal injury*” or “*advertising injury*” arising out of “*employment related practices.*”

- (2) **Breach of Contract**

A “*claim*” for or arising out of breach of contract, except this exclusion shall not apply to “*claims*” for or arising out of “*employment related practices.*”

- (3) **Circumstances Known at Effective Date**

A “*claim*” arising out of circumstances which the insured, prior to the inception date of this coverage, could have reasonably foreseen as giving rise to a “*claim*” or suit.

- (4) **“*Claims*” By One Insured Against Another**

Any cross “*claim*” or counterclaim brought by you against an “*insured*” or brought by an “*insured*” against you or another “*insured*”.

(5) **Cost Estimate Overruns, Contractual Penalties, Retainages**

A “*claim*” arising out of cost estimate overruns, contractual penalties, or retainage on any project.

(6) **Criminal Action**

A “*claim*” which is in the nature of a criminal action, prosecution, or proceeding. However, notwithstanding the foregoing, an insured shall be protected under the terms of this policy as to any “*claims*” upon which suit may be brought against the insured by reason of any alleged criminal action on the insured’s part unless a judgment or other final adjudication thereof adverse to the insured shall establish that the criminal act committed by the insured was material to the cause of action so adjudicated.

(7) **Employee Benefit Programs**

Any “*claim*” or suit for damages arising out of any negligent act, error, or omission in the “*administration*” of your “*employee benefit programs*.”

(8) **Failure to Maintain Insurance**

A “*claim*” arising out of failure to effect or maintain adequate insurance.

(9) **Fiduciary Liability**

Any “*claim*” or suit for damages arising from your or an insured’s activities in a fiduciary capacity as respects public property and funds, bonds, bond obligations, and employee benefit and retirement funds and obligations.

(10) **Fiduciary Liability - Employee Benefit Plans**

A “*claim*” for breach of fiduciary duty with respect to an employee benefit plan sponsored by you.

(11) **Non-Monetary Damages**

A “*claim*” seeking relief, or redress in any form other than money damages.

(12) **Prior Acts**

A “*claim*” based upon a “*wrongful act*” committed prior to the Retroactive Date shown in the Declarations.

(13) **Professional Personnel**

A “*claim*” against any attorney-at-law, medical personnel, architect, engineer, or accountant while acting in the scope of his professional duties if such person is not on your payroll.

(14) **Return of Wages**

A “*claim*” for back wages, overtime, or other wage-related compensation or from any collective employee bargaining agreements or any amounts due under any “*employee benefit programs*”.

(15) **Riot, Civil Commotion, Mob Action**

“*Bodily injury*” or “*property damage*” arising out of riot, civil commotion, or mob action or out of any act or omission in connection with the prevention or suppression of the foregoing.

(16) **School Operations**

Any “*claim*” arising out of the operations or activities of your schools. However, this exclusion does not apply to your School Building Committees which report to you.

(17) **Special Operations**

A “*claim*” arising out of the operations or activities of units, boards, or commissions (or a member thereof when acting as such) of the following type:

- (a) Airport
- (b) Hospital
- (c) Gas or electric utility
- (d) Housing authority

Notwithstanding the above, we agree to provide a defense, if not provided by an insurer of that entity or any other insurer, to your elected or appointed directors, officers, officials, and members of boards or commissions for any “*claim*” or suit because of a “*wrongful act*” in connection with the above stated operations or activities, provided that such “*claim*” or suit arises specifically from their duties as your directors, officers, officials, or board or commission members.

(18) **Willful Violation**

A “*claim*” arising from the willful violation of any statute, ordinance, or regulation. However, notwithstanding the foregoing, the insured shall be protected under the terms of this policy as to any “*claims*” upon which suit may be brought against the insured by reason of any alleged willful violation on the insured’s part unless a judgment or other final adjudication thereof adverse to the insured shall establish that the willful violation committed by the insured was material to the cause of action so adjudicated.

- b. Paragraph 1a. of the COVERAGE AGREEMENT does not apply to a “*claim*”:

(1) **Fraud or Dishonesty of Individual Insured**

Brought about or contributed to by the fraud or dishonesty of the insured against whom “*claim*” is being made; however, notwithstanding the foregoing, the insured shall be protected under the terms of this policy as to any “*claims*” upon which suit may be brought against him by reason of any alleged fraud or dishonesty on his part unless a judgment or other final adjudication thereof adverse to him shall establish that acts of active and deliberate fraud or dishonesty committed by him with actual fraudulent or dishonest purpose and intent were material to the cause of action so adjudicated.

(2) **Personal Profit or Advantage**

Based upon or attributable to the insured against whom “*claim*” is being made gaining in fact any personal profit or advantage to which he was not legally entitled.

- c. **Your Fraud or Dishonesty**

Paragraph 1c. of the COVERAGE AGREEMENT does not apply to a “*claim*” which arises by reason of your fraud or other active and deliberate dishonesty; however, notwithstanding the foregoing, you shall be protected under the terms of this policy as to any “*claims*” upon which suit may be brought against you by reason of any alleged fraud or dishonesty on your part unless a judgment or other final adjudication thereof adverse to you shall establish that acts of active and deliberate fraud or dishonesty committed by you with actual fraudulent or dishonest purpose and intent were material to the cause of action so adjudicated.

3. Limits Of Coverage

- a. The Limit of Coverage shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
- (1) Insureds;
 - (2) “*Claims*” made or suits brought;

- (3) Persons or organizations making “*claims*” or bringing suits.
- b. The Limit of Coverage shown in the Declarations as Aggregate is the most we will pay for all damages because of all “*claims*” first made against all insureds.
- c. Subject to b. above the each “*wrongful act*” limit shown in the Declarations is the most we will pay for all damages because of each “*claim*”.

The Limits of this Coverage Section apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the “*coverage period*” shown in the Declarations, unless the “*coverage 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 Coverage.

If you or the other insureds are entitled to or exercise rights to an Extended Discovery Period, a separate aggregate limit equal to the aggregate limit applying to this Coverage Section will apply to the Extended Discovery Period.

4. Special Conditions

a. Loss Provisions

- (1) If during the “*coverage period*,” which includes any applicable Discovery Period, you or another insured shall:
 - (a) Receive written or oral notice from any third party that it is the intention of the third party to hold you or an insured responsible for a “*wrongful act*,” or
 - (b) Become aware of any circumstances which may subsequently give rise to a “*claim*” being made against you or another insured for a “*wrongful act*,”

And provided that in either case written notice is given to us during the “*coverage period*” (including any applicable Discovery Period) of such written or oral notice under (a), or such circumstances under (b), then any “*claim*” which is subsequently made against you or another insured arising out of such “*wrongful act*” shall, for the purposes of this Coverage Section, be treated as a “*claim*” first made during the “*coverage period*.”

- (2) If we or you cancel or choose not to renew this Coverage Section or at any time we require a “*reduction in coverage*,” you or another insured shall have the right to an extension of the coverage granted by this Coverage Section (said extension being called a Discovery Period), in respect of any “*claims*” first made against you or another insured during the Discovery Period. We will notify you in writing no earlier than the

date coverage is cancelled, not renewed, or a “*reduction in coverage*” takes place and no later than 15 days after coverage ends of the limited reporting period, the need for purchasing an Extended Discovery Period, and the cost of that Extended Discovery Period. The right to the Discovery Period is subject to the following terms and conditions:

- (a) The coverage will apply to “*claims*” first made during the Discovery Period, but only with respect of a “*wrongful act*” committed before the effective date of cancellation, non-renewal, or imposition of an exclusion, and for which coverage is otherwise provided pursuant to the terms of this Coverage Section;
- (b) If the Discovery Period results from the imposition of a “*reduction in coverage*” on renewal, then the coverage will only apply to “*claims*” first made during the Discovery Period for a “*wrongful act*” that would have been covered prior to the “*reduction in coverage*;”
- (c) The Discovery Period will be determined as follows:
 - (i) If at the time of termination of coverage subject to this provision you owe us any premiums for this Coverage Section or have any outstanding unpaid reimbursable deductibles due, the Discovery Period will be 30 days unless such amounts due are paid within 30 days of termination of coverage;
 - (ii) If at the time of termination of coverage subject to this provision you do not owe us any premiums or reimbursable deductibles, or pay such amounts as are due within 30 days of termination of coverage, the Discovery Period will be 90 days;
- (d) You have the option of purchasing an Extended Discovery Period equal to three years beginning at the end of the Discovery Period, but only if you have notified us in writing within 30 days of termination of coverage or 15 days after we mail you notice of the availability of the Extended Discovery Period, whichever comes first, and you pay the necessary additional premium when it is due.

The Additional Premium due for the Extended Discovery Period will be determined by us based on the rates and rules in effect when this Coverage Section took effect. This premium will not exceed 200% of the annual premium for this Coverage Section, as shown in the Declarations.

Once you have notified us in writing that you want to purchase the Extended Discovery Period and pay the necessary additional

premium, the Extended Discovery Period may not be cancelled and the premium is considered fully earned.

If this Coverage Section is cancelled or not renewed as a result of non-payment of premium, any premium paid for the Extended Discovery Period will first be applied to any premium for this Coverage Section that was not paid when due. The remaining balance of the premium payment, if any, will then be applied to the purchase of the Extended Discovery Period. However, the Extended Discovery Period won't take effect until the past due premium is paid in full and the Extended Discovery Period premium is paid in full when due.

- b. The WHO IS AN INSURED provisions of the GENERAL TERMS AND CONDITIONS are amended to include past and future employees, volunteers, and holders of the positions indicated in subparagraph 3 a. and b., but only to the extent and on the terms indicated with respect to present employees, volunteers, and holders of such positions.
- c. The Retroactive Date (if any) may not be changed to a later date during the time that this Coverage Section has been continuously in effect with us, or during the Discovery Period unless you have consented in writing to making this change and we have notified you of your right to buy an Extended Discovery Period.

5. Special Definitions

a. "Administration"

For the purpose of this Coverage Section, "administration" means:

- (1) Giving counsel to employees with respect to "employee benefit programs;"
- (2) Interpreting "employee benefit programs;"
- (3) Handling of records in connection with "employee benefit programs;"
- (4) Effecting enrollment, termination, or cancellation of employees under "employee benefit programs" performed by a person you authorized to do such acts.

b. "Employee Benefit Programs"

For the purpose of this Coverage Section, "employee benefit programs" means group life insurance, group accident and health insurance, profit sharing plans, pension plans, employee stock subscription plans, workers' compensation insurance, unemployment insurance, social security and disability benefits insurance.

c. *“Reduction in Coverage”*

For the purpose of this Coverage Section, *“reduction in coverage”* means any:

- (1) decrease in a limit;
- (2) increase in a deductible or self-insured retention; or
- (3) addition of a new limitation or exclusion

d. *“Wrongful Act”*

For the purpose of this Coverage Section, the term *“wrongful act”* shall mean any actual or alleged error, omission, misstatement, act of neglect, or breach of duty including misfeasance, malfeasance, or nonfeasance of you or an insured, including *“employment related practices”*.

(This page intentionally left blank)

I. COVERAGE SECTION I

SCHOOL LEADERS LIABILITY (CLAIMS MADE FORM)

Coverage is only afforded if a Limit of Coverage is shown in the Declarations.

1. Coverage Agreement

- a. We will pay on behalf of an individual insured those sums which the individual insured becomes legally obligated to pay as damages because of a “*claim*” first made against him during the “*coverage period*” by reason of a “*wrongful act*.”
- b. We will pay on your behalf those sums that you are either obligated or permitted to pay an individual insured as indemnity for damages or other loss sustained by him because of a “*claim*” first made against him during the “*coverage period*” by reason of a “*wrongful act*.”
- c. We will pay on your behalf those sums that you become legally obligated to pay as damages because of a “*claim*” first made against you during the “*coverage period*” by reason of a “*wrongful act*.”

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under SUPPLEMENTARY PAYMENTS. This coverage applies only to a “*wrongful act*” which occurs after the Retroactive Date, if any, shown in the Declarations and which also occurs in the “*coverage territory*.”

- d. If this coverage applies to a “*claim*”, we will have the right and duty to defend any suit seeking damages because of that “*claim*” even if any of the allegations of that suit are groundless, false, or fraudulent. But:
 - (1) The amount we will pay for damages is limited as described in LIMITS OF COVERAGE;
 - (2) We will not settle any “*claim*” or suit without your consent, unless, after we have given you reasonable notice, you do not respond to our request for your consent to settle; in which case we shall have the authority to settle such “*claim*” or suit at our discretion. If you refuse to consent to our recommendation to the settlement of any “*claim*” or suit, to which settlement the claimant has agreed, and elect to contest such “*claim*” or suit or continue any legal proceedings in connection with such “*claim*” or suit, our liability for the “*claim*” or suit shall not exceed the amount, if any, excess of your deductible for which the “*claim*” or suit could have been so settled or the amounts described in subparagraph (1) above, whichever is less. You will pay or reimburse us for legal fees and other costs of defense incurred after you have declined to consent to a settlement recommended by us. Upon declining to consent to a recommended settlement, you may take over control of the defense, including choice of attorneys, and in such case you will pay the costs of

defense directly; we will remain liable only for the amount, if any, excess of your deductible for which the “*claim*” or suit could have been so settled or the amounts described in subparagraph (1) above, whichever is less.

- (3) Our right and duty to defend ends when we have used up the applicable limit of coverage in the payment of judgments and settlements.
 - (4) No insured shall admit liability for, nor make any voluntary settlement, nor incur any costs or expenses in connection with any “*claim*” or suit without our written consent.
- e. All “*claims*” for damages because of the same or interrelated “*wrongful acts*” will be deemed to have been made at the time the first of those “*claims*” is made against any insured.
- f. This coverage applies only if the “*wrongful act*” was committed in the course of your school operations.

2. Special Exclusions

a. This coverage section does not apply to:

(1) **Assault, Battery, Molesting**

A “*claim*” arising from assault, battery, or molesting.

(2) **“Bodily Injury,” “Property Damage,” “Personal Injury,” “Advertising Injury”**

A “*claim*” for, based upon, or arising from “*bodily injury*,” “*property damage*,” “*personal injury*,” or “*advertising injury*”. However, this exclusion will not apply to any “*claim*” for “*personal injury*” or “*advertising injury*” arising out of “*employment related practices*.”

(3) **Breach of Contract**

A “*claim*” for or arising out of breach of contract, except this exclusion shall not apply to “*claims*” for or arising out of breach of an employment contract.

(4) **Circumstances Known at Effective Date**

A “*claim*” arising out of circumstances which the insured, at the effective date of this coverage, could have reasonably foreseen as giving rise to a “*claim*” or suit.

(5) **“Claims” By One Insured Against Another**

Any cross “*claim*” or counterclaim brought by you against an “*insured*” or brought by an “*insured*” against you or another “*insured*”.

(6) **Cost Estimate Overruns, Contractual Penalties, Retainages**

A “*claim*” arising out of cost estimate overruns, contractual penalties, or retainages on any project.

(7) **Criminal Action**

A “*claim*” which is in the nature of a criminal action, prosecution, or proceeding. However, notwithstanding the foregoing, the insured shall be protected under the terms of this policy as to any “*claims*” upon which suit may be brought against the insured by reason of any alleged criminal action on the insured’s part unless a judgment or other final adjudication thereof adverse to the insured shall establish that the criminal act committed by the insured was material to the cause of action so adjudicated.

(8) **Employee Benefit Programs**

Any “*claim*” or suit for damages arising out of any negligent act, error, or omission in the “*administration*” of your “*employee benefit programs*.”

(9) **Failure to Maintain Insurance**

A “*claim*” arising out of failure to effect or maintain adequate insurance.

(10) **Fiduciary Liability**

A “*claim*” for breach of fiduciary duty with respect to an employee benefit plan sponsored by you.

(11) **Integration/Desegregation**

To any “*claim*” or suit for liability directly or indirectly arising out of:

- (a) Any failure to integrate or desegregate the student enrollment or participation in any school district, school or educational, or extra-curricular program on the basis of race, ethnic background, or national origin; or
- (b) The busing or other transportation of students to or from schools or extra-curricular events in connection with a program or plan of such integration or desegregation; or
- (c) Causing or allowing the student enrollment or participation in any school district, school or educational, or extra-curricular program

to be operated or administered on a discriminatory basis because of race, ethnic background, or national origin.

However we will indemnify the insured for defense of such “*claims*” or suits, other than “*claims*” or suits brought by any political entity, subject to an aggregate of \$100,000 for any one “*coverage period*”.

(12) **Non-Monetary Damages**

A “*claim*” seeking relief or redress in any form other than money damages.

(13) **Prior Acts**

A “*claim*” based upon a “*wrongful act*” committed prior to the Retroactive Date shown in the Declarations.

(14) **Return of Wages**

A “*claim*” for back wages, overtime, or other wage-related compensation or from any collective employee bargaining agreements or any amounts due under any “*employee benefit programs*.”

(15) **Riot, Civil Commotion, Mob Action**

“*Bodily injury*” or “*property damage*” arising out of riot, civil commotion, or mob action or out of any act or omission in connection with the prevention or suppression of the foregoing.

(16) **Willful Violation**

A “*claim*” arising from the willful violation of any statute, ordinance, or regulation. However, notwithstanding the foregoing, the insured shall be protected under the terms of this policy as to any “*claims*” upon which suit may be brought against the insured by reason of any alleged willful violation on the insured’s part unless a judgment or other final adjudication thereof adverse to the insured shall establish that the willful violation committed by the insured was material to the cause of action so adjudicated.

b. Paragraph 1a. of the COVERAGE AGREEMENT does not apply to a “*claim*”:

(1) **Fraud or Dishonesty of Individual Insured**

Brought about or contributed to by the fraud or dishonesty of the insured against whom “*claim*” is being made; however, notwithstanding the foregoing, the insured shall be protected under the terms of this policy as to any “*claims*” upon which suit may be brought against him by reason of any alleged fraud or dishonesty on his part unless a judgment

or other final adjudication thereof adverse to him shall establish that acts of active and deliberate fraud or dishonesty committed by him with actual fraudulent or dishonest purpose and intent were material to the cause of action so adjudicated;

(2) **Personal Profit or Advantage**

Based upon or attributable to the insured against whom “*claim*” is being made gaining in fact any personal profit or advantage to which he was not legally entitled.

c. **Your Fraud or Dishonesty**

Paragraph 1c. of the COVERAGE AGREEMENT does not apply to a “*claim*” which arises by reason of your fraud or other active and deliberate dishonesty; however, notwithstanding the foregoing, you shall be protected under the terms of this policy as to any “*claims*” upon which suit may be brought against you by reason of any alleged fraud or dishonesty on your part unless a judgment or other final adjudication thereof adverse to you shall establish that acts of active and deliberate fraud or dishonesty committed by him with actual fraudulent or dishonest purpose and intent were material to the cause of action so adjudicated.

3. Limits Of Coverage

- a. The Limit of Coverage shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
 - (1) Insureds;
 - (2) “*Claims*” made or suits brought;
 - (3) Persons or organizations making “*claims*” or bringing suits.
- b. The Limit of Coverage shown in the Declarations as Aggregate is the most we will pay for all damages because of all “*claims*” first made against all insureds.
- c. Subject to b. above the each “*wrongful act*” limit shown in the Declarations is the most we will pay for all damages because of each “*claim.*”

The Limits of this Coverage Section apply separately to each consecutive period and to any remaining period of less than 12 months, starting with the beginning of the “*coverage period*” shown in the Declarations, unless the “*coverage 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 Coverage.

If you or the other insureds are entitled to or exercise rights to an Extended Discovery Period, a separate aggregate limit equal to the aggregate limit applying to this Coverage Section will apply to the Extended Discovery Period.

4. Special Conditions

a. Loss Provisions

- (1) If during the “*coverage period*,” which includes any applicable Discovery Period, you or another insured shall:
 - (a) Receive written or oral notice from any third party that is the intention of the third party to hold you or an insured responsible for a “*wrongful act*”; or
 - (b) Become aware of any circumstances which may subsequently give rise to a “*claim*” being made against you or another insured for a “*wrongful act*.”

And provided that in either case written notice is given to us during the “*coverage period*” (including any applicable Discovery Period) of such written or oral notice under (a), or such circumstances under (b), then any “*claim*” which is subsequently made against you or another insured arising out of such “*wrongful act*” shall, for the purposes of this Coverage Section, be treated as a “*claim*” first made during the “*coverage period*.”

- (2) If we or you cancel or choose not to renew this Coverage Section or on renewal we require a “*reduction in coverage*,” you or another insured shall have the right to an extension of the coverage granted by this Coverage Section (said extension being called a Discovery Period), in respect of any “*claim*” first made against you or another insured during the Discovery Period. We will notify you in writing no earlier than the date coverage is cancelled, not renewed, or a “*reduction in coverage*” takes place and no later than 15 days after coverage ends of the limited reporting period, the need for purchasing an Extended Discovery Period, and the cost of that Extended Discovery Period. The right to the Discovery Period is subject to the following terms and conditions:
 - (a) The coverage will apply to “*claims*” first made during the Discovery Period, but only with respect of a “*wrongful act*” committed before the effective date of cancellation, non-renewal, or imposition of an exclusion, and for which coverage is otherwise provided pursuant to the terms of this Coverage Section;
 - (b) If the Discovery Period results from the imposition of a “*reduction in coverage*,” then the coverage will only apply to “*claims*” first

made during the Discovery Period for a “*wrongful act*” which would have been covered prior to the “*reduction in coverage*”;

- (c) The Discovery Period will be determined as follows:
 - (i) If at the time of termination of coverage subject to this provision you owe us any premiums for this Coverage Section or have any outstanding unpaid reimbursable deductibles due, the Discovery Period will be 30 days unless such amounts due are paid within 30 days of termination of coverage;
 - (ii) If at the time of termination of coverage subject to this provision you do not owe us any premiums or reimbursable deductibles, or pay such amounts as are due within 30 days of termination of coverage, the Discovery Period will be 90 days;
- (d) You have the option of purchasing an Extended Discovery Period equal to three years beginning at the end of the Discovery Period, but only if you have notified us in writing within 30 days of termination of coverage or 15 days after we mail you notice of the availability of the Extended Discovery Period, whichever comes first, and you pay the necessary additional premium when it is due.

The Additional Premium due for the Extended Discovery Period will be determined by us based on the rates and rules in effect when this Coverage Section took effect. This premium will not exceed 200% of the annual premium for this Coverage Section, as shown in the Declarations.

Once you have notified us in writing that you want to purchase the Extended Discovery Period and pay the necessary additional premium, the Extended Discovery Period may not be cancelled and the premium is considered fully earned.

If this Coverage Section is cancelled or not renewed as a result of non-payment of premium, any premium paid for the Extended Discovery Period will first be applied to any premium for this Coverage Section that was not paid when due. The remaining balance of the premium payment, if any, will then be applied to the purchase of the Extended Discovery Period. However, the Extended Discovery Period won't take effect until the past due premium is paid in full and the Extended Discovery Period premium is paid in full when due.

- b. The WHO IS AN INSURED provisions of the GENERAL TERMS AND CONDITIONS are amended to include past and future employees, volunteers, and holders of the positions indicated in subparagraph 3. a. and b. but only to

the extent and on the terms indicated with respect to present holders of such positions.

- c. The Retroactive Date (if any) may not be changed to a later date during the time that this Coverage Section has been continuously in effect with us, or during the Discovery Period unless you have consented in writing to making this change and we have notified you of your right to buy an Extended Discovery Period.

5. Special Definitions

- a. “Administration”

For the purpose of this Coverage Section, “*administration*” means:

- (1) Giving counsel to employees with respect to “*employee benefit programs*;”
- (2) Interpreting “*employee benefit programs*;”
- (3) Handling of records in connection with “*employee benefit programs*;”
- (4) Effecting enrollment, termination, or cancellation of employee under “*employee benefit programs*” performed by a person you authorized to do such acts.

- b. “Employee Benefit Programs”

For the purpose of this Coverage Section, “*employee benefit programs*” means group life insurance, group accident and health insurance, profit sharing plans, pension plans, employee stock subscription plans, workers' compensation insurance, unemployment insurance, social security and disability benefits insurance.

- c. “Reduction in Coverage”

For the purpose of this Coverage Section, “*reduction in coverage*” means any:

- (1) decrease in a limit;
- (2) increase in a deductible or self-insured retention; or
- (3) addition of a new limitation or exclusion

- d. “Wrongful Act”

For the purpose of this Coverage Section the term “*wrongful act*” shall mean any actual or alleged error, omission, misstatement, act of neglect, or breach of duty including misfeasance, malfeasance, or nonfeasance by you, including “*employment related practices*,” while acting in his capacity as such in the performance of duties in connection with or for a School District designated in the Declarations.

J. COVERAGE SECTION J
FOLLOWING FORM EXCESS LIABILITY

Coverage is only afforded if a Limit of Coverage is shown in the Declarations.

1. Coverage Agreement

Subject to the other provisions of this coverage section, we will pay on behalf of the insured those sums that exceed the per “*occurrence*” or per “*wrongful act*” limits of the “*Underlying Coverage*” scheduled in the Declarations that the insured becomes legally obligated to pay as damages as a result of any single “*occurrence*” or any single “*wrongful act*” that happens while this Coverage Section is in effect. The amount we will pay for damages is limited as described in Limits of Coverage in the Declarations.

In the event that the “*Underlying Coverage*” ceases to apply because of an exhaustion of the applicable aggregate limit and the one time reinstatement of the aggregate limit as provided in Coverage Section A. of the “*Underlying Coverage*,” subject to the other provisions of this coverage, we will pay on behalf of the insured those sums that the insured becomes legally obligated to pay as damages in excess of the exhausted aggregate limits that happens while this Coverage Section is in effect. The amount we will pay as damages is limited as described in the Limits of Coverage.

This coverage only applies to injury or damage covered by the “*Underlying Coverage*” and then, only when the “*Underlying Coverage*” is provided under the policy issued by CIRMA. This coverage is subject to all definitions, terms, conditions, limitations, and exclusions as contained in or as may be added to the “*Underlying Coverage*” contained in the policy issued by CIRMA during the period this coverage is in effect.

2. Defense of “Claims”

- a. At our discretion, we may:
 - (1) Investigate any “*occurrence*,” “*wrongful act*,” or “*claim*;” and
 - (2) Settle any “*claim*” or “*suit*” of which we assume charge of the settlement or defense.
- b. When other insurance is available to the insured, other than “*Underlying Coverage*,” we will have the right and opportunity, although not the obligation, to associate with the insurers of those policies in the defense and control of any “*claim*” or “*suit*” which may create liability under this coverage.
- c. We will assume charge of the settlement or defense of any “*claim*” or “*suit*” against the insured seeking damages to which this coverage applies when the “*Underlying Coverage*” in the Schedule of Underlying Coverage ceases to

apply because of an exhaustion of the applicable limits of the “*Underlying Coverage.*” We will pay, with respect to any “*claim*” or “*suit*” we defend, all items identified as SUPPLEMENTARY PAYMENTS.

- d. We will not be required to defend any “*claim*” or “*suit*” after the applicable limit of this coverage has been exhausted by payment of judgments or settlements.

We will pay on behalf of the insured the proportional part of the cost of defense and SUPPLEMENTARY PAYMENTS as the amount paid for actual damages hereunder are in proportion to the amount paid for actual damages under the “*Underlying Coverage.*”

3. Limits of Coverage

- a. The Limits of Coverage shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
 - (1) Insureds;
 - (2) “*Claims*” made or “*suits*” brought;
 - (3) Persons or organizations making “*claims*” or bringing “*suits*,” or
 - (4) Number of covered “*autos*” or “*autos*” involved in the “*occurrence.*”
- b. The Limit of Coverage shown in the Declarations as Annual Aggregate, if any, is the most we will pay for the coverage indicated during the policy period, regardless of the number of “*occurrences*” or offenses or “*wrongful acts*” as applicable.

4. Definitions

All terms are defined hereunder as defined in the policy issued by the “*Company*” except as follows:

- a. “*Underlying Coverage*”

The coverage sections described in the “*Underlying Coverage*” schedule of the Declaration of this Following Form Excess Liability provided by the “*Company.*” If no underlying limit is shown, this coverage section does not apply over that coverage.

5. Special Exclusions

This Following Form Excess Liability for Occurrence Coverages section does not apply to:

- a. Fire Damage Liability with respect to fire and explosion damage to premises rented to you or temporarily occupied by you with the owner's permission.

- b. Care, Custody, and Control liability for “*property damage*” to personal property not owned by you while such coverage is in your care, custody, or control.
- c. Any “*claim*” which would not be covered by the “*Underlying Coverage*” for any reason other than the exhaustion of applicable per “*occurrence*” or per “*wrongful act*” or aggregate limits of such “*Underlying Coverage*.”
- d. Uninsured or Underinsured Motorists Coverage or Underinsured Motorists Conversion Coverage. (Section III. E.).
- e. Medical Payments (Section III. C.)
- f. Garagekeepers Legal Liability (Section III. D., coverage endorsement)
- g. Any obligation that the insured has under any workers’ compensation, disability benefits, unemployment compensation, or other similar law.
- h. Failure to Supply Water, Gas, Electricity

Injury, damage, loss, or damages claimed as a result of your failure to supply water, gas, or electricity or your failure to supply sufficient water, gas, or electricity to meet demand. However, we won’t apply this exclusion if the failure to supply results from accidental damage to tangible property owned or used by the insured to obtain, produce, process, or transmit such service.

- i. Pollution

As respects this Coverage Section, the following replaces Pollution exclusion 13. in the LIABILITY GENERAL TERMS AND CONDITIONS:

“*Bodily injury,*” “*property damage,*” “*personal injury,*” “*advertising injury,*” medical expense, or any other injury, damage, or loss of any nature or kind arising out of, based upon, or attributable to the “*pollution hazard*” at, on, in, or from any:

- (1) Insured’s premises. For the purpose of this exclusion, insured’s premises means any premises, site, or location that is or was at any time owned, rented, leased, borrowed, or occupied by any insured. But we won’t consider a premises, site, or location that isn’t owned, rented, leased, or borrowed, or occupied by any insured to be an insured’s premises in connection with pollution that results from any insured’s work being performed there;
- (2) Waste sites. For the purpose of this exclusion, waste site means 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.

- (3) Insured's work site. For the purpose of this exclusion, insured's work site means any premises, site, or location at, on, or in which work is being performed by or for any insured when the pollution involves a pollutant that is brought to, on, or in such premises, site, or location by or for any insured in connection with such work or the work being performed is pollution work.

A related series of discharges, dispersals, releases, migrations, escapes, or seepages shall be deemed to be a single discharge, dispersal, release, migration, escape, or seepage which occurred when the first such discharge, dispersal, release, migration, escape, or seepage took place.

This exclusion does not apply under Coverage Section D. Bodily Injury and Property Damage ("*Auto*" Liability) if the discharge, dispersal, migration, release, escape, or seepage of pollutants is sudden and accidental.

6. Maintenance of "*Underlying Coverage*"

The "*member*" agrees to maintain all "*Underlying Coverage*" as described in the Declarations in full force and effect during the "*coverage period*" applicable to this coverage section, except for the reduction of aggregate limits due to payment of "*claims*" or "*claims*" expense. If such "*Underlying Coverage*" is not maintained in full force and effect or if any limits of "*Underlying Coverage*" are less than those stated in the Declarations, the coverage afforded by this Following Form Excess Liability coverage section shall apply in the same manner as though such "*Underlying Coverage*" had been in effect to the full extent of the limits scheduled in the Declarations.

7. Excess Coverage

If other insurance, whether collectible or not, is available to the insured covering a loss also covered by this coverage certificate, other than a policy that is specifically written to be excess of this coverage certificate, the coverage afforded by this coverage certificate shall apply in excess of and shall not contribute with such other insurance.

IV. PROPERTY DEFINITIONS

PROPERTY COVERAGE SECTIONS A, B, AND C

- A. “*Company*” refers to CIRMA which means Connecticut Interlocal Risk Management Agency. The terms we, us, and our(s) in this Coverage Section form refer to the “*Company*.”
- B. “*Covered Automobile*” means a land motor vehicle, trailer or semi-trailer, including its equipment and other equipment permanently attached thereto, which is owned, leased, hired, rented, or borrowed by the “*member*” and for which coverage is adopted in the coverage certificate except any auto you lease, hire, rent, or borrow from any of your employees or partners or members of their households. “*Covered Automobile*” does not include mobile equipment.

For the purposes of Coverage Section A., “*covered automobile*” includes: any “*auto*” that you commandeer, or take with or without permission, for the purpose of performing emergency operations, such as firefighting activities or *law enforcement*.”

- C. “*Contractors Equipment*” means equipment not otherwise described in this coverage certificate, except any land motor vehicle, trailer or semi-trailer, including its equipment and other equipment permanently attached thereto.
- D. “*Coverage Period*” means period stated in the declarations as such, 12:01 a.m. Standard Time at your mailing address.
- E. “*Coverage Territory*” means the fifty (50) states of the United States, its territories and possessions, Puerto Rico, the District of Columbia, and Canada.
- F. “*Earthquake*” means earthquake shock, volcanic action, landslide, earth movement, mudflow, earth sinking, earth rising, or shifting.

Earthquake: Each loss by earthquake shock or volcanic action shall constitute a single “*claim*” hereunder, provided, if more than one such earthquake shock or volcanic action shall occur within any period of seventy-two (72) hours during the term of the coverage certificate, the beginning of which 72 hour period may be determined by the “*insured*,” such as earthquake shock or volcanic action shall be deemed to be a single loss within the meaning thereof, CIRMA shall not be liable for any loss occurring after the expiration date and time of the coverage certificate.

However, CIRMA will be liable for any losses occurring for a period of up to seventy-two (72) hours after the expiration of the coverage certificate provided that the first earthquake damage occurs prior to the date and time of the expiration of the coverage certificate.

- G. “*Flood*” means wave, storm surge, tide, or tidal water and the rising (including the overflowing or breaking of boundaries) of lakes, ponds, reservoirs, rivers, streams, harbors, and similar bodies of water. The term “*surface water*,” as covered hereunder, shall mean seepage, leakage, or influx of water (immediately derived from natural sources) through sidewalks, driveways, foundations, walls, floors, sewers, or drains.

If any Flood occurs within a period of the continued rising or overflow of any river(s) or stream(s) and the subsidence of same within the banks of such river(s) or stream(s); or if any flood results from any tidal waves or series of tidal waves caused by any one disturbance; such flood shall be deemed to be a single occurrence within the meaning of this coverage certificate.

- H. “*Fungi, bacteria, wet or dry rot*” means any type or form of fungus, including mold or mildew, bacteria, or any mycotoxins, spores, scents, or by-products produced or released by fungus; wet or dry rot; or bacteria other than fungi or bacteria that exist, are on, or are contained in, a good or product intended for consumption.
- I. “*Member*” means the public entity identified as the Named Insured in the Declarations. The terms you and your(s) in this Coverage Section refer to the “*member*.”
- J. “*Mobile Equipment*” means any of the following types of land vehicles, including any attached machinery or equipment:
1. Bulldozers, farm machinery, forklifts, and other vehicles designed for use principally off public roads;
 2. Vehicles maintained for use solely on or next to premises the “*member*” owns, rents, or leases;
 3. Vehicles that travel on crawler treads;
 4. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
 - a. Power cranes, shovels, loaders, diggers, or drills; or
 - b. Road construction or resurfacing equipment such as graders, scrapers, or rollers;
 5. Vehicles not described in 1., 2., 3., or 4. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - a. Air compressors, pumps and generators, including sprayers, welding, building cleaning, geophysical exploration, lighting, and well servicing equipment; or
 - b. Cherry pickers and similar devices used to raise or lower workers;

6. Machinery, equipment, tools, or business personal property of a mobile nature that you use in your operations or projects, or that are used in municipal or school related activities;
7. Vehicles not described in 1., 2., 3., or 4. above maintained primarily for purpose other than the transportation of persons or cargo. However, self-propelled vehicles with the following types of permanently attached equipment are not “*mobile equipment*” but will be considered “*autos*”:
 - a. Equipment designed primarily for:
 - (1) Snow removal;
 - (2) Road maintenance, but not construction or resurfacing;
 - (3) Street cleaning;
 - (4) Fire Fighting.
 - b. Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
 - c. Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting, and well servicing equipment.

K. “*Owned Police Dogs*” means a dog owned by your municipality and is a dog that is trained specifically to assist police and similar law enforcement personnel with their work.

L. “*Unmanned Aircraft*” means an aircraft that is not designed, manufactured, or modified after manufacture to be controlled directly by a person from within or on the aircraft. Unmanned Aircraft include, but are not limited to, drones and unmanned aerial vehicles.

M. “*Unmanned Aircraft System*” means an “*unmanned aircraft*” and all of the associated equipment, including but not limited to, the control station, data links, telemetry, communications, navigation equipment, cameras, and other equipment necessary to operate and/or installed on, carried on board, or being loaded onto or unloaded from, the aircraft.

(This page intentionally left blank)

V. PROPERTY GENERAL TERMS AND CONDITIONS

COVERAGE SECTIONS A, B, AND C

General Exclusions

This coverage certificate does not insure against:

A. War

1. Hostile or warlike action in time of peace or war, including action in hindering, combating, or defending against an actual, impending, or expected attack:
 - a. By any government or sovereign power (de jure or de facto) or by any authority maintaining or using military, naval, or air forces; or
 - b. By military, naval, or air forces; or
 - c. By an agent of any such government, power, authority, or forces;
2. Any weapon employing atomic fission or fusion;
3. Rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating, or defending against such occurrence;
4. Seizure or destruction by order of public authority, except destruction by order of public authority to prevent spread of loss or to otherwise contain, control, or minimize loss, damage, or destruction which occurs due to a peril insured against under this coverage certificate;
5. Risks of contraband or illegal trade.

Notwithstanding the above provisions, A. 1., 3., 4., and 5., this coverage certificate shall cover loss or damage directly caused by acts committed by an agent of any government, party, or faction engaged in war, hostilities, or warlike operations, provided such agent is acting secretly and not in connection with any operation of armed forces (whether military, naval, or air forces) in the country where the property is situated. Nothing in the foregoing shall be construed to include any loss, damage, or expense caused by or resulting from any of the risks or perils excluded above, excepting only the acts of certain agents expressly covered herein, but in no event shall this coverage include any loss, damage, or expense caused by or resulting from any weapon of war employing atomic fission or fusion or radioactive force whether in time of peace or war.

B. Nuclear

Nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, and whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by the peril(s) covered in this coverage certificate except:

1. If fire ensues, liability is specifically assumed for direct loss by such ensuing fire but not including any loss due to nuclear reaction, nuclear radiation, or radioactive contamination;
2. CIRMA shall be liable for loss or damage caused by sudden and accidental radioactive contamination including resultant radiation damage for each occurrence from material used or stored or from processes conducted on a covered premises and provided at the time of loss there is neither a nuclear reactor capable of sustaining nuclear fission in a self-supporting chain reaction nor any new or used nuclear fuel on the covered premises.

C. Pollution

Loss, damage, costs, or expense in connection with any kind or description of seepage and/or pollution and/or contamination, direct or indirect, arising from any cause whatsoever.

Nevertheless, if fire is not excluded from this coverage certificate and a fire arises directly or indirectly from seepage and/or pollution and/or contamination any loss or damage covered under this policy arising directly from that fire shall (subject to the terms, conditions, and limitations of the coverage certificate) be covered.

The “*member*” shall give notice to CIRMA or its Service Provider NO LATER THAN 12 MONTHS AFTER THE DATE OF THE ORIGINAL PHYSICAL LOSS OR DAMAGE.

“*Contaminants*” and “*pollutants*” means fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials, and any other substances which pose a hazard to human health or the environment.

General Conditions

CONDITIONS APPLYING TO COVERAGE SECTIONS A, B, AND C

A. Appraisal

If the “*member*” and CIRMA fail to agree on the amount of loss, each, upon the written demand either of the “*member*” or of CIRMA made within sixty (60) days after receipt of proof of loss by CIRMA, shall select a competent and disinterested appraiser. CIRMA and the “*member*” must notify the other of the appraiser selected within 20 days of the written demand for appraisal. The appraisers shall then select a competent and disinterested umpire. If they should fail for fifteen (15) days to agree upon such umpire, then, upon the request of the “*insured*” or of CIRMA, such umpire shall be selected by a judge of a court of record in the county and state in which such appraisal is pending. Then, at a reasonable time and place, the appraisers shall appraise the loss, stating separately the value at the time of loss and the amount of loss. If the appraisers fail to agree, they shall submit their differences to the umpire. An award in writing by any two shall determine the amount of loss. The “*insured*” and CIRMA shall each pay

its chosen appraiser and shall bear equally the other expenses of the appraisal and of the umpire.

B. Canceling or Non-Renewing Coverage Under This Coverage certificate During The Coverage Period

1. The “*insured*” shown in the Declarations may cancel this coverage certificate at any time by mailing or delivering to CIRMA advance written notice of cancellation.
2. Cancellation of policies in effect for less than 60 days.
 - a. If this coverage certificate has been in effect for less than 60 days and is not a renewal of a coverage certificate issued by CIRMA, CIRMA may cancel this coverage certificate for any reason by giving you written notice of cancellation at least:
 - (1) 10 days before the effective date of cancellation if CIRMA cancels for non-payment of premium; or
 - (2) 30 days before the effective date of cancellation if CIRMA cancels for any other reason.
 - b. Unless cancellation is for non-payment of premium, notice of cancellation will state the reasons for cancellation.
3. Cancellation of policies in effect for 60 days or more.
 - a. If this coverage certificate has been in effect for 60 days or more or this is a renewal of a coverage certificate issued by CIRMA, CIRMA may cancel this coverage certificate by giving you written notice of cancellation at least:
 - (1) 10 days before the effective date of cancellation if CIRMA cancels for one or more of the following reasons:
 - (a) Non-payment of premium;
 - (b) Conviction of a crime arising out of acts increasing the hazard insured against;
 - (c) Discovery of fraud or material misrepresentation by the “*member*” in obtaining the coverage certificate or in perfecting any “*claim*” under the coverage certificate;
 - (d) Discovery of any willful or reckless act or omission by the “*member*” increasing the hazard insured against; or
 - (e) A determination by the Insurance Commissioner that continuation of the coverage certificate would violate or place CIRMA in violation of the law; or
 - (2) 90 days before the effective date of cancellation if CIRMA cancels for one or more of the following reasons:
 - (a) Physical changes in the property which increase the hazard insured against;

- (b) A material increase in the hazard insured against; or
 - (c) A substantial loss of reinsurance by CIRMA affecting these particular lines of coverage.
- b. CIRMA may not cancel policies in effect for 60 days or more or renewal policies for any reason other than the reasons described in Paragraph 3.a. above.
- c. Unless cancellation is for non-payment of premium, notice of cancellation will state the reasons for cancellation.
- 4. If CIRMA cancels for non-payment of premium, the “*member*” may continue the coverage and avoid the effect of the cancellation by payment in full at any time prior to the effective date of cancellation.
- 5. Notice of Cancellation will state the effective date of cancellation. The coverage period will end on that date.
- 6. Non-renewal
 - a. If CIRMA decides not to renew this coverage certificate, CIRMA will send notice of non-renewal at least 60 days before the expiration date of this coverage certificate.
 - (1) This notice will include the specific reason for non-renewal.
 - (2) CIRMA doesn’t have to send such notice if CIRMA is not renewing because the “*member*” failed to pay the premium.
- 7. Notice of cancellation will be sent or delivered by:
 - a. Registered Mail;
 - b. Certified Mail; or
 - c. Mail evidenced by a United States Post Office certificate of mailing.
- 8. We will give notice to the “*member*” at the last mailing address known to the “*Company*.”
- 9. If notice is mailed, proof of mailing will be sufficient proof of notice.
- 10. If we cancel or non-renew this coverage certificate, we’ll send you the claim and premium information described below along with our notice of cancellation or non-renewal. We will provide a maximum of four years of information from the date of the “*member’s*” request for such information. The information that will be provided includes:
 - a. Coverage certificate number;
 - b. Beginning and ending dates;
 - c. A copy of proof that this information was provided as required by law;
 - d. The total amount of premium paid;
 - e. Number of claims;

- f. Total of all paid losses; and
 - g. Date of each loss.
 - h. If your coverage certificate provides coverage under Coverage Sections VI A., the “*Company*” will also provide pricing information as specified by the insurance regulation of the State of Connecticut.
 - (1) If coverage under Coverage Section VI A. is cancelled for non-payment of premium, conviction of a crime, fraud or material misrepresentation, willful or reckless act or omission, or determination by the Insurance Commissioner, CIRMA will provide this information by written report within 30 days of receiving the “*member’s*” written request for this information.
 - (2) If coverage under Coverage Section VI A. is cancelled for any other reason not stated in h (1), CIRMA will provide this information to the “*member*” or the “*member’s*” authorized agent no later than the date of notice of cancellation or non-renewal.
 - (3) If further reports are required to provide sufficient information to rate or obtain insurance with a different insurer, such reports will be furnished within 30 days of a written request by the “*member*” or the “*member’s*” authorized representative.
11. If this policy is cancelled, CIRMA will send the “*member*” any premium refund due. If CIRMA cancels, the refund will be prorata. If the “*member*” cancels, the refund will be short rated. The cancellation will be effective even if CIRMA has not made or offered a refund. Notice of cancellation will state that the excess premium (if not tendered) will be refunded on demand.

C. Connecticut Standard Fire Policy

If any conditions of The Standard Fire Insurance Policy of the State of Connecticut, as set forth in the General Statutes of Connecticut, are construed to be more liberal than any other coverage certificate condition, the conditions of The Standard Fire Insurance Policy will apply.

D. Evidence Of Coverage

Any evidence of coverage issued by CIRMA in connection with this coverage certificate shall be issued solely as a matter of convenience of information for the addressee(s) or holder(s) of said evidence, except where any Additional Insured(s) or Loss Payee(s) are named pursuant to the Special Provisions of said evidence of coverage. In the event any Additional Insured(s) or Loss Payee(s) are so named, this coverage certificate shall be deemed to have been endorsed accordingly, subject to all other terms, conditions, and exclusions stated herein.

E. Loss Payable

Loss, if any, shall be adjusted with and payable to the “*member*” or their order, whose receipt shall constitute a release in full of all liability under this coverage certificate with respect to such loss.

F. No Benefit To Bailee (Applicable to Coverage Sections A and B only)

None of the provisions of this coverage certificate inure directly or indirectly to the benefit of any carrier or other bailee for hire.

G. Other Insurance

The following applies to Coverage Sections B and C only:

1. Excess Insurance

Excess insurance is insurance over the limit of liability set forth in this coverage certificate. The existence of such excess insurance shall not prejudice the coverage provided under this coverage certificate nor will it reduce any liability hereunder.

2. Underlying Insurance

a. Should the “*member*” elect to maintain insurance on the actual cash value of a property, under the National Flood Insurance Act, as amended, this coverage certificate shall cover excess of loss over the maximum amount of insurance permitted under the act.

b. Any other underlying insurance shall be considered “*other insurance.*”

3. Other Insurance

Except for insurance as described as Excess or Underlying Insurance, this coverage certificate shall not cover to the extent of any other insurance, whether prior or subsequent hereto in date, and whether directly or indirectly covering the same property against the same perils. CIRMA shall be liable for loss or damage only to the extent of that amount in excess of the amount recoverable from such other insurance.

The following applies to Coverage Section A only:

This insurance is primary insurance for “*covered automobiles*” you own and excess insurance for “*covered automobiles*” you don’t own. Excess insurance applies after other collectable insurance had been used up.

When a loss covered by this insurance is also covered by insurance with another insurer on the same primary or excess basis, CIRMA will be liable to pay our share of the loss equal to the percentage of the total amount of insurance available. However, CIRMA shall never pay more than would have been paid without the existence of the other insurance.

H. Salvage And Recoveries

All salvages, recoveries, and payments excluding proceeds from subrogation and underlying insurance recovered or received subsequent to a loss settlement under this coverage certificate, shall be applied as if recovered or received prior to the said settlement and all necessary adjustments shall be made to the parties involved.

I. Subrogation

1. Any release from liability entered into by the “*member*,” prior to loss hereunder, shall not affect this coverage certificate or the right of the “*member*” to recover, hereunder. The right to subrogation against the “*member*” is waived.
2. In the event of any payment under this coverage certificate, CIRMA shall be subrogated to the extent of such payment to all the “*member’s*” rights of recovery therefor. The “*member*” shall execute all papers required and shall do anything that may be necessary at the expense of CIRMA to secure such right. CIRMA will act in concert with all other interests concerned, i.e., the “*member*” and any other entity or individual participating in the payment of any loss as primary or excess insurers, in the exercise of such rights of recovery. If any amount is recovered as a result of such proceedings, the net amount recovered after deducting the costs of recovery shall be divided between the interests concerned in the proportion of their respective interests. If there should be no recovery, the expense of proceedings shall be borne proportionately by the interests instituting the proceedings.
3. In the event one member of the Connecticut Interlocal Risk Management Agency (CIRMA) has a collision with an automobile or object of another member of CIRMA, subrogation rights are waived.

J. “*Suit*” Against CIRMA

No “*suit*” or action on this coverage certificate for the recovery of any “claim” shall be sustainable in any court of law or equity unless the “*member*” shall have fully complied with all the requirements of this coverage certificate. CIRMA agrees that any action or proceeding against it for recovery of any loss under the coverage certificate shall not be barred if commenced within the time prescribed therefor in the statutes of the State of Connecticut.

K. Transfer Of Interest

Rights and duties of the “*member*” under this agreement cannot be assigned without the prior consent of the “*Company*.”

(This page left intentionally blank)

VI. PROPERTY COVERAGE SECTIONS

Coverage is only afforded if Limits are shown in the Declarations.

A. PROPERTY COVERAGE SECTION A

AUTOMOBILE PHYSICAL DAMAGE COVERAGE AND CONDITIONS

1. Coverage Agreement

CIRMA will pay for loss to a “*covered automobile*” or its equipment during the “*coverage period*” under:

- a. Comprehensive – from any cause except the “*covered automobiles*” collision with another object or its overturn.
- b. Collision – caused by collision of a “*covered automobile*” with another object or its overturn.
- c. Towing – CIRMA will pay up to \$50 for towing and labor costs incurred each time a “*covered automobile*” is disabled. However, the labor must be performed at the place of disablement.
- d. Glass Breakage, Hitting A Bird Or Animal, Falling Objects Or Missiles

CIRMA will pay for glass breakage, loss caused by hitting a bird or animal, or by falling objects or missiles under Comprehensive Coverage if the “*member*” carries Comprehensive Coverage for the damaged “*covered automobile*.” However, the “*member*” has the option of having glass breakage caused by a “*covered automobile's*” collision or overturn considered a loss under Collision Coverage.

- e. Supplementary Payments

In addition to the applicable limits of liability, CIRMA will pay up to \$30 per day to a maximum of \$900 for transportation expense incurred by the “*member*” because of the total theft of a “*covered automobile*” of the private passenger type. CIRMA will pay for transportation expenses incurred during the period beginning 48 hours after the theft and ending regardless of the expiration shown in the Declarations, when the “*covered automobile*” is returned to use or CIRMA pays for its loss.

CIRMA will pay, as interest may appear, you and any loss payee for loss to a “*covered automobile*.” If CIRMA makes any payment to a loss payee, CIRMA will then be permitted to take over the loss payee’s rights against any other party.

2. Limit Of Liability

- a. The limit of the “*Company’s*” liability for loss to any one “*covered automobile*” shall not exceed the least of the following amounts:
 - (1) The actual cash value of such covered automobile, or if the loss is to a part thereof the actual cash value of such part, at the time of loss; or
 - (2) What it would then cost to repair or replace such “*covered automobile*” or part thereof with other of like kind and quality.
- b. CIRMA may, at its option:
 - (1) Pay for, repair, or replace damaged or stolen property; or
 - (2) Return the stolen property at the “*Company’s*” expense. The “*Company*” will pay for any damage that results to the “*covered automobile*” for theft.
 - (3) Take all or any part of the damaged or stolen property at the agreed or appraised value.

However, there shall be no abandonment to the “*Company.*”

3. Deductible

For each “*covered automobile,*” the “*Company’s*” obligation to pay for, repair, return, or replace damaged or stolen property will be reduced by the applicable deductible shown in the Declarations. However, the deductible will not apply to:

- a. Claims from damage to glass used in the windshield or windows.
- b. Comprehensive losses caused by fire or lightning.

For each loss involving five or more “*covered automobiles,*” where comprehensive coverage is purchased for each of those “*covered automobiles,*” the “*Company’s*” total obligation to pay for, repair, return, or replace damaged or stolen property shall be reduced by the Catastrophic Loss Deductible. The deductible shown in the Declarations as applicable to each “*covered automobile*” shall not apply.

The Catastrophic Loss Deductible is the lesser of either the sum of the deductibles shown in the Declarations for all of the “*covered automobiles*” which have been lost or damaged or a maximum of five times the highest “*members’*” comprehensive deductible for any of the lost or damaged “*covered automobiles*”.

However, CIRMA shall not apply the Catastrophic Loss Deductible to COMPREHENSIVE losses that are caused by fire or lightning. No deductible shall be applied to such losses.

4. Special Exclusions

This coverage does not apply to:

- a. Wear and tear, mechanical or electrical breakdown unless caused by other loss covered by this coverage certificate;
- b. Blowouts, punctures, or other road damage to tires unless caused by other loss covered by this coverage certificate;
- c. Loss to tape decks or other sound reproducing equipment not permanently installed in a “*covered automobile*;” however, this exclusion does not apply to any equipment that is installed in a “*covered automobile*” which is:
 - (1) Owned or operated by your police or fire department or ambulance corps; or
 - (2) Equipped as an emergency vehicle and owned by you.
 - (3) An audio device or camera equipment that is part of the normal inventory of equipment in any transit “*auto*” used by your transit authority operations.
 - (4) An audio device or camera equipment that is used in any emergency vehicle.
- d. Loss to tapes, records or other sound reproducing devices designed for use with sound reproducing equipment.

5. Special Conditions

- a. Requirements In Case Of Loss
 - (1) The “*member*” shall give immediate notice to CIRMA or any of its authorized agents of any loss, claim, or “*suit*” as soon as it’s practicable, give written information with respect to the time, place, persons, or witnesses involved and the circumstances of the loss, claim, or “*suit*”.
 - (2) The “*member*” shall cooperate with CIRMA and, upon “*Company*” request, assist in making settlement, in the conduct of “*suits*” and in enforcing any right of contribution or indemnity against any person or organization who may be liable to the “*member*” because of injury or damage with respect to which coverage is afforded under the coverage certificate.
 - (3) When a loss takes place, the “*member*” shall give notice thereof to the proper police authority if the loss involves a violation of the law.

- (4) Additionally, to recover for loss to a “*covered automobile*” or its equipment, the “*member*” must do the following:
 - (a) Permit us to inspect and appraise the damaged property before its repair or disposition.
 - (b) At our expense, do what is reasonably necessary, after loss, to protect the “*covered automobile*” from further loss.
 - (c) Submit a proof of loss when required.
 - (d) Promptly notify the police if the “*covered automobile*” or any of its equipment is stolen.

**B. PROPERTY COVERAGE SECTION B
PROPERTY COVERAGE (ALL RISK)**

1. Coverage

Except as hereinafter excluded, this coverage certificate covers:

a. Real and Personal Property:

- (1) The interest of the “*member*” in all real and personal property (including improvements and betterments) and electronic data processing equipment owned, used, or intended for use by the “*insured,*” or hereafter constructed, erected, installed, or acquired including while in the course of construction, erection, installation, or assembly.

In the event of loss or damage, CIRMA agrees to accept and consider the “*member*” as sole and unconditional owner of improvements and betterments, notwithstanding any contract or lease to the contrary.

- (2) The interest of the “*member*” in the real and personal property of others in the “*insured’s*” care, custody, or control and/or the “*insured’s*” liability imposed by law or assumed by contract.
- (3) At the option of the “*insured,*” personal property of the “*insured’s*” officials, employees, and volunteers while on the premises of the “*insured.*”
- (4) Contractors' and vendors' interests in property covered to the extent of the “*insured’s*” liability imposed by law or assumed by contract.
- (5) Newly Acquired Property – In addition to the limit of liability, this coverage certificate covers up to \$1,000,000 for newly acquired property; however, once the “*member*” reports the value of such property to CIRMA the Limit of Coverage shown on the Declarations Page applies.

b. Business Interruption

This coverage certificate also covers loss resulting from necessary interruption of business conducted by the “*member*” and caused by loss, damage, or destruction by any of the perils covered herein, during the “*coverage period*” of this coverage certificate to real and personal property as described herein.

If such loss occurs during the “*coverage period*” of this coverage certificate, it shall be adjusted on the basis of the Actual Loss Sustained by the “*insured,*” consisting of the net profit which is thereby prevented from being earned and of all charges and expenses including ordinary payroll, but only to the extent that they must necessarily continue during the interruption of business, and only to the extent to which they would have been earned had no loss occurred.

“*Ordinary payroll*” is defined to be the entire payroll expense for all employees of the “*member*” except officers, executives, department managers, employees under contract, and other important employees.

CIRMA shall not be liable for any loss resulting from the time required to reproduce finished stock. Finished stock shall mean stock manufactured by the “*member*” which in the ordinary course of the “*insured’s*” business is ready for packing, shipment, or sale.

Resumption of Operations: If the “*member*” could reduce the loss resulting from the interruption of business,

- (1) By a complete or partial resumption of operations of property insured whether damaged or not; or
- (2) By making use of other available stock, merchandise, or other property.

Such reduction will be taken into account in arriving at the amount of loss hereunder.

Expense to Reduce Loss: This Coverage Section also covers such expenses as are necessarily incurred for the purpose of reducing any loss under this coverage certificate, provided such coverage shall not exceed the amount by which the loss under this coverage certificate is thereby reduced.

Experience of the Business:

- (1) In determining the amount of net profit, charges, and expenses covered hereunder for the purpose of ascertaining the amount of loss sustained, due consideration shall be given to the experience of the business before the date of damage or destruction and to the probable experience thereafter had no loss occurred.
- (2) With respect to alterations, additions, and property while in the course of construction, erection, installation, or assembly, due consideration shall be given to the available experience of the business after completion of the construction, erection, installation, or assembly.

c. Extra Expense

This coverage certificate covers Extra Expense incurred resulting from loss or damage to property covered hereunder caused by any of the perils covered herein during the term of this coverage certificate.

Extra Expense means the excess cost necessarily incurred to continue the “*insured’s*” operations as nearly as reasonably practicable during the “*period of recovery*” of the damaged property over and above the cost that would normally have been incurred to conduct the business during the same period had no loss or damage occurred.

d. Rental Value

Rental value loss sustained by the “*member*” resulting directly from the necessary untenability, caused by loss, damage, or destruction by any of the perils covered herein during the term of this coverage certificate to real or personal property as described herein, but not exceeding the reduction in rental value less charges and expenses which do not necessarily continue during the period of untenability.

For the purpose of this coverage certificate “*rental value*” is defined as the sum of:

- (1) The total anticipated gross rental income from tenant occupancy of the described property as furnished and equipped by the “*insured,*” and
- (2) The fair rental value of any portion of said property which is occupied by the “*insured.*”
- (3) The amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be obligations of the “*insured.*”

Expense to Reduce Loss: This Coverage Section also covers such expenses as are necessarily incurred for the purpose of reducing any loss under this coverage certificate. Such coverage, however, shall not exceed the amount by which the loss under this coverage certificate is thereby reduced.

Experience of the Business: In determining the amount of rental value covered hereunder for the purpose of ascertaining the amount of loss sustained, due consideration shall be given to the rental experience before the date of damage or destruction and to the probable experience thereafter had no loss occurred.

With respect to alterations, additions, and property while in the course of construction, erection, installation, or assembly, due consideration shall be given to the available rental experience of the business after completion of the construction, erection, installation, or assembly; however the limit of liability shall not exceed the limit provided for builders risk coverage.

e. Provisions Applicable To Business Interruption And Extra Expense And Rental Value Coverages.

“*Period of Recovery:*” The length of time for which loss may be claimed:

- (1) Shall not exceed such length of time as would be required with the exercise of due diligence and dispatch to rebuild, repair, or replace such part of the property as has been destroyed or damaged.
- (2) And, such additional length of time to restore the “*insured’s*” business to the condition that would have existed had no loss occurred, commencing with the later of the following dates:
 - (a) The date on which the liability of CIRMA for loss or damage would otherwise terminate; or
 - (b) The date on which repair, replacement, or rebuilding of such part of the property as has been damaged is actually completed;

But in no event for more than one year thereafter from said later commencement date;

- (3) Shall commence with the date of such loss or damage and shall not be limited by the date of expiration of this “*coverage period.*”
- (4) With respect to alterations, additions, and property while in the course of construction, erection, installation, or assembly shall be determined as provided in (1) above but such determined length of time shall be applied

to the experience of the business after the business has reached its planned level of business operation;

Special Exclusions: This coverage certificate does not insure against any increase of loss which may be occasioned by the suspension, lapse, or cancellation of any lease, license, contract, or order, nor for any increase of loss due to interference at the “*insured’s*” premises by strikers or other persons with rebuilding, repairing, or replacing the property damaged or destroyed or with the resumption or continuation of business, or with the reoccupancy of the premises.

Extension of Coverage: This coverage certificate, subject to all provisions and without increasing the amount of said coverage certificate, also insures against loss resulting from damage to or destruction of the following by the perils covered against:

- (1) Electrical, steam, gas, water, telephone, and other transmission lines situated on the premises; and to related plants and substations and equipment therein off the premises, but within one statute mile of the premises;
- (2) Any property when access to the premises is prohibited for a period not exceeding two weeks by order of civil or military authority;
- (3) Property that directly or indirectly prevents a supplier of goods and/or services to the “*member*” from rendering their goods and/or services, or property that prevents a receiver of goods and/or services from the “*member*” from accepting the “*member’s*” goods and/or services.

Ingress/Egress: This coverage certificate is extended to cover the loss sustained during the period of time (not exceeding two weeks), when as a direct result of a peril covered, ingress or egress from the “*insured’s*” premises is thereby prevented.

f. Property In Transit

- (1) This coverage certificate attaches and covers shipments of property in which the “*member*” has an interest and which is in the care, custody, and control of others, within and between the territorial limits of this coverage certificate, including the coastal waters thereof, by any means of conveyance, from the time the property is moved for purpose of loading and continuously thereafter while awaiting and during loading and unloading and in temporary storage, including temporary storage on any conveyance intended for use for any outbound or used for inbound shipment, including during deviation and delay, until safely delivered and accepted into place of final destination.

- (2) This coverage certificate is extended to cover loss or damage to property:
 - (a) Sold and shipped by the “*member*” under terms of F.O.B. point of origin or other terms usually regarded as terminating the shipper's responsibility short of points of delivery.
 - (b) Occasioned by the acceptance by the “*insured*,” by its agents, or by its customers of fraudulent bills of lading, shipping, and delivery orders or similar documents.
 - (c) Arising out of any unauthorized person(s) representing themselves to be the proper party(ies) to receive goods for shipment or to accept goods for delivery;
 - (d) Incoming to the “*member*” which is not otherwise recoverable from other insurance.
- (3) (a) The “*member*” may waive right(s) of recovery against private, contract and common carriers and accept bills of lading or receipts from carriers, bailees, warehousemen, or processors limiting their liability, but this transit coverage shall not inure to the benefit of any carrier, bailee, warehouseman, or processor.
- (b) With respect to shipments made under F.O.B. or similar terms, the “*Company*” agrees to waive its rights of subrogation against consignees at the option of the “*member*.”
- (4) The “*member*” is not to be prejudiced by any agreements exempting lightermen from liability.
- (5) Seaworthiness of any vessel or watercraft and airworthiness of any aircraft are admitted between CIRMA and the “*member*.”

g. Leasehold Interest

- (1) Pro rata proportion from the date of loss to expiration date of the lease (to be paid without discount) on the “*member's*” interest in:
 - (a) The amount of bonus paid by the “*member*” as lessee for the acquisition of the lease not recoverable under the terms of the lease for the unexpired term of the lease;
 - (b) Improvements and betterments to real property during the unexpired term of the lease which is not covered under any other section of this coverage certificate;
 - (c) The amount of advance rental paid by the “*member*” as lessee and not recoverable under the terms of the lease for the unexpired term of the lease;

When property is rendered wholly or partially untenable by any of the perils covered herein during the term of this coverage certificate and the lease is cancelled in accordance with the conditions of the lease or by statutory requirements of the appropriate jurisdiction in which the damaged or destroyed property is located; and

- (2) (a) *“Interest of the insured as lessee or lessor”* when property is rendered wholly or partially untenable by any of the perils covered herein during the term of this coverage certificate and the lease is cancelled in accordance with the conditions of the lease or by statutory requirements of the appropriate jurisdiction in which the damaged or destroyed property is located;
 - (b) The *“Interest of the insured as lessee or lessor”* as referred to herein shall be paid for the first three months succeeding the date of the loss and the *“Net Lease Interest”* shall be paid for the remaining months of the unexpired lease.
- (3) Definitions:

The following terms, wherever used in this section shall mean as follows:

- (a) The *“Interest of the member as lessee”* is defined as:
 - (i) The excess of the rental value of similar premises over the actual rental payable by the lessee (including any maintenance or operating charges paid by the lessee) during the term of the lease provided the lease is cancelled by the lessor;
 - (ii) The rental income which would have been earned by the *member* from sublease agreements, to the extent not covered under any other section of this coverage certificate, over and above the rental expenses specified in the lease between the *member* and the lessor.
 - (b) The *“Interest of the member as lessor”* is defined as: To the extent not covered under any other section of this coverage certificate the difference between the rents payable to the lessor under the terms of the lease in effect at the time of loss and the actual rent collectible by the lessor during the unexpired term of the lease provided the lease is cancelled by the lessee.
 - (c) *“Net Lease Interest”* is defined as that sum which, placed at 6% interest compounded annually, will be equivalent to the *“Interest of the member as lessee or lessor.”*
- (4) CIRMA shall not be liable for any increase of loss which may be occasioned by the suspension, lapse, or cancellation of any license or by the *“member”* exercising an option to cancel this lease. Furthermore, the *“member”* shall use due diligence including all things reasonably practicable to diminish loss under this coverage.

h. Accounts Receivable

- (1) All sums due the *“member”* from customers, provided the *“member”* is unable to effect collection thereof as the direct result of loss of or damage to records of accounts receivable;
- (2) Interest charges on any loan to offset impaired collections pending repayment of such sums made uncollectable by such loss or damage;

- (3) Collection expense in excess of normal collection cost and made necessary because of such loss or damage;
- (4) Other expenses, when reasonably incurred by the “*member*” in reestablishing records of accounts receivable following such loss or damage.

For the purpose of this coverage, credit card company charge media shall be deemed to represent sums due the “*member*” from customers, until such charge media is delivered to the credit card company.

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

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

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

i. Extensions Of Coverage

(1) Fire Brigade Charges and Extinguishing Expenses

If property covered is destroyed or damaged by a peril covered against, this coverage certificate shall cover:

- (a) Fire brigade charges and other extinguishing expenses for which the “*member*” may be assessed;
 - (b) Loss of fire extinguishing materials expended.
- (2) Money and Securities

This coverage certificate covers the following resulting from a peril insured against:

- (a) The loss of money and securities within a location covered by this Coverage Section or within a bank or savings institution, subject to a maximum of loss of \$10,000; and
- (b) The loss of money and securities away from a location covered by this Coverage Section en route to or from a bank or savings institution or within the living quarters of someone in charge of the property, subject to a maximum loss of \$5,000.

All loss in connection with an actual or attempted dishonest or criminal act will be considered one loss, regardless of how many people committed the act.

For the purpose of this Coverage Section, money means currency and coins used as legal tender, travelers checks, register checks, and money orders; securities means documents representing money or property, revenue stamps, other currently used stamps, tokens, tickets, and unused postage on meters, but not money.

There is no coverage for manuscript, records, or account books.

(3) Debris Removal

This coverage certificate covers the following exposures resulting from a peril insured against:

- (a) The cost of removal of debris of property covered hereunder;
- (b) The cost of removal of debris of property not insured hereunder from the premises of the “*member*.”

(4) Building Ordinance, Demolition, and Increased Cost of Construction

In the event of loss or damage under this coverage certificate that invokes the enforcement of any law or ordinance regulating the construction or repair of real property, CIRMA shall be liable for:

- (a) The cost of demolishing the undamaged real property including the cost of clearing the site;
- (b) The proportion that the value of the undamaged part of the real property bears to the value of the entire real property prior to loss;
- (c) Increased cost of repair or reconstruction of the damaged and undamaged real property on same or another site and limited to the costs that would have been incurred in order to comply with the minimum requirements of such law or ordinance regulating the repair or reconstruction of the damaged property on the same site. However, CIRMA shall not be liable for any increased cost of construction loss unless the damaged real property is actually rebuilt or replaced within two years from the date of loss.

- (d) Any increase in the business interruption, extra expense, and rental value loss arising out of the additional time required to comply with said law or ordinance.

2. Perils Insured

Unless otherwise indicated in the Declarations, this coverage certificate covers all risks of direct physical loss of, or damage to, property described herein including general average, salvage, and all other charges on shipments covered hereunder, except as hereinafter excluded.

Physical loss or damage shall include any destruction, distortion, or corruption to any computer data, coding, program, or software, except as hereinafter excluded.

3. Perils Excluded

This coverage certificate does not insure:

- a. Any fraudulent or dishonest act or acts committed by the “*member’s*” officials or employees. “*Dishonest or fraudulent acts*”, as used in this paragraph, shall mean only dishonest or fraudulent acts committed by the “*member’s*” officials or employees with the manifest intent to:
 - (1) Cause the “*member*” to sustain such loss; and
 - (2) Obtain financial benefit for the “*member’s*” officials, employees, or for any other person or organization intended by the “*member’s*” officials or employees to receive such benefit, other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions, or other employee benefits earned in the normal course of employment;
- b. The cost of making good defective design or specifications, faulty material, or faulty workmanship. However, this exclusion shall not apply to loss or damage resulting from such defective design or specifications, faulty material or faulty workmanship;
- c. Errors in processing or manufacture of the “*member’s*” product unless loss or damage from a peril covered herein ensues and then this coverage certificate shall cover for such ensuing loss or damage;
- d. Ordinary wear, tear, or gradual deterioration unless other loss or damage from a peril covered against herein ensues and then this coverage certificate shall cover for ensuing loss or damage;
- e. Normal settling or shrinkage of walls, floors, or ceilings unless loss or damage from a peril covered herein ensues and then this coverage certificate shall cover for such ensuing loss or damage;

- f. Gradual subsidence unless loss or damage from a peril covered herein ensues and then this coverage certificate shall cover only for such ensuing loss or damage;
- g. Loss of market or business interruption or extra expense loss due to delay with respects to property in transit;
- h. Electrical injury or disturbance to electrical appliances, devices, or wiring caused by electrical currents artificially generated unless loss or damage from a peril covered herein ensues and then this coverage certificate shall cover for such ensuing loss or damage;
- i. Mechanical breakdown unless loss or damage from a peril covered herein ensues and then this coverage certificate shall cover for such ensuing loss or damage;
- j. Explosion, rupture, bursting of steam boilers, steam pipes, steam turbines, or steam engines owned or operated by the “*member*” unless loss or damage from a peril covered herein ensues and then this coverage certificate shall cover for such ensuing loss or damage. It is agreed that direct loss resulting from the explosion of accumulated gases or unconsumed fuel within the firebox (or combustion chamber) of any fired vessel or within the flues of passages which conduct the gases or combustion therefrom shall be covered hereunder;
- k. Unexplained or mysterious disappearance of property, or shortage found upon taking inventory.
- l. Loss or expense resulting from:
 - (1) Asbestos material removal unless the asbestos is itself damaged by fire, lightning, aircraft impact, explosion, riot, civil commotion, smoke, vehicle impact, windstorm or hail, vandalism, malicious mischief, or leakage or accidental discharge from automatic fire protective systems.
 - (2) Demolition or increased cost of reconstruction, repair, debris removal, or loss of use necessitated by the enforcement of any law or ordinance regulating asbestos material.
 - (3) Any governmental direction or request declaring that asbestos material present in or part of or utilized on any undamaged portion of the “*member’s*” property can no longer be used for the purpose for which it was intended or installed and must be removed or modified.

The total amount recoverable for both loss to property and asbestos removal expense shall be a part of and not in addition to the limit of liability.

- m. Against loss or damage caused by or resulting from moths, vermin, termites or other insects, inherent vice, latent defect, rust, “*fungi, bacteria, wet or dry rot*”, dampness of atmosphere, smog, or extremes in temperatures unless loss or

damage results from a peril insured herein and then this coverage certificate shall cover for such loss or damage.

Exclusions b., c., e., f., h., i., j., and k. do not apply to property in transit.

Exclusions c., h., i., and j. do not apply to alterations, additions, and property while in the course of construction, erection, installation, or assembly.

Exclusions h., i., and j. do not apply to electronic data processing systems and valuable papers and records.

4. Real And Personal Property Excluded

This coverage certificate does not cover loss or damage to:

- a. Money notes, securities, stamps, letters of credit, or tickets except as provided under EXTENSIONS OF COVERAGE;
- b. Growing crops, standing timber, and animals except animals held for research; however, coverage for animals held for research shall apply only as respects the perils of fire and extended coverage; and coverage for any “owned police dog” shall apply as follows:
 - (1) Coverage for any “owned police dog” includes the cost to replace the animal with one animal of like kind and quality, including travel to acquire said animal, and the cost to train a replacement animal. However, the most we will pay for the replacement animal and its training is up to a limit of \$25,000.00.
 - (2) Coverage for any “owned police dog” applies only for death or injuries sustained by the animal while engaged in law enforcement duties.
 - (3) For any “owned police dog” injured while engaged in law enforcement duties, whose injuries allow the animal to return to law enforcement duties, the most we will pay for medical treatment is \$5,000.00.
 - (4) There is no coverage for retired “owned police dogs” or those “owned police dogs” that die from natural causes.
- c. Lawns, trees, plants, and shrubs, including debris removal, except when on a “*member’s*” premises and within 1000 feet of a building owned or occupied by the “*member.*” The limit of liability shall be the lesser of the replacement cost or \$2,500 per lawn, tree, plant, or shrub not to exceed \$10,000 in the aggregate per “*coverage period.*”; however this coverage for lawns, trees, plants, and shrubs on a “*member’s*” premises shall apply only as respects the perils of fire, extended coverage and vandalism and malicious mischief;)
As respects lawns, trees, plants, and shrubs does not include artificial turf.

- d. Watercraft; aircraft, other than an “*unmanned aircraft system*”;
- e. Any land motor vehicle, trailer or semi-trailer, including its equipment and other equipment permanently attached thereto which is owned or leased by the “*member*” and licensed for highway use when not on the “*member’s*” premises. However, this exclusion shall not apply to:
 - (1) Mobile or contractors’ equipment; or
 - (2) Electronic data processing equipment contained in any emergency use vehicle.
- f. Waterborne shipments to and from Puerto Rico, Virgin Islands, Hawaii, and Alaska; waterborne shipments via the Panama Canal;
- g. Export shipments after loading on board an overseas vessel or after ocean marine insurance attaches, whichever occurs first, and export shipments until they have been discharged from the overseas vessel or until the ocean marine insurance terminates, whichever occurs last;
- h. Furs, fur garments, jewels, jewelry, watches, pearls, precious and semi-precious stones, gold, silver, platinum, other precious metals and alloys;
- i. Property sold on installment, conditional sale, trust policy, or other deferred payment plan, after delivery to customer;
- j. Shipments by mail;
- k. Land and Land Values, and water, including water stored in reservoirs, except water which is normally contained within any type of tank, piping system, or other process equipment;
- l. Roads, streets, highways or other paved or unpaved surfaces, sign posts and lights, unless situated within the confines of the legal property lines of any lot in which a “*member’s*” buildings, structures, parks, beaches, golf courses, other recreational, or similar open areas are located. However, this exclusion does not apply to traffic control boxes, wherever located.
- m. Bridges, dams, and dikes except as specifically provided by addendum.
- n. Culverts, underground pipes, flues, drains, or tanks unless situated within the confines of the legal property lines of any lot in which a “*member’s*” buildings or structures are located, or as otherwise provided by addendum.
- o. Docks, piers, wharves, or pilings unless otherwise provided by addendum.
- p. Foreclosed property unless otherwise provided by addendum.

- q. Transmission and distribution lines unless situated within the confines of any lot in which a “*member’s*” buildings or structures are located, or within 1,000 feet thereof.
- r. “*Unmanned aircraft systems*”.

5. Valuation

At the time of loss, the basis of adjustment, unless otherwise provided by addendum, shall be as follows:

- a. Real and Personal Property at replacement cost new, without deduction for depreciation, except as provided below or by addendum.
- b. Property of others at the amount for which the “*member*” is liable but in no event to exceed replacement cost plus the cost of labor performed and materials expended thereon to the time of loss.
- c. Tenant's Improvement and Betterments:
 - (1) If repaired or replaced at the expense of the “*member*” within a reasonable time after loss, the replacement cost of the damaged or destroyed improvement and betterments.
 - (2) If not repaired or replaced within a reasonable time after loss, the proportion of the original cost at the time of installation of the damaged or destroyed property which the unexpired term of the lease or rental policy, whether written or oral, in effect at time of loss bears to the period from the dates such improvements or betterments were made to the expiration date of the lease.
 - (3) If repaired or replaced or to be repaired or replaced at the expense of others for the use of the “*member.*” There shall be no liability hereunder.
- d. Valuable papers and records and media at the cost to repair or replace the property with other property of like kind and quality including the cost of gathering and/or assembling information.

Valuable papers and records, defined as written, printed, or otherwise inscribed documents and records, including but not limited to books, maps, films, drawings, abstracts, deeds, mortgages, micro-inscribed documents, manuscripts, and data processing media, but not including money and/or securities.

Securities shall mean all negotiable and non-negotiable instruments or contracts representing either money or other property and includes revenue and other stamps in current use, tokens and tickets, but does not include money.

- e. Patterns and dies, at replacement cost if actually replaced within twelve months following the date of loss, otherwise at scrap values.
- f. Electronic Data Processing Equipment: replacement cost new if actually replaced; if not so replaced, at actual cash value (with proper deduction for

depreciation). Should the property insured be technologically obsolete or unavailable because it is no longer in production, and should the property be actually replaced then CIRMA shall be liable for the replacement cost new of equipment that will perform the same function(s) as the original equipment.

- g. Fine Arts at appraised value; in the absence of an appraisal, actual cash value.
- h. Contractors and Mobile Equipment and miscellaneous scheduled equipment, shall be adjusted on a replacement cost basis without deduction for depreciation.
- i. Loss or damage to vacant property, except for foreclosed property that a “*member*” comes into possession or control of, at replacement cost for a period of 180 days from the date property first becomes vacant, after 180 days at actual cash value.
- j. Foreclosed property that a “*member*” comes into possession or control of, shall be adjusted on an actual cash value basis, unless as specifically provided by addendum.

For all property covered on a repair or replace basis, if property is not repaired or replaced within two years from the date of the loss, actual cash value will apply.

C. PROPERTY COVERAGE SECTION C – EQUIPMENT BREAKDOWN

In consideration of the premium charged, CIRMA agrees to indemnify the “*member*” for Equipment Breakdown coverage as described and limited within this PROPERTY COVERAGE SECTION C – EQUIPMENT BREAKDOWN.

Equipment Breakdown

The term peril insured as referenced under VI. PROPERTY COVERAGE SECTIONS, B. PROPERTY COVERAGE SECTION B includes an “*accident*.” This coverage certificate shall cover direct physical damage to covered property that is the direct result of an “*accident*.” As used in this PROPERTY COVERAGE SECTION C - EQUIPMENT BREAKDOWN, “*accident*” means a fortuitous event that causes direct physical damage to “*covered equipment*.” The event must be one of the following:

- Mechanical breakdown, including rupture or busting caused by centrifugal force;
- Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires;
- Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control;
- Loss or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment; or
- Loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment.

1. Coverage:

All coverage under VI. PROPERTY COVERAGE SECTIONS, PROPERTY COVERAGE SECTION B is extended to this Equipment Breakdown coverage. The most CIRMA will pay for loss or damage under this coverage is the applicable Limit amount shown in the Declarations, unless a separate Limit amount is shown under Equipment Breakdown coverages.

Unless otherwise shown in the Declarations, the following coverages also apply to the direct result of an “*accident*.” These coverages do not provide additional amounts of insurance.

a. Expediting Expenses

CIRMA will pay for the reasonable extra cost of temporary repair and of expediting the permanent repair or permanent replacement of damaged covered property of the “*member*,” including overtime and the extra cost of express or other rapid means of transportation, provided CIRMA’s liability under this coverage does not exceed the Limit amount shown in the Declarations.

b. Perishable Goods

CIRMA will pay for:

- (1) Physical damage to “*perishable goods*” due to spoilage;

- (2) Physical damage to “*perishable goods*” due to contamination from the release of refrigerant, including but not limited to ammonia;
- (3) Any necessary expenses the “*member*” incurs to reduce the amount of loss under this coverage, to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.

If the “*member*” is unable to replace the “*perishable goods*” before its anticipated sale, the amount of CIRMA’s payment will be determined on the basis of the sales price of the “*perishable goods*” at the time of the “*accident*,” less discounts and expenses the “*member*” otherwise would have had. Otherwise CIRMA’s payment will be determined in accordance with the Valuation provision under VI. PROPERTY COVERAGE SECTIONS, B. PROPERTY COVERAGE SECTION B.

The most CIRMA will pay for loss or damage under this coverage is the Limit amount shown in the Declarations.

c. Service Interruption

Any insurance provided for Business Interruption, Extra Expense, Rental Value or Perishable Goods is extended to apply to the “*member’s*” loss damage or expense caused by the interruption of utility services. The interruption must result from an “*accident*” to equipment, including overhead transmission lines, that is owned by a utility, landlord, a landlord’s utility or other supplier who provides the “*member*” with any of the following services: electrical power, heating, steam, waste disposal, air conditioning, natural gas, compressed air, water, refrigeration, internet access, telecommunications services, wide area networks or “*data*” transmission. The equipment must meet the definition of “*covered equipment*” except that it is not covered property.

The most CIRMA will pay in any “*one accident*” for loss or damage under this coverage is the applicable limit for Business Interruption, Extra Expense, Rental Value or Perishable Goods, except that if a Limit is shown in the Declarations for Service Interruption, that Limit will apply to Business Interruption, Extra Expense and Rental Value loss under this coverage.

d. Data Restoration

CIRMA will pay for the reasonable and necessary cost to research, replace, and restore “*data*” (including programs and operating systems) that is lost or corrupted due to an “*accident*.” The most CIRMA will pay for loss or damage under this coverage, including actual loss of Business Interruption and Rental Value sustained and necessary Extra Expense incurred, if shown as covered, is the Limit amount shown in the Declarations.

e. Hazardous Substances

CIRMA will pay for the additional cost to repair or replace covered property because of contamination by a “*hazardous substance*.” This includes the additional expenses to clean up or dispose of such property.

This does not include contamination of “*perishable goods*” by refrigerant, including but not limited to ammonia, which is addressed in Perishable Goods above. As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown coverage had no “*hazardous substance*” been involved.

The most CIRMA will pay for loss or damage under this coverage, including actual loss of Business Interruption and Rental Value sustained and necessary Extra Expense incurred, if shown as covered, is the Limit amount shown in the Declarations.

f. Green

With respect to covered property, CIRMA will pay the “*members*” additional cost:

- (1) To repair damaged property using equipment, materials and service firms required or recommended by a “*recognized environmental standards program*,” if repair is the least expensive option;
- (2) To replace damaged property using equipment, materials and service firms required or recommended by a “*recognized environmental standards program*,” if replacement is the least expensive option;
- (3) To dispose of damaged property or equipment, if practicable, through a recycling process; and
- (4) To flush out reconstructed space with up to 100% outside air using new filtration media.

With respect to any building that is covered property and was, at the time of the “*accident*,” certified by a “*recognized environmental standards program*,” CIRMA will pay the “*member’s*” additional cost:

- (1) To prevent a lapse of such certification;
- (2) To reinstate the certification or replace it with an equivalent certification;
- (3) For an engineer authorized by a “*recognized environmental standards program*” to oversee the repair or replacement of the damaged covered property; and
- (4) For a Professional Engineer to commission or recommission the “*member’s*” damaged mechanical, electrical, or electronic building systems.

As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown coverage in the absence of this Green coverage.

This coverage is subject to the following provisions:

- (1) This coverage applies in addition to any coverage that may apply under the Environmental, Safety and Efficiency Improvements condition of this

PROPERTY COVERAGE SECTION C – EQUIPMENT BREAKDOWN, or any other applicable coverage.

- (2) This coverage only applies to covered property that must be repaired or replaced as a direct result of an “*accident*.”
- (3) This coverage does not apply to any covered property to which actual cash value applies.

The most CIRMA will pay for loss or damage under this coverage, including actual loss of Business Interruption and Rental Value sustained and necessary Extra Expense incurred, if shown as covered, is \$25,000 unless otherwise shown in the Declarations.

g. Fungi, Bacteria, Wet And Dry Rot

- (1) CIRMA will pay the “*member’s*” additional cost to repair or replace covered property because of contamination by “*fungi, bacteria, wet or dry rot*” resulting from an “*accident*.” This includes the additional costs to clean up or dispose of such property. This does not include spoilage of personal property that is “*perishable goods*” to the extent that such spoilage is covered under Perishable Goods coverage.
- (2) As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown coverage had no “*fungi, bacteria, wet or dry rot*” been involved.
- (3) CIRMA will also pay the cost of testing performed after repair or replacement of the damaged covered property is completed only to the extent that there is reason to believe there is the presence of “*fungi, bacteria, wet or dry rot*.”
- (4) The most CIRMA will pay in any “*one accident*” for loss, damage or expense under this coverage, including actual loss of Business Interruption and Rental Value sustained and necessary Extra Expense incurred, if shown as covered, is \$25,000 unless otherwise shown in the Declarations even if the “*fungi, bacteria, wet or dry rot*” continues to be present or active or recurs in a later policy period.

2. Limit Of Liability And Deductible Amounts:

- a. Limit of Liability – The limit of CIRMA’s liability for any “*one accident*” shall not exceed the amount specified as Equipment Breakdown Limit in the Declarations. Coverage provided under this PROPERTY COVERAGE SECTION – EQUIPMENT BREAKDOWN shall not provide an additional amount of insurance.
- b. Deductible Amount – Only as regards this PROPERTY COVERAGE SECTION C - EQUIPMENT BREAKDOWN, the Deductible (Applicable to Coverage Section B only) provision under VI. PROPERTY COVERAGE SECTIONS, D.

PROPERTY COVERAGE SECTIONS B AND C is deleted and replaced with the following:

With respect to any “*one accident*,” it is agreed that from the total amount of any loss, damage and expense for which CIRMA is liable under this PROPERTY COVERAGE SECTION C – EQUIPMENT BREAKDOWN there shall be first deducted the amount specified as deductible in the Declarations. The deductible in the Declarations applies unless a separate Equipment Breakdown deductible is shown in the Declarations. If a separate Equipment Breakdown deductible is shown, the following applies.

(1) Deductibles for Each Coverage

- (a) Unless the Declarations indicates that the “*member’s*” deductible is combined for all coverages, multiple deductibles may apply to any “*one accident*.”
- (b) CIRMA will not pay for loss, damage or expense under any coverage until the amount of the covered loss, damage or expense exceeds the deductible amount indicated for that coverage in the Declarations. CIRMA will then pay the amount of loss, damage or expense in excess of the applicable deductible amount, subject to the applicable limit.
- (c) If deductibles vary by type of “*covered equipment*” and more than one type of “*covered equipment*” is involved in any “*one accident*,” only the highest deductible for each coverage will apply.

(2) Direct and Indirect Coverages

- (a) Direct Coverages Deductibles and Indirect Coverages Deductibles may be indicated in the Declarations.
- (b) Unless more specifically indicated in the Declarations:
 - (i) Indirect Coverages Deductibles apply to Business Interruption, Rental Value and Extra Expense loss; and
 - (ii) Direct Coverages Deductibles apply to all remaining loss, damage or expense covered by this PROPERTY COVERAGE SECTION C – EQUIPMENT BREAKDOWN.

(3) Application of Deductibles

(a) Dollar Deductibles

CIRMA will not pay for loss, damage or expense resulting from any “*one accident*” until the amount of loss, damage or expense exceeds the applicable Deductible shown in the Declarations. CIRMA will then pay the amount of loss, damage or expense in excess of the applicable Deductible or Deductibles, up to the applicable limit of liability.

(b) Time Deductible

If a time deductible is shown in the Declarations, CIRMA will not be liable for any loss occurring during the specified number of hours or

days immediately following the “*accident*.” If a time deductible is expressed in days, each day shall mean twenty-four consecutive hours.

3. Exclusions:

All exclusions under V. PROPERTY GENERAL TERMS AND CONDITIONS, General Exclusions as well as VI. PROPERTY COVERAGE SECTIONS, PROPERTY COVERAGE SECTION B, 3. Perils Excluded apply except as modified below and to the extent that coverage is specifically provided by this PROPERTY COVERAGE SECTION C – EQUIPMENT BREAKDOWN.

The following exclusions are added as respects this PROPERTY COVERAGE SECTION C – EQUIPMENT BREAKDOWN only:

- (1) CIRMA will not pay for loss, damage or expense caused by or resulting from:
 - (a) Flood, however, if electrical “*covered equipment*” requires drying out because of such cause of loss, CIRMA will pay for the direct expenses of such drying out, subject to the applicable limit of liability and deductible;
 - (b) Any hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel, or an insulation breakdown test of any type of electrical equipment;
 - (c) Any of the following:
 - i. Defect, programming error, programming limitation, computer virus, malicious code, loss of “*data*,” loss of access, loss of use, loss of functionality or other condition within or involving “*data*” or “*media*” of any kind; or
 - ii. Misalignment, miscalibration, tripping off-line, or any condition which can be corrected by resetting, tightening, adjusting or cleaning, or by the performance of maintenance.
However, if an “*accident*” results, CIRMA will pay for that resulting loss, damage or expense caused by that “*accident*”; or
 - (d) Depletion, deterioration, corrosion, erosion, wear and tear, or other gradually developing conditions. However, if an “*accident*” results, CIRMA will pay for that resulting loss, damage or expense.
- (2) With respect to Service Interruption, Green and Fungi, Bacteria, Wet And Dry Rot coverages, CIRMA will also not pay for an “*accident*” caused by or resulting from: fire, lightning; windstorm or hail; explosion (except as specifically provided in the definition of “*accident*” above); smoke; aircraft or vehicles; riot or civil commotion; vandalism; sprinkler leakage; falling objects; weight of snow, ice or sleet; freezing; collapse; flood or earth movement.
- (3) Except as specifically provided under Fungi, Bacteria, Wet And Dry Rot above, CIRMA will not pay for loss, damage or expense caused directly or indirectly by the following, whether or not caused by or resulting from an “*accident*”: Any “*fungi, bacteria, wet or rot*,” including any presence, growth, proliferation, spread or any activity of “*fungi, bacteria, wet or rot*.” This includes, but is not limited to,

costs arising from clean up, removal, or abatement of such “*fungi, bacteria, wet or rot.*” However, this exclusion does not apply to spoilage of personal property that is “*perishable goods,*” to the extent that such spoilage is covered under Perishable Goods coverage.

- (4) CIRMA will not pay for any loss or damage to animals.

4. Definitions:

All definitions under IV. PROPERTY DEFINITIONS as well as VI. PROPERTY COVERAGE SECTIONS apply. The following definitions are added as respects this PROPERTY COVERAGE SECTION C – EQUIPMENT BREAKDOWN only.

- a. “*Boilers And Vessels*” means:

- (a) Any boiler, including attached steam, condensate and feedwater piping; and
- (b) Any fired or unfired pressure vessel subject to vacuum or internal pressure other than the static pressure of its contents.

This term does not appear elsewhere in this Equipment Breakdown coverage, but may appear in the Declarations.

- b. “*Covered Equipment*”

- (a) “*Covered equipment*” means, unless otherwise specified in the Declarations, covered property:

- (a) That generates, transmits or utilizes energy; or
- (b) Which during normal usage, operates under vacuum or pressure, other than weight of its contents.

“*Covered equipment*” may utilize conventional design and technology or new or newly commercialized design and technology.

- (2) None of the following is “*covered equipment*”:

- (a) Structure, foundation, cabinet or compartment;
- (b) Insulating or refractory material;
- (c) Sewer piping, buried vessels or piping, or piping forming a part of a sprinkler or fire suppression system;
- (d) Water piping other than boiler feedwater piping, boiler condensate return piping, or water piping forming a part of a refrigerating or air conditioning system;
- (e) “*Vehicle*” or any equipment mounted on a “*vehicle*”;
- (f) Satellite, spacecraft or any equipment mounted on a satellite or spacecraft; or
- (g) Dragline, excavation, or construction equipment.

- c. “*Data*” means information or instructions stored in digital code capable of being processed by machinery.

- d. “*Hazardous Substance*” means any substance that is hazardous to health or has been declared to be hazardous to health by a governmental agency.

- e. “*Electrical Generating Equipment*”

- (1) “*Electrical generating equipment*” means equipment which converts any other form of energy into electricity. This includes, but is not limited to, the following:
 - (a) Boilers used primarily to provide steam for one or more turbine-generator units;
 - (b) Turbine-generators (including steam, gas, water or wind turbines);
 - (c) Engine-generators;
 - (d) Fuel cells or other alternative “*electrical generating equipment*”;
 - (e) Electrical transformers, switchgear and power lines used to convey the generated electricity; and
 - (f) Associated equipment necessary for the operation of any of the equipment listed in (a) – (f) above.
- (2) “*Electrical generating equipment*” does not mean:
 - (a) Elevator or hoist motors that generate electricity when releasing cable; or
 - (b) Equipment intended to generate electricity solely on an emergency, back-up basis.

This term does not appear elsewhere in this Equipment Breakdown coverage, but may appear in the Declarations.

- f. “*Media*” means all forms of electronic, magnetic, and optical tapes and discs for use in any electronic computer or electronic data processing equipment.
- g. “*One Accident*” means: if an initial “*accident*” causes other “*accidents*,” all will be considered “*one accident*.” All “*accidents*” that are the result of the same event will be considered “*one accident*.”
- h. “*Perishable Goods*” means personal property maintained under controlled conditions for its preservation and is susceptible to loss or damage if the controlled conditions change.
- i. “*Recognized Environmental Standards Program*” means one of the following:
 - (1) The United States Environmental Protection Agency ENERGY STAR[®] program;
 - (2) The U.S. Green Building Council LEED[®] program;
 - (3) The Green Building Initiative GREEN GLOBES[®] program; or
 - (4) Any nationally or internationally recognized environmental standards program designed to achieve energy savings and related objectives of the type included in the programs listed above.
- j. “*Vehicle*” means, any machine or apparatus that is used for transportation or moves under its own power. “*Vehicle*” includes, but is not limited to: car, truck, bus, trailer, train, aircraft, watercraft, forklift, bulldozer, tractor or harvester. However, any property that is stationary, permanently installed at a covered premises and that receives electrical power from an external power source will not be considered a “*vehicle*.”

5. Conditions:

All conditions under V. PROPERTY GENERAL TERMS AND CONDITIONS, General Conditions as well as VI. PROPERTY COVERAGE SECTIONS apply. The following conditions are added as respects this PROPERTY COVERAGE SECTION C – EQUIPMENT BREAKDOWN only.

a. Jurisdictional Inspections

If any property that is “*covered equipment*” under this Equipment Breakdown coverage requires inspection to comply with state or municipal boiler and pressure vessel regulations, CIRMA shall be permitted, but is not obligated to perform such inspection on the “*member’s*” behalf. CIRMA does not warrant that conditions are safe or healthful.

b. Suspension

Whenever “*covered equipment*,” is found to be in, or exposed to, a dangerous condition, any authorized representative of CIRMA may immediately suspend the Equipment Breakdown coverage against loss from an “*accident*” to that “*covered equipment*.” This can be done by mailing or delivering a written notice of suspension to:

- (1) The “*member’s*” last known address; or
- (2) The address where the “*covered equipment*” is located.

Once suspended in this way the “*member’s*” Equipment Breakdown coverage can be reinstated only by an endorsement for that “*covered equipment*.” If CIRMA suspends the “*member’s*” Equipment Breakdown coverage, the “*member*” will get a pro rata refund of premium for that “*covered equipment*” for the period of suspension. But the suspension will be effective even if CIRMA has not yet made or offered a refund.

c. Environmental, Safety, and Efficiency Improvements

If “*covered equipment*” requires replacement due to an “*accident*,” CIRMA will pay the “*member’s*” additional cost to replace with equipment that is better for the environment, safer for people, or more energy or water efficient than the equipment being replaced.

However, CIRMA will not pay to increase the size or capacity of the equipment and will not pay more than 150% of what the cost would have been to replace with like kind and quality. This condition does not apply to the replacement of component parts or to any property to which actual cash value applies and does not increase any of the applicable limits.

(This page intentionally left blank)

D. PROPERTY COVERAGE SECTIONS B AND C

GENERAL CONDITIONS

1. Defined Words

Whenever the words or phrases appear in this coverage certificate are in quotation marks, they are used as defined in Section IV, Property Definitions, or in the Coverage Parts of this coverage certificate.

2. Deductible (Applicable to Coverage Section B only)

- a. For each “*member*” all losses, damages, or expenses arising out of any one occurrence shall be adjusted as one loss and from the amount of such adjusted loss shall be deducted the sum selected by each “*member*” as shown in the Declarations.

Whether an occurrence involves a loss at one or more locations, the deductible amount shall apply against the total loss(es) incurred by the “*member*” from any one occurrence.

- b. For those properties designated by The Army Corps of Engineers to be in Flood Zone A or V, where loss is caused by the peril of flood, the deductible will be \$500,000 as respects each non-residential building, \$500,000 as respects personal property in each non-residential building, \$250,000 as respects each residential building, \$100,000 as respects personal property in each residential building, and \$200,000 per occurrence as respects all other covered property.
- c. With the exception of b. above, if two or more deductible amounts in this coverage certificate apply to a single occurrence per “*insured*,” the total to be deducted shall not exceed the largest deductible applicable.

3. Errors or Omissions

Any unintentional error or omission made by the “*member*” shall not void or impair the coverage hereunder provided the “*member*” reports such error or omission as soon as reasonably possible after discovery.

4. In the Case of Loss

- a. Notice of Loss

As soon as practicable after any loss or damage occurring under this coverage certificate is known to the “*member*” or its agent, the “*member*” shall report such loss or damage to CIRMA or its agent.

- b. Assistance and Cooperation of the “*member*”

The “*member*” shall cooperate with CIRMA and upon CIRMA’s request and reasonable expense, shall attend hearings and trials and shall assist in

effecting settlements, in securing and giving evidence, in obtaining the attendance of witnesses, and in conducting “*suits*.”

c. Proof of Loss

It shall be necessary for the “*member*” to render a signed and sworn proof of loss to CIRMA or its appointed representative within 90 days, stating the place, time, and cause of the loss, damage, or expense; the interest of the “*member*” and of all others; the value of the property involved in the loss; and the amount of loss, damage, or expense.

d. Partial Payment Of Loss

In the event of a loss covered by this coverage certificate, it is understood and agreed that CIRMA may agree in writing to provide partial payment(s) of a claim, subject to the coverage certificate provisions and normal “*Company*” adjustment process.

e. Loss Adjustment Expenses (Applicable to Coverage Section B only)

This coverage certificate is extended to include reasonable and necessary expenses incurred by the “*insured*,” or by the “*member’s*” representatives, for preparing and certifying details of a claim resulting from a loss which would be payable under this coverage certificate. However, CIRMA shall not be liable under this clause for expenses incurred by the “*member*” in utilizing the services of a public adjuster.

f. Payment Of Loss

All adjusted claims shall be due and payable no later than 30 days after presentation and acceptance of proofs of loss by CIRMA or its appointed representative.

g. Reinstatement

With the exception of loss caused by perils, which are subject to annual aggregate limits as noted in the coverage certificate, no loss hereunder shall reduce the amount of this coverage certificate.

h. Machinery (Applicable to Coverage Section B Only)

In case of loss or damage by a covered peril to any part of a machine or unit consisting of two or more parts when complete for use, the liability of the “*Company*” shall be limited to the value of the part or parts lost or damaged or, at the “*member’s*” option, to the cost and expense of replacing or duplicating the lost or damaged part or parts or of repairing the machine or unit provided that no such option shall exceed 125% of the lowest of the above.

i. Pair and Set (Applicable to Coverage Section B Only)

Except as provided under “*machinery*,” in the event of loss or damage by a peril covered to any article or articles which are a part of a pair or set, the measure of loss or damage to such article or articles shall be a reasonable and fair proportion of the total value of the pair or set, giving consideration to the importance of said article or articles, but in no event shall such loss or damage be construed to mean total loss of the pair or set.

j. Consequential Loss (Applicable to Coverage Section B Only)

This coverage certificate insures against:

- (1) Consequential loss to the property insured caused by change of temperature or humidity or by interruption of power, heat, air conditioning, or refrigeration resulting from a peril insured against. However, it is agreed that exclusions h., i., and j. contained in Section 3, “*Perils Excluded*” shall not apply to this extension when such loss or damage occurs at a location that is not owned or operated by the “*insured*;”
- (2) The reduction in value to the remaining part or parts of any lot of merchandise usually sold by lots or sizes, color ranges, or other classifications due to damage to or destruction of a part of such lots or other classifications due to a peril insured against.

5. Inspection

CIRMA shall be permitted, but not obligated, to inspect the “*member’s*” real and personal property at any reasonable time. An inspection is for the “*Company’s*” benefit only. Neither the “*Company’s*” right to make inspections nor the “*Company’s*” reports on those inspections shall constitute an undertaking on behalf of or for the benefit of the “*member*” or others to determine or guarantee that the “*member’s*” property is safe and not harmful to health.

6. Limits Of Liability (Applicable to Coverage Section B only)

CIRMA shall not be liable for more than the amount specified in the Declarations for any one loss, disaster, or casualty nor in any one “*coverage period*” for more than the aggregate limits shown for the perils of “*flood*” or “*earthquake*”.

7. Mortgage Clause

Loss or damage, if any, under this coverage certificate shall be payable to any mortgagee (or trustee), as designated herein by addendum or evidence of coverage, as interest may appear, under all present or future mortgages upon the property herein described in which the aforesaid may have an interest as mortgagee (or trustee), in order of precedence of said mortgages, and this coverage, as to the interest of the mortgagee (or trustee) only therein, shall not be invalidated by any act or neglect of the mortgagor or owner of the within described property, by any foreclosure or other proceedings or notice of sale relating to the property, nor by any change in the title of ownership of the property, nor by the occupation of the

premises for purposes more hazardous than are permitted by this coverage certificate; provided, that in case the mortgagor or owner shall neglect to pay any contribution due under this coverage certificate, the mortgagee (or trustee) shall, on demand, pay the same.

Provided, also, that the mortgagee (or trustee) shall notify this “*Company*” of any change of ownership or occupancy or increase of hazard which shall come to the knowledge of said mortgagee (or trustee) and, unless permitted by this coverage certificate, it shall be noted thereon and the mortgagee (or trustee) shall, on demand, pay the contribution for such increased hazard for the term of the use thereof; otherwise this coverage certificate shall be null and void.

CIRMA reserves the right to cancel this coverage certificate at any time as provided by its terms, but in such case this coverage certificate shall continue in force for the benefit only of the mortgagee (or trustee) for 10 days after notice to the mortgagee (or trustee) of such cancellation and shall then cease, and the Reinsurer shall have the right, on like notice, to cancel this coverage certificate.

If loss hereunder is made payable, in whole or in part, to a designated mortgage holder not named herein, such interest in this coverage certificate may be cancelled by giving to such mortgage holder a ten days' written notice of cancellation.

If the “*member*” fails to render proof of loss such mortgage holder, upon notice, shall render proof of loss in the form specified within sixty (60) days thereafter and shall be subject to the provisions hereof relating to appraisal and time of payment and of bringing “*suit*.” If CIRMA claims that no liability existed as to the mortgagor or owner, CIRMA shall, to the extent of payment of loss to the mortgage holder, be subrogated to all the mortgage holder's rights of recovery, but without impairing mortgage holder's rights to sue; or CIRMA may pay off the mortgage debt and require an assignment thereof and of the mortgage. Other provisions relating to the interests and obligations of such mortgage holder may be added hereto by agreement in writing.

8. Other Insurance (Applicable to Coverage Section B only)

a. Excess Insurance

Excess insurance is insurance over the limit of liability set forth in this coverage certificate. The existence of such excess insurance shall not prejudice the coverage provided under this coverage certificate nor will it reduce any liability hereunder.

b. Underlying Insurance

(1) Should the “*member*” elect to maintain insurance on the actual cash value of a property, under the National Flood Insurance Act, as amended, this coverage certificate shall cover excess of loss over the maximum amount of insurance permitted under the act.

(2) Any other underlying insurance shall be considered “*other insurance.*”

c. Other Insurance

Except for insurance as described as Excess or Underlying Insurance, this coverage certificate shall not cover to the extent of any other insurance, whether prior or subsequent hereto in date, and whether directly or indirectly covering the same property against the same perils. CIRMA shall be liable for loss or damage only to the extent of that amount in excess of the amount recoverable from such other insurance.

9. Suspension (Applicable to Coverage Section B Only)

Upon the discovery of a dangerous condition with respect to any property, any authorized representative of CIRMA may immediately suspend the coverage with respect to such property by written notice mailed or delivered to the “*member*” at the address of the “*insured,*” or at the location of the property. Coverage so suspended may be reinstated by CIRMA, but only by an addendum issued to form a part hereof.

(Last page left intentionally blank)

DRAFT MINUTES

Members Present: Kochenburger (Chair), Fratoni, Shaiken

Other Council Members Present: Moran, Freudmann

Staff Present: Carrington, Trahan

Guests: Christopher Wardrop, USI Insurance Services, LLC

1. Meeting called to order at 6:32 pm
2. Opportunity for Public Comment – None
3. Staff Reports – Finance Director Trahan reviewed the highlights of her responses to the May 11th Finance Committee questions, including accounts on the transfer to suspense list and the Day Care Fund financial statements.
4. Approval of minutes for May 11, 2020

Shaiken moved and Fratoni seconded to approve the minutes of May 11, 2020 as presented. Motion passed unanimously.

5. Liability Insurance Discussion – Christopher Wardrop from USI Insurance Services, LLC reviewed his presentation including a discussion on Mansfield's property/casualty insurance program, insurance marketplace conditions, Mansfield's 7/1/20 insurance renewals, and pandemic and cyber security risks. Mr. Wardrop took questions from the Committee and will respond back to the Committee on several outstanding questions including: exclusions for intentional acts, law enforcement liability coverage for Region 19, the cost of a \$15M excess liability coverage (vs. \$10M of coverage), and copies of our LAP and Cyber policies.
6. Shared Services – Director Trahan gave a brief overview of the memo and information in the packet on Shared Services. A discussion by the Committee followed.

Shaiken moved and Kochenburger seconded to recommend that the Town Council stay the course with our shared services agreements as they are now. Motion passed unanimously.

7. Communications/Other Business/Future Agenda Items – Wrap up liability insurance discussion; financial projections for Director Vincente's operational recommendations for the Parks and Recreation Fund.
8. Adjournment. The meeting adjourned at 8:14pm.

Fratoni moved and Shaiken seconded to adjourn. Motion so passed.

Respectfully submitted: Cherie Trahan, Director of Finance

July 14, 2020

Town of Mansfield Finance Committee

Christopher Wardrop, CIC, CRM, Senior Vice President
{ Page 135 of 222 }

www.usi.com



A close-up photograph of a dartboard. A yellow arrow is stuck in the board, pointing towards the word 'RISK' which is printed in large, bold, black letters on the board's surface. The dartboard has a white face with black and red segments.

Agenda

1. Cyber insurance update
2. Law enforcement liability coverage
3. Excess liability coverage
4. Intentional acts
5. Optional: 7/1/2020 Insurance Renewal and marketplace debrief
6. Question/Answer



Cyber Insurance Program

- CIRMA master program
- Standalone options



Law Enforcement Liability Coverage

- Town's current coverage
- SRO status
- RSD 19

The top portion of the slide features a background image of a dartboard. A single yellow arrow is shown in mid-air, having just struck the red bullseye in the center. The word "RISK-" is printed in a large, grey, sans-serif font across the upper right quadrant of the image, partially overlapping the dartboard's scale.

Excess Liability Coverage

- Benchmarks
- Large claim examples
- Estimates to increase coverage for Town/BOE and RSD 19



June 2020 Meeting Follow Up

- Intentional acts policy language
- Orientation session for new Mansfield leaders
- Anything else?



Questions? Comments?

A close-up photograph of a dartboard. A single yellow arrow is stuck in the board, pointing towards the word "RISK" which is printed in large, bold, black letters on the board's surface. The dartboard has a white face with black and red segments around the perimeter.

Thank You from
USI Insurance Services!



X^L Insurance

NOTICE TO POLICYHOLDERS

PRIVACY POLICY

The AXA XL insurance group (the “Companies”), believes personal information that we collect about our customers, potential customers, and proposed insureds (referred to collectively in this Privacy Policy as “customers”) must be treated with the highest degree of confidentiality. For this reason and in compliance with the Title V of the Gramm-Leach-Bliley Act (“GLBA”), we have developed a Privacy Policy that applies to all of our companies. For purposes of our Privacy Policy, the term “personal information” includes all information we obtain about a customer and maintain in a personally identifiable way. In order to assure the confidentiality of the personal information we collect and in order to comply with applicable laws, all individuals with access to personal information about our customers are required to follow this policy.

Our Privacy Promise

Your privacy and the confidentiality of your business records are important to us. Information and the analysis of information is essential to the business of insurance and critical to our ability to provide to you excellent, cost-effective service and products. We understand that gaining and keeping your trust depends upon the security and integrity of our records concerning you. Accordingly, we promise that:

1. We will follow strict standards of security and confidentiality to protect any information you share with us or information that we receive about you;
2. We will verify and exchange information regarding your credit and financial status only for the purposes of underwriting, policy administration, or risk management and only with reputable references and clearinghouse services;
3. We will not collect and use information about you and your business other than the minimum amount of information necessary to advise you about and deliver to you excellent service and products and to administer our business;
4. We will train our employees to handle information about you or your business in a secure and confidential manner and only permit employees authorized to use such information to have access to such information;
5. We will not disclose information about you or your business to any organization outside the AXA XL insurance group of Companies or to third party service providers unless we disclose to you our intent to do so or we are required to do so by law;
6. We will not disclose medical information about you, your employees, or any claimants under any policy of insurance, unless you provide us with written authorization to do so, or unless the disclosure is for any specific business exception provided in the law;
7. We will attempt, with your help, to keep our records regarding you and your business complete and accurate, and will advise you how and where to access your account information (unless prohibited by law), and will advise you how to correct errors or make changes to that information; and
8. We will audit and assess our operations, personnel and third party service providers to assure that your privacy is respected.

Collection and Sources of Information

We collect from a customer or potential customer only the personal information that is necessary for (a) determining eligibility for the product or service sought by the customer, (b) administering the product or service obtained, and (c) advising the customer about our products and services. The information we collect generally comes from the following sources:

- Submission – During the submission process, you provide us with information about you and your business, such as your name, address, phone number, e-mail address, and other types of personal identification information;
- Quotes – We collect information to enable us to determine your eligibility for the particular insurance product and to determine the cost of such insurance to you. The information we collect will vary with the type of insurance you seek;

- Transactions – We will maintain records of all transactions with us, our affiliates, and our third party service providers, including your insurance coverage selections, premiums, billing and payment information, claims history, and other information related to your account;
- Claims – If you obtain insurance from us, we will maintain records related to any claims that may be made under your policies. The investigation of a claim necessarily involves collection of a broad range of information about many issues, some of which does not directly involve you. We will share with you any facts that we collect about your claim unless we are prohibited by law from doing so. The process of claim investigation, evaluation, and settlement also involves, however, the collection of advice, opinions, and comments from many people, including attorneys and experts, to aid the claim specialist in determining how best to handle your claim. In order to protect the legal and transactional confidentiality and privileges associated with such opinions, comments and advice, we will not disclose this information to you; and
- Credit and Financial Reports – We may receive information about you and your business regarding your credit. We use this information to verify information you provide during the submission and quote processes and to help underwrite and provide to you the most accurate and cost-effective insurance quote we can provide.

Retention and Correction of Personal Information

We retain personal information only as long as required by our business practices and applicable law. If we become aware that an item of personal information may be materially inaccurate, we will make reasonable effort to re-verify its accuracy and correct any error as appropriate.

Storage of Personal Information

We have in place safeguards to protect data and paper files containing personal information.

Sharing/Disclosing of Personal Information

We maintain procedures to assure that we do not share personal information with an unaffiliated third party for marketing purposes unless such sharing is permitted by law. Personal information may be disclosed to an unaffiliated third party for necessary servicing of the product or service or for other normal business transactions as permitted by law.

We do not disclose personal information to an unaffiliated third party for servicing purposes or joint marketing purposes unless a contract containing a confidentiality/non-disclosure provision has been signed by us and the third party. Unless a consumer consents, we do not disclose “consumer credit report” type information obtained from an application or a credit report regarding a customer who applies for a financial product to any unaffiliated third party for the purpose of serving as a factor in establishing a consumer’s eligibility for credit, insurance or employment. “Consumer credit report type information” means such things as net worth, credit worthiness, lifestyle information (piloting, skydiving, etc.) solvency, etc. We also do not disclose to any unaffiliated third party a policy or account number for use in marketing. We may share with our affiliated companies information that relates to our experience and transactions with the customer.

Policy for Personal Information Relating to Nonpublic Personal Health Information

We do not disclose nonpublic personal health information about a customer unless an authorization is obtained from the customer whose nonpublic personal information is sought to be disclosed. However, an authorization shall not be prohibited, restricted or required for the disclosure of certain insurance functions, including, but not limited to, claims administration, claims adjustment and management, detection, investigation or reporting of actual or potential fraud, misrepresentation or criminal activity, underwriting, policy placement or issuance, loss control and/or auditing.

Access to Your Information

Our employees, employees of our affiliated companies, and third party service providers will have access to information we collect about you and your business as is necessary to effect transactions with you. We may also disclose information about you to the following categories of person or entities:

- Your independent insurance agent or broker;
- An independent claim adjuster or investigator, or an attorney or expert involved in the claim;
- Persons or organizations that conduct scientific studies, including actuaries and accountants;
- An insurance support organization;
- Another insurer if to prevent fraud or to properly underwrite a risk;
- A state insurance department or other governmental agency, if required by federal, state or local laws; or
- Any persons entitled to receive information as ordered by a summons, court order, search warrant, or subpoena.

Violation of the Privacy Policy

Any person violating the Privacy Policy will be subject to discipline, up to and including termination.

For more information or to address questions regarding this privacy statement, please contact your broker.

NOTICE TO POLICYHOLDERS

U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS CONTROL ("OFAC")

No coverage is provided by this Policyholder Notice nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided.

This Policyholder Notice provides information concerning possible impact on your insurance coverage due to the impact of U.S. Trade Sanctions¹. Please read this Policyholder Notice carefully.

In accordance with the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") regulations, or any other U.S. Trade Sanctions embargoes or export controls applied by any regulatory body, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U.S. sanctions, embargoes or export controls law, is a Specially Designated National and Blocked Person ("SDN"), or is owned or controlled by an SDN, this insurance will be considered a blocked or frozen contract. When an insurance policy is considered to be such a blocked or frozen contract, neither payments nor premium refunds may be made without authorization from OFAC or the applicable regulator. Other limitations on the premiums and payments also apply.

¹ "U.S Trade Sanctions" may be promulgated by Executive Order, act of Congress, regulations from the U.S. Departments of State, Treasury, or Commerce, regulations from the State Insurance Departments, etc.

PN CW 05 0519

©2019 X.L. America, Inc. All rights reserved. May not be copied without permission.
Includes copyrighted material of Insurance Services Office, Inc., with its permission.

JLEN 07/10/2019

NOTICE TO POLICYHOLDERS

FRAUD NOTICE

Alabama	Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or who knowingly presents false information in an application for insurance is guilty of a crime and may be subject to restitution fines or confinement in prison, or any combination thereof.
Arkansas	Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
Colorado	It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance, and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to a settlement or award payable from insurance proceeds shall be reported to the Colorado Division of Insurance within the Department of Regulatory Agencies.
District of Columbia	WARNING: It is a crime to provide false or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits if false information materially related to a claim was provided by the applicant.
Florida	Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony of the third degree.
Kansas	A "fraudulent insurance act" means an act committed by any person who, knowingly and with intent to defraud, presents, causes to be presented or prepares with knowledge or belief that it will be presented to or by an insurer, purported insurer, broker or any agent thereof, any written, electronic, electronic impulse, facsimile, magnetic, oral, or telephonic communication or statement as part of, or in support of, an application for the issuance of, or the rating of an insurance policy for personal or commercial insurance, or a claim for payment or other benefit pursuant to an insurance policy for commercial or personal insurance which such person knows to contain materially false information concerning any fact material thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto.
Kentucky	Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any materially false information or conceals, for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime.
Louisiana	Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
Maine	It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines, or denial of insurance benefits.
Maryland	Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly or willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
New Jersey	Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.

New Mexico	ANY PERSON WHO KNOWINGLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT OR KNOWINGLY PRESENTS FALSE INFORMATION IN AN APPLICATION FOR INSURANCE IS GUILTY OF A CRIME AND MAY BE SUBJECT TO CIVIL FINES AND CRIMINAL PENALTIES.
New York	<p>General: All applications for commercial insurance, other than automobile insurance: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.</p> <p>All applications for automobile insurance and all claim forms: Any person who knowingly makes or knowingly assists, abets, solicits or conspires with another to make a false report of the theft, destruction, damage or conversion of any motor vehicle to a law enforcement agency, the department of motor vehicles or an insurance company, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the value of the subject motor vehicle or stated claim for each violation.</p> <p>Fire: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime.</p> <p>The proposed insured affirms that the foregoing information is true and agrees that these applications shall constitute a part of any policy issued whether attached or not and that any willful concealment or misrepresentation of a material fact or circumstances shall be grounds to rescind the insurance policy.</p>
Ohio	Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.
Oklahoma	WARNING: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.
Pennsylvania	<p>All Commercial Insurance, Except As Provided for Automobile Insurance: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.</p> <p>Automobile Insurance: Any person who knowingly and with intent to injure or defraud any insurer files an application or claim containing any false, incomplete or misleading information shall, upon conviction, be subject to imprisonment for up to seven years and the payment of a fine of up to \$15,000.</p>

Puerto Rico	Any person who knowingly and with the intention of defrauding presents false information in an insurance application, or presents, helps, or causes the presentation of a fraudulent claim for the payment of a loss or any other benefit, or presents more than one claim for the same damage or loss, shall incur a felony and, upon conviction, shall be sanctioned for each violation by a fine of not less than five thousand dollars (\$5,000) and not more than ten thousand dollars (\$10,000), or a fixed term of imprisonment for three (3) years, or both penalties. Should aggravating circumstances [be] present, the penalty thus established may be increased to a maximum of five (5) years, if extenuating circumstances are present, it may be reduced to a minimum of two (2) years.
Rhode Island	Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
Tennessee	All Commercial Insurance, Except As Provided for Workers' Compensation It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits. Workers' Compensation: It is a crime to knowingly provide false, incomplete or misleading information to any party to a workers' compensation transaction for the purpose of committing fraud. Penalties include imprisonment, fines and denial of insurance benefits.
Utah	Workers' Compensation: Any person who knowingly presents false or fraudulent underwriting information, files or causes to be filed a false or fraudulent claim for disability compensation or medical benefits, or submits a false or fraudulent report or billing for health care fees or other professional services is guilty of a crime and may be subject to fines and confinement in state prison.
Virginia	It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.
Washington	It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.
West Virginia	Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
All Other States	Any person who knowingly and willfully presents false information in an application for insurance may be guilty of insurance fraud and subject to fines and confinement in prison. (In Oregon, the aforementioned actions may constitute a fraudulent insurance act which may be a crime and may subject the person to penalties).



CyberRiskConnect

Privacy, Security and Technology Insurance

DECLARATION PAGE

NOTICE

THIS IS A SURPLUS LINES POLICY AND IS NOT PROTECTED BY THE CONNECTICUT INSURANCE GUARANTY ASSOCIATION OR SUBJECT TO REVIEW BY THE CONNECTICUT INSURANCE DEPARTMENT. IT IS IMPORTANT THAT YOU READ AND UNDERSTAND THIS POLICY.

POLICY NUMBER:	MTP903359403	INSURANCE COMPANY:	Indian Harbor Insurance Company
RENEWAL OF:	MTP903359402	REGULATORY OFFICE:	505 Eagleview Blvd. Suite 100, Exton, PA 19341-1120

ITEM 1. NAMED INSURED

Named Insured	CONNECTICUT INTERLOCAL RISK MANAGEMENT AGENCY (CIRMA)
Address	900 CHAPEL STREET NEW HAVEN, CT 06510

ITEM 2. POLICY PERIOD

Effective Date	July 1, 2019	Expiration Date	July 1, 2020
----------------	--------------	-----------------	--------------

ITEM 3. COVERAGE SCHEDULE

Combined Limits - Combined Policy Aggregate Limit	\$ 10,000,000
---	---------------

THIRD PARTY LIABILITY COVERAGES	LIMIT	RETENTION	RETRO DATE
Technology Products And Services	NA	NA	NA
Professional Services	NA	NA	NA
Media	\$ 2,000,000	\$ 10,000	Full Prior Acts
Privacy And Cyber Security	\$ 2,000,000	\$ 10,000	Full Prior Acts
Privacy Regulatory Defense, Awards And Fines	\$ 2,000,000	\$ 10,000	Full Prior Acts

FIRST PARTY COVERAGES

	LIMIT	WAITING PERIOD
Business Interruption And Extra Expense	Loss Of Business Income \$ 1,000,000	10 Hours
	Extra Expense LIMIT	RETENTION
	\$ 1,000,000	\$ 10,000
Data Recovery	\$ 1,000,000	\$ 10,000
Cyber-Extortion And Ransomware	\$ 2,000,000	\$ 10,000
Data Breach Response And Crisis Management Coverage	\$ 2,000,000	\$ 10,000

ITEM 4. PREMIUM

ITEM 5. PROFESSIONAL SERVICES

N/A

ITEM 6. NOTICE OF CLAIM

[REDACTED]

ITEM 7. AXA XL BREACH HOTLINE

[REDACTED]

ITEM 8. ENDORSEMENTS ATTACHED AT POLICY ISSUANCE

Endorsement Number	Endorsement Form Number	Endorsement Title
	TRD 050 0717	CyberRiskConnect Privacy, Security and Technology Insurance
	PN CW 02 0119	Privacy Policy
	PN CW 05 0519	U.S. Treasury Department's Office Of Foreign Assets Control ("OFAC")
	PN CW 01 0119	Notice To Policyholders - Fraud Notice
	IL MP 9104 0314 IHIC	In Witness - Indian Harbor Insurance Company
Endorsement No. 001	TRD 575 0418	Per Member Aggregate Limit Endorsement With Specified Retroactive Date
Endorsement No. 002	TRD 437 0917	Dependent Business Interruption Coverage Endorsement
Endorsement No. 003	TRD 438 1218	Dependent Business Interruption - System Failure Coverage Endorsement
Endorsement No. 004	TRD 439 0918	System Failure Coverage Endorsement
Endorsement No. 005	TRD 454 1017	PCI DSS Coverage Amendatory Endorsement
Endorsement No. 006	TRD 469 0519	Social Engineering Financial Fraud Endorsement
Endorsement No. 007	TVI 900 0817	Certified Acts of Terrorism Coverage and Premium Disclosure
Endorsement No. 008	TRD 557 0118	Change Retention to Deductible
Endorsement No. 009	TRD 569 0918	Consequential Reputational Loss Endorsement
Endorsement No. 010	TRD 581 0918	Bricking Coverage Endorsement
Endorsement No. 011	XL-CTSOP 0118	Service of Process
Endorsement No. 012	TRD 802 0119	Voluntary Shutdown - Amended Business Interruption and Extra Expenses Endorsement

ITEM 9. PRODUCER

NAME [REDACTED]

ADDRESS [REDACTED]

Date

Authorized Representative

CyberRiskConnect

Privacy, Security and Technology Insurance



TABLE OF CONTENTS

I. Insuring Agreements	1	JJ. Privacy and Security Wrongful Act	13
A. Third Party Liability Coverages	1	KK. Privacy Regulatory Action	13
B. First Party Coverages	2	LL. Privacy Regulatory Fine	13
C. Data Breach Response and Crisis Management Coverage	2	MM. Professional Services	13
D. Application of Coverage	2	NN. Professional Services Wrongful Act	13
II. Defense and Settlement	4	OO. Protected Health Information	14
A. Defense	4	PP. Regulatory Damages	14
B. Settlement	4	QQ. Related Loss	14
III. Limit of Liability and Retention	5	RR. Related Matter	14
A. Limit of Liability Option	5	SS. Retroactive Date	14
B. Retentions	6	TT. Rogue Employee	14
C. Related Matters and Related Losses	6	UU. Sublimit	14
IV. Definitions	7	VV. Subsidiary	14
A. Application	7	WW. Technology Wrongful Act	15
B. Breach Response Providers	7	XX. Technology Products	15
C. Claim	7	YY. Technology Services	16
D. Claim Expenses	7	ZZ. Third Party Wrongful Act	16
E. Confidential Business Information	7	AAA. Waiting Period	16
F. Consumer Redress Amount	7	V. Exclusions	17
G. Coverage Sections	7	A. Deliberate Acts / Personal Profit	17
H. Cyber-extortion Expenses	8	B. Bodily Injury and Property Damage	17
I. Cyber-extortion Threat	8	C. Owned Entity	17
J. Cyber Security Breach	8	D. Insured v. Insured	17
K. Damages	8	E. Employment Practices	18
L. Data Breach	9	F. ERISA	18
M. Data Breach Reporting Requirement	9	G. Securities	18
N. Data Breach Response and Crisis Management Costs	9	H. RICO	18
O. Data Recovery Expenses	10	I. Antitrust and Unfair Competition	18
P. Domestic Partner	10	J. Consumer Protection and Deceptive Business Practices	18
Q. Executive Officer	10	K. Unsolicited Communications	19
R. Extra Expenses	10	L. Patent	19
S. First Party Costs	10	M. Trade Secrets	19
T. First Party Incident	10	N. Pollution	19
U. Insured	10	O. Contractual	19
V. Insured Company	11	P. Force Majeure	19
W. Insurer	11	Q. War	19
X. Loss	11	R. Infrastructure Failure	20
Y. Loss of Business Income	11	S. Governmental Orders	20
Z. Management Control	11	T. Over-Redemption	20
AA. Matter	11	U. Unauthorized Collection and Use	20
BB. Media Wrongful Act	12	VI. Notice	21
CC. Named Insured	12	A. Notice of Circumstance	21
DD. Network	12	B. Notice of Claim and First Party Incident	21
EE. Outsourced Provider	12	C. Notice to Whom	21
FF. Period of Restoration	12	D. When a Claim is Deemed Made	21
GG. Personally Identifiable Information	12	E. Insured's Claim and First Party Incident Obligations	21
HH. Policy Period	13	F. Assistance and Cooperation	22
II. Pollutants	13	VII. Cancellation and Non-Renewal	23
		A. Cancellation by the Named Insured	23

B.	Cancellation by the Insurer	23
C.	Non-Renewal of Coverage	23
VIII.	Extended Reporting Period	24
A.	Automatic Extended Reporting Period	24
B.	Optional Extended Reporting Period	24
C.	Application of Extended Reporting Period	24
IX.	Conditions	25
A.	Change in Control	25
B.	Action Against the Insurer	25
C.	Bankruptcy	25
D.	Other Insurance	25
E.	Subrogation	25
F.	Territory	25
G.	Representation Clause	26
H.	Named Insured Sole Agent	26
I.	Policy Changes	26
J.	Assignment	26
K.	Alternative Dispute Resolution	26
L.	Estates, Heirs, Legal Representatives and Domestic Partners	27

POLICY FORM

SECTION I.A. OF THIS POLICY IS A THIRD PARTY LIABILITY COVERAGE SECTION AND APPLIES ONLY TO THOSE CLAIMS THAT ARE FIRST MADE AGAINST THE INSURED AND REPORTED IN ACCORDANCE WITH THE POLICY. CLAIM EXPENSES ARE WITHIN AND REDUCE THE LIMIT OF LIABILITY. PLEASE REVIEW THE POLICY CAREFULLY.

Words and phrases in blue are defined in Section IV. [Definitions](#).

In consideration of the premium paid by the [Named Insured](#) in reliance upon the [application](#), and subject to the Declarations, limitations, conditions, provisions and other terms of this Policy, the [Insurer](#) and the [Insured](#) agree, with respect to the Insuring Agreements purchased, as stated on the Declarations page, as follows:

I. Insuring Agreements

A. Third Party Liability Coverages

The [Insurer](#) will pay on behalf of an [Insured claim expenses](#) and [damages](#) in excess of the applicable retention that the [Insured](#) is legally obligated to pay as the result of a [claim](#) first made against the [Insured](#) during the [policy period](#) or Extended Reporting Period (if applicable) alleging a:

1. Technology Products and Services
[technology wrongful act](#);
2. Professional Services
[professional services wrongful act](#);
3. Media
[media wrongful act](#);
4. Privacy and Cyber Security
[privacy and security wrongful act](#);

committed by the [Insured](#), a [rogue employee](#), an [outsourced provider](#), or by a third party for whose [third party wrongful act](#) an [Insured](#) is legally responsible.

5. Privacy Regulatory Defense, Awards and Fines

The [Insurer](#) will pay on behalf of an [Insured claim expenses](#) and [regulatory damages](#) in excess of the applicable retention that the [Insured](#) is legally obligated to pay as the result of a [privacy regulatory action](#) first made against the [Insured](#) during the [policy period](#) or Extended Reporting Period (if applicable) alleging a [privacy and security wrongful act](#) committed by the [Insured](#), a [rogue employee](#), an [outsourced provider](#), or by a third party for whose [privacy and security wrongful act](#) the [Insured](#) is legally responsible.

B. First Party Coverages

1. Business Interruption and Extra Expenses

The **Insurer** will pay or reimburse the **Insured** for:

- (a) **loss of business income** after the **waiting period**; and
- (b) **extra expenses** in excess of the applicable retention,

during the **period of restoration** that the **Insured** incurs resulting from a **cyber security breach** directly causing a total or partial interruption or deterioration in the **Insured's** business operations.

2. Data Recovery

The **Insurer** will pay or reimburse the **Insured** for **data recovery expenses** in excess of the applicable retention that the **Insured** incurs directly resulting from a **cyber security breach**.

3. Cyber-Extortion and Ransomware

The **Insurer** will pay or reimburse the **Insured** for **cyber-extortion expenses** in excess of the applicable retention that the **Insured** incurs directly resulting from and in response to a **cyber-extortion threat**.

C. Data Breach Response and Crisis Management Coverage

The **Insurer** will pay or reimburse the **Insured** for **data breach response and crisis management costs** in excess of the applicable retention that the **Insured** incurs for a continuous eighteen (18) month period resulting from a **data breach** or **cyber security breach**. The payment period begins when the **data breach** or **cyber security** is reported to the **Insurer** in accordance with Section VI. Notice.

D. Application of Coverage

1. The coverage provided under Insuring Agreements I.A. Third Party Liability Coverages shall apply if and only if:

- (a) the first **third party wrongful act** or **related matter** occurs on or after the **retroactive date**, as stated in Item 3. on the Declarations Page, and prior to the Policy expiration date, as stated in Item 2. on the Declarations page;
- (b) prior to the effective date of the Policy, as stated in Item 2. on the Declarations Page, or that of the first policy issued and continuously renewed by the **Insurer**, of which this Policy is a renewal, no **executive officer** knew or could have reasonably foreseen that such **third party wrongful act** or **related matter** did or likely would result in a **claim**;
- (c) the **claim** is reported in accordance with Section VI. Notice; and
- (d) notice of such **third party wrongful act** or **related matter** alleged or contained in any **claim** or in any circumstance has not been provided by the **Insured** and accepted by the applicable insurer under any prior policy of which this Policy is a renewal or replacement, or any subsequent policy, irrespective of whether such prior or subsequent policy was issued by the **Insurer** or any other entity.

2. The coverage provided under Insuring Agreement I.B. First Party Coverages and Insuring Agreement I.C. Data Breach Response and Crisis Management Coverage shall apply if and only if:

- (a) an **executive officer** first discovers and/or becomes aware of such **first party incident** or **related matter** during the **policy period**;
- (b) the **first party incident** is reported in accordance with VI. Notice; and

- (c) notice of such [first party incident](#) or [related matter](#) has not been provided by an [Insured](#) and accepted by the applicable insurer under any prior policy of which this Policy is a renewal or replacement, or any subsequent policy, irrespective of whether such prior or subsequent policy was issued by the [Insurer](#) or any other entity.

II Defense and Settlement

A. Defense

The **Insurer** has the right and duty to defend any **claim** under insuring agreement I.A. Third Party Liability Coverages made against an **Insured** even if the allegations in the **claim** are groundless, false or fraudulent. The **Insurer** will select and appoint defense counsel.

B. Settlement

The **Insurer** has the right with the prior written consent of the **Insured**, such consent not to be unreasonably withheld, to settle a **claim**. If the **Insured refuses** to consent to any such settlement recommended by the **Insurer** and agreed to by the claimant, then the **Insurer's** duty to defend ends and the **Insurer's** limit of liability for such **claim** will not exceed the amount for which the **Insurer** could have settled such **claim** had the **Insured** consented to settlement, plus **claim expenses** incurred up to the time the **Insurer** made its settlement recommendation, plus an additional seventy percent (70%) of **claim expenses** and **damages** incurred by an **Insured** after the **Insurer** had made its settlement recommendation. All such payments by the **Insurer** are subject to Section III. Limit of Liability and Retention.

III Limit of Liability and Retention

A. Limit of Liability Option

The **Insured** shall elect the Policy's limits to apply on a Combined Limits or Separate Limits basis, as stated on the Coverage Schedule in Item 3. on the Declaration Page.

1. Combined Limits

- (a) If the **Insured** elects Combined Limits, then the Policy's Combined Policy Aggregate Limit, as stated in Item 3. Coverage Schedule on the Declarations Page, is the **Insurer's** maximum liability for **loss** under all Insuring Agreements combined, regardless of the number of **claims**, or individuals or entities making **claims**. Upon exhaustion of such limit of liability, the **Insurer** will not be liable to pay any further **loss** with respect to this Policy.
- (b) If a **sublimit** with respect to an Insuring Agreement is stated in Item 3. on the Declarations Page, then such **sublimit** will be the **Insurer's** maximum liability for **loss** with respect to such Insuring Agreement. Upon exhaustion of such **sublimit**, the **Insurer** will not be liable to pay any further **loss** with respect to the coverage provided by the subject Insuring Agreement. Each **sublimit** will be part of, and not in addition to, this Policy's Combined Policy Aggregate Limit of Liability and will in no way serve to increase or supplement such limit of liability. All payments made under a **sublimit** will reduce such limit of liability.

2. Separate Limits

If the **Insured** elects Separate Limits, then the Policy's:

- (a) Third and First Party Aggregate Limit, as stated in Item 3. on the Declarations Page, is the **Insurer's** maximum liability for all **damages, claim expenses, regulatory damages, loss of business income, extra expenses, data recovery expenses, and cyber-extortion expenses** for all Third Party Liability Coverages and First Party Coverages, regardless of the number of **Insureds, claims, first party incidents**, or individuals or entities making **claims**. If a **sublimit** with respect to an Insuring Agreement is stated in Item 3. on the Declarations Page, then such **sublimit** will be the **Insurer's** maximum liability for **loss** with respect to such Insuring Agreement. Upon exhaustion of such **sublimit**, the **Insurer** will not be liable to pay any further **loss** with respect to the coverage provided by the subject Insuring Agreement. Each **sublimit** will be part of, and not in addition to, the Policy's Third Party Liability and First Party Aggregate Limit of Liability and will in no way serve to increase or supplement such limit of liability. All payments made under a **sublimit** will reduce such limit of liability.
- (b) Data Breach Response and Crisis Management Aggregate Limit, as stated in Item 3. on the Declarations Page, is the **Insurer's** maximum liability for all **data breach response and crisis management costs** for Data Breach Response and Crisis Management Coverage, regardless of the number of **data breaches**.

3. Exhaustion of Limit

(a) Upon exhaustion of the:

1. Combined Policy Aggregate Limit of Liability under the Combined Limits option; or
2. Third Party and First Party Aggregate Limit of Liability under the Separate Limits option; and
3. Data Breach Response and Crisis Management Aggregate Limit of Liability under the Separate Limits option; or

- (b) after the **Insurer** has deposited or escrowed any amounts remaining in the Policy's applicable aggregate limit of liability with a court of competent jurisdiction, the **Insurer** will not be liable to pay for any further **loss** under the Policy.

B. Retentions

1. Combined Limits

- (a) The **Insurer** is liable only for that portion of **damages**, **claim expenses**, **regulatory damages**, and **first party costs** (not including **loss of business income**) in excess of the applicable Insuring Agreement's retention amount, as stated in Item 3. on the Declarations page. If more than a single retention applies to a **claim** and/or **first party incident**, then the **Insured** is responsible for paying the highest applicable retention. The retention will be borne entirely by the **Insured** alone and not by the **Insurer**.
- (b) Solely with respect to insuring agreement I.B.1.(a) Business Interruption and Extra Expenses, the **Insurer** is liable only for **loss of business income** in excess of the **waiting period**.

2. Separate Limits

- (a) The **Insurer** is liable only for that portion of **damages**, **claim expenses**, **regulatory damages**, **extra expenses**, **data recovery expense** and **cyber extortion expenses** that is in excess of the applicable Insuring Agreement's retention amount, as stated in Item 3. on the Declarations page. If more than a single retention applies to a **claim** and/or **first party incident**, then the **Insured** is responsible for paying the highest applicable retention. The retention will be borne entirely by the **Insured** alone and not by the **Insurer**.
- (b) With respect to insuring agreement I.C. Data Breach Response and Crisis Management Coverage a separate retention will apply and the **Insurer** is liable only for that portion of any **data breach response and crisis management costs** directly resulting from a **data breach** or **cyber security breach**.
- (c) Solely with respect to insuring agreement I.B.1.(a) Business Interruption and Extra Expenses, the **Insurer** is liable only for **loss of business income** in excess of the **waiting period**.

C. Related Matters and Related Losses

1. Related Third Party Wrongful Acts

A **claim** resulting from a **related matter** will be treated as a single **claim** first made against the **Insured** at the time the first such **related matter** occurred, irrespective of whether such **related matter** occurred prior to or during the **policy period**, and irrespective of the number of **related matters**, and the identity or number of **Insureds** involved.

2. Related First Party Incidents

- (a) A **related matter** involving a **first party incident** (other than a **cyber-extortion threat**) will be considered a single **first party incident** which shall be deemed to have been discovered on the date on which the earliest such **first party incident** was discovered by an **executive officer**.
- (b) All **related matters** involving **cyber-extortion threats** will be considered a single **cyber-extortion threat** first occurring on the date the first such **cyber-extortion threat** occurred.

3. Related Loss

All **loss** will be considered a single **loss** occurring at the time the first **related matter** giving rise to such **loss** first occurred or was first discovered, irrespective of the number of **related losses**, and the identity or number of **Insureds** involved.

IV. Definitions

A. Application

The signed application, information, statements, representations, attachments, exhibits, and other material submitted to the [Insurer](#) in connection with the underwriting of this Policy.

B. Breach Response Providers

The [Insurer's](#) pre-approved panel of breach response vendors.

C. Claim

1. A written demand for monetary damages, services, or injunctive or other non-monetary relief;
2. A civil proceeding for monetary damages, services, or injunctive or other non-monetary relief that is commenced by service of a complaint or similar pleading, including any appeal thereof;
3. A mandatory arbitration or other mandatory alternative dispute resolution proceeding for monetary damages, services, or injunctive or other non-monetary relief commenced by a written demand, including any appeal thereof, or a non-mandatory arbitration or other non-mandatory alternative dispute resolution proceeding to which the [Insurer](#) has consented in writing;
4. Solely with respect to insuring agreement I.A.5. Privacy Regulatory Defense, Awards and Fines, a [privacy regulatory action](#); or
5. A request to toll or waive any applicable statute of limitations.

D. Claim Expenses

1. Reasonable and necessary fees for the defense of a [claim](#) defended by an attorney in accordance with Section II. Defense and Settlement, as well as other reasonable and necessary fees, costs and expenses that result from the investigation, adjustment, negotiation, arbitration, defense or appeal of a [claim](#); and
2. Premiums on appeal bonds, attachment bonds or similar bonds. Provided, however, the [Insurer](#) is not obligated to apply for or furnish any such bond.

E. Confidential Business Information

Third party information, whether printed or digital, encrypted or unencrypted, in the care, custody or control of an [Insured](#) or [outsourced provider](#), including a trade secret, formula, pattern, compilation, program, device, method, technique, or process, that derives independent economic value, actual or potential, from not being generally known or readily ascertainable through appropriate means by other persons and is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

F. Consumer Redress Amount

That sum of money that the [Insured](#) is legally obligated to deposit in a fund for the payment of consumer claims as the result of a [privacy regulatory action](#).

G. Coverage Sections

Insuring agreements: I.A. Third Party Liability Coverages, I.B. First Party Coverages, and I.C. Data Breach Response and Crisis Management Coverage.

H. Cyber-extortion Expenses

1. Reasonable and necessary money, digital currency, property, or other consideration surrendered as payment by or on behalf of the **Insured Company**, to which the **Insurer** has consented, such consent not to be unreasonably withheld, in order to prevent, limit or respond to a **cyber-extortion threat**; and
2. Reasonable and necessary costs charged by:
 - (a) **breach response providers**; or
 - (b) qualified third parties with the prior consent of the **Insurer**,
to conduct an investigation and advise the **Insured** how to respond to and resolve a **cyber-extortion threat**.

I. Cyber-extortion Threat

A threat made by a third party or **rogue employee** demanding payment in consideration for the elimination, mitigation or removal of the threat intended to:

1. Disrupt the **network** to impair business operations of the **Insured Company**;
2. Alter, damage, or destroy data stored on the **network**;
3. Use the **network** to generate and transmit malware to third parties;
4. Deface the **Insured Company's** website;
5. Access or release data, including **personally identifiable information**, **protected health information**; **confidential business information**, stored or previously stored on the **network**;
6. Refuse to return data stolen from the **network**; or
7. Prevent access to the **network** or data by using encryption and withholding the decryption key.

J. Cyber Security Breach

Any unauthorized: access to, use or misuse of, modification to the **network**, and/or denial of **network** resources by cyber-attacks perpetrated by a third party or **rogue employee** through any electronic means, including malware, viruses, worms, and Trojan horses, spyware and adware, zero-day attacks, hacker attacks and denial of service attacks.

K. Damages

Compensatory damages resulting from a judgment, award or settlement agreement, including pre-judgment and post-judgment interest, which the **Insured** becomes legally obligated to pay as a result of a **claim**, and punitive, exemplary damages, and multiple damages, if the insuring of such damages is permitted under the laws and public policy of the jurisdiction under which this Policy is construed, which the **Insured** becomes legally obligated to pay as a result of a **claim**. Enforceability of punitive, exemplary damages and multiple damages will be governed by the applicable law that most favors affirmative coverage for such damages.

Damages do not include:

1. The return of any fees paid to an **Insured** or the offset of any future fees to be charged by or owed to an **Insured**;
2. Lost investment income;
3. Costs incurred by an **Insured** to withdraw or recall **technology products**, including products that incorporate an **Insured's technology products**, **technology services**, or **professional services**;
4. Costs incurred by an **Insured** to correct, re-perform or complete any **technology services** or **professional services**;

5. Costs incurred by an **Insured** or by a third party at the direction of the **Insured** to remediate, repair, replace, restore, modify, update, upgrade, supplement, correct, or otherwise improve a **network** to a level of functionality beyond that which existed prior to a **cyber security breach**;
6. Civil or criminal fines or penalties or compliance violation remedies imposed on an **Insured**; provided, however, civil fines or penalties shall constitute damages under insuring agreement I.A.5. Privacy Regulatory Defense, Awards and Fines;
7. Liquidated damages in excess of an **Insured's** liability that otherwise results from a **third party wrongful act**;
8. The monetary value of an electronic fund transfer or transaction that is lost or diminished;
9. Any amounts incurred prior to the **Insured** providing notice of a **claim** pursuant to the terms of this Policy;
10. The value of non-monetary relief, including any amount attributable to or arising therefrom; or
11. Royalty or licensing fees or payments.

L. Data Breach

Any actual or reasonably suspected theft, **loss**, or unauthorized acquisition, access to, or disclosure of data or hardware containing data that has or may compromise the security, confidentiality and/or integrity of **personally identifiable information**, **protected health information**, or **confidential business information**.

M. Data Breach Reporting Requirement

Any provision in a law, statute or regulation, domestic or foreign, that requires the **Insured** to provide notification to affected persons of a suspected breach of such person's **personally identifiable information** or **protected health information**.

N. Data Breach Response and Crisis Management Costs

1. Reasonable and necessary costs charged by **breach response providers** to:
 - (a) determine the legal applicability of and actions necessary to respond to a **data breach reporting requirement**;
 - (b) perform computer forensics to determine the existence, cause and scope of a **data breach** or **cyber security breach**;
 - (c) notify individuals of a **data breach**, either those who are required to be notified pursuant to a **data breach reporting requirement** or on a voluntary basis;
 - (d) operate a call center to manage **data breach** inquiries;
 - (e) provide credit or identity monitoring and identity protection and restoration services or any similar service for those individuals whose **personally identifiable information** was or may have been breached;
 - (f) provide medical identity restoration for those individuals whose **protected health information** was or may have been breached; or
 - (g) minimize reputational harm to the **Insured Company** by hiring a public relations or crisis communications firm;

2. Reasonable and necessary costs charged by any qualified provider that is not a [breach response providers](#) so long as the qualified provider:
 - (a) is pre-approved in writing by the [Insurer](#); or
 - (b) provides comparable services to those enumerated in 1.(a) through 1.(g) above and whose rate shall not exceed the rate the [Insurer](#) has pre-negotiated with the [breach response providers](#); and
3. Costs charged by a PCI Forensics Investigator to perform forensics to determine the existence, cause and scope of a breach or suspected breach of cardholder data.

O. Data Recovery Expenses

Reasonable and necessary costs incurred by the [Insured Company](#) with the prior written consent of the [Insurer](#), such consent not to be unreasonably withheld, to:

1. Determine whether damaged or destroyed computer programs, software or electronic data can be replaced, recreated, restored or repaired; and
2. Replace, recreate, restore or repair such damaged or destroyed computer programs, software or electronic data residing on the [network](#) to substantially the form in which it existed immediately prior to a [cyber security breach](#).

P. Domestic Partner

Any spouse or any person qualifying as a domestic partner under federal, state, foreign, or other law (including common law), statute, or regulation, or under the [Insured Company's](#) employee benefit plan.

Q. Executive Officer

Any duly elected or appointed Chief Executive Officer, Chief Financial Officer, Chief Information Officer, Chief Privacy Officer, Chief Security Officer, Chief Information Security Officer, Chief Technology Officer, Risk Manager, General Counsel and in-house attorney designated to be in charge of litigation, or the functional equivalent of any of the foregoing, of the [Insured](#).

R. Extra Expenses

Reasonable and necessary expenses, including payroll, in excess of the [Insured's](#) normal operating expenses which are incurred to reduce or avoid [loss of business income](#) and/or restore business operations.

S. First Party Costs

Any [loss of business income](#), [extra expenses](#), [data recovery expense](#), [cyber extortion expenses](#), and [data breach response and crisis management costs](#).

First Party Costs do not include any amounts incurred prior to the [Insured](#) providing notice of the [first party incident](#).

T. First Party Incident

A [cyber security breach](#), [cyber extortion threat](#), or [data breach](#).

U. Insured

The [Insured Company](#); and

1. Any past or present employee, director, officer, member, principal, partner, trustee, leased, temporary, seasonal employee/worker and volunteer of the [Insured Company](#) acting in their capacity and in accordance with their authority as such;

2. Any independent contractor performing services for the **Insured Company** under a written contract but solely with respect to such independent contractor's duties on behalf and for the benefit of the **Insured Company**; and
3. With respect to insuring agreement I.A.3. Media, any person or entity that disseminates **matter** on behalf and for the benefit of an Insured where, prior to such dissemination, an Insured has agreed in writing to include such person or entity as an Insured under the Policy.
4. Any entity that an **Insured Company** is required by written contract to be insured under the Policy, but only for a **third party wrongful act** committed by the **Insured Company** or any persons under Definition IV.U. Insured paragraph 1. and Definition IV.U. Insured paragraph 2.;

Provided, however a **rogue employee** is not an Insured pursuant to this definition.

V. Insured Company

The **Named Insured** and any **subsidiary**.

W. Insurer

The insurance company stated on the Declarations Page.

X. Loss

All **damages**, **claim expenses**, **regulatory damages**, and **first party costs**.

Y. Loss of Business Income

Net income (net profit or net loss before income taxes) that could have reasonably been earned or net loss that could have reasonably been avoided, including the costs of retaining a forensic accountant to determine such amount. Such forensic accountant will be selected by the **Insurer**.

A loss of business income calculation is based upon the amount of actual loss of business income the **Insured Company** sustains per hour during the **period of restoration**.

Z. Management Control

1. Ownership interests representing more than fifty percent (50%) of the voting, appointment or designation power of a company for the selection of a majority of (i) the board of directors of a corporation, (ii) the management committee members of a joint venture or partnership, or (iii) the members of the management board of a limited liability company; or
2. The right, pursuant to written contract or the by-laws, charter, operating agreement or similar documents of an entity, to select, appoint or designate a majority of (i) the board of directors of a corporation, (ii) the management committee members of a joint venture or partnership, or (iii) the members of the management board of a limited liability company.

AA. Matter

The content of communication, including language, data, facts, fiction, music, photographs, images, artistic expression, or visual or graphical materials. Provided, however, matter does not include **technology products** or products or services described, illustrated or displayed in matter.

BB. Media Wrongful Act

Any of the following resulting from the [Insured](#) acquiring, blogging, broadcasting, collecting, disseminating, distributing, editing, exhibiting, gathering, obtaining, posting, producing, publishing, releasing, researching, recording, tweeting or uttering, [matter](#) through traditional and/or digital methods, including, cable television, radio, movie and music studios, public speaking, newspapers, magazines, books and print publications, website, apps, CD-ROMs and DVDs:

1. Libel, slander, or any other form of defamation or harm to the character or reputation of any person or entity, including product disparagement or trade libel;
2. Copyright infringement or misappropriation of property rights, information or ideas or dilution or infringement of title, slogan, trademark, trade dress, logo, trade name, service mark or service name;
3. Common law unfair competition or unfair trade practices alleged as a direct result of Definition IV.BB. Media Wrongful Act paragraph 1. and Definition IV.BB. Media Wrongful Act paragraph 2.;
4. Invasion or infringement of the right of privacy or publicity, including the torts of intrusion upon seclusion, publication of private facts, false light, and misappropriation of name or likeness;
5. Infliction of emotional distress or mental anguish;
6. False arrest, detention or imprisonment, harassment, trespass, wrongful entry or eviction, eavesdropping, or other invasion of the right of private occupancy; or
7. Plagiarism, piracy, or misappropriation of ideas under implied contract.

CC. Named Insured

The entity stated in Item 1. on the Declarations Page.

DD. Network

A connected system of computing hardware, software, firmware and associated electronic components and mobile devices, including industrial control systems and SCADA systems (Supervisory control and data acquisition systems) or other industrial IT, under the ownership, operation or control of, or leased by, an [Insured Company](#).

EE. Outsourced Provider

Any third party, including a cloud service provider, to which an [Insured](#) has contracted to provide a business process on behalf and for the benefit of an [Insured](#).

FF. Period of Restoration

1. Solely with respect to [loss of business income](#), that period of time that begins at the end of the [waiting period](#) and continues until the [Insured Company's](#) operations are restored to the condition that existed immediately prior to the [cyber security breach](#); and
2. Solely with respect to [extra expenses](#), that period of time that begins after a [cyber security breach](#) has directly caused a total or partial interruption or deterioration in the [Insured's](#) business operations and continues until the [Insured Company's](#) operations are restored to the condition that existed immediately prior to the [cyber security breach](#).

GG. Personally Identifiable Information

Information, whether printed or digital, encrypted or unencrypted, in the care, custody or control of an [Insured](#) or [outsourced provider](#), that alone or in conjunction can be used to uniquely identify an individual.

HH. Policy Period

The period of time stated in Item 2. on the Declarations Page, beginning on the effective date and expiring on the date of termination, expiration or cancellation of this Policy, whichever is earliest.

II. Pollutants

Any substance exhibiting any hazardous characteristics as defined by, or identified on a list of hazardous substances issued by the United States Environmental Protection Agency or any federal, state, county, municipal or local counterpart thereof or any foreign equivalent. Such substances include but are not limited to solids, liquids, gaseous or thermal irritants, contaminants or smoke, vapor, soot, fumes, acids, alkalis, chemicals or waste materials, nuclear materials, nuclear waste, asbestos, including materials to be recycled, reconditioned, or reclaimed. Pollutants shall also mean any air emission, odor, waste water, oil or oil products, lead or lead products, latex infectious or medical waste, noise, dust, fibers, germs, fungus (including mold or mildew and any mycotoxins, spores, scents or byproducts produced or released by fungi) and electric or magnetic or electromagnetic field.

JJ. Privacy and Security Wrongful Act

Any:

1. Loss, theft or failure to protect, or unauthorized acquisition of [personally identifiable information](#), [protected health information](#), or [confidential business information](#);
2. Violation of any law, statute or regulation governing the authenticity, availability, confidentiality, storage, control, disclosure, integrity, or use of [personally identifiable information](#) or [protected health information](#);
3. Violation of a [data breach reporting requirement](#);
4. Failure to reasonably implement privacy or security practices required by law or regulations;
5. Failure to prevent a [cyber security breach](#) that results in:
 - (a) the inability of an authorized user to gain access to the [network](#);
 - (b) the malicious addition, alteration, copy, destruction, deletion, disclosure, damage, removal or theft of data residing on the [network](#); or
 - (c) the transmission of malware from the [network](#) to third parties; or
6. Failure to comply with the [Insured Company's](#) privacy policy and/or privacy notice.

KK. Privacy Regulatory Action

A written request for information, civil investigative demand or civil proceeding brought by or on behalf of a governmental or regulatory authority.

LL. Privacy Regulatory Fine

A civil monetary fine or penalty imposed on an [Insured Company](#) by a governmental or regulatory authority.

MM Professional Services

The services stated in Item 5. on the Declarations Page.

NN. Professional Services Wrongful Act

1. Any of the following in rendering or failing to render [professional services](#):
 - (a) act, error, omission, neglect, negligent misrepresentation, or breach of duty;

- (b) injury to a person arising out of defamation, including libel, slander, or other defamatory or disparaging statements or materials; or
 - (c) infringement of an intellectual property right except as otherwise excluded in Exclusion V.L. Patent and Exclusion V.M. Trade Secrets; or
2. Failure of **professional services** to meet any applicable legal or industry standard concerning quality, safety, or fitness for a particular purpose.

OO. Protected Health Information

All protected and individually identifiable health information, whether printed or digital, encrypted or unencrypted, held or transmitted by an **Insured** or its business associate, as those terms are defined by HITECH, the Health Insurance Portability and Accountability Act of 1996 Privacy Rule or any amendment thereto, including the Health Information Technology for Economic and Clinical Health Act and final Omnibus Rule issued on January 17, 2013 or any equivalent foreign regulation.

PP. Regulatory Damages

Any **consumer redress amount** or **privacy regulatory fine**.

QQ. Related Loss

A **loss** that results or arises from the same, similar, or continuous **claim** or **first party incident**.

RR. Related Matter

- 1. A **third party wrongful act** that is the same, similar or arises from a continuous nexus of facts, circumstances, acts, errors or omissions, whether or not such **third party wrongful act** is logically or causally related or connected; or
- 2. A **first party incident** that is the same, similar, or arises from a continuous nexus of facts or circumstances, whether or not such **first party incident** is logically or causally related or connected.

SS. Retroactive Date

The applicable date, if any, stated in Item 3. on the Declarations Page for each Insuring Agreement in Section I.A. Third Party Liability Coverages.

TT. Rogue Employee

An employee of the **Insured Company** who deliberately acts outside the course and scope of employment and whose intentional conduct results in a **claim** or **first party incident**; provided, however, rogue employee does not include an **executive officer**.

UU. Sublimit

The applicable amount, if any, stated in Item 3. on the Declarations page for each Insuring Agreement within each **Coverage Section**.

VV. Subsidiary

- 1. Any entity over which the **Named Insured**, directly or indirectly, has or had **management control** through or by way of one or more subsidiaries on or before the effective date of the **policy period**;

2. Any entity in which the **Named Insured** acquires **management control** during the **policy period**, either directly or indirectly, whose gross revenue does not exceed fifteen percent (15%) of the gross revenue of the **Insured Company**; and
3. Any entity of which the **Named Insured** acquires **management control** during the **policy period**, either directly or indirectly, whose gross revenue exceeds fifteen percent (15%) of the gross revenue of the **Insured Company**:
 - (a) however, only for a period of sixty (60) days following the **Named Insured's** direct or indirect ability to exert **management control**; and
 - (b) after such sixty (60) day period if and only if the **Named Insured**: (1) provides the **Insurer** with full particulars of such entity; (2) agrees to remit any additional premium; (3) agrees to any amendments to the Policy relating to such entity and; (4) the **Insurer** agrees to add such entity as a subsidiary by a written agreement and/or endorsement to the Policy;

For purposes of this definition, revenue is measured by the most recent fiscal year prior to the effective date of the Policy.

Notwithstanding the foregoing, coverage afforded by this Policy will apply only to a **third party wrongful act** and a **first party incident** occurring on or after the effective date that the **Insured Company** has obtained **management control** of such subsidiary and prior to the time that such **Insured Company** ceased to have **management control** of such subsidiary unless: (1) The **Insurer** is notified in writing of such change in circumstances prior to the effective date thereof and agrees in writing to provide coverage for **third party wrongful acts** and **first party wrongful acts** occurring on or after such effective date; and (2) The **Insured Company** accepts any special terms, conditions and exclusions and pays any additional premium charge required by the **Insurer**.

WW. Technology Wrongful Act

1. Any of the following in rendering or failing to render **technology services**:
 - (a) act, error, omission, neglect, negligent misrepresentation or breach of duty;
 - (b) injury to a person arising out of defamation, including libel, slander, or other defamatory or disparaging statements or materials;
 - (c) infringement of an intellectual property right except as otherwise excluded in Exclusion V.L. Patent and Exclusion V.M. Trade Secrets; or
2. Failure of **technology products** to perform the intended function or serve their intended purpose; or
3. Failure of **technology services** or **technology products** to meet any applicable legal or industry standard concerning quality, safety or fitness for a particular purpose.

XX. Technology Products

Computer or telecommunications hardware or software products, components or peripherals or electronic products or components, including software updates, service packs and other maintenance releases provided for such products:

1. Created, designed, distributed, manufactured, or sold by or on behalf and for the benefit of an **Insured**; or
2. Leased or licensed by an **Insured** to third parties.

YY. Technology Services

Any computer, cloud computing, information technology, telecommunication, electronic services and any related consulting and staffing services, including data processing, data and application hosting, the provision of managed services, software as a service (SaaS), platform as a service (PaaS), infrastructure as a service (IaaS), network as a service (NaaS), computer systems analysis, computer consulting and training, programming, computer systems installation, management, repair, and maintenance, network design and Internet service.

ZZ. Third Party Wrongful Act

A [technology wrongful act](#), [professional services wrongful act](#), [media wrongful act](#), or [privacy and security wrongful act](#).

AAA. Waiting Period

The number of hours stated in Item 3. on the Declarations page that must elapse prior to commencement of the [period of restoration](#).

V. Exclusions

The Policy does not apply to any **claim** or **first party incident** alleging, arising out of, based upon, or attributable to:

A. Deliberate Acts / Personal Profit

1. dishonest, intentional or knowing wrongful, fraudulent, criminal, or malicious acts, errors, or omissions or willful violations of law, including privacy laws or regulations, by an **Insured**, other than a **rogue employee**;
2. the gaining of any profit, remuneration, or financial or non-financial advantage to which the **Insured** is not entitled,

provided, however, the **Insurer** will provide the **Insured** with a defense of any otherwise covered **claim** and pay any otherwise covered **claim expenses** until there is a final, non-appealable judgment or adjudication in the underlying action or proceeding or a related declaratory judgment, as to such conduct, at which time the **Insured** shall reimburse the **Insurer** for all **claim expenses**. Notwithstanding the foregoing, criminal proceedings are not covered under the Policy regardless of the allegations made against an **Insured**.

For the purposes of determining the applicability of this exclusion, the knowledge or conduct of: (1) A natural person **Insured** will not be imputed to any other natural person **Insured**; and (2) An **executive officer** will be imputed to the **Insured Company**.

B. Bodily Injury and Property Damage

bodily injury, sickness, disease, emotional distress, mental injury, mental tension, mental anguish, pain and suffering, humiliation or shock sustained by any person, including death that results from any of these, or damage to or destruction of any tangible property, including **loss** of use thereof whether or not damaged or destroyed; provided, however, this exclusion will not apply to any otherwise covered **claim** for emotional distress, mental injury, mental tension or mental anguish, pain and suffering, humiliation or shock that directly results from a **third party wrongful act**. For the purposes of this exclusion, "tangible property" shall not include electronic data.

C. Owned Entity

claims made against the **Insured** if, at the time the **third party wrongful act** giving rise to such **claim** was committed:

1. The **Insured** controlled, owned, operated or managed the claimant; or
2. The **Insured** was an owner, partner, director or officer of the claimant;

For the purpose of this exclusion, a ten percent (10%) or more owner of the voting stock of a publicly held corporation, or a forty percent (40%) or more owner of the voting stock of a privately held corporation shall be deemed to control, own, operate or manage any such corporation making such **claim**.

D. Insured v. Insured

claims made against an **Insured** and brought by, or on behalf of an **Insured** or parent company, successor or assignee of an **Insured**; provided, however this exclusion shall not apply to:

1. An **Insured** under Definition IV.U. Insured paragraph 4.; and
2. An otherwise covered **claim** made by any past or present officer, director, member, principal, partner, trustee, employee or leased worker or temporary employee of the **Insured Company**:
 - (a) when the **claim** is made outside of their capacity and pursuant to their authority as such; or
 - (b) against an **Insured** alleging a **privacy and security wrongful act**.

- E. Employment Practices
employment practices; provided, however, this exclusion shall not apply to an otherwise covered [claim](#) under insuring agreement I.A.4. Privacy and Cyber Security.
- F. ERISA
breach of fiduciary duty, responsibility, or obligation in connection with any employee benefit or pension plan, including violations of the responsibilities, obligations or duties imposed upon fiduciaries by ERISA (Employee Retirement Income Security Act of 1974) or any analogous federal, state or local statutory or common law; provided, however, this exclusion shall not apply to an otherwise covered [claim](#) under insuring agreement I.A.4. Privacy and Cyber Security.
- G. Securities
the purchase, sale, or offer or solicitation of an offer to purchase, sell or solicit securities or any violation of a securities law, including the Securities Act of 1933, the Securities Exchange Act of 1934, and any regulation promulgated under or pursuant to the foregoing, or any federal, state or local laws analogous to the foregoing (including "Blue Sky" laws), whether such law is statutory, regulatory, or common law.
- H. RICO
violation of the Organized Crime Control Act of 1970 (commonly known as Racketeer Influenced and Corrupt Organizations Act, or "RICO") and any regulation promulgated under or pursuant to the foregoing or any federal, state or local law analogous to the foregoing, whether such law is statutory, regulatory, or common law.
- I. Antitrust and Unfair Competition
antitrust violations, restraint of trade, price fixing, or unfair competition, including, but not limited to violations of The Sherman Antitrust Act, The Clayton Act, The Federal Trade Commission Act, the Robinson-Patman Act as amended, or any federal, state or local laws analogous to the foregoing; provided, however, this exclusion shall not apply to an otherwise covered [claim](#) under Insuring Agreement I.A.4. Privacy and Cyber Security or Insuring Agreement I.A.5. Privacy Regulatory Defense, Awards and Fines, or a [claim](#) under Definition IV.BB. Media Wrongful Act paragraph 3.
- J. Consumer Protection and Deceptive Business Practices
1. unfair, deceptive or fraudulent business practices, including, but not limited to, violations consumer protection statutes and consumer fraud statutes; provided, however, this exclusion shall not apply to an otherwise covered [claim](#) under Insuring Agreement I.A.4. Privacy and Cyber Security or Insuring Agreement I.A.5. Privacy Regulatory Defense, Awards and Fines; and
 2. any action brought under the Fair Credit Reporting Act or other analogous federal, state or local statute, law, regulation or common law.

K. Unsolicited Communications

unsolicited communications by or on behalf of an **Insured** to actual or prospective customers of an **Insured** or any other third party, including actions brought under the Telephone Consumer Protection Act, the CAN-SPAM Act of 2003 or other analogous federal, state or local statute, law, regulation or common law; provided, however, this exclusion shall not apply to an otherwise covered **claim** directly resulting from a **cyber security breach** under insuring agreement I.A.4. Privacy and Cyber Security or any **loss of business income** otherwise covered under insuring agreement I.B.1. Business Interruption and Extra Expenses.

L. Patent

actual or alleged infringement, misappropriation, dilution, misuse or inducement to infringe, misappropriate, dilute or misuse any patent or patent right.

M. Trade Secrets

actual or alleged misappropriation of trade secrets; provided, however, this exclusion shall not apply to an otherwise covered **claim** directly resulting from a **cyber security breach** under insuring agreement I.A.4. Privacy and Cyber Security.

N. Pollution

actual, alleged or threatened emission, discharge, dispersal, seepage, release or escape of **pollutants** or testing for, monitoring, removal, containment, treatment, detoxification, neutralization or cleanup of any **pollutants**.

O. Contractual

any obligation an **Insured** has under written contract; provided, however, this exclusion shall not apply to liability an **Insured** would have in the absence of a contract or an **Insured's**:

1. breach of an exclusivity or confidentiality provision contained in a written agreement;
2. violation of an intellectual property right except a violation of a patent right;
3. negligent performance of **technology services** or **professional services** for a client or customer;
4. provision of **technology products** to a client or customer which contain a material defect; or
5. breach of the **Insured's** privacy policy and/or privacy notice.

P. Force Majeure

fire, smoke, explosion, lightning, wind, water, flood, earthquake, volcanic eruption, tidal wave, landslide, hail, or act of God, however caused.

Q. War

strikes or similar labor action, war, whether declared or not, invasion, act of foreign enemy, civil war, mutiny, coup d'état, civil commotion assuming the proportions of or amounting to a popular rising, military rising, insurrection, rebellion, revolution, military or usurped power, or any action taken to hinder or defend against these actions; provided, however, this exclusion shall not apply to any actual, alleged or threatened attack against the **network**, with the intention to cause harm to further social, ideological, religious or political objectives or to intimidate any person or entity in furtherance of such objectives.

R. Infrastructure Failure

electrical, mechanical, Internet, telecommunication, cable or satellite failure, fluctuation or outage not under the operational control of the [Insured](#), however caused, including any electrical power interruption, short-circuit, surge, brownout or blackout.

S. Governmental Orders

any court order or demand requiring the [Insured](#) to provide law enforcement, any administrative, regulatory or judicial body or any other governmental authority access to [personally identifiable information](#), [protected health information](#), or [confidential business information](#).

T. Over-Redemption

price discounts, prizes, awards, coupons, or any other valuable consideration given in excess of the contracted or expected amount.

U. Unauthorized Collection and Use

the unauthorized or unlawful collection, acquisition or use of [Personally identifiable information](#) or [protected health information](#) by the [Insured](#); provided, however, this exclusion shall not apply to a [claim](#) directly resulting from the acts of a [rogue employee](#).

VI. Notice

A. Notice of Circumstance

Solely with respect to Insuring Agreement I.A. Third Party Liability Coverages, if during the **policy period** or Extended Reporting Period (if applicable) as defined in Section VIII. Extended Reporting Period, an **Insured** first becomes aware of any circumstance that may reasonably be expected to be the basis of a **claim** being made against an **Insured**, and if during the **policy period**, the **Insured** elects to provide the **Insurer** written notice of such circumstance along with any **third party wrongful act**, and the reasons for anticipating such **claim**, with full particulars as to the dates, persons and entities involved, then any resulting **claim** which is subsequently made against an **Insured** and reported to the **Insurer** that arises out of such circumstance or **related matter** will be considered made at the time such notice of circumstance was provided. Notice of such circumstance should be reported to the **Insurer** as stated in Item 6. on the Declarations Page.

B. Notice of Claim and First Party Incident

As a condition precedent to the obligations of the **Insurer** under this Policy, the **Insured** must provide written notice to the **Insurer** as soon as reasonably practicable, but in no event, later than the end of the **policy period** or any applicable Extended Reporting Period of a:

1. **claim** first made against an **Insured** after an **executive officer** becomes aware of such **claim**; and
2. **first party incident** after an **executive officer** first discovers and/or becomes aware of such **first party incident**.

C. Notice to Whom

1. Notice of a **claim** and/or **first party incident** must be provided to the **Insurer** as stated in Item 6. on the Declarations Page.
2. In addition to the notice requirement above, notice of a **first party incident** may also be provided to the **Insurer** via the XL Catlin Breach Hotline as stated in Item 7. on the Declarations Page. Notice to the XL Catlin Breach Hotline alone will not serve as proper notice under this Policy.
3. The email/certified post mail shall be deemed effective when received by the **Insurer**.

D. When a Claim is Deemed Made

A **claim** will be deemed made pursuant to Definition IV.C. Claim paragraph 1. and Definition IV.C. Claim paragraph 3., on the earliest date an **executive officer** receives the first written demand; Definition IV.C. Claim paragraph 2., on the date of service; and Definition IV.C. Claim paragraph 4., on the date an **executive officer** receives written notice of such action.

E. Insured's Claim and First Party Incident Obligations

1. In connection with a:
 - (a) **claim**, the **Insured** will, as a condition precedent to the obligations of the **Insurer** under the Policy, provide the **Insurer** with all information that the **Insurer** reasonably requires, including full particulars as to the dates, persons and entities involved in the **claim** and the manner in which the **Insured** first became aware of the **claim**;

- (b) **first party incident**, the **Insured** will, as a condition precedent to the obligations of the **Insurer** under the Policy, provide the **Insurer** with all information that the **Insurer** reasonably requires, including full particulars as to the dates, persons and entities involved in the **first party incident** and the manner in which the **Insured** first became aware of the **first party incident**. Additionally, as a condition precedent to the obligations of the **Insurer** under the Policy, the **Insured Company** will provide the **Insurer** proof of **loss** with full particulars within three (3) months: after the first discovery by an **executive officer** of the **first party incident** (other than a **cyber-extortion threat**); or first occurrence of the **cyber-extortion**.

F. Assistance and Cooperation

1. The **Insured** will reasonably cooperate with the **Insurer** and upon request of the **Insurer**:
 - (a) assist the **Insurer** in the investigation of any **third party wrongful act** and **first party incident**;
 - (b) attend hearings, depositions and trials;
 - (c) assist the **Insurer** in defending and effecting settlements of **claims**;
 - (d) secure and provide evidence which includes, but is not limited to, obtaining the attendance of witnesses;
 - (e) allow the **Insurer** to participate in the handling and management of any suit or proceeding;
 - (f) assist the **Insurer** in enforcing any right, contribution or indemnity against a third party which may be liable to the **Insured**; and
 - (g) allow a computer forensics expert access to systems, files and information.
2. The **Insured** will take all reasonable steps to limit and mitigate any **loss** arising from any **third party wrongful act** or **first party incident** for which coverage may be or is sought under the Policy. The **Insured** will do nothing which in any way increases the **Insurer's** exposure under the Policy or in any way prejudices the **Insurer's** potential or actual rights of recovery. The **Insured** will not, except at the **Insured's** own cost, voluntarily make any payment, assume or admit any liability or incur any expense without the prior written consent of the **Insurer**.

VII. Cancellation and Non-Renewal

A. Cancellation by the Named Insured

Except for nonpayment of premium, as set forth below, the **Named Insured** has the exclusive right to cancel the Policy. Cancellation may be effected by mailing to the **Insurer** written notice stating when such cancellation will be effective. In such event, the **Insurer** will retain the pro-rata portion of earned premium.

B. Cancellation by the Insurer

The **Insurer** may only cancel this Policy for nonpayment of premium. The **Insurer** will provide not less than fifteen (15) days written notice stating the reason for cancellation and when the Policy will be canceled. Notice of cancellation will be sent to the **Named Insured**.

C. Non-Renewal of Coverage

The **Insurer** is under no obligation to renew the Policy upon its expiration. If the **Insurer** elects to non-renew the Policy, the **Insurer** will deliver or mail to the **Named Insured** written notice stating such at least ninety (90) days prior to the Policy's expiration date, as stated in Item 2. on the Declarations page. The offering of terms and conditions different from the expiring terms and conditions, including limits of liability, retention or premium, will not constitute a refusal to renew or a cancellation of the Policy.

VIII. Extended Reporting Period

A. Automatic Extended Reporting Period

The Automatic Extended Reporting Period applies solely to Insuring Agreements I.A. Third Party Liability Coverages. Effective upon the date of termination or cancellation of the Policy for any reason other than nonpayment of premium, the **Named Insured** will automatically be provided a period of sixty (60) days in which to give written notice to the **Insurer** of **claims** first made against the **Insured** during the **policy period** or the Automatic Extended Reporting Period for **third party wrongful acts** committed by an **Insured** after the **retroactive date** and prior to the end of the **policy period**.

B. Optional Extended Reporting Period

The Optional Extended Reporting Period applies solely to Insuring Agreements I.A. Third Party Liability Coverages. Effective upon the date of termination or cancellation of the Policy for any reason other than nonpayment of premium, the **Named Insured** will have the right to purchase an Optional Extended Reporting Period of one (1), two (2), three (3), or six (6) years. Such right must be exercised by the **Named Insured** within sixty (60) days of the date of termination or cancellation of the Policy by providing written notice to the **Insurer** and remitting the amount of additional premium described below in which to provide written notice to the **Insurer** of a **claim** first made against the **Insured** during the Optional Extended Reporting Period for a **third party wrongful act** committed by an **Insured** after the **retroactive date** and prior to the end of the **policy period**.

The additional premium for the Optional Extended Reporting Period will be for:

1. One (1) year, one hundred percent (100%) of the policy annual premium;
2. Two (2) years, one hundred fifty percent (150%) of the policy annual premium;
3. Three (3) years, one hundred seventy-five percent (175%) of the policy annual premium; or
4. Six (6) years, two hundred fifty percent (250%) of the policy annual premium.

C. Application of Extended Reporting Period

1. The Automatic Extended Reporting Period and the Optional Extended Reporting Period cannot be canceled and any additional premium charged for the Optional Extended Reporting Period will be fully earned at inception.
2. The first sixty (60) days of the Optional Extended Reporting Period, if purchased, will run concurrently with the Automatic Extended Reporting Period.
3. The limit of liability of the **Insurer** under the Automatic Extended Reporting Period and the Optional Extended Reported Period will be part of and not in addition to the limits of liability for the Policy.

IX. Conditions

A. Change in Control

If, during the **policy period**, the **Named Insured** consolidates with, merges into, or sells all or substantially all of its assets to another entity, or if any entity acquires **management control** of the **Named Insured**, then the Policy will remain in full force but only with respect to a **third party wrongful act** and **first party incident** (other than a **cyber-extortion threat**) involving the **Named Insured** that occurred prior to the date of the consolidation, merger, sale or acquisition of **management control**; provided, however, coverage will remain in force for a **third party wrongful act** and **first party incident** (other than a **cyber-extortion threat**) first discovered and for a **cyber-extortion threat** first occurring subsequent to the date of the consolidation, merger, sale or acquisition of **management control**, if within thirty (30) days of the takeover effective date (1) the **Insurer** receives written notice containing full details of the transaction, (2) the **Named Insured** accepts all Policy amendments required by the **Insurer**, including the addition of special terms, conditions and exclusions, and (3) the **Named Insured** pays any additional premium charge.

The above provision may be waived in writing by the **insurer**.

B. Action Against the Insurer

No action may be brought against the **Insurer** unless, as a condition precedent thereto, (1) the **Insured** has fully complied with all of the terms, conditions and other provisions of the Policy, and (2) the amount of the **Insured's** obligation to pay has been finally determined, either by judgment against the **Insured** after a trial and appeal or by written agreement by the claimant, **Insured**, and **Insurer**.

No person or entity will have the right under the Policy to (1) join the **Insurer** or its agents and representatives as a defendant, co-defendant or other party in any action against the **Insured** to determine the **Insured's** liability or (2) implead the **Insurer** or its agents and representatives in any such action.

C. Bankruptcy

Bankruptcy or insolvency of the **Named Insured** will not relieve the **Insurer** of any of its obligations hereunder.

D. Other Insurance

This Policy is excess over any other valid and collectible insurance, whether prior or contemporaneous, unless such other insurance is expressly written to be excess of this Policy.

E. Subrogation

In the event of payment of **loss** by the **Insurer** under the Policy, the **Insurer** is subrogated to all of the **Insured's** rights of recovery against any person or entity to the extent of such payment. The **Insured** warrants and agrees to execute and deliver instruments and papers and do whatever else is required by the **Insurer** to secure, prosecute and collect on such rights. The **Insured** further warrants and agrees not to prejudice such rights.

If, prior to a **claim** being made, the **Insured Company** has waived its rights to recovery against a person or entity in any written contract or agreement, then the **Insurer** will waive its rights to subrogation against such person or entity to the same extent as the **Insured Company's** waiver.

F. Territory

The Policy applies to a **third party wrongful act** and **first party incident** occurring and **claim** made anywhere in the world other than any country barred by the Office of Foreign Assets Control (OFAC).

G. Representation Clause

In issuing the Policy, the Insurer has relied upon the application. The Insured warrants that the content of the materials provided to the Insurer are true, accurate and complete and are material to the Insurer's acceptance of the risk to which the Policy applies. Any material misrepresentation, concealment or misstatement by the Insured will render the Policy null and void with respect to any natural person Insured who knew of such material misrepresentation, concealment or misstatement, and with respect to the Insured Company if an executive knew of such material misrepresentation, concealment or misstatement, and will relieve the Insurer from all obligations and liability herein with regard to said Insured parties.

H. Named Insured Sole Agent

The Named Insured will be the sole agent and will act on behalf of any Insured for the purpose of:

1. Providing and/or receiving notices, amendments to or cancelling of the Policy;
2. Completing the application;
3. Making statements, representations and warranties;
4. Remitting premium and receiving the return premium that may become due;
5. Paying the retention; and
6. Exercising or declining to exercise any right under the Policy.

I. Policy Changes

Notice to any agent of the Insurer or knowledge possessed by any such agent or by any other person will not affect a waiver or a change in any part of the Policy, and will not prevent or preclude the Insurer from asserting or invoking any right under or provision of the Policy. None of the provisions of the Policy will be waived, changed or modified except by a written agreement and/or endorsement issued by the Insurer to form a part of the Policy.

J. Assignment

The Insured may not assign any rights, remedies, privileges or protections under the Policy. Notwithstanding the foregoing, any such assignment shall be invalid unless the Insurer's written consent is endorsed thereon.

K. Alternative Dispute Resolution

Any dispute arising out of or relating to the Policy, including its construction, application and validity, or any breach thereof, will first be submitted to non-binding mediation administered by a mediation facility to which the Insurer and the Insured mutually agree. The Insured and the Insurer will attempt in good faith to settle the dispute in accordance with the commercial mediation rules of the American Arbitration Association ('AAA') in effect at the time of the dispute. No award of punitive damages will be made in any such mediation. Each party will bear its own fees and costs in connection with any such mediation. However, the costs incurred through the mediation facility, including the fees and expenses of the mediator, will be shared equally by the parties unless the mediation award provides otherwise. All mediation proceedings will be held in a state in the United States where either the Named Insured or the Insurer has its principal place of business, at the election of the party commencing mediation.

In the event such non-binding mediation does not result in a settlement of the dispute, either party has the right:

1. To commence a judicial proceeding; or
2. With consent of the other party, to commence an arbitration proceeding in accordance with the commercial arbitration rules of AAA in effect at the time of dispute. The decision of the arbitrator(s) will be final and binding and any award may be confirmed and enforced in a court of competent jurisdiction.

L. Estates, Heirs, Legal Representatives and Domestic Partners

The estate, heir, legal representative and any **domestic partners** of a natural person **Insured** shall be considered insured under this Policy; provided, however, coverage is afforded to such estate, heir, legal representative and **domestic partner** only for a **claim** arising solely out of their status as such and, in the case of a **domestic partner**, where such **claim** seeks **damages** from marital community property, jointly held property or property transferred from such **Insured** to the **domestic partner**. No coverage is provided for any act, error or omission of an estate, heir, legal representative or **domestic partner**. All terms and conditions of this Policy, including the retention applicable to **damages** or **claim expense** incurred by the **Insured**, shall also apply to **damages** and **claim expenses** incurred by such estate, heir, legal representative, and **domestic partner**.

IN WITNESS

INDIAN HARBOR INSURANCE COMPANY

REGULATORY OFFICE
505 EAGLEVIEW BOULEVARD, SUITE 100
DEPARTMENT: REGULATORY
EXTON, PA 19341-1120
PHONE: 800-688-1840

It is hereby agreed and understood that the following In Witness Clause supercedes any and all other In Witness clauses in this policy.

All other provisions remain unchanged.

IN WITNESS WHEREOF, the Company has caused this policy to be executed and attested, and, if required by state law, this policy shall not be valid unless countersigned by a duly authorized representative of the Company.



Joseph Tocco
President



Toni Ann Perkins
Secretary

IL MP 9104 0314 IHIC

©2014 X.L. America, Inc. All rights reserved. May not be copied without permission.

JLEN 07/10/2019

CyberRiskConnect

Privacy, Security and Technology Insurance

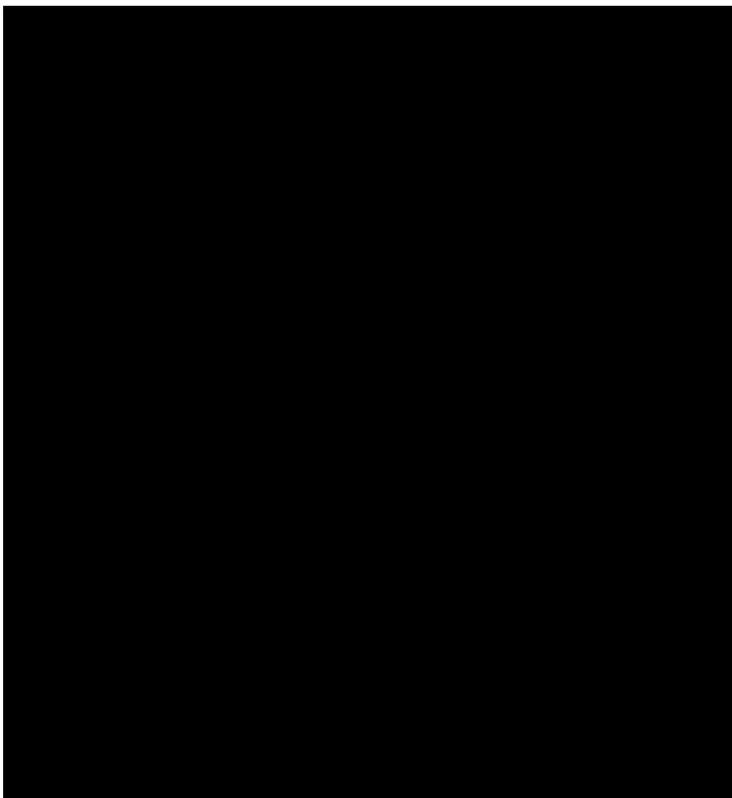
Endorsement #001

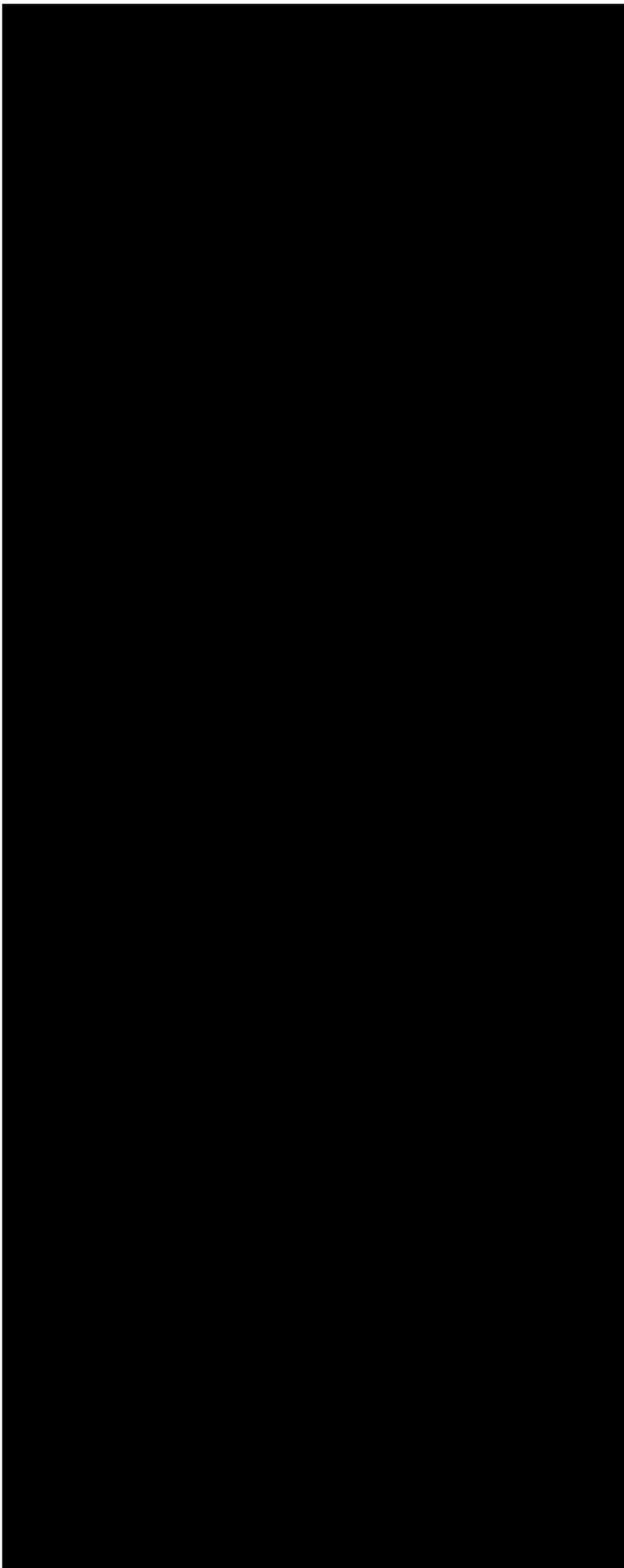
This endorsement:
effective 12:01 a.m., July 1, 2019,
forms a part of Policy No. MTP903359403,
issued to CONNECTICUT INTERLOCAL RISK MANAGEMENT AGENCY (CIRMA),
by Indian Harbor Insurance Company.

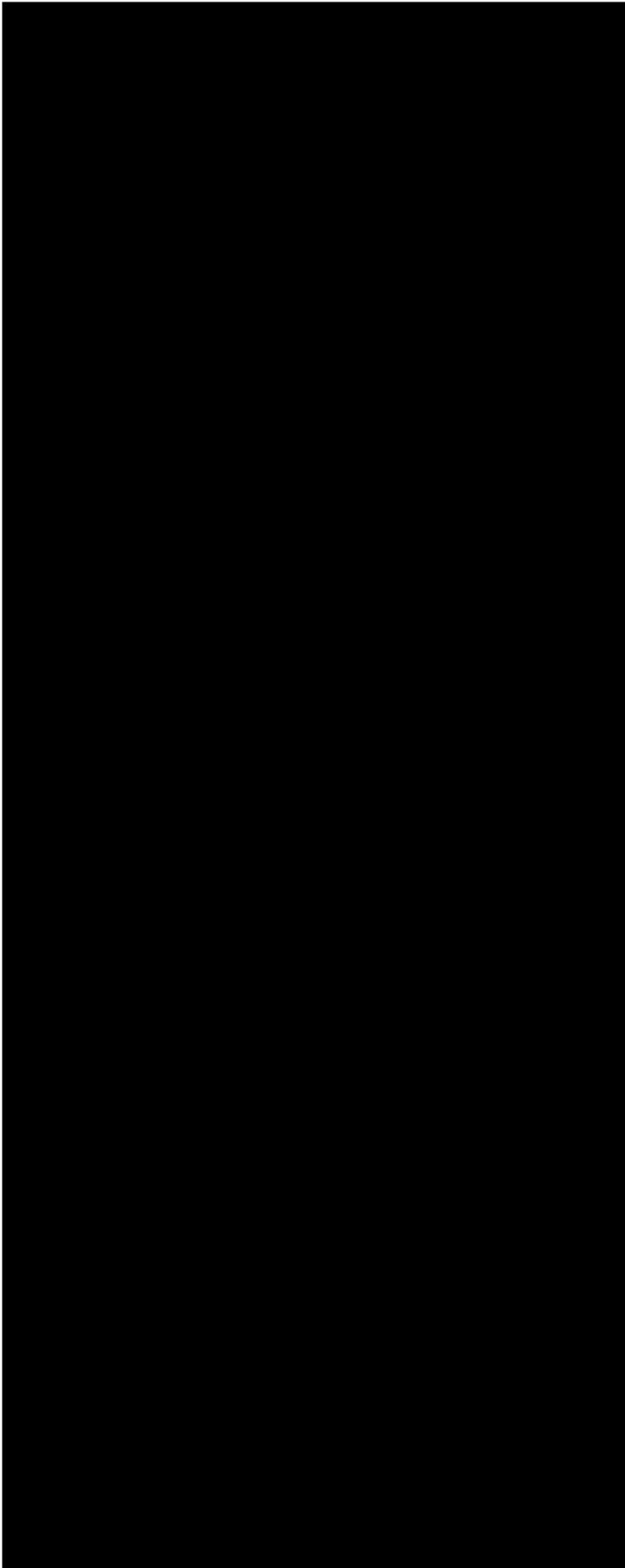
THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

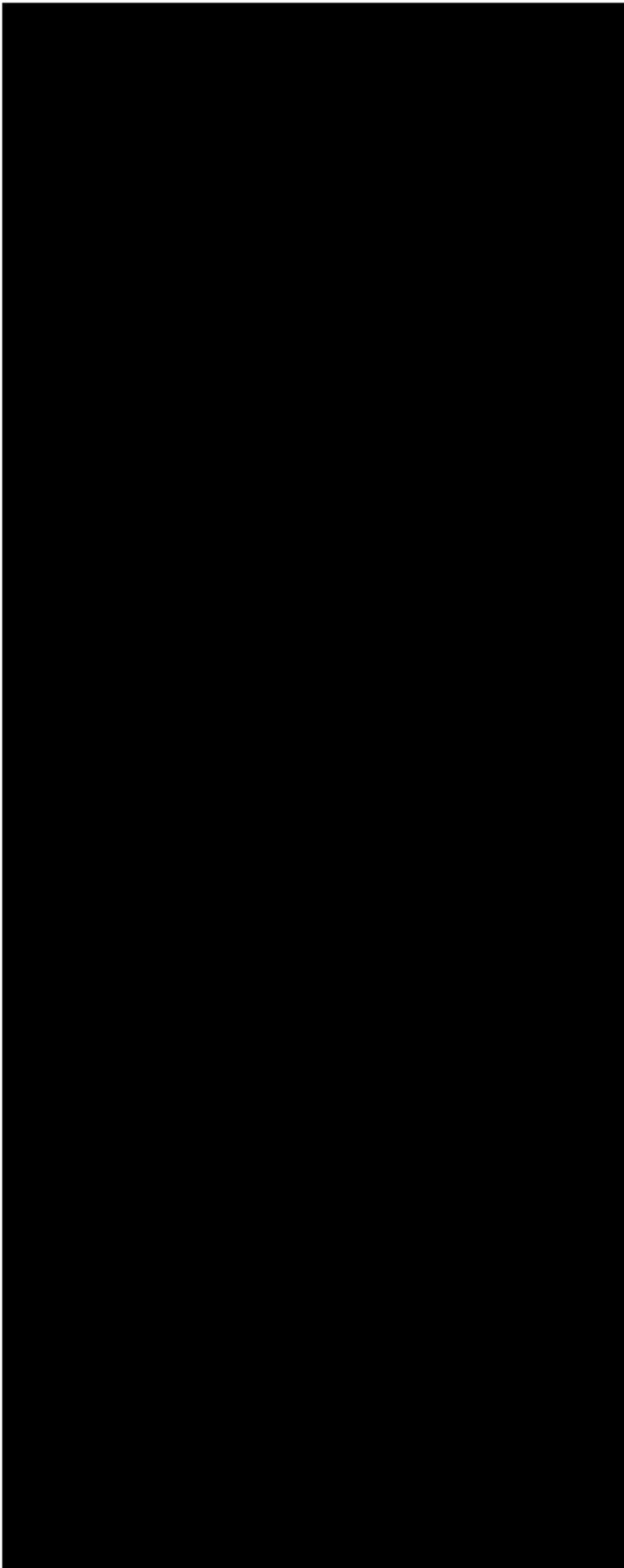
PER MEMBER AGGREGATE LIMIT ENDORSEMENT WITH SPECIFIED RETROACTIVE DATE

In consideration of the premium charged, it is agreed that the entity or entities named below shall be added as additional **Insureds** under this Policy, but only for **third party wrongful acts** committed after the specified **retroactive date** and any **first party incident** first discovered after the effective date. The aggregate limit applicable to each of the **Insureds** listed below is \$2,000,000.











All other terms and conditions of this Policy shall remain the same.

CyberRiskConnect

Privacy, Security and Technology Insurance

Endorsement #002

This endorsement:
 effective 12:01 a.m., July 1, 2019,
 forms a part of Policy No. MTP903359403,
 issued to CONNECTICUT INTERLOCAL RISK MANAGEMENT AGENCY (CIRMA),
 by Indian Harbor Insurance Company.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DEPENDENT BUSINESS INTERRUPTION COVERAGE ENDORSEMENT

In consideration of the premium charged, it is agreed that:

- Section I.B. First Party Coverages is amended to include the following Insuring Agreements:

Dependent Business Interruption

The **Insurer** will pay or reimburse the **Insured** for **dependent business interruption loss**.

- Item 3. Coverage Schedule of the Declaration Page is amended to include the following:

FIRST PARTY COVERAGE ENHANCEMENTS		Limit	Waiting Period
Dependent Business Interruption	Loss of Business Income	\$1,000,000	10 Hours
	Extra Expense	\$1,000,000	Retention \$10,000

- Section IV. Definitions is amended to include the following definition:

Dependent Business

Any entity the **Insured** relies on to conduct operations pursuant to a written contract.

Dependent Business Interruption Loss

- loss of business income after the waiting period;
- extra expenses** in excess of the applicable retention,
 during the **period of restoration** that the **Insured** incurs resulting from a **cyber security breach** to a **dependent business** directly causing a total or partial interruption or deterioration in the **Insured's** business operations.

CyberRiskConnect

Privacy, Security and Technology Insurance

Dependent Business Interruption Loss does not mean:

- a) loss of market share or other consequential loss;
 - b) loss arising out of liability to any third party;
 - c) legal expenses;
 - d) loss incurred as a result of unfavorable business conditions.
4. Solely for purposes of this endorsement, Section IV. Definitions DD. Network is deleted and replaced as follows:

Network

A connected system of computing hardware, software, firmware and associated electronic components and mobile devices, including industrial control systems and SCADA systems (Supervisory control and data acquisition systems) or other industrial IT, under the ownership, operation or control of, or leased by, a [dependent business](#).

All other terms and conditions of this Policy shall remain the same.

CyberRiskConnect

Privacy, Security and Technology Insurance

Endorsement #003

This endorsement:
 effective 12:01 a.m., July 1, 2019,
 forms a part of Policy No. MTP903359403,
 issued to CONNECTICUT INTERLOCAL RISK MANAGEMENT AGENCY (CIRMA),
 by Indian Harbor Insurance Company.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DEPENDENT BUSINESS INTERRUPTION – SYSTEM FAILURE COVERAGE ENDORSEMENT

In consideration of the premium charged, it is agreed that:

1. Section I.B. First Party Coverages is amended to include the following Insuring Agreements:
 Dependent Business Interruption – System Failure
 The **Insurer** will pay or reimburse the **Insured** for **system failure dependent business interruption loss**.

2. Item 3. Coverage Schedule of the Declaration Page is amended to include the following:

FIRST PARTY COVERAGES		SUBLIMIT	WAITING PERIOD
Dependent Business Interruption System Failure	Loss of Business Income	\$1,000,000	10 Hours
	Extra Expense	\$1,000,000	RETENTION \$10,000

3. Section IV. Definitions, is amended to include the following definition:
 Dependent Business
 Any entity the **Insured** relies on to conduct operations pursuant to a written contract.

 System Failure Dependent Business Interruption Loss
 a) **loss of business income** after the **waiting period**;
 b) **extra expenses** in excess of the applicable retention,
 during the **period of restoration** that the **Insured** incurs resulting from a **system failure** to a **dependent business** directly causing a total or partial interruption or deterioration in the **Insured's** business operations.

System Failure Dependent Business Interruption Loss does not mean:

- a) loss of market share or other consequential loss;
- b) loss arising out of liability to any third party;
- c) legal expenses;
- d) loss incurred as a result of unfavorable business conditions.

System Failure

Any unintentional and unplanned outage or failure of the [network](#).

4. Solely for purposes of this endorsement, Section IV. Definitions, Item DD. Network is deleted and replaced as follows:

DD. Network

A connected system of computing hardware, software, firmware and associated electronic components and mobile devices, including industrial control systems and SCADA systems (Supervisory control and data acquisition systems) or other industrial IT, under the ownership, operation or control of, or leased by, a [dependent business](#).

All other terms and conditions of this Policy shall remain the same.

CyberRiskConnect

Privacy, Security and Technology Insurance

Endorsement #004

This endorsement:
 effective 12:01 a.m., July 1, 2019,
 forms a part of Policy No. MTP903359403,
 issued to CONNECTICUT INTERLOCAL RISK MANAGEMENT AGENCY (CIRMA),
 by Indian Harbor Insurance Company.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SYSTEM FAILURE COVERAGE ENDORSEMENT

In consideration of the premium charged, it is agreed that:

- Section I.B. First Party Coverages is amended to include the following Insuring Agreement:

System Failure

The **Insurer** will pay or reimburse the **Insured** for:

- loss of business income** after the **waiting period**;
- extra expenses** in excess of the applicable retention,
 during the **period of restoration** that the **Insured** incurs resulting from a **system failure** directly causing a total or partial interruption or deterioration in the **Insured's** business operations.

- Item 3. Coverage Schedule of the Declaration Page is amended to include the following:

FIRST PARTY COVERAGE ENHANCEMENTS		Limit	Waiting Period	
System Failure	Loss of Business Income	\$1,000,000	10 Hours	
	Extra Expense	\$1,000,000	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #FFF2CC;"> <th style="text-align: center;">Retention</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">\$10,000</td> </tr> </tbody> </table>	Retention
Retention				
\$10,000				

- Section IV. Definitions is amended by adding the following new definition:

System Failure

Any unintentional and unplanned outage or failure of the **network**.

4. Solely with respect to the coverage provided by this endorsement, Section IV. Definitions is amended by deleting and replacing the following definitions:

First Party Costs

Any [loss of business income](#), [extra expenses](#), [data recovery expenses](#), [cyber-extortion expenses](#), [data breach response and crisis management costs](#), and [system failure losses](#).

First Party Costs do not include any amounts incurred prior to the [Insured](#) providing notice of the [first party incident](#).

First Party Incident

A [cyber security breach](#), [cyber-extortion threat](#), [data breach](#) or [system failure](#).

Period of Restoration

1. Solely with respect to [loss of business income](#), that period of time that begins at the end of the waiting period and continues until the [Insured Company's](#) operations are restored to the condition that existed immediately prior to the [cyber security breach](#) or [system failure](#); and
 2. Solely with respect to [extra expenses](#), that period of time that begins after a [cyber security breach](#) or [system failure](#) has directly caused a total or partial interruption or deterioration in the [Insured's](#) business operations and continues until the [Insured Company's](#) operations are restored to the condition that existed immediately prior to the [cyber security breach](#) or [system failure](#).
5. Solely for purposes of this endorsement, the following new definition is added:

System Failure Losses

[Loss of business income](#) and [extra expense](#)

System failure losses do not include losses arising out of a loss of market share or any other consequential loss and any losses incurred by the [Insured](#) to upgrade, enhance, or replace the [network](#) to a condition beyond that which existed immediately prior to sustaining a [system failure](#).

All other terms and conditions of this Policy shall remain the same.

CyberRiskConnect

Privacy, Security and Technology Insurance

Endorsement #005

This endorsement:
effective 12:01 a.m., July 1, 2019,
forms a part of Policy No. MTP903359403,
issued to CONNECTICUT INTERLOCAL RISK MANAGEMENT AGENCY (CIRMA),
by Indian Harbor Insurance Company.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PCI DSS COVERAGE AMENDATORY ENDORSEMENT

In consideration of the premium charged, it is agreed that:

1. Section I.A. Third Party Liability Coverages is amended to include the following Insuring Agreement:

PCI DSS Coverage

The Insurer will reimburse the Insured for PCI DSS fines and costs in excess of the applicable retention that the Insured is legally obligated to pay as the result of a claim first made against the Insured during the Policy Period or Extended Reporting Period (if applicable) alleging a PCI DSS wrongful act committed by the Insured, a rogue employee, an outsourced provider, or by a third party for whose PCI DSS wrongful act an Insured is legally responsible.

2. Item 3. Coverage Schedule of the Declaration Page is amended to include the following:

THIRD PARTY LIABILITY COVERAGES	Limit	Retention	RetroDate
PCI DSS	\$2,000,000	\$10,000	Full Prior Acts

3. Section IV. Definitions, is amended to include the following new definitions:

Merchant Services Agreement

An agreement between the Insured and a financial institution, credit/debit card company, credit/debit card processor or Independent service operator enabling the Insured to accept credit card, debit card, prepaid card, or other payment cards for payments or donations.

CyberRiskConnect

Privacy, Security and Technology Insurance

PCI DSS Fines and Costs

Fines, penalties, assessments, fraud recovery and operational expense recovery that the Insured is contractually obligated to pay under its Merchant Services Agreement(s) as the result of a PCI DSS wrongful act. Provided, however, PCI DSS fines and costs does not mean interchange fees, discount fees or prospective service fees.

PCI DSS Wrongful Act

Any actual or alleged cyber security breach or privacy and security wrongful act resulting in the unauthorized acquisition of cardholder data as defined under PCI-DSS.

4. Section IV. Definitions, is amended by deleting and replacing the following terms:

Loss

All Damages, Claim Expenses, Regulatory Damages, First Party Costs and PCI DSS fines and costs.

Third Party Wrongful Act

A technology wrongful act, professional services wrongful act, media wrongful act, privacy and security wrongful act and PCI DSS wrongful act.

5. Section V. Exclusions, O. Contractual is deleted and replaced as follows:

O. Contractual

any obligation an Insured has underwritten contract; provided, however, this exclusion shall not apply to liability an Insured would have in the absence of a contract or an Insured's:

1. breach of an exclusivity or confidentiality provision contained in a written agreement;
2. violation of an intellectual property right except a violation of a patent right;
3. negligent performance of technology services or professional services for a client or customer;
4. provision of technology products to a client or customer which contain a material defect;
5. breach of the Insured's privacy policy and/or privacy notice; or
6. obligation to indemnify, reimburse or compensate pursuant to a Merchant Services Agreement

All other terms and conditions of this Policy shall remain the same.

Endorsement #006

This endorsement:
 effective 12:01 a.m., July 1, 2019,
 forms a part of Policy No. MTP903359403,
 issued to CONNECTICUT INTERLOCAL RISK MANAGEMENT AGENCY (CIRMA),
 by Indian Harbor Insurance Company.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SOCIAL ENGINEERING FINANCIAL FRAUD ENDORSEMENT

In consideration of the premium charged, it is agreed that:

- I. Item 3. Coverage Schedule of the Declarations is amended by adding a new Insuring Agreement, Sublimit and Retention as indicated below:

FIRST PARTY COVERAGES	Limit	Retention
Social Engineering Financial Fraud	\$500,000	\$10,000

- II. Section I. B. First Party Coverages is amended to include the following new coverage:

Social Engineering Financial Fraud

The **Insurer** will pay or reimburse the **Insured Company** for **social engineering financial fraud losses** in excess of the applicable retention directly resulting from a **social engineering financial fraud event**.

- III. Section D.2. Application of Coverage is amended to include the following:

The coverage provided under Section I.B. Social Engineering Financial Fraud shall apply only if the **Insured** verifies the instruction to transfer **money** or **securities** by following a pre-arranged callback or other established procedural method to authenticate the validity of the request prior to acting upon any transfer instruction.

- IV. Section IV. Definitions is amended to include the following new defined terms:

Authorized Employee

An employee of the **Insured Company** who is authorized by the **Insured Company** to transfer, or to instruct others to transfer, **money** or **securities**.

Money

The **Insured's**:

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

Securities

The **Insured's** negotiable and nonnegotiable instruments or contracts representing either **money** or property, and includes tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use, and evidences of debt issued in connection with credit or charge cards, which cards are not issued by the **Insured**.

Social Engineering Financial Fraud Loss

Loss of **money** or **securities** directly resulting from a **social engineering financial fraud event**.

Social Engineering Financial Fraud Event

The transfer of **money** or **securities** to an account outside the **Insured's** control pursuant to instructions made by a person purporting to be an authorized employee, outsourced provider or customer of the **Insured**, when such instructions prove to have been fraudulent and issued by a person who is not an authorized employee, outsourced provider, or customer of the **Insured**.

- V. Solely with respect to the coverage provided by this Endorsement, Section IV. Definitions, is amended by deleting and replacing the following definitions:

First Party Costs

Any **loss of business income**, **extra expense**, **data recovery expenses**, **cyber-extortion expenses**, **data breach response and crisis management costs**, and **social engineering financial fraud loss**.

Except with respect to **social engineering financial fraud loss**, **first party costs** do not include any amounts incurred prior to the **Insured** providing notice of the **first party incident**.

First Party Incident

A **cyber security breach**, **cyber-extortion threat**, **data breach**, or **social engineering financial fraud event**.

- VI. Solely with respect to the coverage provided by this Endorsement, Section IV - Item K. Damages is amended by deleting part 8. "the monetary value of an electronic fund transfer or transaction that is lost or diminished during transfer."

VII. Solely with respect to the coverage provided by this Endorsement, Section IX - Item D. Other Insurance is deleted and replaced as follows:

D. Other Insurance

Coverage provided under this Social Engineering Financial Fraud Endorsement is excess to the coverage provided by any crime insurance policy; provided, however, notwithstanding the foregoing or anything in this Policy to the contrary, the Insurer will recognize erosion of the Retention applicable to Social Engineering Financial Fraud coverage by any payments made by or on behalf of the Insured Company pursuant to such crime insurance policy issued to the Insured Company, but only if such payments are for social engineering financial fraud losses that would otherwise be covered under this endorsement.

All other terms and conditions of this Policy shall remain the same.

ENDORSEMENT #007

This endorsement, effective 12:01 a.m., July 1, 2019 forms a part of Policy No. MTP903359403 issued to CONNECTICUT INTERLOCAL RISK MANAGEMENT AGENCY (CIRMA) by Indian Harbor Insurance Company. THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CERTIFIED ACTS OF TERRORISM COVERAGE AND PREMIUM DISCLOSURE

This endorsement modifies insurance provided under the following:

CyberRiskConnect

Coverage for "certified acts of terrorism" for the types of insurance subject to the Terrorism Risk Insurance Act is already included in your current Policy. "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.

You are hereby notified that 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.

Under your existing coverage, any losses resulting from "certified acts of terrorism" may be partially reimbursed by the United States Government under a formula established by federal law. Under this formula, the United States Government generally reimburses 85% through 2015; 84% beginning on January 1, 2016; 83% beginning on January 1, 2017; 82% beginning on January 1, 2018; 81% beginning on January 1, 2019; and 80% beginning on January 1, 2020, of covered terrorism losses exceeding the statutorily established deductible paid by the Insurer providing the coverage. However, your policy may contain other exclusions that may affect your coverage. The terms and limitations of any terrorism exclusion, or the inapplicability or omission of terrorism exclusion, do not serve to create coverage for any loss that is otherwise excluded under this Policy.

The portion of your annual premium that is attributable to coverage for "certified acts of terrorism" is: \$ **waived**. Any premium waiver is only valid for the current Policy Period.

All other terms and conditions of this Policy remain unchanged.

CyberRiskConnect

Privacy, Security and Technology Insurance

Endorsement #008

This endorsement:
effective 12:01 a.m., July 1, 2019,
forms a part of Policy No. MTP903359403,
issued to CONNECTICUT INTERLOCAL RISK MANAGEMENT AGENCY (CIRMA),
by Indian Harbor Insurance Company.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DEDUCTIBLE ENDORSEMENT

In consideration of the premium charged, it is agreed that all references to retention shall be replaced with deductible. The Limit of Liability applicable to **loss** under each Insuring Agreement will not be reduced by the amount of such deductible. The **Insurer** shall pay any part or all of the deductible amount to defend or effect settlement of any **third party claim** and upon notification of the action taken, the **Named Insured** shall promptly reimburse the **Insurer** for such part of the deductible amount as has been paid by the **Insurer**.

All other terms and conditions of this Policy shall remain the same.

CyberRiskConnect

Privacy, Security and Technology Insurance

Endorsement #009

This endorsement:
effective 12:01 a.m., July 1, 2019,
forms a part of Policy No. MTP903359403,
issued to CONNECTICUT INTERLOCAL RISK MANAGEMENT AGENCY (CIRMA),
by Indian Harbor Insurance Company.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CONSEQUENTIAL REPUTATIONAL LOSS ENDORSEMENT

In consideration of the premium charged, it is agreed that:

1. Section I.B. First Party Coverages is amended to include the following Insuring Agreement:

Consequential Reputational Loss

The Insurer will pay the Insured for consequential reputational loss that the Insured incurs resulting from adverse publicity after the waiting period during the period of indemnity.

2. Item 3. Coverage Schedule of the Declaration Page is amended to include the following:

First Party Coverage	Limit	Period of Indemnity	Waiting Period
Consequential Reputational Loss	\$1,000,000	6 months	2 weeks

3. Section IV. Definitions is amended by adding the following new definitions:

- Consequential Reputational Loss

Net Income (Net Profit before income taxes) that would have been earned by the Insured but for adverse publicity.

Consequential Reputational Loss does not include:

1. amounts arising out of liability to a third party for any reason;
2. legal costs or legal expenses of any type;
3. any internal salary, costs or overhead expenses of the Insured Company

- Adverse Publicity

The public dissemination in the media of an actual or alleged **cyber security breach** or **data breach** which damages the **Insured's** brand, reputation, or customer trust

- Period of Indemnity

The amount of time stated in Item 3. Coverage Schedule of the Declarations Page as amended above.

4. Solely as respects the coverage afforded by this endorsement, Section IV. Definitions, Item S. First Party Costs is amended to include **consequential reputational loss**.
5. Solely applicable to the coverage provided by this endorsement, Section IV. Definitions, Item AAA. Waiting Period is deleted and replaced as follows:

AAA. Waiting Period

The amount of time stated in Item 3. Coverage Schedule of the Declarations Page as amended above.

All other terms and conditions of this Policy shall remain the same.

CyberRiskConnect

Privacy, Security and Technology Insurance

Endorsement #010

This endorsement:
effective 12:01 a.m., July 1, 2019,
forms a part of Policy No. MTP903359403,
issued to CONNECTICUT INTERLOCAL RISK MANAGEMENT AGENCY (CIRMA),
by Indian Harbor Insurance Company.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BRICKING COVERAGE ENDORSEMENT

In consideration of the premium charged, it is agreed that:

1. Section I.B. First Party Coverages is amended to include the following Insuring Agreement:

Bricking

The Insurer will pay the Insured Company, in excess of the applicable retention, for hardware replacement costs that the Insured incurs resulting from a bricking incident.

2. Item 3. Coverage Schedule of the Declaration Page is amended to include the following:

FIRST PARTY COVERAGE	Limit	Retention
Bricking	\$500,000	\$10,000

3. Section IV. Definitions is amended as follows:

- The following new definitions are added:

Bricking Incident

A cyber security breach that renders a computer device or Internet of Things Device (“IoT device”) non-functional for its intended purpose, if and only if, after reasonable efforts have been made, such device cannot be restored to the level of functionality that existed immediately preceding the cyber security breach.

CyberRiskConnect

Privacy, Security and Technology Insurance

Hardware Replacement Costs

Reasonable and necessary costs to replace a [computer device](#) or [IoT device](#) with identical or commercially equivalent items that perform the same function.

IoT Device

Any nonstandard [computer device](#) that connects electronically to a network and has the ability to transmit data.

Computer Device

Desktop and laptop computers, associated input and output devices, mobile devices, data storage devices, networking equipment and back up facilities.

- Solely with respect to the coverage afforded by this endorsement, Definition S. First Party Costs is amended as follows:

First Party Costs

Any [loss of business income](#), [extra expenses](#), [data recovery expenses](#), [cyber-extortion expenses](#), [data breach response and crisis management costs](#) and [hardware replacement costs](#).

First Party Costs do not include any amounts incurred prior to the [Insured](#) providing notice of the [first party incident](#).

- Solely with respect to the coverage afforded by this endorsement, Definition T. First Party Incident is amended as follows:

First Party Incident

A [cyber security breach](#), [cyber-extortion threat](#), [data breach](#) or [bricking incident](#).

4. Solely with respect to the coverage afforded by this endorsement, Section V. Exclusions is amended as follows:

- Item B. Bodily Injury and Property Damage is deleted in its entirety and replaced with the following:

Bodily Injury and Property Damage

bodily injury, sickness, disease, emotional distress, mental injury, mental tension, mental anguish, pain and suffering, humiliation or shock sustained by any person, including death that results from any of these, or damage to or destruction of any tangible property, including loss of use thereof whether or not damaged or destroyed; provided, however, damage to or destruction of any tangible property does not include the loss of use of computer hardware resulting from a [bricking incident](#). For purposes of this definition, "tangible property" shall not include electronic data.

CyberRiskConnect

Privacy, Security and Technology Insurance

- The following new Exclusion has been added:

Non-licensed Products

The use and installation by the **Insured** of non-licensed software, firmware, or updates to such software or firmware.

5. Section IX. Conditions is amended to include the following new section:

Valuation

Adjustment of loss under this endorsement will be computed as of the date of loss at the place of the loss, and for no more than the interest of the **Insured**. The adjustment of loss to **computer device** or **IoT device** will subject to the lesser of the following:

1. The cost to repair; and
2. The cost to replace a **computer device** or **IoT device** with equipment that is the most functionally equivalent even if such equipment:
 - a. has technological advantages;
 - b. represents an improvement in function; or
 - c. forms part of a program or system enhancement.

All other terms and conditions of this Policy shall remain the same.

ENDORSEMENT #011

This endorsement, effective 12:01 a.m., July 1, 2019 forms a part of Policy No. MTP903359403 issued to CONNECTICUT INTERLOCAL RISK MANAGEMENT AGENCY (CIRMA) by Indian Harbor Insurance Company

SERVICE OF PROCESS

The Commissioner of Insurance of the State of Connecticut is hereby designated the true and lawful attorney of the Insurer upon whom may be served all lawful process in any action, suit or proceeding arising out of this Policy. The Insurer further designates:

Sarah Mims
General Counsel
505 Eagleview Boulevard, Suite 100
Exton, PA 19341-1120

as its agent in Connecticut to whom such process shall be forwarded by the Commissioner of Insurance.

For Illinois exposures, the Insurer further designates the Director of the Illinois Division of Insurance and his successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Insured or any beneficiary hereunder arising out of an Illinois exposure and this contract of insurance.

All other terms and conditions of this Policy remain unchanged.

CyberRiskConnect

Privacy, Security and Technology Insurance

Endorsement #012

This endorsement:
effective 12:01 a.m., July 1, 2019,
forms a part of Policy No. MTP903359403,
issued to CONNECTICUT INTERLOCAL RISK MANAGEMENT AGENCY (CIRMA),
by Indian Harbor Insurance Company.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

VOLUNTARY SHUTDOWN - AMENDED BUSINESS INTERRUPTION AND EXTRA EXPENSES ENDORSEMENT

In consideration of the premium charged, it is agreed that Section I. B. 1. is deleted in its entirety and replaced with the following:

1. Business Interruption and Extra Expenses

The **Insurer** will pay or reimburse the **Insured** for:

- (a) loss of business income after the waiting period; and
- (b) extra expenses in excess of the applicable retention,

during the **period of restoration** that the **Insured** incurs resulting from:

- (1) a **cyber security breach** directly causing a total or partial interruption or deterioration in the **Insured's** business operations; or
- (2) the voluntary and intentional shutdown of the **network**:
 - a. ordered by an **executive officer** of the **Insured Company** who is authorized to make such an order, due to the **executive officer's** reasonable belief that such shutdown would limit the financial impact of a **cyber security breach**; or
 - b. ordered by any federal, state, local or foreign governmental entity in such entity's regulatory or official capacity, due to a **cyber security breach**,

where such shutdown directly causes a total or partial interruption or deterioration in the **Insured's** business operations. Provided, however, the **Insurer's** maximum limit of liability applicable to a voluntary and intentional shutdown of the **network** as outlined above shall be \$1,000,000 which is part of, and not in addition to, the Business Interruption and Extra Expense Limit as outlined in Item 3. of the Coverage Schedule of the Declarations of this Policy.

All other terms and conditions of this Policy shall remain the same.

Estimated Revenues, Expenditures, and Changes in Fund Balance
As of June 30, 2020 and June 30, 2021
(With comparative totals as of June 30, 2019)

	FY 18/19 Actual	FY 19/20 Adopted	FY 19/20 Feb Est.	FY 19/20 Post COVID	FY 20/21 Budget	FY 20/21 Post COVID	FY 21/22 Projection
Revenues:							
Membership Fees	\$ 824,801	\$ 971,610	\$ 841,000	\$ 623,415	\$ 817,510	\$ 623,400	\$ 817,510
Program Fees	841,634	950,610	868,870	710,012	976,910	710,000	976,910
Fee Waivers	40,390	61,900	53,580	29,538	45,960	30,000	45,960
Daily Admission Fees	56,200	55,100	53,860	47,788	55,100	48,000	55,100
Rent - Facilities/Parties	31,951	32,310	32,310	8,407	33,810	8,400	33,810
Employee Wellness	13,566	16,000	16,000	14,000	16,000	14,000	16,000
Rent - E.O. Smith	18,750	18,000	18,000	17,400	18,000	17,400	18,000
Charge for Services	9,946	10,000	10,000	8,000	10,000	8,000	10,000
Contributions	5,850	14,250	9,250	12,359	8,750	12,300	8,750
Sale of Merchandise	2,629	3,750	3,750	1,387	3,750	1,400	3,750
Sale of Food	3,536	3,000	3,000	2,957	3,000	3,000	3,000
Other	7,098	6,000	6,000	4,224	6,000	4,200	6,000
Total Revenues	1,856,351	2,142,530	1,915,620	1,479,487	1,994,790	1,480,100	1,994,790
Operating Transfers In:							
General Fund - Recreation Admin	378,395	370,450	370,450	370,450	385,700	385,700	395,340
General Fund - Community Programs	107,625	160,570	160,570	160,570	179,340	179,340	183,820
General Fund - Bicentennial Pond	25,000	25,000	25,000	25,000	25,000	25,000	25,000
General Fund - Teen Center	25,000	25,000	25,000	25,000	25,000	25,000	25,000
General Fund - Additional Support						130,000	175,000
General Fund Surplus Transfer				252,000			
Total Rev. & Op Trans	2,392,371	2,723,550	2,496,640	2,312,507	2,609,830	2,225,140	2,798,949
Expenditures:							
Salaries & Wages	1,301,451	1,445,300	1,338,320	1,201,878	1,515,620	1,202,000	1,545,932
Benefits	284,838	308,210	299,630	272,936	320,280	273,000	326,686
Professional & Technical	228,987	224,180	236,230	181,353	248,260	181,000	248,260
Purchased Property Services	11,746	14,640	15,840	10,828	13,540	10,800	13,540
Repairs & Maintenance	68,494	74,570	40,930	66,717	47,080	67,000	47,080
Other Purchased Services/Rentals	332,948	284,910	282,840	271,162	288,480	271,000	288,480
Other Supplies	7,004	69,420	58,010	46,317	65,060	46,300	65,060
Energy	136,000	137,800	137,800	137,800	141,600	137,800	141,600
Building Supplies	10,274	19,460	13,000	8,074	11,500	8,000	11,500
Recreation Supplies	30,938	47,940	34,770	26,074	41,210	26,000	41,210
Equipment	64,514	84,560	86,120	82,973	69,520	-	69,520
Improvements							
Total Expenditures	2,477,194	2,710,990	2,543,490	2,306,112	2,762,150	2,222,900	2,798,868
Excess/(Deficiency)	(84,823)	12,560	(46,850)	6,395	(152,320)	2,240	81
Unassigned Fund Balance, July 1	116,807	31,984	31,984	31,984	(14,866)	38,379	40,619
Unassigned Fund Balance, End of Period	\$ 31,984	\$ 44,544	\$ (14,866)	\$ 38,379	\$ (167,186)	\$ 40,619	\$ 40,700

	Adopted 19/20	Adopted 20/21	Projected 20/21	Projected 21/22
Human Services	\$ 828,900	\$ 871,890	\$ 871,890	\$ 889,328
Library Services	\$ 814,510	\$ 895,370	\$ 895,370	\$ 913,277
Parks & Recreation	\$ 581,020	\$ 615,030	\$ 745,030	\$ 804,159

MANSFIELD PARKS AND RECREATION DEPARTMENT				
Silver Sneakers Analysis				
Contract Cancellation vs Increased Participation Scenarios				
Scenario 1 - cancel SS contract (requires 90 day notice)				
1	Silver Sneakers members	1,635		
2	percent indicated in survey who would return and pay if the SS program was cancelled		28%	
3	line 1 x line 2		458	
4	average membership fee collected from all membership types (excluding SS)			\$400.00
5	revenue from SS members who return and pay as regular member (line 3 x 4)			\$183,200.00
6	minus loss in annual SS revenue (avg. \$11,445 per month)			-\$137,340.00
7	net gain from cancelling SS contract (assuming survey is accurate)			\$45,860.00
NOTE - total membership drops from 2,837 to 1,660 (2,837-1,635+458)				
Scenario 2 - increase SS participation/visitation by an avg \$10 per month				
8	avg. SS monthly revenue per person			\$7.00
9	avg. SS monthly revenue (line 1 x line 8)			\$11,445.00
10	avg. SS annual revenue (line 9 x 12 months)			\$137,340.00
11	revenue if SS visitation/participation is increased from \$7.00 to \$17.00 (new revenue) (line 1 x \$10.00 per month x 12 months)			\$196,200.00
NOTE - potential new revenue to help P&R Fund become more sustainable				
Scenario 3 - increase SS participation/visitation by an amount to offset contract cancellation				
12	amount of new revenue from increased visitation/participation needed to offset contract cancellation (line 7)			\$45,860.00
13	amount of new revenue needed from scenario 3 per month (line 12/12 months)			\$3,821.66
14	amount of new revenue needed from scenario 3 per SS member per month (line 13/line1)			\$2.34
15	minimum number of additional visits per SS member per month needed to offset contract cancellation	1		
16	new monthly revenue if each SS member visited 1 additional time per month (line 1 x \$3.00)			\$4,905.00
17	new annual revenue if each SS member visited 1 additional time per month (line 16 x 12 months)			\$58,860.00
18	difference between contract cancellation (scenario 1) and 1 additional visit per SS member per month (scenarios 3), (line 17 - line 7)			\$13,000.00
NOTE - very realistic/attainable increase in visitaiton/participation to more than offset contract cancellation				



BEST PRACTICES

Ensuring Other Postemployment Benefits (OPEB) Sustainability

Governments should ensure OPEB sustainability by evaluating key items specifically related to OPEB, including the structure of benefits offered, the associated benefit cost-drivers, and clear communication to stakeholders.

Compensation packages for active workers may include health-care and other similar benefits for employees who have completed their active service. Generically, these benefits are described as other postemployment benefits (OPEB) to distinguish them from pensions.¹ As with defined benefit pension plans, OPEB can represent a significant challenge in terms of its funding and long-term sustainability. Meeting this challenge will require government finance officers to ensure that these benefits are sustainable over the long term – that they are affordable to stakeholders, competitive, and sufficient to meet employee needs, and that they may be reasonably expected to remain so.

GFOA recommends that governments ensure OPEB sustainability by evaluating key items specifically related to OPEB, including the structure of benefits offered, the associated benefit cost-drivers, and clear communication to stakeholders.² The following describes these items in more detail:

1. **Structural Considerations.** Financing other postemployment benefits as they are earned (prefunding) rather than as they come due (pay-as-you-go funding) offers significant advantages in terms of equity and sustainability and should be formalized through a specific funding policy for postemployment benefits – see GFOA's Sustainable Funding Practices for Defined Benefit Pensions and Other Postemployment Benefits best practice.² In addition, consider the following when determining a funding approach:
 - a. Require employee contributions.
 - b. Refrain from offering incentive packages for early separation without first considering their impact on OPEB costs.³
 - c. Do not issue OPEB bonds to fund liabilities.⁴
2. **Managing Costs of Benefits Offered.** Carefully evaluate and design benefits to help control costs and ensure that postemployment benefits are sustainable. This can include the following:
 - a. Implement health-care cost containment measures.⁵
 - b. Improve coordination with Medicare benefits (e.g., adjusting the amount of the OPEB benefit provided to retirees once they are eligible for Medicare or offering the OPEB benefit only to retirees who are not eligible for Medicare).
 - c. Monitor proposed changes related to Medicare and analyze resulting impacts.
 - d. Clearly define responsibilities related to Medicare in order to ensure timeliness of the organization's response to any proposed changes.
 - e. Monitor other proposed changes to laws and regulations that could affect the benefits provided.
 - f. Develop vesting rules that provide levels of benefits based on years of service.
 - g. Establish eligibility rules that avoid including retirees, dependents, and spouses who are otherwise insured.
 - h. Consider a tiered system of benefits based on hiring dates.
 - i. Consider whether to continue using the same blended or common health-care premium for both retirees and active employees (i.e., the implicit rate subsidy), if allowed.
 - j. Limit annual increases to an index other than medical cost inflation.
 - k. Raise the eligibility age for OPEB.
 - l. Offer a fixed⁶ subsidy or service-based⁷ subsidy – which is not affected by increases in health-care costs – that the government will put toward retiree's health-care premiums to partially offset the cost.
 - m. Consider reserving the highest level of health-care premium subsidy for those who have been employed for a full career, as defined by the jurisdiction, but no earlier than the normal retirement date defined by the jurisdiction's pension plan.
 - n. Consider applying a subsidy amount for retirees who are eligible for Medicare.
3. **Trust Funds.** Create a qualified trust fund to prefund OPEB obligations.⁸
4. **Communicate.** Governments need to determine how to most effectively communicate with and educate affected stakeholders about the impact of decisions made regarding OPEB:
 - a. Always consider OPEB as an integral part of an employee's total compensation package.
 - b. Avoid benefit reductions that place an undue burden on employees or risk making the government uncompetitive as an employer.

Notes:

1. Some government employers choose to augment other elements of employee compensation rather than providing OPEB.
2. See GFOA's best practice, *Sustainable Funding Practices for Defined Benefit Pensions and Other Postemployment Benefits Plans* (2016).
3. See GFOA's advisory, *Evaluating the Use of Early Retirement Incentives* (2004).
4. See GFOA's advisory, *OPEB Bonds* (2016).

5. See GFOA's best practice, *Strategic Health Care Plan Design* (2009).
6. For example, a fixed amount of \$250 per month for employees who have met requirements.
7. For example, if the government applies \$10 a month for each year of service, a retiree who had worked for 30 years would receive \$300 a month toward his or her pre-Medicare health-care premium.
8. In situations where the implicit rate subsidy is not prefunded, it may be unnecessary to use a trust. Under the implicit rate subsidy, retirees are allowed to pay the same rates as active employees, even though their age-adjusted premium would have been higher.



BEST PRACTICES

Establishing and Administering an OPEB Trust

Governments should create a qualified trust fund to prefund OPEB obligations.

GFOA recommends that governments prefund their obligations for postemployment benefits other than pensions (OPEB) once they have determined that the employer has incurred a substantial long-term liability.¹ In most cases, employers can make long-term investments to cover these obligations through a separate trust fund that should, over time, result in a lower total cost for providing postemployment benefits.

GFOA recommends creating a qualified trust fund to prefund OPEB obligations. To ensure that the trust is established and administered properly, governments should consult qualified legal counsel and fully understand the following issues:

1. The legal authority of the employer to establish an OPEB trust and the forms of trust allowed.
2. The employer's legal obligations to provide benefits and the legal consequences of establishing a trust. This includes how to design trust documents that mitigate the risk of unintended liabilities and provide a way to dissolve or modify the trust, if that should become necessary.
3. The comparative advantages of creating a single-employer trust, which is controlled by the employer and administered by either the employer or an independent board of trustees, versus participating in a multi-employer trust.
 - a. **Single-employer trusts.** The following considerations should be addressed:
 - b. **Scope.** Employers need to decide on the scope of the trust, subject to applicable federal and state law. Many OPEB trusts simply provide for the prudent investment of plan assets and perform no other administrative functions, except for disbursements, which can be handled by the trust or employer's staff or a third-party administrator.
 - c. **Form and governance.** There are three main options for the legal form of the trust and its governance structure. (Governance structure refers to the composition and responsibilities of the governing body and the process for overseeing investments.)²
 - i. **Voluntary employees' beneficiary association (VEBA).** A VEBA trust is established under section 501(c)(9) of the Internal Revenue Code (IRC) as an employees' association to provide for designated benefits. VEBAs typically operate independently of the sponsoring employer and involve participants in their governance.
 - ii. **Section 115 trust.** An IRC section 115 trust is established as an integral part of a governmental entity that performs an essential government function. The plan sponsor's governing body (for example, its city council or school board) is responsible for the jurisdiction's single-employer 115 trust; an independent governance structure is not required but is sometimes provided for. If an independent governing body is not designated, an oversight committee should be formed. If the plan design includes employee contributions, the representation on the governing body can include employee and perhaps retiree participation.
 - iii. **401(h) trust.** An IRC section 401(h) trust is a separate account, established within an existing qualified pension fund, which is dedicated to paying OPEB benefits. These trusts are usually for single employer arrangements, although some employers have access to a statewide plan. A 401(h) trust is governed by the pension board. A 401(h) trust must meet IRC requirements to avoid jeopardizing its tax-qualified status.
 - d. **Trust personnel.** Public employers should establish the following fiduciary roles to assist in trust administration:
 - i. **Trust administrator.** This individual, who may be a municipal official, is typically responsible for authorizing disbursements, carrying out the directives of the governing body, and other oversight tasks. An external vendor could also be named trust administrator, but not as the disbursement official (unless the vendor is engaged as a fiduciary under a separate third-party administrative contract).
 - ii. **Custodian.** The employer can appoint its customary custodian or a different firm selected expressly for the OPEB portfolio. If the trust is independent of the employer, the trust governing body will select the custodian. The custodian, typically a regulated bank trust organization, should be independent of the investment advisor, even if the trust holds mutual funds as its primary investment.
 - iii. **Investment advisor.** Employers with internal professional investment management staff may manage the trust's investments internally, but most governing bodies outsource the investment management of VEBA and 115 trusts to an independent professional investment management organization. The governing body or the delegated oversight body can select an independent investment advisor through a separate contract, which is sometimes appended to the trust document. The governing body can retain either a discretionary advisor, which can make investment decisions within the parameters of the trust's investment policy, or a non-discretionary advisor, which is similar to a pension plan consultant and requires pre-approval of investment decisions. A discretionary advisor is typically a named co-fiduciary, while a non-discretionary advisor leaves primary fiduciary responsibility with the trust's oversight officials.
 - e. **Investment policy.** Investment policies typically cover permitted investments and targets and ranges for asset allocations.³
 - f. **IRS issues.** Governments must obtain an Internal Revenue Service (IRS) determination letter before creating VEBA or 401(h) trusts.⁴ Governments are not required to apply for an IRS private letter ruling⁵ when creating a section 115 trust, but they might wish to do so if the cost is not prohibitive.
 - g. **GASB issues.** Trusts must conform to the Government Accounting Standard Board's definition of "trust or equivalent arrangement" in GASB Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, to be sure the assets held in trust can be recognized as offsetting plan liabilities.⁶
 - h. **Fees.** When selecting investment service providers — ideally through a comprehensive competitive selection process — governing bodies should evaluate full fee information and disclosures (i.e., of any potential conflicts or third-party compensation received from investment products or providers). Underlying investment costs such as mutual fund expenses should be included in this total cost evaluation. Service-provider costs, which are a legitimate trust expense, are usually lower if they are charged directly instead of through indirect compensation arrangements or retail investment products.
 4. **Multiple employer trusts.** These are turnkey programs in which a governmental entity, an intergovernmental organization, or a private firm has already established the trust's investments and governance. The following considerations should be addressed when considering whether to participate in a multi-employer trust:
 - a. **Structural questions.** The employer should review the trust's legal documentation, trust structure, and governance. This includes tax considerations and whether the plan has received an IRS private letter ruling, which is imperative for multi-employer plans. Also consider other services provided by the trust, such as asset-liability analyses and disbursement services.

- b. **Governance.** The trust itself should provide processes for governance, oversight, and reporting, but a participating employer should establish its own processes for monitoring the performance of the trust and its investments, and reporting results and concerns to participants, senior management and the governing body. Also, any written complaints from current or prior trust participants should be investigated, and the trust should provide disclosures regarding other employers' decisions to terminate or reduce participation.
- c. **Third parties.** The employer should examine the role of the external investment advisor or consultant, including all sources of compensation, along with the custodian's affiliations and independence.
- d. **Investment features.** The employer should review the trust's investment policy, asset allocation, portfolio composition, and investment expenses, including marketing fees, sample reports, and performance history.
- e. **Portability.** The employer should understand the requirements for moving assets out of the trust to another arrangement.

Notes:

1 See the GFOA best practices, *Ensuring the Sustainability of Other Postemployment Benefits and Considerations for Prefunding OPEB Obligations*

2 See John Ruggini, "In an OPEB We Trust?" *Government Finance Review*, February 2008.

3 Smaller plans typically authorize investments in diversified mutual funds, preferably institutional share classes (which have lower fees) or commingled institutional trusts. Larger plans with sufficient portfolio balances might also include individual securities in their portfolios through separately managed accounts. The investment policy should also provide guidance regarding the employer's preferences for active versus passive investment strategies. (Also see the GFOA best practices, *Pension Investment Policies* and *Public Employee Retirement System Investments*, noting that not all components of a pension investment policy will be applicable.)

4 An IRS determination letter responds to a plan sponsor's request for a determination about both the qualified status of its OPEB plan and the tax-exempt status of its trust.

5 An IRS private letter ruling is a written statement issued to a taxpayer that interprets and applies tax laws to the taxpayer's represented set of facts.

6 GASB Statement No. 43 states that a trust or equivalent arrangement is one in which: 1) employer contributions are irrevocable; 2) assets are dedicated to providing benefits to retirees and beneficiaries in accordance with the terms of the plan; and 3) assets are legally protected from creditors of the employer or the plan administrator.



BEST PRACTICES

The Role of the Actuarial Valuation Report in Plan Funding

The actuarial valuation report has always played an important role as the basic source document for information regarding actuarially determined contributions¹ and the funded status of pension and other post-employment benefit (OPEB) plans. The actuarial valuation report, prepared in accordance with Actuarial Standards of Practice (ASOP), will soon come to play an even more critical role in the wake of the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, because funding information for pensions will no longer automatically be provided in financial reports. That is, the actuarial valuation report will soon be the sole source of information for many financial decision makers desiring to make informed decisions about the funding of pension benefits.

GFOA recommends that state and local government finance officials and others with decision-making authority carefully review and understand their actuarial valuation report and use the information it contains to make policy decisions that ensure that pension benefits are funded in a sustainable manner, consistent with the pension funding guidelines developed by GFOA and the other major state and local government professional organizations.²

Reviewing and Understanding the Valuation Report

The purpose of an actuarial valuation is 1) to determine the amount of actuarially determined contributions (i.e., an amount that, if contributed consistently and combined with investment earnings, would be sufficient to pay promised benefits in full over the long-term) and 2) to measure the plan's funding progress. Key items to consider in reviewing the valuation report include:

- **Actuarially Determined Contribution.** The actuarially determined contribution represents the amount needed to fund benefits over time. If the contributions are not fully paid, interest accrues on the unpaid portion at the plan's expected long-term rate of return.³ Persistent underfunding will ultimately jeopardize the plan's sustainability. The GFOA recommends that the full amount of the actuarially determined contribution be paid to the plan each year.
- **Liabilities, Assets, and Funded Ratio.** The *actuarial accrued liability* (AAL) represents the present value of benefits earned, calculated using the plan's actuarial cost method. The *actuarial value of assets* (AVA) reflects the financial resources available to liquidate the liability. The *unfunded actuarial accrued liability* (UAAL) is the difference between the AAL and the AVA. The *funded ratio* (AVA/AAL) reflects the extent to which accumulated plan assets are sufficient to pay future benefits. The GFOA recommends that the funding policy aim to achieve a funded ratio that approaches 100 percent, with asset smoothing and amortization methods consistent with the government's funding policy and ASOP.
- **Actuarial Assumptions.** Since the future is unknown, actuarial valuations must be based on assumptions. For an actuarial valuation to be reliable, the assumptions used should reflect the best information available, which should be supported by rigorous discussion and analysis. Likewise, information concerning the demographic characteristics of the covered population needs to be current.
- **Historical Information.** Certain historical information is especially useful for understanding funding: undefinedundefined

In both cases, the number of periods for which data are presented should be sufficient to allow for the meaningful analysis of trends (e.g., 6 to 10 years and longer if available).

- **Actuarial Comments.** Actuarial Standards of Practice (ASOPs) require actuaries to make certain disclosures in their reports. These disclosures are commonly presented as comments intended to help users understand the report and include: 1) the report's intended purpose; 2) cautions regarding risk and uncertainty; and 3) constraints regarding the use of the report for other than its intended purpose. In addition, if a prescribed assumption or method is used that the actuary believes is unreasonable or conflicts with the ASOPs, the actuary has a duty to disclose that fact in the report.⁴
- **Information Needed to Prepare Financial Reports.** The actuarial report may also provide all of the information needed to prepare the government's financial reports in conformity with generally accepted accounting principles (GAAP) or legal or contractual requirements. This information may be provided as part of the valuation report or through a separate actuarial report.
- **Other information.** An actuarial valuation report also may include: 1) projections of future contributions and funded status; 2) an analysis of the impact of potential changes in actuarial assumptions; and 3) the impact of economic volatility on the plan's contributions and funded ratio.⁵

Recommendation:

Using the Actuarial Report to Make Appropriate Decisions

The information contained in an actuarial report is complex and can be difficult to understand for those who are not accustomed to working with this kind of information. For this reason, simply providing a copy of the actuarial report to decision makers does not ensure that everyone has a full understanding of its short-term and long-term implications. In most governments, the finance officer is in the best position to communicate the contents of the actuarial report, as the finance officer is familiar with the nuances of the actuarial report and is also intimately familiar with the organization's financial situation. Accordingly, the first step toward using an actuarial report to make appropriate decisions is for the finance officer to communicate the information the report contains to decision makers and the general public in a clear and understandable manner. Effective communication is especially important when changes to benefits are being considered.

To draw full benefit from the information contained in an actuarial report, the review of the information it contains must be followed by appropriate action steps:

- **Making Required Contributions.** The key purpose of an actuarial valuation is to inform plan sponsors of the amount that needs to be contributed each year to adequately fund benefits. Consequently, the first action step is to take appropriate steps to ensure that actuarially determined contributions are faithfully paid to the plan each year. If those contributions are not made, follow-up action should be taken to understand the underlying cause of the underfunding and to resolve it.
- **Assessing Funding Progress.** Historical information should be used to assess funding progress (e.g., Is the plan's funded ratio improving over time? Is the rate of improvement consistent with the employee's funding policy?).
- **Mitigating Risks.** Information from the actuarial valuation can help to uncover risk exposure related to the funding of benefits. Decision makers should identify those risks and take appropriate and timely action to mitigate them. For example, if the valuation shows a high degree of asset volatility, it may be prudent to lower that volatility through adjustments to asset allocations or by other means, such as

examining the methodology used to determine the actuarial value of assets.

- **Ensuring Reliable Data.** For an actuarial valuation to be reliable, the underlying data must be reliable as well, including the demographic information related to plan members, the economic information related to investment returns and payroll growth, and the detailed descriptions of current benefits. Employers should work closely with the actuary to ensure that reliable information is provided in a timely manner.
- **Validating Methods and Assumptions through Experience Studies.** The reliability of an actuarial valuation also depends on the use of reasonable methods and assumptions. Experience studies, performed no less frequently than every five years, can help to ensure the assumptions are in line with the plan's demographic and economic experience, or can be used as a guide to make necessary changes. Likewise, a comprehensive audit of the plan's actuarial valuations performed by an independent actuary at least once every five to eight years can be used to evaluate the appropriateness of the actuarial methods, assumptions, and their application.

Notes:

1 The new GASB standards no longer use the term "annual required contribution" or "ARC." Instead, the new standards refer to the disclosure of an "actuarially determined contribution."

2 Guidelines for Funding Defined Benefit Pensions, GFOA best practice, 2013.

3 The long-term expected rate of return is significantly higher than the short-term rates used in operating funds.

4 Actuarial Standards Board, Actuarial Standards of Practice No. 41, *Actuarial Communications*, December 2010.

5 California Actuarial Advisory Panel, *Model Disclosure Elements for Actuarial Valuation Reports on Public Retirement Systems in California*, December 2011.



BEST PRACTICES

Core Elements of a Funding Policy

Compensation packages for active workers may include pensions as well as health-care and other similar benefits for those employees after they have completed their active service. Generically, health-care and other benefits are described as other postemployment benefits (OPEB) to distinguish them from pensions.¹ Employers are required to recognize the cost of pension benefits as employees earn them, and the Governmental Accounting Standards Board (GASB) has now extended this same requirement to OPEB.² While pensions have long been funded on an actuarial basis, OPEB plans have not. The change in accounting standards has focused attention on the costs of OPEB, including concerns about rising health-care costs and an aging public-sector workforce. The real issue is not the change in accounting standards for such a funding policy and OPEB, as such, but rather the underlying budgetary and funding challenge that those accounting standards highlight. Meeting this challenge requires government finance officers to ensure that both pension and OPEB are sustainable over the long term – that they are affordable to stakeholders, competitive, and sufficient to meet employee needs, and that they may be reasonably expected to remain so.

GFOA recommends that every state and local government that offers defined benefit pensions and/or OPEB formally adopt a funding policy that provides reasonable assurance that the cost of those benefits will be funded in an equitable and sustainable manner. Such a retirement benefits funding policy would need to incorporate the following principles and objectives:

1. Every government employer that offers defined benefit pensions or OPEB should obtain no less than biennially an actuarially determined contribution (ADC) to serve as the basis for its contributions to those respective plans;
2. The ADC should be calculated in a manner that fully funds the long-term costs of promised benefits, while balancing the goals of 1) keeping contributions relatively stable and 2) equitably allocating the costs over the employees' period of active service;
3. Every government employer that offers defined benefit pensions or OPEB should make a commitment to fund the full amount of the ADC each period. (For some government employers, a reasonable transition period will be necessary before this objective can be accomplished);
4. Every government employer that offers defined benefit pensions or OPEB should demonstrate accountability and transparency by communicating all of the information necessary for assessing the government's progress toward meeting its pension funding objectives.

These principles and objectives necessarily will affect decisions related to the treatment of three core elements of a comprehensive pension funding policy:

- *Actuarial cost method* – the technique used to allocate the total present value of future benefits over an employee's working career (normal cost/service cost).
- *Asset smoothing method* – the technique used to recognize gains or losses in pension assets over some period of time so as to reduce the effects of market volatility and stabilize contributions.
- *Amortization policy* – The length of time and the structure selected for increasing or decreasing contributions to systematically eliminate any unfunded actuarial accrued liability or surplus.

To ensure consistency with the principles and objectives described above, the GFOA recommends that a pension funding policy treat each of its core elements as follows:

Actuarial cost method. The actuarial cost method selected for funding purposes should conform to actuarial standards of practice and allocate normal costs over a period beginning no earlier than the date of employment and should not exceed the last assumed retirement age. Moreover, the selected actuarial cost method should be designed to fully fund the long-term costs of promised benefits, consistent with the objective of keeping contributions relatively stable and equitably allocating the costs over the employees' period of active service.³ While not the only method that would satisfy this criterion, the entry age method – level percentage of pay normal cost – is especially well suited to achieving this purpose.

Asset smoothing. The method used for asset smoothing should:

- Be unbiased relative to market. For example:
undefinedundefinedundefined

Amortization. Amortization of the unfunded actuarial accrued liability⁵ should:

- Use fixed (closed) periods that
undefinedundefinedundefined

Additional considerations for plans closed to new entrants. When a plan is closed to new participants, the aggregate actuarial cost method – level percentage of pay normal cost – is especially well suited for funding.

For closed plans with no remaining active members:

- Special attention needs to be given to the mix of investments (given the shorter time horizon); and
- In comparison to open plans:
undefinedundefined

For closed plans that still have active members:

- The continued use of level percent of member compensation amortization remains appropriate, but not for a long period (i.e., as the number of active members decreases); and
- In comparison to open plans:
undefinedundefined

Other policy statements. A funding policy can also give a government an opportunity to make statements identifying the conditions under which future benefit enhancements or reductions would be evaluated. For example, a funding policy could state that future benefit enhancements would only be considered if the cost of those enhancements do not cause the plan's funded ratio to go below 100%, or in the alternative, cause the ADC to rise above a certain level.

Notes:

- 1 Some government employers choose to augment other elements of employee compensation rather than providing OPEB.
- 2 See GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The Financial Accounting Standards Board (FASB) has required the same of private-sector employers since the implementation of FASB Statement No. 106, *Employers' Accounting for Postretirement Benefits Other Than Pensions*, which was released in 1990.
- 3 Employers using some other actuarial cost method should carefully monitor demographic changes and trends in the covered workforce inasmuch as such changes could result in increased employer contributions as a percentage of payroll.
- 4 Generally, the appropriate corridor will depend upon the length of the smoothing period, with longer smoothing periods requiring narrower corridors.
- 5 Special considerations may apply to the amortization of a surplus (e.g., use of a longer amortization period).

References:

- Conference of Consulting Actuaries Public Plans Community, *Actuarial Funding Policies and Practices for Public Pension Plans*, October 2014.
- Wells Fargo Municipal Securities Research, *Analyzing Public Pensions, Item 5. Are There Constraints on Benefit Enrichment?*, April 23, 2014.

Exhibit A

THE CITY OF RICHMOND, CALIFORNIA

OTHER POST EMPLOYMENT BENEFITS

FUNDING POLICY

OPEB Funding Policy

A. Introduction

The purpose of this Statement of Benefits Plan Funding Policy (“Policy”) is to establish a methodology for funding benefits obligations accruing under the City of Richmond Other Post-Employment Benefit Plan (the “Plan”). It is anticipated that current assets plus future assets from employer contributions, employee contributions, and investment earnings should be sufficient to fund Plan benefits. The Policy is intended to reflect a reasonable, conservative approach with each generation of ratepayers financing, to the greatest extent possible, the cost of pension benefits being accrued. This Policy recognizes that there will be investment market place volatility and that actual economic and demographic experience will differ from assumed experience. Accordingly, this Policy is intended to provide flexibility to smooth such volatility and experience in a reasonable, systematic, and financially sound manner. Further, it is the intent that this Policy comply with all applicable laws, rules and regulations (collectively “Laws”). In the event that this Policy conflicts with any such Law, the applicable Law shall prevail.

B. Policy Funding Objectives

The primary funding objectives of this Policy, in order of importance, are to:

1. Provide sufficient assets to permit the payment of all benefits under the Plan.
2. Maintain equity among generations of ratepayers by:
 - a. Establishing improvement, on a projected basis, in the Plan’s Funded Ratio, as defined in Section E, such that it approaches 100% over a given period of time;
 - b. Amortizing the Unfunded Actuarial Accrued Liability, as defined in Section E, over fixed periods, specified below.
3. Minimize the volatility of the employer’s annual contributions by smoothing investment gains and losses over a period of years. Smoothing investment returns over a period of years recognizes that investment performance will fluctuate, and only by coincidence will

it exactly equal the assumed rate of return for any given year. It is anticipated that this approach may reduce volatility within the calculation of the Unfunded Actuarial Accrued Liability.

C. Funding Guidelines

This Policy establishes guidelines for setting the employer contribution rate.

1. Actuarial Valuations

The Plan's actuary shall conduct an actuarial valuation biennially, based on actual Plan data, to determine funding progress as well as employer contributions for the following two fiscal years.

2. Contribution Rate

Coordination of the Plan's Funding and Investment Policies will attempt to minimize the volatility of the employer's contribution.

- a. The City will meet the objective of placing into a Trust half of any one-time revenues.
- b. The City will place half of any year-end surplus in excess of the City's Minimum Reserve Policy into the Trust.
- c. The City will seek to pay down the unfunded liability annually.
- d. For the purposes of the calculation, investment return assumptions will be evaluated by an independent pension investment advisor on a regular basis (at a minimum of every two years), and should reflect the nature of the investments held in the Plan, and the historical and projected return rates anticipated for the investments.

D. Assumption Guidelines

1. The actuarial assumptions are adopted by the City in an effort to align the funding of the Plan with actual demographic, healthcare and economic experience, thus providing stability to the contribution rate over time. It is expected that actual experience will deviate from the actuarial assumptions and Experience Gains and Losses will occur. These gains (or losses) will reduce (or increase) future contributions.
2. Actuarial Assumptions are generally grouped into two major categories:
 - Demographic assumptions -- which include withdrawal (termination), retirement, disability, and mortality rates, as well as assumptions regarding beneficiaries.
 - Economic assumptions -- which include inflation, healthcare inflation and investment return

3. The assumptions for OPEB funding are to maintain consistency, where appropriate as determined by the City, with the assumptions and changes in such adopted for the Authority Employee's Retirement Plan.
4. As part of the biennial OPEB valuation process, the actuary will also provide advice to the City and recommend non-pension assumptions, such as increases in healthcare costs.

E. Transparency and Reporting

Funding of the City's OPEB should be transparent to all parties including City employees, retirees, recognized employee organizations, the City Council and Richmond residents. In order to achieve this transparency, the following information shall be available:

- a. Copies of the biennial actuarial valuations for the City's OPEB plan shall be made available to the City Council.
- b. The City's Comprehensive Annual Financial Report (CAFR) shall be published on its website. This report includes information on the City's OPEB plan, contributions to the OPEB Trust, and the funded status of the plan.
- c. The City's annual operating budget shall include appropriations for contributions to the OPEB Trust and pay-go costs.

F. Review of Funding Policy

Funding OPEB requires a long-term plan. The City will review this policy annually and make changes as necessary. Biennially checking the actuarial valuations to determine if changes to this policy are necessary to ensure adequate resources are being accumulated to fund OPEB.

G. Glossary of Terms

Actuarial Cost Method: The technique used to allocate costs to various time periods.

Actuarial Accrued Liability (AAL): The portion of the Present Value of Projected Benefits that is attributed to past years of service by the Actuarial Funding Method. The AAL serves as a funding target at any given point in time.

Actuarial Value of Assets: The smoothed value of assets used by the actuary in the actuarial valuation, for the purpose of reducing the impact of market fluctuations on the employers' contribution rate.

Entry Age Method: An Actuarial Cost (or Funding) Method that determines the plan's Normal Cost as a level percentage of pay over the working lifetimes of plan members.

Experience Gains and Losses: The difference between the experience anticipated by the actuarial assumptions and the plan's actual experience during the period between valuations. If actual experience is financially more favorable to the Plan, it is a Gain, (e.g., higher investment return

than expected). If actual experience is financially less favorable to the Plan, it is a Loss, (e.g., lower investment return than expected).

Funded Ratio: A measure of the ratio of plan assets to the Actuarial Accrued Liability (funding target) of the Plan. Plan assets can be the Market Value of Assets or the Actuarial Value of Assets.

Market Value of Assets: The total fair value of fund assets as reported in the Plan's financial statements.

Normal Cost: The portion of the Present Value of Projected Benefits that is attributed to the current year by the Actuarial Funding Method. Also referred to as the *Annual Benefit Cost*.

Unfunded Actuarial Accrued Liability (UAAL): The portion of the Actuarial Accrued Liability not covered by plan assets. It is calculated by subtracting the Actuarial Value of Assets from the Actuarial Accrued Liability.

All aspects of this Policy and the individual factors in the calculation of the annual employer contribution rate which is the result of the above process are subject to the review and approval of the Board and are subject to change, in whole and in part, if deemed appropriate and in the best interests of the Plan sponsor and participants.