

## Condominium Association Insurance Policy

### DECLARATIONS B: DIRECTORY OF APPLICABLE FORMS

Form Number and Edition Date	Form Title
CAU 3000 07/17	Condominium Association Insurance Policy
CAU 3070 07/17	Environmental Impairment Liability Coverage Part
CAU 3103 07/17	Disclosure Pursuant to Terrorism Risk Insurance Act
CAU 3106 07/17	Cap on Losses from "Certified Acts of Terrorism"
CAU 3110 07/17	Amended Water Exclusion
CAU 3207 07/17	Additional Claim Expenses
CAU 3208 07/17	Power Failure or Interruption Coverage - Sump Pump
CAU 3226 07/17	Deductible Credit
CAU 3227 07/17	Deductible Allowance
CAU 3304 07/17	Additional Insured - Managers or Lessors of Premises
CAU 3401 07/17	Employee Dishonesty - Community Manager
CAU 3531 07/17	New Jersey Changes - Amendatory Endorsement
CAU 3600 NJ 07/17	"Fungus", Wet Rot and Dry Rot Coverage

### DECLARATIONS C: 1. ADDRESSES AND DESCRIPTION OF BUILDINGS AND "UNITS"

#### 1. ADDRESSES AND DESCRIPTION OF BUILDINGS AND "UNITS"

Coverage is provided for twenty nine two-story frame condominium buildings containing one hundred eighty residential units. The premises is located at 1-7, 2-8, 9-21, 23-37, 10-28, 30-40, 42-52, 54-60, 62-72, 74-96, 91-101, 98-104, 106-128, 130-140, 142-148, 150-168, 170-180, 182-188, 190-200, 202-208, 201-207, 189-199, 177-187 Windsong Circle; 1-7, 2-8, 157-175, 129-139 Cambridge Court; 1-11, 2-12 Hampton Place, East Brunswick, Middlesex County, NJ 08816.

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## DECLARATIONS D: PROPERTY DIRECT COVERAGES

- Unless otherwise indicated, all Limits apply on a per occurrence basis.

1. COMMUNITY PROPERTY
2. "UNITS"
3. ADDITIONAL COMMUNITY PROPERTY
4. NATURAL OUTDOOR PROPERTY

### 1. COMMUNITY PROPERTY

Causes of Loss	Limit of Insurance	* Deductible
Special including "Equipment Breakdown"	Guaranteed Replacement Cost	\$5,000 Per Occurrence

\* In addition to the deductible which may result under D.2.

Community Buildings	Community Structures	Community Personal Property
All buildings described in Declarations C.1. including: <ul style="list-style-type: none"> <li>• Residences</li> <li>• Attached garages &amp; carports</li> <li>• Detached garages &amp; carports</li> <li>• Clubhouses</li> <li>• Buildings housing heating, ventilating, air conditioning plants, and utilities</li> <li>• Buildings housing sewage &amp; water treatment facilities</li> </ul>	All of the items listed below are covered when not forming part of, or located within, or on a building. <ul style="list-style-type: none"> <li>• "Swimming Pools"</li> <li>• Statues</li> <li>• Outdoor fixtures</li> <li>• Pool and Pump Houses</li> <li>• Signs</li> <li>• Roads, drives, walkways and other paved surfaces</li> <li>• Recreation fixtures and courts</li> <li>• Antennas and satellite dishes</li> <li>• Sheds</li> <li>• Temporary seasonal structures</li> <li>• Shelters</li> <li>• Cabanas</li> <li>• Freestanding walls (excluding retaining walls)</li> <li>• Fountains</li> <li>• Fences and gates</li> <li>• Gazebos</li> <li>• Gate houses</li> <li>• Mailboxes</li> <li>• Light and flag poles</li> <li>• Benches</li> </ul>	<ul style="list-style-type: none"> <li>• Equipment</li> <li>• Tools</li> <li>• Supplies and furnishings</li> <li>• "Money" and "Securities"</li> <li>• Non-motorized watercraft</li> <li>• "Computer equipment", and "Media"</li> <li>• "Valuable papers and records"</li> <li>• Accounts receivables</li> </ul>

**2. "UNITS": All real property comprising the "unit" as initially installed in accordance with your condominium's original plans and specifications, or like kind and quality of such property.**

Causes of Loss	Limit of Insurance	* Deductible
Ice Damming	Guaranteed Replacement Cost	\$5,000 Per "Unit"

\* In addition to the deductible which may result under D.1.

### 3. ADDITIONAL COMMUNITY PROPERTY

Causes of Loss	Valuation	Deductible
Special including "Equipment Breakdown"	Replacement Cost	\$5,000 Per Occurrence

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Covered Property	Limit of Insurance
<b>Additional Structures:</b> Bridges, Docks, Retaining Walls, Piers, Bulkheads and Wharves	\$10,000
<b>Newly Acquired Buildings and Structures</b> Buildings and Structures as described in D.1. above that you acquire at locations other than the location described in C.1.	\$250,000
<b>Newly Acquired Community Personal Property</b> Community personal property while at locations other than the "premises"	\$250,000
<b>Newly Conveyed Buildings and Structures</b> New buildings and structures built at the location described in C.1.	\$250,000
<b>"Personal Effects"</b> Personal Property of your directors and "officers" or "employees" while acting in the scope of their duties as such.	\$5,000 Per Person \$15,000 Per Occurrence
<b>Personal Property of Others</b> Personal property of others temporarily in your care, custody or control.	\$5,000 Per Person \$15,000 Per Occurrence
<b>Off "Premises" Community Personal Property</b> Community personal property while temporarily at other locations within the "coverage territory".	\$50,000
<b>Community Personal Property In Transit</b> Community personal property while on conveyances being operated between points in the "coverage territory".	\$50,000
<b>"Fine Arts"</b> Paintings, Pictures, Prints, Etchings, Sculptures, Art Glass, "Jewelry", "Furs", and other bona fide works of art of rarity, historical value or artistic merit.	\$15,000 Per Item \$50,000 Per Occurrence

### 4. NATURAL OUTDOOR PROPERTY

Causes of Loss	Valuation	Deductible
"Specified Causes of Loss"	Replacement Cost	None
<b>Covered Property</b>	<b>Limit of Insurance</b>	
<b>Trees, Lawns, Shrubs, Plants</b>	\$1,000 Maximum Per Tree, Plant, Lawn or Shrub	
	\$20,000 Per Occurrence	

# Condominium Association Insurance Policy

## DECLARATIONS E: PROPERTY CONSEQUENTIAL LOSS COVERAGES

Coverages apply only as a consequence of direct physical loss or damage to "covered property" caused by or resulting from a covered Cause of Loss.

- Unless otherwise indicated, all Limits apply on a per occurrence basis
- No Deductible applies to Property Consequential Loss Coverages

1. **ORDINANCE OR LAW**
2. **LOSS OF INCOME**
3. **SUPPLEMENTARY PAYMENTS**

### 1. ORDINANCE OR LAW

Covered Property	Consequential Loss Coverage	Limit of Insurance	Valuation
Buildings, Structures, "Units"	Undamaged Portion	Guaranteed Replacement Cost	Guaranteed Replacement Cost
Buildings, Structures, "Units"	Demolition Costs	\$1,000,000	Actual Loss Sustained
Buildings, Structures, "Units"	Increased Cost of Construction	\$1,000,000	Increased Replacement Cost

### 2. LOSS OF INCOME

Community Income and Maintenance Fees and Assessments; Extra Expense; Rents; Community Income; Increased Period of Restoration; other temporary operation expenses.	Limit of Insurance	Valuation
	Actual Loss Sustained	Actual Loss Sustained

### 3. SUPPLEMENTARY PAYMENTS

	Limit of Insurance	Valuation
• Removal of Fallen Trees	\$10,000	Actual Loss Sustained
	\$1,000 Maximum per Tree	Actual Loss Sustained
• "Pollutant" Cleanup and Removal	\$25,000 per continuous 12 month period	Actual Loss Sustained
• Property Removal	\$300,000	Actual Loss Sustained
• Monetary Reward	\$5,000	10% of Paid Claim
• Debris Removal	\$1,000,000	Actual Loss Sustained
• Fire Department Service Charges	\$10,000	Actual Loss Sustained
• Fire Extinguisher Recharge	\$1,000	Actual Loss Sustained

## DECLARATIONS F: CRIME COVERAGES

- Unless otherwise indicated, all Limits apply on a per occurrence basis

Valuation		Deductible
Actual Loss Sustained		None
Covered Property	Causes of Loss	Limit of Insurance
All "Covered Property"	"Employee Dishonesty"	\$150,000 Combined Limit
All "Covered Property"	"Computer Fraud"	
"Covered Instruments"	"Depositors Forgery"	

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## DECLARATIONS G: 1. LIABILITY COVERAGES - PRIMARY AND EXCESS

### 1. Liability - Primary and Excess

Limits of Insurance apply as:

- Indemnity payments for claims or "suits" seeking damages
- Both **primary** and excess unless otherwise indicated

Coverage	Limit of Insurance	Type of Limit
"Bodily Injury" And "Property Damage"	\$2,000,000	Per "Occurrence"
Products / Completed Operations	\$2,000,000	Per "Occurrence"
	\$2,000,000	Annual Aggregate
"Personal Injury" & "Advertising Injury"	\$2,000,000	Per "Offense"
Property Damage Legal Liability-Real Property	\$1,000,000	Per "Occurrence"
"Hired Auto" and "Nonowned Auto"	\$2,000,000	Per "Occurrence"
Medical Payments	\$5,000	Per Accident
Garage and Parking Areas Legal Liability		
Comprehensive Coverage	\$500 Deductible Applies Per "Occurrence"	
	\$25,000	Per "Occurrence" Limit
Collision Coverage	\$500 Deductible Applies Per "Occurrence"	
	\$25,000	Per "Occurrence" Limit

## DECLARATIONS H: CLAIMS MADE LIABILITY COVERAGES

### 1. ENVIRONMENTAL IMPAIRMENT LIABILITY COVERAGE

#### 1. ENVIRONMENTAL IMPAIRMENT LIABILITY - CLAIMS MADE AND REPORTED

Limits of Insurance apply as: • Indemnity payments and "defense costs" for "claims" seeking damages arising out of "pollution conditions".

Coverage	Limit of Insurance
Environmental Impairment Liability	\$500,000 Each "Loss"
	\$500,000 Aggregate
	\$5,000 Retained Limit Each "Loss"

Retroactive Date: NONE

**This insurance does not apply to "loss" from "pollution conditions" which took place before the Retroactive Date.**

Optional Extended Reporting Period: 1 year

The premium for the Optional Extended Reporting Period is: \$742

## Environmental Impairment Liability Coverage Part

### This Coverage Part Provides Claims Made Coverage.

Throughout this policy, the words, "you" and "your" refer to the named insured shown in the "Declarations". "We", "us" and "our" refer to the company providing this insurance. Other words and phrases that appear in quotation marks have special meanings. Refer to XXII. DEFINITIONS SECTION of the policy and VII. ENVIRONMENTAL IMPAIRMENT LIABILITY ADDITIONAL CHANGES.

The word insured means any person or organization qualifying as such under III. ENVIRONMENTAL IMPAIRMENT LIABILITY WHO IS AN INSURED SECTION.

This Environmental Impairment Liability Coverage Part along with XXI. COMMON POLICY CONDITIONS SECTION and XXII. DEFINITIONS SECTION of the policy contain all our obligations regarding this coverage. We have no other obligation unless the policy, that this Environmental Impairment Liability Coverage Part is part of, is amended accordingly.

#### I. ENVIRONMENTAL IMPAIRMENT LIABILITY COVERAGE SECTION

##### A. ENVIRONMENTAL IMPAIRMENT LIABILITY

We shall pay "loss" the insured becomes legally obligated to pay as the result of "claim(s)" first made against the insured during the "policy period". Insurance is provided by this Environmental Impairment Liability Coverage Part for any "claim(s)" or "suit(s)" made or brought in the "coverage territory" and:

1. Arising out of "pollution conditions" on, at, under or emanating from the locations(s) stated in the "Declarations"; and,
2. Reported to us in accordance with VI.C. ENVIRONMENTAL IMPAIRMENT LIABILITY CONDITIONS SECTION; and,
3. Reported to us during the "policy period" or where applicable, the extended reporting period in accordance with V. ENVIRONMENTAL IMPAIRMENT LIABILITY EXTENDED REPORTING PERIOD SECTION.

##### B. DEFENSE AND PAYMENT

1. Even if the allegations are groundless, false or fraudulent, we will have the right and duty to defend against any "claim(s)" or "suit(s)".
2. "Defense costs" are subject to the following:
  - a. We may investigate any "claim(s)" or "suit(s)" at our discretion.
  - b. Our right and duty to defend ends when we have exhausted the limit of insurance in the payment of "loss".
  - c. Subject to I.B.3., we may, at our option, give you our consent to defend any "claim(s)" or "suit(s)"

- d. Subject to I.B.3., no "defense costs" will be incurred or settlements made without our consent, which will not be unreasonably withheld. We will not be liable for any settlements or "defense costs" to which we have not consented in writing.

3. Subject to the following, if the limits of insurance stated in the "Declarations" has been or soon will be exhausted, we will transfer to you control of any existing defense:
  - a. We will notify you in writing as soon as reasonably possible. We will advise you that our duty to defend either has terminated or is about to terminate subject to the payment of the limit of insurance. We will advise you that we will no longer handle the defense of any "claim(s)" or "suit(s)" reported to us after the date we provide this notice.
  - b. We will take immediate and appropriate steps to transfer control to you of any existing defense at the time of or prior to exhaustion of the limit of insurance. You will agree to reimburse us for any reasonable costs we incur in connection with the transfer of the defense.
  - c. We will take appropriate steps necessary to defend the "claim(s)" or "suit(s)" during the transfer of the defense and to attempt to avoid any unfavorable legal action provided that the insured cooperates with the transfer.
  - d. The exhaustion of the limit of insurance by the payment of "loss" will not be affected by our failure to comply with any of the provisions of this section.
4. Even if we initially defend or initially pay to defend any "claim(s)" or "suit(s)", we may later determine that there is no coverage for "claim(s)" or "suit(s)".

## Environmental Impairment Liability Coverage Part

### This Coverage Part Provides Claims Made Coverage.

In that event, we have the right to reimbursement for the "defense costs" we incur from the date we notify you, in writing, of our:

- a. Determination that coverage does not apply;
- b. Reservation of our rights to terminate the defense or payment for the defense; and
- c. Intention to seek reimbursement of our "defense costs".

#### II. ENVIRONMENTAL IMPAIRMENT LIABILITY EXCLUSIONS SECTION

This insurance does not apply to "loss" based upon or arising out of any of the following:

##### A. KNOWN CONDITIONS

"Pollution conditions" existing prior to the inception of this policy that are known to any insured and that were not disclosed to us in writing in the application or related materials prior to the inception of this policy.

##### B. MULTIPLE DAMAGES/FINES/PENALTIES

Civil, administrative or criminal fines or penalties, assessments, punitive, exemplary or multiplied damages. However, this exclusion does not apply to punitive, exemplary or multiplied damages where insurance coverage is allowable by law.

##### C. "EMPLOYERS LIABILITY"

"Bodily injury" to:

1. An "employee" of an insured arising out of and in the course of:
  - a. Employment by the insured; or
  - b. Performing duties related to the conduct of the insured's business; or
2. The spouse, child, parent, brother or sister of that "employee" as a consequence of subparagraph 1. above.

This exclusion applies:

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

##### D. WORKERS' COMPENSATION AND SIMILAR LAWS

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

##### E. CONTRACTUAL LIABILITY

Liability of others assumed by any insured under any contract or agreement unless the liability would exist in the absence of a contract or agreement.

##### F. INSURED'S PROPERTY/BAILEE LIABILITY

"Property damage" to property owned, leased or operated by or in the care, custody or control of any insured, even if such "property damage" is incurred to avoid or mitigate "loss" which may be covered under this policy.

##### G. VEHICLES

The ownership, maintenance, use, operation, "loading or unloading", or entrustment to others of any automobile, aircraft, watercraft, rolling stock or all transportation, including any cargo carried thereby, beyond the legal boundaries of locations shown in the "Declarations".

##### H. DIVESTED PROPERTY

"Pollution conditions" on, at, under or emanating from the locations shown in the "Declarations" where the actual discharge, dispersal, release, seepage, migration or escape of "pollution conditions" begins subsequent to the time such locations are sold, given away or abandoned by the first named insured or condemned.

##### I. NUCLEAR HAZARD

Under any liability coverage, to "bodily injury", "property damage" or "remediation expense" based upon or arising out of:

1. Ionizing radiations or contamination by radioactivity from any nuclear fuel or from any nuclear "waste" from the processing or reaction of nuclear fuel;
2. The radioactive, toxic, explosive or other "hazardous properties" of any explosive nuclear assembly or nuclear component thereof;
3. The existence, required removal or abatement of Naturally Occurring Radioactive Material, including but not limited to radon;
4. High-level radioactive "waste" (spent nuclear fuel or the highly radioactive "waste" produced if "spent fuel" is reprocessed), uranium milling residues and "waste" with greater than specified quantities of elements heavier than uranium; or
5. Mixed Waste as defined in Title 40 Code of Federal Regulations, Part 266.210; however, this clause 7. does not apply to Mixed Waste that

**This Coverage Part Provides Claims Made Coverage.**

contains Waste as defined in Title 10 Code of Federal Regulations, Part 61.2,

6. Waste as defined in Title 10 Code of Federal Regulations, Part 61.2; and/or
7. material regulated by the United States Nuclear Regulatory Commission or an Agreement State under a Type A, B or C Specific License of Broad Scope as defined in Title 10 Code of Federal Regulations, Part 33.11.
  - a. Including, but not limited to the actual, alleged or threatened exposure of any person(s) or property to any such matter.

**J. PRODUCTS LIABILITY**

Goods or products manufactured, sold, handled, distributed, altered or repaired by the insured or by others trading under the insured's name including, with regard to such goods or products, any container, any failure to warn and any reliance on a representation or warranty made at any time. However, this exclusion applies only if the "pollution conditions" occur away from the locations owned, operated or leased by the insured and after physical possession of such has been relinquished to others.

**K. INTENTIONAL ACTS**

"Pollution conditions" that result from intentional disregard of, or the deliberate, willful or dishonest noncompliance by any insured with any statute, regulation, ordinance, order, administrative complaint, notice letter or instruction from, by or on behalf of any governmental agency or representative.

**L. HOSTILE ACTS**

Any consequence, whether direct or indirect, of war, invasion, act of foreign enemy, hostilities (whether or not war be declared), civil war, rebellion, revolution insurrection or military or usurped power.

**M. ROT, MOLD, MILDEW OR OTHER FUNGI**

Based upon or arising out of the exposure to, required removal or abatement of rot, mold, or mildew or other fungi, regardless of whether such rot, mold, or mildew or other fungi, ensues from any cause or condition on, at, under or emanating from or to the "premises", including but not limited to any such cause or condition involving the presence, discharge or infiltration of moisture, vapor, water or any other liquid, or any damage related to any of these.

**N. "UNDERGROUND STORAGE TANKS"**

The past or current existence of any "underground storage tank (USTs)" on, at or under any location listed

in the "Declarations", but only if the existence of the "UST" is known to any insured.

This exclusion does not apply to any "UST" described in the "Underground storage tanks" and Associated Piping Schedule or storage tank(s) situated in an underground area (such as a basement or cellar) if the storage tank is situated upon or above the surface of the floor.

**O. "UNITS" AND PRIVATE STORAGE AREAS**

"Pollution conditions" in, at or emanating from "units" or private storage areas regardless of where the "bodily injury" or "property damage" occurs.

However, this exclusion does not apply to the "defense costs" provided under I.B.2. DEFENSE AND PAYMENT.

**P. LEAD BASED PAINT AND ASBESTOS**

Based upon or arising out of the existence, required removal or abatement of lead based paint or asbestos in any form, in any building or structure, including but not limited to products containing asbestos, asbestos fibers, asbestos dust, and asbestos containing materials.

However, this exclusion does not apply to a "claim(s)" for "bodily injury" and related "defense costs" resulting from lead-based paint or asbestos in any form, including but not limited to products containing asbestos, asbestos fibers, asbestos dust, and asbestos containing materials on, at under or emanating from the locations(s) stated in the "Declarations".

**Q. RETROACTIVE DATE**

Based upon or arising out of any "pollution conditions" that commenced prior to the Retroactive Date, if any, shown in the "Declarations" which includes any dispersal, migration or further movement of the "pollution conditions" on or after the Retroactive Date stated in the "Declarations".

**R. COMMUNICABLE DISEASES**

Based upon or arising out of the exposure to infected individuals or animals, or contact with bodily fluids of infected individuals or animals.

**III. ENVIRONMENTAL IMPAIRMENT LIABILITY WHO IS AN INSURED SECTION**

**A. Each of the following is an insured:**

1. You and any "subsidiary" named in the "Declarations";
2. Any person who has been, now is, or shall become a duly elected or appointed director or trustee, a



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### This Coverage Part Provides Claims Made Coverage.

duly elected or appointed officer, an "employee", or "committee member", whether or not salaried, and any of your members acting at the direction of your board of directors on your behalf in a voluntary capacity;

3. The estate of any Insured in 2. above who is deceased; and
4. Legal representatives or assigns of any insured in 1. or 2. above who is insolvent, incompetent, or bankrupt.
5. Any person, other than your "employee", or any organization, while acting as your community manager.

**B. None of the following is an insured:**

Any community manager, director, "officer", "employee", "committee member", or unit owner who is or was affiliated in any capacity with your builder, developer or sponsor, is not an insured for any "claim(s)" or "suit(s)" however alleged or pleaded, seeking damages for "bodily injury" or "property damage" arising from, related to or caused, in whole or in part, by faulty, inadequate, defective or negligent design or construction of any property, including any allegation in such "claim(s)" or "suit(s)" of failure to maintain, repair or replace such property.

#### IV. ENVIRONMENTAL IMPAIRMENT LIABILITY LIMITS OF INSURANCE SECTION

**A. The limits of insurance shown in the "Declarations" and the provisions of this section determine the most we will pay for "loss" regardless of the number of:**

1. insureds and additional insureds;
2. "claim(s)" made or "suit(s)" brought; or
3. persons or organizations making "claim(s)" or bringing "suit(s)".

**B. LIMITS OF INSURANCE ARE SUBJECT TO THE FOLLOWING:**

1. The each Aggregate limit is the most we will pay for "loss" covered by this Environmental Impairment Liability Coverage Part.
2. Subject to 1. above:
  - a. the each "loss" limit is the most we will pay for damages because of all "loss" arising out of the same or related "pollution conditions" at any one location; and,
  - b. all "loss" from one or more "claim(s)" arising out of the same or related "pollution

conditions" and reported to us, in writing, over more than one "policy period" shall be considered a single "loss". Such "loss" will be subject to the limits of insurance in effect at the time of the first reported "pollution conditions" will apply.

3. The insured's retained limit in effect at the time the "claim(s)" is first reported shall be deducted from the amount of each "loss". You must bear the retained limit and you are not permitted to insure it without our written consent.
4. We shall pay for a "loss" only in excess of such retained limit up to the applicable limits of insurance. We may pay any part or all of the insured's retained limit to settle a "claim(s)" or "suit(s)" and you agree to promptly reimburse us for the part of the retained limit paid by us.

#### V. ENVIRONMENTAL IMPAIRMENT LIABILITY EXTENDED REPORTING PERIOD SECTION

We will provide an Automatic Extended Reporting Period as described in V.A. below and, if you purchase it, an Optional Extended Reporting Period described in V.B. in the event of any "termination of coverage".

Notwithstanding anything to the contrary above, the Automatic Extended Reporting Period and Optional Extended Reporting Period do not apply when this policy is terminated for fraud, misrepresentation, or non-payment of premium or where the insured has purchased other insurance to replace this policy.

**A. AUTOMATIC EXTENDED REPORTING PERIOD**

1. The Automatic Extended Reporting Period starts at the end of the "policy period" and lasts for 90 days. This extension is subject to the other provisions of this policy and applies to "claim(s)" first made against the insured during the 90 days immediately following the end of the "policy period".
2. The Automatic Extended Reporting Period is provided without additional charge.
3. The Automatic Extended Reporting Period applies only if no subsequent insurance you purchase applies to the "claim(s)", or would apply but for the exhaustion of its limit of insurance.
4. The Automatic Extended Reporting Period may not be canceled.

**B. OPTIONAL EXTENDED REPORTING PERIOD**

1. If you purchase the Optional Extended Reporting Period, it will start immediately at the end of the

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"policy period", whether the policy is canceled or nonrenewed by either you or us, and will last for one year. The Automatic Extended Reporting Period is merged into the Optional Extended Reporting Period and is not in addition to this period.

2. The cost for the Optional Extended Reporting Period is shown in the "Declarations".
3. We will provide the Optional Extended Reporting Period if the first Named Insured makes a written request to us for it which we receive within 30 days after the end of the "policy period".
4. The Optional Extended Reporting Period will not take effect unless the additional premium is paid when due. If that premium is paid when due, the Optional Extended Reporting Period may not be canceled.
5. You may not construe our quotation of different terms and conditions as a nonrenewal.

#### C. Extended Reporting Periods are subject to the following conditions:

1. A "claim(s)" first made against the insured during the Extended Reporting Period will be deemed to have been made against the insured on the last day of the "policy period", provided that the "claim(s)" is for "loss" from "pollution conditions" which took place before the end of the "policy period" but not before any applicable retroactive date.
2. Extended Reporting Periods do not extend the "policy period" or change the scope of coverage provided.
3. Extended Reporting Periods do not reinstate or increase the limits of liability applicable to any "claim(s)" to which this Environmental Impairment Liability Coverage Part applies.
4. If this Environmental Impairment Liability Coverage Part is canceled and you elect to purchase the Optional Extended Reporting Period Endorsement:
  - a. Any return premium due you for the cancellation will be credited to the premium due for the Optional Extended Reporting Period Endorsement; and
  - b. Any additional premium due to us for the period the policy was in force must be fully paid before any payments can be applied to the premium due for the Optional Extended Reporting Period Endorsement.

## VI. ENVIRONMENTAL IMPAIRMENT LIABILITY CONDITIONS SECTION

The Environmental Impairment Liability Coverage Part is subject to the following conditions.

### A. LEGAL ACTION AGAINST US

1. No person or organization has a right under this Environmental Impairment Liability Coverage Part:
  - a. To join us as a party or otherwise bring us into a "suit(s)" against any insured; or
  - b. To sue us on this Environmental Impairment Liability Coverage Part unless all of its terms have been fully complied with.
2. A person or organization may sue us to recover on an "agreed settlement" or on a final judgment against an insured obtained after an actual trial; but we will not be liable for "loss" or "defense costs" that are not payable under the terms of this Environmental Impairment Liability Coverage Part or that are in excess of the applicable limit of insurance.

### B. BANKRUPTCY

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligation under this Environmental Impairment Liability Coverage Part.

### C. DUTIES IN THE EVENT OF "CLAIM(S)" OR "SUIT(S)"

Notwithstanding anything to contrary herein, the failure to perform these duties will impair your rights under this Environmental Impairment Liability Coverage Part.

1. You must see to it that we are notified as soon as practicable of any "loss", "claim(s)" or "suit(s)". To the extent possible, notice should include:
  - a. How, when and where the "loss", "claim(s)" or "suit(s)" came about;
  - b. The names and addresses of any persons involved; and
  - c. The nature of any resulting harm or damages.
2. In the event of oral notification, you agree to furnish a written report as soon as practicable.
3. If a "claim(s)" or "suit(s)" is made against or received by an insured, you must:
  - a. Immediately record the specifics of the "claim(s)" or "suit(s)" and the date received;
  - b. Notify us as soon as practicable; and

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- c. Provide written notice of the "claim(s)" or "suit(s)".
- 4. You and any other involved insured must:
  - a. Immediately send us copies of any demands, notices, summonses, or legal papers received in connection with the "claim(s)" or "suit(s)";
  - b. Authorize us to obtain records and other information;
  - c. Cooperate with us in the investigation, settlement, or defense of the "claim(s)" or "suit(s)"; and
  - d. 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 "loss" to which this insurance may apply.
- 5. No insureds will, except at their own cost, voluntarily make a payment, assume any obligation, admit liability, or incur any expense without our consent. This provision does not apply to emergency response costs. Emergency response costs are any reasonable costs that need to be incurred immediately where any delay in response would cause significant harm to human health or the environment. If such emergency occurs, the insured will notify us immediately.

#### D. REPRESENTATIONS AND SEVERABILITY

- 1. In granting coverage under this Environmental Impairment Liability Coverage Part to any one of the insureds, we have relied upon the declarations and statements in the application, including submitted materials and, if this is a renewal application, all such previous applications for which this coverage is a renewal. Declarations and statements are the basis of coverage and will be considered as incorporated in and constituting part of the Environmental Impairment Liability Coverage Part.
- 2. The application for coverage will be construed as a separate application for coverage by each of the insureds.
- 3. Except with respect to the limits of insurance, and any rights or duties specifically assigned to the first Named Insured, this Insurance applies:
  - a. As if each Named Insured were the only Named Insured; and

- b. Separately to each insured against whom "claim(s)" is made or "suit(s)" is brought.

#### E. NEWLY CREATED OR ACQUIRED "SUBSIDIARIES"

- 1. If any "subsidiary", created or acquired by the Named Insured after the inception of this Environmental Impairment Liability Coverage Part, qualifies as a not-for-profit organization under the provision of the Internal Revenue Code and would have been included as an insured under III.A. ENVIRONMENTAL IMPAIRMENT LIABILITY WHO IS AN INSURED SECTION, such "subsidiary" will be included subject to:
  - a. The giving of written notice of such creation or acquisition to us as soon as practical, but in no event more than 120 days following such creation or acquisition; and
  - b. The giving of any underwriting information and the payment of any additional premium required by us.
- 2. If any "subsidiary", created or acquired by the Named Insured after the inception of this policy, does not qualify as a not-for-profit organization under the provisions of the Internal Revenue Code, such "subsidiary" will not be included until the insured has:
  - a. Given written notice of such creation or acquisition together with any underwriting information which may be required; and
  - b. Received written approval from us and paid any additional premium required.

#### F. CONSOLIDATION OR MERGER

In the event that the Named Insured acquires by merger, or consolidates with, or is merged into or acquired by any other organization after the inception of this policy, immediate written notice thereof will be given to us together with such information as we may require. You will pay any additional premium required by us.

#### G. OTHER INSURANCE

Subject to IV. ENVIRONMENTAL IMPAIRMENT LIABILITY LIMITS OF INSURANCE SECTION, this insurance will be in excess of the retained limit stated in the "Declarations" and any other valid and collectible insurance available to the insured whether such other insurance is stated to be primary, pro-rata, contributory, excess, contingent or otherwise, unless such other insurance is written only as specific excess insurance over the limits of insurance.