



CNA Paramount Excess and Umbrella Liability

Insured Name

CAROLLO ENGINEERS, INC.
3150 BRISTOL ST STE 500
COSTA MESA, CA 92626-3088

Producer Information

RSC INSURANCE BROKERAGE INC.
2040 MAIN ST
STE 450
IRVINE, CA 92614-7216

Policy Number

CUE 6050490303

Producer Processing Code

120-084296

Policy Period

12/31/2018 to 12/31/2019

CNA Branch

BOSTON
53 State Street
Suite 510
Boston, MA 02109

Thank you for choosing CNA!

With your CNA Paramount Excess and Umbrella Liability policy, you have insurance coverage tailored to meet the needs of your business. The international network of insurance professionals and the financial strength of CNA, rated "A" by A.M. Best, provide the resources to help you manage the daily risks of your organization so that you may focus on what's most important to you.

Claim Services

To file a claim contact us at:

Email: HPReports@CNA.com
Fax#: 800-446-8632
Phone Number: 866-909-5343
Mailing Address: Middle Market
CNA Claims Reporting
P.O. Box 8317
Chicago, IL 60680-8317

Crisis Management Expenses

- Crisis Management Limit is first dollar, in addition to the policy limit, and is available for all covered expenses, with no sublimit for Public Relations expense

The following are suggested Crisis Management firms:

Website

www.ogilvypr.com

<http://levick.com>

<http://fleishmanhillard.com>

Contact

Ogilvy Public Relations		
Mike Sacks	michael.sacks@ogilvy.com	Phone: (312) 397-6094
Levick		
Megan Gabriel	mgabriel@levick.com	Phone: (202) 973-5308
Michael Rubin	mrubin2@levick.com	Phone: (202) 808-3507
Fleishman-Hillard		
Marianna Deal	marianna.deal@fleishman.com	Phone: (314) 982-9112
Ken Fields	ken.fields@fleishman.com	Phone: (314) 982-0556



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POLICY HOLDER NOTICE - COUNTRYWIDE

It is understood and agreed that:

If the **Named Insured** has agreed under written contract to provide notice of cancellation to a party to whom the Agent of Record has issued a Certificate of Insurance, and if the Insurer cancels a policy term described on that Certificate of Insurance for any reason other than nonpayment of premium, then notice of cancellation will be provided to such Certificate holders at least 30 days in advance of the date cancellation is effective.

If notice is mailed, then proof of mailing to the last known mailing address of the Certificate holder on file with the Agent of Record will be sufficient to prove notice.

Any failure by the Insurer to notify such persons or organizations will not extend or invalidate such cancellation, or impose any liability or obligation upon the Insurer or the Agent of Record.

All other terms and conditions of the policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the policy issued by the designated Insurers, takes effect on the Policy Effective Date of said policy at the hour stated in said policy, unless another effective date (the Endorsement Effective Date) is shown below, and expires concurrently with said policy unless another expiration date is shown below.

Form No: CNA75014XX (01-2015)

Endorsement Effective Date:

Endorsement Expiration Date:

Endorsement No: 1; Page: 1 of 1

Underwriting Company: The Continental Insurance Company, 151 N Franklin St, Chicago, IL 60606

Policy No: CUE 6050490303

Policy Effective Date: 12/31/2018

Policy Page: 3 of 54



NOTICE – OFFER OF TERRORISM COVERAGE; DISCLOSURE OF PREMIUM

IMPORTANT INFORMATION
NOTICE – OFFER OF TERRORISM COVERAGE;
DISCLOSURE OF PREMIUM

THIS NOTICE DOES NOT FORM A PART OF THE POLICY, GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THE POLICY.

The **Named Insured** is hereby notified that under the Terrorism Risk Insurance Act, as extended and reauthorized ("Act"), the **Named Insured** has a right to purchase insurance coverage of losses arising out of acts of terrorism, as defined in Section 102(1) of the Act, subject to all applicable policy provisions. The Terrorism Risk Insurance Act established a federal program within the Department of the Treasury, under which the federal government shares, with the insurance industry, the risk of loss from future terrorist attacks.

This Notice is designed to alert the **Named Insured** to coverage restrictions and to certain terrorism provisions in the policy. If there is any conflict between this Notice and the policy (including its endorsements), the provisions of the policy (including its endorsements) apply.

CHANGE IN THE DEFINITION OF A CERTIFIED ACT OF TERRORISM

The Act applies when the Secretary of the Treasury certifies that an event meets the definition of an act of terrorism. Originally, the Act provided that to be certified, an act of terrorism must cause losses of at least five million dollars and must have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest to coerce the government or population of the United States. However, the 2007 re-authorization of the Act removed the requirement that the act of terrorism must be committed by or on behalf of a foreign interest, and now certified acts of terrorism may encompass, for example, a terrorist act committed against the United States government by a United States citizen, when the act is determined by the federal government to be "a certified act of terrorism."

In accordance with the Act, the Insurer is required to offer the **Named Insured** the ability to purchase coverage for losses resulting from an act of terrorism that is certified under the federal program. The other provisions of this policy, including nuclear, war or military action exclusions, will still apply to such an act.

DISCLOSURE OF FEDERAL PARTICIPATION IN PAYMENT OF TERRORISM LOSSES

The Department of the Treasury will pay a share of terrorism losses insured under the federal program. In 2015, the federal share equals 85% of that portion of the amount of such insured losses that exceeds the applicable insurer retention, and shall decrease by 1 percentage point per calendar year until equal to 80%.

LIMITATION ON PAYMENT OF TERRORISM LOSSES

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31), the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

Further, this coverage is subject to a limit on the Insurer's liability pursuant to the federal law where, if aggregate insured losses attributable to terrorist acts certified under the Act exceed \$100 billion in a Program Year (January 1 through December 31) and the Insurer has met its insurer deductible under the Act, the Insurer shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion. In such case, insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.



CNA Paramount Excess and Umbrella Liability
Policyholder Notice

CONFIRMATION OF ACCEPTANCE OF COVERAGE

In accordance with the Act, the Insurer offered the **Named Insured** coverage for losses resulting from an act of terrorism that is certified under the federal program. This notice confirms that the **Named Insured** has chosen to accept the Insurer's offer of coverage for certified acts of terrorism. The policy's other provisions, including nuclear, war or military action exclusions, will still apply to such an act. The premium charge for terrorism coverage is shown separately on the Declarations.

Form No: CNA75532XX (01-2015)

Policyholder Notice Page: 2 of 2

Underwriting Company: The Continental Insurance Company, 151 N Franklin St, Chicago, IL 60606

Policy No: CUE 6050490303

Policy Effective Date: 12/31/2018

Policy Page: 5 of 54



POLICYHOLDER NOTICE – OFAC REQUIREMENTS

POLICYHOLDER NOTICE

CNA Commercial Insurance

CNA Plaza 38S-420

Chicago, IL 60685-0001

Regarding Your: CNA Commercial Insurance Coverage

Dear CNA Policyholder:

Ethics and proper business conduct has been the cornerstone of CNA since 1897. While much has changed during the last century, our commitment to these core values has not wavered. We strongly believe that proper business conduct is more than the practice of avoiding wrong; it is also a matter of choosing to do right. Nowhere is this more essential than helping in the fight against terrorism. As such, we are committed to complying with U.S. Department of Treasury Office of Foreign Asset Control (OFAC) requirements.

Through a variety of laws, OFAC administers and enforces economic sanctions against countries and groups of individuals, such as terrorists and narcotics traffickers. These laws prohibit **all** United States citizens (including corporations and other entities) and permanent residents from engaging in transactions with sanctioned countries and with individuals and entities on the Specially Designated Nationals (SDN) list. Because all U.S. citizens and companies are subject to this law, we wanted to be sure you were aware of its scope and restrictions. If you haven't already done so, you may want to consider discussing this issue with your legal counsel to ensure you are in compliance.

For insurance companies, accepting premium from, issuing a policy to, insuring property of, or making a claim payment to an individual or entity that is the subject of U.S.-imposed economic sanctions or trade embargoes usually are violations of these laws and regulations. Fines for violating OFAC requirements can be substantial. CNA has established an OFAC compliance program part which includes the use of exclusionary policy language. We believe this makes good business sense for CNA and you.

The purpose of this letter is to advise you that your renewal policy includes OFAC exclusionary policy language, which may reduce or eliminate certain coverage. Specifically, if it is determined that your policy violates certain Federal or State laws or regulations, such as the U.S. list of Specially Designated Nationals or Blocked Persons (organizations or individuals associated with terrorist groups) any term or condition of your policy will be null and void to the extent it violates the applicable laws or regulations of the United States.

We're sure you share our commitment to compliance and thank you for your cooperation.



POLICY LIMITATION DISCLOSURE NOTICE

This Disclosure Notice is not your policy. **READ YOUR POLICY CAREFULLY** to determine rights, duties, and what is and is not covered. Only the provisions of your policy determine the extent of your insurance protection.

This policy contains exclusions relating to asbestos and silica. As stated in the exclusions, the policy does not provide any coverage for liability arising out of the presence of or exposure to asbestos or silica.



**CNA Paramount Excess and Umbrella Liability
Policy Declarations**

POLICY DECLARATIONS

Named Insured and Mailing Address

Named Insured:

CAROLLO ENGINEERS, INC.

Mailing Address:

3150 BRISTOL ST STE 500
COSTA MESA, CA 92626-3088

Policy Information

Policy Number: 6050490303

Renewal of: 6050490303

Insurer's Name and Address:

The Continental Insurance Company
151 N Franklin St
Chicago, IL 60606

Producer Information

Producer:

RSC INSURANCE BROKERAGE INC.
2040 MAIN ST
STE 450
IRVINE, CA 92614-7216

Producer Code: 120-084296

Policy Period

12/31/2018 to 12/31/2019 at 12:01 a.m. Standard Time at your mailing address.

Limits of Insurance

Each Incident Limit	\$23,000,000
Aggregate Limit	\$23,000,000
Aggregate Products-Completed Operations Hazard Limit	\$23,000,000
Policy Aggregate Limit	N/A
Crisis Management Expenses Aggregate Limit	\$300,000
Key Employee Replacement Expenses Aggregate Limit	\$100,000

Self-Insured Retention

Self-Insured Retention \$10,000



**CNA Paramount Excess and Umbrella Liability
Policy Declarations**

Schedule of Underlying Insurance

Underlying Insurer Policy Number Policy Period Note:	Underlying Insurance	Coverages	Limits of Insurance
Continental Insurance Company 6050490317 12/31/2018 to 12/31/2019	General Liability	Each Occurrence Limit General Aggregate Limit Per Location : yes Per Project : yes Products/ Completed Operations Aggregate Limit Personal and Advertising Injury Liability Limit	\$1,000,000 \$2,000,000 \$2,000,000 \$1,000,000
National Fire Insurance Company of Hartford 6050490267 12/31/2018 to 12/31/2019	Auto Liability	Combined Single Limit	\$1,000,000
Valley Forge Insurance Company 6050490298 12/31/2018 to 12/31/2019	Employers Liability	Bodily Injury by Accident- Each Accident Limit Bodily Injury by Disease - Policy Limit Bodily Injury by Disease - Each Employee Limit	\$1,000,000 \$1,000,000 \$1,000,000

Form No: CNA75501XX (03-2015)

Policy Declarations Page: 2 of 6

Underwriting Company: The Continental Insurance Company, 151 N Franklin St, Chicago, IL 60606

Policy No: CUE 6050490303

Policy Effective Date: 12/31/2018

Policy Page: 9 of 54



**CNA Paramount Excess and Umbrella Liability
Policy Declarations**

Underlying Insurer Policy Number Policy Period Note:	Underlying Insurance	Coverages	Limits of Insurance
American Casualty Company of Reading, Pennsylvania 6050490270 12/31/2018 to 12/31/2019	Employers Liability	Bodily Injury by Accident- Each Accident Limit Bodily Injury by Disease - Policy Limit Bodily Injury by Disease - Each Employee Limit	\$1,000,000 \$1,000,000 \$1,000,000
Transportation Insurance Company 6075902255 12/31/2018 to 12/31/2019	Employers Liability	Bodily Injury by Accident- Each Accident Limit Bodily Injury by Disease - Policy Limit Bodily Injury by Disease - Each Employee Limit	\$1,000,000 \$1,000,000 \$1,000,000
Continental Insurance Company 6050490317 12/31/2018 to 12/31/2019	Employee Benefits Liability	Each Employee Limit Aggregate Limit	\$1,000,000 \$1,000,000



**CNA Paramount Excess and Umbrella Liability
Policy Declarations**

Underlying Insurer Policy Number Policy Period Note:	Underlying Insurance	Coverages	Limits of Insurance
Continental Insurance Company 6050490317 12/31/2018 to 12/31/2019	Stop Gap Liability	Bodily Injury by Accident- Each Accident Limit Bodily Injury by Disease - Policy Limit Bodily Injury by Disease - Each Employee Limit	\$1,000,000 \$1,000,000 \$1,000,000
ACE American Insurance Co. PHFD38310690 004 02/06/2017 to 02/06/2020	Foreign General Liability	Each Occurrence Limit General Aggregate Limit Per Location : no Per Project : no Products/ Completed Operations Aggregate Limit Personal and Advertising Injury Liability Limit	USD (\$)1,000,000 USD (\$)2,000,000 USD (\$)2,000,000 USD (\$)1,000,000
ACE American Insurance Co. PHFD38310690 004 02/06/2017 to 02/06/2020	Foreign Auto Liability	Combined Single Limit	USD (\$)1,000,000



**CNA Paramount Excess and Umbrella Liability
Policy Declarations**

Underlying Insurer Policy Number Policy Period Note:	Underlying Insurance	Coverages	Limits of Insurance
ACE American Insurance Co. PHFD38310690 004 02/06/2017 to 02/06/2020	Foreign Employers Liability	Bodily Injury by Accident- Each Accident Limit Bodily Injury by Disease - Policy Limit Bodily Injury by Disease - Each Employee Limit	USD (\$)1,000,000 USD (\$)1,000,000 USD (\$)1,000,000
ACE American Insurance Co. PHFD38310690 004 02/06/2017 to 02/06/2020	Foreign Employee Benefits Liability	Each Occurrence Limit Aggregate Limit	USD (\$)1,000,000 USD (\$)1,000,000

Forms and Endorsements Attached to this Policy

See SCHEDULE OF FORMS AND ENDORSEMENTS

Premium

Minimum Earned Premium	0% of the Total Premium
Total Premium	\$76,271.00
Premium includes the following amount for Certified Acts of Terrorism Coverage	\$0



**CNA Paramount Excess and Umbrella Liability
Policy Declarations**

Notices

Notice to insurer

Address: CNA Claims Reporting
P.O. Box 8317
Chicago, IL 60680-8317

Fax #: 800-446-8632

Email Address: HPReports@CNA.com



SCHEDULE OF FORMS AND ENDORSEMENTS

Endorsement Number	Form Name	Form Number	Form Edition Date
1	POLICYHOLDER NOTICE - COUNTRYWIDE	CNA75014XX	01-2015
2	CANCELLATION / NON-RENEWAL - CALIFORNIA	CNA62814CA	09-2012
3	CHANGES - NOTICE OF CANCELLATION ENDORSEMENT	CNA75525XX	03-2015
4	NAMED INSURED ENDORSEMENT	CNA75597XX	03-2015
5	UNDERLYING INSURANCE COVERAGE LIMITATION ENDORSEMENT	CNA76492XX	03-2015
	PARAMOUNT EXCESS AND UMBRELLA LIABILITY POLICY	CNA75504XX	03-2015
	NOTICE - OFFER OF TERRORISM COVERAGE, DISCLOSURE OF PREMIUM	CNA75532XX	01-2015
	POLICYHOLDER NOTICE OFAC REQUIREMENTS	CNA76614XX	03-2015
	PAYMENT PLAN SCHEDULE	CNA84401XX	12-2015
	POLICY DECLARATIONS	CNA75501XX	03-2015
	POLICY LIMITATION DISCLOSURE NOTICE	CNA76626XX	07-2016

Form No: CNA62640XX (09-2012)

Policy Schedule Page: 1 of 1

Underwriting Company: The Continental Insurance Company, 151 N Franklin St, Chicago, IL 60606

Policy No: CUE 6050490303

Policy Effective Date: 12/31/2018

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PAYMENT PLAN SCHEDULE

PAYMENT PLAN SCHEDULE

IT IS AGREED THAT THE TOTAL PREMIUM SHOWN IN THE DECLARATIONS OF THIS POLICY IS PAYABLE AS FOLLOWS:

Effective Date	Premium	
12/31/2018	\$7,627.00	
01/31/2019	\$7,628.00	
02/28/2019	\$7,627.00	
03/31/2019	\$7,627.00	
04/30/2019	\$7,627.00	
05/31/2019	\$7,627.00	
06/30/2019	\$7,627.00	
07/31/2019	\$7,627.00	
08/31/2019	\$7,627.00	
09/30/2019	\$7,627.00	
Total Cost	\$76,271.00	



PARAMOUNT EXCESS AND UMBRELLA LIABILITY POLICY

Various provisions in this Policy restrict coverage. Read the entire Policy carefully to determine rights, duties and what is and is not covered.

The "Insurer" refers to the insurer providing this insurance as set forth on the Declarations of this Policy. Words and phrases that appear in **bold** have special meaning. Refer to the section entitled **DEFINITIONS**.

I. COVERAGES

A. Coverage A - Excess Follow Form Liability

The Insurer will pay on behalf of the **Insured** those **damages** in excess of the applicable **underlying limits**. Coverage hereunder will attach only after the full amount of the applicable **underlying limits** have been exhausted through payment in legal currency of covered loss under all applicable **underlying insurance** and to which this Coverage A applies.

Coverage A under this Policy will then apply in conformance with the provisions of the applicable **underlying insurance** except for the premium, limits of insurance, deductible, retentions, or any defense obligations and any other terms and conditions specifically set forth in this Policy.

Upon exhaustion of the applicable **underlying limits**, the Insurer shall only pay for **damages** in excess of the applicable **underlying limits**. This Coverage A does not provide coverage for any loss not covered by the applicable **underlying insurance** except and to the extent that such loss is not paid under the applicable **underlying insurance** solely by reason of the exhaustion of the applicable **underlying limits** through payment of loss thereunder.

This Coverage applies:

1. if the applicable **underlying insurance** is on an occurrence basis, then only if that which must take place in the policy period of the **underlying insurance** in order to trigger coverage, takes place during this **policy period**; and
2. if the applicable **underlying insurance** is on a claims made basis, then only if:
 - a. that which must take place in the **underlying insurance** in order to trigger coverage, takes place after the retroactive date and prior to the end of the **policy period**; and
 - b. the **claim** is first made during the **policy period**.

B. Coverage B - Umbrella Liability

The Insurer will pay on behalf of the **Insured** those **damages** in excess of the **retained amount**:

1. that an **Insured** becomes legally obligated to pay because of **bodily injury, property damage or personal and advertising injury**; or
2. because of liability for **bodily injury or property damage** assumed under an **insured contract**, provided the **bodily injury or property damage** occurs subsequent to the execution of such **insured contract**;

and provided that:

- a. the **bodily injury or property damage** occurs during the **policy period**;
- b. the **bodily injury or property damage** is caused by an **occurrence** that takes place in the **coverage territory**;

- c. the **personal and advertising injury** is caused by an offense arising out of the **Named Insured's** business; and
- d. the offense giving rise to **personal and advertising injury** was first committed during the **policy period** and in the **coverage territory**;

Provided, however, that **Coverage B - Umbrella Liability**:

- i. does not apply to:
 - (a) any part of **damages** to which **underlying insurance** applies; or
 - (b) any part of **damages** to which **underlying insurance** would have applied regardless of:
 - (1) the availability of **underlying insurance**; or
 - (2) the exhaustion of the applicable **underlying limits**;
 - (c) any **defense costs** related to **damages** as described in a. and b. above.
- ii. applies only if prior to the effective date of the **policy period**, no **authorized insured**:
 - (a) knew that such **bodily injury** or **property damage** had occurred, in whole or in part. If any **authorized insured** knew, prior to the **policy period**, that any such **bodily injury** or **property damage** had occurred, then any continuation, change or resumption of such **bodily injury** or **property damage** during or after the **policy period** will be deemed to have been known prior to the **policy period**; or
 - (b) knew that any offense giving rise to **personal and advertising injury** had occurred, in whole or in part.

Bodily injury or **property damage** which occurs during the **policy period** and was not, prior to the **policy period**, known to have occurred by any **authorized insured**, includes any continuation, change or resumption of that **bodily injury** or **property damage** after the end of the **policy period**.

An **authorized insured** will be deemed to know:

- 1. that such **bodily injury** or **property damage** occurred, at the earliest time when such **authorized insured**:
 - a. reports the **bodily injury** or **property damage** to the Insurer or any other insurer;
 - b. receives a **claim** arising out of the **bodily injury** or **property damage**; or
 - c. becomes aware by any other means that the **bodily injury** or **property damage** has occurred or has begun to occur;
- 2. that such offense giving rise to **personal and advertising injury** occurred, on the date of the first utterance or dissemination or, if there is no utterance or dissemination, then on the first date of the activity giving rise to a **claim**.

C. Coverage C - Crisis Management Expenses

The Insurer will reimburse the **Named Insured** for **crisis management expenses** incurred by the **Named Insured** as a direct result of its response to a **crisis management event** that first occurs during the **policy period**, provided:

- 1 such **crisis management event** is reported to the Insurer as soon as reasonably practicable following the **crisis management event**, or within 72 hours after such **crisis management event** begins if such **crisis management event** is likely to give rise to **bodily injury** or **property damage**;



2. such **crisis management expenses** are incurred within 180 days after the **crisis management event** and reported to the Insurer as soon as reasonably practicable; and,
3. such **crisis management expenses** are approved in advance by the Insurer.

The period of time for which the Insurer will pay **crisis management expenses** will not be limited by the expiration of the **policy period**.

D. Coverage D – Key Employee

The Insurer will reimburse the **Named Insured** for **key employee replacement expenses** due to the **Named Insured's** permanent loss of the services of a **key employee** provided that:

1. the **Named Insured** would not have incurred such **key employee replacement expenses** if the **Named Insured** had not lost the services of the **key employee**;
2. such **key employee replacement expenses** are incurred by the **Named Insured** within 180 days of the **covered accident** and reported to the Insurer as soon as reasonably practicable;
3. such loss of service is caused by a **covered accident**;
4. the **covered accident** occurs during the **policy period**; and
5. a replacement for such **key employee** is hired within 180 days after the **covered accident**.

The period of time for which the Insurer will pay **key employee replacement expenses** will not be limited by the expiration of the **policy period**.

II. DEFENSE COSTS PAYMENT AND RELATED DUTIES

- A.** The Insurer has the right and duty to defend any **suit**, and the right to assume control of the investigation and settlement of any **claim**, against the **Insured**, as follows:
1. with respect to the **Coverage A - Excess Follow Form Liability**, upon exhaustion through payment in legal currency of the full amount of the applicable **underlying limits** over which **Coverage A** applies.
 2. with respect to the **Coverage B - Umbrella Liability**, upon receipt by the Insurer of a **claim** to which Coverage B applies.

When the Insurer has the duty to defend any **suit** and the right to investigate any **claim** but is prevented by law from doing so, the **Insured** will undertake such defense and investigation, and the Insurer will reimburse the **Insured** for the **defense costs**.

The Insurer's obligation to defend any **suit**, investigate any **claim**, or reimburse for any **defense costs** does not apply if any other insurer has a duty to defend. Further, any obligation to defend any **suit**, investigate any **claim**, or reimburse for any **defense costs** ceases upon exhaustion of the applicable limits of insurance of this Policy.

- B.** The Insurer may, at the Insurer's sole discretion and at the Insurer's own cost, elect to participate in the investigation, settlement or defense of any **claim** against any of the **Insureds** for matters covered by this Policy even if the applicable **underlying limit** has not been exhausted.
- C.** The Insurer will pay **defense costs** as follows:
- 1 with respect to the **Coverage A - Excess Follow Form Liability**, **defense costs** are paid within or excess of the limits of insurance as set forth in the applicable **underlying insurance**.
 2. with respect to the **Coverage B - Umbrella Liability**, **defense costs** are paid in excess of and do not erode the limits of insurance or the **retained amount**.
- D** Where the Insurer investigates a **claim** or defends a **suit**, the Insurer will do so even if the allegations of a **claim** are groundless, false, or fraudulent. If Insurer investigates a **claim** or defends a **suit**, Insurer will



do so only until the Insurer:

1. makes payment of; or
2. offers to pay; or
3. deposits in court

that part of a judgment up to but not exceeding the Insurer's applicable limits of insurance.

- E. No **Insured** shall admit liability, consent to any judgment, agree to any settlement or make any settlement offer which is reasonably likely to involve this Policy without the Insurer's prior written consent, such consent not to be unreasonably withheld. The **Insureds** agree that they shall not knowingly take any action that increases the Insurer's exposure for **damages** or **defense costs** under this Policy.

III. EXCLUSIONS

A. Coverage A - Excess Follow Form Liability and Coverage B - Umbrella Liability Exclusions

With respect to both the **Coverage A - Excess Follow Form Liability** and **Coverage B -Umbrella Liability**, this Insurance does not apply to:

1. Access to or Disclosure of Confidential or Personal Information and Data-Related Liability

any actual or alleged **damages** arising out of:

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

This exclusion applies even if **damages** are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by the **Named Insured** or others arising out of that which is described in paragraph **a.** or **b.** above.

However, unless paragraph **a.** above applies, this exclusion does not apply to **bodily injury** to the extent that such liability is covered by **underlying insurance**.

2. Asbestos

- a. any actual or alleged liability arising out of the actual, alleged or threatened exposure at any time to **asbestos**; or
- b. any actual or alleged loss, cost or expense that may be awarded or incurred:
 - i. by reason of a **claim** for any such injury or damage; or
 - ii. in complying with a governmental direction or request to test for, monitor, clean up, remove, contain or dispose of **asbestos**.

3. Damage to Impaired Property or Property not Physically Injured

any actual or alleged **property damage** to **impaired property** or property that has not been physically injured, arising out of:

- a. a defect, deficiency, inadequacy or dangerous condition in **your product** or **your work**; or
- b. a delay or failure by the **Named Insured** or anyone acting on the **Named Insured's** 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.

4. Damage to Premises Rented or Occupied by the Named Insured

any actual or alleged **property damage** to premises rented to the **Named Insured** or in the case of damage by fire, while rented to the **Named Insured** or temporarily occupied by the **Named Insured** with the permission of the owner.

5. Distribution or Recording of Material or Information in Violation of Laws

any actual or alleged liability arising directly or indirectly out of any actual or alleged:

- a. violation of:
 - i. the Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
 - ii. the CAN-SPAM Act of 2003, including any amendment of or addition to such law;
 - iii. the Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transaction Act (FACTA); or
 - iv. any statute, ordinance, regulation or law other than the TCPA, CAN-SPAM Act of 2003, or FCRA, including FACTA, and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information; or
- b. conversion or consumption of another's tangible property or electronic assets. For the purpose of this provision, electronic assets include but are not limited to minute allowances, text message allowances, and other electronic consumables.

6. Employment Related Practices

any actual or alleged **bodily injury** or **personal and advertising injury** to:

- a. a person arising out of any actual or alleged:
 - i. refusal to employ that person;
 - ii. termination of that person's employment;
 - iii. employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination or malicious prosecution directed at that person; or
- b. the **spouse**, child, parent, brother or sister of that person as a consequence of such **bodily injury** or **personal and advertising injury** to that person at whom any of the employment-related practices described in paragraphs a. i., ii., or iii. above is directed.

This exclusion applies:

- a. whether the injury-causing event described in paragraphs a. i., ii., or iii. above occurs before employment, during employment or after employment of that person;
- b. whether the **Insured** may be liable as an employer or in any other capacity; and
- c. to any obligation to share damages with or repay someone else who must pay damages because of the injury.

However, this exclusion does not apply to **bodily injury** a person sustains during a job interview while attempting to demonstrate a physical capability or skill required by the job to the extent that



such liability is covered by **underlying insurance**.

7. ERISA

any actual or alleged liability arising out of any actual or alleged obligation of any **Insured** under the Employees Retirement Income Security Act of 1974 or any similar common or statutory law anywhere in the world including any amendments or additions thereto.

8. Nuclear Energy Liability

any actual or alleged **bodily injury, property damage or personal and advertising injury**:

- a. with respect to which an **Insured** under this policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of insurance;
- b. resulting from the **hazardous properties of nuclear material** and with respect to which:
 - i. any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or
 - ii. the **Insured** is, or had this Policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization; or
- c. resulting from **hazardous properties of nuclear material**, if:
 - i. the **nuclear material**:
 - (a) is at any **nuclear facility** owned by, or operated by or on behalf of, an **Insured** or
 - (b) has been discharged or dispersed therefrom;
 - ii. the **nuclear material** is contained in **spent fuel or nuclear waste** at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an **Insured**;
or
 - iii. the **bodily injury, property damage or personal and advertising injury** arises out of the furnishing by an **Insured** of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any **nuclear facility**, but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion applies only to **property damage** to such **nuclear facility** and any property thereat.
- d. Under any Medical Payments coverage, to expenses 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.

Solely as used in this exclusion:

- (a) **property damage** includes all forms of radioactive contamination of property;
- (b) **hazardous properties** includes but is not limited to radioactive, toxic or explosive properties;
- (c) source material, special nuclear material, and by-product material have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof;
- (d) **spent fuel** means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a **nuclear reactor**.

9. Recall of Products, Work or Impaired Property

any actual or alleged loss, cost or expense incurred by the **Named Insured** or any person or entity, for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of **your product, your work or impaired property**, if such product, work, or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

10. Unfair Competition/Antitrust Claims/RICO Claims

any actual or alleged liability arising out of any:

- a. unfair competition, dilution, deceptive trade practices, or civil actions for consumer fraud;
- b. charges of price fixing, monopolization or restraint of trade; or
- c. any violation of:
 - i. the Federal Trade Commission Act;
 - ii. the Sherman Act, the Clayton Act, or any federal statutory provision regarding anti-trust, monopoly, price fixing, price discrimination, predatory pricing or restraint of trade;
 - iii. the Racketeer Influenced and Corrupt Organizations Act;
 - iv. any rules or regulations promulgated under or in connection with the above statutes; or
 - v. any state, federal or local statute or other law which similarly regulates business practices.

11. Uninsured/Underinsured Motorists

any actual or alleged liability arising out of any obligations under an uninsured/underinsured motorist law, a personal injury protection law, a reparations benefit law or other similar law.

12. War

any actual or alleged liability arising, directly or indirectly out of any:

- a. war, including undeclared or civil war;
- b. warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- c. insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

13. Workers' Compensation and Similar Laws /Nonsubscriber Status

any actual or alleged liability arising out of any obligation of any **Insured**:

- a. under a workers' compensation, disability benefits or unemployment compensation law or any similar law.
- b. by reason of a statement of non-subscription on file with any applicable Worker's Compensation authority of any State indicating the **Named Insured** has chosen not to participate in the Workers Compensation system in accordance with laws of such state.

B. Coverage A - Excess Follow Form Liability Exclusions

With respect to **Coverage A - Excess Follow Form Liability**, this Insurance does not apply to:

1. Coverages Subject to a Sub Limit

any actual or alleged liability, loss, cost or expense covered under any **underlying insurance** which is

subject to a **sub limit**.

2. Crisis Management Expenses

crisis management expenses except as provided for in **Coverage C** above even if such insurance is afforded under **underlying insurance** or would have been afforded but for the exhaustion of the **underlying limits**.

3. Pollution

- a. any actual or alleged **bodily injury** or **property damage** arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of **pollutants**:
 - i. at or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any **Insured** except that this subparagraph does not apply to:
 - (a) **bodily injury** or **property damage** arising out of heat, smoke or fumes from a **hostile fire**; or
 - (b) **bodily injury** if sustained within a building and caused by smoke, fumes, vapor or soot produced by or originating from equipment that is used to heat, cool or dehumidify the building, or equipment that is used to heat water for personal use, by the building's occupants or their guests;
 - ii. at or from any premises, site or location which is or was at any time used by or for any **Insured** or others for the handling, storage, disposal, processing or treatment of waste;
 - iii. which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for any **Insured** or any person or organization for whom the **Named Insured** may be legally responsible; or
 - iv. at or from any premises, site or location on which any **Insured** or any contractors or subcontractors working directly or indirectly on any **Insured's** behalf are performing operations:
 - (a) If the **pollutants** are brought on or to the premises, site or location in connection with such operations by such **Insured**, contractor or subcontractor; except that this subparagraph does not apply to **bodily injury** or **property damage** arising out of:
 - (1) the escape of fuels, lubricants, or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for operation of **mobile equipment** or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the **bodily injury** or **property damage** arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such **Insured**, contractor or subcontractor; or
 - (2) heat, smoke or fumes from a **hostile fire**; or
 - (b) If the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of **pollutants**;
 - v. that are, or that are contained in property that is:
 - (a) being transported or towed by, or handled for movement into, onto or from a covered **auto**;
 - (b) otherwise in the course of transit; or

- (c) being stored, disposed of, treated or processed in or upon the covered **auto** except that this subparagraph does not apply to fuels, lubricants, fluids, exhaust, gases or other similar **Pollutants** that are needed for or result from the normal electrical, hydraulic or mechanical functioning of the covered **auto** or its parts if the **pollutants** escape or are discharged, dispersed or released directly from an **auto** part designed by its manufacturer to hold, store, receive or dispose of such **pollutants**;
- vi. before the **pollutants** or property in which the **pollutants** are contained are moved from the place where they are accepted by the **Insured** for movement into or onto the covered **auto**;
or
- vii. after the **pollutants** or property in which the **pollutants** are contained are moved from the covered **auto** to the place where they are finally delivered, disposed of or abandoned by the **Insured**.

Subparagraphs **vi.** and **vii.** do not apply if the **pollutants** or property in which the **pollutants** are contained are upset, overturned or damaged as a result of the maintenance or use of a covered **auto** and the discharge, dispersal, release or escape of the **pollutants** is caused directly by such upset, overturn or damage.

- b. any actual or alleged **personal and advertising injury** arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of **pollutants** at any time.
- c. any actual or alleged loss, cost or expense arising out of any:
 - i. request, demand, order or statutory or regulatory requirement that any **Insured** or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of **pollutants**; or
 - ii. **claim** by or on behalf of a governmental authority for **damages** because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of **pollutants**.

However, if liability for **damages** because of **property damage** is not excluded by paragraph **a.** of this exclusion, then neither will paragraph **c.** above serve to exclude such **damages**.

C. Coverage B - Umbrella Liability Exclusions

With respect to the **Coverage B - Umbrella Liability**, this Insurance does not apply to:

1. Aircraft, Auto, Watercraft or Mobile Equipment

any actual or alleged **bodily injury, property damage, personal and advertising injury** arising out of the ownership, maintenance, operation, use, **loading or unloading** or entrustment to others of any:

- a. **aircraft** owned by any **Insured** or rented, loaned or chartered by or on behalf of any **Insured** without crew; or
- b. **autos, watercraft or mobile equipment**

This exclusion applies even if such **claim** against an **Insured** alleges negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that **Insured**.

This exclusion does not apply to:

- i. watercraft while ashore on premises the **Named Insured** owns or rents;
- ii. watercraft the **Named Insured** does not own that is:
 - (a) less than 55 feet long; and
 - (b) not being used to carry persons or property for a charge; or



- iii. liability assumed under any **insured contract** for the ownership, maintenance or use of watercraft.

2. Contractual Liability

any actual or alleged **bodily injury, property damage or personal and advertising injury** for which an **Insured** is obligated to pay **damages** by reason of the assumption of liability in a contract or agreement other than an **insured contract**. This exclusion does not apply to liability that the **Insured** would have in the absence of such contract or agreement.

3. Damage to Property

any actual or alleged **property damage** to:

- a. property the **Named Insured** owns, rents, or occupies, including any costs or expenses incurred by the **Named Insured**, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;
- b. premises the **Named Insured** sells, gives away or abandons, if the **property damage** arises out of any part of those premises;
- c. property loaned to the **Named Insured**;
- d. personal property in the care, custody or control of the **Insured**;
- e. that particular part of real property on which the **Named Insured** or any contractors or subcontractors working directly or indirectly on its behalf are performing operations, if the **property damage** arises out of those operations; or
- f. that particular part of any property that must be restored, repaired or replaced because **your work** was incorrectly performed on it.

Paragraph b. of this exclusion does not apply if the premises are **your work** and were never occupied, rented or held for rental by the **Named Insured**.

Paragraphs c., d., e. and f. of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph f. of this exclusion does not apply to **property damage** included in the **products-completed operations hazard**.

4. Damage to Your product

any actual or alleged **property damage** to **your product** arising out of it or any part of it.

5. Damage to Your work

any actual or alleged **property damage** to **your work** arising out of it or any part of it and included in the **products-completed operations hazard**. This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on the **Named Insured's** behalf by a subcontractor.

6. Employee Injury

any actual or alleged **bodily injury or personal and advertising injury** to:

- a. an **employee** arising out of and in the course of employment by the **Insured** or performing duties related to the conduct of the **Insured's** business; or
- b. the **spouse**, child, parent, brother or sister of that **employee** as a consequence of a. above.



This exclusion applies:

- i. whether an **Insured** may be liable as an employer or in any other capacity; and
- ii. to any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the **Insured** under an **insured contract**.

7. Expected or Intended injury

any actual or alleged **bodily injury** or **property damage** arising out of an act or omission:

- a. intended by an **Insured**; or
- b. that would be expected from the standpoint of a reasonable person in the circumstances of the **Insured**;

to cause **bodily injury** or **property damage**, even if the actual **bodily injury** or **property damage** is of a different degree or type than intended or expected.

This exclusion does not apply to **bodily injury** or **property damage** resulting from the use of reasonable force to protect persons or property.

8. Fungi or Other Organic Pathogens

- a. any actual or alleged **bodily injury**, **property damage** or **personal and advertising injury** arising out of any actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or growth or presence of any **fungi or other organic pathogens**;
- b. any actual or alleged loss, cost or expense arising out of or relating to the testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating, or disposing of, or in any way responding to or assessing the effects of **fungi or other organic pathogens** by any **Insured** or by anyone else; or
- c. any actual or alleged **property damage** caused by water where there also exists any **property damage** arising out of or relating to, in whole or in part, the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or growth or presence of any **fungi or other organic pathogens**.

This exclusion applies regardless of any other cause or event that contributes concurrently or in any sequence to such injury or damage, loss, cost or expense.

9. Liquor Liability

any actual or alleged **bodily injury** or **property damage** for which any **Insured** may be held liable by reason of:

- a. causing or contributing to the intoxication of any person, including causing or contributing to the intoxication of any person because alcoholic beverages were permitted to be brought on the **Insured's** premises, for consumption on the **Insured's** premises;
- b. the furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- c. any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies even if the **claims** against any **Insured** allege negligence or other wrongdoing in:

- i. the supervision, hiring, employment, training or monitoring of others by that **Insured**; or

- ii. providing or failing to provide transportation with respect to any person that may be under the influence of alcohol,

if the **occurrence** which caused the **bodily injury** or **property damage** involved that which is described in paragraph **a.**, **b.** or **c.** above.

10. Nonemployment Related Discrimination

any actual or alleged personal and advertising injury arising out of any actual or alleged nonemployment related discrimination committed intentionally against a person.

11. Personal and Advertising Injury

any actual or alleged **personal and advertising injury**:

a. Breach of Contract

arising out of breach of contract, except an implied contract to use another's advertising idea in the **Named Insured's advertisement**.

b. Criminal Acts or Conduct

arising out of any actual or alleged criminal act or omission committed by or at the direction of any **Insured**. This exclusion does not apply to the extent liability is imposed upon the **Insured** for acts or omissions of another committed without the knowledge or consent of the **Insured**.

c. Electronic Chat Rooms or Bulletin Boards

arising out of an electronic chat room or bulletin board the **Insured** hosts, owns, or over which the **Insured** exercises control.

d. Infringement of Copyright, Patent, Trademark or Trade Secret

arising out of infringement of copyright, patent, trademark, trade secret or other intellectual property rights. Under this exclusion, such other intellectual property rights do not include the use of another's advertising idea in the **Named Insured's advertisement**. However, this exclusion does not apply to infringement of copyright, trade dress or slogan in the **Named Insured's advertisement**.

e. Insureds in Media and Internet Type Businesses

committed by an **Insured** whose business is:

- i. advertising, broadcasting, publishing or telecasting;
- ii. designing or determining content or web-sites for others; or
- iii. an Internet search, access, content or service provider.

However, this exclusion does not apply to paragraph **A.**, **B.** or **C.** of **personal and advertising injury** as defined in the section entitled Definitions.

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

f. Knowing Violation of Rights of Another

caused by an actual or alleged offense, act or omission by or at the direction of the **Insured** if the **Insured** knew or should have known that such offense, act or omission would cause such **personal and advertising injury**.

g. Material Published Prior To Policy Period

arising out of oral or written publication, in any manner, of material whose first publication took place before the beginning of the **policy period**.

h. Material Published with Knowledge of Falsity

arising out of written publication in any manner of material, if the **Insured** knew or should have known the material was false.

i. Quality or Performance of Goods – Failure to Conform to Statements

arising out of any failure of goods, products or services to conform to any statement of quality or performance made in the **Named Insured's advertisement**.

j. Unauthorized Use of Another's Name or Product

arising out of unauthorized use of another's name or product in the **Named Insured's** e-mail address, domain name or metatag, or any other similar tactics to mislead another's potential customers.

k. Wrong Description of Prices

arising out of the wrong description of the price of goods, products or services stated in the **Named Insured's advertisement**.

12. Pollution

- a** any actual or alleged **bodily injury, property damage or personal and advertising injury** arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of **pollutants** at any time.
- b.** any actual or alleged loss, cost or expense arising out of any:
 - i.** request, demand, order, or statutory or regulatory requirement that anyone test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of **pollutants**; or
 - ii.** **claim** by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to or assessing the effects of **pollutants**.

13. Silica

- a.** any actual or alleged **bodily injury** arising, in whole or in part, out of the actual, alleged or threatened respiration or ingestion at any time of **silica**; or
- b.** any actual or alleged **property damage** arising in whole or in part out of the actual, alleged or threatened presence of **silica**.
- c.** any actual or alleged **personal and advertising injury** arising, in whole or in part, out of the actual, alleged or threatened:
 - i.** exposure at any time to; or
 - ii.** presence at any time of;**silica**.

14. Terrorism

any actual or alleged **bodily Injury, property damage or personal and advertising injury** arising out of any act of terrorism.



D. Coverage D - Key Employee Exclusions

With respect to **Coverage D – Key Employee**, this insurance does not apply to any actual or alleged:

1. Death or Disability

death or permanent disability of a **key employee** relating to, or arising out of:

- a. nuclear reaction or radiation or radioactive contamination, however caused;
- b. sickness or disease, including mental illness or mental injury;
- c. pregnancy, childbirth, miscarriage or abortion;
- d. suicide, attempted suicide or self inflicted bodily injury, while sane or insane;
- e. the **key employee's** intoxication, impairment or otherwise being under the influence of alcohol or controlled substances;
- f. war, including undeclared or civil war;
- g. warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- h. insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

2. Other Expenses

- a. expenses the **Named Insured** incurs which the **Named Insured** would not have incurred if the **Named Insured** had used all reasonable means to:
 - i. find a permanent replacement for the **key employee**; and
 - ii. reduce or discontinue the **key employee** replacement expense;as soon as possible after the **Named Insured's** permanent loss of the services of the **key employee** caused by a **covered accident**.
- b. additional expenses incurred due to the **Named Insured's** loss of the services of a permanent replacement appointed or hired to replace a **key employee**, however caused. However, this exclusion does not apply if the replacement employee is included in the definition as a **key employee** and the **Named Insured's** loss of the services of the replacement employee is caused by a **covered accident**.

IV. WHO IS AN INSURED

The following persons or organizations are **Insureds**.

A. With respect to **Coverage A - Excess Follow Form Liability**, the **Named Insured** and any persons or organizations included as an insured under the provisions of **underlying insurance** are **Insureds**, and then only for the same coverage, except for limits of insurance, afforded under such **underlying insurance**.

B. With respect to the **Coverage B - Umbrella Liability**:

1. If the **Named Insured** is designated in the Declarations of this Policy as:

- a. an individual, the **Named Insured** and the **Named Insured's spouse** are **Insureds**, but only with respect to the conduct of a business of which the **Named Insured** is the sole owner.
- b. a partnership or joint venture, the **Named Insured** is an **Insured**. The **Named Insured's** members, the **Named Insured's** partners, and their **spouses** are also **Insureds**, but only with respect to the conduct of the **Named Insured's** business.



- c. a limited liability company, the **Named Insured** is an **Insured**. The **Named Insured's** members are also **Insureds**, but only with respect to the conduct of the **Named Insured's** business. The **Named Insured's** managers are **Insureds**, but only with respect to their duties as the **Named Insured's** managers.
- d. an organization other than a partnership, joint venture or limited liability company, the **Named Insured** is an **Insured**. The **Named Insured's executive officers** and directors are **Insureds**, but only with respect to their duties as the **Named Insured's** officers or directors. The **Named Insured's** stockholders are also **Insureds**, but only with respect to their liability as stockholders.
- e. a trust, the **Named Insured** is an **Insured**. The **Named Insured's** trustees are also **Insureds**, but only with respect to their duties as trustees.

2. Each of the following are also **Insureds**:

- a. The **Named Insured's volunteer workers** but only while performing duties related to the conduct of the **Named Insured's** business.
- b. The **Named Insured's employees**, other than either the **Named Insured's executive officers** (if the **Named Insured** is an organization other than a partnership, joint venture or limited liability company) or the **Named Insured's** managers (if the **Named Insured** is a limited liability company), but only for acts within the scope of their employment by the **Named Insured** or while performing duties related to the conduct of the **Named Insured's** business.

However, none of these **employees** or **volunteer workers** are **Insureds** for:

i. **bodily injury or personal and advertising injury:**

- (a) to the **Named Insured**, to the **Named Insured's** partners or members (if the **Named Insured** is a partnership or joint venture), to the **Named Insured's** members (if the **Named Insured** is a limited liability company), to a co-employee while in the course of his or her employment or performing duties related to the conduct of the **Named Insured's** business, or to the **Named Insured's** other **volunteer workers** while performing duties related to the conduct of the **Named Insured's** business;
- (b) to the **spouse**, child, parent, brother or sister of that co-employee or **volunteer worker** as a consequence of paragraph (i)(a) above;
- (c) for which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in paragraph i. (a) or (b) above; or
- (d) arising out of his or her providing or failing to provide professional health care services.

ii. **property damage** to property:

- (a) owned, occupied or used by;
- (b) rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by;

the **Named Insured**, any of the **Named Insured's employees, volunteer workers**, any partner or member (if the **Named Insured** is a partnership or joint venture), or any member (if the **Named Insured** is a limited liability company).

- C. With respect to the **Coverage C - Crisis Event Management** and the **Coverage D - Key Employee**, the **Named Insured** is the **Insured**.

V. LIMITS OF INSURANCE

A. Multiple Insureds, claims, claimants

The limits of insurance shown in the Declarations of this Policy and the rules below fix the most the



Insurer will pay regardless of the number of:

1. **Insureds**;
2. **claims** made or brought against the **Insured**;
3. persons or organizations making **claims** or bringing **claims**; and
4. coverages under this Policy.

B. Aggregate Limit

Subject to the paragraphs **D.** and **E.** below, the limit of insurance shown in the Declarations of this Policy as the Aggregate limit is the most that the Insurer will pay as **damages** under this Policy, regardless of which coverage applies, except for:

1. **damages** covered by any auto liability policy listed in the Schedule of **Underlying Insurance** where the limits of insurance of such auto liability policy are not aggregated; and
2. **damages** covered under the **products-completed operations hazard**.

The limits of insurance shown in the Declarations of this Policy apply to the entire **policy period**, regardless of length.

In addition, with respect to **Coverage A – Excess Follow Form Liability** only, the Aggregate limit shown in the Declarations of this Policy shall be applied in the same manner as the applicable Aggregate limits in the Schedule of **underlying insurance**.

C. Aggregate Products-Completed Operations Hazard

Subject to paragraph **D.** and **E.** below, the limit of insurance shown in the Declarations of this Policy as the Aggregate Products-Completed Operations Hazard limit is the most that the Insurer will pay as **damages** arising out of the **products-completed operations hazard**, regardless of whether such **damages** are or otherwise would be covered in any way under more than one coverage.

D. Policy Aggregate Limit

This provision **D.** only applies if an amount is shown in the Declarations as the Policy Aggregate Limit.

Subject to the Each **Incident** limit, Aggregate limit and Aggregate **products-completed operations hazard** limit, the Policy Aggregate limit is the most the Insurer will pay as **damages** under this Policy, regardless of which coverage applies, except for **damages** covered by any auto liability policy listed in the Schedule of **Underlying Insurance** where the limits of insurance of such auto liability policy are not aggregated.

E. Each Incident

Subject to paragraphs **B.**, **C.** and **D.** above, the limit of insurance shown in the Declarations of this Policy as the Each **Incident** limit is the most the Insurer will pay for the sum of all **damages** arising out of any one **incident** under this Policy, regardless of which coverage applies.

F. Crisis Management

Solely with respect to **Coverage C – Crisis Management Expenses**, the most the Insurer will pay is the limit of insurance shown on the Declarations of this Policy as the **Crisis Management Expenses** Aggregate limit, regardless of the number **crisis management events** for which **crisis management expenses** are incurred. **Crisis management expenses** are not subject to the **retained amount**.

The **Crisis Management Expenses** Aggregate limit of insurance is in addition to and will not erode any other limits of this Policy. The **Crisis Management Expenses** Aggregate limit of insurance shall be excess of any other limits of insurance available to the **Insured** for the same expenses.

G. Key Employee Replacement Expenses



Solely with respect to **Coverage D – Key Employee**, the most the Insurer will pay for **key employee replacement expenses** is the **Key Employee** Aggregate limit shown on the Declarations of this Policy, regardless of the number **key employees** for which **key employee replacement expenses** are incurred. **Key employee replacement expenses** are not subject to the **retained amount**.

The **Key Employee Replacement Expenses** Aggregate limit of insurance is in addition to and will not erode any other limits of this Policy. The **Key Employee Replacement Expenses** Aggregate limit of insurance shall be excess of any other limits of insurance available to the **Insured** for the same expenses.

H. Defense Costs

Defense costs are either paid within or are in excess of the limits of insurance as set forth in paragraph **C.** of the section entitled **Defense Costs Payment and Related Duties**.

I. Exhaustion or Reduction of Applicable Underlying Limit

Solely with respect to **Coverage A - Excess Follow Form Liability**, if the applicable **underlying limits** are:

1. reduced solely by the payment of covered loss as set forth in **Coverage A** including related costs and expenses (if such related costs and expense reduce such limits) **Coverage A** will apply in excess of the remaining amount of such applicable **underlying limit**; or
2. exhausted, solely by the payment of covered loss as set forth in **Coverage A** including related costs and expenses (if such related costs and expense reduce such limits) then **Coverage A** will apply, subject to this Policy's limit of insurance provision and to the remaining terms and provisions and conditions of this Policy in place of such exhausted applicable **underlying limit**.

If any loss covered under any **underlying insurance** is subject to a **sub-limit** (whether or not such **sub-limit** erodes the limits generally available to all claims), then the **underlying limits** shall not be deemed depleted by payment of any such **sub-limits**.

Nothing herein shall serve to increase the limits of insurance shown in the Declarations of this Policy.

VI. CONDITIONS

A. Appeals

If the **Named Insured** or its **underlying insurers** elect not to appeal a judgment in excess of the limits of insurance afforded by the **underlying insurance** the Insurer may elect to appeal at the Insurer's expense. The Insurer's limits of insurance shall not be increased because of such appeal. However, the Insurer will pay the following costs and expenses:

1. all premium bonds to release attachments for an amount not in excess of the applicable limit of insurance of this policy;
2. all premiums on appeal bonds required in such defended **claims**, but without obligation to apply for or furnish such bonds;
3. court fees; and
4. costs and expenses taxed against the **Named Insured** by the appellate court and interest accruing after entry of a judgment against the **Named Insured** and before the Insurer has paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance of this Policy. Where the **underlying insurers** terminate their liability to pay interest on the judgment by an offer to pay their limits, the **Named Insured** shall demand that such limits be paid. If the appeal is successful, such amounts not obligated to be paid shall be returned to such **underlying insurer**.

B. Cancellation and Nonrenewal



The Cancellation/Nonrenewal provisions are as set forth in the Cancellation/Nonrenewal Endorsement attached to this Policy.

C. Changes to the Policy

Notice to any of the Insurer's agents or knowledge possessed by any such agent or any other person shall not act as a waiver or change in any part of this Policy, nor will such notice prevent the Insurer from asserting any rights under the provisions of this Policy. None of the provisions of this Policy will be waived, changed or modified except by written endorsement issued by the Insurer to form a part of this Policy.

D. Concealment, Misrepresentation and Fraud

No concealment, misrepresentation or fraud shall avoid or defeat recovery under this Policy unless such concealment, misrepresentation or fraud was material. Concealment, misrepresentation or fraud in the procurement of this Policy which if known by the Insurer would have led to refusal by the Insurer to make this contract or provide coverage, or to make this contract or provide coverage on different terms or conditions, will be deemed material.

E. Duties of the First Named Insured on the Declarations of this Policy

The **First Named Insured**, on behalf of all others, will be:

1. authorized to make changes in the terms of this Policy with the consent of the Insurer;
2. the payee of any premiums the Insurer refunds;
3. responsible for:
 - a. remitting the payment of all premiums due, but all **Named Insureds** jointly and severally agree to make such payments in full if the **First Named Insured** fails to pay the amount due within 10 days after the Insurer give written notice or demand;
 - b. keeping records of the information the Insurer requires for premium computation, and sending copies of such records at such times as requested by the Insurer;
 - c. notifying the Insurer that the **First Named Insured** on behalf of all others wants to cancel this Policy; and
 - d. providing any notice required under this Policy.

F. Economic and Trade Sanctions

This Policy does not provide coverage for an **Insured**, transaction or that part of loss that is uninsurable under the laws or regulations of the United States concerning trade or economic sanctions.

G. Entire Contract

By acceptance of this Policy, the **Insureds** agree that this Policy, including all endorsements to this Policy, constitute the entire contract existing between the parties relating to this insurance.

H. Estates, Legal Representatives and Spouses

The estates, heirs, legal representatives and **spouses** of any natural person **Insured** shall also be insured under this Policy; provided, however, coverage is afforded to such estates, heirs, legal representatives, and **spouses** only for **claims** arising solely out of their capacity or status as such and, in the case of a **spouse**, where such **claim** seeks **damages** from marital community property, jointly held property or property transferred from such natural person **Insured** to such spouse. No coverage is provided for any act, error or omission of an estate, heir, legal representative, or spouse outside the scope of such person's capacity or status as such provided however that this sentence does not apply to the spouse of:

1. a sole proprietorship **Named Insured**; or



2. members or partners of joint venture or partnership **Named Insureds**.

Examination of the Named Insured's Books and Records

The Insurer may examine and audit the **Named Insured's** books and records as they relate to this Policy at any time during the **policy period** and up to 3 years afterward.

J. Financial Impairment

Bankruptcy, rehabilitation, receivership, liquidation or other financial impairment of the **Named Insured** or an **underlying insurer** shall neither relieve nor increase any of the Insurer's obligations under this Policy.

In the event there is diminished recovery or no recovery available to the **Named Insured** as a result of financial impairment of an **underlying insurer**, the coverage under this Policy shall apply only in excess of the **underlying limits**. Under no circumstances shall the Insurer be required to drop down and replace the **underlying limits**, or assume the obligations of the **Named Insured** or the financially impaired insurer.

K. Headings

The description in the headings and subheadings of this Policy is solely for convenience, and forms no part of the terms and conditions of coverage.

L. Inspections and Surveys

The Insurer has the right but is not obligated to:

1. make inspections and surveys at any time;
2. give the **Named Insured** reports on the conditions it finds;
3. recommend changes; or
4. conduct loss control and prevention activity.

Any inspections, surveys, reports, or recommendations relate only to insurability and the premiums to be charged.

The Insurer does not:

1. make safety inspections;
2. undertake to perform the duty of any organization to provide for the health or safety of workers or the public; nor
3. warrant that conditions are safe or healthful or comply with laws, regulations, codes or standards.

This provision applies not only to the Insurer, but also to any rating, advisory, rate service, or similar organization which makes insurance inspections, surveys, recommendations, reports, or gives loss control or prevention advice, on its behalf.

M. Legal Action Limitation

No person or organization has a right under this Policy:

1. to join the Insurer as a party or otherwise bring the Insurer into a **suit** asking for **damages** from an **Insured**; or
2. to sue Insurer on this Policy unless all of its terms have been fully complied with.

A person or organization may sue the Insurer to recover on an agreed settlement or on a final judgment against an **Insured**; but the Insurer will not be liable for **damages** that are not payable under the terms of this Policy or that are in excess of the applicable limit of insurance. An "agreed settlement" means a settlement and release of liability signed by the Insurer, the **Insured** and the claimant or the claimant's legal representative.



N. Maintenance of Underlying Insurance

Solely with respect to **Coverage A - Excess Follow Form Liability**, while this Policy is in force the **First Named Insured** agrees that the **underlying insurance** and renewals and replacements thereof shall be maintained, without alterations of terms or conditions, in full effect during the term of this Policy; except for reduction or exhaustion of the limits of insurance in the **underlying insurance**, provided that such reduction or exhaustion is solely the result of **incidents** covered under this Policy.

If the **First Named Insured** fails to maintain **underlying insurance**, this condition shall not invalidate this Policy. However, in the event of such failure, the Insurer will only be liable to the same extent as if such **underlying insurance** was in full force and effect without alteration of its terms and conditions.

O. Notice of Claims/Crisis Management Event/Covered Accident

1. Solely with respect to **Coverage A - Excess Follow Form Liability**, if any **underlying insurance** is a policy issued by the Insurer or any of its affiliates, then notice of any **claim** under such **underlying insurance** is notice to the Insurer under this Policy.
2. It is a condition precedent to coverage under this Policy that:
 - a. subject to paragraph b. below, the **Insured** notify the Insurer as soon as practicable of an **incident** which an **Insured** believes may result in a **claim**. To the extent possible, notice should include:
 - i. how, when and where the **incident** took place;
 - ii. the names and addresses of any injured persons and witnesses; and
 - iii. the nature and location of any injury or damage arising out of the **incident**.
 - b. the **Insured** notify the Insurer as soon as practicable of an **incident** if it involves:
 - i. a demand against the **Insured** which exceeds 50% of any remaining applicable **underlying limit**;
 - ii. any **underlying insurance** reserve or monetary exposure exceeding \$500,000; or
 - iii. any of the following:
 - (a) brain damage, including but not limited to any neurological impairment of infants or adults and coma;
 - (b) spinal cord injury, including but not limited to paraplegia or quadriplegia;
 - (c) loss of any organ;
 - (d) severe disfigurement, including but not limited to burns and amputations; or
 - (e) death.
 - c. if a **claim** is made against any **Insured**, the **Named Insured**:
 - i. will immediately record the specifics of the **claim** and the date received and notify the Insurer of such **claim**;
 - ii. will immediately send the Insurer copies of any demands, notices, summonses or legal papers received in connection with the **claim**;
 - iii. will authorize the Insurer to obtain records and other information;
 - iv. will cooperate with the Insurer in the investigation or settlement of the **claim** or defense against the **suit**;will assist the Insurer, upon its 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 insurance may also apply; and

- vi. will not voluntarily make a payment, except at its own cost, assume any obligation, or incur any expense, other than for first aid, without the Insurer's prior consent.

3. Cooperation

With respect to both **Coverage A - Excess Follow Form Liability** and **Coverage B – Umbrella Liability**, the **Named Insured** will cooperate with the Insurer in addressing all **claims** required to be reported to the Insurer in accordance with this paragraph **O. Notice of Claims/Crisis Management Event/Covered Accident**, and refuse, except solely at its own cost, to voluntarily, without the Insurer's approval, make any payment, admit liability, assume any obligation or incur any expense related thereto.

P. Notices

Any notices required to be given by an **Insured** shall be submitted in writing to the Insurer at the address set forth in the Declarations of this Policy.

Q. Other Insurance

If the **Insured** is entitled to be indemnified or otherwise insured in whole or in part for any **damages** or **defense costs** by any valid and collectible **other insurance** for which the **Insured** otherwise would have been indemnified or otherwise insured in whole or in part by this Policy, the limits of insurance specified in the Declarations of this Policy shall apply in excess of, and shall not contribute to a **claim, incident** or such event covered by such **other insurance**.

With respect to **Coverage A – Excess Follow Form Liability** only, if:

- a. the **Named Insured** has agreed in writing in a contract or agreement with a person or entity that this insurance would be primary and would not seek contribution from any other insurance available;
- b. **Underlying Insurance** includes that person or entity as an additional insured; and
- c. **Underlying Insurance** provides coverage on a primary and noncontributory basis as respects that person or entity;

then this insurance is primary to and will not seek contribution from any insurance policy where that person or entity is a named insured.

R. Premium

All premium charges under this Policy will be computed according to the Insurer's rules and rating plans that apply at the inception of the current **policy period**. Premium charges may be paid to the Insurer or its authorized representative.

S. In Rem Actions

A quasi *in rem* action against any vessel owned or operated by or for a **Named Insured**, or chartered by or for a **Named Insured**, will be treated in the same manner as though the action were *in personam* against the **Named Insured**.

T. Separation of Insureds

Except with respect to the limits of insurance, and any rights or duties specifically assigned in this Policy to the **First Named Insured**, this insurance applies:

- 1. as if each **Named Insured** were the only **Named Insured**; and
- 2. separately to each **Insured** against whom a **claim** is made.

U. Transfer of Interest



Assignment of interest under this policy shall not bind the Insurer unless its consent is endorsed hereon.

V. Unintentional Omission

Based on Insurer's reliance on the **Named Insured's** representations as to existing hazards, if the **Named Insured** should unintentionally fail to disclose all such hazards at the effective date of this Policy, the Insurer will not deny coverage under this Policy because of such failure.

W. Waiver of Rights of Recovery

The Insurer waives any right of recovery it may have against any person or organization because of payments the Insurer makes under this Policy if the **Named Insured** has agreed in writing to waive such rights of recovery in a contract or agreement, and only if the contract or agreement:

1. is in effect or becomes effective during the **policy period**; and
2. was executed prior to loss.

VII. DEFINITIONS

For purposes of this Policy, words in bold face type, whether expressed in the singular or the plural, have the meaning set forth below.

Advertisement means a notice that is broadcast or published to the general public or specific market segments about the **Named Insured's** goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:

- A. notices that are published include material placed on the Internet or on similar electronic means of communication; and
- B. regarding web-sites, only that part of a web-site that is about the **Named Insured's** goods, products or services for the purposes of attracting customers or supporters is considered an **advertisement**.

Aircraft means any machine or device that is capable of atmospheric flight.

Arbitration proceeding means a formal alternative dispute resolution proceeding or administrative hearing to which an **Insured** is required to submit by statute or court rule or to which an **Insured** has submitted with the Insurer's consent.

Asbestos means the mineral in any form whether or not the asbestos was at any time airborne as a fiber, particle or dust, contained in or formed a part of a product, structure or other real or personal property, carried on clothing, inhaled or ingested, or transmitted by any other means.

Authorized Insured means any **executive officer**, member of the **Named Insured's** risk management or in-house general counsel's office, or any **employee** authorized by the **Named Insured** to give or receive notice of a **claim**.

Auto means:

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

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

Bodily injury means bodily injury, sickness or disease sustained by a person, including death, humiliation, shock, mental anguish or mental injury sustained by that person at any time which results as a consequence of the bodily injury, sickness or disease.

Claim means a:

- A. **suit**; or



- B. written or oral demand for **damages** alleging injury to which this insurance applies.

Coverage territory means:

- A. the United States of America (including its territories and possessions), Puerto Rico and Canada;
- B. international waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in paragraph A. above; or
- C. all other parts of the world if the injury or damage arises out of:
 - 1. goods or products made or sold by the **Named Insured** in the territory described in paragraph A. above;
 - 2. the activities of a natural person whose home is in the territory described in paragraph A. above, but is away for a short time on the **Named Insured's** business; or
 - 3. an offense that take place through the Internet or similar electronic means of communication, provided that the **Insured's** responsibility to pay **damages** is determined in a **suit** on the merits, in the territory described in paragraph A. above or in a settlement the Insurer agrees to.

Covered accident means a sudden and unexpected event, which solely and independently of any other cause results in the **key employee's** death or **permanent disability** within one year after the date of the sudden event.

Crisis management event means an event that an **executive officer** reasonably believes has resulted or may result in significant adverse regional or national media coverage and a claim for:

- A. **bodily injury, property damage** or any of the following **personal and advertising injury** offenses:
 - 1. false arrest, detention or imprisonment;
 - 2. malicious prosecution or abuse of process; or
 - 3. wrongful eviction from, wrongful entry into, or the invasion of the right of private occupancy of a room, dwelling or premises that a person occupies committed by or on behalf of its owner, landlord or lessor; and
- B. **damages** to which this insurance applies, that are in excess of any applicable:
 - 1. **underlying limits**; or
 - 2. **retained amount**.

Crisis management expenses means **crisis management public relations expenses** and **crisis management other expenses** provided however **crisis management expenses** do not include any of the following:

- A. salary, wages, or benefits of the **Named Insured** or the **Named Insured's employees**;
- B. loss of business income;
- C. costs to acquire, repair or replace real or personal property; or
- D. expense to hire a public adjuster or appraiser or any other claim adjustment expenses incurred by a **Named Insured**.

Crisis management public relations expenses means reasonable and necessary expenses incurred in connection with a **crisis management event** by the **Named Insured**:

- A. to hire a **crisis management firm**;
- B. to set up call centers or similar inquiry management system to manage inquiries from, or to directly contact, individuals or entities that may be directly impacted by such **crisis management event**;
to create and deliver notification letters to contact individuals or entities that may be directly impacted



by the **crisis management event**; or

- D. other related miscellaneous expenses.

Crisis management other expenses means reasonable and necessary expenses incurred in connection with a **crisis management event** by the **Named Insured**:

- A. to pay medical expenses, funeral expenses, psychological counseling expenses, travel expenses, and temporary living expenses of a third party who incurs **bodily injury**, or a family member of such third party, by reason of such **crisis management event**;
- B. for travel expenses incurred by or on behalf of **Insureds** and at the direction of the **crisis management firm**;
- C. to secure the scene of a **crisis management event**; and
- D. other related miscellaneous expenses.

Crisis management firm means a public relations firm, law firm or crisis management firm approved by the Insurer to provide media management services and to respond to actual or anticipated adverse publicity arising out of a **crisis management event** or **covered accident**.

Damages means the amount an **Insured** is legally obligated to pay, either through:

- A. final adjudication of a **claim**; or
- B. through compromise or settlement of a **claim** with the Insurer's written consent or direction, because of covered **incidents**. In addition, **damages** includes the above-mentioned sums only after deducting all other recoveries and salvages.

However, **damages** does not include:

- 1. civil or criminal fines, sanctions, penalties or forfeitures, whether pursuant to law, statute, regulation or court rule;
- 2. injunctive or declaratory relief;
- 3. any amount that is not insurable under any applicable law; or
- 4. plaintiff's attorney fees associated with any of the above.

Notwithstanding paragraph 3. above, **damages** shall include (subject always to this Policy's other terms, conditions and limitations) punitive and exemplary damages the enforceability of which shall be governed by such applicable law that most favors coverage for **damages**.

Defense costs mean:

- A. reasonable and necessary fees, costs, and expenses incurred by the Insurer or consented to by the Insurer and incurred by the **Named Insured** in the defense or appeal of a covered **suit** or in the investigation of any covered **claim**, and includes premium for appeal bonds arising out of a covered judgment, attachment bonds or similar bonds, but only for bond amounts up to the applicable limit of insurance. In addition, the Insurer will pay 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 **bodily injury** coverage applies. The Insurer has no obligation to provide such bonds.

- B. prejudgment interest awarded against an **Insured** on that part of a judgment covered by this policy. If the Insurer makes an offer to pay the applicable limit of insurance, the Insurer will not pay any prejudgment interest based on that period of time after the offer.

- C. post judgment interest which accrues after entry of judgment, but before the Insurer has paid or offered to pay, or deposited in court that part of the judgment which is within the limit of insurance of this Policy. The amount of interest the Insurer pays will be in direct proportion to the amount of **damages**



the Insurer pays in relation to the total amount of the judgment.

- D. all reasonable expenses incurred by a natural person **Insured** at the Insurer's request to assist the Insurer in the investigation or defense of the **claim**. This includes such **Insured's** actual loss of earnings up to \$750 per day, because of time off from work.
- E. all court costs taxed against the **Insured** in the **suit**. However, these payments do not include attorneys' fees or attorneys' expenses taxed against the **Insured**.

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

Employee includes **leased workers** or employees loaned to the **Insured**. **Temporary workers** are not **employees**.

Executive Officer means any natural person holding any of the following positions created by the **Named Insured's** charter, constitution, bylaws or any other similar governing document:

- A. director, officer, trustee or governor of a corporation;
- B. management committee member of a joint venture;
- C. partner of a partnership;
- D. manager of a limited liability company; and
- E. trustee of a trust.

An **executive officer** is not an **employee**.

First Named Insured means the person or organization first listed as a **Named Insured** in the Declarations of this Policy.

Fungi means any form of fungus, including but not limited to, yeast, mold, mildew, rust, smut or mushroom, and including any spores, mycotoxins, odors, or any other substances, products, or byproducts produced by, released by, or arising out of the current or past presence of fungi. However, **fungi** does not include any fungi intended by the **Insured** for human consumption.

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

Impaired property means tangible property, other than **your product** or **your work** that cannot be used or is less useful because:

- A. it incorporates **your product** or **your work** that is known or thought to be defective, deficient, inadequate or dangerous; or

- B. the **Named Insured** has failed to fulfill the terms of a contract or agreement,

if such property can be restored to use by the repair, replacement, adjustment or removal of **your product** or **your work**; or the **Named Insured's** fulfilling the terms of the contract or agreement.

Incident means:

- A. with respect to **Coverage A - Excess Follow Form Liability**, a covered event as defined in applicable **underlying insurance**;
- B. solely with respect to **Coverage B - Umbrella Liability**:
 - 1. with respect to **bodily injury** and **property damage**, **incident** means an **occurrence**; or
- C. 2. with respect to **personal and advertising injury**, **incident** means an offense that gives rise to such **personal and advertising injury**.



Insured means any person or organization set forth in the section entitled **WHO IS AN INSURED**.

Insured contract means:

- A. a contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to the **Named Insured** or temporarily occupied by the **Named Insured** with permission of the owner is not an **insured contract**;
- B. a sidetrack agreement;
- C. an easement or license agreement; except in connection with construction or demolition operations on or within 50 feet of a railroad;
- D. an obligation, as required by ordinance, to indemnify a municipality except in connection with work for a municipality;
- E. an elevator maintenance agreement; or
- F. the part of any other contract or agreement pertaining to its business (including an indemnification of a municipality in connection with work performed for a municipality) under which the **Named Insured** assumes the tort liability of another party to pay for **bodily injury or property damage** to a third person or organization, provided the **bodily injury or property damage** is caused, in whole or in part, by the **Named Insured** or by those acting on its behalf. However, such part of a contract or agreement shall only be considered an **insured contract** to the extent the **Named Insured's** assumption of the tort liability is permitted by law. "Tort liability" means liability that would be imposed by law in the absence of contracts or agreements. This paragraph F. does not include that part of a contract or agreement:
 - 1. that indemnifies a railroad for **bodily injury or property damage** arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing;
 - 2. that indemnifies an architect, engineer or surveyor for **bodily injury or property damage** arising out of:
 - a preparing, approving or failing to prepare or approve maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
 - b giving directions or instructions, or failing to give them, if that is the primary cause of the **bodily injury or property damage**;
 - 3 under which an **Insured**, if an architect, engineer or surveyor, assumes liability for **bodily injury or property damage** arising out of such **Insured's** rendering or failure to render professional services, including those listed in paragraph 2. above and supervisory, inspection, architectural or engineering activities; or
 - 4. that indemnifies a person or organization for damage by fire to premises rented to or loaned to an **Insured**.

Key employee means any of the following officer and employment positions:

- A. Chief Executive Officer;
- B. Chief Operating Officer;
- C. Chief Financial Officer;
- D. Corporate Secretary;
- E. Treasurer;
- F. Executive Vice President; and



G. Risk Manager

Key employee also means anyone added as such by endorsement to the Policy.

Key employee replacement expenses means the actual and necessary expenses incurred by the **Named Insured**:

- A. to continue the performance of the **key employee's** normal job responsibilities, with comparable quality, while a permanent replacement for the **key employee** is being sought, appointed or hired, and trained.
- B. to find a qualified permanent replacement to fill the **key employee's** position:
 - 1. costs of advertising the employment position opening;
 - 2. travel, lodging, meal and entertainment expenses incurred in interviewing job applicants for the employment position opening; and
 - 3. miscellaneous extra expenses incurred in finding, interviewing and negotiating with the job applicants, including, but not limited to, overtime pay, costs to verify the background and references of the job applicants and legal expenses incurred to draw up employment contracts.
- C. to minimize the amount of **key employee replacement expenses**, but only to the extent the amount of **key employee replacement expenses** otherwise payable under paragraphs 1. and 2. above are reduced.
- D. to relocate the replacement employee to an area within a reasonable commute from their place of employment.
- E. to pay the following reasonable and necessary expenses incurred in connection with the death or permanent disability of any **key employee**:
 - 1. to hire a **crisis management firm**.
 - 2. to create and deliver notification letters to contact individuals or entities that may be directly impacted by the **key employee covered accident**; or
 - 3. other related miscellaneous expenses
- F. **Key employee replacement expenses** also include first year amounts of the replacement employee's:
 - 1. annual base starting salary;
 - 2. employee perquisite costs; and
 - 3. employee benefit costs;

in excess of the amounts which would have been incurred for the **key employee** if the **Named Insured** had not lost the services of the **key employee**. However, the Insurer will not pay more for these expenses than 10% of the amounts which would have been incurred for the **key employee**.

Key employee replacement expenses do not include the following:

- a. any expenses which would have been incurred by the **Named Insured** for the **key employee** if the **Named Insured** had not lost the services of the **key employee**;
- b. any **key employee replacement expenses** that are paid for by any **other insurance**;
- c. except as provided in paragraph F. above, salary, wages, or benefits of the **Named Insured**, the **Named Insured's employees**, the **Named Insured's** temporary workers or **volunteer workers**;
- d. costs to acquire, repair or replace real or personal property;
- e. the **Named Insured's** loss of business income;
- f. expenses incurred by or on behalf of the **Named Insured** to hire a public adjuster or appraiser or any other claim adjustment expenses incurred by the **Named Insured**; and



- g. expenses incurred by or on behalf of the **Named Insured** due to **bodily injury, property damage, or personal and advertising injury**.

Leased worker means a person leased to the **Named Insured** by a labor leasing firm under an agreement between the **Named Insured** and such labor leasing firm, to perform duties related to the conduct of the **Named Insured's** business. **Leased worker** does not include a **temporary worker**.

Loading or unloading means the handling of property:

- A. after it is moved from the place where it is accepted for movement into or onto an **aircraft, watercraft or auto**;
- B. while it is in or on an **aircraft, watercraft or auto**; or
- C. while it is being moved from an **aircraft, watercraft or auto** to the place where it is finally delivered.

However, **loading or unloading** does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the **aircraft, watercraft or auto**.

Mobile equipment means any of the following types of land vehicles, including any attached machinery or equipment:

- A. bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
- B. vehicles maintained for use solely on or next to premises the **Named Insured** owns or rents;
- C. vehicles that travel on crawler treads;
- D. vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
 - 1. power cranes, shovels, loaders, diggers or drills; or
 - 2. road construction or resurfacing equipment such as graders, scrapers or rollers;
- E. vehicles not described in A., B., C. or D. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - 1. air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
 - 2. cherry pickers and similar devices used to raise or lower workers; and
- F. vehicles not described in A., B., C. or D. above maintained primarily for purposes other than the transportation of persons or cargo. However, self-propelled vehicles with the following types of permanently attached equipment are not **mobile equipment** but will be considered **autos**:
 - 1. equipment designed primarily for:
 - a. snow removal;
 - b. road maintenance, but not construction or resurfacing; or
 - c. street cleaning;
 - 2. cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
 - 3. air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

However, **mobile equipment** does not include land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged. Land vehicles subject to a compulsory or financial responsibility law or other motor vehicle insurance law are



considered **autos**.

Named Insured means the persons or organizations named as such in the Declarations of this Policy.

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 **nuclear 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 any **Insured** at the premises where such equipment is located consists of or contains more than:
 - 1. 25 grams of plutonium or uranium 233 or any combination thereof; or
 - 2. 250 grams of uranium 235; and
- D. any structure, basin, excavation, premises or place prepared or used for the storage or disposal of **nuclear 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.

Nuclear material means source material, special nuclear material, or by-product material as these terms are defined in the Atomic Energy Act of 1954 or in any law amendatory thereof.

Nuclear reactor means an apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

Nuclear Waste means waste material:

- A. containing by-product material other than the tailings or waste produced by the extraction or concentration of uranium or thorium from ore processed primarily for its source material (as defined in the Atomic Energy Act of 1954 or in any law amendatory thereof) content; and
- B. resulting from the operation by any person or organization, of a **nuclear facility** included within paragraphs A. and B. of the definition of **nuclear facility**.

Occurrence means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

Other insurance means any:

- A. valid and collectible policy of insurance;
- B. self insurance; or
- C. indemnity agreement by which an **Insured** arranges for funding or transferring its liabilities

that provides coverage that this Policy also provides. **Other insurance** does not include **underlying insurance** or any policy that was bought specifically to apply in excess of the limits of insurance shown in the Declarations of this Policy.

Other organic pathogens means any organic irritant or contaminant other than **fungi**, including but not limited to bacteria, microbes and viruses (whether or not a microorganism), that cause infection and disease.

Other organic pathogens includes any spores, mycotoxins, odors, variants, mutations, or any other substances, products, or byproducts produced by, released by, or arising out of the current or past presence of such



pathogens, and any colony or group of the foregoing.

However, **other organic pathogens** does not mean pathogens that were transmitted directly from person to person.

Permanent disability means permanent physical inability, or mental inability due to a permanent physical inability, of the **key employee** to perform the normal duties of the applicable position for which the individual qualifies as a **key employee**.

Personal and advertising injury means injury, including consequential **bodily injury**, arising out of one or more of the following offenses:

- A. false arrest, detention or imprisonment;
- B. malicious prosecution or abuse of process;
- C. wrongful eviction from, wrongful entry into, or the invasion of the right of private occupancy of a room, dwelling or premises that a person occupies committed by or on behalf of its owner, landlord or lessor;
- D. oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
- E. oral or written publication, in any manner, of material that violates a person's right of privacy;
- F. the use of another's advertising idea in the **Named Insured's advertisement**; or
- G. infringing upon another's copyright, trade dress or slogan in the **Named Insured's advertisement**.

Policy period means the time from 12.01 A.M. on the effective date of this Policy as set forth in the Declarations of this Policy to the earlier of 12.01 A.M. of the expiration, termination or cancellation date of this Policy.

Pollutants mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes medical waste and materials to be recycled, reconditioned or reclaimed.

Products-completed operations hazard means **bodily injury** or **property damage** occurring away from premises the **Named Insured** owns or rents and arising out of **your product** or **your work** except:

- A. products that are still in the **Named Insured's** physical possession; or
- B. work that has not yet been completed or abandoned. However, **your work** will be deemed completed at the earliest of the following times:
 - 1. when all of the work called for in the **Named Insured's** contract has been completed;
 - 2. when all of the work to be done at the job site has been completed if the **Named Insured's** contract calls for work at more than one job site; or
 - 3. 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.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

However, **products-completed operations hazard** does not include **bodily injury** or **property damage** arising out of:

- A. the transportation of property, unless **bodily injury** or **property damage** arises out of a condition in or on a vehicle not owned or operated by the **Named Insured**, 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; or



- C. products or operations for which the **underlying insurer** states that products-completed operations are subject to the General Aggregate Limit.

Property damage means:

- A. physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
- B. loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the **incident** that caused it.

However, **electronic data** is not tangible property.

Retained amount means the self insured retention as set forth on the Declarations of this Policy or the amount payable by **other insurance**, whichever is greater.

Silica means the chemical compound silicon dioxide (SiO₂) in any form, including dust which contains silicon dioxide.

Spouse means any husband, wife or partner in a marriage or civil union or any person qualifying as a domestic partner under any federal, state or local laws or under the **Named Insured's** employee benefit plans or employee benefits program.

Sub limit means a limit that is lower than the **underlying limits**.

Suit means a civil proceeding in which **damages** because of injury or damage to which this insurance applies are alleged, including:

- A. an **arbitration proceeding** alleging such **damages**; or
- B. any other alternative dispute resolution proceeding in which such **damages** are claimed and to which the **Insured** submits with the Insurer's consent.

Temporary worker means a worker who is furnished to the **Named Insured** to substitute for a permanent **employee** on leave or to meet seasonal or short-term workload conditions.

Underlying insurance means policies of insurance listed in the Schedule of **Underlying Insurance** including renewal or replacement of such insurance which is neither more restrictive nor more broad than that listed in the aforementioned Schedule of **Underlying Insurance**.

Underlying insurer means the insurer providing the **underlying insurance**. It does not include any insurer whose policies were purchased specifically to be in excess of this policy.

Underlying limits means the limits of insurance as set forth in the Schedule of **Underlying Insurance**.

Volunteer worker means a person who is not an **employee** and who donates his or her work and acts at the direction of or within the scope of duties determined by the **Named Insured** and is not paid a fee, salary or other compensation by the **Named Insured** or anyone else for their work performed for the **Insured**.

Your product means:

- A. means:
 - 1. any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - a. the **Named Insured**;
 - b. others trading under the **Named Insured's** name; or
 - c. a person or organization whose business or assets the **Named Insured** has acquired; and
 - 2. containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.



B. includes:

1. warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of **your product**; and
2. The providing of or failure to provide warnings or instructions.

C. does not include vending machines or other property rented to or located for the use of others but not sold.

Your work:

A. means:

1. work or operations performed by the **Named Insured** or on its behalf; and
2. materials, parts or equipment furnished in connection with such work or operations.

B. Includes:

1. warranties or representations made with respect to the fitness, quality, durability, performance or use of **your work**, and
2. the providing of or failure to provide warnings or instructions.

IN WITNESS WHEREOF, the Insurer has caused this Policy to be signed by the Insurer's Chairman and Secretary, but this Policy shall not be binding upon the Insurer unless completed by the attachment of the Declarations of this Policy and signed by the Insurer's duly authorized representative if required.

Chairman of the Board

Secretary



CANCELLATION AND NON-RENEWAL ENDORSEMENT – CALIFORNIA

Wherever used in this endorsement: 1) Insurer means “we”, “us”, “our” or the “Company” as those terms may be defined in the policy; and 2) Named Insured means the first person or entity named on the declarations page; and 3) “Insureds” means all persons or entities afforded coverage under the policy.

Any cancellation, non-renewal or termination provisions in the policy are deleted in their entirety and replaced with the following:

CANCELLATION AND NON-RENEWAL

I. CANCELLATION

- A.** The Named Insured may cancel the policy at any time. To do so, the Named Insured must return the policy to the Insurer or any of its authorized representatives, indicating the effective date of cancellation; or provide a written notice to the Insurer, stating when the cancellation is to be effective.
- B.** If the policy has been in effect for less than sixty (60) days and is not a renewal the Insurer may cancel the policy for any reason by mailing or delivering written notice to the Named Insured, at the last mailing address known to the Insurer, and the producer of record. The notice of cancellation will be provided at least sixty (60) days prior to the effective date of cancellation except that in the case of cancellation for nonpayment of premiums the notice will be given no less than ten (10) days prior to the effective date of the cancellation.
- C.** If the policy has been in effect for more than sixty (60) days or if it is a renewal, effective immediately, the Insurer may not cancel the policy unless such cancellation is based on one or more of the following reasons:
 - 1. Nonpayment of premium, including payment due on a prior policy issued by the Insurer and due during the current policy term covering the same risks.
 - 2. A judgment by a court or an administrative tribunal that the Named Insured has violated any law of this state or of the United States having as one of its necessary elements an act which materially increases any of the risks insured against.
 - 3. Discovery of fraud or material misrepresentation by either of the following:
 - a. The Named Insured or Insured(s) or a representative of same in obtaining the insurance; or
 - b. The Named Insured or his or her representative in pursuing a claim under the policy.
 - 4. Discovery of willful or grossly negligent acts or omissions, or of any violations of state laws or regulations establishing safety standards, by the Named Insured or Insured(s) or a representative of same, which materially increase any of the risks insured against.
 - 5. Failure by the Named Insured or Insured(s) or a representative of same to implement reasonable loss control requirements which were agreed to by the Named Insured as a condition of policy issuance or which were conditions precedent to the use by the Insurer of a particular rate or rating plan, if the failure materially increases any of the risks insured against.
 - 6. A determination by the commissioner that the loss of, or changes in, the Insurer's reinsurance covering all or part of the risk would threaten the financial integrity or solvency of the Insurer.
 - 7. A determination by the commissioner that a continuation of the policy coverage would place the Insurer in violation of the laws of this state or the state of its domicile or that the continuation of coverage would threaten the solvency of the Insurer.

Form No: CNA62814CA (09-2012)

Endorsement Effective Date:

Endorsement Expiration Date:

Endorsement No: 2; Page: 1 of 4

Underwriting Company: The Continental Insurance Company, 151 N Franklin St, Chicago, IL 60606

Policy No: CUE 6050490303

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8. A change by the Named Insured or Insured(s) or a representative of same in the activities or property of the commercial or industrial enterprise which results in a material added risk, a materially increased risk or a materially changed risk, unless the added, increased, or changed risk is included in the policy.

A notice of cancellation will be in writing and will be delivered or mailed to the Named Insured, at the last mailing address known to the Insurer, and the producer of record at least sixty (60) days prior to the effective date of cancellation. Where cancellation is for nonpayment of premium, notice shall be given no less than ten (10) days prior to the effective date of cancellation.

- D. The notice will state the actual reason for the cancellation.
- E. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
- F. If notice is mailed, proof of mailing will be sufficient proof of notice.

II. PREMIUM REFUND

If this policy is cancelled, the Insurer will send the Named Insured any premium refund due. If the Insurer cancels the refund will be pro rata. If the Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if the Insurer has not made or offered a refund.

III. NON-RENEWAL

- A. The Insurer can non-renew the policy by giving written notice to the Named Insured, at the last mailing address known to the Insurer, and the producer of record at least sixty (60) days but not more than one hundred twenty (120) days before the expiration date.
- B. The notice of non-renewal will state the actual reason for non-renewal.
- C. If notice is mailed, proof of mailing will be sufficient proof of notice.
- D. A notice of non-renewal will not be required in any of the following situations:
1. The transfer of, or renewal of, a policy without change in its terms or conditions or the rate on which the premium is based between insurers that are members of the same insurance group.
 2. The policy has been extended for ninety (90) days or less, if the notice required has been given prior to the extension.
 3. The Named Insured has obtained replacement coverage or has agreed, in writing, within sixty (60) days of the termination of the policy, to obtain that coverage.
 4. The policy is for a period of no more than sixty (60) days and the Named Insured is notified at the time of issuance that it may not be renewed.
 5. The Named Insured requests a change in the terms or conditions or risks covered by the policy within sixty (60) days prior to the end of the policy period.
 6. The Insurer has made a written offer to the Named Insured, within the prescribed time period, to renew the policy under changed terms or conditions or at a changed premium rate, where the increase is more than 25%. As used herein, "terms or conditions" includes, but is not limited to, a reduction in limits, elimination of coverages, or an increase in deductibles.
- E. In the case of conditional renewal, failure of the Named Insured to satisfy conditions provided by the Insurer for renewal, by the expiration date of the policy or sixty (60) days after mailing or delivery of such notice, whichever is later, the conditional renewal shall be treated as an effective non-renewal.



IV. CONDITIONAL RENEWAL

- A.** If the policy has been in effect for more than sixty (60) days or if the policy is a renewal, effective immediately no increase in premium, reduction in limits, or change in the conditions of coverage shall be effective during the policy period unless based upon one of the following reasons:
1. Discovery of willful or grossly negligent acts or omissions, or of any violations of state laws or regulations establishing safety standards by the Named Insured or Insured(s) which materially increase any of the risks or hazards insured against.
 2. Failure by the Named Insured or Insured(s) to implement reasonable loss control requirements which were agreed to by the Insured as a condition of policy issuance or which were conditions precedent to the use by the Insurer of a particular rate or rating plan, if the failure materially increases any of the risks insured against.
 3. A determination by the commissioner that loss of or changes in an insurer's reinsurance covering all or part of the risk covered by the policy would threaten the financial integrity or solvency of the Insurer unless the change in the terms or conditions or rate upon which the premium is based is permitted.
 4. A change by the Named Insured or Insured(s) in the activities or property of the commercial or industrial enterprise which results in a materially added risk, a materially increased risk, or a materially changed risk, unless the added, increased, or changed risk is included in the policy.
- B.** A written notice will be mailed or delivered to the Named Insured, at the last mailing address known to the Insurer, and the producer of record at least sixty (60) days prior to the effective date of any increase, reduction or change.
- C.** The notice will state the effective date of, and the reasons for, the increase, reduction or change
- D.** If notice is mailed, proof of mailing will be sufficient proof of notice.

V. ADDITIONAL PROVISIONS

- A.** If the Insurer is an associate participating insurer as established by Cal. Ins. Code Section 10089.16, solely with respect to coverage for real property used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household property contained in a residential unit:
1. The Insurer shall not cancel or refuse to renew such coverage existing on the date the Insurer elected to become an associate participating insurer after an offer of earthquake coverage is accepted solely because the insured has accepted that offer of earthquake coverage; and
 2. The Insurer shall not cancel such coverage unless the policy is properly canceled pursuant to Paragraph I. above; and
 3. The Insurer may refuse to renew a policy of residential property insurance after an offer of earthquake coverage has been accepted only if:
 - a. The policy is terminated by the Named Insured;
 - b. The policy is refused renewal on the basis of sound underwriting principles that relate to the coverages provided by the policy and that are consistent with the approved rating plan and related documents filed with the Department of Insurance as required by existing law;
 - c. The Commissioner of Insurance finds that the exposure to potential losses will threaten the solvency of the Insurer or place the Insurer in a hazardous condition. A hazardous condition includes, but is not limited to, a condition in which the Insurer makes claims payments for



CNA Paramount Excess and Umbrella Liability Policy Endorsement

- losses resulting from an earthquake that occurred within the preceding two years and that required a reduction in policyholder surplus of at least twenty-five percent (25%) for payment of those claims; or
- d. The Insurer has lost or experienced a substantial reduction in the availability or scope of reinsurance coverage or a substantial increase in the premium charged for reinsurance coverage for its residential property insurance policies, and the Commissioner of Insurance has approved a plan for the nonrenewals that is fair and equitable, and that is responsive to the changes in the Insurer's reinsurance position.
- B. If this policy contains an exclusion barring coverage for the peril of corrosive soil conditions, the Insurer shall not cancel or refuse to renew the policy solely because corrosive soil conditions exist on the location.

All other terms and conditions of the policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the policy issued by the designated Insurers, takes effect on the Policy Effective Date of said policy at the hour stated in said policy, unless another effective date (the Endorsement Effective Date) is shown below, and expires concurrently with said policy unless another expiration date is shown below.

Form No: CNA62814CA (09-2012)

Endorsement Effective Date:

Endorsement No: 2; Page: 4 of 4

Underwriting Company: The Continental Insurance Company, 151 N Franklin St, Chicago, IL 60606

Endorsement Expiration Date:

Policy No: CUE 6050490303

Policy Effective Date: 12/31/2018

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CHANGES – NOTICE OF CANCELLATION ENDORSEMENT

This endorsement modifies insurance provided under the following:

PARAMOUNT EXCESS AND UMBRELLA LIABILITY POLICY

PARAMOUNT UMBRELLA LIABILITY POLICY

PARAMOUNT EXCESS LIABILITY POLICY

It is understood and agreed as follows:

- I. In the event of cancellation of this coverage during the **policy period** for a reason other than nonpayment of premium, the Insurer agrees to mail prior written notice of cancellation to:

SCHEDULE		
Name	Address	Number of Days Advanced Notice
Suez Water Management and Services Inc.	461 From Road Ste 400 Paramus, nj 07652	60
Water Systems Consulting, Inc.	3765 S. Higuera Street Suite 102 San Luis Obispo, CA 93401	60
City of Arlington Water Utilities Dept. - Attn: Ms. Jesse Allen, P.E.	Mail Stop 01-0200 P.O. Box 90231 Arlington, TX 76004-3231	60

- II. If this Endorsement is attached to the PARAMOUNT EXCESS LIABILITY POLICY, then the bolded term "**policy period**" is deleted in its entirety and replaced with the term "policy period".

All other terms and conditions of the policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the policy issued by the designated Insurers, takes effect on the Policy Effective Date of said policy at the hour stated in said policy, unless another effective date (the Endorsement Effective Date) is shown below, and expires concurrently with said policy unless another expiration date is shown below.

Form No: CNA75525XX (03-2015)

Endorsement Effective Date:

Endorsement Expiration Date:

Endorsement No: 3; Page: 1 of 1

Underwriting Company: The Continental Insurance Company, 151 N Franklin St, Chicago, IL 60606

Policy No: CUE 6050490303

Policy Effective Date: 12/31/2018

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NAMED INSURED ENDORSEMENT

This endorsement modifies insurance provided under the following:

PARAMOUNT EXCESS AND UMBRELLA POLICY

PARAMOUNT UMBRELLA LIABILITY POLICY

It is understood and agreed that if this endorsement is attached to the:

- A. PARAMOUNT EXCESS AND UMBRELLA LIABILITY POLICY, then under the section entitled **WHO IS AN INSURED**; or,
- B. PARAMOUNT UMBRELLA LIABILITY POLICY, then under the section entitled **WHO IS AN INSURED**;

The following persons or organizations are **Named Insured**:

SCHEDULE
Named Insured
CAROLLO ENGINEERS, INC.
ENVIRONMENTAL MANAGEMENT SERVICES, L.C.
CAROLLO CONSTRUCTORS, L.C.
CAROLLO DESIGN BUILD GROUP
ESTATE OF JOHN A. CAROLLO
CAROLLO ENGINEERS, P.C.
CAROLLO DESIGN-BUILD GROUP FLORIDA
CDB GROUP

All other terms and conditions of the policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the policy issued by the designated Insurers, takes effect on the Policy Effective Date of said policy at the hour stated in said policy, unless another effective date (the Endorsement Effective Date) is shown below, and expires concurrently with said policy unless another expiration date is shown below.

Form No: CNA75597XX (03-2015)

Endorsement Effective Date:

Endorsement Expiration Date:

Endorsement No: 4; Page: 1 of 1

Underwriting Company: The Continental Insurance Company, 151 N Franklin St, Chicago, IL 60606

Policy No: CUE 6050490303

Policy Effective Date: 12/31/2018

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UNDERLYING INSURANCE COVERAGE LIMITATION ENDORSEMENT

This endorsement modifies insurance provided under the following:

PARAMOUNT EXCESS AND UMBRELLA LIABILITY POLICY

PARAMOUNT UMBRELLA LIABILITY POLICY

It is understood and agreed as follows:

If this endorsement is attached to the:

- A. PARAMOUNT EXCESS AND UMBRELLA LIABILITY POLICY, then under **EXCLUSIONS**, the section entitled **Coverage B – Umbrella Liability Coverage Exclusions**; or
- B. PARAMOUNT UMBRELLA LIABILITY POLICY, then under **EXCLUSIONS**, the section entitled **Coverage A – Umbrella Liability Exclusions**,

it is amended with the addition of the following new exclusion:

Underlying Insurance Coverage Limitation

Notwithstanding anything to the contrary, this policy does not provide broader coverage than that which is provided by any **underlying insurance**.

In the event of any difference between:

- a. exclusions, restrictions, limiting terms or conditions in this policy and
 - b. exclusions, restrictions, limiting terms or conditions in the **underlying insurance**;
- addressing the same general risk or hazard, then the more restrictive provision shall apply.

All other terms and conditions of the policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the policy issued by the designated Insurers, takes effect on the Policy Effective Date of said policy at the hour stated in said policy, unless another effective date (the Endorsement Effective Date) is shown below, and expires concurrently with said policy unless another expiration date is shown below.

Form No: CNA76492XX (03-2015)

Endorsement Effective Date:

Endorsement Expiration Date:

Endorsement No: 5; Page: 1 of 1

Underwriting Company: The Continental Insurance Company, 151 N Franklin St, Chicago, IL 60606

Policy No: CUE 6050490303

Policy Effective Date: 12/31/2018

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