

C O N D O M I N I U M
A S S O C I A T I O N
I N S U R A N C E
P O L I C Y



Throughout this policy, the words "you" and "your" refer to the named insured shown in the "Declarations."
"We," "Us" and "Our" refer to the company providing this insurance.
Other words and phrases that appear in quotation marks have special meaning. Refer to XXVIII. DEFINITIONS SECTION.

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Signature Page

YOUR COMPLETE POLICY CONSISTS OF THE POLICY JACKET WITH THE COVERAGE FORM, DECLARATIONS AND ENDORSEMENTS, IF ANY.

IN WITNESS WHEREOF, QBE Insurance Corporation has caused this policy to be executed and attested, but this policy shall not be valid unless countersigned by a duly authorized representative of QBE Insurance Corporation.

Secretary Paul T. Myers

President Y. M. H.

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Throughout this policy the words “you” and “your” refer to the Named Insured shown in the “Declarations.” “We,” “us” and “our” refer to the company providing this insurance. Other words and phrases that appear in quotation marks have special meaning. Refer to XXVIII. DEFINITIONS SECTION.

I. PROPERTY DIRECT COVERAGES SECTION

We will pay for direct physical loss of or damage to “covered property” caused by or resulting from any COVERED CAUSE OF LOSS under III.A. COVERED CAUSES OF LOSS. Coverage is provided only when a limit of insurance is shown in the “Declarations.”

Unless otherwise specified, “covered property” must be located within the “coverage territory.”

Unless otherwise specified in this section, all EXCLUSIONS under III.B. EXCLUSIONS apply.

Coverage is also provided for “covered property” which is not damaged but which must be removed and replaced in order to repair “covered property” which is damaged by a COVERED CAUSE OF LOSS under III.A. COVERED CAUSES OF LOSS.

A. GENERAL COMMUNITY PROPERTY

Unless otherwise specified, coverage is provided for the following property if it is on or within 1,000 feet of the “premises.” However, the following property does not include any property which is covered, or would be covered except for the exhaustion of the applicable limits of insurance, under I.B. SPECIAL COMMUNITY PROPERTY.

1. BUILDINGS AND STRUCTURES

Coverage is provided for:

a. BUILDINGS

Buildings that are described in the “Declarations” and used in whole or in part as:

residences, clubhouses, meeting centers, boat houses, garages, sewage treatment facilities, and buildings which house heating and air conditioning plants.

b. STRUCTURES

Structures not described in the “Declarations” and used in whole as:

cabanas, courts for hand ball, courts for racquet sports, pool houses, gate houses, storage sheds, shelters, mailboxes, gazebos, pump houses, fences, walkways, roadways, other paved surfaces, recreation fixtures, outdoor fixtures, outdoor

“swimming pools,” flagpoles, light poles, fountains, outside statues and freestanding walls, other than retaining walls.

Buildings and structures not specified in a. and b. above are covered only when specifically described in the “Declarations.”

Buildings and structures include: pipes, wires, conduits, ducts, chutes, flues, and utilities; heating, ventilating and cooling systems; sprinkler, fire protection and security systems; permanently installed building machinery and equipment and other mechanical elements, all whether above or below ground; balconies; indoor or rooftop “swimming pools”; porches; decks; patios; and other property not within “units.”

Coverage includes the following property not within “units”: additions, alterations and structural repairs, whether or not complete; finishes, coatings and coverings of walls, floors and ceilings; and permanently installed appliances and fixtures.

2. “UNITS”

“Units” are covered only when a limit of insurance is shown in the “Declarations” for either one or both of the following:

a. ORIGINAL SPECIFICATIONS

Any property included in “units” which was initially installed in accordance with your condominium’s original plans and specifications or a replacement of like kind and quality of such property.

b. ADDITIONAL INSTALLATIONS

Improvements and betterments made to “units.” This coverage is in addition to the coverage provided in I.A.2.a. ORIGINAL SPECIFICATIONS, above.

3. COMMUNITY PERSONAL PROPERTY

Coverage is provided for property which satisfies all of the following:

- a. Owned by you or leased by you for which you have a contractual responsibility to insure.

- b. Used in connection with the “premises.”
- c. Not permanently attached to or installed in any building or structure.
- d. Comprised of:
 - (1) Tools; construction materials; building supplies; indoor and outdoor furnishings; decorations; fixtures; equipment; appliances; machinery; window treatments; and other community personal property.
 - (2) Materials, equipment, supplies and temporary structures used for making additions, alterations or structural repairs to any building or structure.
 - (3) Your interest in the labor, materials or services furnished or arranged by you on personal property of others.
 - (4) Temporary or seasonal structures.

B. SPECIAL COMMUNITY PROPERTY

Unless specified otherwise, coverage is provided for the following property if it is on or within 1,000 feet of the “premises.”

1. STRUCTURAL GLASS AND SIGNS

Coverage is provided for structural glass and signs and the following expenses of:

- a. Temporary repairs necessary to avoid further loss or damage covered by this insurance;
- b. Removal of obstructions as necessary to make repairs and returning them to their original positions;
- c. Repair or replacement of frames, encasements or housings, posts or poles, including weatherproofing, when such property is damaged in the same loss;
- d. Repair or replacement of lettering, art work, coatings, tints, films, stickers, decals, ornamentation and protective safeguards on the glass or sign.

Only exclusions 1.c., 1.d., 1.e., 2.a.(1), 2.b. and 2.c. of III.B. EXCLUSIONS apply to this coverage.

2. BRIDGES, BULKHEADS, DOCKS, PIERS, RETAINING WALLS AND WHARVES

Coverage is provided for your bridges, bulkheads, docks, piers, retaining walls and wharves.

3. SATELLITE DISHES AND ANTENNAS

Coverage is provided for your outdoor: satellite dishes, radio, television and other antennas, including wiring, masts, footings, foundations, moorings and towers.

4. NATURAL PROPERTY

Coverage is provided for your live trees, plants, shrubs and lawns.

Coverage is specifically limited to only the following Causes of Loss:

- a. Fire;
- b. Lightning;
- c. Explosion;
- d. Vehicle;
- e. Aircraft;
- f. Riot;
- g. Civil commotion;
- h. Vandalism; and
- i. “Theft.”

5. NEWLY ACQUIRED OR CONSTRUCTED PROPERTY

Your Newly Acquired or Constructed Property is covered for up to 90 days during the reporting period specified in VI.M. REPORTING REQUIREMENTS.

Coverage is provided as follows:

a. NEWLY ACQUIRED BUILDINGS AND STRUCTURES

Buildings and structures you acquire at locations other than the “premises.” These buildings and structures must be used for purposes similar to those described in the “Declarations.”

b. NEWLY CONSTRUCTED BUILDINGS AND STRUCTURES

Your separate, new buildings and structures while being built on the “premises.”

c. NEWLY ACQUIRED COMMUNITY PERSONAL PROPERTY

Your newly acquired community personal property while at locations owned, leased or operated by you other than the “premises.”

6. “MONEY” AND “SECURITIES”

Coverage is provided for your “money” and “securities” only when it is at any of the following locations:

- a. On the “premises.”
- b. At a “banking premises.”
- c. Within the living quarters of an authorized representative.

Coverage is provided for your “money” and “securities” in the custody of an authorized representative while enroute between any of the above locations.

Only exclusions 1.c., 1.d., 1.e., 2.c.(2), 2.c.(3), 2.c.(4), 3.c. and 3.e. of III.B. EXCLUSIONS apply to this coverage.

7. COMPUTER EQUIPMENT, “MEDIA” AND SUPPLIES

Coverage is provided for your computer equipment, “media” and supplies. Coverage is also provided for computer equipment, “media” and supplies for which you are legally liable.

The coverage for “media” shall not exceed the cost of blank “media” or duplicates of like kind and quality, such as prepackaged software programs, if duplicate material is available on the current retail market.

Exclusions 1.b. and 1.f. of III.B. EXCLUSIONS do not apply to this coverage.

8. PAPERS, RECEIVABLES AND RECORDS

Coverage is provided for your “valuable papers and records” and records of accounts receivable. We will pay the cost of unexposed or blank material for reproducing the papers or records, if they cannot be replaced with existing duplicate material of like kind and quality.

Coverage is provided for your “valuable papers and records” and records of accounts receivable only when it is at any of the following locations:

- a. On the “premises.”
- b. At the premises of your real estate manager.
- c. Within the living quarters of an authorized representative.

Coverage is provided for your “valuable papers and records” and records of accounts receivable in the custody of an authorized representative while enroute between any of the above locations.

Exclusions 1.b. and 1.f. of III.B. EXCLUSIONS do not apply to this coverage.

9. “FINE ARTS”

Coverage is provided for your “fine arts.”

10. “PERSONAL EFFECTS”

Coverage is provided for “personal effects” owned by your directors, officers, or “employees” while acting in the scope of their duties as such.

11. PERSONAL PROPERTY OF OTHERS

Coverage is provided for personal property of others in your care, custody or control.

Limitation 3. of III.C. LIMITATIONS does not apply to this coverage.

12. ELEVATOR COLLISION

Coverage is provided for personal property of others in your care, custody or control for damage caused by collision of the elevator, or any property inside, with the elevator or any other objects.

C. SPECIFIED PROPERTY OFF “PREMISES” AND IN TRANSIT

Coverage under A. GENERAL COMMUNITY PROPERTY, B. SPECIAL COMMUNITY PROPERTY, other than “valuable papers and records” and “money” and “securities,” is extended to losses occurring while not on or within 1,000 feet of the “premises” as follows:

1. OFF “PREMISES”

Coverage is provided while the property is temporarily at other locations within the “coverage territory.”

2. IN TRANSIT

Coverage is provided while the property is on conveyances being operated between points in the “coverage territory.”

Exclusions 1.b. and 1.f. of III.B. EXCLUSIONS do not apply to these coverages.

D. PROPERTY NOT COVERED

“Covered property” does not include:

1. Animals.
2. Contraband or property in the course of illegal transportation or trade.
3. Land, including land on which property is located, and growing crops.
4. Water.
5. Self-propelled vehicles and machines,

including aircraft and watercraft, that satisfy any of the following:

- a. Are licensed or registered for use on public roads.
- b. Are operated principally away from the "premises."
- c. Are held for sale.

Except rowboats or canoes out of water at the "premises."

6. Dams.
7. Tunnels.

II. PROPERTY CONSEQUENTIAL COVERAGES SECTION

Unless specified otherwise, coverages apply as a consequence of direct physical loss or damage to "covered property" caused by or resulting from a COVERED CAUSE OF LOSS for which a limit of insurance is shown for such "covered property" in the "Declarations." The coverages in this section are only provided when limits of insurance are shown in the "Declarations."

A. MAINTENANCE FEES AND ASSESSMENTS

We will pay for all maintenance fees and assessments due you from unit owners which you have been unable to collect during the "period of restoration."

B. COMMUNITY INCOME

We will pay for the loss of community income, including loss of rent or loss of lease payments, due to the suspension of your operations during the "period of restoration." Community income does not include maintenance fees and assessments.

C. EXTRA EXPENSE

We will pay for the extra expense, specified below, you incur to continue normal community operations during the "period of restoration."

Extra Expense includes:

1. Any extra expense to avoid or minimize the suspension of business and to continue normal community operations:
 - a. At the "premises"; or
 - b. At replacement premises or at temporary locations, including:

- (1) Relocation expenses; and
- (2) Costs to equip and operate the replacement or temporary locations.

2. All reasonable expenses for transportation and storage with regard to II.H.2. PROPERTY REMOVAL.
3. Reasonable costs to repair or replace any property to the extent it reduces the amount of loss that would have been payable under II.C. EXTRA EXPENSE.

This coverage does not apply to any additional expenses of individual unit owners and costs included in II.D. ACCOUNTS RECEIVABLE, EXPENSES, II.E. "MEDIA" COSTS and II.F. "VALUABLE PAPERS AND RECORDS" COSTS.

D. ACCOUNTS RECEIVABLE EXPENSES

We will pay the following costs for lost or damaged accounts receivable:

1. All amounts due you, that you are unable to collect;
2. Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
3. Collection expenses in excess of your normal collection expenses that are made necessary by the loss or damage; and
4. Other reasonable expenses that you incur to reestablish your records of accounts receivable.

E. "MEDIA" COSTS

We will pay for the cost to research and restore the information on lost or damaged "media" for which duplicates do not exist.

F. "VALUABLE PAPERS AND RECORDS" COSTS

We will pay for the cost to research and restore the information on lost or damaged "valuable papers and records."

G. ORDINANCE OR LAW COVERAGE

With respect to property described under I.A.1. BUILDINGS AND STRUCTURES and I.A.2. "UNITS" that has sustained covered direct physical damage, coverage is provided for the following:

1. COVERAGE FOR LOSS TO THE UNDAMAGED PORTION OF THE BUILDING

We will pay for the loss in value of the undamaged portions of the same building as a consequence of enforcement of an ordinance or law that requires demolition of undamaged parts of the same building.

2. DEMOLITION COST COVERAGE

We will pay the cost to demolish and clear the site of undamaged parts of the same building as a consequence of enforcement of an ordinance or law that requires demolition of such undamaged building.

3. INCREASED COST OF CONSTRUCTION COVERAGE

We will pay the increased cost to:

- a. Repair or reconstruct damaged portions of the same building; and/or
- b. Reconstruct or remodel undamaged portions of the same building whether or not demolition is required;

4. INCREASED PERIOD OF RESTORATION COVERAGE

When coverage provided by 1., 2. or 3. above applies, we will extend the coverage provided under II.A. MAINTENANCE FEES AND ASSESSMENTS, II.B. COMMUNITY INCOME and II.C. EXTRA EXPENSE to include the amount of actual and necessary loss you sustain during the increased period of restoration of normal community operations.

These coverages are only provided if the ordinance or law:

- 1. Regulates the demolition, construction or repair of buildings or structures, or establishes zoning or land use requirements at the described "premises"; and
- 2. Is in force at the time of loss.

These coverages will apply only in response to the minimum requirements of the ordinance or law. Losses or costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered.

H. REMOVAL COVERAGES

1. DEBRIS REMOVAL

We will pay your expenses to remove debris except for expenses to extract "pollutants" from land or water; or remove, restore or replace polluted land or water.

2. PROPERTY REMOVAL

If it is necessary to temporarily move "covered property" from any site to preserve it from a COVERED CAUSE OF LOSS, we will pay for any direct physical loss or damage to that property:

- a. While it is being moved or while temporarily stored at any other site or location; but
- b. Only if the loss or damage to the removed property occurs within 30 days after it is first moved.

3. REMOVAL OF FALLEN TREES

We will pay the reasonable expense you incur removing any fallen tree from your "premises," provided that, in falling, the tree damaged "covered property" and provided further:

- a. That the tree is not "covered property," but the cause of its falling was a COVERED CAUSE OF LOSS, except "collapse"; or else
- b. That the tree is "covered property," but the cause of its falling was a COVERED CAUSE OF LOSS other than fire, lightning, explosion, vehicle, aircraft, riot, civil commotion, "collapse," vandalism, and "theft."

III. PROPERTY CAUSES OF LOSS, EXCLUSIONS AND LIMITATIONS SECTION

A. COVERED CAUSES OF LOSS

Covered Causes of Loss includes IV. ADDITIONAL COVERED CAUSES OF LOSS SECTION and means immediate and direct physical loss or damage to "covered property" unless the loss is excluded under III.B. EXCLUSIONS.

B. EXCLUSIONS

- 1. Except as otherwise specified, we will not pay for loss or damage which would not have occurred in the absence of one or more of the following excluded events regardless of:

(a) the cause of the excluded event; (b) other causes of the loss; or (c) whether other causes acted concurrently or in any sequence with the excluded event to produce the loss:

a. ORDINANCE OR LAW

The enforcement of any ordinance or law which:

- (1) Regulates the construction, use or repair of any property; or
- (2) Requires the tearing down of any property, including the cost of removing its debris.

Except as provided under II.G. ORDINANCE OR LAW COVERAGE.

b. EARTH MOVEMENT

- (1) Earthquake, including any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;
- (4) Earth sinking (other than "sinkhole collapse,") rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.
- (5) "Volcanic eruption." However, if "volcanic eruption" results in fire, building glass breakage or "volcanic action", we will pay for the loss or damage caused by that fire, building glass breakage or "volcanic action." All "volcanic eruptions" that occur within any 168 hour period will constitute a single occurrence.

However, if earth movement, as described in b.(1) through b.(4) above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

c. GOVERNMENTAL ACTION

Seizure or destruction of property by order of governmental authority.

However, we will pay for acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would otherwise be covered.

d. NUCLEAR HAZARD

Nuclear reaction or radiation or radioactive contamination, however caused.

However, if loss or damage by fire results, we will pay for that resulting loss or damage.

e. "WAR" AND MILITARY ACTION

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

f. WATER

- (1) "Flood" and surface water comprised of any of the following:
 - (a) "Flood";
 - (b) Waves, wave wash, spray, tides, tidal waves or tsunamis;
 - (c) Surface water or any body or other collection of water, regardless of its source, and the overflow, whether or not wind driven, of any such water. This exclusion applies regardless of whether any such water or its overflow is:
 - (i) A natural or otherwise occurring phenomenon; and
 - (ii) A temporary or permanent phenomenon; or
 - (d) "Mudflow."
- (2) Water under the surface of the ground whether or not it is pressing on or flowing or seeping through:

- (a) Foundations, basements, walls, or floors;
 - (b) Any paved surfaces;
 - (c) Doors, windows; or
 - (d) Sump pumps, sump wells and other openings in (a) and (b) above other than sewers and drains inside buildings.
- (3) Continuous or repeated seepage or leakage of water that occurs over a period of time.
- (4) Overflow, leakage or seepage of water, other liquids, gases, powder or molten material from any source except fire protective systems, unless reasonable maintenance operations have been practiced.
- (5) Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment, except fire protective systems, caused by or resulting from freezing, unless due diligence has been exercised to:
- (a) Maintain heat in the building, structure and "unit"; or
 - (b) Drain all the equipment and shut off the supply if the heat is not maintained.

However, with respect to (1) and (2) above, if loss or damage, by fire, explosion, sprinkler leakage, pressure, mechanical or electrical results, we will pay for that resulting loss or damage.

However, with respect to (3), (4) and (5) above, if a COVERED CAUSE OF LOSS results, we will pay for any loss or damage it causes which would otherwise be covered.

2. We will not pay for loss or damage caused by or resulting from any of the following:
- a. ATMOSPHERE AND ENVIRONMENT**

- (1) The following causes of loss to personal property, structural glass and signs caused by:
 - (a) Dampness or dryness of the atmosphere;
 - (b) Changes in or extremes of temperature; or

- (c) Marring or scratching, unless caused by the application of chemicals to glass.

However, if loss or damage by the "Specified Causes of Loss" or structural glass breakage results, we will pay for that resulting loss or damage.

- (2) Smog;
- (3) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals;
- (4) Falling objects, rain, snow, ice or sleet to personal property in the open;
- (5) Smoke, vapor or gas from agricultural smudging or industrial operations.
- (6) Weather conditions. Except that this exclusion applies only if weather conditions contribute in any way with a cause or event excluded in III.B.1. to produce loss or damage. However, if a COVERED CAUSE OF LOSS results, we will pay for the loss or damage caused by that COVERED CAUSE OF LOSS.

b. MATERIAL FACTORS

- (1) Wear and tear;
- (2) Rust, corrosion, decay, contamination or deterioration.
- (3) Latent defect, innate or inherent vice or any quality in the property that causes it to damage or destroy itself.
- (4) Settling, cracking, bulging, shrinking or expanding.
- (5) Based upon or arising out of the existence of, exposure to or required removal or abatement of rot, mold, or mildew or other fungi, regardless of whether such rot, mold, or mildew or other fungi ensues from any cause or condition including, but not limited to, any such cause or condition involving the presence, discharge or infiltration of moisture, vapor, water or any other liquid or any damage related thereto.

However, if loss or damage to covered pressure, mechanical or electrical equipment results, we will pay for that

resulting loss or damage to such equipment.

c. MORAL FACTORS

(1) "Theft" of property from the inside of an unattended vehicle or trailer unless:

- (a) Contained in a securely locked body or compartment of the vehicle; and
- (b) There are visible marks of forced entry.

(2) Forgery, or counterfeiting of "money," "securities" or "fine arts."

Except as provided under IV.B. WORLD WIDE CRIME COVERAGES.

(3) Dishonest or criminal act by you, any of your employees, directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:

- (a) Acting alone or in collusion with others; or
- (b) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees. However, "theft" by employees is not covered.

Except as provided under IV.B. WORLD WIDE CRIME COVERAGES.

(4) Property contained in any money operated device unless the amount of money deposited in it is recorded by a continuous recording instrument in the device.

(5) Property that has been voluntarily parted with by you or by anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device, or false pretense. This includes wrongful conversion.

d. "COLLAPSE"

"Collapse."

However, if loss or damage by another COVERED CAUSE OF LOSS results at

the "premises," we will pay for the resulting loss or damage.

Except as provided under IV.A. "COLLAPSE" COVERAGE.

e. POLLUTION

Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "Specified Causes of Loss."

However, if loss or damage by "Specified Causes of Loss" results, we will pay for the resulting damage caused by "Specified Causes of Loss."

f. ASBESTOS

Caused by, based on, attributable to, related to or in any manner and at any time arising out of:

- (1) The use, installation, storage, withdrawal, removal, encapsulation, destruction, containment, testing, distribution, exposure, ownership, sale or disposal of asbestos, asbestos fibers, asbestos dust or material containing asbestos.
- (2) Any error or omission in supervision, instructions, recommendations, notices, warnings or advice given, or which should have been given, in connection with asbestos, asbestos dust, asbestos fibers or material containing asbestos.

3. ACTS OR OMISSIONS

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

- a. Acts, decisions, errors or omissions, including the failure to act or decide, of any person, group, organization or governmental body;
- b. Faulty, inadequate, defective, or negligent:
 - (1) Planning, zoning, development, surveying, siting;
 - (2) Design, testing, specifications, workmanship, repair, construction, renovation, remodeling, grading, earth compaction;
 - (3) Materials used in repair, construction, renovation or remodeling; or

- (4) Maintenance. However, if loss or damage to covered pressure, mechanical or electrical equipment results, we will pay for that resulting loss or damage to covered pressure, mechanical or electrical equipment.
- c. Giving or surrendering of property in any exchange or purchase for which the only proof of which, as to its existence or amount, is an inventory computation; or a profit and loss computation.
- d. Programming, coding, data entry or data manipulation errors including accidental erasure; or
- e. Accounting or arithmetical errors or omissions.

However, if a COVERED CAUSE OF LOSS results, we will pay for the loss or damage caused by that COVERED CAUSE OF LOSS.

C. LIMITATIONS

We will not pay for loss of or damage to property, as described and limited below. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited below.

1. To a "unit" caused by or resulting from vandalism committed by a tenant, other than yours.
2. To the interior of any building or structure caused by or resulting from ice, rain, snow, sleet, water, sand or dust, all whether wind driven or not, unless:
 - a. The loss or damage is caused by or results from thawing or melting of snow, sleet or ice on the building or structure; or
 - b. The building or structure first sustains damage by a COVERED CAUSE OF LOSS to an exterior surface through which the ice, rain, snow, sleet, water, ice, sand or dust enters.
3. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.
4. Property that has been transferred to a person or to a place outside the premises on the basis of unauthorized instructions.
5. Breakage of fragile articles such as "fine arts," glassware, statuary, marbles, chinaware and porcelains unless caused by "Specified Causes of Loss."

This limitation does not apply to:

 - a. Coverage provided under I.B.1. STRUCTURAL GLASS AND SIGNS; or
 - b. Containers of property held for sale; or
 - c. Photographic or scientific instrument lenses.
6. To all delinquent and prospective maintenance fees and assessments owed by any person or organization whose payments of such amounts are not current as of the date of loss. This limitation applies to all such fees and assessments, whether they are due as of or after the date the "period of restoration" commences.
7. With regard to II.G. ORDINANCE OR LAW COVERAGE, we will not pay for the costs associated with the enforcement of any ordinance or law which:
 - a. Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize or in any way respond to or assess the effects of "pollutants."
 - b. Relates in any way to asbestos or lead or any product or material containing asbestos or lead. This includes the use, installation, storage, withdrawal, removal, encapsulation, destruction, containment, or disposal of any such product or material.
 - c. Is based upon or arising out of the existence, exposure to, required removal or abatement of rot, mold, or mildew or other fungi, regardless of whether such rot, mold, or mildew or other fungi ensues from any cause or condition including, but not limited to, any such cause or condition involving the presence, discharge or infiltration of moisture, vapor, water or any other liquid or any damage related thereto.

IV. PROPERTY ADDITIONAL COVERED CAUSES OF LOSS SECTION

A. "COLLAPSE" COVERAGE

1. We will pay for direct physical loss or damage to "covered property" if the "collapse" is caused by one or more of the following:
 - a. The "Specified Causes of Loss" or breakage of structural glass, all only as insured against in this Property Coverage Part;
 - b. Decay that is hidden from view, unless the presence of such decay is known to anyone acting on your behalf prior to collapse;
 - c. Insect or vermin damage that is hidden from view, unless the presence of such decay is known to anyone acting on your behalf prior to collapse;
 - d. Weight of people or personal property;
 - e. Weight of rain that collects on a roof;
 - f. Use of defective material or methods in construction, remodeling or renovation if the "collapse" occurs during the course of the construction, remodeling or renovation. However, if the "collapse" occurs after construction, remodeling or renovation is complete and is caused in part by a cause of loss listed in A.1.a. through A.1.e. above, we will pay for the loss or damage even if use of defective material or methods in construction, remodeling or renovation contributes to the collapse.

The criteria set forth in the definition of "collapse" does not limit the coverage otherwise provided under paragraph III.A. COVERED CAUSES OF LOSS for the causes of loss listed in 1.a., 1.d., and 1.e. above.

2. PROPERTY NOT COVERED - "COLLAPSE"

- a. The following types of property are not covered:
 - (1) Outdoor: satellite dishes, radio, television and other antennas, including wiring;
 - (2) Masts or towers;
 - (3) Awnings;
 - (4) Gutters and downspouts;

- (5) Yard fixtures;
 - (6) Outdoor "swimming pools";
 - (7) Fences;
 - (8) Piers, wharves or docks;
 - (9) Beach or diving platforms or appurtenances;
 - (10) Retaining walls; or
 - (11) Walks, roadways or other paved surfaces.
- b. Unless the loss or damage is:
 - (1) Caused by "Specified Causes of Loss"; or
 - (2) A direct result of the "collapse" of a building or structure caused by a COVERED CAUSE OF LOSS.
3. If personal property abruptly falls down or caves in and such event is not the result of "collapse" of a building or structure, we will pay for loss or damage to "covered property" caused by such falling down or caving in of personal property only if the falling down or caving in:
 - a. Was caused by a cause of loss listed in A.1.a. through A.1.f.;
 - b. Is of personal property inside a building or structure; and
 - c. Is of property not of a kind listed in A.2. regardless of whether that kind of property is considered to be personal property or real property.

The coverage stated in this paragraph 3. does not apply to personal property if marring and scratching, or both, is the only damage to that personal property caused by the falling down or caving in.

B. WORLD WIDE CRIME COVERAGES

Coverage is provided only when a limit of insurance is shown in the "Declarations."

1. "EMPLOYEE DISHONESTY"

We will cover "Employee Dishonesty" that directly results in loss of, and loss from damage to all tangible property and "money" and "securities" anywhere in the world.

2. "COMPUTER FRAUD"

We will cover "Computer Fraud" that directly results in loss of, and loss from

damage to all tangible property and “money” and “securities” anywhere in the world.

3. “DEPOSITORS FORGERY”

We will cover “Depositors Forgery” coverage that directly results in loss of any “covered instrument” anywhere in the world.

V. PROPERTY SUPPLEMENTARY PAYMENTS SECTION

Coverage is provided only when a limit of insurance is shown in the “Declarations.”

A. ARSON, VANDALISM AND DELIBERATE AND MALICIOUS ACTS REWARD

A reward for “new information” leading to a conviction in connection with a COVERED CAUSE OF LOSS resulting from arson, vandalism and deliberate and malicious acts.

B. FIRE DEPARTMENT SERVICE CHARGES

We will pay for your liability for fire department service charges, when the fire department is called to save or protect “covered property” from a COVERED CAUSE OF LOSS if:

1. Assumed by contract prior to a loss; or
2. Required by local ordinance.

C. FIRE EXTINGUISHER RECHARGE

The cost to recharge fire extinguishers used in combating an actual or suspected COVERED CAUSE OF LOSS.

D. “POLLUTANT” CLEAN UP AND REMOVAL

We will pay your expense to extract “pollutants” from land or water at the “premises” if the discharge, dispersal, seepage, migration, release or escape of the “pollutants” is caused by or results from a COVERED CAUSE OF LOSS that occurs during the policy period.

This coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of “pollutants.” However, we will pay for testing which is performed in the course of extracting the “pollutants” from the land or water.

VI. PROPERTY CONDITIONS SECTION

The Property Coverage Part is subject to the following conditions.

A. CONCEALMENT, MISREPRESENTATION OR FRAUD

This Property Coverage Part is void in any case of fraud by you as it relates to this Property Coverage Part at any time. Also, this Property Coverage Part is void if you, or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

1. The Property Coverage Part;
2. The “covered property”;
3. Your interest in the “covered property”; or
4. A claim under this Property Coverage Part

Under this condition you also means any officer, director, or trustee when acting on your behalf.

B. CONTROL OF PROPERTY

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

C. BREACH OF CONDITIONS

The breach of any condition of this Property Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss, the breach of condition does not exist.

D. LEGAL ACTION AGAINST US

No one may bring a legal action against us under this Property Coverage Part unless:

1. There has been full compliance with all of the terms of this Property Coverage Part; and
2. The action is brought within two years after the date on which the direct physical loss or damage occurred.

E. NO BENEFIT TO BAILEE

No person or organization, other than you, having custody of “covered property” will benefit from this insurance.

F. OTHER INSURANCE AND RECOVERY

1. This insurance is primary with regard to any other insurance in the name of any unit owner which covers the same property.
2. You may have other insurance subject to the same plan, terms, conditions and provisions

as the insurance under this Property Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable limit of insurance under this Property Coverage Part bears to the sum of the limits of all insurance covering on the same basis; and

3. If there is other insurance covering the same loss or damage, other than described in 1. or 2. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable limit of insurance.

However, with respect to any property described in provision I.B.5. **NEWLY ACQUIRED OR CONSTRUCTED PROPERTY**, if loss or damage is also covered by insurance available to the developer, contractor or builder which is performing or which has performed construction or renovation to any such property, this insurance does not apply at all.

4. With respect to property in the care and custody of an armored motor vehicle company, we will pay only for the amount of loss that you cannot recover:
 - a. Under your contract with the armored motor vehicle company; and
 - b. From any insurance or indemnity carried by, or for the benefit of customers of, the armored motor vehicle company.

G. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

1. If any person or organization to or for whom we make payment under this Property Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them.
2. Other than the builder, developer or sponsor, for acts or omissions performed as the builder, developer or sponsor, you may waive your rights against another party in writing:

- a. Prior to a covered loss; or
- b. After a covered loss, only if, at the time of the loss, that party is one of the following:
 - (1) An insured on this policy; or
 - (2) A tenant of yours.

Unless the payment is a result of any uncollected amounts for maintenance fees and assessments under **II.A. MAINTENANCE FEES AND ASSESSMENTS**; accounts receivable under **II.D. ACCOUNTS RECEIVABLE EXPENSES**; or any dishonest or criminal act covered under **IV.B. WORLD WIDE CRIME COVERAGES**.

3. Unless the payment is a result of any uncollected amounts for maintenance fees and assessments under **II.A. MAINTENANCE FEES AND ASSESSMENTS**; accounts receivable under **II.D. ACCOUNTS RECEIVABLE EXPENSES**; or any dishonest or criminal act covered under **IV.B. WORLD WIDE CRIME COVERAGES**, we waive any rights which this condition may give us against all of the following:
 - a. You.
 - b. Members of the board of directors for acts or omissions within the scope of their duties for you.
 - c. Any unit owner and residing household members.

We reserve our right, however, to recover against the builder, developer or sponsor for acts or omissions that the builder, developer or sponsor may be liable for in the capacity as a builder, developer or sponsor.

H. MORTGAGE HOLDER RIGHTS

1. The term mortgage holder includes trustee.
2. If the condominium is terminated, we will pay for covered loss of, or damage to, buildings or structures to each mortgage holder shown on the "Declarations" in order of their precedence, as interests may appear.

In all other respects, we will pay for loss to buildings or structures to you or the designated insurance trustee in accordance with **VI.O. LOSS PAYMENT**.

3. The mortgage holder has the right to receive loss payment even if the mortgage holder has started foreclosure or similar action on the building or structure.
4. If we deny your claim because of your acts or because you have failed to comply with the terms of this policy, the mortgage holder will still have the right to receive loss payment if the mortgage holder:
 - a. Pays any premium due under this policy at our request if you have failed to do so;
 - b. Submits a signed sworn statement of loss within 60 days after receiving notice from us of your failure to do so; and
 - c. Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgage holder.

All of the terms of this policy will then apply directly to the mortgage holder.

5. If we pay the mortgage holder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this policy:
 - a. The mortgage holder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
 - b. The mortgage holder's right to recover the full amount of the mortgage holder's claim will not be impaired.

At our option, we may pay to the mortgage holder the whole principal of the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

6. If we cancel this policy, we will give written notice to the mortgage holder at least 30 days before the effective date of cancellation.
7. If we elect not to renew this policy, we will give written notice to the mortgage holder at least 30 days before the expiration date of this policy.

I. INSURED'S DUTIES IN THE EVENT OF LOSS OR DAMAGE

Failure to perform these duties will impair your rights under this Property Coverage Part or could result in denial of coverage.

1. Notify us in writing of any clean up or removal expenses for debris and "pollutants" within 180 days of the earlier of the following:
 - a. The date of the direct physical loss or damage which creates the debris or pollution; or
 - b. The expiration date of this policy.
2. With regard to unpaid maintenance fees and assessments, community income and accounts receivable under II.A. MAINTENANCE FEES AND ASSESSMENTS, II.B. COMMUNITY INCOME and II.D. ACCOUNTS RECEIVABLE EXPENSES you must:
 - a. Make a reasonable effort to collect them;
 - b. Not waive your right to collect them; and
 - c. Cooperate with us in taking action to collect any such amounts you have been unable to collect after reasonable effort. The taking of any such action shall be at our sole election.
3. Notify the police if a law may have been broken.
4. Give us prompt notice of the loss or damage and include a description of the property involved.
5. With regard to "money" and "securities," you must keep adequate records of the covered property to substantiate the amount of your claim.
6. With regard to the "depositor's forgery" of any "covered instrument," you must include with your proof of loss any instrument involved in that loss, or, if that is not possible, an affidavit setting forth the amount and cause of loss.
7. As soon as possible, give us a description of how, when and where the loss or damage occurred.
8. Take all reasonable steps to protect the "covered property" from further damage. If feasible, set the damaged property aside and in the best possible order for examination.
9. At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.

10. As often as may reasonably be required, permit us to inspect the property and records proving the loss or damage. Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis. Permit us to make copies from your books and records.
11. Permit us to question you under oath at such times as may be reasonably required about any matter relating to this insurance or your claim, including your books and records. In such event, your answers must be signed.
12. Send us a signed, sworn statement of loss containing the information we request to investigate or settle the claim. You must do this within 60 days.
13. Cooperate with us in the investigation or settlement of the claim.

J. LIMITS OF INSURANCE

1. Regardless of the number of years this insurance remains in force or the number of premiums paid, no limit of insurance accumulates from policy term to policy term.
2. Unless otherwise specified, the most we will pay for loss or damage is the applicable limit of insurance shown in the "Declarations." With regard to property you rent or lease from others, we shall pay the amount any lease or rental agreement specifies as the least you owe if that amount is greater than the property's replacement cost. However, we will not pay the owners more than their financial interest in the "covered property."
3. Unless otherwise specified, in the "Declarations," the applicable limits of insurance apply on a per occurrence basis.
4. With regard to IV.B. WORLD WIDE CRIME COVERAGES provided under this policy, loss is covered only if:
 - a. Discovered not later than one year from the termination of this coverage; and
 - b. Subject to 5. below, the loss is sustained during the effective period of this coverage.
5. With regard to IV.B.1. "EMPLOYEE DISHONESTY" coverage provided under this policy:

- a. If you or your predecessor in interest sustained loss during the period of any prior insurance for which you or your predecessor in interest could have recovered under such prior insurance but for the failure of you or your predecessor in interest to discover such loss within the time period allowed by such prior insurance, we will pay such loss under this insurance, provided:
 - (1) This insurance became effective at the time of cancellation or termination of the prior insurance; and
 - (2) The loss would have been covered by this insurance had it been in effect when the acts or events causing the loss were committed or occurred.
- b. The most we will pay is the larger of the amount recoverable under this insurance or prior insurance for any loss covered:
 - (1) Partly by this insurance; and
 - (2) Partly by any prior canceled or terminated insurance that we or any affiliate had issued to you or any predecessor in interest.

K. DEDUCTIBLE

1. PER OCCURRENCE DEDUCTIBLE

We will not pay for loss, damage or expense in any one occurrence until the amount of loss, damage or expense exceeds the deductible shown in the "Declarations." We will then pay the amount of loss, damage or expense in excess of such deductible up to the applicable limit of insurance. Except for 2. below, when any occurrence is subject to more than one deductible, we will apply only the highest deductible.

2. PER "UNIT" DEDUCTIBLE – ICE DAMMING

With regard to loss or damage to I.A.2. "UNITS" as provided under III.C. LIMITATIONS, 2. we will apply the deductible shown in the "Declarations" separately to each "unit" that actually sustains resulting water damage. Any resulting deductible or deductibles will apply in addition to the deductible which may result from 1. above.

L. VALUATION

The value of all property will be determined at the time of loss, unless otherwise specified in this section.

1. REPLACEMENT COST

When the “Declarations” indicate that coverage is provided on a replacement cost basis, we will pay no more than the least of the following:

- a. The cost to repair or replace the property at the same site, regardless if repaired or replaced at the same site or another, without deduction for depreciation:
 - (1) With comparable material;
 - (2) With property of the same height, floor area and style; and
 - (3) With property intended for the same purpose;
- b. The amount actually and necessarily expended in repairing or replacing the property at the same site; or,
- c. The limit of insurance.

However, we will not pay more than:

- a. Actual cash value of the damage until the repair or replacement is completed. After the actual cash value of the damage has been paid, you may still make a claim on a replacement cost basis if you notify us that repair or replacement has commenced within 200 days after the loss or damage.
- b. Local builder’s grade costs under I.A.2.a. ORIGINAL SPECIFICATIONS if the original plans and specifications cannot be documented or determined.

2. INCREASED REPLACEMENT COST

When the “Declarations” indicate that coverage is provided on an increased replacement cost basis, we will pay:

- a. If the building is repaired or replaced at the same “premises,” or if you elect to rebuild at another premises, the least of the following:
 - (1) The increased cost of construction at the same “premises”; or
 - (2) The limit of insurance.

- b. If the ordinance or law requires relocation to another premises, the least of the following:

- (1) The increased cost of construction at the new “premises”; or
- (2) The limit of insurance.

We will not pay:

- a. Unless and until the property is actually repaired or replaced;
- b. Unless the repairs or replacement are made as soon as reasonably possible, but within two years of the loss or damage. We may extend this period in writing during the two year period: and,
- c. Unless the restored or remolded property is intended for similar occupancy as the current property except when such occupancy is not permitted by zoning or land use ordinance or law.

3. GUARANTEED REPLACEMENT COST

When the “Declarations” indicate that coverage is provided on a guaranteed replacement cost basis, subject to VI.M. REPORTING REQUIREMENTS, we will waive condition c. under VI.L.1. REPLACEMENT COST, above. All other conditions of VI.L.1. REPLACEMENT COST apply.

4. ACTUAL CASH VALUE

When the “Declarations” indicate that coverage is provided on an actual cash value basis, we will pay no more than the least of the following:

- a. The replacement cost less the depreciation of the property at the time of the loss; or
- b. The limit of insurance.

5. ACTUAL COST

When the “Declarations” indicate that coverage is provided on an actual cost basis, we will pay no more than the least of the following:

- a. Amount you actually and necessarily spend; or
- b. The limit of insurance.

6. ACTUAL LOSS SUSTAINED

When the “Declarations” indicate that coverage is provided on an actual loss

sustained basis, we will pay no more than actual dollar amount of your loss.

7. FACE VALUE

When the “Declarations” indicate that coverage is provided on a face value basis, we will pay no more than the nominal amount of any currency or any “covered instrument” up to the least of the following:

- a. In its U.S. currency equivalent determined by the rate of exchange as of the date the loss is discovered;
- b. In the “money” of the country in which the loss occurred; or
- c. The limit of insurance.

8. MARKET VALUE

When the “Declarations” indicate that coverage is provided on a market value basis, we will pay no more than the least of the following:

- a. The value of the “securities” at the close of the last business day preceding the discovery of the loss;
- b. The cost to replace them in kind, in which event you must assign to us all your rights, title and interest in and to those “securities”;
- c. The cost of any Lost Securities Bond required in connection with issuing duplicates of the “securities.”

However, we will be liable only for the payment of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the:

- (1) Value of the “securities” at the close of business on the day the loss was discovered; or
- (2) Limit of insurance.

However, we do not have to furnish any bonds; or

- d. The limit of insurance.

9. APPRAISED VALUE

When the “Declarations” indicate that coverage is provided on an appraised value basis, we will pay no more than the least of the following:

- a. Value determined by a competent appraiser; or
- b. The limit of insurance.

M. REPORTING REQUIREMENTS

1. NEWLY ACQUIRED OR CONSTRUCTED PROPERTY

Insurance under I.B.5. NEWLY ACQUIRED OR CONSTRUCTED PROPERTY will terminate when any of the following first occurs:

- a. This policy ends;
- b. 90 days expire after you acquire or begin to construct the property; or
- c. You request coverage on such property.

We will charge you additional premium for values reported from the date construction begins or you acquire the property.

2. GUARANTEED REPLACEMENT COST

When VI.L.3. GUARANTEED REPLACEMENT COST coverage is provided you must report to us within 30 days the following:

- a. Any addition, improvement or alteration to property covered under I.A.1. BUILDINGS AND STRUCTURES and I.A.2. “UNITS” which increases the value by \$25,000 or more.
- b. Any addition, improvement, alteration or acquisition to property covered under I.A.3. COMMUNITY PERSONAL PROPERTY which increases the value by \$25,000 or more.

Your failure to comply with this condition will void any recovery under VI.L.3. GUARANTEED REPLACEMENT COST for additions, improvements, alterations or acquisitions to property described in a. and b. above. We will charge you additional premium for values reported from the date construction begins or you acquire the property.

N. APPRAISAL

- 1. If you and we disagree on the amount of loss or value of property, either may make written demand for an appraisal of the loss. In this event, each party will do the following:

- a. Select its own appraiser. You and we must notify the other of the appraiser selected within 20 days of the written demand for appraisal.

- (1) The appraisers will state separately and independently the amount of the loss or damage.
- (2) If the two appraisers fail to agree they will select an umpire. If the appraisers do not agree on the selection of an umpire within 15 days, they must request selection of an umpire by a judge of a court having jurisdiction.
- (3) An agreement by any two will be binding as to the amount of the loss.

b. Pay the costs of its own appraiser.

c. Pay its share of any other costs of the appraisal as follows:

- (1) If the amount agreed upon in N.1.a.(3) above is higher than either party's appraisal in N.1.a.(1), above, the party submitting the lower appraisal will pay all such costs.
- (2) If the amount agreed upon in N.1.a.(3) above is lower than either party's appraisal in N.1.a.(1), above, the party submitting the higher appraisal will pay all such costs.
- (3) Otherwise, each party's share of such other costs is determined using the following steps:

Step 1:

Determine, by subtraction, the difference between that party's appraisal in N.1.a.(1) above and the amount agreed upon in N.1.a.(3) above.

Step 2:

Divide the result of Step 1 by the difference between each party's appraisal in N.1.a.(1) above.

Step 3:

Multiply the result of Step 2 by the total of such other costs to determine that party's share.

2. If we submit to an appraisal, we will still retain our right to deny the claim.

O. LOSS PAYMENT

1. In accordance with VI.L. VALUATION, in the event of loss or damage covered by this Property Coverage Part, at our option, we will either:

- a. Pay the value of lost or damaged property;
- b. Pay the cost of repairing or replacing the lost or damaged property;
- c. Take all or any part of the property at an agreed or appraised value; or
- d. Repair, rebuild or replace the property with other property of comparable quality.

Except for coverage provided under II.G. ORDINANCE OR LAW COVERAGE.

2. With regard to II.G. ORDINANCE OR LAW COVERAGE provided under this policy, coverage is subject to the qualifications shown below. The property must sustain:
 - a. Direct physical damage that is covered under this policy and such damage results in enforcement of the ordinance or law; or
 - b. Both direct physical damage that is covered under this policy; and direct physical damage that is not covered under this policy, and the building damage in its entirety results in enforcement of the ordinance or law.

In this situation, we will not pay the full amount of loss otherwise payable under II.G. ORDINANCE OR LAW COVERAGE. Instead, we will pay a proportion of such loss; meaning the proportion that the covered direct physical damage bears to the total direct physical damage.

However, if the covered direct physical damage, alone, would have resulted in the enforcement of the ordinance or law, then we will pay the amount of loss otherwise payable under the terms of II.G. ORDINANCE OR LAW COVERAGE.

However, if the property sustains direct physical damage that is not covered under this policy, and such damage is the subject of the ordinance or law, then no coverage under II.G. ORDINANCE OR LAW COVERAGE will be provided even if the property has also sustained direct physical damage.

3. We will notify you of our intentions within 30 days after we receive the sworn statement of loss.
4. We will not pay for more than your financial interest in the "covered property."
5. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the "covered property."
6. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
7. We will pay within 30 days after we receive the sworn statement of loss, if you have complied with all of the terms of this Property Coverage Part and:
 - a. We have reached agreement with you on the amount of loss; or
 - b. An appraisal award has been made.
8. If an insurance trustee is shown in the "Declarations," we will adjust losses with you, but we will pay the insurance trustee. If we pay the trustee, the payments will satisfy your claims against us.

P. RECOVERIES

If you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property.

1. Except with regard to "Money" and "Securities," "Employee Dishonesty," "Computer Fraud" and "Depositors Forgery" if you elect to keep the property or have us return it to you, you must return to us the amount we paid you for it.

We will pay recovery expenses and the expenses to repair the recovered property, subject to the amount we paid you.

2. With regard to I.B.6. "MONEY" AND "SECURITIES" and IV.B. WORLD WIDE CRIME COVERAGES:
 - a. Any recoveries, less the cost of obtaining them, made after settlement of loss covered by this insurance will be distributed as follows:

- (1) To you, until you are reimbursed for any loss that you sustain that exceeds the limit of insurance and the Deductible Amount, if any;
 - (2) Then to us, until we are reimbursed for the settlement made;
 - (3) Then to you, until you are reimbursed for that part of the loss equal to the Deductible Amount, if any.
- b. Recoveries do not include any recovery:
 - (1) From insurance, suretyship, reinsurance, security or indemnity taken for our benefit; or
 - (2) Of original "securities" after duplicates of them have been issued.

Q. ABANDONMENT

You cannot abandon any property to us.

R. REIMBURSEMENT

In the event we pay you more than you are entitled to under the provisions of this contract, you must reimburse us in the amount of any such overpayment.

S. UNIT OWNER ACTS OR OMISSIONS

No act or omission by any unit owner will void the policy or be a condition to recovery under this policy. However, this does not apply to unit owners acting within the scope of their authority on behalf of your Association.

T. SUSPENSION

Upon discovery of a dangerous condition with respect to any boiler, fired or unfired pressure vessel, refrigerating or air conditioning system, piping and its accessory equipment and any mechanical or electrical machine or apparatus used for the generation, transmission or utilization of mechanical or electrical power, any of our representatives may immediately suspend the insurance with respect to loss or damage to said object by written notice mailed or delivered to you at your address, or at the location of the object, as specified for it in the "Declarations." Insurance so suspended may be reinstated by us, but only by an endorsement issued to form a part hereof. You shall be allowed the unearned portion of the premium paid for such suspended insurance, pro rata, for the period of suspension.

U. "POLICY PERIOD"

Under this Property Coverage Part we provide coverage for loss or damage during the "policy period."

Throughout this policy the words “you” and “your” refer to the Named Insured shown in the “Declarations.” “We,” “us” and “our” refer to the company providing this insurance. Other words and phrases that appear in quotation marks have special meaning. Refer to XXVIII. DEFINITIONS SECTION.

THE AMOUNT WE WILL PAY FOR DAMAGES IS LIMITED AS DESCRIBED IN XIX. LIABILITY LIMITS OF INSURANCE SECTION.

GENERAL LIABILITY

The word **insured** means any person or organization qualifying as such under XII. GENERAL LIABILITY WHO IS AN INSURED SECTION.

VII. GENERAL LIABILITY COVERAGES SECTION

We will pay those sums that the insured becomes legally obligated to pay as damages because of “bodily injury,” “property damage,” “personal injury,” or “advertising injury” to which this insurance applies. We will have the right and duty to defend the insured against any “suit” seeking those damages. We will have no duty to defend the insured against any “suit” seeking damages for “bodily injury,” “property damage,” “personal injury” and “advertising injury” to which this insurance does not apply.

With respect to “bodily injury” or “property damage,” this insurance applies only to “bodily injury” or “property damage” caused by an “occurrence” which takes place during the “policy period” in the “coverage territory.” With respect to “personal injury” or “advertising injury,” this insurance applies only to “personal injury” or “advertising injury” caused by an “offense” which was committed during the “policy period” in the “coverage territory.”

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under IX. GENERAL LIABILITY MEDICAL PAYMENTS SECTION or X. GENERAL LIABILITY DEFENSE OF CLAIM OR “SUIT” SECTION.

Below are specific descriptions of coverage and specific applicable exclusions, designated by capitalized letter, from XI. GENERAL LIABILITY EXCLUSIONS SECTION.

This insurance applies only to:

A. “BODILY INJURY” AND “PROPERTY DAMAGE”

1. “BODILY INJURY”

“Bodily injury” caused by an “occurrence.”

Only exclusions A., B., C., D., E., F., G., H., I., J., K., L., M., N., O. and S. apply to “bodily injury.”

2. “PROPERTY DAMAGE”

“Property damage” caused by an “occurrence.”

Only exclusions A., B., C., D., E., F., G., H., I., J., K., L., M., N., P., Q., R. and S. apply to “property damage.”

B. “PERSONAL INJURY” AND “ADVERTISING INJURY”

1. “PERSONAL INJURY”

“Personal injury” caused by an “offense” arising out of your business, excluding advertising, publishing, broadcasting or telecasting done by or for you.

Only exclusions A., B., C., G., H., I., N., T. and U. apply to “personal injury.”

2. “ADVERTISING INJURY”

“Advertising injury” caused by an “offense” committed in the course of advertising your goods, products or services.

Only exclusions A., B., C., G., H., I., T. and V. apply to “advertising injury.”

C. “HIRED AUTO” AND “NONOWNED AUTO”

1. “HIRED AUTO”

“Bodily injury” or “property damage” caused by an “occurrence” arising out of the maintenance or use of a “hired auto” by you, your directors or “officers,” or your “employees” in the course of your operations.

2. “NONOWNED AUTO”

“Bodily injury” or “property damage” caused by an “occurrence” arising out of the use of any “nonowned auto” in your operations by any person other than you.

Only exclusions B., D., E., G., H., I., M., N., O., X. and Y. apply to “hired auto” and “nonowned auto.”

D. PROPERTY DAMAGE LEGAL LIABILITY - REAL PROPERTY

"Property damage," caused by an "occurrence," to real property of others, including permanently attached fixtures, rented to or occupied by you. This insurance applies only if such "property damage" is caused by a COVERED CAUSE OF LOSS described in III.A. COVERED CAUSE OF LOSS.

Only exclusions A., D., E., G., H., I., M., N. and Q. apply to this coverage.

VIII. GENERAL LIABILITY GARAGE AND PARKING AREA LEGAL LIABILITY SECTION

Exclusions under the XI. GENERAL LIABILITY EXCLUSIONS SECTION applicable to garage and parking area legal liability payments coverage are designated by letter in this section.

We will pay all sums the insured legally must pay as damages for "property damage," which is direct and accidental, to an "auto," "auto equipment" or "mobile equipment" left in the insured's care while the insured is attending, servicing, repairing, parking or storing it in your "garage operations" provided that the loss is covered by either A. or B. below:

A. COMPREHENSIVE COVERAGE

From any cause except:

1. The "auto's" collision with another object; or
2. The "auto's" overturn.

B. COLLISION COVERAGE

Caused by:

1. The "auto's" collision with another object; or
2. The "auto's" overturn.

Only exclusions E., G., H., I. and W. apply to this coverage.

IX. GENERAL LIABILITY MEDICAL PAYMENTS SECTION

Exclusions under the XI. GENERAL LIABILITY EXCLUSIONS SECTION applicable to medical payments coverage are designated by letter in this section.

We will pay reasonable "medical expenses" for "bodily injury," without regard to fault, caused by an accident occurring: on premises you own or rent; on ways adjoining premises you own or rent; or because of your operations. We will pay provided that:

- A. The accident takes place in the "coverage territory" and during the "policy period";
- B. The expenses are incurred and reported to us within one year of the date of the accident; and
- C. The injured person submits to examination, at our expense, by physicians of our choice, as often as we reasonably require.

Only exclusions A., B., C., D., E., F., G., H., I., J., K., L., M., N., O. and Z. apply to this coverage.

X. GENERAL LIABILITY DEFENSE OF CLAIM OR "SUIT" SECTION

We will have the right and duty to defend the insured against any claim or "suit" seeking damages payable under VII. GENERAL LIABILITY COVERAGES SECTION. We may, at our discretion, investigate any "occurrence" or "offense," and settle any claim or "suit" that may result. Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under VII. GENERAL LIABILITY COVERAGES SECTION or IX. GENERAL LIABILITY MEDICAL PAYMENTS SECTION. We will pay "defense costs," with respect to any claim or "suit" we defend, in addition to the limit of insurance. We will have no duty to defend the insured against any "suit" seeking damages for "bodily injury," "property damage," "personal injury," or "advertising injury" to which this insurance does not apply.

XI. GENERAL LIABILITY EXCLUSIONS SECTION

As specifically indicated in VII. GENERAL LIABILITY COVERAGES SECTION, VIII. GENERAL LIABILITY GARAGE AND PARKING AREA LEGAL LIABILITY SECTION and IX. GENERAL LIABILITY MEDICAL PAYMENTS SECTION, this insurance does not apply to:

A. "PROFESSIONAL SERVICE"

"Bodily injury," "property damage," "personal injury," or "advertising injury" arising out of the rendering or failure to render "professional service."

This exclusion does not apply to "bodily injury" arising from "incidental medical malpractice" provided for under VII.A.1."BODILY INJURY."

B. WORKERS COMPENSATION AND SIMILAR LAWS

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

C. EMPLOYMENT RELATED PRACTICES

“Bodily injury,” “property damage,” “personal injury,” or “advertising injury” sustained by any person or organization arising out of or if any way related to any:

1. Refusal to employ;
2. Termination of employment;
3. Coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination or other employment related practices, policies, acts or omissions; or
4. Consequential “bodily injury,” “property damage,” “personal injury,” or “advertising injury” as a result of subparagraphs 1., 2. and 3. above.

This exclusion applies whether the insured may be liable as an employer or in any other capacity, and to any obligation to share damages with or repay someone else who must pay damages because of the injury.

D. CERTAIN CONTRACTS

“Bodily injury” or “property damage” for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

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

E. EXPECTED OR INTENDED “BODILY INJURY” AND “PROPERTY DAMAGE”

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

F. ALCOHOLIC BEVERAGES

“Bodily injury” or “property damage” for which any insured may be held liable by reason of:

1. Causing or contributing to the intoxication of any person;
2. The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
3. Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages.

G. POLLUTION

1. “Bodily injury,” “property damage,” “personal injury,” or “advertising injury” arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of “pollutants”:
 - a. At or from any “premises,” site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. However, this subparagraph does not apply to:
 - (1) “Bodily injury” if sustained within a building and caused by smoke, fumes, vapor or soot from equipment used to heat that building;
 - (2) “Bodily injury” or “property damage” for which you may be held liable, if you are a contractor and the owner or lessee of such “premises,” site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for the additional insured at that “premises,” site or location.
 - (3) “Bodily injury” or “property damage” arising out of heat, smoke or fumes from a “hostile fire”;

- b. At or from any “premises,” site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;
 - c. Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for any insured or any person or organization for whom you may be legally responsible; or
 - d. At or from any “premises,” site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured’s behalf are performing operations if the “pollutants” are brought on or to the “premises,” site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:
 - (1) “Bodily injury” or “property damage” arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of “mobile equipment” or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the “bodily injury” or “property damage” arises out of the intentional discharge, dispersal or release of 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;
 - (2) “Bodily injury” or “property damage” sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or
 - (3) “Bodily injury” or “property damage” arising out of heat, smoke or fumes from a “hostile fire.”
 - e. At or from any “premises,” site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured’s behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, assess the effects of, “pollutants.”
2. Any loss, cost or expense arising out of any:
- a. Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of “pollutants”; or
 - b. Claim or “suit” by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of “pollutants.”
- However, this paragraph 2. does not apply to liability for damages because of “property damage” that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or “suit” by or on behalf of a governmental authority.
- H. ASBESTOS**
- “Bodily injury,” “property damage,” “personal injury” or “advertising injury” of any nature whatsoever, based on, caused by, attributable to, related to, or in any manner and at any time arising out of:
- 1. The use, installation, storage, withdrawal, removal, encapsulation, destruction, containment, testing, distribution, ownership, sale or disposal of asbestos, asbestos dust, asbestos fibers or material containing asbestos;
 - 2. Exposure to asbestos, asbestos dust, asbestos fibers or material containing asbestos; or
 - 3. Any error or omission in supervision, instructions, recommendations, notices,

warnings or advice given, or which should have been given, in connection with asbestos, asbestos dust, asbestos fibers or material containing asbestos.

I. ROT, MOLD AND MILDEW OR OTHER FUNGI

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

J. “AUTO”

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

This exclusion does not apply to:

1. Parking an “auto” on, or on the ways next to, property you own or rent, provided the “auto” is not owned by or rented or loaned to you or the insured; or
2. “Bodily injury” or “property damage” arising out of the operation of “mobile equipment.”

K. AIRCRAFT AND WATERCRAFT LIABILITY

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

This exclusion does not apply to:

1. Any watercraft while ashore on premises you own or rent;
2. A watercraft you do not own that is:
 - a. Less than 50 feet long; and
 - b. Not being used to carry persons or property for a charge;

3. Liability assumed under any “insured contract” for the ownership, maintenance or use of aircraft or watercraft.

L. “MOBILE EQUIPMENT”

“Bodily injury” or “property damage” arising out of:

1. The transportation of “mobile equipment” by an “auto” owned or operated by or rented or loaned to any insured; or
2. The use of “mobile equipment” in, or while in practice for or while being prepared for, any prearranged racing, speed, demolition contest or stunting activity.

M. “WAR”

“Bodily injury” or “property damage” due to “war” or any act or condition incident to “war.”

This exclusion applies only to liability assumed under a contract or agreement.

N. NUCLEAR ENERGY

Under any Liability Coverage, “bodily injury,” “property damage” or “personal injury”:

1. With respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Energy 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 liability; or
2. Resulting from the “hazardous properties” of “nuclear material” and with respect to which:
 - a. Any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law that amends it; or
 - b. The insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America or any of its agencies, under any agreement entered into by the United States of America, or any of its agencies, with any person or organization.

3. Resulting from the “hazardous properties” of “nuclear material” if:
 - a. The “nuclear material” is at any “nuclear facility” owned by, or operated by or on behalf of an insured or has been discharged or dispersed therefrom;
 - b. The “nuclear material” is contained in “spent fuel” or “waste” at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an insured; or
 - c. The loss, including all forms of radioactive contamination of property, arises out of “bodily injury” or “property damage” arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any “nuclear facility,” but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion c. applies only to “property damage” to such “nuclear facility” and any property threat.

O. “EMPLOYERS LIABILITY”

“Bodily injury” to:

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

This exclusion applies:

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

This exclusion does not apply to liability assumed by the insured under an “insured contract.”

P. DAMAGE TO PROPERTY

1. “Property damage” to:
 - a. Property you own, rent or occupy or which is owned, rented or occupied by another but which you are legally responsible to monitor or maintain;
 - b. Premises you sell, give away or abandon, if the “property damage” arises out of any part of those premises;
 - c. Property loaned to you;
 - d. Personal property in the care, custody, or control of the insured;
 - e. That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the “property damage” arises out of those operations; or
 - f. That particular part of any property that must be restored, repaired or replaced because “your work” was incorrectly performed on it.
2. Paragraph 1.b. of this exclusion does not apply if the premises are “your work” and were never occupied, rented, or held for rental by you.
3. Paragraphs 1.c., 1.d., 1.e., and 1.f. of this exclusion do not apply to liability assumed under a “sidetrack agreement.”
4. Paragraph 1.f. of this exclusion does not apply to “property damage” included in the “products-completed operations hazard.”

Q. DAMAGE TO “YOUR PRODUCT” OR “YOUR WORK”

1. “Property damage” to “your product” arising out of it or any part of it.
2. “Property damage” to “your work” arising out of it or any part of it and included in the “products-completed operations hazard.”

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

R. DAMAGE TO “IMPAIRED PROPERTY” OR PROPERTY NOT PHYSICALLY INJURED

1. “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 you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to “your product” or “your work” after it has been put to its intended use.

S. RECALL OF PRODUCTS, WORK OR IMPAIRED PROPERTY

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

1. “Your product”;
2. “Your work”; or
3. “Impaired property”;

If such product, work or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

T. CERTAIN ACTS CAUSING “PERSONAL INJURY” AND “ADVERTISING INJURY”

“Personal injury” or “advertising injury”:

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

5. Arising out of discrimination that first took place before the beginning of the “policy period.”

U. CERTAIN ACTS CAUSING “PERSONAL INJURY”

“Personal injury” arising out of:

1. Any advertising, publishing, broadcasting or telecasting done by or for you;
2. Humiliation or discrimination when arising out of the willful violation of any civil rights law whether federal, state, or local ordinance. This includes but is not limited to discrimination on account of race, religion, sex, age, familial status or handicap; or
3. Humiliation or discrimination when committed by or with knowledge or consent of the insured.

V. CERTAIN ACTS CAUSING “ADVERTISING INJURY”

“Advertising injury” arising out of:

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

W. DAMAGES RELATING TO GARAGE AND PARKING AREA LEGAL LIABILITY

1. “Property damage” arising out of:
 - a. Liability resulting from any agreement by which the insured accepts responsibility for “property damage”;
 - b. Theft or conversion caused in any way by the insured;
 - c. Defective parts or materials; or
 - d. Faulty work you performed. This includes work someone performed for you.
2. “Property damage” to any of the following:
 - a. “Auto equipment” which is not permanently installed in the:
 - (1) “Auto” by the manufacturer of the “auto” or by an authorized representative of the manufacturer; or

- (2) Dash or console opening designed by the “auto” manufacturer for the installation of such equipment;

b. “Media.”

X. INJURY RELATING TO “NONOWNED AUTO” AND “HIRED AUTO”

“Bodily injury”:

1. To an “employee” of the insured arising out of and in the course of employment by the insured; or
2. To the spouse, child, parent, brother or sister of that “employee” as a consequence of subparagraph 1. above.

This exclusion applies:

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

This exclusion does not apply to liability assumed by the insured under an “insured contract.”

Y. DAMAGE RELATING TO “NONOWNED AUTO” AND “HIRED AUTO”

“Property damage” to:

1. Property owned or being transported by, or rented or loaned to the insured; or
2. Property in the care, custody or control of the insured.

Z. EXPENSES RELATING TO MEDICAL PAYMENTS

“Bodily injury”:

1. To any insured other than a unit owner or a member of the unit owner’s family residing in the unit;
2. To any unit owner or a member of the unit owner’s family residing in the unit for injuries occurring on that portion of the premises which is owned or maintained solely by the unit owner;
3. To a person hired to do work for or on behalf of any insured or a tenant of any insured;
4. To a person injured on that part of property you own or rent that the person normally occupies;
5. To a person while taking part in athletics;

6. To a person, whether or not an “employee” of any insured, if benefits for the “bodily injury” are payable or must be provided under a workers’ compensation or disability benefits law or a similar law;
7. Included within the “products-completed operations hazard”; or
8. Due to “war” or any act or condition incident to “war.”

XII. GENERAL LIABILITY WHO IS AN INSURED SECTION

No person or organization is an insured with respect to the conduct of any current or past partnership or joint venture that is not shown as a Named Insured in the “Declarations.”

A. WHO IS AN INSURED - “BODILY INJURY,” “PROPERTY DAMAGE,” “PERSONAL INJURY,” “ADVERTISING INJURY” AND MEDICAL PAYMENTS

With respect to VII.A. “BODILY INJURY” AND “PROPERTY DAMAGE,” VII.B. “PERSONAL INJURY” AND “ADVERTISING INJURY” and VIII. GENERAL LIABILITY MEDICAL PAYMENTS SECTION each of the following is an insured:

1. **You.**
2. **Your directors and “officers,”** but only with respect to their duties as such.
3. **Your legal representative,** if you cease to exist as a legal entity, but only with respect to their duties as such. That representative will have all your rights and duties under GENERAL LIABILITY.
4. **Any person, other than your “employee,” or any organization** while acting as your real estate manager.
5. **Your individual unit owners,** but only for liability arising out of the ownership, maintenance or repair of that portion of the premises which is not reserved for that unit owner’s exclusive use or occupancy.

However, the insurance afforded with respect to the developer in the developer’s capacity as a unit owner does not apply to liability for acts or omissions as a developer.

6. **Your “employees,”** other than your directors and “officers,” but only for acts within the scope of their employment by you or while performing duties related to the conduct of

your business. However, none of these “employees” is an insured for:

- a. “Bodily injury” or “personal injury” to you or to a “coemployee” while in the course of their employment, or the spouse, child, parent, brother or sister of that “coemployee” as a consequence of such “bodily injury” or “personal injury,” or for any obligation to share damages with or repay someone else who must pay damages because of injury; or
- b. Any obligation to share damages with or repay someone else who must pay damages because of the injury described in a. above; or
- c. “Property damage” to property:
 - (1) Owned, occupied or used by;
 - (2) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by:

You or any of your “employees.”

7. **Any person or organization**, having proper temporary custody of your property if you cease to exist as a legal entity, but only:
 - a. With respect to liability arising out of the maintenance or use of that property; and
 - b. Until your legal representative has been appointed.
8. **Any organization you newly acquire or form**, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:
 - a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the “policy period,” whichever is earlier;
 - b. Coverage does not apply to “bodily injury” or “property damage” that occurred before you acquired or formed the organization; and
 - c. Coverage does not apply to “personal injury” or “advertising injury” arising out of “offense” committed before you acquired or formed the organization.
9. **Any person**, is an insured while driving “mobile equipment” along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:
 - a. “Bodily injury” to a “coemployee” of the person driving the equipment; or
 - b. “Property damage” to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.
10. **Any person**, is an insured while operating watercraft, that you do not own that is less than 50 feet long and is not being used to carry persons or property for a charge, with your permission.
11. **Any person** or organization, from whom you lease or rent equipment or personal property, other than “autos,” when you and such person or organization have agreed in writing in a contract or agreement that such person or organization be added as an additional insured on your policy. Such person or organization is an insured only with respect to their liability arising out of the maintenance, operation or use by you of equipment leased or rented to you by such person or organization. Except for coverage for the “products-completed operations hazard,” such person’s or organization’s status as an insured ends when their contract or agreement with you for such leased equipment ends.

This insurance does not apply:

 - a. To any “occurrence” which takes place after the lease or rental period expires;
 - b. To “bodily injury” or “property damage” arising out of the sole negligence of such person or organization.

B. WHO IS AN INSURED - “HIRED AUTO” AND “NONOWNED AUTO”

With respect to VII.C. “HIRED AUTO” AND “NONOWNED AUTO”:

1. Each of the following is an insured:
 - a. You.
 - b. Any other person using a "hired auto" with your permission, but only while such "hired auto" is being used in your operations.
 - c. Your directors and "officers", for a "nonowned auto," but only while such "nonowned auto" is being used in your operations.
 - d. Your "employees," for a "nonowned auto," but only while such "nonowned auto" is being used in your operations.
 - e. Any other person or organization, but only for their liability because of acts or omissions of an insured under a., b., c. or d. above.
2. None of the following is an insured:
 - a. Any person engaged in the business of their employer for "bodily injury" to any "coemployee" of such person injured in the course of employment.
 - b. Any person while employed in or otherwise engaged in duties in connection with an "auto business," other than an "auto business" you operate.
 - c. The owner or lessee (of whom you are a sublessee) of a "hired auto" or the owner, other than your directors, "officers" or "employees," of a "nonowned auto" or any agent or "employee" of any such owner or lessee.

C. WHO IS AN INSURED - GARAGE AND PARKING AREA LEGAL LIABILITY

With respect to VIII. GARAGE AND PARKING AREA LEGAL LIABILITY each of the following is an insured:

1. You.
2. Your directors and "officers" and "employees," but only with respect to their duties as such.
3. Your legal representative, if you cease to exist as a legal entity, but only with respect to their duties as such. That representative will have all your rights and duties under GENERAL LIABILITY.
4. Any other person, other than your

"employee," or organization, while acting as your real estate manager.

5. Your "employees," other than your directors and "officers," but only for acts within the scope of their employment by you.

XIII. GENERAL LIABILITY CONDITIONS SECTION

GENERAL LIABILITY coverage is subject to the following conditions.

A. BANKRUPTCY

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

B. YOUR DUTIES IN THE EVENT OF "OCCURRENCE," "OFFENSE," CLAIM OR "SUIT"

Failure to perform these duties will impair your rights under GENERAL LIABILITY or could result in the denial of coverage and defense.

1. You must see to it that we are notified promptly of an "occurrence" or an "offense" which may result in a claim to which this insurance applies. To the extent possible notice should include:
 - a. How, when and where the "occurrence" or "offense" took place;
 - b. The names and addresses of any injured persons and witnesses; and
 - c. The nature and location of any injury or damage arising out of the "occurrence" or "offense."
2. If a claim is made or "suit" is brought against any insured, you must:
 - a. Immediately record the specifics of the claim or "suit" and the date received; and
 - b. Notify us as soon as practicable.You must see to it that we receive prompt written notice of the claim or "suit."
3. You and any other involved insured must:
 - a. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
 - b. Authorize us to obtain records and other information;
 - c. Cooperate with us in the investigation,

settlement or defense of the claim or “suit”; and

- d. Assist us, upon 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.

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

C. LEGAL ACTION AGAINST US

No person or organization has a right under GENERAL LIABILITY:

1. To join us as a party or otherwise bring us into a “suit” asking for damages from an insured; or
2. To bring “suit” against us on GENERAL LIABILITY unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an “agreed settlement” or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of GENERAL LIABILITY or that are in excess of the applicable limit of insurance.

D. SEPARATION OF INSUREDS - CROSS LIABILITY

Except with respect to the limit of insurance, and any rights or duties specifically assigned in GENERAL LIABILITY 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 claim is made or “suit” is brought.

E. FINANCIAL RESPONSIBILITY LAWS

1. When this policy is certified as proof of financial responsibility under the provisions of any motor vehicle financial responsibility law, the insurance provided by the policy for “bodily injury” liability and “property damage” liability will comply with the provisions of the law to the extent of the coverage and limits of insurance required by that law.

2. With respect to “mobile equipment” to which this insurance applies, we will provide any liability, uninsured motorists, underinsured motorists, no fault or other coverage required by any motor vehicle law. We will provide the required limits for those coverages.

F. OTHER INSURANCE

This insurance is excess over any valid insurance whether primary, excess, contingent or any other basis. However, this provision does not apply to any other insurance that is written as specific excess over this insurance.

1. This insurance is also excess over:
 - a. Fire, Extended Coverage, Builder’s Risk, Installation Risk or similar coverage for “your work”;
 - b. Coverage for “property damage” to real property of others rented to you or temporarily occupied by you with the permission of the owner, including permanently attached fixtures, caused by a COVERED CAUSE OF LOSS as described in III. PROPERTY CAUSES OF LOSS, EXCLUSIONS AND LIMITATIONS SECTION;
 - c. Insurance purchased by you to cover your liability as a tenant for “property damage” to premises rented to you or temporarily occupied by you with the permission of the owner;
 - d. Insurance that is not subject to exclusions XI.J. “AUTO” and XI.K. AIRCRAFT AND WATERCRAFT LIABILITY of this Liability Coverage Part, but only if the loss arises out of the maintenance or use of aircraft, “autos” or watercraft.
 - e. Any other primary insurance available to you covering liability for damages rising out of any premises or operations for which you have been added as an additional insured.
2. Other insurance will be deemed valid regardless of:
 - a. Any defense asserted by any other insurer because of the insured’s failure to comply with the terms of that insurance; or,
 - b. The inability of any other insurer to pay because of bankruptcy or insolvency.

3. With respect to IX. GENERAL LIABILITY MEDICAL PAYMENTS SECTION, this insurance is also excess over any other health care benefits or services that are directly or indirectly available to the claimant.
4. With respect to VIII. GENERAL LIABILITY GARAGE AND PARKING AREA LEGAL LIABILITY SECTION, this insurance is excess only when such operations are conducted as a separate business operation by any person or organization not described in XII.C. WHO IS AN INSURED - GARAGE AND PARKING AREA LEGAL LIABILITY.
5. When this insurance is excess:
 - a. We will pay only our share of the amount of any judgment or settlement that exceeds the sum of:
 - (1) the total amount that all such other insurance would pay for the such judgment or settlement in the absence of this insurance; and
 - (2) the total of all deductible and self insured amounts under all such other insurance.
 - b. We will have no obligation to defend or to provide for any defense; and,
 - c. We will not pay any amount for "defense costs" or any similar costs. This provision applies whether or not any other insurance would pay "defense costs", or any similar costs, under any circumstances.

EXCESS LIABILITY

The word insured means any person or organization qualifying as such under XVII. EXCESS LIABILITY WHO IS AN INSURED SECTION.

This insurance is subject to the same terms, conditions, agreements, exclusions and definitions as the "underlying insurance," except with respect to any provisions to the contrary contained in this insurance. We will have no obligation under this insurance with respect to any claim or "suit" that is settled without our consent.

XIV. EXCESS LIABILITY COVERAGE SECTION

- A. We will pay those sums, in excess of the limits of liability under the terms of any "underlying insurance," that the insured becomes legally obligated to pay as damages because of "bodily injury," "property damage," "personal injury" or "advertising injury" to which this insurance applies, provided that the "underlying insurance" also applies, or would apply but for the exhaustion of its applicable limits of insurance.
- B. This insurance applies only to "bodily injury," "property damage," "personal injury" or "advertising injury" caused by an "occurrence" or "offense" which occurs during the "policy period" in the "coverage territory" except for "bodily injury" by disease to your "employees". With respect to your "employees," such "bodily injury" must:
 1. Be caused or aggravated by the conditions of your employment; and
 2. Result from exposure to conditions with the last day of the day of last exposure occurring during the "policy period."
- C. No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under XV. EXCESS LIABILITY DEFENSE OF CLAIM OR "SUIT" SECTION.

XV. EXCESS LIABILITY DEFENSE OF CLAIM OR "SUIT" SECTION

- A. We will have the right to participate in the defense of claims or "suits" against the insured seeking damages because of "bodily injury," "property damage," "personal injury" or "advertising injury" to which this insurance may apply. We will have a duty to defend such claims or "suits" when the applicable limit of insurance of the "underlying insurance" has been used up by payments for judgments or settlements.
- B. We may make investigation of any claim or "suit" we think appropriate.
- C. When we have the duty to defend, we will pay for all "defense costs" once our duty to defend begins.
- D. If we exercise our right to defend when there is no duty, we will pay only the "defense costs" we incur.

- E. If we provide a defense, we may investigate any claim or “suit” at our discretion. We may settle such claim or “suit” within the limit of insurance available at the time of settlement.
- F. Our payment of “defense costs” will not reduce the limits of insurance.
- G. Our right or duty to defend ends when we have used up the limit of insurance available in the payment of judgments or settlements under XIV. EXCESS LIABILITY COVERAGE SECTION.

XVI. EXCESS LIABILITY EXCLUSIONS SECTION

The exclusions applicable to the “underlying insurance” also apply to this insurance. Additionally, this insurance does not apply to:

A. MEDICAL PAYMENTS

Any obligation to pay expenses under any medical payments coverage.

B. EMPLOYMENT RELATED PRACTICES

“Bodily injury,” “property damage,” “personal injury” or “advertising injury” arising out of any:

1. Refusal to employ;
2. Termination of employment;
3. Coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination or other employment related practices, policies, acts or omissions; or
4. Consequential “bodily injury,” “property damage,” “personal injury,” or “advertising injury” as a result of subparagraphs 1., 2., and 3. above.

This exclusion applies whether the insured may be liable as an employer or in any other capacity, and to any obligation to share damages with or repay someone else who must pay damages because of the injury.

C. WORKERS COMPENSATION

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

D. E.R.I.S.A.

Any obligation imposed under Employee Retirement Income Security Act (E.R.I.S.A.) of 1974 as now or hereafter amended.

E. “AUTO” FIRST PARTY

Any obligation imposed under any automobile no-fault, personal injury protection, uninsured motorists, underinsured motorists or any similar law.

F. POLLUTION

1. “Bodily injury,” “property damage,” “personal injury,” or “advertising injury” arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, escape of “pollutants”:
 - a. At or from any “premises,” site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. However, this subparagraph does not apply to:
 - (1) “Bodily injury” if sustained within a building and caused by smoke, fumes, vapor or soot from equipment used to heat that building;
 - (2) “Bodily injury” or “property damage” for which you may be held liable, if you are a contractor and the owner or lessee of such “premises,” site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for the additional insured at that “premises,” site or location.
 - (3) “Bodily injury” or “property damage” arising out of heat, smoke or fumes from a “hostile fire”;
 - b. At or from any “premises,” site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;
 - c. Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for any insured or any person or organization for whom you may be legally responsible; or

d. At or from any “premises,” site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured’s behalf are performing operations if the “pollutants” are brought on or to the “premises,” site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:

(1) “Bodily injury” or “property damage” arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of “mobile equipment” or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the “bodily injury” or “property damage” arises out of the intentional discharge, dispersal or release of 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;

(2) “Bodily injury” or “property damage” sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or

(3) “Bodily injury” or “property damage” arising out of heat, smoke or fumes from a “hostile fire.”

e. At or from any “premises,” site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured’s behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, assess the effects of, “pollutants.”

2. Any loss, cost or expense arising out of any:
 - a. Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of “pollutants”; or
 - b. Claim or “suit” by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of “pollutants.”

However, this paragraph 2. does not apply to liability for damages because of “property damage” that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or “suit” by or on behalf of a governmental authority.

G. ASBESTOS

“Bodily injury,” “property damage,” “personal injury” or “advertising injury” of any nature whatsoever, based on, caused by, attributable to, related to, or in any manner and at any time arising out of:

1. The use, installation, storage, withdrawal, removal, encapsulation, destruction, containment, testing, distribution, ownership, sale or disposal of asbestos, asbestos dust, asbestos fibers or material containing asbestos;
2. Exposure to asbestos, asbestos dust, asbestos fibers or material containing asbestos; or
3. Any error or omission in supervision, instructions, recommendations, notices, warnings or advice given, or which should have been given, in connection with asbestos, asbestos dust, asbestos fibers or material containing asbestos.

H. NUCLEAR ENERGY

Under any Liability Coverage, “bodily injury” or “property damage”:

1. With respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association,

Mutual Atomic Energy Liability Underwriters, Nuclear Energy 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 liability; or

2. Resulting from the “hazardous properties” of “nuclear material” and with respect to which:
 - a. Any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law that amends it; or
 - b. The insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America or any of its agencies, under any agreement entered into by the United States of America, or any of its agencies, with any person or organization.
3. Resulting from the “hazardous properties” of “nuclear material” if:
 - a. The “nuclear material” is at any “nuclear facility” owned by, or operated by or on behalf of an insured or has been discharged or dispersed therefrom;
 - b. The “nuclear material” is contained in “spent fuel” or “waste” at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an insured; or
 - c. The loss, including all forms of radioactive contamination of property, arises out of “bodily injury” or “property damage” arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any “nuclear facility,” but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion c. applies only to “property damage” to such “nuclear facility” and any property thereat.

I. ROT, MOLD AND MILDEW OR OTHER FUNGI

“Bodily injury,” “property damage,” “personal injury” or “advertising injury” based upon or arising out of the exposure to, required removal or abatement of rot or mold or other fungi,

regardless of whether such rot, mold or other fungi, ensues from any cause or condition or, at, under or emanating from or to the “premises,” including but not limited to any such cause or condition involving the presence, discharge or infiltration of moisture, vapor, water or any other liquid, or any damage related to any of these.

XVII. EXCESS LIABILITY WHO IS AN INSURED SECTION

With respect to XIV. EXCESS LIABILITY COVERAGE SECTION, any person or organization qualifying as such under any “underlying insurance” is an insured.

XVIII. EXCESS LIABILITY CONDITIONS SECTION

If any of the following conditions is contrary to conditions contained in the “underlying insurance” the provisions contained in this section apply.

A. APPEALS

In the event the “underlying insurer” elects not to appeal a judgment in excess of the limits of the “underlying insurance,” we may elect to make such appeal. If we so elect, we shall be liable, in addition to the limit of insurance, for all “defense costs” we incur.

B. YOUR DUTIES IN THE EVENT OF “OCCURRENCE,” “OFFENSE,” CLAIM OR “SUIT”

Failure to perform these duties will impair your rights under EXCESS LIABILITY.

1. You must see to it that we are notified promptly of an “occurrence” or an “offense” which may result in a claim to which this insurance applies. To the extent possible notice should include:
 - a. How, when and where the “occurrence” or an “offense” took place;
 - b. The names and addresses of any injured persons and witnesses; and
 - c. The nature and location of any injury or damage arising out of the “occurrence” or an “offense.”
2. If a claim is made or “suit” is brought against any insured, you must see to it that we receive prompt written notice of the claim or “suit.”

3. You and any other involved insured must:
 - a. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
 - b. Authorize us to obtain records and other information;
 - c. Cooperate with us or the "underlying insurer" in the investigation, settlement or defense of the claim or "suit";
 - d. Assist us, or the "underlying insurer," upon 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
 - e. Notify us immediately of any judgment or settlement of any claim or "suit" brought against any insured.

C. BANKRUPTCY OF UNDERLYING INSURER

In the event of bankruptcy or insolvency of any "underlying insurer," the insurance afforded by this policy shall not replace such "underlying insurance," but shall apply as if the "underlying insurance" was valid and collectible.

D. MAINTENANCE OF "UNDERLYING INSURANCE":

In the event of failure to comply with this condition, we will only be liable to the same extent as if there had been compliance with this condition.

1. You agree to maintain all "underlying insurance" in full force and effect during the term of this policy, and to inform us within 30 days of any replacement or renewal of that "underlying insurance" by the same or another insurer.

Reduction or exhaustion of the "aggregate limit" of any "underlying insurance" by payments for judgments or settlements will not be a failure to maintain "underlying insurance" in full force and effect.

2. If such "underlying insurance" is not maintained in full force and effect, or if any limits of insurance of an "underlying policy" are less than those stated in the Schedule of "Underlying Insurance" shown in the

"Declarations," or if "underlying insurance" is unavailable to any insured due to bankruptcy or insolvency of the "underlying insurer," or if there is any material change in the coverages, terms and conditions under any "underlying insurance," the insurance afforded by this policy shall apply in the same manner as though such "underlying policies" and limits of insurance had been in effect, so maintained and unchanged.

3. You must notify us immediately:
 - a. Of any changes to the "underlying insurance." We may adjust our premium accordingly from the effective date of the change to the "underlying insurance"; or
 - b. If any "underlying insurance" is canceled or not renewed and you do not replace it.
4. No statement contained in this condition limits our right to cancel or not renew this policy.

E. OTHER INSURANCE

This insurance is excess over any other valid and collectible insurance whether primary, excess, contingent or any other basis, except such other insurance as is written specifically to be excess over this insurance.

The other insurance will be deemed valid and collectible regardless of:

1. Any defense asserted by any other insurer because of the insured's failure to comply with the terms of that insurance; or
2. The inability of any other insurer to pay for a loss due to bankruptcy or insolvency.

XIX. LIABILITY LIMITS OF INSURANCE SECTION

This section applies to VII. GENERAL LIABILITY COVERAGES SECTION, VIII. GENERAL LIABILITY GARAGE AND PARKING AREA LEGAL LIABILITY, IX. GENERAL LIABILITY MEDICAL PAYMENTS SECTION and XIV. EXCESS LIABILITY COVERAGE SECTION.

The limits of insurance shown in the "Declarations" and the provisions of this section determine the most we will pay for damages regardless of the number of insureds and additional insureds; claims made or "suits" brought; or persons or organizations making claims or bringing "suit".

- A. The PRODUCTS/COMPLETED OPERATIONS "aggregate limit" of insurance shown in the "Declarations" is the most we will pay under VII.A. "BODILY INJURY" AND "PROPERTY DAMAGE" and XIV. EXCESS LIABILITY COVERAGE SECTION for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard" arising from all "occurrences" during the "policy period."

Each payment we make for such damages reduces the PRODUCTS/COMPLETED OPERATIONS "aggregate limit" of insurance by the amount of the payment. This reduced limit will then be the limit of insurance available for further damages of this type.

- B. The "EMPLOYERS LIABILITY" "aggregate limit" of insurance shown in the "Declarations" is the most we will pay under XIV. EXCESS LIABILITY COVERAGE SECTION for the sum of all damages because of "employers liability" arising out of all "occurrences" during the "policy period."

Each payment we make for such damages reduces the "EMPLOYERS LIABILITY" "aggregate limit" of insurance by the amount of payment. This reduced limit will then be the limit of insurance available for further damages of this type.

- C. The "PERSONAL INJURY" AND "ADVERTISING INJURY" limit of insurance shown in the "Declarations" is the most we will pay for the sum of all damages under VII.B. "PERSONAL INJURY" AND "ADVERTISING INJURY" and "personal injury" and "advertising injury" under XIV.

EXCESS LIABILITY COVERAGE SECTION because of all "personal injury" and all "advertising injury" sustained by any one person or organization arising out of any "offense."

- D. Subject to A. or B. above, whichever applies, the "BODILY INJURY" AND "PROPERTY DAMAGE" limit of insurance shown in the "Declarations" is the most we will pay for the sum of:
1. Damages under VII.A. "BODILY INJURY" AND "PROPERTY DAMAGE" and "bodily injury" and "property damage" under XIV. EXCESS LIABILITY COVERAGE SECTION; and
 2. "Medical expenses" under IX. GENERAL LIABILITY MEDICAL PAYMENTS SECTION because of all "bodily injury," "property damage," and "medical expenses" arising out of any one "occurrence."
- E. Subject to D. above, the "HIRED AUTO" AND "NONOWNED AUTO" limit of insurance shown in the "Declarations" is the most we will pay for the sum of damages because of all "bodily injury" or "property damage" arising out of any one "occurrence" covered under VII.C. "HIRED AUTO" AND "NONOWNED AUTO."
- F. Subject to D. above, the PROPERTY DAMAGE LEGAL LIABILITY - REAL PROPERTY limit of insurance shown in the "Declarations" is the most we will pay for "property damage" arising out of any one "occurrence" covered under VII.D. PROPERTY DAMAGE LEGAL LIABILITY - REAL PROPERTY.
- G. Subject to D. above, the GARAGE AND PARKING AREAS LEGAL LIABILITY limits of insurance shown in the "Declarations" is the most we will pay for "property damage" covered under VIII. GARAGE AND PARKING AREA LEGAL LIABILITY for:
1. Comprehensive Coverage in excess of the applicable deductible.
 2. Collision Coverage in excess of the applicable deductible.
- H. Subject to D. above, the MEDICAL PAYMENTS per person limit of insurance shown in the "Declarations" is the most we will pay under IX. GENERAL LIABILITY MEDICAL

PAYMENTS SECTION for all “medical expenses” because of “bodily injury” arising out of any one “occurrence” sustained by any one person.

The limits of insurance of this LIABILITY COVERAGE PART apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the “policy period” shown in the “Declarations,” unless the “policy period” is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the limits of insurance.

XX. LIABILITY CONDITIONS SECTION

This section applies to GENERAL LIABILITY and EXCESS LIABILITY.

GENERAL LIABILITY and EXCESS LIABILITY coverages are subject to the following conditions. If any of the following conditions are contrary to conditions contained in the “underlying insurance” the provisions contained in this section apply.

A. PREMIUM AUDIT

1. We will compute all premiums for this Liability Coverage Part in accordance with our rules and rates.
2. If the premium for this Liability Coverage Part is subject to audit, at the close of each audit period, we will compute the earned premium for that period. Audit premiums are due and payable on notice to the first Named Insured. If the sum of the advance and audit premiums paid for the “policy period” is greater than the earned premium, we will return the excess to the first Named Insured.
3. The first Named Insured must keep records of the information we need for premium computation and send us copies at such times as we may request.

B. REPRESENTATIONS

By accepting this policy, you agree:

1. The statements in the “Declarations” are accurate and complete;
2. Those statements are based upon representations you made to us; and

3. We have issued this policy in reliance upon your representations.

C. ACTS OR OMISSIONS BY UNIT OWNERS

No act or omission by any unit owner will void the policy or be a condition to recovery under this policy. However, this does not apply to unit owners acting within the scope of their authority on your behalf.

D. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

1. If the insured has rights to recover all or part of any payment we have made under this Liability Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request the insured will bring “suit” or transfer those rights to us and help us enforce them.
2. We waive any rights which this condition may give us against all of the following:
 - a. Any unit owner and residing household members.
 - b. Your Association.
 - c. Members of the board of directors for acts or omissions within the scope of their duties for you.

We reserve our right, however, to recover against the developer for acts or omissions that the developer may be liable for in the capacity as a developer.

Claims Made

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the "Declarations." "We," "us" and "our" refer to the company providing this insurance. Words and phrases that appear in quotation marks have special meaning. Refer to XXVIII. DEFINITIONS SECTION

THE WORD INSURED MEANS ANY PERSON OR ORGANIZATION QUALIFYING AS SUCH UNDER XXIII. DIRECTORS AND OFFICERS LIABILITY WHO IS AN INSURED SECTION.

XXI. DIRECTORS AND OFFICERS LIABILITY COVERAGES SECTION

This insurance covers all sums that the insured becomes legally obligated to pay for "loss" to which this insurance applies.

No other obligation or liability to pay sums or perform acts or services is covered unless specifically provided for under XXIV. DIRECTORS AND OFFICERS LIABILITY LIMITS OF INSURANCE SECTION, XXV. DIRECTORS AND OFFICERS LIABILITY EXTENDED REPORTING PERIOD SECTION and XXVI. DIRECTORS AND OFFICERS LIABILITY CONDITIONS SECTION.

A. ERRORS AND OMISSIONS INSURANCE

We will pay on behalf of the insured all "loss" such insured becomes legally obligated to pay as damages because of a "wrongful act" committed in the "coverage territory."

Insurance is provided by this Directors and Officers Liability Coverage Part for any "wrongful act" that is:

1. Committed on or after the Retroactive Date, if any, shown in the "Declarations" and before the expiration of the "policy period"; and
2. Reported to us in accordance with XXVI.C. REPORTING AND NOTICE; or
3. Reported to us during the Extended Reporting Period, if exercised, in accordance with XXV. DIRECTORS AND OFFICERS LIABILITY EXTENDED REPORTING PERIOD SECTION.

We may investigate any "claim" or "suit" at our discretion. At our option, we may consent to the defense of any such "claim" or "suit" by the insured. With regard to any "claim" or "suit" we allow an insured to defend, we have the right to associate with such insured's defense counsel and to monitor and be advised of defense strategies and activities and expenses incurred for defense as they are incurred.

B. DEFENSE AND PAYMENT

Our rights and obligations with regard to defense and payment are as follows:

1. Pecuniary Relief - Defense and Payment
 - a. Even if the allegations are groundless, false or fraudulent, we will have the right and duty to defend against any claim or "suit" seeking damages.
 - b. Our duty to defend against any claim or "suit" seeking damages ends when we have used up the applicable limit of insurance paying "loss."
 - c. In any claim or "suit" for damages, no "defense costs" may be incurred without our consent which will not be unreasonably withheld. We will not be liable for any "defense costs" to which we have not consented.
 - d. We may settle such claim or "suit" within the limit of insurance available at the time of settlement.
 - e. No payment for damages may be made without our consent which will not be unreasonably withheld. We will not be liable for any settlement for damages to which we have not consented.
2. Nonpecuniary Relief - Defense:
 - a. Even if the allegations are groundless, false or fraudulent, we will have the right and duty to defend against any claim or "suit" seeking equitable relief.
 - b. Our duty to defend ends when we have used up the applicable limit of insurance in the payment of defense costs." The insured shall not unreasonably withhold consent to any reasonable settlement offer.

XXII. DIRECTORS AND OFFICERS LIABILITY EXCLUSIONS SECTION

This insurance does not apply to any “claim” or “suit”:

A. PRIOR WRITTEN NOTICE

Arising from any circumstance if written notice of such circumstance has been received by you under any policy the term of which has expired prior to or upon the inception of this policy.

B. PRIOR LITIGATION

Arising out of:

1. Any litigation commencing prior to or pending as of the policy effective date including, but not limited to “claims”, demands, causes of action, legal or quasi-legal proceedings, decrees or judgments against any insured of which any other insured had received notice or otherwise had knowledge as of such date;
2. Any subsequent litigation arising from or based on substantially the same matters as alleged in the pleadings of such prior or pending litigation; or
3. Any act of any insured which gave rise to such prior or pending litigation.

C. EMPLOYMENT RELATED PRACTICES

For any actual or alleged:

1. Refusal to employ;
2. Termination of employment; or
3. Coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, or discrimination in the employment, or other employment related practices, policies, acts or omissions.

D. DISCRIMINATION

Arising out of any violation of any civil rights laws whether federal, state, or local ordinance. This includes, but is not limited to, discrimination on account of race, religion, sex, age, familial status or handicap. This does not include any act of discrimination excluded under XXII.C. EMPLOYMENT RELATED PRACTICES.

However, this exclusion does not apply to the “defense costs” provided under XXI.B. DEFENSE AND PAYMENT, 1. and 2. Your

consent to settlement shall not be unreasonably withheld.

E. EMPLOYEE BENEFITS AND E.R.I.S.A.

1. Based upon any actual or alleged violation of the responsibilities, obligations or duties imposed upon fiduciaries by:
 - a. The Employee Retirement Income Security Act, E.R.I.S.A., of 1974, Public Law 93-406, any amendment of it or similar provisions of Federal, State or local statutory or common law; or
 - b. Any “private employee benefits” or “public employee benefits.”
2. Based upon any other error or omission with regard to any “private employee benefits” or “public employee benefits.”

F. “MONEY” AND “SECURITIES”

1. For profit or “loss,” or any accounting of it, resulting from the purchase, sale or disposition of “securities.”
2. Where all or part of such “claim” is directly or indirectly, based on, attributable to, caused by, arising out of, resulting in or relating in any way to loss of “money” and “securities.”

G. REMUNERATION AND PERSONAL PROFITS

Any personal profit, remuneration or advantage gained by any insured to which they were not legally entitled.

H. BREACH OF CONTRACT

For any breach of contract.

However, this exclusion does not apply to the “defense costs” provided under XXI.B. DEFENSE AND PAYMENT, 1. and 2. Your consent to settlement shall not be unreasonably withheld.

I. DISHONEST ACTS

Any dishonest, fraudulent, criminal or malicious act, including fines and penalties resulting from these acts.

J. FAILURE TO TAKE LEGAL ACTION

Arising out of or related to the failure of the insured to institute any legal action against the developer or any other person for “claims” related to any damage, destruction, or

deterioration of any tangible property including without limitation construction defects whether or not as a result of faulty or incorrect design or architectural plans, improper soil testing, inadequate or insufficient protection from soil and/or ground water movement, soil subsidence, or as a result of the supervision or actual construction, manufacturing or assembly of any tangible property.

However, this exclusion does not apply to the “defense costs” provided under XXI.B. DEFENSE AND PAYMENT, 1. and 2. Your consent to settlement shall not be unreasonably withheld.

K. INJURY AND DAMAGE

Where all or part of such “claim” is directly or indirectly, based on, attributable to, caused by, arising out of, resulting in or relating in any way to “bodily injury,” “property damage,” “personal injury” or “advertising injury.”

L. INSURANCE

Arising from, based upon or attributable to any failure or omission on the part of the insured to effect or maintain adequate insurance of any kind.

M. ASBESTOS

Based on, caused by, attributable to, related to, or in any manner and at any time arising out of:

1. The use, installation, storage, withdrawal, removal, encapsulation, destruction, containment, testing, distribution, ownership, sale or disposal of asbestos, asbestos dust, asbestos fibers or material containing asbestos;
2. Exposure to asbestos, asbestos dust, asbestos fibers or material containing asbestos; or
3. Any error or omission in supervision, instructions, recommendations, notices, warnings or advice given, or which should have been given, in connection with asbestos, asbestos dust, asbestos fibers or material containing asbestos.

N. POLLUTION

1. Based on, caused by, attributable to, related to, or in any manner and at any time arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of “pollutants.”

2. Any “loss,” cost or expense arising out of any:
 - a. Request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of “pollutants”;
 - b. “Claim” or “suit” by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of “pollutants”; or
 - c. Charges of seepage, pollution or contamination and based upon or attributable to violation or alleged violation of any federal, state, municipal or other governmental statute, regulation or ordinance prohibiting or providing for the control or regulation of emissions or effluents of any kind into the atmosphere or any body of land, water, waterway or watercourse or arising from any action or proceeding brought for enforcement purposes by any public official, agency, commission, board or pollution control administration pursuant to any such statutes, regulations or ordinances or arising from any “claims” alleging seepage, pollution or contamination based upon common law nuisance or trespass.

O. NUCLEAR ENERGY

Under any Liability Coverage:

1. With respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Energy 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 liability; or
2. Resulting from the “hazardous properties” of “nuclear material” and with respect to which:
 - a. Any person or organization is required to maintain financial protection pursuant to

the Atomic Energy Act of 1954, or any law that amends it; or

- b. The insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America or any of its agencies, under any agreement entered into by the United States of America, or any of its agencies, with any person or organization.
3. Resulting from the “hazardous properties” of “nuclear material” if:
 - a. The “nuclear material” is at any “nuclear facility” owned by, or operated by or on behalf of an insured or has been discharged or dispersed therefrom;
 - b. The “nuclear material” is contained in “spent fuel” or “waste” at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an insured; or
 - c. The “loss,” including all forms of radioactive contamination of property, arising 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 c. applies only to “property damage” to such “nuclear facility” and any property thereat.

P. ROT, MOLD AND MILDEW OR OTHER FUNGI

“Bodily injury,” “property damage,” “personal injury,” “advertising injury,” “loss” or nonpecuniary relief based upon or arising out of the exposure to, required removal or abatement of rot, mold, or mildew or other fungi, regardless of whether such rot, mold, or mildew or other fungi, ensues from any cause or condition or, at, under or emanating from or to the “premises,” including but not limited to any such cause or condition involving the presence, discharge or infiltration of moisture, vapor, water or any other liquid, or any damage related to any of these.

XXIII. DIRECTORS AND OFFICERS LIABILITY WHO IS AN INSURED SECTION

A. EACH OF THE FOLLOWING IS AN INSURED:

1. You and any “subsidiary” named in the “Declarations”;
2. Any person who has been, now is, or shall become a duly elected or appointed director or trustee, a duly elected or appointed officer, an employee, or committee member, whether or not salaried, and any of your members acting at the direction of your board of directors on your behalf in a voluntary capacity;
3. Legal representatives or assigns of any insured in 1. or 2. above who is insolvent, incompetent or bankrupt.
4. Estates, heirs and legal representatives
In the event of the death, incapacity or bankruptcy of any natural person insured in 2. or 3. above, any “claim” against his or her estate, heirs, legal representatives or assigns based on actual or alleged “wrongful acts” of such insureds shall be deemed to be a “claim” against such insured for the purposes of this Directors and Officers Liability Coverage Part.
5. Marital Estate

We shall cover “loss” arising from any “claim” made against the lawful (as determined by the applicable jurisdiction of the spouse) spouse of any natural person insured in 2. or 3. above if such “claim” arises solely out of the spousal relationship to the insured person. This coverage includes “claims” that seek damages recoverable from marital community property, property jointly held by the insured person and spouse and property transferred from the insured person to spouse. However, we shall not cover any “claim” for any actual or alleged “wrongful act” committed by the spouse, himself or herself, of any such insured person. All provisions of this Directors and Officers Liability Coverage Part, including the application of any retention, which apply to the insured person, also apply to the spouse.

B. NONE OF THE FOLLOWING IS AN INSURED:

1. Your builder, developer or sponsor or any person or organization affiliated with your builder, developer or sponsor in any capacity.
2. Other than your employee, any person or organization performing real estate management duties for you.

XXIV. DIRECTORS AND OFFICERS LIABILITY LIMITS OF INSURANCE SECTION

The limits of insurance shown in the “Declarations” and the provisions of this section determine the most we will pay for damages regardless of the number of:

- insureds and additional insureds;
- “claims” made or “suits” brought; or
- persons or organizations making “claims” or bringing “suit.”

A. LIMITS OF INSURANCE ARE SUBJECT TO THE FOLLOWING:

1. The each “policy year” limit is the most we will pay for damages because of “loss” covered by this Coverage Part.
2. Subject to 1. above, the each “loss” limit is the most we will pay for damages because of all “loss” arising out of any one “wrongful act.”
3. The limits of this Directors and Officers Liability Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the “policy period” shown in the “Declarations,” unless the “policy period” is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the limit of insurance.
4. The insured’s retained limit, as stated in the “Declarations,” shall be deducted from the amount of each “loss” covered by this Directors and Officers Liability Coverage Part. We will be liable only for damages in excess of such retention up to the applicable limits of insurance. We may pay any part or all of the insured’s retained

limit to settle a “claim” or “suit” and you agree to promptly reimburse us for the part of the retention paid by us.

5. All “loss” arising out of all interrelated “wrongful acts” of insureds will be deemed one “loss,” and such “loss” will be deemed to have originated in the earliest “policy year” in which any of such “wrongful acts” is first reported to us.

XXV. DIRECTORS AND OFFICERS LIABILITY EXTENDED REPORTING PERIOD SECTION

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

A. AUTOMATIC EXTENDED REPORTING PERIOD

1. The Automatic Extended Reporting Period starts with the end of the “policy period” and lasts for 90 days.
2. The Automatic Extended Reporting Period applies only if no subsequent insurance you purchase applies to the “claim,” or would apply but for the exhaustion of its limit of insurance.
3. The Automatic Extended Reporting Period may not be canceled.
4. The Automatic Extended Reporting Period is provided without additional charge.

B. OPTIONAL EXTENDED REPORTING PERIOD ENDORSEMENT

1. If you purchase the Optional Extended Reporting Period Endorsement, the Optional Extended Reporting Period will start upon the expiration of the Automatic Extended Reporting Period and will last for three years.
2. The cost for the Optional Extended Reporting Period is shown in the “Declarations.”
3. We will provide the Optional Extended Reporting Period upon your request, unless the policy is canceled for nonpayment of premium or fraudulent activities of an insured.

4. We will issue that Endorsement if the first Named Insured shown in the "Declarations" makes a written request to us for it which we receive within 60 days after the date of "termination of coverage."
5. The Optional Extended Reporting Period Endorsement will not take effect unless the additional premium is paid when due. If that premium is paid when due, the Endorsement may not be canceled.

C. EXTENDED REPORTING PERIOD CONDITIONS

Extended Reporting Periods are subject to the following conditions:

1. A "claim" first made during the Extended Reporting Period will be deemed to have been made on the last day of the "policy period," provided that the "claim" is for "loss" from "wrongful acts" which took place before the end of the "policy period" but not before any applicable Retroactive Date.

Extended Reporting Periods do not extend the "policy period" or change the scope of coverage provided. Extended Reporting Periods apply only to the coverage terminated or reduced.

2. Extended Reporting Periods do not reinstate or increase the limits of Liability applicable to which this Directors and Officers Liability Coverage Part applies.
3. If this Directors and Officers Liability Coverage Part is canceled and you elect to purchase the Optional Extended Reporting Period Endorsement:
 - a. Any return premium due you for the cancellation will be credited to the premium due for the Optional Extended Reporting Period Endorsement; and
 - b. Any additional premium due us for the period the policy was in force must be fully paid before any payments can be applied to the premium due for the Optional Extended Reporting Period Endorsement.

XXVI. DIRECTORS AND OFFICERS LIABILITY CONDITIONS SECTION

The Directors and Officers Liability Coverage Part is subject to the following conditions:

A. LEGAL ACTION AGAINST US

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

B. BANKRUPTCY

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

C. REPORTING AND NOTICE

1. A specific "wrongful act" shall be considered to have been first reported to us either:
 - a. At the time that any insured first gives written notice to us that a "claim" has been made against the insured for such "wrongful act"; or
 - b. At the time that any insured first gives written notice to us of:
 - (1) The material facts or circumstances relating to such "wrongful act" as facts or circumstances having the potential of giving rise to a "claim" being made against the insured; or
 - (2) The receipt of written or oral notice from any party that is the intention of such party to hold the insured responsible for such "wrongful act."
2. The insured shall, as a condition precedent to their rights under this policy, give to us written notice as soon as practicable of any

“claim” made against any of them for a “wrongful act” and shall give us such information and cooperation as we may reasonably require.

D. OTHER DUTIES IN THE EVENT OF “WRONGFUL ACT,” “CLAIM”, OR “SUIT”

Failure to perform these duties will impair your rights under this Directors and Officers Liability Coverage Part.

1. You must see to it that we are notified as soon as practicable of any “wrongful act” which may result in a “claim”. To the extent possible, notice should include:
 - a. How, when, and where the “wrongful act” took place;
 - b. The names and addresses of any persons involved in the “wrongful act” and witnesses; and
 - c. The nature of the harm resulting from the “wrongful act.”
2. Notice of a “wrongful act” is not notice of a “claim”.
3. If a “claim” is made against or received by an insured, you must:
 - a. Immediately record the specifics of the “claim” and the date received; and
 - b. Notify us in writing as soon as practicable.
4. You and any other involved insured must:
 - a. Immediately send us copies of any demands, notices, summonses, or legal papers received in connection with the “claim” or “suit”;
 - b. Authorize us to obtain records and other information;
 - c. Cooperate with us in the investigation, settlement, or defense of the “claim” or “suit”; and
 - d. Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of “loss” to which this insurance may apply.
5. No insureds will, except at their own cost, voluntarily make a payment, assume any obligation, or incur any expense without our consent.

E. REPRESENTATIONS AND SEVERABILITY

1. In granting coverage under this Directors and Officers Liability Coverage Part to any one of the insureds, we have relied upon the declarations and statements in the written application for coverage. Declarations and statements are the basis of coverage and will be considered as incorporated in and constituting part of the Directors and Officers Liability Coverage Part.
2. The written application for coverage will be construed as a separate application for coverage by each of the insureds. With respect to the declarations and statements contained in such written application for coverage, no statement in the application or knowledge possessed by any insured will be imputed to any other insured for the purpose of determining the availability of coverage with respect to “claims” made against the insured whether or not your Association grants indemnification.
3. Except with respect to the limit of insurance, and any rights or duties specifically assigned to the first Named Insured, this insurance applies:
 - a. As if each Named Insured were the only Named Insured; and
 - b. Separately to each insured against whom “claim” is made or “suit” is brought.

F. OTHER INSURANCE

This insurance is excess of any retained limit shown in the “Declarations” and any other valid and collectible insurance whether primary, excess, contingent or any other basis, except such other insurance as is written specifically to be excess over this insurance.

The other insurance will be deemed valid and collectible regardless of:

1. Any defense asserted by any other insurer because of the insured’s failure to comply with the terms of that insurance; or,
2. The inability of any other insurer to pay because bankruptcy or insolvency.

G. NEWLY CREATED OR ACQUIRED "SUBSIDIARIES"

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

H. CONSOLIDATION OR MERGER

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

I. TRANSFER OF RIGHTS OF RECOVERY

In the event of any payment under this Directors and Officers Liability Coverage Part, we will be subrogated to the extent of such payment to all the insured's rights of recovery. In such case the insured will execute all papers required and will do everything necessary to secure and preserve such right including the

execution of such documents necessary to enable us effectively to bring "suit" in the name of the insured.

Throughout this policy the words “you” and “your” refer to the Named Insured shown in the “Declarations.” “We,” “us” and “our” refer to the company providing this insurance. Other words and phrases that appear in quotation marks have special meaning. Refer to XXVIII. DEFINITIONS SECTION.

XXVII. COMMON POLICY CONDITIONS SECTION

All Coverage Parts are subject to the following conditions.

A. CANCELLATION

1. The first Named Insured shown in the “Declarations” may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice of cancellation to the first Named Insured’s last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The “policy period” will end on that date.
5. If this policy is canceled, we will send the first Named Insured any premium refund due.
 - a. If we cancel, or if cancellation is at our request, the refund will be pro rata.
 - b. Otherwise, the refund will be 90% of pro rata.
6. If notice of cancellation is mailed, proof of mailing will be sufficient proof of notice.

B. NONRENEWAL

1. The first Named Insured may nonrenew this policy by mailing or delivering to us advance written notice of nonrenewal.
2. We may nonrenew this policy by mailing or delivering to the first Named Insured written notice of nonrenewal at least 30 days before the policy expiration date.
3. We will mail or deliver our notice of

nonrenewal to the first Named Insured’s last mailing address known to us.

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

C. CHANGES

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured is authorized to make changes in the terms of this policy with our consent. This policy’s terms can be amended or waived only by endorsement issued by us and made a part of this policy.

D. EXAMINATION OF YOUR BOOKS AND RECORDS

We may examine and audit your books and records as they relate to this policy at any time during the “policy period” and up to three years afterward.

E. INSPECTIONS AND SURVEYS

1. We have the right but are not obligated to:
 - a. Make inspections and surveys at any time;
 - b. Give you reports on the conditions we find; and
 - c. Recommend changes.
2. Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged.

We do not:

- a. Make safety inspections;
- b. Undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public; or
- c. Warrant that conditions are safe or healthful; or comply with laws, regulations codes or standards.

This condition applies not only to us, but also to any rating advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations on our behalf.

F. PREMIUMS

The first Named Insured:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums.

G. TRANSFER OF YOUR RIGHTS AND DUTIES UNDER THIS POLICY

Your rights and duties under this policy may not be transferred without our written consent.

If you cease to exist, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

H. COVERAGE UNDER TWO OR MORE COVERAGE PARTS

If a loss is covered under two or more of this policy's Coverage Parts, only the Coverage Part affording the most favorable coverage from the standpoint of the claimant will apply.

I. NOTICE OF CLAIM

The first Named Insured is responsible to act on behalf of all insureds with respect to the giving and receiving of notice of claim.

J. TITLES OF PARAGRAPHS

The titles of the varied paragraphs of this policy and endorsements, if any, attached to this policy, are inserted solely for convenience or reference and are not to be deemed in any way to limit or affect provisions to which they relate.

K. LIBERALIZATION

If we adopt any filed and approved revision that would broaden the coverage under any part of this policy form without additional premium within 60 days prior to or during the "policy period," the broadened coverage will immediately apply to any version of this policy issued to you.

L. VOLUNTARY PAYMENTS

No insured nor anyone acting on the behalf of any insured may, except at their own cost, voluntarily make a payment, assume any obligation or incur any expense, other than for

first aid and any other expenses specifically allowed in this policy, without our prior, written consent.

Throughout this policy the words “you” and “your” refer to the named insured shown in the “Declarations.” “We,” “us” and “our” refer to the company providing this insurance. Words and phrases that appear in quotation marks have special meaning.

XXVIII. DEFINITIONS SECTION

Entries in parentheses indicate Policy Coverage Parts to which defined terms apply.

1. **“Advertising Injury”** (LIABILITY, DIRECTORS AND OFFICERS) means injury arising out of one or more of the following “offenses:”
 - a. Oral or written publication of material that slanders or libels a person or organization or disparages a person’s or organization’s goods, products or services;
 - b. Oral or written publication of material that violates a person’s right of privacy;
 - c. Misappropriation of advertising ideas or style of doing business; or
 - d. Infringement of copyright, title or slogan.
2. **“Aggregate limit(s)”** (LIABILITY, DIRECTORS AND OFFICERS) means the maximum amount stated in the policy for which the insurer will be liable regardless of the number of covered claims.
3. **“Agreed settlement”** (LIABILITY, DIRECTORS AND OFFICERS) means a settlement and release of liability signed by us, the insured and the claimant or the claimant’s legal representative.
4. **“Auto(s)”** (PROPERTY, LIABILITY) means a land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment. But auto does not include “mobile equipment.”
5. **“Auto business”** (LIABILITY) means the business or occupation of selling, repairing, servicing, storing or parking of “autos.”
6. **“Auto equipment”** (LIABILITY) means any equipment used in connection with the “auto” in or on the “auto” including audio, visual, and informational transmitting, receiving and reproducing equipment such as:
 - a. Tape decks, disc players or other sound and picture reproducing equipment,
 - b. Sound transmitting and receiving equipment designed for use as a citizens’ band radio, two-way mobile radio or telephone or scanning monitor receiver, including its antennas and other accessories,
 - c. Electronic data processing equipment and facsimile and document transmitting and receiving equipment.
7. **“Banking premises”** (PROPERTY) means a bank, savings institution or similar depository.
8. **“Bodily injury”** (LIABILITY, DIRECTORS AND OFFICERS) means:
 - a. Injury to the body, sickness or disease, disability or shock, mental anguish, humiliation or mental injury sustained by any person, including death resulting from any of these at any time.
 - b. Injury resulting from assault and battery solely from the use of reasonable force when committed by you or at your direction for the purpose of protecting persons or property.
 - c. Bodily injury includes damages claimed by any person or organization for care, loss of service or death resulting at any time from the “bodily injury.”

But “bodily injury” does not mean “bodily injury” arising out of any “offense.”
9. **“By-product material”** (LIABILITY, DIRECTORS AND OFFICERS) means the meaning given to it in the Atomic Energy Act of 1954 or in any amendatory law.
10. **“Claim”** (DIRECTORS AND OFFICERS) means: A written demand, sent by a person or organization, demanding either damages or the performance of a specific act, or both.
11. **“Collapse”** (PROPERTY) means an abrupt falling down, caving in or flattening of a building, structure or of any part of a building or structure with the result that the building, structure or the collapsed part of either cannot be occupied for its intended purpose. However:
 - a. A building, structure or any part of either that is in danger of falling down or caving in is not considered to be in a state of collapse. This provision applies even if the building has been:
 - (1) Declared by civil authority or by a person technically qualified to do so to be in an imminent state of collapse;

- (2) Condemned for occupancy for its intended purpose; or,
 - (3) Ordered evacuated in anticipation of imminent collapse.
- b. A part of a building or structure that is standing is not considered to be in a state of collapse even if it has separated from another part of the building or structure.
- c. None of the following is considered to be in a state of “collapse” even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion:
- (1) A building, structure or part of either that is standing; or
 - (2) Personal property.
12. **“Computer Fraud”** (PROPERTY) means “theft” of property following and directly related to the use of any computer to fraudulently cause a transfer of that property from inside the “premises” or “banking premises” to a person, other than a “messenger,” outside those “premises” or to a place outside those “premises.”
- With regard to “computer fraud,” occurrence means an:
- a. Act or series of related acts involving one or more persons; or
 - b. Act or event, or a series of related acts or a series of related acts or events not involving any person.
13. **“Coverage Territory”** (PROPERTY) means, unless otherwise specified, the following:
- a. The United States of America (including its territories and possessions);
 - b. Puerto Rico; and
 - c. Canada.
14. **“Coverage Territory”** (LIABILITY, DIRECTORS AND OFFICERS) means anywhere in the world if the insured’s responsibility to pay damages is determined:
- a. In a “suit” on the merits brought in a forum in the United States of America (including its territories and possessions), Puerto Rico or Canada; or
 - b. In a settlement we agree to.
15. **“Covered Employee”** (PROPERTY) means:
- a. Any natural person:
 - (1) While in your service (and for 30 days after termination of service);
 - (2) Whom you compensate directly by salary, wages or commissions; and
 - (3) Whom you have the right to direct and control while performing services for you.
 - b. Any natural person employed by an employment contractor while that person is subject to your direction and control and performing services for you. However, any such person is excluded while having care and custody of property outside the “premises.”
 - c. Any natural person who is a duly elected or appointed director, trustee, officer, committee volunteer or member, whether salaried or not, and any other person acting on behalf or at the direction of an officer or board of directors of your Association with the exception of the developer when acting in a capacity as the developer.
- But covered employee does not include:
- a. Other than your employee any person or any organization while acting as your real estate manager.
 - b. Any employee immediately upon discovery by:
 - (1) You; or
 - (2) Any of your officers and directors not in collusion with the employee, director, officer or board member;
 of any dishonest act committed by that employee, officer or board member whether before or after being hired or appointed by you.
16. **“Covered Employee”** (DIRECTORS AND OFFICERS) means:
- a. Any natural person:
 - (1) While in your service (and for 30 days after termination of service);
 - (2) Whom you compensate directly by salary, wages or commissions; and
 - (3) Whom you have the right to direct and control while performing services for you.
 - b. Any natural person employed by an employment contractor while that person is subject to your direction and control and performing services for you. However, any such person is excluded while having care and custody of property outside the “premises.”

- c. Other than your employee, any person or any organization while acting as your real estate manager.
17. **“Covered Instrument(s)”** (PROPERTY) means checks, drafts, promissory notes, or similar written promises, orders or directions to pay a sum certain in “money” and written instruments required in conjunction with any credit, debit or charge card issued to you or any employee for business purposes that are:
- a. Made or drawn by or drawn upon you;
 - b. Made or drawn by one acting as your agent; or that are purported to have been so made or drawn.
18. **“Covered Property”** (PROPERTY) means property described in I. PROPERTY DIRECT COVERAGES SECTION for which a limit of insurance is shown in the “Declarations.”
19. **“Declarations”** (PROPERTY, LIABILITY, DIRECTORS AND OFFICERS) means any declarations comprising part of the policy.
20. **“Defense costs”** (LIABILITY) means:
- a. All expenses we incur;
 - b. The cost of bonds to appeal a judgment or award in any “suit” we defend;
 - c. The cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which “bodily injury” liability coverage under this insurance applies. We do not have to furnish these bonds;
 - d. The cost of bonds to release attachments, but only for bond amounts within the limit of insurance available under XIX. LIABILITY LIMITS OF INSURANCE SECTION. We do not have to furnish these bonds;
 - e. Reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or “suit,” including actual loss of earnings up to \$250 a day because of time off from work.
- If we defend an insured against a “suit” and an indemnitee of the insured is also named as a party to the “suit,” we will defend that indemnitee if all of the following conditions are met:
- a. The “suit” against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an “insured contract”;
 - b. This insurance applies to such liability assumed by the insured;
 - c. The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same “insured contract”;
 - d. The allegations in the “suit” and the information we know about the “occurrence” are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;
 - e. The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such “suit” and agree that we can assign the same counsel to defend the insured and the indemnitee; and
 - f. The indemnitee:
 - (1) Agrees in writing to:
 - (a) Cooperate with us in the investigation, settlement or defense of the “suit”;
 - (b) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the “suit”;
 - (c) Notify any other insurer whose coverage is available to the indemnitee; and
 - (d) Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and
 - (2) Provide us with written authorization to:
 - (a) Obtain records and other information related to the “suit”; and
 - (b) Conduct and control the defense of the indemnitee in such “suit.”
- So long as the above conditions are met, attorneys fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid. Notwithstanding the provisions of 2. of XI.D. CERTAIN CONTRACTS, such payments will not be deemed to be damages for “bodily injury” and “property damage” and will not reduce the limits of insurance.
- Our obligation to defend an insured’s indemnitee and to pay for attorneys fees and necessary litigation expenses ends when:

- a. We have used up the applicable limit of insurance in the payment of judgments or settlements; or
- b. The conditions set forth above, or the terms of the agreement described in paragraphs f.(1) and f.(2) above, are no longer met.
21. **“Defense costs”** (DIRECTORS AND OFFICERS) means:
- a. Costs, charges and expenses (other than regular or overtime wages, salaries or fees of your trustees, directors, officers or employees) incurred at our request or with our written consent in the defense of legal actions, “claims”, or proceedings and appeals therefrom and the cost of appeal, attachment or similar bonds. We do not have to furnish these bonds.
- b. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the “claim” or “suit” including actual loss of earnings up to \$250 a day, per person, because of time off from work.
- c. The cost of bonds to appeal a judgment or award in any “suit” we defend.
22. **“Depositors Forgery”** (PROPERTY) means loss resulting directly from forgery or alteration to a “covered instrument” including the use of facsimile signatures. It includes any reasonable legal expenses that you incur and pay if you are sued for refusing to pay any “covered instrument” on the basis that it has been forged or altered and you have our written consent to defend against the suit involving “depositors forgery.”
- There is no coverage for loss caused by legal proceedings including judgments, settlements and any related expenses.
- With regard to “depositors forgery,” occurrence means all loss caused by any person or in which that person is involved, whether the loss involves one or more instruments.
23. **“Employees”** also **“Coemployees”** (PROPERTY, LIABILITY) includes a “leased worker.” “Employee” does not include a “temporary worker.”
24. **“Employee Dishonesty”** (PROPERTY) means only dishonest or criminal acts committed by a “covered employee,” whether identified or not, acting alone or in collusion with other persons, with the manifest intent to:
- a. Cause you to sustain loss; and also
- b. Obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment) for:
- (1) The “covered employee”; or
- (2) Any person or organization intended by the “covered employee” to receive that benefit.
- With regard to “employee dishonesty,” occurrence means all loss caused by each “covered employee,” whether the result of a single act or series of acts.
25. **“Employers Liability”** (LIABILITY) means liability arising out of any and all “bodily injury” by accident or “bodily injury” by disease to your employees. “Bodily injury” includes resulting death.
- a. The “bodily injury” must arise out of and in the course of the injured employee’s employment by you.
- b. “Bodily injury” by disease must be caused or aggravated by the conditions of your employment. The employee’s last day of last exposure to the conditions causing or aggravating such “bodily injury” by disease must occur during the “policy period.”
26. **“Fine Arts”** (PROPERTY) means paintings, etchings, pictures, sculptures, tapestries, art glass windows and other bona fide works of art of rarity, historical value or artistic merit. Fine arts also includes “furs” and “jewelry.”
27. **“Flood”** (PROPERTY) means:
- a. A general and temporary condition of partial or complete inundation of two or more acres of normally dry land area or of two or more properties (at least one of which is your property) from:
- (1) Overflow of inland or tidal waters;
- (2) Unusual and rapid accumulation or run off of surface waters from any source;
- (3) “Mudflow.”
- b. Collapse or subsidence of land along the shore of a lake or similar body of water as a result of erosion or undermining caused by waves or currents of water exceeding anticipated cyclical levels that result in a flood as defined in a. immediately above.
28. **“Furs”** (PROPERTY) means furs, fur garments and garments trimmed with fur.

29. **“Garage operations”** (LIABILITY) means the ownership, maintenance or use of locations for garage business and that portion of the roads or other accesses that adjoin these locations. Garage operations includes the ownership, maintenance or use of “autos,” “auto equipment” or “mobile equipment” left with you for service, repair, attending, storage, safekeeping or parking. Garage operations also include all operations necessary or incidental to a garage business.
30. **“Hazardous properties”** (LIABILITY, DIRECTORS AND OFFICERS) means hazardous properties including radioactive, toxic or explosive properties.
31. **“Hired auto”** (LIABILITY) means any “auto” you lease, hire or borrow. This does not include any “auto” you lease, hire or borrow from any of your employees or members of their households, or from any director or officer of yours.
32. **“Hostile fire”** (PROPERTY, LIABILITY) means a fire which becomes uncontrollable or breaks out from where it was intended to be.
33. **“Impaired property”** (LIABILITY) means tangible property, other than “your product” or “your work,” that cannot be used or is less useful because:
- a. It incorporates “your product” or “your work” that is known or thought to be defective, deficient, inadequate or dangerous; or
 - b. You have failed to fulfill the terms of a contract or agreement;
- if such property can be restored to use by:
- a. The repair, replacement, adjustment or removal of “your product” or “your work”; or
 - b. Your fulfilling the terms of the “contract” or “agreement.”
34. **“Incidental medical malpractice”** (LIABILITY) means “bodily injury” arising out of the rendering of or failure to render the following services:
- a. Furnishing food, beverages, office space or building facilities in connection with any medical, surgical, dental, x-ray, pharmaceutical or nursing service or treatment; or
 - b. The furnishing or dispensing of drugs, medical, dental or surgical supplies or appliances.
- Incidental medical malpractice does not cover any insured engaged in the business, profession or occupation of providing any of the services described under a. and b. above.
35. **“Insured Contract”** (LIABILITY) means:
- a. A lease of premises;
 - b. A “sidetrack agreement;”
 - c. An easement or license agreement in connection with vehicle or pedestrian private railroad crossings at grade;
 - d. Any other easement agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
 - e. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
 - f. An elevator maintenance agreement;
 - g. That part of any contract or agreement entered into, as part of your operations, by you, your directors, officers or employees pertaining to the rental or lease of any “auto”; or
 - h. That part of any other contract or agreement pertaining to your operations, including an indemnification of a municipality in connection with work performed for a municipality, under which you assume the “tort liability” of another to pay damages because of “bodily injury” or “property damage” to a third person or organization, if the contract or agreement is made prior to the “bodily injury” or “property damage.”
- An “insured contract” does not include that part of any contract or agreement:
- a. That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
 - (1) Preparing, approving or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications; or
 - (2) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage;
 - b. Under which the insured, if an architect, engineer or surveyor, assumes liability for injury or damage arising out of the insured’s rendering or failing to render professional services, including those listed in a. above and supervisory, inspection, architectural or engineering services; or
 - c. That indemnifies any person or organization for damage to premises rented to or occupied by you caused by I.G. ORDINANCE OR LAW

COVERAGE or a COVERED CAUSE OF LOSS as described in III. PROPERTY CAUSES OF LOSS, EXCLUSIONS AND LIMITATIONS SECTION;

- d. That pertains to the loan, lease or rental of an “auto” to you, your directors, officers or employees, if the “auto” is loaned, leased or rented with a driver; or
 - e. That holds a person or organization engaged in the business of transporting property by “auto” for hire harmless for your use of an “auto” over a route or territory that person or organization is authorized to serve by public authority.
 - f. That provides indemnification for any occurrence caused by or and offense committed by any person or organization that would not be an insured person under XII. GENERAL LIABILITY – WHO IS AN INSURED and XVII. EXCESS LIABILITY – WHO IS AN INSURED.
36. **“Jewelry”** (PROPERTY) means jewelry, watches, watch movements, jewels, pearls, precious and semiprecious stones, bullion, gold, silver, platinum and other precious alloys or metals. However, jewelry does not include watches costing \$100 or less to replace per item.
37. **“Leased workers”** (LIABILITY) means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. “Leased worker” does not include a “temporary worker.”
38. **“Loading or unloading”** (LIABILITY) means the handling of property:
- a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or “auto”;
 - b. While it is in or on an aircraft, watercraft or “auto”; or
 - c. While it is being moved from an aircraft, watercraft or “auto” to the place where it is finally delivered;
- But 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.”
39. **“Loss”** (DIRECTORS AND OFFICERS) means the damages the insured is legally obligated to pay because of judgments or settlements arising out of
- “claims” or “suits” alleging “wrongful acts.”
“Loss” does not include “defense costs.”
40. **“Media”** (PROPERTY, LIABILITY) means tapes, records, discs or other sound, picture, or data storage media designed for use with sound or picture reproducing or data processing equipment.
41. **“Medical expenses”** (LIABILITY) means:
- a. First aid at the time of an accident;
 - b. Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and
 - c. Necessary ambulance, hospital, professional nursing and funeral services.
42. **“Messenger”** (PROPERTY) means you or any “employee” while having care and custody of the property outside the “premises.”
43. **“Mobile equipment”** (LIABILITY) means a land vehicle (including any machinery or apparatus attached to it), whether or not it is self-propelled, which is:
- a. Not subject to motor vehicle registration; or
 - b. Maintained for use exclusively on premises owned by or rented to you; or
 - c. Designed for use principally off public roads; or
 - d. Designed or maintained for the sole purpose of affording mobility to equipment of the following types which form an integral part of or are permanently attached to such vehicle: power cranes, shovels, loaders, diggers, drills, concrete mixers, (other than the mix-in-transit type), graders, scrapers, rollers and other road construction or repair equipment, air-compressors, pumps, generators, including spraying, welding and building cleaning equipment, and geophysical exploration and well servicing equipment.
44. **“Money”** (PROPERTY, DIRECTORS AND OFFICERS) means:
- a. Currency, coins and bank notes in current use and having a face value; and
 - b. Travelers checks, register checks and money orders held for sale to the public.
- With regard to “money,” occurrence means an:
- a. Act or series of related acts involving one or more persons; or
 - b. Act or event, or a series of related acts or a series of related acts or events not involving any person.

45. **“Mudflow”** (PROPERTY) means a river of liquid and flowing mud on the surface of normally dry land areas, as when earth is carried by a current of water. Other earth movements, such as landslide, slope failure, or a saturated soil mass moving by liquidity down a slope, are not mudflows.
46. **“New information”** (PROPERTY) means information which is received by us for the first time from anyone.
47. **“Nonowned auto”** (LIABILITY) means any “auto” you do not own, lease, hire or borrow which is used in connection with your operations.
48. **“Nuclear facility”** (LIABILITY, DIRECTORS AND OFFICERS) means:
- a. Any “nuclear reactor”;
 - b. Any equipment or device designed or used for:
 - (1) Separating the isotopes of uranium or plutonium;
 - (2) Processing or utilizing “spent fuel”; or
 - (3) Handling, processing or packaging “waste”;
 - c. Any equipment or device used for the processing, fabricating or alloying of “special nuclear material” if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;
 - d. Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of “waste”; “Nuclear facility” includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.
49. **“Nuclear material”** (LIABILITY, DIRECTORS AND OFFICERS) means “source material,” “special nuclear material” or “by-product material.”
50. **“Nuclear reactor”** (LIABILITY, DIRECTORS AND OFFICERS) means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.
51. **“Occurrence(s)”** (LIABILITY) means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.
52. **“Offense(s)”** (LIABILITY, DIRECTORS AND OFFICERS) means, an act, utterance or publication, including the continuation or repetition of the same act, utterance or publication.
53. **“Officers”** (LIABILITY) means a person holding any of the officer positions created by your charter, constitution, bylaws or any similar governing document.
54. **“Period of Restoration”** (PROPERTY) means the period of time that:
- a. Begins with the date of direct physical loss or damage caused by or resulting from any COVERED CAUSE OF LOSS at the described premises; and
 - b. Ends on the date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality.
- “Period of restoration” does not include any increased period required due to the enforcement of any ordinance or law that:
- a. Regulates the construction, use or repair, or requires the tearing down of any property; or
 - b. Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to, or assess the effects of “pollutants.”
- The expiration date of this policy will not shorten the “period of restoration.”
55. **“Personal Effects”** (PROPERTY) means items usually worn or carried on the person.
56. **“Personal Injury”** (LIABILITY, DIRECTORS AND OFFICERS) means injury, other than “bodily injury,” arising out of one or more of the following “offenses”:
- a. False arrest, detention or imprisonment;
 - b. Malicious prosecution;
 - c. The wrongful eviction from, wrongful entry into, or invasion of the right of privacy of a room, “unit,” dwelling, storage area or premises that the person occupies by or on behalf of its owner, landlord or lessor;
 - d. Oral or written publication of material that slanders or libels a person or organization or disparages a person’s or organization’s goods, products or services; or
 - e. Oral or written publication of material that violates a person’s right of privacy.
 - f. Humiliation or discrimination.

57. **“Policy period”** (PROPERTY) means:
 Unless otherwise specified, we will cover loss or damage commencing during the policy period shown in the “Declarations.”
58. **“Policy Period”** (LIABILITY, DIRECTORS AND OFFICERS, COMMON POLICY) means the period from the inception to the expiration date of this policy, shown in the “Declarations” or until its termination in accordance with XXVII.A. CANCELLATION.
59. **“Policy Year”** (DIRECTORS AND OFFICERS) means the period of one year following the inception of this policy or any anniversary thereof, or if the time between such inception or any anniversary and the termination of the policy is less than one year, such lesser period. With regard to XXV. DIRECTORS AND OFFICERS LIABILITY EXTENDED REPORTING PERIOD SECTION, if the Extended Reporting Period is exercised then such Extended Reporting Period will be part of the last policy year and not an additional period.
60. **“Pollutant(s)”** (PROPERTY, LIABILITY, DIRECTORS AND OFFICERS) means any solid, liquid, gaseous, thermal or radioactive irritant or contaminant, including asbestos, radon, smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
61. **“Premises”** (PROPERTY) means the premises shown in Description of Premises “Declarations.”
62. **“Private Employee Benefits”** (DIRECTORS AND OFFICERS LIABILITY) means:
- a. Group Life Insurance;
 - b. Group Accident, Health, Disability and Dental Insurance;
 - c. Profit-Sharing Plans;
 - d. Pension Plans;
 - e. Employee Stock Subscription Plans; and
 - f. Employee Travel, Vacation, or Savings Plans.
63. **“Products-completed operations hazard”** (LIABILITY) means:
- a. “Products-completed operations hazard” includes all “bodily injury” and “property damage” arising out of “your product” or “your work” except:
 - (1) Products that are still in your physical possession; or
 - (2) Work that has not yet been completed or abandoned.
- The “bodily injury” or “property damage” must occur away from property you own or rent, or after you have relinquished possession of “your product” if your operation includes the selling, handling or distribution of “your product” for consumption on property you own or rent.
- b. “Your work” will be deemed completed at the earliest of the following times:
 - (1) When all of the work called for in your contract has been completed;
 - (2) When all of the work to be done at the site has been completed if your contract calls for work at more than one site;
 - (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.
- c. This hazard does not include “bodily injury” or “property damage” arising out of:
 - (1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle created by the “loading or unloading” or it;
 - (2) The existence of tools, uninstalled equipment or abandoned or unused materials; or
 - (3) Products or operations for residential condominiums and any other classification in this coverage part or in our manual of rules that includes products or completed operations.
64. **“Professional service”** (LIABILITY) means:
- a. Legal, accounting or advertising services;
 - b. Preparing, approving, or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications;
 - c. Supervisory, inspection or engineering services;
 - d. Medical, surgical, dental, x-ray or nursing services or treatment;
 - e. Any health service or treatment;

- f. Any cosmetic or tonsorial service or treatment;
 - g. Optometry or optical or hearing aid services including the prescribing, preparation, fitting, demonstration or distribution of ophthalmic lenses and similar products or hearing aid devices;
 - h. Ear or body piercing services; and
 - i. Services in the practice of pharmacy.
65. **“Property damage”** (LIABILITY, DIRECTORS AND OFFICERS) means:
- a. Physical injury to tangible property, including all resulting loss of use of that property; or
 - b. Loss of use of tangible property that is not physically injured.
- With regard to “property damage,” loss of use of tangible property not physically injured shall be deemed to occur at the time of the “occurrence” that caused it.
66. **“Public Employee Benefits”** (DIRECTORS AND OFFICERS LIABILITY) means:
- a. Worker’s Compensation;
 - b. Unemployment Insurance;
 - c. Social Security; and
 - d. Any other disability income program required or provided by statute or other law.
67. **“Ratable Limit”** (PROPERTY) means that portion of the replacement cost of “covered property” on which a premium charge is based.
68. **“Securities”** (PROPERTY, DIRECTORS AND OFFICERS) means negotiable and nonnegotiable instruments or contracts representing but not including either “money” or other property and includes:
- a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
 - b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you.
- With regard to “securities,” occurrence means an:
- a. Act or series of related acts involving one or more persons; or
 - b. Act or event, or a series of related acts or a series of related acts or events not involving any person.
69. **“Sidetrack agreement”** (LIABILITY) means an agreement between a railroad and a second party under which the railroad furnishes sidetrack facilities on the latter’s premises, the second party releasing the railroad from liability for damages or assuming the railroad’s liability for damages to others on account of the maintenance or operation of the sidetrack.
70. **“Sinkhole collapse”** (PROPERTY) means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone, dolomite or similar rock formations. It does not include:
- a. The cost of filling sinkholes; or
 - b. Sinking or collapse of land into man-made underground cavities or landfill.
71. **“Source material”** (LIABILITY, DIRECTORS AND OFFICERS) means the meaning given to it in the Atomic Energy Act of 1954 or in any amendatory law.
72. **“Special nuclear material”** (LIABILITY, DIRECTORS AND OFFICERS) means the description given to it in the Atomic Energy Act of 1954 or in any amendatory law.
73. **“Specified Causes of Loss”** (PROPERTY) means the following: fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; “sinkhole collapse”; “volcanic action”; falling objects; weight of snow, ice or sleet; “water damage.”
74. **“Spent fuel”** (LIABILITY, DIRECTORS AND OFFICERS) means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in “nuclear reactor.”
75. **“Subsidiary(ies)”** (DIRECTORS AND OFFICERS) means any organization that is controlled by any entity of yours through ownership of more than 50% of the outstanding voting stock.
76. **“Suit(s)”** (LIABILITY) means a civil proceeding in which damages because of “bodily injury,” “property damage,” “personal injury” or “advertising injury” to which this insurance applies are alleged.
- “Suit” includes:
- a. An arbitration proceeding in which such damages are claimed and to which you must submit or do submit with our consent; or

- b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which you submit with our consent.
77. **“Suit(s)”** (DIRECTORS AND OFFICERS) means a civil proceeding in which damages or nonpecuniary relief to which this insurance applies are alleged.
“Suit” includes:
- a. An arbitration proceeding in which such damages are claimed and to which you must submit or do submit with our consent; or
 - b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which you submit with our consent.
 - c. A civil proceeding commenced by the service of a complaint or similar pleading;
 - d. A formal administrative or regulatory proceeding commenced by the filing of a notice of charges, formal investigative order or similar document.
78. **“Swimming pools”** (PROPERTY) means swimming pools and the water they contain.
79. **“Temporary workers”** (LIABILITY) means a person who is furnished to you to substitute for a permanent “employee” on leave or to meet seasonal or short term workload condition.
80. **“Termination of coverage”** (DIRECTORS AND OFFICERS) means any cancellation or nonrenewal of the DIRECTORS AND OFFICERS COVERAGE PART by us.
81. **“Theft”** (PROPERTY, LIABILITY) means any act of stealing.
82. **“Tort liability”** (LIABILITY) means a liability that would be imposed by law in the absence of any contract or agreement.
83. **“Underlying insurance”** (LIABILITY) means the liability insurance coverage provided under policies shown in the Schedule of “Underlying Insurance” contained in the “Declarations,” for the limits and periods indicated. It includes any policies issued to replace those policies during the term of this insurance that provide:
- a. At least the same policy limits; and
 - b. Liability insurance coverage for the same hazards insured against, except those changes we agree to in writing.
84. **“Underlying insurer”** (LIABILITY) means any insurer who issues a policy of “underlying insurance.”
85. **“Underlying policy”** (LIABILITY) means a policy providing “underlying insurance.”
86. **“Unit”** (PROPERTY) means each portion of the real property, designed for separate ownership and occupancy, which is enclosed by the boundaries described in a. below and which contains the property described in b. below:
- a. Boundaries:
 - (1) Each plane formed by the innermost surfaces of the studs in each wall which is also a demising wall of the building or a wall between other similarly enclosed portions;
 - (2) Each plane formed by the innermost surface of each door and window and of its respective frames, sills and hardware all which connect the enclosed portion to adjacent common elements, limited common elements or the exterior of the building; and
 - (3) Each plane formed by the innermost surface of each grill or register covering exhaust fans or ventilation ducts;
 - (4) Each plane formed by the surfaces of any furring which, with regard to each furring strip, is that surface facing the enclosed portion, as extended around utility shafts and columns containing pipes, ducts, wires, conduits, chutes, mechanical chases, structural elements and flues that are either common element or limited common elements; and,
 - (5) Each plane formed by the innermost surfaces of the beams or joists of the ceilings and floors of such enclosed portions which are also ceilings and floors of the building or of other, similar enclosed portions.
 - b. The following property, wholly enclosed by or contained inside the boundaries described in a. above, which is both permanently installed and dedicated to the exclusive service of the enclosed portion:
 - (1) All machinery, equipment, appliances, fixtures and similar property such as:
 - (a) kitchen equipment, exhaust fans, lighting devices, outlets and wiring systems;

- (b) plumbing fixtures, and fixtures and other exposed parts of systems that provide heating, ventilation and air conditioning; and,
- (c) fixtures and other exposed parts of protective safeguards systems including, without limitation, fire, intrusion, smoke and heat protection and detection systems; and
- (2) All walls, floors, ceilings, partitions, columns, and dividers, lath, wallboard, plasterboard, plaster, paneling, molding, tiles, wallpaper, paint, finished flooring and their finished surfaces; and,
- (3) Pipes, ducts, wires, cables, conduits and similar property.
87. **“Valuable papers and records”** (PROPERTY) means inscribed, printed or written documents, manuscripts or records, including abstracts, books, deeds, drawings, films, maps or mortgages. However, “valuable papers and records” does not mean records of accounts receivable, “media,” “money” or “securities,” converted data, programs or instructions used in your data processing operations, including the materials on which the data is recorded.
88. **“Volcanic action”** (PROPERTY) means: Direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:
- a. Airborne volcanic blast or airborne shock waves;
 - b. Ash, dust or particulate matter; or
 - c. Lava flow.
- However, “volcanic action” does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to “covered property.”
89. **“Volcanic Eruption”** (PROPERTY) means volcanic eruption, effusion and explosion.
90. **“War”** (PROPERTY, LIABILITY) means war, whether or not declared, including civil war, insurrection, rebellion, or revolution.
91. **“Waste”** (LIABILITY, DIRECTORS AND OFFICERS) means any waste material:
- a. Containing “by-product material” other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its “source material” content; and
 - b. Resulting from the operation by any person or organization of any “nuclear facility” included under the first two paragraphs of the definition of “nuclear facility.”
92. **“Water damage”** (PROPERTY) means accidental discharge or leakage of water or steam as the direct result of the breaking or cracking of any part of a system or appliance containing water or steam.
93. **“Wrongful act(s)”** (LIABILITY, DIRECTORS AND OFFICERS) means any error, misstatement or misleading statement, act or omission, or neglect or breach of duty committed, attempted, or allegedly committed or attempted, by any insured in the discharge of duties to you, or any matter claimed solely by reason of service in such capacity. All errors, statements, acts, omissions, neglects or breaches of duty or matters claimed solely by reason of service in the discharge of duties to you which are causally connected, whether involving one or more of the insureds shall be deemed interrelated “wrongful acts.”
94. **“Your product”** (LIABILITY) means:
- a. Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - (1) You;
 - (2) Others trading under your name; or
 - (3) A person or organization whose business or assets you have acquired; and
 - b. Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.
- “Your product” includes:
- a. Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of “your product”; and
 - b. The providing of or failure to provide warnings or instructions.
- “Your product” does not include vending machines or other property rented to or located for the use of others but not sold.
95. **“Your work”** (LIABILITY) means:
- a. Work or operations performed by you or on your behalf; and
 - b. Materials, parts or equipment furnished in

connection with such work or operations.

“Your work” includes:

- a. Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of “your work”; and
- b. The providing of or failure to provide warnings or instructions.

“Your work” will be deemed completed at the earliest of the following times:

- a. When all of the work called for in your contract has been completed;
- b. When all of the work to be done at the site has been completed if your contract calls for work at more than one site; or
- c. When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

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