

Administrative Office:
7501 E. McCormick Parkway, 200 North
Scottsdale, AZ 85258

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Policy No. 3XZ155944-01
Replacement No. 3XZ155944-00

PUEBLO CONSERVANCY DISTRICT
P.O. BOX 234
PUEBLO, CO 81002

3033 SOUTH PARKER ROAD, SUITE #506
AURORA, CO 80014-2921

POLICY PERIOD: From 3/28/2002 To 3/28/2003
at 12:01 a.m. Standard Time at your mailing address shown above.

In return for the payment of the premium, and subject to all the terms of this policy, we agree with you to provide the insurance as stated in this policy.

This policy consists of the following Coverage Parts for which a premium is indicated. This premium may be subject to adjustment.

	PREMIUM
Property and Inland Marine Coverage Part	\$ 67.00
Liability Coverage Part	\$ 1,736.00
Crime Coverage Part	\$
Automobile Coverage Part	\$
Excess Coverage	\$
	\$
	\$
	\$
TOTAL PREMIUM	\$ 1,803.00

FORMS APPLICABLE TO ALL COVERAGE PARTS: SEE FORM ZC23941a(1/99)

THESE DECLARATIONS TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE PART SUPPLEMENTAL DECLARATIONS, COVERAGE PARTS, FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

COUNTERSIGNED _____
DATE _____

by _____
AUTHORIZED REPRESENTATIVE

SPDI 100a (9/00)

SCHEDULE OF FORMS AND ENDORSEMENTS

Policy No. 3XZ155944-01

Effective Date: 3/28/2002
12:01 A.M., Standard Time

Named Insured PUEBLO CONSERVANCY DISTRICT

Agent No. 430135

SPDI 100a	9/00
SPDI 101a	9/00
SPDI 102a	9/00
SPDI 107a	9/00
SPDI 104b	9/00
SPDI 105a	9/00
ZC 23942a	1/99
SPDI 226	3/00

SPDI 283	9/00
SPDI 288	9/00
SPDI 289	9/00
SPDI 388	11/01
ZC 25144	8/99
ZC 25167b	4/00

**SPECIAL DISTRICTS INSURANCE PROGRAM
LIABILITY COVERAGE PART
SUPPLEMENTAL DECLARATIONS**

These Supplemental Declarations form a part of policy number 3XZ155944-01

SCHEDULE OF COVERAGES AND LIMITS OF INSURANCE

Insurance is only provided for the coverages indicated by an X.

Coverage	Limit of Insurance
☒ Bodily Injury and Property Damage	\$ 1,000,000 Per Occurrence \$ 2,000,000 Bodily Injury and Property Damage Aggregate
☒ Personal Injury and Advertising Injury	\$ 1,000,000 Per Person or Organization \$ 2,000,000 Personal Injury and Advertising Injury Aggregate
☐ Employment-Related Practices Injury Employment-Related Practices Injury Retroactive Date:	\$ Per Claim \$ Employment-Related Practices Injury Aggregate
☒ Professional Liability Professional Liability Retroactive Date:	\$ 1,000,000 Per Claim \$ 2,000,000 Professional Liability Aggregate
☐ Wrongful Acts Wrongful Acts Retroactive Date:	\$ Per Claim \$ Wrongful Acts Aggregate
☒ Employee Benefits Liability Employee Benefits Liability Retroactive Date:	\$ 1,000,000 Per Person \$ 2,000,000 Employee Benefits Liability Aggregate
☒ Damage To Premises Rented To You	\$ 1,000,000 Any One Premises
☐	\$
☐	\$

FORMS AND ENDORSEMENTS

Forms and endorsements applying to this Coverage Part and made part of this policy at time of issue:
SEE FORM ZC23941a(1/99)

Premium: \$ INCLUDED

THIS SUPPLEMENTAL DECLARATIONS AND THE COMMON POLICY DECLARATIONS, TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE PART(S), FORMS AND ENDORSEMENTS, IF ANY, COMPLETE THE ABOVE NUMBERED POLICY.

SPECIAL DISTRICTS INSURANCE PROGRAM

These Supplemental Declarations form a part of policy number 3XZ155944-01

SCHEDULE OF COVERAGES AND LIMITS OF INSURANCE

Policy Limit of Insurance	\$12,000 Per Occurrence **
Deductibles	\$500 Per Occurrence
** PER STATEMENT OF VALUE ON FILE WITH COMPANY	\$25 PER HORSE POWER-BOILER & MACHINERY \$
Covered Property	Limit of Insurance
Aboveground Piping	Included in Policy Limit
Above and Belowground Penstock	Included in Policy Limit
Commandeered Property	Included in Policy Limit
Communication Equipment	Included in Policy Limit
Computer Equipment and Electronic Media	Included in Policy Limit
Emergency Service Portable Equipment	Included in Policy Limit
Fine Arts	Included in Policy Limit
Mobile Equipment (Owned)	Included in Policy Limit
Mobile Equipment (Non-owned)	Included in Policy Limit
Outdoor Property including Signs	Included in Policy Limit
Paved Surfaces	Included in Policy Limit
Property in the Course of Construction	Included in Policy Limit
Real and Personal Property (Owned)	Included in Policy Limit
Real and Personal Property (Of Others)	Included in Policy Limit
Trees, Shrubs, and Landscape Plantings	\$50,000 Per Occurrence
Underground Piping (On Premises)	Included in Policy Limit
Valuable Papers and Records	Included In Policy Limit
Coverage Extensions	Limit of Insurance
Accounts Receivable	Included in Policy Limit
Ammonia Contamination	Included in Policy Limit
Arson and Crime Reward	\$10,000 Per Occurrence
Bridges	\$100,000 Per Occurrence
Debris Removal	Included in Policy Limit
Demolition and Increased Cost of Construction	Included in Policy Limit
Expediting Expenses	Included in Policy Limit
Extra Expense	Included in Policy Limit
Fire Department Service Charge	\$25,000 Per Occurrence
Loss of Income	Included in Policy Limit
Personal Effects of Insureds	\$50,000 Per Occurrence
Personal Effects of Patients and Fire Victims	\$50,000 Per Occurrence
Pollutant Clean Up and Removal	\$250,000 Per Occurrence
Preservation of Property	Included in Policy Limit
Recertification of Equipment	\$50,000 Per Occurrence
Rental Value	Included in Policy Limit
Utility Interruption	Included in Policy Limit
Vacant Buildings	Included in Policy Limit

Mortgageholder Name	Building
And Mailing Address:	Address:

Forms And Endorsements

Forms and endorsements applying to this Coverage Part and made part of this policy at time of issue:
SEE ZC23941a(1/99)

Premium: \$ INCLUDED

THIS SUPPLEMENTAL DECLARATIONS AND THE COMMON POLICY DECLARATIONS, TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE PART(S), FORMS AND ENDORSEMENTS, IF ANY, COMPLETE THE ABOVE NUMBERED POLICY.

SPECIAL DISTRICTS INSURANCE PROGRAM COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the Common Policy Conditions.

A. Arbitration

All disputes between any Insured and us regarding our respective rights and obligations under this policy will be resolved by binding arbitration. Either party may initiate the arbitration process by making a written demand for arbitration. When this demand is made, each party will select an arbitrator within thirty (30) days. Should any party fail to select an arbitrator, then the other party may select the second arbitrator. These two arbitrators will select the third arbitrator. If they cannot agree upon a third arbitrator within thirty (30) days, then the selection will be made by a court of jurisdiction. Each party will pay the expenses and fees of the arbitrator selected by that party and will bear half the expenses and fees of the third arbitrator.

The arbitration hearing will take place in the county in which the address shown in the Declarations for the first Named Insured is located. Local rules of law as to the procedure and evidence applicable to binding arbitration will apply. A decision agreed to by two of the arbitrators will be binding.

The arbitrators may award only the following damages:

1. Amounts payable under the policy.
2. Economic damages recoverable by law for failure to perform any contractual obligation.
3. Attorneys' and arbitrators' fees and costs to the prevailing party.

The arbitrators' award will be the sole and exclusive remedy for any claim or dispute subject to arbitration under this policy.

B. Assistance and Cooperation of the Insured

The Insured will cooperate with us and, at our request and expense, will attend hearings and trials. The Insured will also assist in effecting settlements, in securing and giving evidence, in obtaining the attendance of witnesses, and in conducting "suits".

C. Bankruptcy or Insolvency

Bankruptcy or insolvency of the Insured or the Insured's estate will not relieve us of our obligations under this policy.

D. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance 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 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. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

E. When We Do Not Renew

If we decide not to renew this policy, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date.

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

F. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations 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.

G. Duties in the Event of "Occurrence", Offense, Error, Omission, "Wrongful Act", "Act, Error or Omission", Claim or "Suit"

1. An Insured has certain duties if a claim or "suit" is brought against it, or in the event of an "occurrence", offense, error, omission, "wrongful act" or "act, error or omission" that may result in claim under this policy.
2. Regardless of perceived liability, an Insured must see to it that we are notified as soon as practicable of an "occurrence", offense, error, omission, "wrongful act" or "act, error or omission" that may result in a claim. To the extent possible, notice should include:
 - a. How, when and where the "occurrence", offense, error, omission, "wrongful act" or "act, error or omission" 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", offense, error, omission, "wrongful act" or "act, error or omission".
3. 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 written notice of the claim or "suit" 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 that may be liable to the Insured because of injury or damage to which this policy may also apply.

5. No Insured will, except at their own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

H. Examination of Your Books and Records

We may, but are not obligated to, examine and audit your books and records as they relate to this policy at any time during the policy period and up to three (3) years afterward.

I. Inspections and Surveys

We have the right but are not obligated to:

1. Make inspections and surveys at any time;
2. Give you reports on the conditions we find; and
3. Recommend changes.

Any inspection, surveys, reports or recommendations relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:

1. Are safe or healthful; or
2. 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.

J. Legal Action Against Us

No person or organization has a right under this policy to join us as a party or otherwise bring us into a "suit" asking for damages from an Insured or to sue us on this policy unless all of its terms have been fully complied with. A person or organization may sue us to recover on an agreed settlement or on a final judgment against an Insured obtained after actual trial; but we will not be liable for damages that are not payable under the terms of this policy or that are in excess of the applicable Limit of Insurance. An agreed settlement means a settlement and release of liability signed by us, the Insured, and the claimant or the claimant's legal representative.

K. Liberalization

If we are required by statute to adopt any revision that would broaden the coverage under this policy without additional premium within forty-five (45) days prior to or during the policy period, the broadened coverage will immediately apply to this policy.

L. Multiple Year Policies

The following provisions apply for any policy written for more than one (1) annual period:

1. The premium shown in the Declarations is a deposit premium for the first anniversary and was computed based on rates and rules in effect at the time the policy was issued. On each anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.
2. The Limits of Insurance apply separately to each consecutive annual period and to any remaining period of less than twelve (12) months, starting with the beginning of the policy period shown in the Declarations.

M. Premiums

The first Named Insured shown in the Declarations:

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

N. Separation of Insureds

Any rights or duties specifically assigned in the policy to the first Named Insured 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.

It is understood that the separation of Insureds will not increase the Limits of Insurance.

O. Statutory Provisions

Terms of this policy which conflict with state statutes are amended to conform to such statutes.

P. Transfer of Your Rights and Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in case of death of an individual Named Insured.

If you die, 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.

Q. Transfer of Rights of Recovery Against Others to Us

If the Insured has rights to recover all or part of any payment we have made under this policy, those rights are transferred to us. The Insured must do nothing after the loss to impair them. At our request, the Insured will bring suit or transfer those rights to us and help us enforce them.

SPECIAL DISTRICTS INSURANCE PROGRAM LIABILITY COVERAGE PART

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

Throughout this policy, the words "you", and "your" and "Named Insured" refer to the entity identified as the "Named Insured" in the Declarations. The words "Insured" or "Insureds" refer to any person or organization qualifying as an "Insured" under **SECTION IV – WHO IS AN INSURED**. The words "we", "us", "our" and "Company" refer to the Company stated in the Declarations as providing this insurance.

Other words and phrases that appear in quotation marks have special meanings. Refer to **SECTION VI – DEFINITIONS** and other provisions of this policy for such meanings.

All Coverage Parts included in this policy are subject to the Common Policy Conditions.

SECTION I – INSURING AGREEMENT

A. We shall pay on behalf of the Insured those sums that the Insured becomes legally obligated to pay as damages because of "bodily injury", "property damage", "personal injury", "advertising injury", "employment-related practices injury", "professional liability", "wrongful acts" or "acts, errors or omissions" to which this Coverage Part applies. We shall have the right and duty to defend the Insured against any "suit" seeking those damages, even if the allegations are groundless, false or fraudulent. However, we will have no duty to defend the Insured against any "suit" seeking those damages to which this insurance does not apply. We may, at our discretion, investigate any "occurrence", offense, error, omission, "wrongful act" or "act, error or omission" and settle any claim or "suit" that may result. We will not be obligated to pay any claim or judgment or to defend any "suit" after our Limit of Insurance has been exhausted.

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

B. Bodily Injury and Property Damage

This Coverage Part applies to "bodily injury" and "property damage" occurring during the policy period only if the "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory".

Coverage also applies to:

1. "Bodily injury" or "property damage" arising out of the Insured's product but only if the "bodily injury" or "property damage" occurs:

- a. Away from the premises owned by or rented to the Insured; and
- b. After physical possession of the Insured's product has been relinquished to others.

2. "Bodily injury" or "property damage" arising out of reliance upon a representation or warranty made by the Insured at any time with respect to the Insured's product.

C. Personal Injury and Advertising Injury

This Coverage Part applies to "personal injury" and "advertising injury" caused by an offense arising out of your business but only if the offense was committed in the "coverage territory" during the policy period.

D. Employment-Related Practices Injury

This Coverage Part applies to "employment-related practices injury" caused by an offense but only if the offense was committed in the "coverage territory" during the policy period. Coverage is extended to include "employment-related practices injury" caused by an offense committed prior to the policy period and after the Retroactive Date shown in the Declarations, provided that:

1. At the inception of the policy period, the Insured against whom the claim is made neither knew nor could have reasonably foreseen that such offense might have been the basis of a claim or "suit"; and
2. No other valid or collectible insurance applies to the "employment-related practices injury".

E. Professional Liability

This Coverage Part applies to "professional liability" caused by an error or omission in the "coverage territory" during the policy period only:

1. By an "emergency services organization" or its "employees", volunteers, appointees or conscripted persons while acting in the course and scope of their duties for the "emergency services organization" committed solely in the conduct of either providing or failing to provide:
 - a. "Professional health care services" to others; or
 - b. "Training operations".
2. By a water or wastewater district, or other entity whose primary duties are the distribution and treatment of water or wastewater, committed solely in the conduct of testing and treating water or wastewater; or
3. By a cemetery district.

Coverage is extended to include "professional liability" caused by an error or omission committed prior to the policy period and after the Retroactive Date shown on the Declarations, provided that:

1. At the inception of the policy period, the Insured against whom the claim is made neither knew nor could have reasonably foreseen that such offense might have been the basis of a claim or "suit"; and
2. No other valid or collectible insurance applies to the "professional liability".

F. Wrongful Acts

This Coverage Part applies to "wrongful acts" which take place during the policy period. Coverage is extended to include damages or injuries caused by "wrongful acts" committed prior to the policy period and after the Retroactive Date shown in the Declarations, provided that:

1. At the inception of the policy period, the Insured against whom the claim is made neither knew nor could have reasonably foreseen that such "wrongful act" might have been the basis of a claim or "suit"; and
2. No other valid or collectible insurance applies to the "wrongful act".

G. Employee Benefits Liability

This Coverage Part applies to damages arising out of the "act, error or omission" of the Insured, or of any other person for whose acts the Insured is legally liable. The "act, error or omission" must be committed in the "administration" of the Insured's "employee benefit program". The "act, error or

omission" must take place in the "coverage territory" and occur during the policy period. Coverage is extended to include "acts, errors or omissions" committed prior to the policy period and after the Retroactive Date shown in the Declarations provided that:

1. At the inception of the policy period, the Insured against whom the claim is made neither knew nor could have reasonably foreseen that such "act, error or omission" might have been the basis of a claim or "suit"; and
2. No other valid or collectible insurance applies to the "act, error or omission".

SECTION II – LIMITS OF INSURANCE

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

1. Insureds under this Coverage Part;
2. Persons or organizations who sustain injury or damage; or
3. Claims made or "suits" brought.

B. The Bodily Injury and Property Damage Per Occurrence Limit of Insurance is the most we will pay because of all "bodily injury" and "property damage" arising out of any one "occurrence". The Bodily Injury and Property Damage Aggregate Limit of Insurance is the most we will pay for all damages because of "bodily injury" and "property damage".

The Bodily Injury and Property Damage Aggregate Limit of Insurance applies separately to each location owned by you, rented to you, or occupied by you with the permission of the owner.

The Bodily Injury and Property Damage Aggregate Limit of Insurance applies separately to each "emergency services organization".

C. The Personal Injury and Advertising Injury Per Person or Organization Limit of Insurance is the most we will pay for damages because of all "personal injury" and "advertising injury" sustained by any one person or organization. The Personal Injury and Advertising Injury Aggregate Limit of Insurance is the most we will pay for all damages because of "personal injury" and "advertising injury".

D. The Employment-Related Practices Liability Per Claim Limit of Insurance is the most we will pay for

a single claim arising out of "employment-related practices injury". The Employment-Related Practices Liability Aggregate Limit of Insurance is the most we will pay for all claims arising out of "employment-related practices injury".

All claims arising out of the same "employment-related practices injury" or inter-related "employment-related practices injury" caused by one or more Insureds shall be considered a single claim.

- E. The Professional Liability Per Claim Limit of Insurance is the most we will pay for a single claim arising out of "professional liability". The Professional Liability Aggregate Limit of Insurance is the most we will pay for all damages because of "professional liability". All claims arising out of the same error or omission or interrelated errors or omissions of one or more of the Insureds shall be considered a single claim.

The Professional Liability Aggregate Limit of Insurance applies separately to each "emergency services organization".

- F. The Wrongful Acts Per Claim Limit of Insurance is the most we will pay for a single claim arising out of "wrongful acts". The Wrongful Acts Aggregate Limit of Insurance is the most we will pay for all damages because of "wrongful acts". All claims arising out of the same "wrongful act" or inter-related "wrongful acts" of one or more of the Insureds shall be considered a single claim.

- G. The Employee Benefits Per Person Limit of Insurance is the most we will pay for all damages sustained by any one "benefit employee" or volunteer or appointee of an "emergency services organization" including such person's dependents and beneficiaries, because of an "act, error or omission" committed in the "administration" of the Insureds "employee benefit program." The Employee Benefits Aggregate Limit of Insurance is the most we will pay for all damages because of "acts, errors or omissions" committed in the "administration" of the Insureds "employee benefit program". All claims arising out of the same "act, error or omission" or interrelated "acts, errors or omissions" of one or more of the Insureds shall be considered a single claim.

- H. The Damage to Premises Rented To You Any One Premises Limit of Insurance is the most we will pay for damages because of "property damage" to any one premises, while rented to you, or in the case of damage by fire, explosion or sprinkler leakage, while rented to you or occupied by you with permission of the owner.

- I. If more than one Limit of Insurance in the Declarations applies to an "occurrence", offense, error, omission, "wrongful act", "act, error or omission" or claim, or series of related "occurrences", offenses, errors, omissions, "wrongful acts", "acts, errors or omissions" or claims, the most we will pay for the sum of all damages for "bodily injury", "property damage", "personal injury", "advertising injury", "employment-related practices injury", "professional liability", "wrongful acts" and "acts, errors or omissions" is the highest available Per Occurrence, Per Person or Organization, Per Claim or Per Person Limit of Insurance, and the multiple applicable Limits of Insurance shall not be aggregated.

The Limits of Insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than twelve (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 twelve (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.

SECTION III – SUPPLEMENTARY PAYMENTS

- A. We shall pay, with respect to any claim or "suit" we defend:
1. All expenses and "defense costs" we incur.
 2. All costs taxed against the Insured in the "suit".
 3. The cost of bonds to release attachments, but only for bond amounts within the Limits of Insurance. We do not have to furnish these bonds.
 4. 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 \$500 per day because of time off from work.
 5. Up to \$1,000 for the cost of bail bonds required because of accidents or traffic law violation arising out of the use of any vehicle to which "bodily injury" coverage applies. We do not have to furnish these bonds.
 6. Prejudgment interest awarded against the Insured on that part of the judgment we pay. If we make an offer to pay the applicable Limit of Insurance, we will not pay any prejudgment interest based on that period of time after the offer.

7. All interest on the full amount of any judgment that accrues after the entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable Limit of Insurance.
8. Up to \$10,000 in medical expenses for "bodily injury" caused by an accident:

- a. On premises you own or rent;
- b. On ways next to premises you own or rent; or
- c. Because of your operations;

Provided that:

- a. The accident takes place in the "coverage territory" during the policy period; and
- b. The expenses are incurred and reported to us within three (3) years from the date of the accident

We will not pay medical expenses for "bodily injury":

- a. To any Insured;
- b. To a person hired to do work for or on behalf of any Insured or a tenant of any Insured;
- c. To a person injured on that part of the premises you own or rent that the person normally occupies;
- d. Excluded under **SECTION V -- EXCLUSIONS**;
- e. Due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution;
- f. To any person injured while taking part in athletics; or
- g. 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 or a similar law.

- B. Up to \$5,000 reimbursement to the Insured for legal expenses necessarily incurred by the Insured in defending a claim seeking relief or redress in any form other than monetary damages. This legal expense coverage does not apply to a dispute between any Insured and us. Reimbursable legal expenses are limited to:

1. Fees or expenses paid by the Insured to an attorney or law firm;

2. Fees or expenses paid by the Insured to the court having jurisdiction over such claim;
3. Fees or expenses paid by the Insured to witnesses that testify on the Insured's behalf except for any witness who is an Insured; or
4. The cost of any required court bonds paid by the Insured, but we do not have to provide such bonds.

In the event of multiple claims, all of which pertain to the same "occurrence", offense, error, omission, "wrongful act" or "act, error or omission", \$5,000 is the most we will reimburse the Insured for all covered legal expenses arising out of all such multiple claims, regardless of the number of claims or claimants.

Coverage under this supplementary payment is extended to include legal expenses necessarily incurred by the Insured due to administrative proceedings or other non-judicial dispute resolution forums.

- C. 1. If during the policy period you report a potential termination of any "employee" or volunteer to us prior to the time the termination is made, we will pay for consultation with legal counsel to provide:
 - a. Legal analysis concerning the appropriateness of the termination; and
 - b. If applicable, legal assistance in handling the termination.
2. We will choose the legal counsel.
3. The most we will pay is \$2,500 for each potential "employee" or volunteer termination.

The limits and expenses in **SECTION III -- SUPPLEMENTARY PAYMENTS** are in addition to the limits afforded under **SECTION II -- LIMITS OF INSURANCE**.

SECTION IV -- WHO IS AN INSURED

The term Insured as used herein means the entity designated in the Declarations as the Named Insured and, except as excluded by endorsement to this Coverage Part, the following:

- A. A governmental agency or subdivision, department, municipal body, board, commission or not-for-profit corporation which is owned and controlled by you.
- B. All persons who were, now are or shall be elected, appointed or employed as members of your board, commission or agency while acting within the scope of their duties.

- C. Your "employees" but only for acts within the scope of employment by you or in the course of their duties for you and at your direction.

If you are an "emergency services organization" your volunteers, appointees and conscripted persons but only for acts within the scope of employment by you or in the course of their duties for you and at your direction.

- D. Your director, officer, "employee", volunteer or appointee while serving on the board of directors of an organization that is a separate and distinct entity not subject to your direction and control, provided:

1. Such organization was established and is currently chartered as a non-profit organization; and
2. The primary purpose of such organization is to support and further the efforts and welfare of individuals or organizations that provide "emergency operations" or "training operations", or water, sewer or cemetery services.

- E. Any person while providing services under a mutual aid agreement, joint powers agreement or similar arrangement, but only with respect to the conduct of your business and only to the extent of your participation or your interest.

- F. The legal representative of any deceased natural person as defined in A., B., or C. above, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.

- G. Any owner of "commandeered property" while the property is in your temporary care, custody or control and is being used as part of "emergency operations".

- H. Your director or "employee" with respect to "personal injury" resulting from his/her affiliation with you for acts outside the course and scope of his/her duties. The insurance provided to such individual under this coverage part is excess over any other insurance specifically insuring against "personal injury" for such individual.

- I. Your medical director, but only with respect to his/her "administrative duties" for you.

However, no medical director is an Insured for:

1. "Bodily injury", "personal injury" or "wrongful acts" arising out of his/her providing or failing to provide "professional health care services" as a physician, except while performing or failing to perform "administrative duties" as a medical director on your behalf; or

2. "Property damage" to property owned by, occupied by, rented to, or loaned to that medical director.

- J. If you are designated in the Declarations as an "emergency services organization", your director, "employee", medical director, volunteer or appointee while acting as a Good Samaritan independent from you, but only when he/she encounters the scene of an emergency requiring sudden action. In no event will such director, "employee", medical director, volunteer or appointee who responds to the scene of an emergency with or for any other "emergency service organization" be an Insured.

However, no director, "employee", medical director, volunteer or appointee is an Insured for:

1. Damages or injury arising out of his/her providing or failing to provide, as a physician, on-line medical direction or medical command via telecommunication to emergency medical personnel; or
2. "Property damage" to property owned or occupied by, or rented or loaned to that director, "employee", medical director, volunteer or appointee.

SECTION V - EXCLUSIONS

This Coverage Part does not apply to:

A. Aircraft

Liability or damages arising out of the ownership, maintenance, use, "loading or unloading" of aircraft owned by you.

B. Airport

"Bodily injury" or "property damage" arising out of the ownership, maintenance, operation, or use of any airfield equipped with Federal Aviation Administration controlled towers, including all runways, hangars, buildings or other properties in connection with aviation activities or any other use of airport facilities or properties.

C. Asbestos

Liability or damages at any time arising out of:

1. The manufacture of, mining of, use of, sale of, installation of, removal of, distribution of, or exposure to asbestos, asbestos products, asbestos fibers or asbestos dust;
2. Any obligation of the Insured to indemnify any party because of damage arising any time as a result of the manufacture of, mining of, use of, sale of, installation of, removal of, distribution of, or exposure to asbestos, asbestos products, asbestos fibers or asbestos dust; or

3. Any obligation to defend any "suit" or claim against the Insured seeking damages, if such "suit" or claim results from or is contributed to, by any or any combination of the following: manufacture of, mining of, use of, sale of, installation of, removal of, distribution of, or exposure to asbestos, asbestos products, asbestos fibers or asbestos dust;

However, this exclusion shall not apply to "bodily injury", "property damage", "personal injury", "advertising injury", "employment-related practices injury", "professional liability", "wrongful act" or "act, error or omission":

1. Arising out of "emergency operations" or "training operations" conducted away from premises owned by, or rented to, an Insured; or
2. Arising out of "potable water" which is provided by the Insured to others.

D. 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, premises 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 any of the equipment listed in Paragraph 6.b. or 6.c. of the definition of "mobile equipment".

E. Contractual Liability

"Bodily injury", "property damage" or "professional liability" 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;
2. Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury", "property damage" or "professional liability" occurs subsequent to the execution of the contract or agreement; or
3. Resulting from breach of contract in providing emergency services.

F. Costs Estimates and Failure to Award Contracts

Liability for damages arising out of estimates of probable costs, or cost estimates being exceeded, or failure to award contracts in accordance with statute or ordinance which under law must be submitted for bids.

This exclusion does not apply to "emergency services organizations".

G. Criminal Acts

Any "bodily injury", "property damage", "personal injury", "advertising injury", "employment-related practices injury", "professional liability", "wrongful act" or "act, error or omission" claim arising out of any actual dishonest, fraudulent, criminal or malicious act or omission by any Insured, however this exclusion:

1. Applies only if a judgment or other final adjudication establishes affirmative dishonest, fraudulent, criminal or malicious intent on the part of the Insured material to the cause of action so adjudicated; and
2. Does not apply to any other Insured unless the act or omission was committed with the prior knowledge or participation of such other Insured.

H. Damage to Property

"Property damage" to:

1. Property owned by the Insured; or
2. Property rented to or leased to the Insured where the Insured has assumed liability under contract for damage to or destruction of such property, unless the Insured would have been liable in the absence of such contract.

I. Employee Benefits Liability – Exclusions

The following exclusions apply only to damages arising out of any "act, error or omission" committed in the "administration" of the Insured's "employee benefit program".

1. Loss arising out of failure or performance of contract by any Insurer, or any other party, including the Insured, obligated to afford benefits;
2. Loss arising out of an insufficiency of funds to meet any obligations under any plan included in the "employee benefit program".
3. Any claim or "suit" based upon:
 - a. Failure of any investment to perform as represented by an Insured;
 - b. Advice given to any person with respect to that person's decision to participate or not

to participate in any plan included in the "employee benefit program"; or

- c. The investment or non-investment of funds;
- 4. Loss arising out of your failure to comply with the mandatory provisions of any law concerning workers' compensation, unemployment insurance, social security or disability benefits; or
- 5. Loss or damage for which benefits have accrued under the terms of your "employee benefit program" to the extent that such benefits are available from funds accrued by the Insured for such benefits or from collectible insurance, notwithstanding the Insured's "act, error or omission" in administering the plan which precluded the claimant from receiving such benefits.

J. Employer's Liability

"Bodily injury" to:

- 1. An "employee" or volunteer 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" or volunteer as a consequence of paragraph 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 only applies to volunteers if you are legally required to provide insurance covering the volunteer under any workers compensation or disability benefits laws, or similar laws, and you fail to do so.

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

K. Employment-Related Practices Injury – Exclusions

The following exclusions apply only to coverage provided for "employment-related practices injury".

- 1. Any damages or liability for breach of any express obligations to make payments in the event of termination of employment;

- 2. Any damages, obligations or liability arising under ERISA, The Employee Retirement Income Security Act of 1974 or any amendment to such law, any similar federal, state or local law, or any regulation promulgated under any such law; or
- 3. Any liability arising out of a lockout, strike, picket line, "employee" replacement, or other similar actions resulting from labor disputes or labor negotiations.

L. Expected or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the Insured. This exclusion does not apply to:

- a. "Bodily injury" or "property damage" resulting from actions taken during your "emergency operations" or "training operations" to protect persons or property; or
- b. "Bodily injury" resulting from actions taken to protect persons or property.

M. Failure to Perform or Breach of Contract

Liability for damages arising out of failure to perform or breach of a contractual obligation. This exclusion does not apply to liability for damages arising out of the failure to:

- 1. Supply water;
- 2. Supply sewage services; or
- 3. Perform "emergency operations".

This exclusion also does not apply to "employment-related practices injury" or any "act, error or omission" committed in the "administration" of the Insured's "employee benefit program".

N. 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, or stunting activity.

O. Nuclear Energy Liability

Liability or damages:

- 1. With respect to which the Insured under this policy is an Insured under a nuclear energy liability policy issued by the Nuclear Energy Liability Insurance Association, the Mutual

Atomic Energy Liability Underwriters, the American Nuclear Insurers, or the Nuclear Insurance Association of Canada, or any successor organizations, or would be an Insured under any such policy but for its termination upon exhaustion of its limit of liability;

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 amendatory thereof; 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 agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization; or

3. Resulting from the "hazardous properties" of "nuclear material" if:

- a. The "nuclear material":
 - (1) Is at any "nuclear facility" owned by, or operated by or on behalf of, the Insured; or
 - (2) Has been discharged or dispersed therefrom;
- b. The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of the Insured; or
- c. The "bodily injury" or "property damage" arises out of the furnishing by the Insured of services, materials, parts or equipment in connection with the planing, 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 subsection c. applies only to "property damage" to such "nuclear facility" and any property thereat.

As used in this exclusion:

- 1. "Hazardous properties" include radioactive, toxic or explosive properties.
- 2. "Nuclear facility" means:
 - a. Any "nuclear reactor";

b. Any equipment or device designed or used for:

- (1) Separating the isotopes of uranium or plutonium;
- (2) Processing or utilizing "spent fuel"; or
- (3) Handling, processing or packaging "waste";

c. Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the Insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233, or more than 250 grams of uranium 235;

d. Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

- 3. "Nuclear material" means "source material", "special nuclear material" or "byproduct material".
- 4. "Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.
- 5. "Property damage" includes all forms of radioactive contamination of property.
- 6. "Source material", "special nuclear material", and "byproduct material" have the meaning given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.
- 7. "Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor".
- 8. "Waste" means any waste material:
 - a. Containing "byproduct 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

Resulting from the operation by any person or organization of any "nuclear facility" included

within the definition of "nuclear facility" included under 2. a. and b. of the definition of "nuclear facility".

P. Personal Injury or Advertising Injury – Exclusions

"Personal injury" or "advertising injury":

1. Caused by or at the direction of the Insured with knowledge that the act would violate the rights of another and would inflict "personal injury" or "advertising injury";
2. Arising out of oral or written publication of material, if done by or at the direction of the Insured with knowledge of its falsity;
3. Arising out of oral or written publication of material whose first publication took place before the beginning of the policy period;
4. Arising out of a criminal act committed by or at the direction of the Insured;
5. For which the Insured has assumed liability in a contract of agreement. This exclusion does not apply to liability for damages that the Insured would have in the absence of the contract or agreement;
6. Arising out of a breach of contract, except an implied contract to use another's advertising idea in your advertisement; or
7. Arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your advertisement; or
8. Arising out of the wrong description of the price of goods, products or services stated in your advertisement.

Q. Pollution

1. Liability arising out of:

- a. "Bodily injury", "property damage", "personal injury", "advertising injury", "employment-related practices injury", "professional liability", "wrongful act" or "act, error or omission" which would not have occurred or taken place in whole or in part except for the actual, alleged, or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time; or
- b. Any loss, cost or expense arising out of any:
 - (1) Request, demand, or order that an Insured, or any others, test for, monitor, clean up, remove, contain,

treat, detoxify, neutralize, or in any way respond to, or assess the effects of "pollutants"; or

- (2) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning, removing, containing, treating, detoxifying, neutralizing, or in any way responding to, or assessing the effects of "pollutants".

2. However, this exclusion shall not apply to:

- a. "Bodily injury", "property damage", "personal injury", "advertising injury", "employment-related practices injury", "professional liability", "wrongful act" or "act, error or omission" arising out of:

- (1) "Emergency operations" conducted away from premises owned by, or rented to, an Insured;

- (2) "Training operations" or

- (3) Water runoff from the cleaning of equipment used in "emergency operations" or "training operations".

- b. "Bodily injury", "property damage", "personal injury", "advertising injury", "employment-related practices injury", "professional liability", "wrongful act" or "act, error or omission" arising out of the actual, alleged, or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":

- (1) Arising out of the use, handling, storage, discharge, dispersal, release or escape of any chemical used in the water treatment process;

- (2) Arising out of explosion, lightning, windstorm, vandalism or malicious mischief, collapse, riot and civil commotion, flood, or earthquake;

- (3) Arising out of the collision, upset or overturn of equipment;

- (4) Arising out of the heat, smoke or fumes from a "hostile fire";

- (5) Arising out of weed abatement or spraying;

- (6) Arising out of pest abatement or spraying;

- (7) Arising out of propane or natural gas; or
- (8) Arising out of "potable water" which is provided by the Insured to others.

R. Punitive or Exemplary Damages

Punitive or exemplary damages, statutory multiples of damages, civil or criminal fines or penalties, or any other damages over and above actual damages, by whatever name called, irrespective of whether the Insured has taken any action or passed any resolution electing to pay such damages.

S. Selenium

Liability for past, present or future claims arising in whole or in part, either directly or indirectly, out of selenium, or any compound containing selenium.

T. War

Any claim or damage due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution. This exclusion applies only to liability assumed under a contract or agreement.

U. Workers Compensation and Similar Laws

Any obligation of an Insured, or any carrier as insurer thereof, under any workers compensation law, unemployment compensation law, disability benefits law, or under any similar law.

All the exclusions shown above with the exception of exclusions E. and L. do not apply to damage by fire, explosion or sprinkler leakage to premises while rented to you or occupied by you with permission of the owner. A separate Limit of Insurance applies to this coverage as described in **SECTION II – LIMITS OF INSURANCE**.

SECTION VI – DEFINITIONS

- A. "Act, error or omission" means the failure to execute a required action, or a mistaken action committed in the "administration" of the Insured's "employee benefit program".
- B. "Administration" means:
 - 1. Providing information to "benefit employees", including their dependents and beneficiaries, with respect to eligibility for or scope of the "employee benefit program";
 - 2. Interpreting the "employee benefit program";
 - 3. Handling records in connection with the "employee benefit program"; or
 - 4. Effecting, modifying or terminating any "benefit employee's" participation in a plan included in the "employee benefit program".

"Benefit employee" includes "employees" whether actively employed, disabled or retired. "Benefit employee" also includes volunteers, appointees and members of an "emergency services organization".

- C. "Administrative duties" means establishing medical protocol, creating training curriculum, providing medical training, conducting medical quality assurance programs, and carrying out similar duties for managing, training, advising, or monitoring medical services provided to you.

"Administrative duties" do not include:

- 1. The providing or failure to provide on-line medical direction via telecommunication to emergency medical personnel; or
 - 2. Providing or failing to provide professional health care services to individuals or groups of patients.
- D. "Advertising injury" means injury arising out of one or more of the following offenses:
 - 1. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
 - 2. Oral or written publication of material that violates a person's right of privacy;
 - 3. Misappropriation of advertising ideas or style of doing business; or
 - 4. Infringement of copyright, title or slogan.
 - E. "Auto" means a land motor vehicle, trailer or semi-trailer designed for travel on public roads, including any attached machinery or equipment. But "auto" does not include "mobile equipment".
 - F. "Bodily injury" means bodily injury, sickness or disease sustained by a person. It includes death or mental anguish which result at any time from such physical harm, physical sickness or physical disease. Mental anguish means any type of mental or emotional illness or disease. "Bodily injury" also includes any resulting care and loss of services by any person or persons.
 - G. "Commandeered property" means any real or personal property not owned by an Insured including but not limited to aircraft and watercraft that an Insured commandeers, seizes, borrows or takes over for official use to handle an emergency situation. However, "commandeered property" does not include "autos".
 - H. "Coverage territory" means:
 - 1. The United States of America (including its territories and possessions), Puerto Rico and Canada;

2. International waters or airspace, provided the injury or damage does not occur in the course of travel or transportation to or from any place not included in 1. above;
 3. Anywhere in the world if:
 - a. The injury or damage arises out of the activities of a person whose residence is in the United States (including its territories and possessions), Puerto Rico or Canada; and
 - b. The Insured's responsibility to pay damages is determined in an actual trial in the United States (including its territories and possessions), Puerto Rico or Canada, or in a settlement to which we agree.
 - I. "Defense costs" means reasonable fees charged by an attorney and all other reasonable fees, costs and expenses attributable to the investigation, defense or appeal of a claim to which this Coverage Part applies, except salaries of "employees" of the Insured and the office expenses of the Insured.
 - J. "Emergency operations" means actions:
 1. Which are urgent responses necessary for protection of property, human life, health or safety;
 2. Which result from the performing or attempting to perform fire fighting services, hazardous materials unit services, first aid, ambulance or rescue squad services, or related services, including the stabilizing or securing of an emergency scene; and
 3. Which are sanctioned by an Insured.
 - K. "Emergency services organization" means a fire department, rescue team, ambulance squad or similar entity organized to provide "emergency operations" or "training operations".
 - L. "Employee" includes a "leased worker" and a "temporary worker".
 - M. "Employee benefit program" means the following plans:
 1. Group life insurance, group accident or health insurance, profit sharing plans, pension plans and stock subscription plans, provided such insurance or plans are:
 - a. Equally available to all eligible "benefit employees" and;
 - b. That no one other than an eligible "benefit employee" may subscribe to such insurance or plans; or
 2. Unemployment insurance, social security benefits, workers' compensation and disability benefits.
- As used for this coverage, "benefit employee" includes "employees" whether actively employed, disabled or retired. "Benefit employee" also includes volunteers, appointees and members of an "emergency services organization".
- N. "Employment-related practices injury" means injury to a person arising out of one or more of the following offenses:
1. Refusal to employ that person, refusal to accept that person into membership, termination of that person's employment or membership, demotion or failure to promote, negative evaluation, reassignment, discipline, defamation or humiliation of the person;
 2. Coercing the person to commit an unlawful act or omission within the scope of that person's employment or membership;
 3. Work-related sexual harassment including unwelcome sexual advances, requests for sexual favors or other verbal, visual or physical conduct of a sexual nature when such conduct:
 - a. Is linked with a decision affecting an individual's employment or membership;
 - b. Interferes with an individual's job performance; or
 - c. Creates an intimidating, hostile or offensive working environment for an individual;
 4. Work-related violation of a person's civil rights with respect to such person's race, color, national origin, religion, gender, marital status, age, sexual orientation or preference, physical or mental condition, or any other protected class or characteristic established by any federal, state or local statutes, rules or regulations;
 5. Other work-related verbal, physical, mental abuse resulting in mental anguish or emotional abuse directed at the person with respect to that person's race, color, national origin, religion, gender, marital status, age, sexual orientation or preference, physical or mental condition, or any other protected class or characteristic established by any federal, state or local statutes, rules or regulations;
 6. Consequential loss to the spouse, child, parent, brother or sister of that person to whom any of the "employment-related practices injury" described in subsections 1., 2., 3., 4. and 5. above apply.

"Employment-related practices liability" 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 an offense.

O. "Hostile fire" means a fire that becomes uncontrollable or breaks out from where it was intended to be.

P. "Insured contract" means:

1. A lease of premises. However, that portion of the lease that indemnifies any person or organization for damage by fire, explosion or sprinkler leakage to premises while rented to you or occupied by you with permission of the owner is not an "insured contract";
2. Any easement or license agreement;
3. A sidetrack agreement;
4. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
5. An elevator maintenance agreement; or
6. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to third person or organization. "Tort liability" means a liability that would be imposed by law in the absence of any contract or agreement.

Paragraph 6. above 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 an injury or damage arising out of the

Insured's rendering or failure to render professional services, including those listed in (2) above and supervisory, inspection, architectural or engineering activities; or

- c. That indemnifies any person or organization for damage by fire, explosion or sprinkler leakage to premises while rented to you or occupied by you with permission of the owner.

Q. "Leased worker" means a person leased to the Insured by a labor leasing firm under an agreement between the Insured and the labor leasing firm, to perform duties related to the conduct of the Insured's operations. A "leased worker" does not include a "temporary worker".

R. "Liquid" shall not mean domestic water or agricultural water or recycled water or water furnished to commercial users.

S. "Loading or unloading" means the handling of property:

1. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
2. While it is in or on an aircraft, watercraft or "auto"; or
3. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;

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

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

1. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
2. Vehicles maintained for use solely on or next to premises you own or rent;
3. Vehicles that travel on crawler treads;
4. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
 - a. Power cranes, shovels, loaders, diggers or drills; or
 - b. Road construction or resurfacing equipment such as graders, scrapers or rollers;

5. Vehicles not described in 1., 2., 3. or 4. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:

- a. Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
- b. Cherry pickers and similar devices used to raise or lower workers;

6. Vehicles not described in 1., 2., 3. or 4. above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

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

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

- V. "Personal injury" means injury arising out of one or more of the following offenses:

- 1. False arrest, malicious prosecution or willful detention;
- 2. Libel, slander or defamation of character;
- 3. Invasion of privacy;
- 4. Wrongful entry or eviction, or other invasion of the right of private occupancy;
- 5. Assault and battery; and
- 6. Non-employment discrimination prohibited by law or violation of federal civil rights laws, not intentionally committed by or at the direction of an Insured.

- W. "Pollutants" means any solid, semi-solid, noise, "liquid", gaseous or thermal irritant or contaminant, including smoke, vapor, soot, mists, fumes, acids,

alkalis, chemicals, biological and other etiologic agents or materials, genetically engineered materials, teratogenic, carcinogenic and mutagenic materials, waste materials and any other irritant or contaminant. Waste material includes materials that are intended to be or have been recycled, reconditioned or reclaimed.

"Pollutants" does not include:

- a. Sewage that emanates from a sewer line or sewer system; or
- b. Sewage that backs up from a sewer line or sewer system.

- X. "Potable water" means water intended and provided for human consumption.

- Y. "Professional health care services" means:

- 1. Providing medical or nursing services;
- 2. Providing professional services of any other health care professional, including emergency medical technicians and paramedics;
- 3. Furnishing or dispensing drugs or medical, surgical or dental supplies or appliances;
- 4. Handling of patients:
 - a. From the place where they are accepted for movement into or onto the means of transport;
 - b. During transport; and
 - c. From the means of transport to the place where they are finally delivered;
- 5. Dispatching of, including the failure or refusal to dispatch, personnel to provide any of the above services;
- 6. Serving on, or carrying out the orders of, a health care accreditation board or similar professional board or committee; and
- 7. Establishing medical protocol, creating medical training curricula, providing medical training, conducting medical quality assurance programs and carrying out similar duties.

- Z. "Professional liability" means liability for damages resulting from any error or omission arising out of your professional activities as an "emergency services organization", cemetery district, water or wastewater district, or any other entity whose primary duty is the distribution and treatment of water or wastewater.

- AA. "Property damage" means:

- 1. Physical injury to or destruction of tangible property, including the loss of use thereof at any time resulting therefrom; and

2. Loss of use of tangible property that has not been physically injured or destroyed.

BB. "Suit" means a civil proceeding in which damages are alleged because of "bodily injury", "property damage", "personal injury", "advertising injury", "employment-related practices injury", "professional liability", "wrongful acts" or "acts, errors or omissions" to which this insurance applies. "Suit" includes:

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

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

DD. "Training operations" means activities used to prepare, train or instruct members of a fire department, hazardous materials unit, or first aid, ambulance or rescue squad in accepted and recognized emergency procedures, including municipal, state, and federal standards.

EE. "Wrongful act" means any actual or alleged error, omission, misstatement, misleading statement, neglect or breach of duty by any Insured in the discharge of his/her duties for you, including service with any other entity at your direction, except for the following:

1. Willful commission of a crime or other dishonest, fraudulent, or malicious act;
2. Obtaining financial gain to which the Insured is not legally entitled; or
3. Faulty preparation or approval of maps, plans, reports, surveys, designs, bid documents, or specifications; but this exception does not apply to reports provided to any other water purveyor.

Notwithstanding the above exceptions, "wrongful act" also means:

1. Violations of antitrust statutes; and
2. Negligent ministerial acts.

"Wrongful act" does not include an error or omission resulting in "professional liability".

SECTION VII – CONDITIONS

A. Other Insurance

The insurance afforded by this Coverage Part shall be excess of, and shall not contribute with:

1. Any valid and collectible insurance or self-insurance; or
2. Any other primary insurance available to you covering liability for damages arising out of the premises and operations for which you have been added as an additional Insured.

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

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

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

If all other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of all insurers.

B. Waiver of Subrogation – Emergency Services Organization

If you are designated in the Declarations as an "emergency services organization", the following is added to condition Q. in the COMMON POLICY CONDITIONS:

If required by written contract, we waive any right of recovery we may have against any person or organization because of payments we make for injury or damage arising out of your operations for that person or organization.

SPECIAL DISTRICTS INSURANCE PROGRAM PROPERTY AND INLAND MARINE COVERAGE PART

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

Throughout this policy, the words "you" and "your" and "Named Insured" refer to the entity identified as the "Named Insured" in the Declarations. The words "Insured" or "Insureds" refer to any person or organization qualifying as an "Insured" under **SECTION II – WHO IS AN INSURED**. The words "we", "us", "our" and "Company" refer to the Company stated in the Declarations as providing this insurance.

Other words and phrases that appear in quotation marks have special meanings. Refer to **SECTION X – DEFINITIONS** and other provisions of this policy for such meanings.

All Coverage Parts included in this policy are subject to the Common Policy Conditions.

SECTION I – INSURING AGREEMENT

We will pay for direct physical loss of or damage to Covered Property caused by or resulting from any Covered Cause of Loss.

SECTION II – WHO IS AN INSURED

Each of the following is an Insured to the extent set forth below:

- A. The Named Insured shown in the Declarations and all affiliated, associated, or subsidiary organizations;
- B. Any individual or entity under the management or operating control of any of the organizations designated in paragraph A.; and
- C. Lessors, mortgagors, and other parties having an interest in buildings, fixed equipment, mobile equipment, personal property or rental income of any of the entities designated in A. and B. above but only for their respective rights and interests.

SECTION III – COVERED PROPERTY

- A. Aboveground piping;
- B. Aboveground and belowground "penstock";
- C. "Commandeered property";
- D. Communication equipment;
- E. Computer equipment and electronic "media";
- F. "Emergency service portable equipment";
- G. "Fine arts";
- H. "Mobile equipment" owned by an Insured;

- I. "Mobile equipment" rented or borrowed from others for or on behalf of an Insured for which the Insured is legally responsible;
- J. Outdoor property including signs;
- K. Paved surfaces;
- L. Property in the course of construction;
- M. Real and personal property of the Insured including the Insured's interest in improvements and betterments to buildings occupied but not owned by the Insured;
- N. Real and personal property of others while in the care, custody, or control of the Insured, and for which the Insured is legally liable;
- O. Trees, shrubs and landscape plantings;
- P. Property acquired after the inception of this policy until the next anniversary date without additional premium except that the following property will not be Covered Property unless it is reported to us within thirty (30) days of its acquisition and any premium due thereon is paid:
 - 1. Any newly acquired single piece of property, other than "mobile equipment", whose value exceeds \$1,000,000.
 - 2. Any property in the course of construction the completed value of which exceeds \$1,000,000.
 - 3. Any newly acquired "mobile equipment".

The most we will pay for loss to newly acquired "mobile equipment" is \$1,000,000 unless such property has been reported and an appropriate premium paid thereon. Property automatically covered under this section during the remainder of

the coverage period in which it was acquired will not continue to have coverage under a subsequent coverage period, unless reported to us at the policy anniversary date;

- Q. Underground piping located on the Insured's owned premises described in the Declarations or within 100 feet of the described premises; and
- R. "Valuable papers and records".

SECTION IV – PROPERTY NOT COVERED

This policy does not cover the following property:

- A. Aircraft;
- B. "Autos;
- C. Dams;
- D. Ditches, canals, levees, flumes, aqueducts or any other type of water or wastewater conveyance;
- E. Excavations, underground flues or drains;
- F. Foundations, piers or other supports which are below the undersurface of the lowest basement floor or below the surface of the ground;
- G. Furs, fur garments, jewels, jewelry, watches, pearls, precious and semi-precious stones, gold, silver, platinum or other precious metals and alloys;
- H. Land, atmosphere or any body of water;
- I. Power transmission and feeder lines;
- J. Property which is separately described and specifically covered, in whole or in part, by any other insurance policy;
- K. Saltwater piers, docks and wharves.
- L. Stamps, letters of credit, cash or tickets;
- M. Standing timber, growing crops or animals;
- N. Submersible pumps located 50 feet or more below the surface of the ground;
- O. Underground piping located away from the Insured's premises; and
- P. Wells.

SECTION V – COVERED CAUSES OF LOSS

Covered Causes of Loss includes all risk of direct physical loss or damage to Covered Property except as hereinafter excluded or limited. Any loss or damage caused by "earthquake" or windstorm that occurs within any period of seventy-two (72) consecutive hours shall constitute a single occurrence. The expiration of this policy will not reduce the seventy-two (72) hour period.

SECTION VI – EXCLUSIONS

We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

- A. Loss or shortage disclosed upon taking inventory or mysterious disappearance of property.
- B. Rain, sleet, snow or ice to personal property in the open.
- C. Weight of the load imposed on a machine exceeding the capacity for which such machine was designed.
- D. Earth movement, including but not limited to "earthquake", subsidence, landslide, mudslide or mudflow. However, if a cause of loss not otherwise excluded ensues, we will pay for such ensuing loss. This exclusion does not apply to "commandeered property", "emergency service portable equipment" and "mobile equipment".
- E. Misappropriation, conversion, infidelity or any dishonest act on the part of an Insured, its employees or agents, or others to whom the property may be entrusted.
- F. Shrinkage, evaporation, reduction in weight, leakage, breakage of fragile articles, marring, scratching, exposure to light, or change in color, texture or flavor to personal property. This exclusion does not apply to loss or damage caused by a "specified cause of loss".
- G. Nuclear reaction or radiation, or reactive contamination, however caused. But if nuclear reaction or radiation contamination results in fire, we will pay for the loss or damage caused by that fire.
- H. Moths, vermin, termites, or other insects, inherent vice, latent defect, wear, tear or gradual deterioration, contamination, rust, wet or dry rot, or the normal settling, shrinkage, or expansion of the building or foundation. This exclusion does not apply to loss or damage by a cause of loss not otherwise excluded.
- I. Water
 - 1. Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
 - 2. Mudslide or mudflow;

3. Water that backs up or overflows from a sewer, drain or sump; however, this exclusion does not apply to any loss or damage by water that backs up or overflows from a sewer, drain or sump if the cause of the backup originates on the Insured's owned premises or within 100 feet of the Insured's premises;
4. Water under the ground surface pressing on, or flowing or seeping through:
 - a. Foundations, walls, floors or paved surfaces;
 - b. Basements, whether paved or not; or
 - c. Doors, windows or other openings.

But if water, as described in 1. through 4. above, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

This exclusion does not apply to "commandeered property", "emergency service portable equipment" and "mobile equipment".

- J. Wear and tear, freezing, mechanical or electrical breakdown to "mobile equipment" or blowouts, punctures or other road damage to tires thereof, unless first caused by a cause of loss not otherwise excluded.
- K. Interference at the Insured's premises covered under this policy with rebuilding, repairing or replacing property or with the resumption or continuation of business. This exclusion also applies to any increase in loss or damage which may be occasioned by:
 1. The suspension, lapse or cancellation of any lease, contract or order unless such suspension, lapse or cancellation results directly from the interruption of business, and then we will only cover such loss or damage as it affects the Insured's "extra expense" covered under this policy; or
 2. Loss of income or any other consequential or remote loss or damage, unless specifically covered herein.
- L. War, including undeclared or civil war; 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 insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

M. Defective, faulty or inadequate:

1. Planning, zoning, development, surveying, siting, construction, building codes, ordinances or building inspections;
2. Design, specifications, workmanship, repair, construction, renovation, remodeling, grading or compaction;
3. Materials, parts or equipment used in repair, construction, renovation, or remodeling; or
4. Maintenance;

of part or all of any Covered Property unless a cause of loss not otherwise excluded ensues, in which case we will pay only for such ensuing loss.

- N. Acts or decisions, including failure to act or decide, of any person, group, organization or governmental body, unless a cause of loss not otherwise excluded ensues, in which case we will pay only for such ensuing loss.

O. Except as provided under M. Pollutant Cleanup and Removal under SECTION VIII – COVERAGE EXTENSIONS:

1. The actual, alleged or threatened release, discharge, escape, seepage, migration or dispersal of "pollutants", whether direct or indirect, proximate or remote, sudden, accidental or gradual. This subsection 1. does not apply to loss or damage from a "specified cause of loss";
2. The enforcement, direction, or request of any civil or governmental authority regulating the testing, monitoring, prevention, control, removal, tearing down, demolition, disposal, treatment, clean-up, decontamination, detoxification, neutralization or containment of "pollutants", or the restoration, construction, reconstruction or replacement of property contaminated by "pollutants"; and
3. Any fines, penalties, compensatory damages, punitive damages or any other damages, awards or settlements adjudged against the Insured by any civil or judiciary body, or board of arbitration, or any sums that the Insured voluntarily agrees to pay to any third party, or any legal fees or other costs of defense of legal actions, claim or proceedings and appeals arising out of or attributed to any damage or loss caused by or resulting from "pollutants".

This exclusion does not apply to "commandeered property", "emergency service portable equipment" and "mobile equipment".

SECTION VII – LOSS PAYMENT

A. Valuation

1. Subject to the applicable Limit of Insurance, we will pay the market value, or the cost to repair if less, of "fine arts", paved surfaces and "valuable papers and records".
2. Subject to the applicable Limit of Insurance, we will pay the "replacement cost value", or the cost to repair if less, of "geomembrane covers", "mobile equipment", buildings, other structures, fixed equipment, personal property, outdoor property, communication equipment, computer equipment and electronic "media", "emergency service portable equipment", "commandeered property", trees, shrubs and landscape planting. We will not pay the "replacement cost value" until the covered property is actually repaired or replaced. The Insured must repair the covered property within a reasonable period of time not to exceed two (2) years. We will pay for loss or damage on an "actual cash value" basis until the repair or replacement is completed.
3. Subject to the applicable Limit of Insurance, in case of loss or damage to any part of a machine or unit consisting of two or more parts when complete, we will pay the value of the part or parts lost or damaged. At the Insured's option, we will pay to replace or duplicate the lost or damaged part or parts, or repair the machine or units. But the option selected by the Insured shall not exceed 125% of the lowest cost of the above.

B. Application of Deductible

We will not pay for loss or damage in any one occurrence until the loss or damage exceeds the deductible shown in the Declarations. All covered loss as a result of a single occurrence will be subject to one deductible. When more than one classification of property is involved in an occurrence, the applicable deductible will be the highest amount indicated in the Declarations for any classification of property involved in the occurrence.

No deductible applies to "commandeered property".

In the event of loss or damage caused by windstorm or "earthquake", a single occurrence means loss or damage occurring or commencing within a period of seventy-two (72) consecutive hours.

SECTION VIII – COVERAGE EXTENSIONS

Subject to the applicable Limit of Insurance, this policy also covers:

A. Accounts Receivable

We will pay for the actual loss sustained to your "accounts receivable" from a Covered Cause of Loss not otherwise excluded.

1. When there is proof that a loss has occurred but the Insured cannot accurately establish the total amount of "accounts receivable" outstanding as of the date of such loss, such amount will be based on the Insured's monthly statements and will be computed as follows:
 - a. Determine the amount of all outstanding "accounts receivable" at the end of the same fiscal month in the year immediately preceding the year in which the loss occurred;
 - b. Calculate the percentage of increase or decrease in the average monthly total of "accounts receivable" for the twelve (12) months immediately preceding the month in which the loss occurred as compared with the average for the same months of the preceding year;
 - c. The amount determined under **a.** above, increased or decreased by the percentage calculated under **b.** above, will be the total amount of "accounts receivable" as of the last day of the fiscal month in which the loss occurred;
 - d. The amount determined under **c.** above will be increased or decreased in conformity with the normal fluctuations in the amount of "accounts receivable" during the fiscal month involved, due consideration being given to the experience of the business since the last day of the last fiscal month for which a statement has been rendered.

We will deduct from the total amount of "accounts receivable", however established, the amount of such accounts evidenced by records not lost or damaged, or otherwise established or collected by the Insured, and an amount to allow for probable bad debts which would normally have been uncollectible by the Insured. On deferred payment "accounts receivable", we will deduct unearned interest and service charges.

2. We will further adjust the monthly amount of "accounts receivable" in accordance with any demonstrable variance from the average for the particular month in which the loss occurred, giving due consideration to the normal fluctuations in the amount of "accounts receivable" within the fiscal month involved. There will be deducted from the total amount of "accounts receivable", however established, the amount of such accounts as evidenced by records, not lost or damaged, or otherwise established or collected by the Insured and an amount to allow for probable bad debts which would normally have been uncollectible by the Insured.

3. We will also pay for:

- a. Interest charges on any loan to the Insured to offset impaired collection, pending repayment of such sums, of "accounts receivable" because of loss to records of "accounts receivable";
- b. Collection expenses in excess of normal collection expenses which are made necessary by loss to records of "accounts receivable"; and
- c. Other expenses, when reasonably incurred by the Insured, in re-establishing records of "accounts receivable" following loss.

B. Ammonia Contamination

We will pay for direct physical loss or damage to covered property arising from ammonia contamination or ammonia pollution.

C. Arson and Crime Reward

We will pay up to \$10,000 for rewards you pay for information leading to convictions of perpetrators who caused direct physical loss or damage to Covered Property from a Covered Cause of Loss not otherwise excluded.

D. Bridges

We will pay up to \$100,000 for loss or damage to bridges under 30 feet in length resulting from a Covered Cause of Loss not otherwise excluded. However, this Coverage Extension does not apply to loss or damage caused by vehicles or by freezing or thawing.

E. Debris Removal

We will pay for expenses incurred in the removal of debris of Covered Property resulting from direct physical loss or damage from a Covered Cause of Loss not otherwise excluded.

We will not pay for costs to:

1. Extract or remove "pollutants" from land, atmosphere or any body of water;
2. Extract or remove "pollutants" from the debris;
3. Remove, restore or replace contaminated or polluted land, atmosphere or any body of water;
4. Remove or transport property debris to a site for storage or decontamination required because the property or debris is affected by "pollutants", whether or not such removal, transportation or decontamination is required by law or regulation; or
5. Store any property or debris requiring specialized storage because the property or debris is affected by "pollutants", whether or not such storage is required by law or regulation;

regardless of any other cause or event which contributes concurrently or in any sequence to the direct physical loss or damage.

F. Demolition and Increased Cost of Construction

Where Covered Property has sustained direct physical loss or damage from a Covered Cause of Loss not otherwise excluded, we will pay for:

1. The cost of demolishing the undamaged property including the cost of clearing the site;
2. The value of the undamaged part of the property which must be demolished;
3. The increased cost of repair or reconstruction of the damaged and undamaged property on the same or another site required by law or ordinance regulating the repair or reconstruction of the damaged property, but we will not pay more than it would have cost had it been repaired or reconstructed on the original site, nor will we pay for the cost to acquire land. The increased rebuilding costs must be kept to the minimum needed to satisfy legal requirements. We will not pay for any increased cost of construction unless the property is actually rebuilt or replaced within two (2) years; and
4. Any increase in loss of income, "extra expense" or loss of "rental value" arising out of the reasonably required additional time required to comply with any law or ordinance regulating the repair or reconstruction of the damaged property compared with the time it would have taken to repair or reconstruct the property with materials of like kind and quality.

G. Expediting Expenses

We will pay the actual loss sustained to:

1. Make temporary repairs;
2. Expedite permanent repairs; and
3. Expedite permanent replacement

of Covered Property resulting from direct physical loss or damage from a Covered Cause of Loss not otherwise excluded.

H. Extra Expense

We will pay the necessary "extra expense" incurred by the Insured in order to continue as nearly as practicable the normal operation of the Insured's business following direct physical loss or damage to Covered Property from a Covered Cause of Loss not otherwise excluded.

We will pay for such necessary expense incurred for only such length of time as would be required with the exercise of due diligence and dispatch to rebuild, repair or replace such part of the property as has been damaged or destroyed, commencing with the date of damage or destruction and not limited by the date of expiration of the policy.

I. Fire Department Service Charge

We will pay up to \$25,000 for:

1. Fire department charges and other extinguishing expenses for which the Insured may be assessed; and
2. The cost of fire extinguishing materials expended by the Insured

resulting from direct physical loss or damage to Covered Property from a Covered Cause of Loss not otherwise excluded. This Coverage Extension, however, does not apply if you are a fire department or a fire district.

J. Loss of Income

We will pay the actual loss of income sustained by the Insured during the term of this policy due to interruption of business resulting from direct physical loss or damage to Covered Property from a Covered Cause of Loss not otherwise excluded. Such loss will not exceed the reduction in gross earnings less charges and expenses which do not necessarily continue during interruption of business. We will pay only for such length of time as would be required with the exercise of due diligence and dispatch to rebuild, repair, or replace such part of the property as has been damaged or

destroyed commencing with the date of such damage or destruction and not limited by the date of expiration of the policy. We will pay normal charges and expenses including payroll expenses, to the extent necessary to resume operations of the Insured with the same quality of service which existed immediately preceding the loss.

K. Personal Effects of Insureds

We will pay up to \$50,000 to repair or replace the personal effects of your director, employee, authorized volunteer or medical director if the personal effects are lost or damaged while responding to, during the course of or returning directly from "emergency operations", or during "training operations", and while the director, employee, authorized volunteer or medical director is otherwise engaged in his duties for you.

No deductible applies to this Coverage Extension.

L. Personal Effects of Patients and Fire Victims

We will pay up to \$50,000 for the cost to repair or replace the personal effects of fire victims, medical patients and their immediate relatives, if the personal effects are lost, damaged or stolen while in your care, custody, and control during "emergency operations" or in transit to a medical care facility.

No deductible applies to this Coverage Extension.

M. Pollutant Clean Up and Removal

We will pay up to \$250,000 for any damages and expenses you incur to extract "pollutants" from land or water at premises owned by or leased to an Insured if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" occurs during the policy period and not from a "specified cause of loss". Damages and expenses will be paid only if they are reported to us in writing within one hundred eighty (180) days of the date on which the loss occurs.

We will not pay for 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 "pollutants" from the land or water.

Exclusion O. in SECTION VI – EXCLUSIONS does not apply to this subsection M.

N. Preservation of Property

We will pay for any direct physical loss or damage occurring during necessary removal of Covered

Property to preserve it from a Covered Cause of Loss:

1. While it is being moved or while temporarily stored at another location; and
2. Only if direct physical loss or damage occurs within fifteen (15) days after the property is first moved.

O. Recertification of Equipment

We will pay up to \$50,000 for recertification expenses for "emergency services portable equipment" resulting from direct physical loss or damage to the Covered Property from a Covered Cause of Loss not otherwise excluded.

P. Rental Value

We will pay the actual loss sustained by the Insured for necessary untenantability of the Covered Property resulting from direct physical loss or damage to Covered Property from a Covered Cause of Loss not otherwise excluded. However, our payment will not exceed the reduction in "rental value" less charges and expenses which do not necessarily continue during the period of untenantability, for only such length of time as would be required with the exercise of due diligence to rebuild, repair or replace the part of the property damaged or destroyed, commencing with the date of such damage or destruction and not limited by the date of expiration of this policy.

Q. Utility Interruption

We will pay for direct physical loss or damage to Covered Property, including any resulting extra expense and loss of income, due to utility interruption. Utility includes gas, electric, water and telephone services.

R. Vacant Buildings

We will pay for direct physical loss or damage to your "vacant buildings" on an "actual cash value" basis subject to the following:

1. The loss must be caused by a "specified cause of loss"; and
2. The "vacant building" is kept locked or secured before the loss.

SECTION IX – LIMITS OF INSURANCE

- A. The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations.
- B. The limits applicable to the Coverage Extensions for Arson and Crime Reward; Bridges; Fire

Department Service Charge; Personal Effects of Insureds; Personal Effects of Patients and Fire Victims; Pollutant Cleanup and Removal; and Recertification of Equipment are in addition to the Policy Limit of Insurance.

- C. Payments under all other Coverage Extensions and Additional Coverages are included within the Policy Limit of Insurance shown in the Declarations.
- D. We will not pay for the loss or damage in any one occurrence until the amount of loss or damage exceeds the Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible up to the applicable Limit of Insurance shown in the Declarations.

No deductible applies to "commandeered property".

SECTION X – DEFINITIONS

- A. "Accounts receivable" means all sums due the Insured from customers.
- B. "Actual cash value" means the cost to replace Covered Property less depreciation.
- C. "Auto" means a land motor vehicle, trailer or semi-trailer designed for travel on public roads but does not include "mobile equipment".
- D. "Commandeered property" means any real or personal property not owned by an Insured including but not limited to aircraft and watercraft an Insured commandeers, seizes, borrows, or takes over for official use to handle an emergency situation. However, "commandeered property" does not include "autos".
- E. "Data" is a fact, concept, instruction or program that is converted into a "media" form that can be used in a data processing operation.
- F. "Earthquake" means seismic earth movement including the natural faulting of land masses.
- G. "Emergency operations" means actions:
 1. Which are urgent responses necessary for protection of property, human life, health or safety;
 2. Which result from the performing or attempting to perform fire fighting services, hazardous materials unit services, first aid, ambulance or rescue squad services, or related services, including the stabilizing or securing of an emergency scene; and
 3. Which are sanctioned by an Insured.
- H. "Emergency service portable equipment" means portable ambulance, fire fighting or rescue-related

equipment that you own, or is furnished for your use, for regular emergency services you perform. "Emergency service portable equipment" does not include any equipment that is permanently attached to an "auto".

- I. "Extra expense" means the actual loss sustained that is excess of the total cost incurred during the period of restoration chargeable to the operation of the Insured's business, over and above the total cost that would normally have been incurred to conduct the business during the same period had no damage or destruction occurred. Any salvage value of property obtained for temporary use during the period of restoration, which remains after the resumption of normal operations, will be deducted in the adjustment of any loss.
- J. "Fine arts" means paintings, etchings, pictures, tapestries, art, glass windows, valuable rugs, statuary, marble, bronze, antique silver, manuscripts, porcelain, rare glass, bric-a-brac and similar property of rarity, historical value or artistic merit.
- K. "Geomembrane covers" means the rubber or polymetric cover of a water storage or treatment facility which is exposed to the elements. It also includes rubber or polymetric water storage structures which are of single-piece construction if the surface is exposed to the elements. It does not include the lining of such structures or facilities if constructed or installed separately from the cover.
- L. "Media" is the material on which "data" is recorded, including but not limited to diskettes, digital discs, drives, magnetic tapes, disk packs, drums, paper tapes, cards, programs, as well as "data" stored on the "media".
- M. "Mobile equipment" means equipment, implements, tools and watercraft. However, "mobile equipment" does not include:
 - 1. Aircraft;
 - 2. "Autos";
 - 3. Plans, blueprints, designs or specifications;
 - 4. Property which has become a part of any structure;
 - 5. Property other than watercraft while underground, underwater, airborne or waterborne (except while being transported on a regular ferry line);
 - 6. Property while leased, loaned or rented to others, unless such lease, loan or rental includes an equipment operator employed by the Insured; and

7. "Emergency service portable equipment".

- N. "Penstock" means a conduit constructed of manmade materials built for the purpose of conveying water to a hydroturbine. "Penstock" does not include tunnels, canals, aqueducts or similar excavations, or the cost of these excavations, which are excavated from or consist of natural materials.
- O. "Pollutants" means any solid, liquid, gaseous, or thermal irritant or contaminant, including but not limited to asbestos, smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste material (whether such materials are intended to be or have been recycled, reconditioned or reclaimed) which are designated as "pollutants" in listings published by the United States Environmental Protection Agency (U.S.E.P.A) or by any other governmental authority, or if unlisted, exhibits the characteristics of ignitability, corrosivity, reactivity or toxicity to a degree which would cause them to be so listed if the subject were to be addressed by the U.S.E.P.A. or by any other governmental authority.
- P. "Rental value" is defined as the sum of:
 - 1. The total anticipated gross rental income from tenant occupancy of real property as furnished and equipped by the Insured;
 - 2. The amount of all charges which are the legal obligations of the tenant(s) and which would otherwise be obligations of the Insured; and
 - 3. The fair "rental value" of any portion of said property which is occupied by the Insured.In determining the "rental value", due consideration will be given to the rental experience before the date of damage or destruction and the probable experience had no direct physical loss or damage occurred.
- Q. "Replacement cost value" means the cost to replace Covered Property with like kind and quality without deducting for depreciation.
- R. "Specified cause of loss" means the following: fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; sinkhole collapse; volcanic action; collision; upset or overturn; vandalism; sprinkler leakage; or falling objects.
- S. "Training operations" means activities used to prepare, train or instruct members of a fire department, hazardous materials unit, or first aid, ambulance or rescue squad in accepted and recognized emergency procedures, including municipal, state, and federal standards.

T. "Vacant building" means any building that:

1. Does not contain enough contents to conduct customary operations; or
2. Has no portion occupied or in use.

A building which otherwise meets this definition of "vacant building" will not be considered a "vacant building" if there are other occupied buildings on the same premises. A building under construction or renovation will not be considered a "vacant building".

U. "Valuable papers and records", means written, printed or otherwise inscribed documents and records including, but not limited to, books, maps, films, drawings, abstracts, deeds, mortgages and manuscripts.

However, "valuable papers and records" does not mean money or securities, converted data, programs or instructions used in your data processing operations, including the materials on which the data is recorded. Money includes currency, coins, bank notes, travelers checks, register checks and money orders. Securities includes negotiable and non-negotiable instruments or contracts representing either money or other property, such as tokens, tickets, revenue and other stamps and evidences of debt issued in connection with credit or charge cards.

SECTION XI – CONDITIONS

This Coverage Part is subject to the Common Policy Conditions and the following conditions:

A. Abandonment

There can be no abandonment to us of Covered Property.

B. Appraisal

In the event that the Insured and we disagree over the amount:

1. To rebuild, repair or replace damaged or destroyed property; or
 2. The amount to be paid for a loss,
- the Insured and we will each appoint a competent appraiser. The two appraisers will:
1. Appoint a disinterested third appraiser as umpire;
 2. Obtain reconstruction, replacement or repair estimates; and
 3. Calculate the amount due as payment for the property.

If an Insured's appraiser and our appraiser cannot come to an agreement, they will submit their appraisals to the umpire. The agreed upon cost to rebuild, repair or replace will be based on an agreement, in writing, by any two of the three appraisers.

The Insured and we will each pay their own appraisers and equally share the cost of the umpire.

C. Loss to Property of Others

In case of direct physical loss or damage to property of others held by the Insured for which claim is made upon us, we reserve the right to adjust such claim with the owner or owners of the property. If legal proceedings are taken to enforce a claim against the Insured with respect to such loss, we reserve the right at our option without expense to the Insured, to conduct and control the defense on behalf of and in the name of the Insured. No action on our part in such regard will increase the limits under this Coverage Part.

D. No Benefit to Bailee

No entity other than an Insured having custody of Covered Property will benefit from this insurance.

E. Notice of Loss

As soon as practicable after any loss becomes known to the Insured, you will report such loss with full particulars to us.

F. Other Insurance

You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this policy. If you do, except as otherwise provided in the Coverage Part, we will pay our share of the covered loss. Our share is the proportion that the applicable Limit of Insurance bears to the combined limits of all insurance covering on the same basis.

G. Policy Period, Coverage Territory

Under this Coverage Part:

1. We cover loss or damage commencing:
 - a. During the policy period shown in the Declarations; and
 - b. Within the coverage territory.
2. The coverage territory is:
 - a. United States of America (including its territories and possessions), Puerto Rico and Canada for the following types of covered property and coverage

extensions: "emergency service portable equipment", "commandeered property", "mobile equipment", Personal Effects of Insureds and Personal Effects of Patients and Fire Victims.

- b. Worldwide for all other Covered Property.

H. Proof of Loss

In the event of loss, it will be necessary for the Insured, within ninety (90) days following demand thereof by us, to render a signed and sworn proof of loss to us or our appointed representative stating: the place, time and cause of the loss; the interests of the Insured and all others in the damaged or destroyed property; the value of the property involved in the loss; and the amount of the loss.

I. Protection of Damaged Property

The Insured will take all reasonable steps to protect the Covered Property from further damage and will keep a record of expenses for emergency or temporary repairs for consideration in the settlement of the claim. Such measures will not increase the Limits of Insurance.

J. Recovered Property

If either an Insured or we recover any property after loss settlement, that party must give the other prompt notice. At the Insured's option, the property will be returned to the Insured. The Insured must then return to us the amount we paid to the Insured for the loss of the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the applicable Limit of Insurance.

K. Unintentional Failure to Report Property

Your failure to report to us all the property and equipment to be insured under this coverage will not prejudice your coverage for that property provided such omission is not intentional on your part and you report the property or equipment as soon as you discover the omission.

L. Mortgageholders

1. The term mortgageholder includes trustee.
2. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.
3. The mortgageholder has the right to receive loss payment even if the mortgageholder 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 Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
 - a. Pays any premium due under this Coverage Part at our request if you have failed to do so;
 - b. Submits a signed, sworn proof 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 mortgageholder.

All of the terms of this Coverage Part will then apply directly to the mortgageholder.

5. If we pay the mortgageholder 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 Coverage Part:
 - a. The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
 - b. The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on 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 mortgageholder at least:
 - a. 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
7. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

SCHEDULE OF LOCATIONS	
Policy No. 3xz155944-01	Effective Date: 3/28/2002 12:01 A.M., Standard Time
Named Insured PUEBLO CONSERVANCY DISTRICT	Agent No. 430135

SCHEDULE OF LOCATIONS	
Policy No. 3xz155944-01	Effective Date: 3/28/2002 12:01 A.M., Standard Time
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SCHEDULE OF LOCATIONS	
Policy No. 3xz155944-01	Effective Date: 3/28/2002 12:01 A.M., Standard Time
Named Insured PUEBLO CONSERVANCY DISTRICT	Agent No. 430135

Prem. No.	Bldg. No.	Designated Premises (Address, City, State, Zip Code)	Occupancy
1	1	RUNYON LAKE, PUEBLO, CO	
2	1	FOUNTAIN LAKE, PUEBLO, CO	

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE (Standard Time)					INSURED	AGENCY AND CODE
	MO.	DAY	YR.	12:01 A.M.	NOON		
3XZ155944-01	3	28	2002			PUEBLO CONSERVANCY DISTRICT	430135

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COLORADO CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

SPECIAL DISTRICTS INSURANCE PROGRAM - CRIME COVERAGE
SPECIAL DISTRICTS INSURANCE PROGRAM - LIABILITY COVERAGE
SPECIAL DISTRICTS INSURANCE PROGRAM - PROPERTY AND INLAND MARINE COVERAGE

A. Paragraph 2. of section **D. Cancellation** in the **COMMON POLICY CONDITIONS** is deleted and replaced by the following:

2. If this policy has been in effect for less than 60 days, 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.

B. The following is added to section **D. Cancellation** in the **COMMON POLICY CONDITIONS**:

7. Cancellation of Policies in Effect for 60 Days or More

- a. If this policy has been in effect for 60 days or more, or is a renewal of a policy we issued, we may cancel this policy by mailing through first-class mail to the first Named Insured written notice of cancellation:

- (1) Including the actual reason, at least 10 days before the effective date of cancellation, if we cancel for nonpayment of premium; or

(2) At least 45 days before the effective date of cancellation if we cancel for any other reason.

We may only cancel this policy based on one or more of the following reasons:

- (1) Nonpayment of premium;
- (2) A false statement knowingly made by the insured on the application for insurance; or
- (3) A substantial change in the exposure or risk other than that indicated in the application and underwritten as of the effective date of the policy unless the first Named Insured has notified us of the change and we accept such change.

C. Section **E. When We Do Not Renew** in the **COMMON POLICY CONDITIONS** is deleted and replaced by the following:

E. Nonrenewal

If we decide not to renew this policy, we will mail through first-class mail to the first Named Insured shown in the Declarations written notice of the nonrenewal at least 45 days before the expiration date, or its anniversary date if it is a policy written for a term of more than one year or with no fixed expiration date.

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

D. The following Condition is added to the COMMON POLICY CONDITIONS:

R. Increase In Premium Or Decrease In Coverage

We will not increase the premium unilaterally or decrease the coverage benefits on renewal of this policy unless we mail through first-class mail written notice of our intention, including the actual reason, to the first Named Insured's last mailing address known to us, at least 45 days before the effective date.

Any decrease in coverage during the policy term must be based on one or more of the following reasons:

1. Nonpayment of premium;
2. A false statement knowingly made by the insured on the application for insurance; or
3. A substantial change in the exposure or risk other than that indicated in the application and underwritten as of the effective date of the policy unless the first Named Insured has notified us of the change and we accept such change.

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

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED

AUTHORIZED REPRESENTATIVE

DATE

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE (Standard Time)					INSURED	AGENCY AND CODE
	MO.	DAY	YR.	12:01 A.M.	NOON		
3XZ155944-01	3	28	2002			PUEBLO CONSERVANCY DISTRICT	430135

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

HIRED AUTO AND NON-OWNED AUTO LIABILITY

This endorsement modifies insurance provided under the following:

SPECIAL DISTRICTS INSURANCE PROGRAM – LIABILITY COVERAGE

A. HIRED AUTO LIABILITY

The insurance provided under paragraph A. of **SECTION I – INSURING AGREEMENT** is extended to apply to “bodily injury” or “property damage” arising out of the maintenance or use of a “hired auto” by you or your “employees” in the course of your business.

B. NON-OWNED AUTO LIABILITY

The insurance provided under paragraph A. of **SECTION I – INSURING AGREEMENT** is extended to apply to “bodily injury” or “property damage” arising out of the use of a “non-owned auto” by any person other than you in the course of your business.

C. For the purposes of this endorsement only, the following paragraphs of **SECTION V – EXCLUSIONS** do not apply:

- A. Aircraft
- B. Airport
- D. Auto
- H. Damage to Property
- N. Mobile Equipment
- P. Personal Injury or Advertising Injury

D. For the purposes of this endorsement only, **SECTION IV – WHO IS AN INSURED** is deleted and replaced by the following:

Each of the following is an insured under this endorsement to the extent set forth below.

1. You.

2. Any other person using a “hired auto” with your permission.
3. With respect to a “non-owned auto”, any partner or executive officer of yours, but only while such “non-owned auto” is being used in your business.
4. Any other person or organization, but only with respect to their liability because of acts or omissions of an insured under 1., 2. or 3. above.

None of the following is an insured:

1. Any person engaged in the business of his or her employer with respect to “bodily injury” to any co-“employee” of such person injured in the course of employment, or to the spouse, child, parent, brother or sister of that co-“employee” as a consequence of such “bodily injury”, or for any obligation to share damages with or repay someone else who must pay damages because of the injury;
2. Any partner or executive officer with respect to any “auto” owned by such partner or officer or a member of his or her household;
3. Any person while employed in or otherwise engaged in performing duties related to the conduct of an “auto business”, other than an “auto business” you operate;
4. The owner or lessee (of whom you are a sublessee) of a “hired auto” or the owner of a “non-owned auto” or any agent or employee of any such owner or lessee;

5. Any person or organization with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.
- E. For the purposes of this endorsement only, **SECTION VI – DEFINITIONS** is amended as follows:
 1. The following paragraph is added to the definition of "Insured contract" in paragraph P.:
 7. That part of any contract or agreement entered into, as part of your business, pertaining to the rental or lease, by you or any of your "employees", of any "auto". However, such contract or agreement shall not be considered an "insured contract" to the extent that it obligates you or any of your "employees" to pay for "property damage" to any "auto" rented or leased by you or any of your "employees".
 2. The following definitions are added:
 - a. "Auto business" means the business or occupation of selling, repairing, servicing, storing or parking "autos".
 - b. "Hired Auto" means any "auto" you lease, hire, rent or borrow. This does not include any "auto" you lease, hire, rent or borrow from any of your "employees", your partners or your executive officers, or members of their households.
 - c. "Non-Owned Auto" means any "auto" you do not own, lease, hire, rent or borrow which is used in connection with your business. This includes "autos" owned by your "employees", your partners or your executive officers, or members of their households, but only while used in your business or your personal affairs.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED

AUTHORIZED REPRESENTATIVE

DATE

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE (Standard Time)					INSURED	AGENCY AND CODE
	MO.	DAY	YR.	12:01 A.M.	NOON		
3XZ155944-01	3	28	2002			SEE ZC23941a(1/99)	430135

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WHO IS AN INSURED – AMENDATORY ENDORSEMENT

This endorsement modifies insurance provided under the following:

SPECIAL DISTRICTS INSURANCE PROGRAM – LIABILITY COVERAGE

I. SECTION IV – WHO IS AN INSURED is deleted and replaced by the following:

A. If you are designated in the Declarations under "Other:" as:

1. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
2. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
3. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
4. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.

B. Each of the following is also an insured:

1. Your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or

your managers (if you are a limited liability company), 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", "personal injury", "advertising injury", "employment-related practices injury", "professional liability", "wrongful acts" or "acts, errors or omissions":

(1) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), or to a co-"employee" while that co-"employee" is either in the course of his or her employment or performing duties related to the conduct of your business.

(2) To the spouse, child, parent, brother or sister of that co-"employee" as a consequence of paragraph a. (1) above;

(3) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in paragraphs a. (1) or (2) above; or

(4) Arising out of his or her providing or failing to provide professional health care services.

- b. "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, any of your "employees", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).
- 2. Any person (other than your "employee"), or any organization while acting as your real estate manager.
- 3. Any person or organization having proper temporary custody of your property if you die, 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.
- 4. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this coverage.
- C. With respect to "mobile equipment" registered in your name under any motor vehicle registration law, any person is an insured while driving such 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:
 - 1. "Bodily injury" to a co-"employee" of the person driving the equipment; or
 - 2. "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.

- D. 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:
 - 1. 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;
 - 2. Coverage does not apply to:
 - a. "Bodily injury", "property damage" or "wrongful acts" that occurred before you acquired or formed the organization;
 - b. "Personal injury", "advertising injury" or "employment-related practices injury" arising out of an offense committed before you acquired or formed the organization;
 - c. "Professional liability" caused by an error or omission that occurred before you acquired or formed the organizations; or
 - d. "Acts, errors or omissions" in the "administration" of your "employee benefit program" that occurred before you acquired or formed the organizations.

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

II. The following definitions is added to SECTION VI – DEFINITIONS:

- A. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED

AUTHORIZED REPRESENTATIVE

DATE

ENDORSEMENT NO. _____

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE (Standard Time)					INSURED	AGENCY AND CODE
	MO.	DAY	YR.	12:01 A.M.	NOON		
3XZ155944-01	3	28	2002			SEE ZC23941a(1/99)	430135

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DEDUCTIBLE LIABILITY ENDORSEMENT

This endorsement modifies insurance provided under the following:

SPECIAL DISTRICTS INSURANCE PROGRAM – LIABILITY COVERAGE

SCHEDULE

Coverage	Amount and Basis of Deductible
1) Bodily Injury Liability	\$ per occurrence
2) Property Damage Liability	\$ 500 per occurrence
3) Employment-Related Practices Injury Liability	\$ per occurrence
4) Professional Liability	\$ per occurrence
5) Wrongful Acts Liability	\$ per occurrence
6) Employee Benefits Liability	\$ per occurrence

APPLICATION OF ENDORSEMENT (Enter below any limitations on the application of this endorsement. If no limitation is entered, the deductibles apply to damages for all "bodily injury", "property damage", "employment-related practices injury", "professional liability", "wrongful acts" and "acts, errors or omissions" however caused.)

- | | |
|---|--|
| <p>A. Our obligation under the Liability Coverage Part to pay damages on your behalf applies only to the amount of damages in excess of any deductible amounts stated in the Schedule above as applicable to such coverages.</p> <p>B. The Bodily Injury Liability, Property Damage Liability, Employment-Related Practices Injury Liability, Professional Liability, Wrongful Acts Liability and Employee Benefits Liability deductible amounts stated in the Schedule above apply as follows:</p> | <ol style="list-style-type: none"> 1. Under Bodily Injury Liability, to all damages because of "bodily injury"; 2. Under Property Damage Liability, to all damages because of "property damage"; 3. Under Employment-Related Practices Injury Liability, to all damages because of "employment-related practices injury"; 4. Under Professional Liability, to all damages because of an error or omission; |
|---|--|

- 5. Under Wrongful Acts Liability, to all damages because of a "wrongful act"; or
- 6. Under Employee Benefits Liability, to all damages because of an "act, error or omission"

as the result of any one "occurrence", offense, error, omission, "wrongful act" or "act, error or omission", regardless of the number of persons or organizations who sustain damages because of that "occurrence", offense, error, omission, "wrongful act" or "act, error or omission".

In the event a claim or "suit" would require the application of more than one deductible, only the highest deductible will apply.

- C. The terms of this insurance, including those with respect to:
 - 1. Our right and duty to defend the insured against any "suits" seeking those damages; and
 - 2. Your duties in the event of an "occurrence", offense, error, omission, "wrongful act", "act, error or omission", claim or "suit"apply irrespective of the application of the deductible amount.
- D. We may pay any part or all of the deductible amount to effect settlement of any claim or "suit" and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount paid by us.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED

AUTHORIZED REPRESENTATIVE

DATE

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE (Standard Time)					INSURED	AGENCY AND CODE
	MO.	DAY	YR.	12:01 A.M.	NOON		

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WAR OR TERRORISM EXCLUSION

This endorsement modifies insurance provided under the following:

SPECIAL DISTRICTS INSURANCE PROGRAM – LIABILITY COVERAGE

- I. Exclusion T. War under **SECTION V – EXCLUSIONS** is deleted and replaced by the following:

T. War or Terrorism

"Bodily injury", "property damage", "personal injury", "advertising injury", "employment-related practices injury", "professional liability", "wrongful acts", or "acts, errors or omissions" arising, directly or indirectly, out of:

1. War, including undeclared or civil war; or
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; or
4. "Terrorism", including any action taken in hindering or defending against an actual or expected incident of "terrorism"

regardless of any other cause or event that contributes concurrently or in any sequence to the injury or damage.

However, with respect to "terrorism", this exclusion only applies if one or more of the following are attributable to an incident of

"terrorism":

1. The total of insured damage to all types of property exceeds \$25,000,000. In determining whether the \$25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the "terrorism" and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions; or
2. Fifty or more persons sustain death or serious physical injury. For the purposes of this provision, serious physical injury means:
 - a. Physical injury that involves a substantial risk of death; or
 - b. Protracted and obvious physical disfigurement; or
 - c. Protracted loss of or impairment of the function of a bodily member or organ; or
3. The "terrorism" involves the use, release or escape of nuclear materials, or directly or indirectly results in nuclear reaction or radiation or radioactive contamination; or

4. The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
5. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials.

Paragraphs 1. and 2., immediately preceding, describe the thresholds used to measure the magnitude of an incident of "terrorism" and the circumstances in which the threshold will apply for the purpose of determining whether the Terrorism Exclusion will apply to that incident. When the Terrorism Exclusion applies to an incident of "terrorism", there is no coverage under this Coverage Part.

In the event of any incident of "terrorism" that is not subject to the Terrorism Exclusion, coverage does not apply to any loss or damage that is otherwise excluded under this Coverage Part.

Multiple incidents of "terrorism" which occur within a seventy-two hour period and appear to be carried out in concert or to have a related purpose or common leadership shall be considered to be one incident.

II. Exclusion e. under sub-paragraph 8. of paragraph A. under **SECTION III – SUPPLEMENTARY PAYMENTS** is deleted.

III. The following definition is added to **SECTION VI – DEFINITIONS**:

"Terrorism" means activities against persons, or organizations or property of any nature:

1. That involve the following or preparation for the following:
 - a. Use or threat of force or violence; or
 - b. Commission or threat of a dangerous act; or
 - c. Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and
2. When one or both of the following applies:
 - a. The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or
 - b. It appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED

AUTHORIZED REPRESENTATIVE

DATE

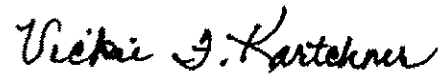
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IN WITNESS WHEREOF, the Insurer has caused this policy to be signed by its President and Secretary and countersigned on the Declarations Page by a duly authorized representative of the Insurer.

Specialty National Insurance Company



SECRETARY



PRESIDENT

APPLICATION SUPPLEMENT**THIS NOTICE IS A PART OF YOUR APPLICATION FOR INSURANCE.****(NOT APPLICABLE IN NEBRASKA, VERMONT OR OKLAHOMA)**

One of the following FRAUD STATEMENTS may apply in your state. If applicable, please read the statement carefully, place an **X** in the block next to the statement that applies to your state, sign and date the form at the bottom, and return this form with the application.

☒ **APPLICABLE IN THE STATE OF COLORADO**

It is unlawful to knowingly provide false, incomplete or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance, and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to a settlement or award payable from insurance proceeds shall be reported to the Colorado Division of Insurance within the Department of Regulatory Agencies.

☐ **APPLICABLE IN THE STATE OF HAWAII**

For your protection, Hawaii law requires you to be informed that presenting a fraudulent claim for payment of a loss or benefit is a crime punishable by fines or imprisonment, or both.

☐ **APPLICABLE IN THE STATES OF MAINE AND VIRGINIA**

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects the person to criminal and civil penalties. Insurance benefits may also be denied.

☐ **APPLICABLE IN THE STATE OF NEW YORK**

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.

☐ **APPLICABLE IN THE STATE OF OHIO**

Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.

☐ **APPLICABLE IN THE STATE OF OREGON**

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto may be guilty of a fraudulent insurance act, which is a crime and subjects the person to criminal and civil penalties.

☐ **APPLICABLE IN ALL OTHER STATES**

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and subjects the person to criminal and civil penalties.

APPLICANT'S SIGNATURE

DATE