



# Commercial Property Declarations



Company: **Westchester Fire Insurance Company**

YM: **FS**      Policy ID: **D3586782A 003**

|                 |   |          |         |
|-----------------|---|----------|---------|
| <b>Location</b> | <input checked="" type="checkbox"/> Schedule on file with Company <input type="checkbox"/> See attached Schedule CPs2 |          |         |
|                 | Loc. No.  | Bld. No. | Address |
|                 |   |          |         |

| <b>Coverages and Limits Provided</b> | Insurance At Described Location Applies Only For Coverages For Which A Limit Of Liability Is Shown |          |                                      |                                      |                |                                   |
|--------------------------------------|--|----------|--------------------------------------|--------------------------------------|----------------|-----------------------------------|
|                                      | Loc. No.   | Bld. No. | Coverage                             | Covered Causes of Loss Form          | Co-Insurance % | Limit of Insurance \$             |
|                                      |  |          | See Broker's All Risks Coverage Form | See Broker's All Risks Coverage Form | NIL            | 25,000,000 Per Occurrence Primary |
|                                      |  |          |                                      |                                      |                |                                   |
|                                      |  |          |                                      |                                      |                |                                   |
|                                      |  |          |                                      |                                      |                |                                   |
|                                      |  |          |                                      |                                      |                |                                   |

|                   |                                      |
|-------------------|--------------------------------------|
| <b>Deductible</b> | See Broker's All Risks Coverage Form |
|-------------------|--------------------------------------|

|                                      |   |
|--------------------------------------|---|
| <b>Special Deductible Provisions</b> | <input type="checkbox"/> See Multiple Deductible Form <input type="checkbox"/> See Windstorm or Hail % Deductible Form<br><input type="checkbox"/> See Hurricane % Deductible |
|--------------------------------------|---|

|                          |   |   |
|--------------------------|---|---|
| <b>Coverage Options:</b> | The following coverage options are provided where indicated by an x or entry: |   |
|                          | Building  | <input type="checkbox"/> Agreed Value Exp. Date <input checked="" type="checkbox"/> Replacement Cost  |
|                          | Personal Property   | <input type="checkbox"/> Agreed Value Exp. Date<br><input checked="" type="checkbox"/> Replacement Cost ( <input type="checkbox"/> Inc. Stock) ( <input type="checkbox"/> Inc. Personal Property of Others) |
|                          | Business Income:  | <input type="checkbox"/> Monthly Limit of Indemnity <input type="checkbox"/> Maximum Period of Indemnity<br><input type="checkbox"/> Extended Period of Indemnity    Days                                   |
| Actual Loss Sustained    |   |   |

|                                   |   |
|-----------------------------------|---|
| <b>Attached Forms Information</b> | <input checked="" type="checkbox"/> Refer to Forms Schedule CPfs2 |
|-----------------------------------|---|

## Forms Schedule

Company: **Westchester Fire Insurance Company**

SYM: FS

Policy ID: D3586782A 003

|                      |   |  |
|----------------------|---|--|
| <b>Policy Period</b> | When Coverage Begins: <b>07/01/2005</b> | 12:01 A. M. Standard Time At Named Insured's Address |
|                      | When Coverage Ends: <b>07/01/2006</b>   | 12:01 A. M. Standard Time At Named Insured's Address |

|   |  |
|---|--|
| <b>Applicable to all Coverage Parts</b> | <p><u>Form No. and Description</u></p> <p><b>MA-608255 (09/04) - ACE Property &amp; Casualty Claims Directory</b></p>  |
| <b>Commercial Property</b>              | <p><u>Form No. and Description</u></p> <p><b>BB-5W58a (12/95) - Common Policy Declarations</b></p> <p><b>CPd2 (06/02) - Commercial Property Declarations</b></p> <p><b>Broker's All Risks Coverage Form – including</b></p> <ul style="list-style-type: none"> <li>- Endorsement A</li> <li>- Endorsement B</li> <li>- Endorsement C</li> </ul> <p><b>ACE0208 (02/03) - Limited Exclusion of Certified Acts of Terrorism</b></p> <p><b>ACE0210 (02/03) - Nuclear, Chemical and Biological Exclusion Endorsement</b></p> <p><b>ACE0204 (01/02) - Additional Exclusion - Fungus, Wet Rot, Dry Rot and Bacteria</b></p> <p><b>ACE0206 (07/02) - Definition of Occurrence</b></p> <p><b>ACE061 (02/04) - Asbestos Material Endorsement</b></p> <p><b>ACE063 (09/98) - Occurrence Limit of Liability Endorsement</b></p> <p><b>ACE126 (10/01) - Electronic Data Amendment Endorsement</b></p> <p><b>ACE0214 (11/04) - Conditional Exclusion Of Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act Of 2002)</b></p> <p><b>IL 09 99 (05/04) - Disclosure of Premium and Estimated Premium for Certified Acts of Terrorism</b></p> |

# ACE Property & Casualty Claims Directory

Claims or Loss Notices related to this policy should be reported to the following:

| Claim Office                       | Location                             | Primary Fax Numbers   |
|------------------------------------|--------------------------------------|---|
| ACE Westchester<br>Specialty Group | P.O. Box 100008<br>Roswell, GA 30077 | Fax: 678.795.4095<br>888.763.7999<br>Back-up Fax:<br>678.795.4081<br>888.982.2333 |



# STATE OF WEST VIRGINIA ALL RISKS COVERAGE FORM

## 1. INSURED

- A. The **State of West Virginia**;
- B. West Virginia Parkways, Economic Development and Tourism Authority;
- C. Each West Virginia County Board of Education, each West Virginia political subdivision or non-profit non-governmental organization covered by memorandums of insurance issued by Board of Risk and Insurance Management and declared to this Company on statement of values.

"The State of West Virginia" means:

"The legislative, judicial and executive branches of the **State of West Virginia**, including all of its boards, commissions, councils, authorities, institutions, universities, colleges, schools, departments, divisions and agencies; provided, however, the **State of West Virginia** shall not be considered to include county commissions, municipalities or other political subdivisions of the state regardless of any state aid that may be provided."

## 2. TERM OF INSURANCE

In consideration of \$1,641,099 annual deposit premium for the period July 1, 2005 to July 1, 2006 (of which \$107,362 represents the Terrorism premium), this Policy attaches and covers for one (1) year, beginning and ending at 12 noon, standard time, at the location of the property involved.

## 3. LIMITS OF LIABILITY

Except as otherwise specified herein or by endorsement hereto, this Company shall not be liable for more than its proportion of:

- \$ 25,000,000 As respects all coverages for any one "**occurrence**" regardless of the number of locations, coverages or perils involved, except the following sublimits are part of the overall Policy limit and do not increase this Company's overall limit of liability as stated above
- A. \$ 25,000,000 Per **Occurrence** and Separate Annual Aggregates as respects **Flood and Earthquake**, subject to Limitations contained in Paragraph 9(K)
- B. \$ 10,000,000 Per **Occurrence** Newly Acquired Real or Personal Property
- C. \$ 5,000,000 Per **Occurrence Coal Mine Subsidence** for State Owned Property

\$ 75,000 Per Structure Coal Mine Subsidence for Non-State Owned Property

However, in no event will this Company's liability for Coal Mine Subsidence for State Owned Property and Non-State Owned Property ever exceed \$5,000,000 in any one occurrence.

- D. \$ 1,000,000 Per **Occurrence Employee** Dishonesty
- E. \$ 1,000,000 Per **Occurrence** Forgery or Alteration
- F. \$ 5,000,000 Per **Occurrence** Theft, Disappearance and Destruction - Capitol Complex.
- G. \$ 1,000,000 Per **Occurrence** Theft, Disappearance and Destruction - All Other Locations
- H. \$ 5,000,000 Per **Occurrence** Automobile Physical Damage
- I. \$ 1,000,000 Per **Occurrence** Registered Mail
- J. \$ 1,000,000 Per **Occurrence** Nuclear Contamination
- K. \$ 2,000,000 Per **Occurrence** and in the Aggregate Annually as Respects the Peril of **Earthquake** at State-Owned Properties Only
- L. \$ 1,000,000 Per **Occurrence** as respects Alterations, Additions, and Renovations to Existing Property
- M. \$ 10,000 Per **Occurrence** as respects Pollutant/Contamination Cleanup (as defined in Item 9.L. of Perils Excluded) subject to \$100,000 Annual Aggregate
- N. \$ 250,000 Per **Occurrence** as respects Electronic Data Amendment Endorsement, subject to \$1,000,000 Annual Aggregate
- O. \$ 500 Per **Occurrence** as respects Fire Department Service Charges and Extinguishing Expense

All in excess of the deductible stated elsewhere herein.

#### 4. DEDUCTIBLE

All claims for loss, damage or expense arising out of any one **occurrence** shall be adjusted as one loss, and from the amount of such adjusted loss shall be deducted the sum of one million dollars (\$1,000,000).

#### 5. DEFINITIONS

- A. 1. The term "**occurrence**" shall mean any loss or series of losses commencing during the policy period caused by or arising out of one event.
- 2. All weather-related losses shall be considered a single **occurrence** provided the United States Weather Bureau or other authority has declared that such weather conditions arose from the same atmospheric disturbance.

- B. The term "**earthquake**" shall encompass other earth movements including landslide, mudflow, earth sinking, earth rising, or shifting.
- C. The term "**flood**" shall mean: Surface water, waves, tidal water or tidal wave, overflow of streams or other bodies of water, or spray from any of the foregoing, all whether driven by wind or not.
- D. "**Coal mine subsidence**" means loss to a structure caused by lateral or vertical movement, including collapse which results therefrom, of structures from collapse of man-made underground coal mines.
- E. "**Covered automobile**" means any land vehicle, whether self propelled or not, including those designed for travel on public roads and mobile equipment, and including any attached machinery or equipment:
1. Owned by the named Insured, or
  2. Leased to the named Insured for a term of not less than one year under an agreement expressly prohibiting any right of the lessor or owner to use such vehicle during the term of such lease except either as an operator employed by the named Insured or for its repair or exchange;
- But "**covered automobile**" does not include a vehicle owned by or registered in the name of any individual partner or executive officer of the named Insured, unless specifically stated otherwise by endorsement forming a part of the Policy;
- F. "**Money**" means currency, coins, bank notes and bullion; and travelers checks, register checks and **money** orders held for sale to the public.
- G. "**Securities**" means all negotiable and "**non-negotiable**" instruments or contracts representing either **money** or other property and includes revenue and other stamps in current use, tokens and tickets, but does not include **money**.
- H. "**Non-negotiable securities**" means **securities** which cannot be negotiated or converted to cash by unauthorized persons without resort to forgery.
- I. "**Custodian**" means the Insured or a partner of the Insured or any **employee** who is duly authorized by the Insured to have the care and custody of the insured property within the premises, excluding any person while acting as a watchman, porter or janitor.
- J. "**Messenger**" means the Insured, a partner therein or an officer thereof, or any **employee** thereof who is in the regular service of and duly authorized by the Insured to have the care and custody of the Insured property outside the premises.
- K. "**Employee**" means any natural person (except a director or trustee of the Insured, who is not also an officer or **employee** thereof in some other capacity) while in the regular service of the Insured in the ordinary course of the Insured's business

during the Policy period and whom the Insured compensates by salary, wages or commissions and has the right to govern and direct in the performance of such service, but does not mean any broker, factor, commission merchant, consignee, contractor or other agent or representative of the same general character. As applied to loss under paragraph 6 (H)(1), the above words "while in the regular service of the Insured" shall include the first 30 days thereafter, subject, however, to cancellation as to any **employee** and cancellation of Policy clause.

- L. **"Banking premises"** means the interior of that portion of any building which is occupied by a banking institution in conducting its business.
- M. **"Payroll funds"** means **money and securities** intended solely for the payroll of the Insured.
- N. With regard to paragraphs 3D, 3E, 3F, and 3G, **"occurrence"** means all losses caused by or involving one or more **employees** whether the result of a single act or a series of acts.
- O. Definition of **"normal"**: The condition that would have existed had no loss occurred.

## 6. **COVERAGE AND VALUATION**

Except as hereinafter excluded, this Policy covers:

### A. **Real and Personal Property**

The interest of the Insured in all real and personal property (including improvements and betterments, fine arts, automobiles, watercraft, and mobile equipment) owned, used, or intended for use by the Insured.

In the event of loss or damage, this Company agrees to accept and consider the Insured as sole and unconditional owner of improvements and betterments, notwithstanding any contract or lease to the contrary.

The interest of the Insured in the real and personal property of others in the Insured's care, custody, or control and the Insured's liability imposed by law or assumed by contract, whether written or oral, for such property.

Contractors' interest in property covered to the extent of the Insured's liability imposed by law or assumed by contract, whether written or oral.

#### 1. **Valuation**

##### a. **Improvements and Betterments**

- i. If repaired or replaced at the expense of the Insured within a reasonable time after such loss, the actual expenditure incurred in

repairing, rebuilding or replacing the damaged improvements and betterments.

- ii. If not repaired or replaced within a reasonable time after such loss, that proportion of the original cost at time of installation of the damaged improvements and betterments which the unexpired term of the lease at the time of loss bears to the period(s) from the date(s) such improvements and betterments were made to the expiration date of the lease.
- iii. If repaired or replaced at the expense of others for the use of the Insured, there shall be no liability hereunder.

**b. Stock**

- i. Raw stock, merchandise and supplies at the replacement cost.
- ii. Stock in process at the value of raw stock and labor expended, plus the proper proportion of overhead charges.
- iii. Finished stock at the regular cash selling price less all discounts and charges to which such finished stock would have been subject had no loss occurred.

**c. Real and Personal Property other than Stock and Improvements and Betterments**

The cost to repair or replace the damaged property, without deduction for depreciation, with materials of like kind, size, capacity and quality subject to:

- i. Liability under these terms shall not exceed the lesser of the following:
  - a) The values on file with West Virginia Board of Risk and Insurance Management;
  - b) The cost to repair, rebuild or replace on the same site with material of like kind, size, capacity and quality;
  - c) The actual expenditure incurred in repairing, rebuilding or replacing on the same or another site but not to exceed size and operating capacity that existed at time of loss;
  - d) In the event of loss or damage to property which is not repaired, rebuilt or replaced within two years from the date of loss or damage, this Company shall not be liable for more than the actual cash value (with proper deduction for depreciation) of the property destroyed.

- ii. In the event that replacement with like kind and quality cannot be accomplished, the basis of loss adjustment will be the replacement cost new of unlike kind and quality to restore the function which existed prior to loss.

**d. Automobile Physical Damage and Mobile Equipment**

- i. The actual cash value of such "**covered automobile**", or if the loss to a part thereof, the actual cash value of such part, at time of loss; or
- ii. What it would then cost to repair or replace such "**covered automobile**" or part thereof with other of like kind and quality with deductions for depreciation; or
- iii. The total limit of the Company's liability for all loss directly attributable to a single "**occurrence**" out of which loss to all "**covered automobiles**" occurs shall not exceed the amount stated herein as the limit of liability for automobile physical damage, subject to the above provisions respecting any one "**covered automobile**".

**e. Fine Arts**

- i. The value stipulated in an appraisal.
- ii. In the absence of an appraisal, the fair market value at the time of loss.

**f. Electronic Data Processing Media**

- i. If replaced, the value blank plus the cost of copying information from back-up or from originals of a previous generation, excluding any other cost.
- ii. If not replaced, the value of the blank media.

**g. Time Element**

**i. Earnings**

- a) This Company shall be liable for the actual loss sustained by the Insured resulting directly from necessary interruption of business caused by damage to or destruction of real or personal property by the peril(s) insured against, during the term of this Policy, on premises insured, but not exceeding the reduction in **earnings** less charges and expenses which do not necessarily continue during the interruption of business, 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 herein

described as has been damaged or destroyed, commencing with the date of such damage or destruction and not limited by the date of expiration of this Policy. Due consideration shall be given to the continuation of "**normal**" charges and expenses, including payroll expense, to the extent necessary to resume operations of the Insured with the same quality of service which existed immediately preceding the loss.

b) However, this Company shall not be liable for any loss resulting from damage to or destruction of finished stock nor for the time required to reproduce said finished stock. Finished stock shall mean stock manufactured by the Insured which in the ordinary course of the Insured's business is ready for packing, shipment, or sale.

c) Resumption of operations: It is a condition of this insurance that if the Insured could reduce the loss resulting from the interruption of business

1) By complete or partial resumption of operation of the property herein insured, whether damaged or not, or

2) By making use of merchandise or other property at the location(s) insured herein or elsewhere,

such reduction shall be taken into account in arriving at the amount of loss hereunder.

d) **Earnings:** For the purpose of this insurance, "**earnings**" is defined as the sum of:

1) Total Net Profit

2) Payroll Expense

3) Taxes

4) Interest

5) Rents

6) All other operating expenses earned by the business

e) Expenses to reduce loss: This Policy also covers such expenses as are necessarily incurred for the purpose of reducing loss under this Policy (except expense incurred to extinguish a fire), but in no event shall the aggregate of such expenses exceed the amount by which the loss under this Policy is thereby reduced.

f) Experience of business:

1) In determining the amount of net profit, charges, and expenses covered hereunder for the purposes of ascertaining

the amount of loss sustained, due consideration shall be given to the experience of the business before the date of damage or destruction and to the probable experience thereafter had no loss occurred.

- 2) With respect to alterations, additions, and property while in the course of construction, erection, installation, or assembly, due consideration shall be given to the available experience of the business after completion of the construction, erection, installation, or assembly.

**B. Extra Expense**

1. Extra expense incurred resulting from loss or damage to property by any of the perils covered herein during the term of this Policy.
2. Extra expense is defined as: Extra expense necessarily incurred by the Insured to continue **normal** operations interrupted as a result of direct physical loss or damage to the property covered by the perils insured against hereunder at the insured locations, but only for the period of time required with the exercise of due diligence and dispatch to restore **normal** operations, however not to exceed 12 months.

**C. Earnings/Extra Expense-Electronic Data Processing**

1. With respect to **earnings**/extra expense loss resulting from damage to or destruction of media for, or programming records pertaining to, electronic data processing or electronically controlled equipment, including data thereon, by the perils insured, the Company shall not be liable for more than:
  - a. 30 consecutive calendar days: or
  - b. The length of time that would be required to rebuild, repair or replace such other property herein described as has been damaged or destroyed:

Whichever is the greater; nor

2. More than the actual loss sustained by the Insured during the period of restoration;
3. Resumption of operations: It is a condition of this insurance that if the Insured could reduce the loss resulting from the interruption of business by complete or partial resumption of the Insured's operations, at the same or other premises, this Company shall be liable only for the reduced amount of loss, taking such reduction(s) into account.

**D. Provisions Applicable to Time Element**

1. Interruption by civil or military authority: This Policy is extended to cover the loss sustained during the period of time not exceeding thirty (30) days, when, as a direct result of a peril insured against, access to real and personal property is prohibited by order of civil or military authority.
2. Ingress/Egress: This Policy is extended to cover the loss sustained during the period of time not exceeding thirty (30) days, when as a direct result of a peril insured against, ingress to or egress from the Insured's premises is thereby prevented. No liability shall exist under this section unless ingress or egress is prevented for a period exceeding forty-eight (48) hours and then liability shall exist only for such part of the loss that is in excess of the first forty-eight (48) hours.
3. **Earnings** from the West Virginia Turnpike are defined as the income from tolls and other operating sources, less such maintenance and operating charges and expenses as do not necessarily continue during the period of total or partial suspension of use.

**E. Property in Transit**

1. This Policy attaches and covers shipments within and between the territorial limits of this Policy, including the coastal waters thereof, by any means of conveyance, from the time the property is moved for purpose of loading and continuously thereafter while awaiting and during loading and unloading and in temporary storage, including temporary storage on any conveyance intended for use for any outbound or used for inbound shipment, including during deviation and delay, until safely delivered into place of final destination.
2. Valuation shall be the amount of invoice, including prepaid or advanced freight, if any, the profit or commission of the named Insured as selling agent, and such other costs and charges as may have accrued and become legally due thereon since shipment.
3. In the absence of an invoice, the property shall be valued at its replacement cost value at point of shipment.

**F. Registered Mail**

1. Registered mail covers bonds, coupons, stock certificates and other **securities**; postage and revenue stamps; postal express and other **money** orders; certificates of deposit, checks, drafts, notes, bills of lading, warehouse receipts and other commercial papers, and other documents and papers of value; Bullion, platinum and other precious metals; currency (whether coin or paper), jewelry, watches, necklaces, bracelets, gems, precious and semi-precious stones; and other valuables of like kind.
2. All mailings of property are covered for their actual value, market if any, on the date of mailing.

3. This insurance is extended to cover loss or damage to property:
  - a. Sold and shipped by the Insured under terms of F. O. B. point of origin or other terms usually regarded as terminating the shipper's responsibility short of points of delivery.
  - b. Arising out of any unauthorized person(s) representing themselves to be the proper party(ies) to receive goods for shipment or to accept goods for delivery.
  - c. Occasioned by the acceptance by the Insured, by its agents, or by its customers of fraudulent bills of lading, shipping and delivery orders, or similar documents.
  - d. This section covers registered mail shipments:
    - i. Until delivered to the addressee at the address stated on the shipping package;
    - ii. Until delivered at the proper address in the event of nondelivery by reason of error in address or removal of addressee; or
    - iii. Until returned to the premises of the sender in the event of nondelivery.
    - iv.
      - a). The Insured may waive right(s) of recovery against private and contract carriers and accept bills of lading or receipts from carriers, bailees, warehousemen, or processors limiting their liability, but this transit insurance shall not inure to the benefit of any carrier, bailee, warehouseman, or processor.
      - b). With respect to shipments made under F. O. B. or similar terms, this Company agrees to waive its rights of subrogation against consignees at the option of the Insured.
    - v. The Insured is not to be prejudiced by any agreements exempting lightermen from liability.
    - vi. Seaworthiness of any vessel or watercraft is admitted between this Company and the Insured.

**G. Valuable Papers and Records**

1. To cover direct loss in any one **occurrence** by a peril not otherwise excluded to valuable papers and records consisting of books of account, manuscripts, abstracts, drawings, card index systems, film, tape, disc, drum, cell and other

magnetic recording or storage media for electronic data processing, and other records, all the property of the Insured at insured locations.

2. Valuable Papers and Records shall be valued at the actual reproduction cost of the property with other of like kind and quality at the time of loss or damage, if actually reproduced; otherwise, at the actual cash value or at the value of the Insured's liability to others, whichever is applicable, not to exceed, however, the actual reproduction cost.

#### H. **Crime**

1. Loss of "**money**", "**securities**" and other property which the Insured shall sustain resulting directly from one or more fraudulent or dishonest acts committed by an "**employee**", acting alone or in collusion with others. Dishonest or fraudulent acts used in this Policy shall mean only dishonest or fraudulent acts committed by such **employee** with the manifest intent:
  - a. To cause the Insured to sustain such loss; and
  - b. To obtain financial benefit for the **employee**, or for any other person or organization intended by the **employee** to receive such benefit, other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other **employee** benefits earned in the **normal** course of employment.
2. Loss of **money** and **securities** by the actual destruction, disappearance or wrongful abstraction thereof within the premises or within any "**banking premises**" or similar recognized places of safe deposit.
3. Loss of **money** and **securities** by the actual destruction, disappearance or wrongful abstraction thereof outside the premises while being conveyed by a "**messenger**" or any armored motor vehicle company, or while within the living quarters in the home of any **messenger**.
4. Loss which the Insured or any bank which is included in the Insured's proof of loss and in which the Insured carries a checking or savings account, as their respective interests may appear, shall sustain through forgery or alteration of, on or in any check, draft promissory note, bill of exchange, or similar written promise, order or direction to pay a sum certain in **money**, made or drawn by or drawn upon the Insured, or made or drawn by one acting as agent of the Insured or purporting to have been made or drawn as hereinbefore set forth, including
  - a. Any check or draft made or drawn in the name of the Insured payable to a fictitious payee and endorsed in the name of such fictitious payee;
  - b. Any check or draft procured in a face to face transaction with the Insured, or with one acting as agent of the Insured, by anyone impersonating another

and made or drawn payable to the one so impersonated and endorsed by anyone other than the one so impersonated; and

- c. Any "**payroll**" check, "**payroll**" draft or "**payroll**" order made or drawn by the Insured, payable to bearer as well as to a named payee and endorsed by anyone other than the named payee without authority from such payee;

Whether or not any endorsement mentioned in (a), (b), or (c) be a forgery within the law of the place controlling the construction thereof.

Mechanically reproduced facsimile signatures are treated the same as handwritten signatures.

The Insured shall be entitled to priority of payment over loss sustained by any bank aforesaid. Loss under this insuring agreement, whether sustained by the Insured or such bank, shall be paid directly to the Insured in its own name, except in cases where such bank shall have already fully reimbursed the Insured for such loss. The liability of the Company to such bank for such loss shall be a part of and not in addition to the amount of insurance applicable to the Insured's office to which such loss would have been allocated had such loss been sustained by the Insured.

If the Insured or such bank shall refuse to pay any of the foregoing instruments made or drawn as hereinbefore set forth, alleging that such instruments are forged or altered, and such refusal shall result in suit being brought against the Insured or such bank to enforce such payment and the Company shall give its written consent to the defense of such suit, then any reasonable attorneys' fees, court costs, or similar legal expenses incurred and paid by the Insured or such bank in such defense shall be construed to be a loss under this insuring agreement and the liability of the Company for such loss shall be in addition to any other liability under this insuring agreement.

5. Premises means the interior of that portion of any building which is occupied by the Insured in conducting its business.
6. In no event shall the Company be liable as respects **securities** for more than the actual cash value thereof at the close of business on the business day next preceding the day on which the loss was discovered, nor as respects other property, for more than the actual cash value thereof at the time of loss; provided however, the actual cash value of such other property held by the Insured as a pledge, or as collateral for an advance or a loan, shall be deemed not to exceed the value of the property as determined and recorded by the Insured when making the advance or loan, nor, in the absence of such record, the unpaid portion of the advance or loan plus accrued interest thereon at legal rates.

7. The Company may, with the consent of the Insured, settle any claim for loss of property with the owner thereof. Any property for which the Company has made indemnification shall become the property of the Company.
8. In case of damage to the premises or loss of property other than **securities**, the Company shall not be liable for more than the actual cash value of such property, or for more than the actual cost of repairing such premises or property or of replacing same with property or material of like quality and value. The Company may, at its election, pay such actual cash value, or make such repairs or replacements. If the Company and the Insured cannot agree upon such cash value or such cost of repairs or replacements, such cash value or such cost shall be determined by arbitration.
9. As respects valuation, any covered property for which valuation in the event of loss is not specifically mentioned above covered losses shall be adjusted on actual cash value basis.

## 7. **PROPERTY EXCLUDED**

This Policy does not cover loss or damage to:

- A. Currency, **money**, deeds, bills, evidence of debt or title, notes, manuscripts or **securities**; jewelry, precious stones, precious metals, bullion, watches, silverware, furs and articles trimmed with fur, except as specifically covered elsewhere in this Policy,
- B. Property in the Course of Construction unless specifically agreed to and values declared to the West Virginia Board of Risk and Insurance Management prior to construction beginning but this exclusion shall not apply to alterations, additions or renovations of existing property;
- C. Growing crops, standing timber, trees, shrubs, plants, lawns, animals or birds;
- D. Waterborne shipments to and from Puerto Rico, the Virgin Islands, Hawaii, and Alaska; waterborne shipments via the Panama Canal;
- E. Export shipments after loading on board an overseas vessel or watercraft or after ocean marine insurance attaches, whichever occurs first, and import shipments prior to discharge from the overseas vessel or watercraft or until the ocean marine insurance terminates, whichever occurs last;
- F. Water, unless held for sale and for which values are declared to West Virginia Board of Risk and Insurance Management, soil, land and land value;
- G. Outdoor swimming pools; fences, piers, wharves and docks; beach or diving platforms or appurtenances; retaining walls not constituting a part of building; walkways, roadways, highways, turnpikes, parkways, trestles, and all other paved surfaces; unless such items are specifically included on statement of values and/or

accepted and approved for coverage by the West Virginia Board of Risk and Insurance Management;

- H. The cost of excavations, grading or filling; foundations of buildings; machinery, boilers or engines whose foundations are below the under surface of the lowest basement floor, or where there is no basement, below the surface of the ground; pilings, piers, pipes, flues and drains which are underground; pilings which are below the low water mark except for coverage provided for coal mine subsidence;
- I. Dams, dikes, underground mines and mining equipment located beneath the surface of ground; aircraft, railroad tracks, tunnels, bridges except those that are a part of the West Virginia Turnpike, or that are agreed to be covered by Board of Risk prior to loss.

## 8. PERILS INSURED AGAINST

This Policy insures against risk of direct physical loss of or damage to property described herein including general average, salvage, and all other charges on shipments covered hereunder caused by an "occurrence", except as hereinafter excluded.

## 9. PERILS EXCLUDED

This Policy does not insure against loss caused by or resulting from:

- A. Infidelity or dishonesty of the Insured, or any officer, **employee** or public official of any kind, elected or appointed thereof; or loss or damage resulting from the Insured voluntarily parting with title or possession of any property if induced to do so by any fraudulent scheme, trick, device or false pretense; nor any unexplained loss, or loss or shortage disclosed on taking inventory, except as provided elsewhere herein.
- B. The cost of making good defective design or specifications, faulty material, or faulty workmanship; however, this exclusion shall not apply to loss or damage resulting from such defective design or specifications, faulty material, or faulty workmanship.
- C. Electrical arcing, electrical injury or disturbance to electrical appliances, devices, fixtures, wiring or other electrical equipment, caused by electrical currents artificially generated unless loss or damage from a peril insured herein ensues and then this Policy shall cover for such ensuing loss or damage.
- D. Machinery or mechanical breakdown unless loss or damage from a peril insured herein ensues and then this Policy shall cover for such ensuing loss or damage.
- E. Explosion, rupture, or bursting of pressure vessels or pipes, boilers, steam pipes, steam turbines, steam engines or flywheels owned or operated by the Insured

unless loss or damage from a peril insured herein ensues and then this Policy shall cover for such ensuing loss or damage.

- F. Damage sustained to that part of the property insured which is actually being worked upon and directly resulting therefrom; or caused by any repairing, adjusting, servicing, maintenance operations, testing or turning: resulting loss or damage to other property covered hereunder, by perils insured hereby, shall, however, be covered unless otherwise excluded.
- G. Wear and tear, deterioration, rust or corrosion, mold, wet or dry rot; inherent or latent defects; smog, smoke, vapor or gas from agricultural or industrial operations; settling, expansion or contraction due to changes of temperature, unless resulting in collapse of the property or a material part thereof; cracking, shrinkage, bulging or expansion of pavements, foundations, walls, floors, roofs or ceilings; animals, birds, vermin, termites or other insects; unless loss or damage from a peril insured against herein ensues and then this Policy shall cover for such ensuing loss or damage.
- H. Delay, loss of market or use, indirect or consequential loss or loss directly attributable to legal proceedings, except general average and salvage charges.
- I. Against nuclear reaction, nuclear radiation, or radioactive contamination, all whether controlled or uncontrolled, and whether such loss be direct or indirect, proximate or remote; or be in whole or in part caused by, contributed to, or aggravated by the peril(s) insured against in this Policy, except:
  - 1. If fire ensues. Liability is specifically assumed for direct loss by such ensuing fire but not including any loss due to nuclear reaction, nuclear radiation, or radioactive contamination.
  - 2. This Company shall be liable for loss or damage caused by sudden and accidental radioactive contamination including resultant radiation damage for each **occurrence** from material used or stored or from processes conducted on insured premises, provided at the time of loss there is neither a nuclear reactor capable of sustaining nuclear fission in a self-supporting chain reaction nor any new or used nuclear fuel on the insured premises.
- J.
  - 1. Against hostile or warlike action in time of peace or war, including action in hindering, combating, or defending against an actual, impending, or expected attack:
    - a. By any government or sovereign power (de jure or de facto) or by any authority maintaining or using military, naval, or air forces;
    - b. Or by military, naval, or air forces;
    - c. Or by an agent of any such government, power, authority, or forces;

2. Against any weapon employing atomic fission;
  3. Against rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating, or defending against such **occurrence**;
  4. Seizure or destruction by order of public authority, except destruction by order of public authority to prevent the spread of fire or explosion;
  5. Risks of contraband or illegal trade.
- K. Contributed to or aggravated by "**flood**", or "**earthquake**", unless loss by fire, theft or explosion not otherwise excluded by this Policy ensues, and then the Company shall be liable for only such ensuing loss; except this exclusion shall not apply to:
1. Licensed automotive vehicles, other similar property of a mobile nature not intended for sale.
  2. Property which is in due course of transit.
  3. "**Coal mine subsidence**".
  4. Bridges of the West Virginia Turnpike owned by West Virginia Parkways, Economic Development and Tourism Authority.
  5. Property in the custody of processors.

In regard to paragraph 9 (K) items 1 through 5, each loss by **earthquake** shall constitute a single claim hereunder, provided if more than one **earthquake** shock shall occur within any period of seventy-two hours during the term of this Policy, such **earthquake** shocks shall be deemed to be a single **earthquake** within the meaning thereof;

- L. 1. Any loss or damage caused by, resulting from, contributed to or made worse by actual, alleged or threatened release, discharge, escape or dispersal of contaminants or pollutants, whether direct or indirect, proximate or remote, or in whole or in part caused by, contributed to or aggravated by any physical damage insured in this Policy.

This exclusion shall not apply if seepage or contamination or pollution arises from direct physical loss or damage to insured property from Fire, Lightning, Explosion, Windstorm or Hail, Smoke, Aircraft or Vehicle Contact, Riot or Civil Commotion, Vandalism, or Sprinkler Leakage.

CONTAMINANTS or POLLUTANTS means any material which can cause or threaten damage to human health or human welfare or the environment or causes or threatens damage, deterioration, loss of value, marketability or loss

of use to property insured hereunder, including, but not limited to, bacteria, fungi, virus, or hazardous substances a listed in the Federal Water Pollution Control Act, Clean Air Act, Resource Conservation and Recovery Act of 1976, and Toxic Substances Control Act, or as designated by the U.S. Environmental Protection Agency.

2. Any loss, cost or expense arising out of or in any way related to the presence or suspected presence of asbestos or asbestos-containing products or material unless the asbestos or asbestos-containing product or material itself incurs direct physical loss or damage caused by Fire, Lightning, Explosion, Windstorm or Hail, Smoke, Aircraft or Vehicle Contact, Riot or Civil Commotion, Vandalism, or Sprinkler Leakage.
  3. Any loss, cost or expense arising out of or in any way related to the presence or suspected presence of lead or lead-containing products or material (including that particular part of any property to which it is applied or to which it adheres or is incorporated into) unless the lead or lead-containing product or material itself incurs direct physical loss or damage caused by Fire, Lightning, Explosion, Windstorm or Hail, Smoke, Aircraft or Vehicle Contact, Riot or Civil Commotion, Vandalism, or Sprinkler Leakage.
- M. Plumbing, heating, air conditioning or other equipment or appliances (except fire protection systems) for loss by leakage or overflow from such equipment or appliances caused by or resulting from freezing unless the Insured shall have exercised due diligence with respect to maintaining heat in building(s) or unless such equipment and appliances had been drained and the water supply shut off.
- N. Loss or damage due to conversion, embezzlement or secretion by any person in possession of a **covered automobile** under a bailment lease, condition sale purchase agreement, mortgage or other encumbrance
- O. As Respects Time Element:

This Company shall not be liable for:

1. Any increase of loss due to local, state or federal ordinance or law regulating construction, repair, replacement or operation of building or equipment;
2. The suspension, lapse or cancellation of any lease, license, contract or order unless such suspension, lapse or cancellation results directly from the interruption of business, and then this Company shall be liable for only such loss as affects the Insured's **earnings**, and limited to the period of restoration covered under this coverage; nor shall this Company be liable for any other consequential or remote loss;
3. Any increase of loss due to interference at the insured premises by strikers or other unauthorized persons with rebuilding, repairing or replacing the property or with resumption or continuation of business;

4. Expenses incurred to extinguish a fire;
  5. Loss resulting from damage to or destruction of finished stock, nor for the time required to reproduce said finished stock, except as otherwise provided herein;
- P. As respects Transit/Registered Mail
1. This Policy does not cover contraband, or property in the course of illegal transportation or trade.

Exclusions B, C, D, E, and F, do not apply to property in transit.

Exclusions C, D, and E do not apply to valuable papers and records.

## 10. GENERAL CONDITIONS

### A. **Conformity with Statute**

The terms of this Policy and forms attached hereto which are in conflict with the statutes of the **State of West Virginia** wherein this Policy is issued are hereby amended to conform to such statutes.

### B. **Declarations**

By acceptance of this Policy, the named Insured agrees that the statements furnished are his agreements and representations, that this Policy is issued in reliance upon the truth of such representations and that this Policy embodies all agreements existing between himself and the Company or any of the agents relating to this insurance.

### C. **Changes**

The terms of this Policy shall not be waived or changed, except by endorsement issued by the Company to form a part of this Policy.

### D. **Inspection and Audit**

The Company shall be permitted but not obligated to inspect the named Insured's property and operations at any time. Neither the Company's right to make inspections nor the making thereof nor any report thereon shall constitute an undertaking, on behalf of or for the benefit of the named Insured or others, to determine or warrant that property or operations are safe or healthful, or are in compliance with any law, rule or regulation.

**E. No Benefit to Bailee**

This insurance shall in no way inure directly or indirectly to the benefit of any carrier or other bailee for hire.

**F. Assignment**

This Policy shall be void if assigned or transferred without the written consent of this Company.

**G. Cancellation of Policy**

This Policy may be cancelled by either party providing the other with one hundred twenty (120) days written notice to the address named in the Policy except in the event of non-payment of premium by the Insured in which case the Policy may be cancelled by the giving of ten (10) days written notice to the first named Insured by the Company.

**H. Notice to Insured**

If more than one Insured is named in the declarations, the Insured first named shall act for itself and for every other Insured for all purposes of this Policy. Knowledge possessed by an Insured shall, for the purposes of this Policy, constitute knowledge possessed by every Insured. Cancellation of this Policy by, or through notice to, the Insured first named shall be cancellation of this Policy with respect to every Insured.

**I. Protective Safeguards**

It is a condition of this insurance that the Insured shall maintain so far as is within his control protective safeguards in effect at inception or added during the Policy term.

Failure to maintain such protective safeguards shall suspend this insurance, only as respects the location or situation affected, for the time of such discontinuance.

**J. Automatic Acquisition**

Subject to the sub-limit of liability indicated in Paragraph 3B, it is understood and agreed that this Policy is extended to cover additional property and interests as described in this Policy, which may be acquired or otherwise become at the risk of the Insured during the period of this Policy, subject to the terms and conditions of the Premium Adjustment Clause.

**K. What to do when loss occurs**

1. The Insured shall, as soon as practicable, report to this Company every loss or damage which may become a claim under this Policy. Failure by the Insured to

report the loss or damage and to file proof of loss as required shall invalidate any claim hereunder for such loss;

2. It shall be necessary for the Insured to use all lawful and proper efforts for the safeguarding and recovery of the property covered or its value without prejudice to this insurance, and this Company will contribute to the just and reasonable charges thereof in such proportion as the amount of insurance hereunder bears to the whole value of the property involved in the disaster at the time such loss shall occur. The acts of each party or their agents in saving, preserving or recovering the property shall not be considered or held to be either a waiver or an acceptance of abandonment;
3. The Insured and every claimant hereunder shall submit to examination by the Company, subscribe the same, under oath, if required, and produce for the Company's examination all pertinent records, all at such reasonable times and places as the Company shall designate and shall cooperate with the Company in all matters pertaining to loss or claims with respect thereto;
4. No action shall lie against the Company unless, as a condition precedent thereto, there shall have been full compliance with all the terms of this Policy nor until sixty (60) days after the sworn statements in proof of loss have been filed with the Company, nor at all unless commenced within two (2) years from the date when the Insured first has knowledge of the loss;
5. The insured property may be owned by the Insured or held by him in any capacity or may be property for which the Insured is legally liable; provided the insurance applies only to the interest of the Insured in such property, including the Insured's liability to others, and does not apply to the interest of any other person or organization in any of said property unless included in the Insured's proof of loss;
6. It shall always be the option of this Company to take all or any part of the articles at the ascertained or appraised value or to repair or replace any property lost or damaged with other of like kind and quality within a reasonable time of giving notice, within sixty (60) days after receipt of the sworn statements in proof of loss herein required, of its intention to do so;
7. There can be no abandonment to this Company of the property insured unless specifically agreed to by the Company;
8. All adjusted covered claims shall be paid or made good within sixty (60) days after presentation and acceptance of sworn to and satisfactory statements in proof of interest and loss at this office of this Company unless otherwise stated herein. No loss shall be paid hereunder if the Insured has collected the same from others.
9. If the Insured and the Company fail to agree as to the scope and the monetary amount of loss, each shall, on the written demand of either, made within sixty

(60) days after receipt of proof of loss by the Company, select a competent and disinterested appraiser. The appraisers shall first select a competent and disinterested umpire, and failing for fifteen (15) days to agree upon such umpire, then, on the request of the Insured or the Company, such umpire shall be selected by a judge of a court of record in the state in which such appraisal is pending. The appraisers shall then set the amount of loss stating separately the actual cash value at the time of loss and the amount of loss and failing to agree shall submit their differences to the umpire. An award in writing of any two shall determine the amount of loss. The Insured and the Company shall each pay his or its chosen appraiser and shall bear equally the other expenses of the appraisal and umpire. The Company shall not be held to have waived any of its rights by any act relating to appraisal;

10. If the Insured shall sustain any loss covered by this Policy which exceeds the applicable amount of insurance hereunder, the Insured shall be entitled to all recoveries (except from suretyship insurance, excess insurance, reinsurance, security or indemnity taken by or for the benefit of the Company) by whomsoever made, on account of such loss under this Policy until fully reimbursed, less the actual cost of effecting the same; and any remainder shall be applied to the reimbursement of the Company.
11. Each Insured must cooperate with the West Virginia Board of Risk and Insurance Management and the Company in the investigation and settlement of a claim.

**L. Impairment of Recovery**

Except as noted below, the Company shall not be bound to pay any loss if the Insured shall have impaired any right of recovery for loss to the property insured. It is agreed that:

1. As respects property while on the premises of the Insured, permission is given the Insured to release others in writing from liability for loss prior to loss, and such release shall not affect the right of the Insured to recover hereunder, and
2. As respects property in transit, the Insured may, without prejudice to his insurance, accept such bills of lading, receipts or contracts of transportation as are ordinarily issued by carriers containing a limitation as to the value of such goods or merchandise.

**M. Contributing Insurance**

Contributing insurance is insurance written upon the same plan, terms, conditions, and provisions as those contained in this Policy. This insurance shall contribute in accordance with the conditions of this Policy only with other contributing insurance as defined.

**N. Excess Insurance**

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

**O. Underlying Insurance**

- a. Underlying insurance is insurance on all or any part of the deductible and against all or any of the perils covered by this Policy including declarations of value to the carrier. The existence of such underlying insurance shall not prejudice or affect any recovery otherwise payable under this Policy.
- b. If the limits of such underlying insurance exceed the deductible amount which would apply in the event of loss under this Policy, then that portion which exceeds such a deductible amount shall be considered "**other insurance**".

**P. Other Insurance**

Except for insurance described by the contributing insurance clause, by the excess insurance clause, or by the underlying insurance clause, this Policy shall not cover to the extent of any other insurance, whether prior or subsequent hereto in date, and whether directly or indirectly covering the same property against the same perils. This Company shall be liable for loss or damage only to the extent of that amount in excess of the amount recoverable from such other insurance. Notwithstanding that this Policy only covers for the excess of any other collectible insurance, this Company guarantees prompt payment in full of the amount of loss which would have been otherwise recoverable hereunder and agrees to advance the amount of loss as a loan, without interest, repayable only in the event of and to the extent of recovery from such other insurance.

**Q. Miscellaneous Conditions**

1. In the event of loss, permission is granted for the Insured to make reasonable repairs, temporary or permanent, provided such repairs are confined solely to the protection of the property from further damage, and provided further that the Insured shall keep an accurate record of such repair expenditures. The cost of such repairs directly attributable to damage by any peril insured hereunder shall be included in determining the amount of loss. Nothing herein contained is intended to modify the Policy requirements applicable in case loss occurs, and the Insured shall protect the property from further damage.
2. Permission is hereby granted for such unoccupancy and/or vacancy as is usual or incidental to the insured occupancy.
3. Permission is hereby granted for such use of the premises as is usual and incidental to the occupancy and to keep and use all materials in such quantities as are usual and incidental to such occupancy.

**R. No Control**

This insurance shall not be prejudiced:

1. By any act or neglect of the owner of any building if the Insured is not the owner thereof, or by any act or neglect of any occupant (other than the Insured) of any building, when such act or neglect of the owner or occupant is not within the control of the Insured, or
2. By failure of the Insured to comply with any warranty or condition contained in any form or endorsement attached to this Policy with regard to any portion of the premises over which the Insured has no control.

**S. Loss Clause**

With the exception of loss subject to annual aggregate limits, no loss hereunder shall reduce the amount of this Policy.

**T. Loss Payable Clause**

Loss if any, shall be adjusted with the first named Insured and shall be payable to it unless other payee is specifically named hereunder; provided, at the option of the Company any loss to property of others may be adjusted with and paid to the owner of such property.

**U. Territory**

This Policy covers within the fifty (50) states comprising the United States of America and also covers in the District of Columbia and Canada.

**V. Other Provision**

The insurance afforded by this Policy shall not be subject to the provisions of West Virginia Code Section 33-17-9, commonly known as the West Virginia Valued Policy Law. It is further agreed that no coinsurance clause shall be applicable to this Policy.

**W. Demolition and Increased Cost of Construction**

In the event of loss or damage under this Policy that causes the enforcement of any law or ordinance regulating the construction or repair of damaged facilities, this Company shall be liable for:

1. a. The cost of demolishing the undamaged facility, including the cost of clearing the site;

- b. The proportion that the value of the undamaged part of the facility bore to the value of the entire facility prior to loss;
  - c. Increased cost of repair or reconstruction of the damaged and undamaged facility on the same or another site and limited to the minimum requirements of such law or ordinance regulating the repair or reconstruction of the damaged property on the same site. However, this Company shall not be liable for any increased cost of construction loss unless the damaged facility is actually rebuilt or replaced;
  - d. Any increase in the business interruption, extra expense and rental value loss arising out of the additional time required to comply with said law or ordinance.
2. The provisions of paragraph 9(L)(2) shall apply.

**X. Debris Removal**

- A. This Policy also covers expense of removal of debris remaining after any loss hereby insured against, except that there shall be no liability assumed for the expense of removal of: (a) any foundations other than damaged portions which must be removed for repair or rebuilding; (b) any building or part thereof, the removal of which is required by any ordinance or law regulating demolition, construction, or repair. The total liability under this Policy for both loss to property covered and debris removal expense shall not exceed the amount of insurance applying under this Policy. Coverage for expense of the removal of debris of the property covered, however, shall not apply to removal of any property which discharges, releases or escapes into or upon any watercourse or body of water or onto property beyond the Insured's premises.
- B. The provisions of paragraph 9(L)(2) shall apply.

**Y. Off Premises Power Coverage - Time Element**

Subject to all its provisions and stipulations, this Policy is extended to cover the loss of **earnings** and extra expense at the locations insured, caused by the interruption of service to such locations. The interruption must result from direct physical loss or damage, by the perils insured against under this Policy, to the following property that is not situated at the locations insured under this Policy:

- a. Water supply services, meaning the following types of property supplying water to the locations insured under this Policy:
  - i. Pumping stations; and
  - ii. Water mains.

- b. Power supply services, meaning the following types of property supplying electricity, steam or gas to the locations insured under this Policy:
  - i. Utility generating plants;
  - ii. Switching stations;
  - iii. Substations;
  - iv. Transformers; and
  - v. Transmission and distribution lines within one (1) statute mile of each insured location. However, overhead transmission and distribution lines and their supportive poles and/or towers are specifically excluded.

**Z. Inadvertent Errors or Omissions**

With regard to property owned by the State of West Virginia, coverage shall not be invalidated by an inadvertent errors, omissions, or improper descriptions mentioned in schedules related to the Policy, or in the policy itself.

**11. SPECIAL CONDITIONS**

**A. Registered Mail Coverage**

- 1. Coverage is provided to cover property in registered mail between places anywhere in the world.
- 2. The Insured will keep an accurate record of all mailings insured by this Policy and each mailing will be recorded prior to loss.
- 3. These records will consist of:
  - a. A description of the property and the destination of each mailing;
  - b. The value of the property contained in each shipping package as covered by this Policy; and
  - c. The number of shipping packages for each type of mailing covered by this Policy.
- 4. The Company will furnish the bond of indemnity necessary to reissue or duplicate the property after receipt of notice of loss from the Insured.

If, prior to the time the property can be replaced, the Insured is required to deliver and cannot borrow equivalent property, the Company will pay the Insured:

- a. The cost of equivalent property purchased by the Insured in an available market;
  - b. The postage and insurance charges from that mailing; and
  - c. Any loss of interest actually earned on the property between the date of mailing and the date the equivalent property is purchased.
5. If the property cannot be reissued or duplicated or equivalent property cannot be purchased, the Company will pay the Insured:
- a. The value of the property on the date of loss;
  - b. When not already included in such value, any loss of interest actually earned on the property as of the date of mailing; and
  - c. The postage and insurance charges for that mailing.

Any payment for loss will be made to the Insured or to the order of the Insured.

When payment is made by the Company, all right, title and interest in the property will be conveyed to the Company.

6. Registered mail losses will be paid within sixty (60) days after receipt of the sworn statements in proof of loss.

#### B. **Crime Coverage**

1. Loss is covered under this Policy only if discovered not later than one year from the end of the Policy period.
2. Books and records. The Insured shall keep records of all the insured property in such manner that the Company can accurately determine therefrom the amount of loss.
3. The Company shall not be liable for more than the amount shown as limit or sublimit of liability for any one **occurrence**. Regardless of the number of years this Policy shall continue in force and the number of premiums which shall be payable or paid, the Company's total limit of liability shall not be cumulative from year to year or period to period.
4. Cancellation as to any **employee**. This Policy shall be deemed canceled as to any **employee**: (a) immediately upon discovery by the Insured, or by any partner, or officer thereof not in collusion with such **employee** of any fraudulent or dishonest act on the part of such **employee**; or (b) at 12 noon standard time as aforesaid, upon the effective date specified in a written notice mailed to the Insured. Such date shall be not less than fifteen days after the date of mailing.

The mailing by the Company of notice as aforesaid to the Insured at the address shown in this Policy shall be sufficient proof of notice. Delivery of such written notice by the Company shall be equivalent to mailing.

5. Under paragraph 6 (H)(2) and (3) the Company shall not be liable for loss (a) due to the giving or surrendering of **money** or **securities** in any exchange or purchase; (b) due to accounting or arithmetical errors or omissions; or (c) of manuscripts, books of account or records;
6. The Company shall not be liable for loss of **money** and **securities** while in the custody of any armored motor vehicle company, unless such loss is in excess of the amount recovered or received by the Insured under (a) the Insured's contract with said armored motor vehicle company, (b) insurance carried by said armored motor vehicle company for the benefit of users of its service and (c) all other insurance and indemnity in force in whatsoever form carried by or for the benefit of users of said armored motor vehicle company's service, and then this Policy shall cover only such excess;
7.
  - a. Under paragraph 6 (H)(2) and (3), the Company shall not be liable for loss, other than to **money**, and **securities**, by fire whether or not such fire is caused by, contributed to by or arises out of the **occurrence** of a hazard insured against;
  - b. The Company shall not be liable for loss due to the surrender of **money**, **securities**, or other property away from the premises as a result of a threat to do:
    - i. Bodily harm to any person or
    - ii. Damage to the premises or property owned by the Insured or held by the Insured in any capacity;

Provided, however, these exclusions do not apply

- a). To **employee** dishonesty;
- b). To loss of **money**, **securities** or other property while being conveyed by a **messenger** when there was not knowledge by the Insured of any such threat at the time the conveyance was initiated;
- c). To potential income, including but not limited to interest and dividends not realized by the Insured because of loss covered under this Policy;
- d). To damages of any type for which the Insured is legally liable, except direct compensatory damages arising from a loss covered under this Policy;

- e). To costs, fees and other expenses incurred by the Insured in establishing the existence of or amount of loss covered under this Policy.
8. Loss caused by unidentifiable **employees**: If a loss is alleged to have been caused by the fraud or dishonesty of any one or more of the **employees** and the Insured shall be unable to designate the specific **employee** or **employees** causing such loss, the Insured shall nevertheless have the benefit of paragraph 6 (H)(1) subject to the provisions of this Policy, provided that the evidence submitted reasonably proves that the loss was in fact due to the fraud or dishonesty of one or more of the said **employees**, and provided, further, that the aggregate liability of the Company for any such loss shall not exceed the total limit of liability.

The Company shall not be liable for loss, or that part of any loss, as the case may be, the proof of which, either as to its factual existence or as to its amount is dependent upon an inventory computation or a profit and loss computation.

9. Ownership of property; interests covered: The insured property may be owned by the Insured, or held by the Insured in any capacity whether or not the Insured is liable for the loss thereof, or may be property as respects which the Insured is legally liable; provided this insurance applies only to the interest of the Insured in such property, including the Insured's liability to others, and does not apply to the interest of any other person or organization in any of said property unless included in the Insured's proof of loss.

## 12. PREMIUM ADJUSTMENT

- A. The deposit premium shown above was computed based on declared values of \$10,044,704,849 and rate of \$.0153 in effect at the time the Policy was issued.
- B. The Insured agrees to report to this Company at the end of the annual policy term the total values of insured property, including loss of **earnings** and extra expense. If the values reported are greater than those reported at inception, additional premium is due and payable on the basis of pro rata of the annual rate for the difference in values. If the report is less than the previous reported values, return premium is due and payable to this Insured on the basis of pro rata of the annual rate for the difference in values.

## 13. TITLES OF PARAGRAPHS

The several titles of the various paragraphs of this form (and of endorsements and supplemental contracts, if any, now or hereinafter attached to this Policy) are inserted solely for convenience or reference and shall not be deemed in any way to limit or affect the provisions to which they relate.

**14. CERTIFICATES**

All parties to whom a certificate of this insurance has been issued become additional Insureds and/or loss payees and/or certificate holders, in accordance with the terms and conditions of said certificates, provided the Company is furnished a copy of each certificate of insurance.

Attached to and made part of Policy No. D 3 58 67 82 A 003

of the Westchester Fire Insurance Company

Issued to: State of West Virginia

\_\_\_\_\_  
(Authorized Signature)





|   |  |   |  |
|---|--|---|--|
| Named Insured<br><b>State of West Virginia</b>                                      |  |   | Endorsement Number<br><b>C</b>                       |
| Policy Symbol<br><b>D</b>   | Policy Number<br><b>3 58 67 82 A 003</b> | Policy Period<br><b>July 1, 2005 – July 1, 2006</b> | Effective Date of Endorsement<br><b>July 1, 2005</b> |
| Insured by (Name of Insurance Company)<br><b>Westchester Fire Insurance Company</b> |  |   |  |

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE ABOVE REFERENCED COMMERCIAL INSURANCE POLICY. PLEASE READ IT CAREFULLY:

I. The following definitions are added to **Section 5. Definitions** in the Policy:

P. The terms "**vacant**", "**vacancy**", or "**vacant building**" mean any building, or structure, which is declared with a value to the Board, which for a period of 90 days does not contain enough business personal property to conduct customary operations, except that:

1. buildings under construction, or being actively remodeled are not considered **vacant**, and
2. if the **insured** is a tenant, **vacancy** is determined in the context of the unit or suite rented or leased to the **insured** tenant; if the **insured** tenant's premises contain enough business personal property to conduct customary operations the **insured** tenant is not subject to any of the **vacancy** penalties even if the remainder of the building is totally empty; and
3. if the **insured** is the building's owner, the entire building will be considered, not just the portion (if any) occupied by the **insured** building owner, and the building will be considered **vacant** unless at least 31 percent of its total square footage is used to conduct customary operations by an **insured** owner, or by a lessee or sub-lessee to whom the building is rented.

Q. The terms "**unoccupied**", or "**unoccupied building**" mean any building or structure which is declared with a value to the Board, in which the customary activities or operations of the insured have been suspended for a period of 90 days, but business personal property has not been removed.

II. The following additions are made to **Section 6. Coverage and Valuation** in the Policy:

A. Section 6. A. 1. c. is amended as follows:

1. **Valuation**

c. **Real and Personal Property other than Stock and Improvements and Betterments**

Except for "**vacant buildings**", the cost to repair or replace the damaged property, without deduction for depreciation, with materials of like kind, size, capacity and quality subject to:

- i. Liability under these terms shall not exceed the lesser of the following:
  - a) The values on file with West Virginia Board of Risk and Insurance Management;
  - b) The cost to repair, rebuild or replace on the same site with material of like kind, size, capacity and quality;

## VACANT / UNOCCUPIED BUILDINGS ENDORSEMENT

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- c) The actual expenditure incurred in repairing, rebuilding or replacing on the same or another site but not to exceed size and operating capacity that existed at time of loss.
- ii. In the event that replacement with like kind and quality cannot be accomplished, the basis of loss adjustment will be the replacement cost new of unlike kind and quality to restore the function which existed prior to loss.
- iii. In the event of loss or damage to property which is not repaired, rebuilt or replaced within two years from the date of loss or damage, this Company shall not be liable for more than the actual cash value (with proper deduction for depreciation) of the property destroyed.

B. Section 6. A. 1. d. is added as follows:

d. **"Vacant Buildings"**

- i. For any **"vacant building"**, not owned by the State of West Virginia, liability under these terms shall not exceed the lesser of the following:
  - a) the declared values on file with the West Virginia Board of Risk and Insurance Management less 25%; or
  - b) the actual cash value (with proper deduction for depreciation) of the property destroyed, less 25%; however
  - c) any deductible shall be applied after the conditions imposed by a), or b), above.
- ii. For any **"vacant building"**, owned by the State of West Virginia, the conditions imposed by subsection i., above, do not apply, and loss adjustment shall be as otherwise described in this policy.

III. The following additions are made to **Section 9. Perils Excluded** in the Policy:

- Q. As respects buildings or structures which are **"vacant"**, the Company is not obligated to pay for loss or damage resulting from any of the following perils:
- 1. vandalism
  - 2. building glass breakage
  - 3. water damage, except as may be caused by sprinkler leakage
  - 4. theft
  - 5. attempted theft

**ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN IN FULL FORCE AND EFFECT.**

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Authorized Representative

# LIMITED EXCLUSION OF CERTIFIED ACTS OF TERRORISM

|  |                                       |  |                               |
|--|---------------------------------------|--|-------------------------------|
| Named Insured<br><b>State of West Virginia</b>                                     |                                       |  | Endorsement Number            |
| Policy Symbol<br><b>FS</b>   | Policy Number<br><b>D3586782A 003</b> | Policy Period<br><b>07/01/2005 to 07/01/2006</b> | Effective Date of Endorsement |
| Issued By (Name of Insurance Company)<br><b>Westchester Fire Insurance Company</b> |                                       |  |                               |

Insert the policy number. The remainder of the information is to be completed only when this endorsement is issued subsequent to the preparation of the policy.

## THIS ENDORSEMENT CHANGES YOUR POLICY. PLEASE READ IT CAREFULLY.

This Endorsement modifies insurance provided under the following:

### All Risks Coverage Form

A. Any other provision of this Policy notwithstanding, we will not pay any portion of a loss resulting from or arising out of a Certified Act of Terrorism for which we are not responsible under the terms of TRIA (including subsequent action of Congress pursuant to TRIA) because the aggregate insured losses of all insurers resulting from or arising out of Certified Acts of Terrorism during the applicable period provided in TRIA exceed \$100 billion (or such other amount as Congress may specify pursuant to TRIA).

B. Regardless of whether the terms of any exclusion or limitation of coverage pursuant to this Endorsement applies to a particular Act of Terrorism, coverage of such Act of Terrorism under this Policy or Coverage Part is subject to all other terms, conditions, exclusions and coverage limitations under the Policy or Coverage Part, including, but not limited to, the Nuclear, Biological and Chemical Exclusion Endorsements in the policy.

C. As used in this Endorsement:

"Act of Terrorism" means either a Certified Act of Terrorism or a Non-Certified Act of Terrorism.

"Certified Act of Terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an "act of terrorism" pursuant to TRIA. TRIA includes the following criteria for a Certified Act of Terrorism:

1. The act resulted in aggregate property and casualty insurance losses in excess of \$5 million; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to co-

erce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

"Non-Certified Act of Terrorism" means an activity (other than a Certified Act of Terrorism), whether or not committed in concert with or on behalf of any organization or government, that:

1. Involves any violent act or any act dangerous to human life or tangible or intangible property, and that causes damage to property or injury to persons or causes a threat thereof; and
2. Appears to be intended, in whole or in part, to:
  - a. Intimidate or coerce a civilian population; or
  - b. Disrupt any segment of a nation's economy; or
  - c. Influence the policy of a government by intimidation or coercion; or
  - d. Affect the conduct of a government by mass destruction, assassination, kidnapping or hostage-taking; or
  - e. Respond to governmental action or policy.

"Property and casualty insurance" means the commercial lines of property and casualty insurance that are included in the definition of "property and casualty insurance" set forth in TRIA.

"TRIA" means the federal Terrorism Risk Insurance Act of 2002.

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Authorized Representative

# NUCLEAR, CHEMICAL AND BIOLOGICAL EXCLUSION ENDORSEMENT

|  |                                       |  |                               |
|--|---------------------------------------|--|-------------------------------|
| Named Insured<br><b>State of West Virginia</b>                                     |                                       |  | Endorsement Number            |
| Policy Symbol<br><b>CS</b>   | Policy Number<br><b>D3586782A 003</b> | Policy Period<br><b>07/01/2005 to 07/01/2006</b> | Effective Date of Endorsement |
| Issued By (Name of Insurance Company)<br><b>Westchester Fire Insurance Company</b> |                                       |  |                               |

Insert the policy number. The remainder of the information is to be completed only when this endorsement is issued subsequent to the preparation of the policy.

## THIS ENDORSEMENT CHANGES YOUR POLICY. PLEASE READ IT CAREFULLY.

**This Endorsement modifies insurance provided under the following:**

All Risks Coverage Form

The following exclusions are added to your Policy or Coverage Part.

This insurance does not apply to:

- |   |  |
|---|--|
| <p>A. Loss or damage arising directly or indirectly from nuclear detonation, reaction, nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, or due to any act or condition incident to any of the foregoing, whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by, any physical loss or damage insured against by this Policy or Coverage Part, however such nuclear detonation, reaction, nuclear radiation or radioactive contamination may have been caused. This exclusion replaces any other nuclear detonation, nuclear reaction, nuclear radiation or radioactive contamination exclusions found elsewhere in this Policy.</p> | <p>B. Loss or damage arising directly or indirectly from the dispersal, application or release of, or exposure to, chemical or biological materials or agents, all whether controlled or uncontrolled, or due to any act or condition incident to any of the foregoing, whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by, any physical loss or damage insured against by this Policy or Coverage Part, however such dispersal, application, release or exposure may have been caused.</p> |
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Authorized Representative

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**ADDITIONAL EXCLUSION - FUNGUS, WET ROT, DRY ROT AND BACTERIA**

A. The following exclusion is added:

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 cause or event that contributes concurrently or in any sequence to the loss:

**"Fungus", Wet Rot, Dry Rot and Bacteria** - Presence, growth, proliferation, spread or activity of "fungus", wet rot or dry rot or bacteria. But if "fungus" wet rot, dry rot or bacteria results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss". This exclusion does not apply when "fungus", wet or dry rot or bacteria results from fire or lightning.

Enforcement of any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or

The cost associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.

B. The following is added to the Definitions

"Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or byproducts produced or released by fungi.

All other terms and conditions remain unchanged.

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Authorized Representative

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**DEFINITION OF OCCURRENCE**

**The following definition applies to the word "Occurrence" whenever used in this policy, whether the word appears in quotations, italic, bold or normal print. This definition replaces any other definition of Occurrence contained in the policy, if any.**

"Occurrence" shall mean all losses or damages that are attributable directly or indirectly to one cause, event, incident or repeated exposure to the same cause, event or incident, or to one series of similar causes, events, incidents or repeated exposures to the same cause, event, or incident first occurring in the policy period. All such losses and/or damages and the total amount of such losses and/or damages will be treated as one occurrence irrespective of the period of time or area over which such losses and/or damages occur, unless a specific period of time is otherwise set forth herein. The most we will pay for loss or damage in any one "occurrence" is the applicable Limit of Insurance shown in the Declarations.

**All other terms and conditions remain unchanged.**

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**Authorized Representative**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**ASBESTOS MATERIAL ENDORSEMENT**

This policy does not insure loss or expense resulting from:

1. asbestos material removal unless the asbestos is itself damaged by fire, lightning, aircraft impact, explosion, riot, civil commotion, smoke, vehicle impact, windstorm or hail, vandalism, malicious mischief, leakage or accidental discharge from automatic fire protective systems;
2. demolition or increased cost of construction, repair, debris removal or loss of use necessitated by the enforcement of any law or ordinance regulating asbestos material;
3. any governmental direction or request declaring that asbestos material present in or part of or utilized on any undamaged portion of the insured's property can no longer be used for the purpose for which it was intended or installed and must be removed or modified.

**All other terms and conditions remain unchanged.**

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**Authorized Representative**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**OCCURRENCE LIMIT OF LIABILITY ENDORSEMENT**

The following terms and conditions will apply to this policy:

1. The amount of insurance shown on the face of this policy is an amount per occurrence. In no event will the liability of this Company exceed this amount in any one covered loss, disaster or casualty, irrespective of the number of locations involved.
2. The premium for this policy is based upon the Statement of Values on file with the Company. In the event of covered loss, liability of the Company shall be limited to the least of the following:
  - (a) the actual adjusted amount of covered loss, less applicable deductible(s);
  - (b) for covered loss sustained to any specifically scheduled item or element of coverage, as scheduled in the most current Statement of Values on file with the Company, 100% of the individually stated amount for each individually scheduled item or element of coverage, less applicable deductibles, regardless of any reference to any sum total amount of specifically scheduled items or elements of coverage by location as may be listed or contained in the Statement of Values.
  - (c) the Limit of Liability or amount of insurance shown on the face of this policy, less applicable deductibles (s).

All other terms and conditions remain unchanged.

All other terms and conditions remain unchanged.

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**Authorized Representative**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **ELECTRONIC DATA AMENDMENT ENDORSEMENT**

A. This endorsement replaces and supersedes any and all contrary policy provisions. This policy does not insure against loss, damage, destruction, distortion, erasure, corruption, alteration, diminishment in value, or loss of use or usefulness of:

1. "Electronic Data" by any cause whatsoever (including but not limited to "Computer Virus"); and/or
2. "Electronic Media" caused by or resulting from the loss, damage, destruction, distortion, erasure, corruption, alteration, diminishment in value, or loss of use or usefulness of "Electronic Data";

regardless of any other cause or event that contributes concurrently or in any sequence to the loss, damage, destruction, distortion, erasure, corruption, alteration, diminishment in value, or loss of use or usefulness of "Electronic Data" or "Electronic Media".

This exclusion does not apply to loss or damage to "Electronic Data" or "Electronic Media" caused by or resulting from the Perils of Fire; Lightning; Explosion; Windstorm or Hail; Smoke; Aircraft or Vehicles; Riot and Civil Commotion; Willful or malicious physical loss or damage by a means other than "Computer Virus"; Leakage from fire extinguishing equipment; Sinkhole collapse; Falling Objects, Weight of snow, ice or sleet, Water Damage; Building glass breakage; Sonic Boom; Flood, Earth Movement or Volcanic Action, if and to the extent such Perils are already covered by this or by any underlying policy.

### **B. Definitions**

1. "Electronic Data" means facts, concepts, information or data, including compilations thereof, in a form useable or intended for use or processing by "Computers" or for storage on "Electronic Media". "Electronic Data" includes but is not limited to files, programs, applications, operating systems, and other coded instructions for the processing, calculation and storage of facts, concepts and information by "Computers".
2. "Electronic Media" means any physical device that holds, stores, contains or transfers "Electronic Data", and includes but is not limited to disks, drives, films, tapes, records, drums, or cells.
3. "Computers" includes but is not limited to mainframes, servers, workstations and portable "Computers", personal information managers, wide and local area network hardware, electronic and electromechanical equipment, data processing equipment, electronic controls for machinery, electronically programmed memory chips, and electronically controlled communication equipment.
4. "Computer Virus" means instructions, code, applications or any software program that has the ability or is suspected to have the ability to damage, destroy, erase, corrupt, alter, or prevent access to "Electronic Data", "Electronic Media" or "Computers" or to disrupt or interfere with the operations of "Computers".

**All other terms and conditions remain unchanged.**

**Authorized Representative**

## U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS CONTROL ("OFAC") ADVISORY NOTICE TO POLICYHOLDERS

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

This Notice provides information concerning possible impact on your insurance coverage due to directives issued by OFAC. **Please read this Notice carefully.**

The Office of Foreign Assets Control (OFAC) administers and enforces sanctions policy, based on Presidential declarations of "national emergency". OFAC has identified and listed numerous:

- Foreign agents;
- Front organizations;
- Terrorists;
- Terrorist organizations; and
- Narcotics traffickers;

as "Specially Designated Nationals and Blocked Persons". This list can be located on the United States Treasury's web site – <http://www.treas.gov/ofac>.

In accordance with OFAC regulations, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U.S. sanctions law or is a Specially Designated National and Blocked Person, as identified by OFAC, this insurance will be considered a blocked or frozen contract and all provisions of this insurance are immediately subject to OFAC. When an insurance policy is considered to be such a blocked or frozen contract, no payments nor premium refunds may be made without authorization from OFAC. Other limitations on the premiums and payments also apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## CONDITIONAL EXCLUSION OF TERRORISM (RELATING TO DISPOSITION OF FEDERAL TERRORISM RISK INSURANCE ACT OF 2002)

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART  
COMMERCIAL PROPERTY COVERAGE PART

**A. Applicability Of The Provisions Of This Endorsement**

1. The provisions of this endorsement will become applicable commencing on the date when any one or more of the following first occurs:
  - a. The federal Terrorism Risk Insurance Program ("Program"), established by the Terrorism Risk Insurance Act of 2002, has terminated with respect to the type of insurance provided under this Coverage Form, Coverage Part or Policy; or
  - b. A renewal, extension or continuation of the Program has become effective without a requirement to make terrorism coverage available to you and with revisions that:
    - (1) Increase our statutory percentage deductible under the Program for terrorism losses. (That deductible determines the amount of all certified terrorism losses we must pay in a calendar year, before the federal government shares in subsequent payment of certified terrorism losses.); or
    - (2) Decrease the federal government's statutory percentage share in potential terrorism losses above such deductible; or
    - (3) Redefine terrorism or make insurance coverage for terrorism subject to provisions or requirements that differ from those that apply to other

types of events or occurrences under this policy.

The Program is scheduled to terminate at the end of December 31, 2005 unless renewed, extended or otherwise continued by the federal government.

2. If the provisions of this endorsement become applicable, such provisions:
    - a. Supersede any terrorism endorsement already endorsed to this policy that addresses "certified acts of terrorism" and/or "other acts of terrorism", but only with respect to loss or damage from an incident(s) of terrorism (however defined) that occurs on or after the date when the provisions of this endorsement become applicable; and
    - b. Remain applicable unless we notify you of changes in these provisions, in response to federal law.
  3. If the provisions of this endorsement do NOT become applicable, any terrorism endorsement already endorsed to this policy, that addresses "certified acts of terrorism" and/or "other acts of terrorism", will continue in effect unless we notify you of changes to that endorsement in response to federal law.
- B. The following definition is added and applies under this endorsement wherever the term terrorism is enclosed in quotation marks.**

"Terrorism" means activities against persons, 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.

C. The following exclusion is added:

**EXCLUSION OF TERRORISM**

We will not pay for loss or damage caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident of "terrorism". Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

D. Application Of Other Exclusions

1. The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss or damage which would otherwise be excluded under this Coverage Form, Coverage Part or Policy, such as losses excluded by any Nuclear Hazard Exclusion or any War And Military Action Exclusion.

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Authorized Representative

THIS ENDORSEMENT IS ATTACHED TO AND MADE PART OF YOUR POLICY IN RESPONSE TO THE DISCLOSURE REQUIREMENTS OF THE TERRORISM RISK INSURANCE ACT OF 2002. THIS ENDORSEMENT DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THE POLICY.

**DISCLOSURE OF PREMIUM AND ESTIMATED PREMIUM FOR CERTIFIED ACTS OF TERRORISM COVERAGE (PURSUANT TO TERRORISM RISK INSURANCE ACT OF 2002)**

**SCHEDULE**

|  |                 |
|--|-----------------|
| <b>Terrorism Premium (Certified Acts)</b>                                  |                 |
| <b>(A) Premium through 12/31/05</b>  | <b>\$53,924</b> |
| <b>(B) Estimated Premium beyond 12/31/05 (refer to Paragraph C. below)</b> | <b>\$53,708</b> |
| <b>Additional information, if any, concerning the terrorism premium:</b>   |                 |
|  |                 |

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

**A. Disclosure Of Premium**

In accordance with the federal Terrorism Risk Insurance Act of 2002, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for terrorist acts certified under that Act. The portion of your premium attributable to such coverage is shown in the Schedule of this endorsement or in the policy Declarations.

**B. Disclosure Of Federal Participation In Payment Of Terrorism Losses**

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals 90% of that portion of the amount of such insured losses that exceeds the applicable insurer retention.

### C. Possibility Of Additional Or Return Premium

The premium for certified acts of terrorism coverage is calculated based in part on the federal participation in payment of terrorism losses as set forth in the Terrorism Risk Insurance Act of 2002. The federal program established by the Act is scheduled to terminate at the end of 12/31/05 unless extended by the federal government. If the federal program terminates or if the level or terms of federal participation change, the estimated premium shown in **(B)** of the Schedule may not be appropriate.

If this policy contains a Conditional Exclusion, continuation of coverage for certified acts of terrorism, or termination of such coverage, will be determined upon disposition of the federal program, subject to the terms and conditions of the Conditional Exclusion. If this policy does not contain a Conditional Exclusion, coverage for certified acts of terrorism will continue. In either case, when disposition of the federal program is determined, we will recalculate the premium shown in **(B)** of the Schedule and will charge additional premium or refund excess premium, if indicated.

If we notify you of an additional premium charge, the additional premium will be due as specified in such notice.