

STEWART GOLDENBERG  
PO BOX 1581  
WINTER PARK CO 80482



**GRAND ELK OWNERS ASSOCIATION  
PO BOX 4203  
GRANBY CO 80446-4203**

Elite Agent  
MAIL TO THE INSURED

60484-57-61  
09/08/23  
00:34:13  
6048457610023  
003  
R9C28  
ENDORSEMENT

CM057PMS  
04

ADDIDIRFLT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**E4277**  
1st Edition

Policy Number: 60484-57-61

**POLICY CHANGES**

Effective Date of Change: 09/01/23

Expiration Date: 09/01/24

Change Endorsement No.: 003

Agent: 07-50-31H

Named Insured: GRAND ELK OWNERS ASSOCIATION  
PO BOX 4203  
GRANBY CO 80446-4203

The following item(s):

	Insured's Name	Insured's Mailing Address
	Policy Number	Company
	Effective / Expiration Date	Insured's Legal Status / Business of Insured
	Payment Plan	Premium Determination
	Additional Interested Parties	Coverage Forms and Endorsements
X	Limits / Exposures	Deductibles
	Covered Property / Location Description	Classification / Class Codes
	Rates	Underlying Insurance

is (are) changed to read {See Additional Page(s)}:

The above amendments result in a change in the premium as follows:

No Changes	To Be Adjusted At Audit	Additional Premium	Return Premium
		\$ 2,613.00	\$
Authorized Representative Signature:			



## Policy Changes Endorsement Description

CHANGE: OUTDOOR SIGNS COVERAGE  
FROM \$50,000 TO \$100,000  
CHANGE: OUTDOOR PROPERTY COVERAGE  
FROM \$71,000 TO \$250,000  
CHANGE: SPECIFIED PROPERTY COVERAGE  
FROM \$50,000 TO \$850,000  
DELETE: DIRECTORS AND OFFICERS LIABILITY  
ADD: PREFERRED COMMUNITY ASSOCIATION MANAGEMENT COVERAGE

**Removal Permit** If Covered Property is removed to a new location that is described on this Policy Change, you may extend this insurance to include that Covered Property at each location during the removal. Coverage at each location will apply in the proportion that the value at each location bears to the value of all Covered Property being removed. This permit applies up to 10 days after the effective date of this Policy Change: after that, this insurance does not apply at the previous location.



# STATEMENT

MID-CENTURY INSURANCE COMPANY

° GRAND ELK OWNERS ASSOCIATION  
PO BOX 4203  
GRANBY CO 80446-4203

SEPTEMBER 08, 2023

Date

07-50-31H

Agent's Number

60484-57-61

Policy Number

Loan Number

### This Statement Reflects:

Effective Date: 09/01/23

New Business       Reinstatement       Change Of Coverage       Added Coverage

\$	Previous Balance Owing	
\$	Premium	
\$	Membership, Policy, Reinstatement, Reissue or Service Fees	
\$	<b>2,613.00</b> Pro Rata Premium Due 09/01/23 TO 09/01/24	
\$	Premium For Renewing Entire Present Coverage From _____ To _____	
\$		
\$		
\$		
\$		
\$	<u><b>2,613.00</b></u> Total Charges	
\$		
\$	Payments	
\$	Other Credits _____	
\$	Total Credits	
\$	<u>- NONE -</u> <b>BALANCE DUE UPON RECEIPT</b>	

\$ \_\_\_\_\_ Optional Amount  
\$ \_\_\_\_\_ Refund

**WE WANT TO BE YOUR FIRST CHOICE FOR BUSINESS AND PERSONAL LINES INSURANCE. IF YOU PLACE A PERSONAL LINES POLICY WITH FARMERS YOU MAY BE ELIGIBLE TO RECEIVE A DISCOUNT, CONTACT YOUR AGENT TODAY.**

**IMPORTANT- D-O N-O-T P-A-Y T-H-I-S N-O-T-I-C-E  
PREMIUM WILL BE BILLED. ACCT # F005296188-001-00001.**

## State Required Notification:



## Important Policyholder Notice Regarding Preferred Community Association Management Coverage

Dear Policyholder,

Your Condo/Townhome or PUD/Homeowners Association Policy includes the **Preferred Community Association Coverage Form - J7495**. In addition to Directors and Officers Liability Coverage, this form includes Crisis Response Coverage and Third Party Discrimination and Employment Practices Liability Coverage, which provide important protections for your Association.

### Crisis Response Coverage

Crisis Response Coverage provides the Association with up to \$50,000 of no fault reimbursement in the wake of a covered crisis event. Expenses incurred by the Association, such as first aid and emergency care, ambulance, hospital, nursing, professional counseling, funeral expenses and temporary security measures, are reimbursable.

### Third Party Discrimination and Employment Practices Liability Coverage

Third Party Discrimination coverage provides defense and indemnity protection against covered claims made by individuals other than employees, such as unit owners or their tenants, for discrimination based on race, color, religion, age, sex, disability, pregnancy, sexual orientation, national origin, or any other basis prohibited by federal, state or local law.

Employment Practices Liability provides defense and indemnity protection against covered liability claims arising from the employer/employee relationship. The policy acts to shield employers when a claim is made by an employee, a former employee, or an applicant for employment in which damages are alleged or where specific charges of discrimination, harassment, or inappropriate employment conduct are brought.

### What additional benefits are provided?

Free risk management services are available which provide sample employment forms, employment policy statements, free telephone-based direct access to a team of experts who are available to provide specific risk management advice in response to your employment practices-related concerns, and much more to assist you to put the most effective loss control processes in place to help avoid Employment Practices Liability claims.

You may access this information at [www.farmerskey.com](http://www.farmerskey.com). To register your organization on [www.farmerskey.com](http://www.farmerskey.com), please follow these simple instructions:

#### Select a Site Administrator

The Site Administrator is the person in your organization who will oversee [farmerskey.com](http://farmerskey.com). The Site Administrator can add other users and decide how to use the management training offered on the site free of charge. The Site Administrator is often a person who works with personnel or personnel legal matters. He or she may add other Site Administrators later, if needed.

#### Register the Site Administrator

1. Go to: [www.farmerskey.com](http://www.farmerskey.com).
2. Click the blue *Register Here* button.
3. Enter the passcode: **farmers80**.
4. Fill in the registration information and click *Submit*.
5. At the end of registration, your organization is registered, and you are registered as Site Administrator.

If you have any questions about how to use the site, please use the *Contact Us* link at the top of the screen.

## **PREFERRED COMMUNITY ASSOCIATION MANAGEMENT COVERAGE FORM**

**THIS COVERAGE FORM INCLUDES CLAIMS MADE AND REPORTED COVERAGES. THIS COVERAGE FORM'S CLAIMS MADE COVERAGES APPLY ONLY TO ANY CLAIM FIRST MADE AGAINST AN INSURED DURING THE POLICY PERIOD OR THE EXTENDED REPORTING PERIOD, IF APPLICABLE, AND REPORTED IN WRITING TO THE COMPANY DURING THE POLICY PERIOD, BUT IN NO EVENT MORE THAN 60 DAYS AFTER THE END OF THE POLICY PERIOD OR THE EXTENDED REPORTING PERIOD, IF APPLICABLE. DEFENSE COSTS SHALL BE IN ADDITION TO THE LIMIT OF LIABILITY FOR THESE COVERAGES AND ARE SUBJECT TO THE RETENTIONS.**

**READ THE ENTIRE FORM CAREFULLY TO DETERMINE THE EXTENT OF COVERAGE.**

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

Throughout this coverage form, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance. The word insured means any person or organization qualifying as such under **I.C. WHO IS AN INSURED** or any organization qualifying as such under **II.C. WHO IS AN INSURED**. Other words and phrases that appear in quotation marks have special meaning. Refer to **I.I. or II.F. DEFINITIONS**.

### **SECTION I - CLAIMS MADE AND REPORTED LIABILITY COVERAGES**

#### **A. COVERAGE**

##### **1. Directors And Officers Errors And Omissions Liability**

We will pay "loss" which an insured shall be legally obligated to pay as a result of any "claim" first made against the Insured during the "policy period", or Extended Reporting Period, if applicable, for a "wrongful act" taking place on or after the retroactive date and prior to the end of the "policy period". Such "claim" must be reported to us in accordance with **B. Notice of Claim**. However, this coverage only applies if no "designated insured" had prior knowledge of the facts or circumstances of any "wrongful act" on or prior to the Prior Knowledge Date shown in the Declarations.

A "claim" will be deemed to have been first made when notice of such "claim" is received by any "designated insured" or by us, whichever comes first.

All "claims" arising out of "interrelated wrongful acts" will be deemed to be one "claim" and will be deemed to have been made at the time the first of those "claims" is made.

##### **2. Third Party Discrimination And Employment Practices Liability**

If a Limit of Liability is shown in the Declarations for Third Party Discrimination and Employment Practices Liability, we will pay "loss" which an insured shall be legally obligated to pay as a result of a "claim" first made during the "policy period" or an applicable Extended Reporting Period, for an "employment wrongful act" taking place on or after the retroactive date and prior to the end of the "policy period". Such "claim" must be reported to us in accordance with **B. Notice of Claim**. However, this coverage only applies if no "designated insured" had prior knowledge of the facts or circumstances of any "employment wrongful act" on or prior to the Prior Knowledge Date shown in the Declarations.

A "claim" will be deemed to have been made when notice of such "claim" is received by any "designated insured".

All "claims" arising out of "interrelated wrongful acts" will be deemed to be one "claim" and will be deemed to have been made at the time of the first of those "claims".

### 3. Defense And Settlement

We have the right and duty to defend the insured, through counsel of our choice, against any "suit" to which this insurance applies. We have the right to investigate any report of a "wrongful act", and may, at our discretion, settle any "claim" for a "wrongful act" to which this insurance applies. Our obligation to defend any "suit" ends once we have paid our applicable Limit of Liability. No other obligation to pay sums or perform acts or services is covered unless explicitly provided for under **4. Supplementary Payments**. No insured will, except at that insured's own cost, voluntarily make any payment, assume any obligation, or incur any expense, without our written consent.

### 4. Supplementary Payments

The following Supplementary Payments apply to Directors and Officers Errors and Omissions Liability and Third Party Discrimination and Employment Practices Liability.

We will pay, with respect to any covered "claim" we investigate, defend or settle:

- a. All expenses we incur in the investigation or handling of a covered "claim".
- b. The premium on bonds to appeal a judgment or award in any "suit" we defend or the premium on bonds to release attachments, but only for bond amounts within the applicable Each Claim Limit of Liability shown in the Declarations. We do not have to furnish these bonds. We do not have to provide security or collateral for these bonds.
- c. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the "claim", including actual loss of earnings up to \$250 a day because of time off from work.
- d. All costs taxed against the insured in a "suit", excluding prevailing party attorney fees. Supplementary Payments do not include prevailing party attorney fees.
- e. Prejudgment and post judgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of liability, we will not pay any prejudgment or post judgment interest based on that period of time after the offer.

These payments will not reduce the applicable limit of liability.

## B. NOTICE OF CLAIM

You must give us written notice of a "claim" as soon as practicable after any "designated insured" becomes aware of such "claim". You must provide such notice to us:

1. During the "policy period" in which the "designated insured" first became aware of the "claim", but in no event more than 60 days after the end of that "policy period"; or
2. During the Extended Reporting Period, if applicable, but in no event more than 60 days after the end of the Extended Reporting Period.

## C. WHO IS AN INSURED

The term insured when used in **Section I** includes:

1. The Named Insured listed in the Declarations and its "subsidiaries". You must notify us within 90 days after you acquire or create a new "subsidiary".
  - a. Coverage for a newly acquired or created "subsidiary" is afforded only until the 90th day after you acquire or form the organization or the end of the "policy period", whichever is earlier;
  - b. Coverage under this Coverage Form for any "subsidiary" and its insureds does not apply to any "wrongful act" or "employment practices wrongful act" that occurred before you acquired or formed the "subsidiary" or after the organization ceased being your "subsidiary".
2. Any person who has been, now is, or shall become:
  - a. A duly elected director or trustee of the insured community association, but only in their capacity as such;
  - b. A duly elected or appointed officer of the insured community association, but only in their capacity as such;
  - c. A committee member of the insured community association, but only in their capacity as such;
  - d. A member of the insured community association, but only while acting at the direction of the association's Board of Directors or Trustees on behalf of the association in a voluntary capacity; and



- e. An employee of the insured community association, but only in their capacity as such.
- 3. The estate or legal representatives of any insured in 2. above, who is deceased or the legal representatives, receivers or assigns of any insured in 2. above, who is insolvent, incompetent or bankrupt, but only to the extent the insured in 2. above, would have been covered under this Coverage Form in the absence of such death, insolvency, incompetency or bankruptcy.
- 4. The spouse or domestic partner of any insured in 2. above, but only to the extent the claimant seeks recovery from the spouse or domestic partner, or of property owned by the spouse or domestic partner, for a "wrongful act" or an "employment wrongful act" of an insured in 2. above.
- 5. A "property manager" for the insured community association while performing property management duties for the insured community association, but only with respect to liability for "wrongful acts" committed at the express direction of the insured community association. However, your "property manager" is not an insured for "claims" or "suits" brought against them by you.

#### D. EXCLUSIONS

1. This insurance does not apply to "claims":
  - a. Relating to or arising from the insured gaining in fact profit or financial advantage to which such insured was not legally entitled.
  - b. Based upon, arising out of, related to, resulting from, in connection with any actual or alleged failure to maintain any property owned by the insured community association, or by any "subsidiary" of the insured community association, or owned collectively by the members of the insured community association or such "subsidiary".
  - c. Based upon, arising out of, related to, resulting from, in connection with any actual or alleged theft, loss, or unauthorized disclosure of personally identifiable information that is in the care, custody or control of the insured or a third party for whom the insured is legally liable.
  - d. For benefits or amounts, including salaries, commissions, compensation, bonuses, profit sharing, health insurance, retirement benefits and severance payments, due or owed to an employee under a contract of employment, or due or owed to a director, trustee or officer.
  - e. For any "wrongful act" that occurred after the "policy period".
  - f. Based upon, arising out of, related to, resulting from, in connection with any actual or alleged "bodily injury", "property damage", or "personal and advertising injury".

#### 2. Directors and Officers Errors and Omissions Liability Exclusions

This insurance does not apply to "claims" based upon, arising out of, related to, resulting from, in connection with any actual or alleged:

- a. Fraud, collusion, dishonesty, criminal or malicious acts committed by or at the direction of an insured, if a final adjudication establishes such fraud, collusion, dishonesty, criminal or malicious acts, and then only as to such insured. The fraud, collusion, dishonesty, criminal or malicious "wrongful acts" of an insured shall not be imputed to any other insured for the purposes of this exclusion.
- b. Violation of civil rights, whether based on federal, state, local or common law, including, but not limited to discrimination on account of race, religion, sex, age, familial status or disability including failure to accommodate or provide access.
- c. Profits or losses, including an accounting of these profits or losses, resulting from the purchase or sale of any securities.
- d. Pollution, including any:
  - (1) Request, demand or order that you or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effect of pollutants; or
  - (2) Actual, alleged or threatened discharge, release, escape, seepage, migration or disposal of pollutants into or on real or personal property, water or the atmosphere.

Pollutants mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
- e. Defect, including any "construction defect", in property owned by, rented to, in the charge of or occupied by the insured community association or its unit owners.

- f. Violation of the responsibilities, obligations or duties imposed upon fiduciaries by the Employee Retirement Income Security Act of 1974, as amended, or similar provisions of federal, state or local statutory or common law.
- g. "Third party discrimination" or "employment practices wrongful act".
- h. "Wrongful act" for which a "claim" is brought or maintained by or on behalf of the insured community association with the solicitation, assistance, participation or intervention of any current or former director, officer or trustee of the insured community association.
- i. Breach of any oral or written contract or agreement, or for liability assumed by the insured under any such contract or agreement, except for liability of the insured that would have existed in the absence of such contract or agreement. However, this exclusion shall not apply to the insurer's duty to defend and to pay defense costs.
- j. Fact, circumstance or situation which has been the subject of any notice given under any directors and officers liability policy or coverage.
- k. Liability of any insured in their capacity as a builder, developer, sponsor, general contractor, sub-contractor, architect, engineer, design professional, or affiliate of such.
- l. "Wrongful act" that first occurred prior to the retroactive date shown in the Declarations for Directors and Officers Errors and Omissions Liability. For the purposes of this exclusion, "interrelated wrongful acts" are excluded if the first such "interrelated wrongful act" took place, or is alleged to have taken place, prior to the retroactive date.
- m. "Wrongful act" or "interrelated wrongful act" which any "designated insured" had knowledge of prior to the Prior Knowledge Date shown in the Declarations.
- n. Fact, circumstance or situation which has been the subject of any notice given under any other directors and officers errors and omissions liability policy or coverage.

### 3. Third Party Discrimination and Employment Practices Liability Exclusions

This insurance does not apply to "claims" based upon, arising out of, related to, resulting from, in connection with any of the following, whether actual or alleged:

#### a. Acts Unrelated To the Covered Location

"Employment wrongful act" related to the ownership, maintenance, management, use, or operations of any location other than the "covered location".

#### b. Consequential Loss or Damages

Consequential loss or damages claimed by a claimant's domestic partner, spouse, child, parent, brother or sister, or any other relative related by blood, marriage or adoption, including but not limited to derivative claims, loss of consortium, emotional distress, lost wages or income.

#### c. Retroactive Date

"Wrongful act" that first occurred prior to the retroactive date shown in the Declarations for Third Party Discrimination and Employment Practices Liability. For the purposes of this exclusion, "interrelated wrongful acts" are excluded if the first such "interrelated wrongful act" took place or is alleged to have taken place prior to the retroactive date.

#### d. Contractual Liability

Obligation of an insured to pay by reason of the assumption of another's liability for an "employment wrongful act" in a contract or agreement. This exclusion will not apply to liability for damages because of an "employment wrongful act" that any insured would have without the contract or agreement.

#### e. Employees of Property Manager

"Employment wrongful act" committed or alleged to be committed against an employee of the "property manager".

#### f. Employment Related Laws

Violation of any of the following laws, including any amendments thereto:

- (1) Any worker's compensation, disability benefits or unemployment compensation law, social security and other employment benefits law;
- (2) The Employee Retirement Income Security Act of 1974 Public Law 93-406;

- (3) The Fair Labor Standards Act (except the Equal Pay Act);
- (4) The National Labor Relations Act;
- (5) The Worker Adjustment and Retraining Notification Act;
- (6) The Consolidated Omnibus Budget Reconciliation Act of 1985;
- (7) The Occupational Safety and Health Act; or
- (8) Any other federal, state or local statute, ordinance, regulations or common law similar to any statute or law described in this exclusion;

However, this exclusion shall not apply to any "claim" alleging:

- (a) Violation of the Family and Medical Leave Act or any other similar state or local statute, ordinance, regulations or common law; or
- (b) Retaliatory treatment of the claimant on account of the claimant's exercise of rights pursuant to such statute, ordinance, regulations or common law.

**g. Fraud and Collusion**

Fraud, collusion, dishonesty, criminal or malicious acts committed by or at the direction of an insured, if a final adjudication establishes such fraud, collusion, dishonesty, criminal or malicious acts and then only as to such insured. The fraud, collusion, dishonesty, criminal or malicious "wrongful acts" of an insured shall not be imputed to any other insured for the purposes of this exclusion.

**h. Insurance Plan Benefits**

Obligation to pay insurance plan benefits by or on behalf of current or former employees, or that to which a claimant would have been entitled as an employee had the insured community association provided the claimant with a continuation of insurance.

**i. Prior Knowledge**

"Wrongful act" or "interrelated wrongful act" which any "designated insured" had knowledge of prior to the Prior Knowledge Date shown in the Declarations.

**j. Prior Notice**

Fact, circumstance or situation which has been the subject of any notice given under any other employment practices liability policy or coverage.

**k. Wage and Hour Law**

Violation of any state or local wage and hour law, or failure to pay salary, wages, business expenses or gratuities under any statute, ordinance, regulation or common law. However, this exclusion does not apply to any "claim" of any actual or alleged retaliatory treatment of the claimant on account of the claimant's exercise of rights pursuant to any such laws.

**E. LIMITS OF INSURANCE**

The Annual Aggregate Limit of Liability shown in the Declarations is the most we will pay for covered "loss" arising from all "claims" first made during the "policy period", or Extended Reporting Period, if applicable under the Directors and Officers Errors and Omissions Liability and Third Party Discrimination and Employment Practices Liability Coverage, regardless of the number of insureds, "claims" made, persons or organizations making "claims" or number of applicable coverages.

The Annual Aggregate Limit of Liability applies separately to each consecutive annual "policy period". If the "policy period" is extended, the Limits of Liability shown in the Declarations shall not in any way increase. For purposes of the Limits of Liability, any policy extension is considered to be part of and not in addition to the former "policy period".

**1. Directors and Officers Errors and Omissions Liability**

- a. The Each Claim Limit of Liability shown in the Declarations for Directors and Officers Errors and Omissions Liability limits is the most we will pay regardless of the number of insureds, "claims" made, or persons or organizations making "claims".
- b. We will pay "loss" resulting from any single "claim" only to the extent the "loss" exceeds the retention amount shown in the Declarations.

## **2. Third Party Discrimination and Employment Practices Liability**

- a.** The Each Claim Limit of Liability shown in the Declarations for Third Party Discrimination and Employment Practices Liability limits is the most we will pay regardless of the number of insureds, "claims" made, or persons making "claims".
- b.** We will pay "loss" resulting from any single "claim" only to the extent the "loss" exceeds the retention amount shown in the Declarations.

## **F. RETENTION**

- 1.** The retentions set forth in the Declarations apply separately to each "claim". Defense costs and "loss" are subject to the retentions. However, defense costs and "loss" incurred before an insured provides written notice of the "claim" to us, or incurred without our written consent, will not apply towards any retention.
- 2.** The insured community association shall bear at its own risk the amount of the applicable retention. If we pay part or all of the retention to defend or settle a "claim", you will promptly reimburse us for the part of the retention paid by us.
- 3.** No retention amount shall apply to defense costs or "loss" incurred by insured natural persons if the insured community association is not permitted or required to indemnify the insured natural persons for such defense costs or "loss" or if the insured community association is financially insolvent.
- 4.** If, prior to terminating or demoting an "employee", the "insured" consults with and follows the advice of a labor law attorney approved by us, then the Third Party Discrimination and Employment Practices Liability retention is reduced by 50% in the event the "insured" faces a "claim" resulting from such termination or demotion.

## **G. EXTENDED REPORTING PERIOD**

- 1.** If a Limit of Liability for Directors and Officers Errors and Omissions Liability and/or Third Party Discrimination and Employment Practices Liability is shown in the Declarations, and one or both of these coverages is:
  - a.** Cancelled for any reason other than nonpayment of premium; or
  - b.** Not renewed;

the Named Insured shall have the right to purchase an Extended Reporting Period for that coverage. When purchased, the Extended Reporting Period shall commence on the effective date of the cancellation or nonrenewal described above. The Extended Reporting Period shall only apply to "claims" first made against the insured during the Extended Reporting Period for "wrongful acts" committed on or after the applicable retroactive date shown in the Declarations and prior to the end the "policy period" or the effective cancellation or nonrenewal date, whichever occurs first. Such "claims" must be reported to us as soon as practicable, but in no event more than 60 days after the end of the Extended Reporting Period.

For purposes of the Limit of Liability, the Extended Reporting Period is part of, and not in addition to, the "policy period". The Extended Reporting Period will not, in any way, increase the applicable Limit of Liability shown in the Declarations.

- 2.** You may request an Extended Reporting Period of 12, 24 or 36 months. We must receive your written request to purchase an Extended Reporting Period within 60 days after the end of the "policy period" set forth in the Declarations or the effective cancellation or nonrenewal date, whichever occurs first.

The additional premium for an Extended Reporting Period will be a percentage of the expiring annual premium charged for Directors and Officers Errors and Omissions Liability and/or Third Party Discrimination and Employment Practices Liability for the last "policy period", as follows:

- a.** One year - 75%;
- b.** Two years - 140%; and
- c.** Three years - 200%.

We will issue an Extended Reporting Period endorsement upon receipt of your written request. You must pay the additional premium for the Extended Reporting Period when due. If payment is not received when due, the endorsement is null and void. The additional premium will be fully earned when the Extended Reporting Period Endorsement takes effect. If payment is received when due, the endorsement may not be cancelled by us.

## **H. LIABILITY CONDITIONS**

Insurance provided under this **Section I** is subject to the following conditions:

## 1. Duties In The Event Of "Claim"

In the event of a "claim", you and any other involved insured must:

- a. Provide the identity of any person alleging any "wrongful act";
- b. Provide the identity of any insured who allegedly committed the "wrongful act";
- c. Provide the identity of any witnesses to the alleged "wrongful act";
- d. Provide the date(s) of an alleged "wrongful act";
- e. Immediately send us copies of any demands, notices, summonses, or legal papers received in connection with a "claim";
- f. Authorize us to obtain statements, records and other information relating to such "claim" and its defense;
- g. Cooperate with us in the investigation, settlement, or defense of the "claim"; and
- h. Assist us upon our request in the enforcement of any right against any person or organization which may be liable to the insured because of "loss" to which this insurance may also apply.

## 2. Legal Action Against Us

No person or organization has a right under this Coverage Form:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us under this Coverage Form unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured obtained after an actual trial; but we will not be liable for damages that are not payable under the terms of this Coverage Form, or that are in excess of the applicable limit of liability. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

## 3. Merger, Acquisition or Control

If, during the "policy period", any of the following changes occur:

- a. The acquisition of the insured community association or of all or substantially all of its assets, by another entity, or the merger or consolidation of the insured community association into or with another entity such that the insured community association is not the surviving entity; or
- b. The obtaining by any person, entity or affiliated group of persons or entities of the right to elect, appoint or designate over fifty percent (50%) of the directors, officers or trustees of the insured community association;

coverage with respect to the insured community association will continue in full force and effect with respect to "claims" for "wrongful acts" committed before such change. However, coverage will cease with respect to "claims" for "wrongful acts" committed on or after the date of such change. After any such change, this policy may not be cancelled, regardless of condition **III.B. Cancellation**, and the premium for this coverage will be fully earned.

## 4. Notice of Wrongful Acts

If during the "policy period" or any Extended Reporting Period:

- a. You become aware of any "wrongful act" which may reasonably be expected to give rise to a "claim"; and
- b. You give written notice to us of the specific "wrongful act," including the full particulars as to the dates and persons involved, the injury or damage which has or may result therefrom, the circumstances by which the insured first became aware of the "wrongful act", and the reasons for anticipating such a "claim";

then any "claim" which is subsequently made against an insured arising directly out of such "wrongful act" shall be considered made at the time such notice was given to us.

## 5. Other Insurance

If other valid and collectible insurance is available to the insured for a "claim" we cover, this insurance is excess over any such other insurance, whether primary, excess, contingent or on any other basis.

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

- a. The total amount that all such other insurance would pay for the "loss" in the absence of this insurance; and
- b. The total of all deductibles, retentions and self-insured amounts under such other insurance.

## **6. Where Coverage Is Provided**

This insurance only applies to "claims" made in the United States of America, including its territories and possessions and Puerto Rico, for "wrongful acts" committed in the United States of America including its territories and possessions and Puerto Rico.

## **I. DEFINITIONS**

1. "Advertisement" means widespread dissemination of information or images to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. "Advertisement" includes:

- a. Material placed on the Internet or on similar electronic means of communication about your goods, products or services for the purpose of attracting customers or supporters; and
- b. Regarding web-sites, only that part of a web-site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.

However, "advertisement" does not include any:

- a. Design, printed material, information or images contained in, on or upon the packaging or labeling of any goods or products; or
- b. Display of goods, products or services at your physical place of business or at any other physical location such as in showrooms or at trade shows.

2. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.

3. "Claim" means:

- a. A written demand seeking monetary damages or non-monetary relief;
- b. A civil "suit" seeking monetary damages or non-monetary relief;
- c. A formal administrative or regulatory proceeding, formal investigative order or similar document, including a filing seeking a Right to Sue an insured; or
- d. The filing of any complaint against an insured with the EEOC, DFEH, or any similar administrative court or organization,

against an insured for a "wrongful act".

However, "claim" does not include any criminal proceeding or investigation.

4. "Construction defect" means any actual or alleged defective, faulty or delayed construction, including, but not limited to, in whole or part, any:

- a. Construction, manufacture or assembly of any property;
- b. Faulty or incorrect designs or plans, including but not limited to, architectural, plumbing, electrical and structural;
- c. Improper soil testing;
- d. Inadequate or insufficient protection from subsoil, ground water or earth movement or subsidence;
- e. Failure to provide construction related goods or services as represented or to pay for such goods or services; or
- f. The supervision of any of the activities described in items a. through e. above.

5. "Covered location" means:

- a. Any premises owned by, rented to, in the charge of or occupied by the insured community association; and
- b. All units comprising the insured community association.

6. "Designated insured" means any director, officer, trustee, employee with managerial or risk management responsibilities, or "property manager" of the insured community association.
7. "Employee" means an individual hired and paid directly by the insured community association to provide labor or services under the direct supervision of the insured community association, or any covered entity. This includes part time, seasonal and temporary employees as well as any individual employed in a supervisory, managerial or confidential position. "Employee" also includes volunteers, but only while acting on behalf of and under the direct supervision of the insured community association. "Employee" does not include an individual who is an independent contractor or subcontractor, an individual leased to another employer or an individual who is an employee of the "property manager".
8. "Employment practices wrongful act" means any of the following actual or alleged acts related to employment committed by an insured against an "employee" or former "employee" or applicant for employment with an Insured entity:
  - a. Wrongful dismissal, discharge or termination of employment, whether actual or constructive;
  - b. Employment related misrepresentation;
  - c. Wrongful deprivation of career opportunity, including demotion or failure to employ or promote;
  - d. Wrongful discipline;
  - e. Negligent employee evaluation;
  - f. Workplace harassment or bullying based on race, color, religion, age, sex, disability, pregnancy, sexual orientation, national origin, or any other basis prohibited by federal, state or local law;
  - g. Termination, demotion, failure or refusal to hire or promote, denial of an employment benefit or the taking of any adverse or differential employment action because of race, color, religion, age, sex, disability, pregnancy, sexual orientation, national origin, or any other basis prohibited by federal, state or local law;
  - h. Employment-related:
    - (1) Libel;
    - (2) Slander;
    - (3) Defamation of character;
    - (4) Invasion of privacy;
    - (5) False imprisonment;
    - (6) Detention; or
    - (7) Malicious prosecution.

"Employment practices wrongful act" includes retaliation "claims" related to any allegation of an act listed in **a.** through **h.** above. However, it does not include "claims" for actual or alleged violation of any federal, state or local wage and hour law, or any actual or alleged failure to pay salary, wages, business expenses or gratuities under any statute, ordinance, regulation or common law.

9. "Employment wrongful act" means "employment practices wrongful act" and "third party discrimination".
10. "Interrelated wrongful acts" mean "wrongful acts" that are temporally, logically or causally connected by any common fact, circumstance, situation, event, transaction or series of facts, circumstances, situations, events or transactions.
11. "Loss" means the total amount which the insured becomes legally obligated to pay as damages, judgments or settlements on account of all "claims" made against the insured for "wrongful acts" to which this insurance applies. "Loss" includes prevailing party attorney fees, regardless of whether they are deemed to be damages or costs, but only to the extent the prevailing party attorney fees are for "wrongful acts" to which this insurance otherwise applies.

However, "loss" does not include:

- a. Defense costs;
- b. Taxes, fines, penalties or liquidated damages;
- c. Any non-monetary relief, including but not limited to the cost to comply with any injunction, order or agreement to provide such relief;

- d. The multiple portion of any multiplied damage award, or punitive or exemplary damages;
  - e. Any amounts that are uninsurable under applicable state law;
  - f. Any amount for which the insured is not financially liable or for which there is no legal recourse against the insured; or
  - g. Costs:
    - (1) To modify or adapt any building or property in order to make such building or property more accessible or accommodating to any disabled person;
    - (2) Associated with eliminating non-essential duties from the job description of a disabled person;
    - (3) Associated with providing a disabled person with reasonable workplace accommodations; and
    - (4) Associated with lost productivity by an employer as the result of making a reasonable workplace accommodation for a disabled person.
12. "Media material" means any information in electronic form, including words, sounds, numbers, images, or graphics and shall include advertising, video, streaming content, web-casting, online forum, bulletin board and chat room content. However, it does not include computer software or the actual goods, products or services described, illustrated or displayed in such "media material".
13. "Personal and advertising injury" means injury including consequential "bodily injury", arising out of one or more of the following offenses:
- a. False arrest, detention or imprisonment;
  - b. Malicious prosecution;
  - c. Wrongful eviction from, wrongful entry into, or physical invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of an insured;
  - d. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
  - e. Oral or written publication of material that violates a person's right of privacy;
  - f. The use of another's advertising idea in your "advertisement"; or
  - g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".
  - h. Display of "media material" on the insured community association's website, or on social media web pages created and maintained by or on behalf of the insured community association.
14. "Policy period" means the period of time from the inception of this policy to the expiration date stated in the Declarations, or its earlier cancellation, if applicable. Any renewal of this policy constitutes a separate and distinct "policy period".
15. "Property damage" means:
- a. Physical injury to, destruction of, or loss of use of any tangible property; or
  - b. Loss of use of tangible property that is not physically injured.
- All loss of use shall be deemed to occur at the time of the physical injury, destruction or occurrence that caused it.
16. "Property manager" means any person or organization providing real estate property management services to the insured community association pursuant to a written contract:
- a. Currently in effect or becoming effective during the "policy period"; and
  - b. Executed and signed prior to the "wrongful act".
17. "Subsidiary" means:
- a. Any non-profit organization in which the Named Insured listed in the Declarations has the right to elect or appoint more than 50 percent (50%) of the directors or trustees, and
  - b. Any other organization specifically included as a "subsidiary" by written endorsement to this Coverage Form.



18. "Suit" means a civil proceeding against an insured in which damages or other relief, to which this insurance applies, are alleged. "Suit" includes an arbitration or mediation proceeding to which such insured must submit, or to which the insured voluntarily submits with our consent. For purposes of Third Party Discrimination and Employment Practices Liability, "suit" also includes a formal administrative or regulatory proceeding, including a proceeding seeking a Right to Sue any insured.
19. "Third party discrimination" means actual or alleged acts of discrimination or harassment by an insured against any natural person who is not an employee of any insured based on race, color, religion, age, sex, disability, pregnancy, sexual orientation, national origin, or any other basis prohibited by federal, state or local law. However, "third party discrimination" does not include actual or alleged acts of assault or battery.
20. "Wrongful act" means any actual or alleged act, error, omission, misstatement, misleading statement, neglect, or breach of duty committed or allegedly committed by any insured arising solely from their responsibilities for the insured community association. "Wrongful act" also includes "employment practices wrongful acts" and "third party discrimination".

## **SECTION II - CRISIS RESPONSE COVERAGE**

### **A. COVERAGE**

If a Limit of Insurance is shown in the Declarations for Crisis Response, we will reimburse the Named Insured for reasonable and necessary expenses incurred for "crisis response services":

1. Provided following a "covered crisis incident"; and
2. Rendered within 180 days of the "covered crisis incident".

We will not reimburse you for expenses incurred after this 180-day period, even if they are related to other expenses which began during the 180-day coverage period.

### **B. EXCLUSIONS**

This insurance does not apply to:

1. Acts committed by you, or any of your directors, officers, trustees or "property managers"; or
2. Expenses for "crisis response services" for individuals who voluntarily participated in or were responsible for the "covered crisis incident".

### **C. WHO IS AN INSURED**

The term insured when used in **Section II** means the Named Insured listed in the Declarations.

### **D. LIMIT OF INSURANCE**

The Annual Aggregate Limit of Insurance shown in the Declarations for Crisis Response coverage is the most we will pay for all expenses for "covered crisis incidents" in any one "policy period". The Limit of Insurance for Crisis Response coverage is separate from and applies in addition to the Preferred Community Association Management Annual Aggregate Limit shown in the Declarations.

With respect to a "covered crisis incident" that begins in one "policy period" and continues into the next, all expenses for "covered crisis services" are deemed to be sustained in the "policy period" in which that "covered crisis incident" began.

If the "policy period" is extended, the Limits shown in the Declarations shall not in any way increase. For purposes of the Limit of Insurance, any policy extension is considered to be part of and not in addition to the former "policy period".

### **E. CONDITIONS**

#### **1. Admission Of Liability**

Any payment under this coverage is not an admission of liability by any insured or by us.

#### **2. Legal Action Against Us**

No one may bring a legal action against us under this coverage unless:

- a. There has been full compliance with all of the terms of this insurance; and
- b. The action is brought within two years after the date on which the "covered crisis incident" occurred.

### 3. Notice Of A Crisis Incident

You must give us prompt notice of a "covered crisis incident", but in no event more than 90 days after you have first paid for any "crisis response services" incurred as a result of such incident.

### 4. Other Insurance

If "crisis response services" are also covered elsewhere under this policy or any other policy, we will reimburse you only for expenses you incurred for "crisis response services" in excess of the amount due from such other insurance, whether collectible or not.

### 5. Proof of Expenses and Reimbursement

As soon as possible after a "covered crisis incident", you must provide us with:

- a. Full particulars regarding the nature and extent of "crisis response services" for which reimbursement is being sought;
- b. Copies of invoices and proof of payments for all expenses for which you are requesting reimbursement; and
- c. Any other pertinent information we may request that will assist us in determining the amount due and payable.

## F. DEFINITIONS

1. "Covered crisis incident" means a violent act done with malice and intent to cause injury or death to a person or persons at or within 100 feet of a "covered location" which results in "serious bodily injury" or death to three or more persons at such location.
2. "Crisis response services" means those reasonable and necessary expenses for the items listed below that are directly due to and incurred because of a "covered crisis incident":
  - a. First aid or emergency care at the time of the "covered crisis incident";
  - b. Ambulance, hospital, medical, surgical, nursing, X-Ray and dental services, including prosthetic devices;
  - c. Professional counseling services for up to 180 days after a "covered crisis incident";
  - d. Funeral expenses; and
  - e. Increased temporary security measures.
3. "Policy period" means the period of time from the inception of this policy to the expiration date stated in the Declarations, or its earlier cancellation, if applicable. Any renewal of this policy constitutes a separate and distinct "policy period".
4. "Serious bodily injury" means any injury to a person that creates a substantial risk of death, serious permanent disfigurement, or protracted loss or impairment of the function of any bodily member or organ.

## SECTION III - COMMON CONDITIONS

All insurance provided under this Coverage Form is subject to the following conditions:

### A. BANKRUPTCY

Bankruptcy or insolvency of the insured community association will not relieve us of our obligations under this Coverage Part.

### B. CANCELLATION

1. The first Named Insured shown in the Declarations may cancel this Coverage Form by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this Coverage Form by mailing or delivering to the first Named Insured written notice of cancellation at least:
  - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium.
  - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The "policy period" will end on that date.

5. If this Coverage Form is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

**C. CONCEALMENT, MISREPRESENTATION OR FRAUD**

1. This Coverage Form is void in any case of fraud by you as it relates to this Coverage Form at any time. It is also void if you or any other insured, at any time, intentionally conceals or misrepresents a material fact concerning:
  - a. This Coverage Form;
  - b. The Covered Property;
  - c. Your interest in the Covered Property; or
  - d. A claim under this Coverage Form.
2. By accepting this coverage, you agree:
  - a. The statements and representations made during or as part of the application process for this coverage are accurate and complete;
  - b. We have issued this Coverage Form in reliance upon your statements and representations;
  - c. If any material statements or representations we relied upon in issuing this Coverage Form are untrue, this Coverage Form shall be voidable; and
  - d. If an insured intentionally conceals or misrepresents a material fact or commits fraud relating to a "claim", then we will not pay for any "loss" or damage sustained by that insured.

**D. NONRENEWAL**

1. If we decide not to renew this Coverage Form, we will mail or deliver written notice of the nonrenewal to the Named Insured not less than 30 days before the expiration date.
2. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
3. If notice is mailed, proof of mailing will be sufficient proof of notice.

**E. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US**

If you have rights to recover all or part of any payment we have made under this Coverage Form, those rights are transferred to us. You must do nothing to impair such rights. At our request, you will transfer those rights to us and help us enforce such rights.

This endorsement is part of your policy. It supersedes and controls anything to the contrary. It is otherwise subject to all the terms of the policy.



## Limitations of Coverage - Amendment of Policy Limits and Change In Definitions

This endorsement modifies insurance provided under the following:

Businessowners Liability Coverage Form

With respect to coverage provided by this endorsement, the provisions of the Businessowners Liability Coverage Form apply unless modified by the endorsement.

**A. Section D. Liability and Medical Expenses Limits Of Insurance** in the Coverage Form is amended by adding the following:

**5. Limits of Insurance - Two Or More Coverages Or Policies**

- a. If two or more of this policy's coverages provide coverage for "bodily injury", "property damage", "personal injury" or "advertising injury" the most we will pay in any one "occurrence" is the actual amount of injury, damages, loss or liability up to the highest applicable per occurrence limit of insurance, subject to any applicable aggregate limit, under any one policy coverage in effect on the date of the "occurrence".
- b. If this policy and any other policy issued by us to you applies to the same "occurrence", the most we will pay is the actual amount of the injury, damages, loss or liability up to the highest applicable per occurrence limit of insurance, subject to any applicable aggregate limit, under any one policy in effect on the date of the "occurrence". An insured shall not be entitled to any coverage for the same "occurrence" under more than one policy period or any other policy issued by us, except any Excess Liability or Umbrella Liability policy that applies to the same "occurrence".

**B. For purposes of coverage under this endorsement, Section F. Liability and Medical Expenses Definitions** is amended as follows:

1. Definition 3. "Bodily injury" is replaced with:
  3. "Bodily injury" means bodily injury, sickness or disease caused by an "occurrence" including death resulting from such "bodily injury".
2. Definition 12. "Occurrence" is replaced with:
  12. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions, which results in "bodily injury" or "property damage" that first occurs during the policy period and is neither expected nor intended by any "insured". "Bodily injury" and "property damage" first occurs during the policy period only if:

- a. The "bodily injury" or "property damage" is first sustained by a person or entity during the policy period as the direct result of an accident that first occurs during the policy period; and/or

- b. The "bodily injury" or "property damage" actually is, or reasonably should be, first apparent during the policy period to any "insured", additional insured, or any "claimant".

"Occurrence" does not include:

- a. Any accident, accidentally caused condition or continuous or repeated exposure to the same general harmful conditions that first occurs before the start of the policy period, or first occurs after the end of the policy period.

- b. "Bodily injury" or "property damage" that arises out of or is a result of any breach of a written or oral contract, or any breach of an express or implied warranty. This does not apply to liability for damages:

- (1) Assumed in a contract or agreement that is an insured contract; or

- (2) That the insured would have had in the absence of the contract or agreement.

3. Definition 15. "Property damage" is replaced with:

15. "Property damage" means:

- a. Physical injury to tangible property, including all resulting loss of use of that property which first occurs during the policy period. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or

- b. Loss of use of tangible property that is not physically injured provided such loss of use is caused by an "occurrence" that first takes place during the policy period. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.

4. Definition 22. "Claimant" is added as follows:

22. "Claimant" means a person or entity who makes a claim or brings a "suit" against any "insured" or additional insured.

This endorsement is part of your policy. It supersedes and controls anything to the contrary. It is otherwise subject to all the terms of the policy.



## EQUIPMENT BREAKDOWN COVERAGE ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM  
BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM  
APARTMENT OWNERS PROPERTY COVERAGE FORM  
CONDOMINIUM PROPERTY COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the applicable Coverage Form apply unless modified by this endorsement.

When this endorsement is made part of a BUSINESSOWNERS POLICY, the optional coverage for Mechanical Breakdown in the Businessowners Special Property Coverage Form and the Businessowners Coverage Form is deleted in its entirety.

The following is added to **5. Additional Coverages** under Section **A. Coverage** in the applicable Property Coverage Form:

### Equipment Breakdown Coverage

We will pay for direct damage to Covered Property caused by or resulting from Breakdown to Covered Equipment owned by you, or in your care, custody or control, and for which you are legally liable and located at the described premises. The provisions of:

1. Paragraphs **f. Business Income** and **g. Extra Expense** under Section **A.5. Additional Coverages** in the Businessowners Special Property Coverage Form and **Section I - Property** of the Businessowners Coverage Form;
2. Paragraphs **e. Business Income** and **f. Extra Expense** under Section **A.5. Additional Coverages** in the Apartment Owners Property Coverage Form; and
3. Paragraph **e. Association Fees and Extra Expense** in the Condominium Owners Property Coverage Form

apply as a consequence of covered direct damage to Covered Property if Business Income and Extra Expense or Association Fees and Extra Expense are covered in this policy.

### 1. Covered Equipment

- a. Covered Equipment means and includes any of the following:
  - (1) Equipment built to operate under internal pressure or vacuum other than weight of contents; and
  - (2) Electrical or mechanical equipment that is used in the generation, transmission or utilization of energy.
- b. Covered Equipment does not mean or include any of the following:
  - (1) Part of pressure or vacuum equipment that is not under internal pressure of its contents or internal vacuum;
  - (2) Insulating or refractory material, but not excluding the glass lining of any Covered Equipment;
  - (3) Non-metallic pressure or vacuum equipment unless it is constructed and used in accordance with the American Society of Mechanical Engineers (ASME) code or another appropriate and approved code;
  - (4) Catalyst;
  - (5) Vessels, piping and other equipment that is buried below ground and requires the excavation of materials to inspect, remove, repair or replace;

- (6) Structure, foundation, cabinet or compartment supporting or containing the Covered Equipment or part of the Covered Equipment including penstock, draft tube, well casing, or water piping other than boiler feed water piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;
- (7) Vehicle, aircraft, self-propelled equipment or floating vessel including any Covered Equipment that is mounted upon or used solely with any one or more vehicle(s), aircraft, self-propelled equipment or floating vessel;
- (8) Dragline, excavation or construction equipment including any Covered Equipment that is mounted upon or used solely with any one or more dragline(s), excavation, or construction equipment;
- (9) Felt, wire, screen, die, extrusion plate, swing hammer, grinding disc, cutting blade, non-electrical cable, chain, belt, rope, clutch plate, brake pad, non-metal part or any part or tool subject to periodic replacement;
- (10) Computer Equipment, meaning:
  - (a) Programmable electronic equipment that is used to store, retrieve and process data (unless used to control covered equipment); and
  - (b) Associated peripheral equipment that communicates with the equipment described in (a) above, including input and output functions such as printing and auxiliary functions such as data transmission.
- (11) Media, meaning electronic data processing or storage media such as films, tapes, discs, drums or cells;
- (12) Electronic Data, meaning:
  - (a) Programmed and recorded material stored on media, as described in b.(11) above; and
  - (b) Programming records used for electronic data processing, or electronically controlled equipment; or
- (13) Equipment or any part of such equipment manufactured by you for sale or lease.

## 2. Breakdown

- a. Breakdown means direct physical loss that causes damage to Covered Equipment and necessitates its repair or replacement as follows:
  - (1) Failure of pressure or vacuum equipment;
  - (2) Mechanical failure including rupture or bursting caused by centrifugal force; or
  - (3) Artificially generated electrical failure including arcing that disturbs electrical devices, equipment, appliances or wires.
- b. Breakdown does not mean or include:
  - (1) Malfunction including but not limited to adjustment, alignment, calibration, cleaning or modification;
  - (2) Leakage at any valve, fitting, shaft seal, gland packing, joint or connection;
  - (3) Damage to any vacuum tube, gas tube or brush;
  - (4) Damage to any structure or foundation supporting the Covered Equipment or any of its parts; or
  - (5) The cracking of any part of an internal combustion gas turbine exposed to the products of combustion.

If an initial Breakdown causes other Breakdowns, all will be considered One Breakdown. All Breakdowns at any one described premises that manifest themselves at the same time and are the direct result of the same cause will be considered One Breakdown.

3. This Additional Coverage will not increase the Limits of Insurance provided in this policy.

#### 4. Extensions

The following Extensions also apply to loss caused by or resulting from Breakdown to Covered Equipment owned by you, or in your care, custody or control, and for which you are legally liable and located at the described premises.

The most we will pay for any of the following Extensions is \$25,000 unless another Limit of Insurance is shown in the Declarations for such Extensions. Unless Business Income and Extra Expense or Association Fees and Extra Expense are excluded from the policy, this includes loss of business income and/or necessary extra expense or association fees and extra expense you may incur as a consequence of the following Extensions. The Limits of Insurance applicable to these Extensions will not increase the Limits Of Insurance provided in this policy.

##### a. Expediting Expenses

With respect to your damaged Covered Property, we will pay the reasonable extra cost to:

- (1) Make temporary repairs; and
- (2) Expedite permanent repairs or replacement of the damaged property.

##### b. Ammonia Contamination

The spoilage to Covered Property contaminated by ammonia, including any salvage expense.

##### c. Hazardous Substance

We will pay for any additional expenses incurred by you for the clean up, repair or replacement or disposal of Covered Property that is damaged, contaminated, or polluted by a Hazardous Substance.

As used here, additional expenses means the additional cost incurred over and above the amount that we would have paid had no Hazardous Substance been involved with the loss.

Hazardous Substance means any substance other than ammonia that has been declared hazardous to health by a governmental agency. Ammonia is not considered to be a Hazardous Substance as respects this Additional Coverage.

##### d. Water Damage

The damage to Covered Property by water, including any salvage expenses, except no coverage applies to such damage resulting from leakage of a sprinkler system or domestic water piping.

##### e. Drying Out Coverage

If electrical Covered Equipment requires drying out as a result of a flood, we will pay for the direct expenses of such drying out.

##### f. Valuation

(1) If you elect or we require that the repair or replacement of the damaged Covered Equipment be done in a manner that:

- (a) Improves the environment;
- (b) Increases efficiency; or
- (c) Enhances safety;

while maintaining the existing function, then we will pay, subject to the limit of insurance, up to an additional 25% of the property damage amount for the Covered Equipment otherwise recoverable.

(2) If:

- (a) Any damaged Covered Equipment is protected by an extended warranty, or maintenance or service contract; and
- (b) That warranty or contract becomes void or unusable due to a Breakdown;

we will reimburse you for the unused costs of non-refundable, non-transferable warranties or contracts.

## 5. Conditions

The following conditions apply to this Additional Coverage:

### a. Suspension

Whenever Covered Equipment is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance against loss from a Breakdown to that Covered Equipment by delivering or mailing written notice of suspension to:

- (1) Your last known address; or
- (2) The address where the Covered Equipment is located.

Once suspended in this way, your insurance can be reinstated only by an endorsement for that Covered Equipment.

If we suspend your insurance, you will get a pro rata refund of premium for that Covered Equipment. But the suspension will be effective even if we have not yet made or offered a refund.

### b. Salvage

Any salvage value of property obtained for temporary repairs or use following a Breakdown which remains after repairs are completed will be taken into consideration in the adjustment of any loss.

## 6. Exclusions

a. The following limitations and exclusions in **A.4 Limitations** and **B. Exclusions** in the Businessowners Special Property Coverage Form do not apply to the extent that coverage is provided in this Additional Coverage:

- (1) Limitation **A.4.a.(1)** Steam Equipment;
- (2) Limitation **A.4.a.(2)** Water Heating Equipment;
- (3) Exclusion **B.2.a.** Electrical Apparatus;
- (4) Exclusion **B.2.d.** Steam Apparatus; and
- (5) Exclusion **B.2.k.(6)** Mechanical Breakdown.

With respect to this Additional Coverage, the last paragraph of Exclusion **B.2.k. Other Types of Loss** is deleted and replaced with the following:

But if an excluded cause of loss that is listed in **B.2.k.(1)** through **B.2.k.(7)** results in a Breakdown, we will pay for the loss or damage caused by that Breakdown.

b. The following limitations and exclusions in **A.4. Limitations** and **B. Exclusions** under **Section I - Property** in the Businessowners Coverage Form do not apply to the extent that coverage is provided in this Additional Coverage:

- (1) Limitation **A.4.a.(1)** Steam Equipment;
- (2) Limitation **A.4.a.(2)** Water Heating Equipment;
- (3) Exclusion **B.2.a.** Electrical Apparatus;
- (4) Exclusion **B.2.d.** Steam Apparatus; and
- (5) Exclusion **B.2.I.(6)** Mechanical Breakdown.



With respect to this Additional Coverage, the last paragraph of Exclusion **B.2.i. Other Types of Loss** is deleted and replaced with the following:

But if an excluded cause of loss that is listed in **B.2.i.(1)** through **B.2.i.(7)** results in a Breakdown, we will pay for the loss or damage caused by that Breakdown.

- c. The following limitations and exclusions in **A.4. Limitations** and **B. Exclusions** in the Apartment Owners Property Coverage Form or the Condominium Property Coverage Form do not apply to the extent that coverage is provided in this Additional Coverage:

- (1) Limitation **A.4.a.(1)** Steam Equipment;
- (2) Limitation **A.4.a.(2)** Water Heating Equipment;
- (3) Exclusion **B.2.a.** Electrical Apparatus;
- (4) Exclusion **B.2.d.** Steam Apparatus; and
- (5) Exclusion **B.2.j.(6)** Mechanical Breakdown.

With respect to this Additional Coverage, the last paragraph of Exclusion **B.2.j. Other Types of Loss** is deleted and replaced with the following:

But if an excluded cause of loss that is listed in **B.2.j.(1)** through **B.2.j.(7)** results in a Breakdown, we will pay for the loss or damage caused by that Breakdown.

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

- (1) Damage to Covered Equipment undergoing a pressure or electrical test.
- (2) Depletion, deterioration, corrosion, erosion, rust or wear and tear. However, if a Breakdown occurs we will pay the resulting loss or damage.

This endorsement is part of your policy. It supersedes and controls anything to the contrary. It is otherwise subject to all the terms of the policy.



## COLORADO CHANGES

This endorsement modifies insurance provided under the:  
PREFERRED COMMUNITY ASSOCIATION MANAGEMENT COVERAGE FORM

**A. Section I - Claims Made and Reported Liability Coverages** is amended as follows:

1. Sub-section **H. Liability Conditions** is amended to add the following:

**Your Right to Liability Claims Information**

We will provide the Named Insured shown in the Declarations the following information relating to this and any preceding Preferred Community Association Management Coverage Form we have issued to you during the previous three years:

- a. A list or other record of each "claim" or "loss", or of a "wrongful act" that may result in a "claim" or a "loss", not previously reported to any other insurer, of which we were notified in accordance with Conditions **1. Duties In The Event Of Claim** and **4. Notice of Wrongful Acts** in Sub-section **H**. We will include the date and brief description of the "claim" or "loss", or of the "wrongful act" that may result in a "claim" or a "loss", if that information was in the notice we received.
- b. A summary by policy year, of payments made and amounts reserved, stated separately, under any applicable Annual Aggregate Limit of Liability.

Amounts reserved are based on our judgment. They are subject to change and should not be regarded as ultimate settlement values.

If we cancel or elect not to renew this Coverage Form, we will provide such information no later than 30 days before the date of policy termination. In other circumstances, we will provide this information only if we receive a written request from the first Named Insured within 60 days after the end of the policy period. In this case, we will provide the information within 30 days of receipt of the request.

We compile "claim" and "loss" information, and information about an occurrence, offense or situation that may result in a "claim" or a "loss", for our own business purposes and exercise reasonable care in doing so. In providing this information to the first Named Insured, we make no representations or warranties to insureds, insurers or others to whom this information is furnished by or on behalf of any insured. Cancellation or nonrenewal will be effective even if we inadvertently provide inaccurate information

2. The definition of "loss" in Sub-section **I. Definitions** is amended to delete Paragraph **11.b.** and replace it with the following:
  - b. Taxes, fines, penalties or liquidated damages, including civil or criminal fines or penalties imposed by law;

**B. Section III - Common Conditions** is amended as follows:

1. Paragraphs **2.** and **4.** in Condition **B. Cancellation** are deleted and replaced with the following:
  2. We may cancel this Coverage Form by mailing through first-class mail to the first Named Insured, written notice of cancellation, as follows:
    - a. If this Coverage Form has been in effect for less than 60 days, we may cancel this Coverage Form for any reason, at least:
      - (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
      - (2) 30 days before the effective date of cancellation if we cancel for any other reason.
    - b. If this Coverage Form has been in effect for 60 days or more, or is a renewal, we may cancel this Coverage Form at least:

- (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
    - (2) 45 days before the effective date of cancellation if we cancel for any of the following reasons:
      - (a) A false statement knowingly made by the insured on the application for insurance; or
      - (b) A substantial change in the exposure or risk other than that indicated in the application and underwritten as of the effective date of the Policy unless the first Named Insured has notified us of the change and we accept such change.
  4. Our notice of cancellation will include the reason for cancellation and state the effective date of cancellation. The "policy period" will end on that date.
2. Condition **C. Concealment, Misrepresentation Or Fraud** is deleted and replaced with the following:
- C. Concealment, Misrepresentation Or Fraud**
1. We will not pay for any loss or damage in any case of:
    - a. Concealment or misrepresentation of a material fact; or
    - b. Fraud;committed by you at any time and relating to coverage under this Coverage Form.
  2. By accepting this coverage, you agree:
    - a. The statements and representations made during or as part of the application process for this coverage are accurate and complete;
    - b. We have issued this Coverage Form in reliance upon your statements and representations;
    - c. If any material statements or representations we relied upon in issuing this Coverage Form are untrue, this Coverage Form shall be cancelled; and
    - d. If an insured intentionally conceals or misrepresents a material fact or commits fraud relating to a "claim", then we will not pay for any "loss" or damage sustained by that insured.
3. Paragraph 1. in Condition **D. Nonrenewal** is deleted and replaced with the following:
1. If we decide not to renew this Coverage Form, we will mail through first-class mail to the first Named Insured shown in the Declarations written notice of the nonrenewal at least 45 days before the expiration date, or its anniversary date if it is written for a term of more than one year or with no fixed expiration date.
4. The following Condition is added:
- Increase In Premium Or Decrease In Coverage**
- We will not increase the premium unilaterally or decrease the coverage benefits on renewal of this Policy unless we mail through first-class mail written notice of our intention, including the actual reason, to the first Named Insured's last mailing address known to us, at least 45 days before the effective date.
- Any decrease in coverage during the policy term must be based on one or more of the following reasons:
- a. Nonpayment of premium;
  - b. A false statement knowingly made by the insured on the application for insurance; or
  - c. A substantial change in the exposure or risk other than that indicated in the application and underwritten as of the effective date of the Policy unless the first Named Insured has notified us of the change and we accept such change.
- If notice is mailed, proof of mailing will be sufficient proof of notice.

This endorsement is part of your policy. It supersedes and controls anything to the contrary. It is otherwise subject to all the terms of the policy.

## ADDITIONAL CONDITIONS

Applicable only if this policy is issued by the Truck Insurance Exchange or Farmers Insurance Exchange

### RECIPROCAL PROVISIONS

As used in these provisions the term "Underwriters Association" means the Truck Underwriters Association or the Farmers Underwriters Association respectively, attorney-in-fact for the Insurance Exchange issuing the policy.

This policy is made and issued in consideration of your premium payment to us. It is also issued in consideration of the information you gave to us during the application process, some of which is set out in the policy Declarations, and in consideration of the Subscription Agreement, which is provided to you and is incorporated herein by reference. You acknowledge that you have read, understood and agree to all the terms and conditions of the Subscription Agreement. Among other things, the Subscription Agreement appoints your Attorney-in-Fact, authorizes your Attorney-in-Fact to execute interinsurance policies between you and other subscribers and to perform various functions, and addresses compensation of the Attorney-in-Fact.

Nothing in this policy is intended, or shall be construed, to create either:

- a. A partnership or mutual insurance association, or
- b. Any joint liability.

We may sue or be sued in our own name, as though we were an individual, if necessary to enforce any claims which arise under this policy. In any suit against us, service of process shall be under the Underwriters Association attorney-in-fact. Membership fees which you pay are not part of the premium. They are fully earned when you are granted membership and coverage is effective. They are not returnable. However, they may be applied as a credit to membership fees required you for other insurance which we agree to write.

We hold the Annual Meeting of the members of the Truck Insurance Exchange at our Home Office at Los Angeles, California, on the first Tuesday following the first Monday following the 15th day of March of each year at 1:00 p.m. If this policy is issued by the Farmers Insurance Exchange such meeting is held at the same place on the first Monday following the 15th of March of each year at 2:00 P.M. The Board of Governors may elect to change the time and place of the meeting. If they do so, you will be mailed a written or printed notice at your last known address at least ten days before such a time. Otherwise, no notice will be sent to you.

The Board of Governors shall be chosen by subscribers from among yourselves. This will take place at the Annual Meeting or at any special meeting which is held for that purpose. The Board of Governors shall have full power and authority to establish such rules and regulations for our management as are not inconsistent with the subscribers' agreements.

Your premium for this policy and all payment made for its continuance shall be payable to us at our Home Office or such location named by us in your premium notice. The funds which you pay shall be placed to your credit on our records. They will be applied to the payment of your proportion of losses and expenses and to the establishment of reserves and general surplus. The Board of Governors or its Executive Committee has the authority to deposit, withdraw, invest and reinvest such funds. You agree that any amount which the Board of Governors allocates to our surplus fund may be retained by us. Also, after provision is made for all of our liabilities, it may be applied to any purpose deemed proper and advantageous to you and other policyholders.

This policy is nonassessable.

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### SPECIAL PROVISIONS

(Applicable only if this policy is issued by Mid-Century Insurance Company.)

Policy fees which you pay are not part of the premium. They are fully earned when the policy is issued. They are not returnable. However, they may be applied as a credit to policy fees required of you for other insurance which we agree to write.

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This policy shall not be effective unless countersigned on the Declarations page by a duly authorized representative of the Company named on the Declarations Page.

The Company named on the Declarations has caused this policy to be signed by the officers shown below.

**FARMERS INSURANCE EXCHANGE**

By Farmers Underwriters Association,  
Attorney-in-Fact

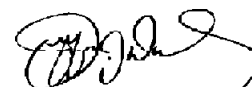
**MID-CENTURY INSURANCE COMPANY**

**TRUCK INSURANCE EXCHANGE**

By Truck Underwriters Association,  
Attorney-in-Fact



Secretary



President