



# **Utah Counties Indemnity Pool**

**BYLAWS COVERAGE ADDENDUM**

**2015**

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# Utah Counties Indemnity Pool

## Bylaws Coverage Addendum

Effective January 1, 2015

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### PART I

#### A. General Coverage Declarations

1. The Utah Counties Indemnity **Pool** (the “**Pool**” or “**UCIP**”) is formed pursuant to the provisions of the Utah Interlocal Cooperation Act, Utah Code Ann. §11-13-101 et. seq., as a governmental entity within the scope of the Utah Governmental Immunity Act, Utah Code Ann. §63G-7-101 et. seq., and recognized as a Public Entity Insurance Mutual under the Utah Insurance Code, Utah Code Ann. §31A-1-103 et. seq. The **Pool** is a risk sharing arrangement among Utah County Governments and other eligible public agencies that are parties to the **UCIP** Amended Interlocal Cooperation Agreement as an alternative to insurance for the funding of costs associated with Accidental loss. The purposes of the **Pool** are to provide a funding mechanism for **Property** losses through group self-insurance, and casualty losses through a group liability reserve fund as described in Utah Code Ann. §63G-7-703, to provide for the purchase or joint purchase of insurance, and to assist **Members** in controlling costs by providing specialized governmental risk management services and systems.
2. This **Coverage Addendum** is an **Addendum** to and made a part of the Bylaws of the Utah Counties Indemnity **Pool** under authority of the Amended Interlocal Cooperation Agreement. This **Coverage Addendum** shall not be construed to create a separate agreement among the **Members** of the **Pool**, or between the **Pool** and any individual **Member** or other party.
3. It is the intent of the **Pool** to provide **Members** access to the funds of the **Pool** for the **Property** and liability losses outlined in this **Coverage Addendum** to each **Member** and those who work for them or on their behalf in accordance with the laws of the State of Utah. The term “coverage” as used in the Amended Interlocal Cooperation Agreement, the Bylaws, this **Coverage Addendum**, and any endorsement to this **Addendum** means the **Members** ability to access the funds of the **Pool** to indemnify the **Member** for loss. This **Coverage Addendum** is made a part of the Bylaws to eliminate misunderstandings regarding coverages; to avoid coverage disputes; to clarify responsibilities during the **Claims** handling process; and to provide the **Members** with a document that identifies when and to what extent a **Member** will be indemnified for loss from the funds of the **Pool**.

**B. Term of Coverage**

1. As respects each individual **Member**, the term of coverage under this **Addendum** shall run uninterrupted from the time the entity becomes a **Member** under the terms of the Amended Interlocal Cooperation Agreement until that **Membership** is withdrawn or terminated under the provisions of the **Agreement**.

## **PART II GENERAL COVERAGE CONDITIONS**

### **A. Claims Made Coverage**

1. All liability coverage provided by this **Coverage Addendum** including General Liability, **Auto** Liability, Public Officials Errors & Omissions and Employee Benefits Liability Sections of this **Coverage Addendum** provide “Claims made” coverage. The coverages provided by those Sections are limited to **Claims** first made against a **Covered Party** while the **Coverage Addendum** is in force. All first party coverages provided by this **Coverage Addendum**, including **Property**, crime, and **Auto** physical damage are provided on an **Occurrence** basis.

A **Claim** shall be considered as being first made when the **Member** first gives notice in writing to the **Pool** that a **Claim** has been made against a **Covered Party**.

2. Upon a **Member** first becoming aware of any act or omission which would reasonably be expected to be the basis of a **Claim** or **Suit** covered under this **Addendum**, written notice shall be given by the **Member** to the **Pool** as soon as practicable, together with the fullest information obtainable. If a **Claim** is made or a **Suit** is brought against a **Covered Party**, the **Member** shall immediately forward to the **Pool** every demand, notice, summons or other process received by the **Covered Party**, the **Member** or the **Member**'s agent.
3. The Public Officials Errors & Omissions and Employee Benefits Liability Sections of this **Coverage Addendum** apply to a **Claim** only if the **Wrongful Act**, negligent act, or error or omission giving rise to the **Claim** occurred after the retroactive date, if any, shown in the Errors and Omissions Retroactive Dates Endorsement of this **Addendum** and before the **Member**'s withdrawal or termination from the **Pool**. Any **Wrongful Act**, negligent act, or error or omission that consists of a series of related acts, errors, or omissions will be deemed to have occurred at the time of the first such act, error, or omission.

### **B. Contribution Payments**

Contributions are determined by the Board of Trustees annually for the forthcoming fiscal period of the **Pool** and are based upon current underwriting information.

### **C. Territorial Scope**

This coverage applies to **Occurrences** worldwide for which **Suit** is brought in the United States or for which **Claims** are settled by the **Pool**.

#### **D. Deductibles**

The coverages provided herein are subject to a **Property** deductible of \$500, an **Automobile** physical damage deductible of \$1000 per vehicle and a crime deductible of \$500 per **Occurrence**. (**Automobile** physical damage is covered under the **Property** Section.) The **Property** deductible does not apply to third party **Auto** liability **Claims**.

#### **E. Arbitration**

1. In the event a **Covered Party** and the **Pool** are unable to agree on any matter concerning this **Coverage Addendum**, including but not limited to coverage issues, the dispute shall be resolved through arbitration, not litigation. Either party may issue a written demand for arbitration. The **Covered Party** and the **Pool** shall agree on the selection of an arbitrator. If they cannot agree within 30 days, either party may request that selection be made by a judge of a court having jurisdiction. Each party will pay the attorneys' fees and expenses it incurs and share the expenses of the arbitrator equally. If the **Covered Party's Claim** for coverage is unsuccessful, the **Covered Party's** portion of the arbitrator's fee is not covered.
2. Both parties shall agree upon the **Location** of the arbitration; if they cannot agree, the selected arbitrator shall determine the **Location**. Local rules as to arbitration procedure and evidence will apply. The arbitrator's decision will be binding and that judgment may be entered in any court of competent jurisdiction.

#### **F. Cancellation/Non-Renewal**

1. Any **Member** may withdraw from a line of coverage or terminate **Membership** in the **Pool**, in accordance with the Amended Interlocal Cooperation Agreement and the Amended Bylaws of the **Pool**.

#### **G. Claims**

1. **Members** must notify the **Pool** as soon as reasonably practicable of an **Occurrence, Wrongful Act**, negligent act, error or omission, or other circumstance that may result in a **Claim**. To the extent possible, notice should include how, when and where the **Occurrence**, negligent act, error or omission, or circumstance took place; the names and addresses of any injured persons and witnesses; and the nature and **Location** of any injury or damage arising out of the event. Informing the **Pool** of an **Occurrence** or other circumstance that may result in a **Claim** is not notice of a **Claim**.
2. If a **Claim** is received by any **Covered Party**, the **Member** shall immediately record the specifics of the **Claim** and the date received and shall notify the **Pool** as soon as practicable.

The **Member** and any other involved **Covered Party** shall:

- a. Immediately send the **Pool** copies of any demands, notices, summonses or legal papers received in connection with the **Claim** or **Suit**.
  - b. Authorize the **Pool** to obtain records and other information.
  - c. Cooperate with the **Pool** in the investigation, settlement or defense of the **Claim** or **Suit**.
  - d. Assist the **Pool**, upon its request, in the enforcement of any right against any person or organization which may be liable to the **Covered Party** because of injury or damage to which this **Coverage Addendum** may also apply.
  - e. Submit, at the **Pool's** expense and as often as the **Pool** requires, to examinations by physicians selected by the **Pool**, and authorize the **Pool** to obtain medical reports and other pertinent information.
3. No **Member** or other **Covered Party** will, except at its own cost, voluntarily make a payment, assume any obligation or incur any expense, other than for first aid, without the **Pool's** consent.
  4. The **Covered Party** shall promptly take at its own expense, except as otherwise provided in this **Addendum**, all reasonable steps to prevent additional injury or damage from or arising out of the same or similar conditions at the same **Location** where the initial injury or damage occurred. Any failure to take such preventative measures shall not constitute a breach of the condition unless the **Pool** has requested the **Covered Party** in writing to undertake those preventative measures. Any such expense shall not be recoverable under this **Coverage Addendum**.
  5. Additionally, to recover for loss to a covered **Auto** or equipment, the **Covered Party** shall:
    - a. Permit the **Pool** to inspect and appraise the damaged **Property** before its repair or disposition;
    - b. Do what is reasonably necessary after the loss to protect the covered **Auto** from further loss;
    - c. Submit a proof of loss when required by the **Pool**; and
    - d. Promptly notify the appropriate local law enforcement agency if the **Automobile** or piece of equipment was stolen.
    - e. Agree to examinations under oath at the **Pool's** request and give the **Pool** a signed statement of answers.

#### **H. Due Diligence**

The **Member** shall use due diligence and concur in doing all things reasonably practical to avoid or diminish any loss of or damage to the **Property** insured.

#### **I. Inspections, Audits and Verification of Values**

The **Pool** or its authorized representatives may inspect the **Premises** used by the **Member** and audit the **Member's** books or records at any time during the term of this **Addendum** or within three years after its expiration or termination. There is no time limit for auditing the **Member's** books or records with respect to **Claims** under this **Agreement**.

#### **J. Mortgage**

The interest of any mortgagor on **Property** covered by this **Addendum** is included as if a separate endorsement were attached hereto to the extent of the amount of the mortgage as of the date of loss, subject to the limits of liability set forth in this **Addendum**.

#### **K. Insurance**

If the **Covered Party** has insurance or other coverage against loss or damage covered under this **Addendum**, the **Pool** is liable under the terms of this **Addendum** only as excess of coverage provided by such insurance or coverage. However, this clause does not apply to the insurance or coverage purchased to apply specifically in excess of the Limits of Coverage stated in this **Coverage Addendum**.

#### **L. Subrogation, Salvage and Recovery**

The **Pool** shall be subrogated to all rights which the **Covered Party** may have against any person or other entity in respect to any **Claim** or payment made under this **Coverage Addendum** and the **Covered Party** shall execute all papers required by the **Pool** and shall cooperate with the **Pool** to secure the **Pool's** rights. If any reimbursement is obtained, or salvage or recovery made by the **Covered Party** or the **Pool** on account of any loss covered by the **Pool**, the net amount of such reimbursement salvage or recovery, after deducting the actual cost of obtaining or making the same, shall be applied in the following order:

1. To the amount of loss which has been paid by the **Pool's** excess/reinsurer.
2. To reduce the **Pool's** loss until the **Pool** is fully reimbursed.
3. To reduce the **Member's** loss because of the application of the self-insured retention or any aggregate loss fund.

#### **M. Fraudulent Claims**

If a **Covered Party** makes a **Claim** knowing the **Claim** to be false or fraudulent, in regard to the **Claim's** amount or otherwise, coverage shall become void and the **Claim** shall be forfeited.

**N. Cross Liability**

1. In the event of liability being incurred by reason of injury suffered by any employee of one **Member** which does not arise out of the injured employee's employment, for which another **Member** is liable, then this **Addendum** shall indemnify the **Member** for that liability in the same manner as if separate agreements had been issued to each **Member**.
2. In the event of liability being incurred by reason of **Property Damage** to **Property** belonging to any **Member** for which another **Member** is liable, then this **Addendum** shall indemnify the **Member** in the same manner as if separate agreements had been issued to each **Member**.
3. Nothing contained in this condition shall operate to:
  - a. Increase the **Pool's** limits of liability; or
  - b. Include coverage for a **Member** who sustains **Property Damage** as a consequence of its own employee's acts.

**O. Multiple Claims or Claimants**

1. Inclusion herein of more than one **Member, Named Member** or **Covered Party** or the making of more than one **Claim** or the bringing of **Suits** by more than one person or organization shall not operate to increase Limits of Coverage.
2. Two or more **Claims** arising out of a single **Wrongful Act** or series of related **Wrongful Acts** shall be treated as a single **Claim**. All such **Claims**, whenever made, shall be considered first made during the coverage period in which the earliest **Claim** arising out of such **Wrongful Act** or related **Wrongful Acts** was first made and all such **Claims** shall be subject to the same Limits of Coverage.

### **PART III GENERAL COVERAGE EXCLUSIONS**

The following exclusions apply to all coverages described in this **Addendum**. This **Addendum** does not provide coverage for:

- A.** Loss, damage or any type of liability caused by or resulting from fraudulent or **Dishonest Acts** committed by the **Covered Party**, whether working alone or with others, except as provided in the Crime Coverages herein.
- B.** Expenses from any cost, civil fine, penalty or expense against any **Covered Party** for any compliance or enforcement action from any federal, state or local governmental regulatory agency.
- C.** Any liability arising out of either the ownership, operation, maintenance or activities of a hospital or **Nursing Home** or the medical malpractice of any physician, medical doctor, osteopath, chiropractor, resident, extern or intern; psychiatrist; pharmacist; dentist, orthodontist, or periodontist.
- D.** Workers' compensation, employers' liability and occupational disease.
- E.** **Claims** arising for declaratory or injunctive relief.
- F.** **Bodily Injury, Personal Injury, Property Damage** or any type of damage whatsoever to the **Property** of the **Member** due to war, either directly or indirectly occasioned by, happening through or in consequence of war, invasion, acts of foreign enemies, any weapon of war employing atomic fission or radioactive force whether in time of peace or war, hostilities (whether war was declared or not), civil war, rebellion, revolution, insurrection, military or usurped power, confiscation or nationalization or requisition or destruction of or damage to **Property** by or under the order of any government or public or local authority.
- G.** Any act of terrorism meaning any act or threatened act that is violent, forceful or in any way dangerous to persons or property (tangible or intangible), of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or government(s), committed for political, religious, ideological or similar purposes which may include the intention to influence any government and/or to put the public, or any section of the public, in fear. This exclusion also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing, or in any way relating to paragraphs A and B above. This exclusion does not apply to the extent indemnification is provided in Part V A. 3. Limits of Coverage, and Part VII A. 5. Limits of Indemnification.
- H.** **Bodily Injury, Personal Injury, Property Damage** or any type of damage whatsoever, including the loss of use or any other type of loss or damage caused by the release, discharge or dispersal of **Pollutants** anywhere, anytime in any way, whether **Accidental** or intentional, sudden, intermittent or continuous and regardless of ownership or **Location**, EXCEPT this exclusion does not apply as

provided in the Liability Section for **Bodily Injury** or **Property Damage** arising out of heat, smoke or fumes from a hostile fire, EXCEPT this exclusion does not apply to the official activities of the **Member's** hazardous materials work unit.

- I. **Bodily Injury, Personal Injury, Property Damage** or any other type of damage whatsoever, directly or indirectly caused by the presence of asbestos or lead in any form, except as covered in the **Property** Section.
- J. Loss or damage caused by or resulting from moth, vermin, termites or other insects, inherent vice, latent defect, wear, tear or gradual deterioration, **Contamination**, rust, wet or dry rot, mold, **Dampness** or atmosphere, smog, extremes of temperature or loss or damage by settling for any reason, including movement of any kind, shrinkage or expansion in building or foundation.
- K. Loss of or damage to or **Claims** resulting from the maintenance, operation or use or entrustment to others of any satellite, aircraft, water craft over 26 feet in length or watercraft used to carry persons or **Property** for a charge. This exclusion applies even if the **Claims** against any **Covered Party** allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that **Covered Party**.
- L. Loss of or damage to jewelry, precious stones and furs or garments trimmed with fur.
- M. **Bodily Injury, Personal Injury, Property Damage** or any type of damage whatsoever for any **Claims** made or lawsuits brought against any **Covered Party** alleging physical or sexual assault, abuse, molestation or habitual neglect. This exclusion applies whether the act was committed intentionally, negligently, inadvertently or with the belief, erroneous or otherwise, that the other party is consenting and has the legal and mental capacity to consent.
  - 1. However, the **Covered Party** may be entitled to a defense and the payment of **Claims** expenses for civil **Claims** brought against the **Covered Party** as provided under the terms of this **Addendum** if the lawsuit is brought for alleged civil rights violations in addition to physical or sexual assault, abuse, molestation or habitual neglect. The **Pool** may provide for the defense of the **Claim** unless or until a judgment or final adjudication of liability is established or there is an admission or plea of guilty, nolo contendere, no contest or any similar plea by the **Covered Party** accused of the act that establishes the injury claimed in the **Suit** in whole or in part.
  - 2. The **Pool** shall not be required to appeal a judgment or final adjudication that is adverse to the **Covered Party**. However, if the **Covered Party** elects to appeal the judgment or final adjudication and the judgment or adjudication is reversed on the issue of liability, the **Pool** may then reimburse the **Covered Party** for all reasonable expenses incurred in the appeals process.

3. This exclusion applies even if the **Claims** against any **Covered Party** allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that **Covered Party**.

**N.** Any **Claim** or **Claims** for **Bodily Injury** or **Personal Injury** relating to:

1. Human Immune Deficiency Virus (HIV);
2. Acquired Immune Deficiency Syndrome Related Complex (ARC);
3. Acquired Immune Deficiency Syndrome (AIDS);
4. Any virus, complex or syndrome that is related to the foregoing;

Except this exclusion does not apply to any actual or alleged discrimination based on the actual or alleged contraction of any of the foregoing as covered under Part VII B. 2. b. Errors and Omissions.

**O.** Any **Claim** based upon the **Covered Party's** failure to comply with the Federal Employee Retirement Income Security Act of 1974 (ERISA), including subsequent amendments or any similar federal, state or local law or regulations.

**P.** **Bodily Injury, Personal Injury, Property Damage** or any type of damage whatsoever resulting from nuclear incidents, including:

1. Loss or damage to **Property** of the **Covered Party** or liability from **Property Damage, Bodily Injury** or **Personal Injury** accruing to the **Insured** directly or indirectly from any and all forms of radioactive **Contamination**;
2. Any loss or damage to **Property** of the **Covered Party** or liability from **Property Damage, Bodily Injury** or **Personal Injury** accruing to the **Covered Party** directly or indirectly from any **Pool** of insurers or reinsurers formed for the purpose of covering atomic or nuclear energy risks;
3. Any loss or liability accruing to the **Covered Party**, directly or indirectly, for physical damage of **Property** of the **Covered Party** including Business Interruption or consequential loss arising out of such physical damage, in addition to **Property Damage, Bodily Injury** or **Personal Injury** due to nuclear reactor power plants, any nuclear material or the dispersal, discharge, storage or processing of nuclear material, nuclear facilities, installations, laboratories or special nuclear material, as defined by the Atomic Energy Act of 1954 as amended;
4. Any loss or damage or liability resulting from the **Hazardous Properties** of nuclear material and with respect to which any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954 as amended, or if the **Covered Party** is or, had this Agreement not

been issued, would be entitled to indemnity from the United States of America or any agency thereof.

5. Definitions used in this exclusion:
- a. **“Hazardous Properties”** means radioactive, toxic or explosive properties.
  - b. **“Nuclear Materials”** means source material, special nuclear material, byproduct material and have the meanings given them in the Atomic Energy Act of 1954, as amended.
  - c. **“Spent Nuclear Fuel”** means any fuel element or fuel component, solid or liquid, which has been used, or to radiation in a nuclear reactor.
  - d. **“Waste”** means any **Waste** material which contains byproduct material from any ore processed primarily for its source material content and which results from the operation by any person or organization of any **Nuclear Facility**.
  - e. **“Nuclear Facility”** means any nuclear reactor, any equipment or device designed or used for separating the isotopes of uranium or plutonium or processing or utilizing spent fuel, or handling, processing or packaging **Waste**. **Nuclear Facility** also means any equipment or device used for the processing, fabricating or alloying of special nuclear material and any structure, basin, excavation, **Premises** or place prepared or used for the storage of **Waste** and the site and all operations on that site.
- Q.** To any **Claims** arising in whole or in part out of any **Sexual Abuse**, either performed or alleged to have been performed by a **Covered Party**. **Claims** of **Sexual Harassment** are covered under this **Addendum** unless the **Claim** also arises out of **Sexual Abuse**.
- R.** Any liability, **Claims** or **Suits** arising in whole or in part out of the operation of the principles of eminent domain, condemnation proceedings or **Claims**, inverse condemnation proceedings or **Claims**, regulatory taking by whatever name called, land use actions, zoning, rezoning or failure to zone, whether that liability accrues directly against the **Member** or by virtue of any agreement entered into, by or on behalf of the **Member**. **Claims** or **Suits** alleging civil rights violations arising out of any of these listed proceedings are also excluded.
- S.** This **Addendum** does not provide coverage for:
- 1. Any **Personal Injury** or **Law Enforcement Personal Injury** caused by or at the direction of the **Covered Party** with the knowledge that the action would violate the rights of another and would inflict **Personal Injury** or **Law Enforcement Personal Injury**;

2. Any **Personal Injury** or **Law Enforcement Personal Injury** arising out of oral or written publication of material whose first publication took place before the Retroactive Date shown on the General Liability, Law Enforcement Liability and **Auto Liability Retroactive Dates Endorsement**; or
  3. Any **Personal Injury** or **Law Enforcement Personal Injury** arising out of oral or written publication of material, if done by or at the direction of the **Covered Party** with knowledge of its falsity.
- T.** Any **Bodily Injury** or **Property Damage** for which the **Covered Party** is obligated to pay **Damages** by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for **Damages**:
1. That the **Covered Party** would have in the absence of the contract or agreement; or
  2. Assumed in a contract or agreement that is a “**Covered Contract**,” provided the **Bodily Injury** or **Property Damage** occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in a **Covered Contract**, reasonable attorney fees and necessary litigation expenses incurred by or for a party other than a **Covered Party** are deemed to be **Damages** because of **Bodily Injury** or **Property Damage**, provided:
    - a. Liability to such party for, or for the cost of, that party’s defense has also been assumed in the same **Covered Contract**; and
    - b. Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which **Damages** to which this coverage applies are alleged.

## PART IV GENERAL DEFINITIONS

“**Accident**” is descriptive of means which produce effects which are not their natural and probable consequences.

This “**Addendum**” or this “**Coverage Addendum**” means the **Coverage Addendum** to the **Amended Bylaws** created to describe the **Property** and liability coverages provided to the **Members** of the **Pool**.

“**Automobile**” or “**Auto**” means any motor vehicle intended or designed for highway use, and trailers or semi-trailers, including their equipment and any other equipment permanently attached to it, but **Automobile** does not include **Mobile Equipment**. However, self-propelled vehicles with the following types of permanently attached equipment are considered **Automobiles**: equipment designed primarily for snow removal; equipment designed for road maintenance but not construction or resurfacing; equipment designed for street cleaning; cherry pickers and similar devices mounted on an **Automobile** or truck chassis and used to raise or lower workers; and air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

“**Bodily Injury**” means physical injury (including death) to any person, and any mental anguish or shock, sickness, disease, disability or death associated with or arising from that physical injury. **Bodily Injury** also includes battery and incidental medical malpractice.

“**Claim**” is an allegation of damage for which a **Covered Party** seeks coverage from the **Pool**.

“**Contamination**” means any unclean, unsafe, **Damaging**, injurious or unhealthy condition arising out of the presence of **Pollutants**, whether permanent or transient in any **Environment**.

“**Covered Contract**” means that part of any contract or agreement that is usual and customary to the **Member**’s operations under which the **Member** assumes the tort liability of another party to pay **Damages** because of **Bodily Injury** or **Property Damage**. “Tort liability” means liability that would be imposed by law in the absence of any contract or agreement.

“**Covered Party**” means a **Member**. “**Covered Party**” also includes any past, present or future officials; **Members** of boards or commissions, trustees or directors; officers, volunteers authorized to act on behalf of the county or employees of the **Member** while acting within the scope of their duties as such and only to the extent to which the **Member** is obligated to provide defense to such person in compliance with Utah Code Annotated 63G-7-902. “**Covered Party**” also includes any person, organization, trustee or estate to whom the **Member** is obligated by virtue of a written **Covered Contract**.

“**Damages**” include jury awards, settlements, attorney’s fees and costs, but do not include back pay, overtime pay or other benefits that are routinely paid by a **Member** to its employees.

**“Earthquake”** means seismic geologic activity which causes movement in the earth’s surface including loss or damage from any other cause or event that contributes concurrently or in any sequence to the loss. If more than one **Earthquake** shock occurs within any period of 72 hours during the term of this insurance, it is deemed to be a single **Earthquake Occurrence**.

**“Employee Benefit Programs”** means group life insurance, group **Accident** or health insurance, pension plans, profit sharing plans, employee savings and investment plans, employee stock subscription plans, travel or vacation plans, workers’ compensation, unemployment insurance, social security, disability benefits insurance, employee welfare benefit plans and welfare plans, and any other similar **Employee Benefit Programs**.

**“Employment Related Practices”** means:

1. Refusal to employ;
2. Termination of employment;
3. Practices, policies, acts or omissions such as coercion, demotion, failure to promote, evaluation, reassignment, discipline, harassment (other than **Sexual Harassment**), civil rights and discrimination;
4. Any act relating to the selection, supervision or dismissal of any employee.

**“Environment”** includes any person, any real or personal **Property**, animals, crops and vegetation, land including land under which a building is placed, bodies of water, underground water or water table supplies, air and any other feature of the earth or its atmosphere, whether or not altered, developed or cultivated, including but not limited to any of the above that is owned, controlled or occupied by a **Member**.

**“Flood and Surface Water”** means waves, tide or tidal water and the rising (including the overflowing or breaking of boundaries) of lakes, ponds, reservoirs, rivers, streams, harbors and similar bodies of water.

**“Law Enforcement Activities”** means the activities of any **Covered Party** while acting as a law enforcement official, officer, auxiliary officer, employee or volunteer of the **Member** provided that the volunteer has been authorized according to the Utah Volunteer Governmental Workers Act, as amended, to act on behalf of the **Member**. **Law Enforcement Activities** also includes policymaking, supervisory and executive functions by a **Covered Party** relating to such activities.

**“Law Enforcement Personal Injury”** means injury, other than **“Bodily Injury”**, arising out of **Law Enforcement Activity** and one or more of the following offenses:

1. Assault and battery;
2. Discrimination, unless insurance thereof is prohibited by law;

3. False arrest, detention or imprisonment;
4. Malicious prosecution;
5. False or improper service of process;
6. Humiliation or mental distress;
7. Oral or written publication of material that slanders or libels a person or organization;
8. Violation of civil rights protected under 42 U.S.C. 1981 et. seq. or state law;
9. Violation of **Property** rights;
10. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or **Premises** that a person occupies by or on behalf of its owner, landlord or lessor.

**“Medical Payments”** means reasonable expenses for first aid at the time of an **Accident**, necessary medical, surgical, x-ray and dental services, ambulance, hospital, professional nursing and funeral services.

**“Member”** or **“Named Member”** means each of the Counties named in the Participating **Members** Endorsement of this **Coverage Addendum**.

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

1. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
2. Vehicles maintained for use solely on or next to **Premises** the **Member** owns or rents;
3. Vehicles that travel on crawler treads;
4. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted power cranes, shovels, loaders, diggers or drills or to road construction or resurfacing equipment such as graders, scrapers or rollers;
5. Vehicles not described above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types: air compressors, pumps and generators including spraying, welding, building, cleaning, geophysical exploration, lighting and well servicing equipment or cherry pickers and similar devices used to raise or lower workers;

6. Vehicles not described above which are maintained primarily for purposes other than the transportation of persons or cargo.

“**Money**” means currency, coins, bank notes and bullion, and traveler’s checks, register checks and **Money** orders held for sale to the public.

“**Nursing Home**” means a residential facility which provides residents with nursing and/or personal care services by whatever name used including but not limited to assisted living facility, intermediate care facility, long term care facility, skilled nursing facility, residential care facility, senior care facility, convalescent home or group home and includes facilities whether they are Medicare/Medicaid certified or not.

“**Occurrence**” means an **Accident**, which results in **Bodily Injury, Personal Injury or Property Damage** during the **Addendum** period. Continuous or repeated exposure to substantially the same general harmful conditions shall be deemed one **Occurrence**. All **Bodily Injury, Personal Injury or Property Damage** attributable, directly or indirectly, to a single cause or a series of similar causes shall be deemed one **Occurrence**, irrespective of the period of time or area over which such losses occur. There may be multiple **Claims** or claimants involved in one **Occurrence**, however only one deductible applies per **Occurrence**.

“**Personal Injury**” means mental anguish, shock, sickness, disease, disability or wrongful eviction arising out of malicious prosecution, humiliation, invasion of rights of privacy, libel, slander or defamation of character; also piracy and any infringement of copyright or of **Property**, erroneous service of civil papers, and assault and battery. **Personal Injury** also means false arrest, false imprisonment, detention and violation of civil rights. However, **Personal Injury** does not apply to **Claims** arising out of **Law Enforcement Activities**.

“**Pollutants**” means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapors, soot, fumes, acids, sounds, alkalis, chemicals, liquids, solids, gases, thermal **Pollutants, Waste** and all other irritants or contaminants. “**Waste**” includes materials to be recycled, reconditioned or reclaimed. However, for purposes of **Member** coverages provided in this agreement, “**Pollutants**” does not include herbicides or pesticides.

The “**Pool**” means the Utah Counties Indemnity **Pool**.

“**Premises**” means the interior of that portion of a building, which is occupied by the **Member** for business operations.

“**Property**” or “**Property of the Named Member**” means all real and personal **Property**, including leasehold improvements or betterments which the **Member** owns, **Property** which the **Member** holds on consignment or agrees to cover by any contractual agreement **Normal** to its operations, and the **Member’s** own **Property** in the course of construction, repair or renovation.

**“Property Damage”** means direct damage to or destruction or loss of tangible **Property**, including all resulting loss of use of **Property**. This definition applies to Sections VII and VIII of this **Addendum**. **Property Damage** excludes damage to the **Property** owned by the **Member** but includes damage to **Property** of others in the care, custody or control of the **Member** or **Property** purchased by the **Member** under a contract which provides that the title remain with the sellers until payments are completed, in which case the **Pool’s** liability is limited to the amount of payments outstanding.

**“Securities”** means all 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**.

**“Sexual Abuse”** means any actual, attempted or alleged criminal sexual conduct towards a person by another person, or persons acting in concert, which causes physical and/or mental injury. **Sexual Abuse** includes: sexual molestation, sexual assault, sexual exploitation or sexual injury. **Sexual Abuse** does not include **Sexual Harassment**.

**“Sexual Harassment”** means “Unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature constitute **Sexual Harassment** when (1) submission to such conduct is made either explicitly or implicitly a term or condition of an individual’s employment, (2) submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting such individual, or (3) such conduct has the purpose or effect of unreasonably interfering with an individual’s work performance or creating an intimidating, hostile, or offensive working **Environment**” (Equal Employment Opportunity Commission Guidelines, Section 1064.11).

**“UCIP”** means the Utah Counties Indemnity **Pool**.

**“Ultimate Net Loss”** means the total sum that the **Covered Party** becomes obligated to pay by reason of any **Claim**, either through adjudication or settlement, after making proper deductions for all recoveries and salvages. The term includes hospital, medical and funeral charges and all sums paid as fees, charges and legal costs, premiums on attachment or appeal bonds, interest, expenses for doctors, lawyers, nurses and investigators, and for litigation, settlement, adjustment and investigation of **Claims** and lawsuits which are paid as a consequence of any **Occurrence** covered by the **Pool**. Fees paid to the third party administrator are specifically excluded from this definition. The **Pool** does not pay for any **Claim** for front pay, back pay or other incidents of compensation or benefits due to a **Member’s** employees.

**“Wrongful Act”** means any actual or alleged error or misstatement, omission, act of neglect or breach of duty including **Employment Related Practices**, discrimination and violations of civil rights by the **Covered Party**. If a **Claim** is made that involves a series of related **Wrongful Acts**, the **Claim** date shall be the date when the first of the related **Claims** was made. Only one deductible and one self-insured retention shall apply.

## PART V PROPERTY COVERAGE SECTION

### A. Declarations

#### 1. Coverage Agreement

This **Addendum**, subject to the terms, exclusions, limits and conditions contained herein or endorsed hereon, covers all risks of direct physical loss of or direct physical damage to the **Member's Property** as described herein, provided such loss or damage occurs during the Term of Coverage described in Part I. B.

#### 2. Covered Location

- a. The coverages under this **Addendum** apply to a **Covered Location** unless otherwise provided.

A **Covered Location** is a **Location**:

- (i) Listed on a schedule on file with the **Pool**;
- (ii) Covered as a Miscellaneous Unnamed **Location**; or
- (iii) Covered under the terms and conditions of the automatic coverage, Errors and Omissions, and/or **Property** in Course of Construction and **Soft Costs**

**References and Application.** The following terms wherever used in this **Addendum** mean:

**Location:**

- (i) As specified in the Schedule of **Locations**, except for Miscellaneous Unnamed **Locations**; or
- (ii) If not so specified or if a Miscellaneous Unnamed **Location**, a building bound on all sides by public streets, clear land space or open waterways, each not less than a fifty feet wide separation. Any bridge or tunnel crossing such street, space or waterway will render such separation inoperative for the purpose of this **References and Application**.

#### 3. Limits of Coverage

The terms and conditions of this Section constitute the **Pool's** Limits of Coverage as a whole for all **Members**. The maximum Limit of Coverage for the **Pool** as a

whole is \$500,000,000 per **Occurrence**, subject to the sublimits and inclusive of **Member** retentions stated below or by endorsement. The sublimits stated below are a part of, and do not increase, any Limits of Liability of the program.

When a Limit of Coverage is shown as applying in the Aggregate, the **Pool's** maximum Limit of Coverage will not exceed such limit during any fiscal year of the **Pool** regardless of the number of **Members, Locations** and coverages involved.

The following Sublimits apply on a per **Occurrence** basis, unless otherwise stated. Any Sublimit that applies on a per **Occurrence** basis applies to all losses in the Aggregate arising from any single **Occurrence** with respect to all **Members** covered under this **Addendum** regardless of the number of **Locations** or **Members** involved. Any Sublimit shown as applying in the Annual Aggregate applies to all losses for that peril/coverage in the Aggregate during the **Pool's** fiscal year regardless of the number of **Members, Locations** and coverages involved.

Sublimits:

|               |  |              |
|---------------|--|--------------|
| \$25,000,000  | Accounts Receivable  |              |
| \$2,500,000   | Animals Used For Research  |              |
| \$25,000,000  | Automatic Coverage   |              |
| \$100,000,000 | Demolition and Increased Cost of Construction  |              |
| \$1,000,000   | Unscheduled Contingent Tax Revenue Interruption  |              |
| \$10,000,000  | Contingent Business Interruption/Contingent Extra Expense<br>(excluding <b>Earthquake</b> and <b>Flood</b> ) |              |
| \$25,000,000  | Debris Removal (greater of 25% of loss or the limit shown)   |              |
| \$5,000,000   | Decontamination Costs  |              |
| \$1,000,000   | Deferred Payments  |              |
| \$100,000,000 | <b>Earthquake</b> Annual Aggregate Non-Critical  |              |
| \$100,000,000 | Equipment Breakdown, including:  |              |
|               | Spoilage   | \$5,000,000  |
|               | Service Interruption   | \$25,000,000 |
|               | Business Income  | INCLUDED     |
|               | Extra Expense  | \$10,000,000 |
|               | Expediting Expense   | \$5,000,000  |

|               |  |              |
|---------------|--|--------------|
|               | Hazardous Substance  | \$1,000,000  |
|               | Ammonia <b>Contamination</b>   | \$1,000,000  |
|               | <b>Data and Media</b>  | \$10,000,000 |
|               | CFC Refrigerants   | \$1,000,000  |
|               | Computer Equipment   | INCLUDED     |
| \$25,000,000  | Errors and Omissions   |              |
| \$10,000,000  | Expediting Expense   |              |
| \$25,000,000  | Extra Expense  |              |
| \$10,000,000  | Extended Period of Coverage  |              |
| \$10,000,000  | <b>Fine Arts</b>   |              |
| \$20,000,000  | <b>Flood</b> —Annual Aggregate as respects all <b>Locations</b> situated wholly or partially within Special <b>Flood</b> Hazard Area (SFHA).                                     |              |
| \$100,000,000 | <b>Flood</b> —Annual Aggregate as respects all <b>Locations</b> not situated wholly or partially within Special <b>Flood</b> Hazard Area (SFHA).                                 |              |
| \$25,000,000  | Ingress/Egress   |              |
| \$2,500,000   | Insect, Animal and Vermin damage to vehicles   |              |
| \$25,000,000  | Interruption by Civil Authority  |              |
| \$25,000,000  | Leasehold Interest   |              |
| \$25,000,000  | Miscellaneous Unnamed <b>Locations</b>   |              |
| \$2,500,000   | Mobile Medical Equipment   |              |
| \$5,000,000   | Professional Fees  |              |
| \$25,000,000  | <b>Property</b> in Course of Construction and <b>Soft Costs</b>  |              |
| \$25,000,000  | Service Interruption - <b>Property Damage</b> and Time Element Combined (including transmission facilities, excluding transmission and distribution lines in excess of one mile) |              |
| \$1,000,000   | Tax Treatment of Profits   |              |
| INCLUDED      | Temporary Removal of <b>Property</b> , except \$1,000,000 for the purpose of being repaired or serviced  |              |

|              |  |
|--------------|--|
| \$2,000,000  | Transit ( <b>Property Damage</b> and time element combined)  |
| \$25,000,000 | <b>Valuable Papers and Records</b>   |
| \$2,500,000  | Landscaping Improvements subject to \$15,000 any one shrub or tree   |
| \$150,000    | Any one Watercraft, \$1,500,000 any one <b>Occurrence</b> for Watercraft 27 feet or less in length   |
| \$500,000    | Any one <b>Location</b> , \$1,000,000 any one <b>Occurrence</b> for Piers, Docks, Pilings, Bulkheads, and Wharves  |
| \$250,000    | Unscheduled Tunnels, Bridges, and <b>Dams</b> unless specific values have been declared (excluding coverage for the peril of <b>Earthquake</b> and excluding Federal Emergency Management Agency (FEMA) and/or Office of Emergency Management (OEM) declared disasters, unless specifically scheduled) |

#### Time Limits

In addition to the time limits shown elsewhere in this **Addendum**, the following apply:

|                |                                 |
|----------------|---------------------------------|
| 30 Day Period  | Interruption by Civil Authority |
| 30 Day Period  | Ingress/Egress                  |
| 180 Day Period | Extended Period of Coverage     |

#### 4. **Contribution**

This **Addendum** is issued in consideration of the annual contribution as approved by the **Pool** Board of Trustees.

#### 5. **Value Reporting Provisions**

The **Member** has provided the **Pool**, 100% replacement cost values by **Location**.

#### 6. **Waiting Period**

For purposes of applying Service Interruption, Civil Authority and Ingress/Egress coverage, the Waiting Period is twenty-four (24) hours.

#### 7. **Deductibles**

In each case of loss covered by this **Addendum**, the **Pool** will be liable only if the **Member** sustains a loss in a single **Occurrence** greater than the underlying limit or the applicable deductible specified below, and only for its share of that greater amount.

a. **Flood**

- (i) As respects **Property** situated in a **Special Hazard Zone for Flood**, the following deductibles shall apply separately for loss from the peril of **Flood**:
- (ii) For all coverages covered against under this **Addendum**, the deductible shall be deemed to be the maximum Limit(s) of Insurance which the **Member** could have purchased for the eligible **Property** under the National **Flood** Insurance Program, whether purchased or not. Such deductibles shall apply and be totaled as if individual policy(ies) for buildings and personal **Property** could have been purchased from the National **Flood** Insurance Program and shall apply to those buildings where **Flood** damage or destruction has occurred and for which **Claim** is being sought.
- (iii) For all coverages covered against under this **Addendum** at **Locations** not eligible for coverage under the National **Flood** Insurance Program, or in the event the National **Flood** Insurance Program is discontinued, the deductible shall be \$500,000 per building or structure and \$500,000 for contents.
- (iv) However, these deductibles shall not apply to covered **Property** located outside of an area designated as a **Special Hazard Zone for Flood** nor to ensuing physical loss, or damage or destruction not otherwise excluded herein. Further, the deductibles described under paragraph (i) and (ii) above shall apply individually and supersede the “two or more deductibles provision” under the Deductible Conditions of this **Addendum**.
- (v) For all coverages covered against, in the event that the **Member** maintains underlying insurance through the National **Flood** Insurance Program (NFIP), it is agreed that this **Addendum** shall be excess over the recovery under such National **Flood** Insurance Policy(ies). Should the amount of loss payable under such National **Flood** Insurance Policy(ies) exceed the applicable **Flood** deductible under this **Addendum**, then no deductible shall apply hereunder. However, if the amount to be paid under such National **Flood** Insurance Policy(ies) is less than the applicable **Flood** deductible under this **Addendum**, then the amount to be deducted hereunder shall not exceed the difference between the amount to be paid under the **Member**’s National **Flood** Insurance Policy(ies) and the applicable **Flood** deductible under this **Addendum** absent this clause. Insurance maintained through the National **Flood** Insurance Program shall be considered underlying insurance.

(vi) For all other **Flood** losses, the deductible shall be \$1,000.

b. All Other Perils

As respects losses from any other peril, a \$500 deductible per **Occurrence** for all **Locations**, and coverages, combined shall apply, except **Automobile** physical damage, a \$1,000 per **Occurrence** shall apply.

c. Application of Multiple Deductibles:

In the event of any **Occurrence** resulting in loss or damage covered under this **Addendum** for which two or more deductibles apply, the total deductible shall not exceed the single largest deductible applicable to the **Occurrence**.

However, in any **Occurrence** where loss or damage is caused by more than one peril covered under this **Addendum**, the **Covered Party** shall have the right to separate the loss amount by peril for the purposes of application of the deductible(s) specified in this Section, notwithstanding the above reference to two or more deductibles.

## 8. References and Application

The following terms(s) wherever used in this **Addendum** means:

- a. **“Named Storm”** is defined as all loss or damage occurring during a period of 72 consecutive hours which is caused by or results from a storm or weather disturbance which is named as a Tropical Storm or Hurricane by the National Weather Service or any other recognized meteorological authority. Storm or weather disturbance includes all weather phenomenon associated with or occurring in conjunction with the storm or weather disturbance, including, but not limited to **Flood**, storm surge, wind driven rain, wind, hail, sleet, tornadoes, hurricane or lightning.
- b. **“Special Hazard Zone for Flood”** is defined as areas in which the covered **Property** is located and which at the time of direct physical loss, damage or destruction has been designated on a **Flood Insurance Rate Map** published by the Federal Insurance Administration to be a Special **Flood Hazard Area**.

In areas where the National **Flood Insurance Program** is not in effect, any area which in the past 100 years has been subject to **Flooding** where the covered **Property** is located regardless of whether:

- (i) The building or structure existed at the time of the **Flooding**;  
or
  - (ii) Any direct physical loss or damage from **Flood** occurred; or
  - (iii) Any **Flood Claim** for loss was ever filed, shall also be designated as a **Special Hazard Zone for Flood**.
- c. **“Federal Insurance & Mitigation Administration (FIMA)”** shall mean the federal entity within FEMA that directly administers the National **Flood** Insurance Program (NFIP).
- d. **“Federal Emergency Management Agency (FEMA)”** shall mean the federal agency under which the National **Flood** Insurance Program is administered.
- e. **“Flood Insurance Rate Map (FIRM)”** shall mean the official map of a community on which the administrator has designated the special hazards area applicable to the community.
- f. **“Special Flood Hazard Area (SFHA)”** shall mean the areas of a **Flood** insurance rate map which the FIRM identifies as Zones A, AO, AH, A1-30, AE, A99, AR, AR/A, AR/AE, AR/A1-A30, AR/AH, AR/AO, V, V1-30, and VE. For purposes of determining which areas qualify as Special **Flood** Hazard Areas as specified above, only those **Flood** zone maps which were in effect at the time of the **Flood** loss shall apply.
- g. **“Time Element Value”** shall be the sum of **Gross Earnings**, Extra Expense, Leasehold Interests, Rental Insurance and Commissions, Profits & Royalties that would have been earned for the **Location(s)** where the physical loss or damage occurs, had there not been physical loss or damage.

9. **Territory**

This **Addendum** covers Covered **Locations** in The United States of America.

**B. Property Damage**

1. **Property Covered**

This **Addendum** covers the following **Property**, unless otherwise excluded elsewhere in this **Addendum**, anywhere within the policy territory, to the extent of the interest of the **Member** in such **Property**.

- a. **Real Property**, including buildings, remodeling, installations and additions Under Construction at any new or Existing **Location(s)**, in which the **Member** has an insurable interest.
- b. **Personal Property**:
  - (i) Owned by the **Member**, including the **Member's** interest as a tenant in improvements and betterments. In the event of physical loss or damage, the **Pool** agrees to accept and consider the **Member** as sole and unconditional owner of improvements and betterments, notwithstanding any contract or lease to the contrary;
  - (ii) Of officers and employees of the **Member** while such **Property** is being held or used for the benefit of the **Member** with the **Member's** knowledge and consent;
  - (iii) Of others in the **Member's** custody to the extent the **Member** is under obligation to keep insured for physical loss or damage covered by this **Addendum**; or
  - (iv) Of others in the **Member's** custody to the extent of the **Member's** legal liability for physical loss or damage to personal **Property**. The **Pool** will defend that portion of any **Suit** against the **Member** that alleges such liability and seeks **Damages** for such covered physical loss or damage. The **Pool** may, without prejudice, investigate, negotiate and settle any such **Claim** or **Suit** as the **Pool** deems expedient.
  - (v) Equipment, towers and vehicles owned or leased by the **Member**.
- c. Motor vehicles owned by employees, officers and volunteers authorized according to the Utah Volunteer Governmental Workers Act, as amended, when such vehicles are being used for the benefit of the **Member** and with the **Member's** knowledge and consent, limited to the amount of any physical damage deductible under the owner's **Automobile** policy, not to exceed five hundred dollars per **Occurrence**.

Personal **Property** is covered anywhere within the **Addendum** Territory.

This **Addendum** also insures the interest of contractors and subcontractors in covered **Property** during construction at a Covered **Location**, to the extent of the **Member's** legal liability to insure physical loss or damage to such **Property**. Such interest of contractors and subcontractors is limited to the **Property** for which

they have been hired to perform work and such interest will not extend to any Time Element coverage provided under this **Addendum**.

## 2. **Property Excluded**

This **Addendum** excludes:

- a. Currency, **Money**, precious metal in bullion form, notes, or **Securities**.
- b. Land, water or any other substance in or on land; except this exclusion does not apply to:
  - (i) Land improvements consisting of landscaping including: trees & shrubs; pedestrian or golf cart pavements, tunnels and bridges; parking lots; **Dams** (including earthen **Dams**); piers; docks; pilings; bulkheads; wharves; piping; and retaining walls; , but not including any land beneath such **Property**.
  - (ii) Water that is contained within any enclosed tank, piping system or any other processing equipment.
- c. Animals, standing timber or growing crops.
- d. Watercraft greater than 27 feet or aircraft, except when unfueled and manufactured by the **Member**; spacecraft or satellites.
- e. Underground mines, mineshafts or caverns or any **Property** within such mine, shaft or cavern.
- f. Canals, off shore drilling rigs, or reservoirs.
- g. **Property** in Transit unless otherwise described in this **Addendum**. This exclusion does not apply to Property transported by the Member in a vehicle or mobile equipment owned or leased while operated by the Member.
- h. **Property** sold by the **Member** under conditional sale, trust agreement, installment plan or other deferred payment plan after delivery to customers except as provided by the Deferred Payment Coverage of this **Addendum**.
- i. Roads, bridges and tunnels used for vehicular travel; except this exclusion does not apply to bridges which are specifically scheduled.

### 3. Additional Coverages

This **Addendum** includes the following Additional Coverages for physical loss or damage covered by this **Addendum**. These Additional Coverages are subject to the applicable limit of liability, will not increase the **Pool**'s limit of liability, and are subject to the **Addendum** provisions, including applicable exclusions and deductibles.

All Additional Coverages as shown in this Section and elsewhere in this **Addendum**.

#### a. Accounts Receivable

This **Addendum** covers any shortage in the collection of Accounts Receivable, resulting from covered physical loss or damage to Accounts Receivable records while anywhere within this **Addendum**'s Territory, including while in transit. The **Pool** will be liable for the interest charges on any loan to offset impaired collections pending repayment of such sum uncollectible as the result of such loss or damage. Unearned interest and service charges on deferred payment accounts and **Normal** credit losses on bad debts will be deducted in determining the recovery.

- (i) In the event of loss to Accounts Receivable Records, the **Member** will use all reasonable efforts, including legal action, if necessary, to effect collection of outstanding Accounts Receivable.
- (ii) The **Member** agrees to use any suitable **Property** or service:
  - (A) Owned or controlled by the **Member**; or
  - (B) Obtainable from other sources;in reducing the loss under this Additional Coverage.
- (iii) This **Addendum** covers any other necessary and reasonable costs incurred to reduce the loss; to the extent the losses are reduced.
- (iv) If it is possible to reconstruct Accounts Receivable records so that no shortage is sustained, the **Pool** will be liable only for the reasonable and necessary cost incurred for material and time required to re-establish or reconstruct such records, and not for any costs covered by any other insurance or coverage.

- (v) **Accounts Receivable Exclusions:** The following exclusions are in addition to the Exclusions clause of this Section and the General Exclusions of this **Addendum**:

This Additional Coverage does not cover shortage resulting from:

- (A) Bookkeeping, accounting or billing errors or omissions; or
- (B) Alteration, falsification, manipulation; or
- (C) Concealment, destruction or disposal;

of Accounts Receivable records committed to conceal the wrongful giving, taking, obtaining or withholding of **Money**, **Securities** or other **Property**; but only to the extent of such wrongful giving, taking, obtaining or withholding.

- (vi) The settlement of loss will be made within 90 days from the date of physical loss or damage. All amounts recovered by the **Member** on outstanding accounts receivable on the date of loss will belong and be paid to the **Pool** up to the amount of loss paid by the **Pool**. All recoveries exceeding the amount paid will belong to the **Member**.

b. Automatic Coverage (Newly Acquired)

This **Addendum** covers covered **Property** including equipment, towers and vehicles, at any **Location** rented, leased or purchased by the **Member** after the inception date of this **Addendum** and within the **Addendum** Territory.

This Additional Coverage does not apply to **Property** in the Course of Construction.

This Additional Coverage does not apply to **Property** insured in whole or in part by any other insurance policy.

This coverage will apply until whichever of the following occurs first:

- (i) The **Location** is reported and scheduled by the **Pool**;
- (ii) 120 days has passed from the date of rental, lease or purchase.

c. Brands and Labels

If branded or labeled **Property** covered by this **Addendum** is physically damaged and the **Pool** elects to take all or any part of that **Property**, the **Member** may at the **Pool**'s expense:

- (i) Stamp "salvage" on the **Property** or its containers; or
- (ii) Remove or obliterate the brands or labels; if doing so will not damage the **Property**.

In either event, the **Member** must re-label such **Property** or its containers to be in compliance with any applicable law.

d. Consequential Reduction in Value

This **Addendum** covers the reduction in value of covered merchandise that is a part of pairs, sets or components, directly resulting from physical loss or damage covered by this **Addendum** to other covered parts of pairs, sets or components of such merchandise. If settlement is based on a constructive total loss, the **Member** will surrender the undamaged parts of such merchandise to the **Pool**.

e. Debris Removal

This **Addendum** covers the reasonable and necessary costs incurred to remove debris from a Covered **Location** that remains as a direct result of physical loss or damage covered by this **Addendum**.

This Additional Coverage does not cover the costs of removal of:

- (i) Contaminated uncovered **Property**; or
- (ii) The contaminant in or on uncovered **Property**; whether or not the **Contamination** results from covered physical loss or damage. **Contamination** includes, but is not limited to, the presence of **Pollution** or hazardous material.

f. Decontamination Costs

If covered **Property** is contaminated as a direct result of physical damage covered by this **Addendum** and there is in force at the time of the loss any law or ordinance regulating **Contamination**, including but not limited to the presence of **Pollution** or hazardous material, then this **Addendum** covers, as a direct result of enforcement of such law or ordinance, the increased cost of decontamination and/or removal of such contaminated covered **Property** in a manner to satisfy such law or ordinance. This Additional Coverage applies only to that part of covered **Property** so contaminated as a direct result of covered physical damage.

The **Pool** is not liable for the costs required for removing neither contaminated uncovered **Property** nor the contaminant therein or thereon, whether or not the **Contamination** results from a covered event.

g. Deferred Payments

This **Addendum** covers covered physical loss or damage to personal **Property** of the type covered, sold by the **Member** under a conditional sale or trust agreement or any installment or deferred payment plan and after such **Property** has been delivered to the buyer. Coverage is limited to the unpaid balance for such **Property**.

In the event of loss to **Property** sold under deferred payment plans, the **Member** will use all reasonable efforts, including legal action, if necessary, to effect collection of outstanding amounts due or to regain possession of the **Property**.

There is no liability under this **Addendum** for loss:

- (i) Pertaining to products recalled including, but not limited to, the costs of recall, test or to advertise such recall by the **Member**.
- (ii) From **Theft** or conversion by the buyer of the **Property** after the buyer has taken possession of such **Property**.
- (iii) To the extent the buyer continues payments.
- (iv) Not within the Territory of this **Addendum**.

h. Demolition and Increased Cost of Construction

- (i) This **Addendum** covers the reasonable and necessary costs incurred, described in Item (iii) below, to satisfy the minimum requirements of the enforcement of any law or ordinance regulating the demolition, construction, repair, replacement or use of buildings or structures at a Covered **Location**, provided:
  - (A) Such law or ordinance is in force on the date of covered physical loss or damage; and
  - (B) Its enforcement is a direct result of such covered physical loss or damage; and
- (ii) This Additional Coverage does not cover any loss due to any law or ordinance with which the **Member** should have complied before the loss.

- (iii) This Additional Coverage, as respects the **Property** covered in Item (i) above, covers:
  - (A) The cost to repair or rebuild the physically damaged portion of such **Property** with materials and in a manner to satisfy such law or ordinance; and
  - (B) The cost:
    - (I) To demolish the physically undamaged portion of such **Property** covered; and
    - (II) To rebuild it with materials and in a manner to satisfy such law or ordinance; to the extent that such costs result when the total demolition of the physically damaged covered **Property** is required to satisfy such law or ordinance.
- (iv) This Additional Coverage excludes any costs incurred as a direct or indirect result of enforcement of any laws or ordinances regulating any form of **Contamination** including but not limited to the presence of **Pollution** or hazardous material.
- (v) The **Pool's** maximum liability for this Additional Coverage at each Covered **Location** in any **Occurrence** will not exceed the actual cost incurred in demolishing the physically undamaged portion of the **Property** covered in Item (i) above plus the lesser of:
  - (A) The reasonable and necessary cost incurred, excluding the cost of land, in rebuilding on another site; or
  - (B) The cost of rebuilding on the same site.

i. **Earthquake**

This **Addendum** covers physical loss or damage caused by or resulting from an **Earthquake**.

This Additional Coverage does not apply to loss or damage caused by or resulting from **Flood**; rising waters; waves; tide or tidal water; the release of water; the rising, overflowing or breaking of boundaries of natural or man-made bodies of water; or the spray therefrom, surface water or sewer back-up resulting from any of the foregoing; all regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

- (i) **References and Application.** The following term, wherever used, means:

**“Earthquake”** any natural or man-made earth movement including, but not limited to, **Earthquake**, landslide, subsidence or volcanic eruption regardless of any other cause or event contributing concurrently or in any other sequence of loss. However, physical damage by fire, explosion, or sprinkler leakage resulting from **Earthquake** will not be considered to be loss by **Earthquake** within the terms and conditions of this **Addendum**. All **Earthquakes** within a continuous 72 hour period will be considered a single **Earthquake**; the beginning of such period shall be determined by the **Member**.

j. Errors and Omissions

If physical loss or damage is not payable under this **Addendum** solely due to an error or unintentional omission:

- (i) In the description of where covered **Property** is physically located;
- (ii) To include any **Location**:
  - (A) Owned, rented or leased by the **Member** on the effective date of this **Addendum**; or
  - (B) Purchased, rented or leased by the **Member** during the term of this **Addendum**; or
- (iii) That results in cancellation of the **Property** covered under this **Addendum**;

This **Addendum** covers such physical loss or damage, to the extent it would have provided coverage had such error or unintentional omission not been made.

This Additional Coverage does not apply to **Property** in the Course of Construction.

It is a condition of this Additional Coverage that any error or unintentional omission be reported by the **Member** to the **Pool** when discovered and corrected.

k. Expediting Costs

This **Addendum** covers the reasonable and necessary costs incurred to pay for the temporary repair of covered damage to Covered **Property** and to expedite the permanent repair or replacement of such damaged **Property**.

This Additional Coverage does not cover costs:

- (i) Recoverable elsewhere in this **Addendum**; or
- (ii) Of permanent repair or replacement of damaged **Property**.

l. **Fine Arts**

This **Addendum** covers physical loss or damage to **Fine Arts** articles while anywhere within this **Addendum**'s Territory, including while in transit.

- (i) This additional coverage excludes loss or damage if the **Fine Arts** cannot be replaced with other of like kind and quality, unless it is specifically declared to the **Pool**.
- (ii) **Fine Arts** Exclusion

The exclusions in the Exclusions clause of this Section do not apply to **Fine Arts** coverage except for: 4. a. (i), 4. a. (ii), 4. b. (i), 4. b. (ii), 4. b. (iii) (A), and 4. b. (iv).

This **Addendum** does not cover:

- (A) Deterioration, wear and tear or inherent vice;
- (B) Loss or damage from any repairing, restoration or retouching process.
- (iii) **References and Application.** The following term, wherever used, means:

“**Fine Arts**” are paintings; etchings; pictures; tapestries; rare or art glass; art glass windows; valuable rugs; statuary; sculptures; antique furniture; antique jewelry; bric-a-brac; porcelains; and similar **Property** of rarity, historical value, or artistic merit excluding **Automobiles**, coins, stamps, furs, jewelry, precious stones, precious metals, watercraft, aircraft, **Money**, **Securities**.

**Fine Arts** objects over \$10,000 in value must be scheduled and are sublimited to the reported value, but do not increase the Aggregate per **Occurrence** sublimit shown in the Limits of Coverage.

- m. Fire Brigade Charges and Extinguishing Expenses

This **Addendum** covers the following expenses resulting from a covered loss:

- (i) Fire brigade charges and any extinguishing expenses that the **Member** incurs;
- (ii) Loss and disposal of the fire extinguishing materials expended.

n. **Flood**

This **Addendum** covers physical loss or damage caused by or resulting from **Flood**.

**References and Application:** The following terms wherever used in this **Addendum** mean:

The term “**Flood**” shall mean:

- (i) A general and temporary condition of partial or complete inundation of **Normally** dry land areas from:
  - (A) **Flood**, or rising waters, waves, tide or tidal water;
  - (B) The unusual and rapid accumulation or runoff of surface waters from any source: or
  - (C) Mudslide or mud flow caused by accumulation of water on or under the ground.
- (ii) The release of water, the rising, overflowing or breaking of boundaries of natural or man-made bodies of water, or the spray there from:
- (iii) Surface water or water that backs up or flows from a sewer, drain or sump;

However, physical damage by fire, explosion or sprinkler leakage resulting from **Flood** is not considered to be loss by **Flood** within the terms and conditions of this **Addendum**.

o. Land and water contaminant or **Pollutant** cleanup, removal and disposal

This **Addendum** covers the reasonable and necessary cost for the cleanup, removal and disposal of contaminants or **Pollutants** from **Property** not covered consisting of land, including water or any other substance in land, and water on land, at the Covered **Location** if the release, discharge or

dispersal of contaminants or **Pollutants** is a direct result of covered physical loss or damage to Covered **Property**.

This **Addendum** does not cover the cost to cleanup, remove and dispose of contaminants or **Pollutants** from such **Property**:

- (i) At any **Location** covered for Personal **Property** only; or
- (ii) At any **Property** covered under Automatic Coverage, Errors and Omissions or Miscellaneous Unnamed **Locations** coverage provided by this **Addendum**; or
- (iii) When the **Member** fails to give written notice of loss to the **Pool** within 180 days after inception of the loss.

“**Pollution**” definition shall be any solid, liquid, gaseous or thermal irritant or contaminant, including, but not limited to, smoke, vapor, soot, fumes, acids, alkalis, chemicals, bacteria, fungi, virus, mold, spores, vaccines and **Waste**. **Waste** includes materials to be recycled, reconditioned or reclaimed.

p. Miscellaneous Unnamed **Locations**

This **Addendum** covers a **Member**'s interest in covered **Property** at any **Location** that is not specifically on file, identified, or scheduled by the **Pool**. No coverage is provided under this provision on **Property** while waterborne.

This provision does not cover any **Property** covered or excluded under any other item of this **Addendum**.

q. Mobile Medical Equipment

This **Addendum** covers physical loss or damage to Medical Equipment contained in Mobile Medical Care Vans, Ambulances, Mobile MRI, CAT scan or other similar mobile units owned or operated by the **Member**.

r. Professional Fees

This **Addendum** covers the actual costs incurred by the **Member**, of reasonable fees payable to the **Member**'s accountants, architects, auditors, engineers, or other professionals and the cost of using the **Member**'s employees, for producing and certifying any particulars or details contained in the **Member**'s books or documents, or such other proofs, information or evidence required by the **Pool** resulting from covered loss payable under this **Addendum** for which the **Pool** has accepted liability.

Coverage will not include the fees and costs of attorneys, public adjusters, and loss appraisers, all including any of their subsidiary, related or

associated entities either partially or wholly owned by them or retained by them for the purpose of assisting them.

s. **Property in the Course of Construction and Soft Costs**

This **Addendum** covers projects in the Course of Construction, at scheduled **Locations** and Non-Scheduled **Locations**, subject to the “Total Project Value” not to exceed the Sublimit shown in the Limits of Coverage clause of the Declarations Section at project inception. Projects in excess of that amount are subject to prior approval and must be specifically scheduled for coverage to apply.

This Additional Coverage does not apply to any project that the **Member** has agreed to waive subrogation rights against any other party for damage to the project.

This Additional Coverage also covers the necessary **Soft Costs** incurred by the **Member** during the Period of Recovery and directly caused by physical loss or damage of the type covered to real or personal **Property** of the type covered which is in the course of construction, including those at new sites and Non-Scheduled **Locations** subject to the “Total Project Value” not to exceed the Sublimit shown in the Limits of Liability clause of the Declarations Section.

This coverage will apply until whichever of the following occurs first:

- (i) The **Location** is bound by the **Pool**;
- (ii) The Time Limit shown in the Limits of Coverage clause in the Declarations has been reached. The Time Limit begins on the date of rental, lease or purchase.
- (iii) **References and Application.** The following term, wherever used in this **Addendum**, means:

**Soft Costs:**

- (A) Interest expense;
- (B) General overhead-developer expenses and additional real estate taxes
- (C) Legal or professional fees;
- (D) Marketing expenses and advertising expenses;
- (E) Debt service payments and insurance premiums;

- (F) Refinancing charges and bond interest;
- (G) Founders fees and miscellaneous operating expenses

t. Protection and Preservation of **Property**

This **Addendum** covers:

- (i) Reasonable and necessary costs incurred for actions to temporarily protect or preserve covered **Property**, provided such actions are necessary due to actual, or to prevent immediately impending, covered physical loss or damage to such covered **Property**.
- (ii) Reasonable and necessary:
  - (A) Fire department firefighting charges imposed as a result of responding to a fire in, on or exposing the covered **Property**;
  - (B) Costs incurred of restoring and recharging fire protection systems following a covered loss; and
  - (C) Costs incurred for the water used for fighting a fire in, on or exposing the covered **Property**.

This Additional Coverage is subject to the deductible provisions that would have applied had the physical loss or damage occurred.

u. Service Interruption **Property Damage**

- (i) This **Addendum** covers physical loss or damage to covered **Property** at a Covered **Location** when such physical loss or damage results from the interruption of the specified incoming services consisting of electricity, gas, fuel, steam, water, refrigeration or from the lack of outgoing sewerage service by reason of physical loss or damage of the type covered to real and personal **Property** of the type covered to the facilities of the supplier of such service located within this **Addendum**'s Territory, that immediately prevents in whole or in part the delivery of such usable service. For purposes of this coverage, Covered **Locations** includes Transmission Facilities, and Transmission and Distribution Lines except those lines in excess of one statute mile from a Covered **Location**.
- (ii) This Additional Coverage will apply when the **Period of Service Interruption** is in excess of the time shown as

Waiting Period in the Waiting Period clause of the  
Declarations Section.

- (iii) Additional General Provisions:
  - (A) The **Member** will immediately notify the suppliers of services of any interruption of such services.
  - (B) The **Pool** will not be liable if the interruption of such services is caused directly or indirectly by the failure of the **Member** to comply with the terms and conditions of any contracts the **Member** has for the supply of such specified services.
- (iv) **References and Application:** The following term wherever used means:

Period of Interruption: The period starting with the time when an interruption of specific services occurs and ending when, with due diligence and dispatch, the service could be wholly restored.

v. Tax Treatment of Profits

This **Addendum** is extended to cover the increased tax liability from a Covered Loss at a Covered **Location** if the tax treatment of:

- (i) The profit portion of a loss payment under this **Addendum** involving finished stock manufactured by the **Member**; and/or
- (ii) The profit portion of a Time Element loss payment under this **Addendum**; is greater than the tax treatment of profits that would have been incurred had no loss occurred.

w. Temporary Removal of **Property**

- (i) When covered **Property** is removed from a Covered **Location** for the purpose of being repaired or serviced or in order to avoid threatened physical loss or damage of the type covered by this **Addendum**, this **Addendum** covers such **Property**:
  - (A) While at the **Location** to which such **Property** has been moved; and
  - (B) For physical loss or damage as provided at the Covered **Location** from which such **Property** was removed.

- (ii) This Additional Coverage does not apply to **Property**:
  - (A) Covered, in whole or in part, elsewhere in this **Addendum**;
  - (B) Covered, in whole or in part, by any other insurance policy or coverage agreement; or
  - (C) Removed for **Normal** storage, processing or preparation for sale or delivery.

x. Transit

- (i) This **Addendum** covers the following within the Territory of this **Addendum**, **Personal Property**, except as excluded by this **Addendum**, while in transit:
  - (A) Owned by the **Member** within the Territory of this **Addendum**.
  - (B) Shipped to customers under F.O.B., C&F or similar terms. The **Member**'s contingent interest in such shipments is admitted.
  - (C) Of others in the actual or constructive custody of the **Member** to the extent of the **Member**'s interest or legal liability.
  - (D) Of others sold by the **Member** that the **Member** has agreed prior to the loss to cover during course of delivery.
- (ii) This Additional Coverage excludes:
  - (A) Samples in the custody of salespeople or selling agents.
  - (B) **Property** covered under import or export ocean marine insurance.
  - (C) Waterborne shipments, unless:
    - (I) By inland water; or
    - (II) By coastal shipments.
  - (D) Airborne shipments unless by regularly scheduled passenger airlines or air freight carriers.

- (E) **Property** of others, including the **Member's** legal liability for it, hauled on vehicles owned, leased or operated by the **Member** when acting as a common or contract carrier.
  - (F) Any transporting vehicle.
  - (G) **Property** shipped between continents, except by land or air between Europe and Asia.
- (iii) Coverage Attachment and Duration
- (A) This Additional Coverage covers from the time the **Property** leaves the original point of shipment for transit until the **Property** arrives at destination.
  - (B) However, coverage on export shipments not covered under ocean cargo policies ends when the **Property** is loaded on board overseas vessels or aircraft. Coverage on import shipments not covered under ocean cargo policies begins after discharge from overseas vessels or aircraft.
- (iv) This Additional Coverage:
- (A) Covers general average and salvage charges on shipments covered while waterborne.
  - (B) Covers physical loss or damage caused by or resulting from:
    - (I) Unintentional acceptance of fraudulent bills of lading, shipping or **Messenger** receipts;
    - (II) Improper parties having gained possession of **Property** through fraud or deceit.
- (v) The exclusions in the Exclusion clause of this Section do not apply to Transit coverage except for; 4. a. (i) through 4. a. (iv), 4. b. (i) through 4. b. (iv), 4. c. (i), 4. c. (iii), 4. c. (v), 4. c. (vi), 4. d. (i) and 4. d. (ii).
- (vi) Additional General Provisions
- (A) This Additional Coverage will not inure directly or indirectly to the benefit of any carrier or Bailee.

- (B) The **Member** has permission, without prejudicing this coverage, to accept:
  - (I) Ordinary bills of lading used by carrier;
  - (II) Released bills of lading;
  - (III) Undervalued bills of lading; and
  - (IV) Shipping or **Messenger** receipts.
- (C) The **Member** may waive subrogation against all railroads under sidetrack agreements.

Except as otherwise stated, the **Member** will not enter into any special agreement with carriers releasing them from their common law or statutory liability.

y. **Unscheduled Tunnels, Bridges and Dams**

This **Addendum** covers physical loss or damage to **Unscheduled Tunnels and Bridges** used for vehicular traffic and **Dams**, except earthen **Dams**, except that this coverage does not apply:

- (i) For the peril of **Earthquake**: and
- (ii) Federal Emergency Management Agency (FEMA) and/or Office of Emergency Management (OEM) declared disasters.

z. **Valuable Papers and Records and EDP Media**

This **Addendum** covers physical loss or damage to **Valuable Papers and Records** and **EDP Media** while anywhere within the Covered Territory, including while in transit.

- (i) This Additional Coverage excludes loss or damage to:
  - (A) **Property** described below, if such **Property** cannot be replaced with other of like kind and quality, unless specifically declared to the **Pool**;
  - (B) Currency, **Money** or **Securities**; and
  - (C) **Property** held as samples or for sale or for delivery after sale,

- (ii) **Valuable Papers and Records and EDP Media Exclusions:** The exclusions in the Exclusions clause of this Section do not apply to **Valuable Papers and Records** and **EDP Media** coverage except for: 4. a. (i) and 4. b. (i) to 4. b. (iv). In addition, as respects **Valuable Papers and Records** and **EDP Media** the following exclusions apply:

This **Addendum** does not cover:

- (A) Errors or omissions in processing, programming or copying unless physical damage not excluded by this **Addendum** results, in which event, this coverage will cover only such resulting damage.
- (B) Deterioration, inherent vice, vermin or wear and tear; all unless physical damage not excluded by this coverage results, in which event, this coverage will cover only such resulting damage.
- (iii) **References and Application.** The following terms, wherever used in this **Addendum**, means:

**Valuable Papers and Records:** Written, printed or otherwise inscribed documents, **Securities**, and records including but not limited to books, maps, films, drawings, abstracts, evidence of debt, deeds, mortgages, mortgage files, manuscripts and micro or electronically/magnetically inscribed documents, but not including the monetary value of monies and/or **Securities**.

**Electronic Data Processing Systems:** shall include, but not be limited to, transferring equipment, **Computer Systems**, telecommunications systems or electronic control equipment and component parts.

**EDP Media:** All forms of **Data**, converted **Data**, electronically converted **Data** and/or programs and/or applications and/or instructions and/or **Media** vehicles employed.

#### 4. **Exclusions**

The following exclusions apply unless specifically stated elsewhere in this **Addendum** or by endorsement hereto.

- a. This **Addendum** excludes:
- (i) Indirect or remote loss or damage.

- (ii) Interruption of business; except to the extent provided by this **Addendum**.
- (iii) Loss of market or loss of use.
- (iv) Loss or damage or deterioration arising from any delay.
- (v) Mysterious disappearance, loss or shortage disclosed on taking inventory for which the loss can be proven solely on the inventory records, or any unexplained loss.
- (vi) Loss from enforcement of any law or ordinance:
  - (A) Regulating the construction, repair, replacement, use or removal, including debris removal, of any **Property**; or
  - (B) Requiring the demolition of any **Property**, including the cost in removing its debris;

Except as provided by the Debris Removal, Decontamination Costs and Demolition and Increased Cost of Construction coverages of the **Property Damage** Section of this **Addendum**.

- (vii) Loss from the accumulated effects of smog, smoke, vapor, liquid and dust.
- b. This **Addendum** excludes loss or damage directly or indirectly caused by or resulting from any of the following regardless of any other cause or event, whether or not covered under this **Addendum**, contributing concurrently or in any other sequence to the loss:
- (i) Nuclear reaction or nuclear radiation or radioactive **Contamination**. However:
    - (A) If physical damage by fire or sprinkler leakage results, then only that resulting damage is covered; but not including any loss or damage due to nuclear reaction, radiation or radioactive **Contamination**.
    - (B) This **Addendum** does cover physical damage directly caused by sudden and accidental radioactive **Contamination**, including resultant radiation damage, from material used or stored or from processes conducted on the Covered **Location**, provided that on the date of loss, there is neither a

nuclear reactor nor any new or used nuclear fuel on the Covered **Location**.

- (ii) War or Military Action including:
    - (A) War, including undeclared or civil war; or
    - (B) Warlike action by a military force, including action hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
    - (C) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.
  - (iii) Discharge, explosion or use of any nuclear device, weapon or material employing or involving nuclear fission, fusion or radioactive force, whether in time of peace or war and regardless of who commits the act.
  - (iv) Seizure or destruction under quarantine or custom regulation, or confiscation by order of any governmental or public authority.
  - (v) Risks of contraband, or illegal transportation or trade.
- c. Any dishonest act, including but not limited to **Theft**, committed alone or in collusion with others, at any time:
- (i) By a **Member** or any proprietor, partner, director, trustee, officer, or employee of a **Member**; or
  - (ii) By any proprietor, partner, director, trustee, or officer of any business or entity (other than a common carrier) engaged by a **Member** to do anything in connection with **Property** covered under this **Addendum**.

This **Addendum** does cover acts of direct covered physical damage intentionally caused by an employee of a **Member** or any individual specified in (ii) above, and done without the knowledge of the **Member**. In no event does this **Addendum** cover loss by **Theft** by any individual specified in (i) or (ii) above.

- d. Lack of the following services:
- (i) incoming electricity, fuel, water, gas, steam, refrigerant;

- (ii) outgoing sewerage;
- (iii) incoming or outgoing voice, **Data** or video;

All when caused by an **Occurrence** off the Covered **Location**, except as provided in Service Interruption in the **Property Damage** or Time Element Section of this **Addendum**. But, if the lack of such a service directly causes physical damage covered by this **Addendum** on the Covered **Location**, then only that resulting damage is covered.

e. This **Addendum** excludes the following, but, if physical damage not excluded by this **Addendum** results, then only that resulting damage is covered:

- (i) Faulty workmanship, material, construction or design from any cause.
- (ii) Loss or damage to stock or material attributable to manufacturing or processing operations while such stock or material is being processed, manufactured, tested, or otherwise worked on.
- (iii) Deterioration, depletion, rust, corrosion or erosion, wear and tear, inherent vice or latent defect.
- (iv) Settling, cracking, shrinking, bulging, or expansion of foundations (including any pedestal, pad, platform or other **Property** supporting machinery), floors, pavements, walls, ceilings or roofs.
- (v) Damage caused by;
  - (A) Changes of temperature damage (except to machinery or equipment); or
  - (B) Changes in relative humidity damage;

All whether atmospheric or not.

- (vi) Insect, animal or vermin damage.
- f. This **Addendum** excludes the following unless directly resulting from other physical damage not excluded by this **Addendum**:
- (i) **Contamination** including but not limited to the presence of **Pollution** or hazardous material; and

- (ii) Shrinkage, changes in color, flavor, texture or finish.
- (iii) Fungus, mold or mildew.

**C. Time Element**

**1. Loss Covered**

- a. This **Addendum** covers Time Element loss, as provided in the Time Element coverage, directly resulting from physical loss or damage of the type covered by this **Addendum**:
  - (i) To **Property** described elsewhere in this **Addendum** and not otherwise excluded by this **Addendum** or otherwise limited in the Time Element coverages below; and
  - (ii) Used by the **Member**, or for which the **Member** has contracted use; and
  - (iii) Located at an Covered **Location** or in the case of Personal **Property** within the covered Territory; and
  - (iv) While in transit as provided by this **Addendum**; and
  - (v) During the Periods of Coverage described in this Section.
- b. This **Addendum** covers Time Element loss only to the extent it cannot be reduced through:
  - (i) The use of any **Property** or service owned or controlled by the **Member**;
  - (ii) The use of any **Property** or service obtainable from other sources;
  - (iii) Working extra time or overtime; or
  - (iv) The use of inventory;

Time Element loss whether at a Covered **Location** or at any Other **Location**. The **Pool** reserves the right to take into consideration the combined operating results of all associated, affiliated or subsidiary entities of the **Member** in determining the Time Element loss.
- c. This **Addendum** covers expenses reasonably and necessarily incurred by the **Member** to reduce the loss otherwise payable under this Section of this **Addendum**. The amount of such recoverable

expenses will not exceed the amount by which the loss has been reduced.

- d. Except as respects Leasehold Interest, in determining the amount of loss payable, the **Pool** will consider the experience of the business before and after and the probable experience during the Period of Coverage.

## 2. **Time Element Coverages**

### a. **Gross Earnings**

#### (i) Measurement of Loss:

- (A) The recoverable **Gross Earnings** loss is the Actual Loss Sustained by the **Member** of the following during the Period of Coverage:
  - (I) **Gross Earnings** including **Ordinary Payroll**;
  - (II) Less all charges and expenses that do not necessarily continue during the interruption of production or suspension of business operations or services;
  - (III) Plus all other earnings derived from the operation of the business;
- (B) In determining the indemnity payable as the Actual Loss Sustained, the **Pool** will consider the continuation of only those **Normal** charges and expenses that would have been earned had no interruption of production or suspension of business operations or services occurred.
- (C) There is recovery hereunder only to the extent that the **Member** is:
  - (I) Wholly or partially prevented from producing goods or continuing business operations or services;
  - (II) Unable to make up lost production within a reasonable period of time, not limited to the period during which production is interrupted;

- (III) Unable to continue such operations or services during the Period of Coverage; and
  - (IV) Able to demonstrate a loss of sales for the services or production prevented.
- (D) **References and Application.** The following terms mean:

**Gross Earnings**, as used in item 2. a. (i) (A):

- (I) For manufacturing operations: the net sales value of production less the cost of all raw stock, materials and supplies used in such production; or
- (II) For mercantile or non-manufacturing operations: the total net sales less cost of merchandise sold, materials and supplies consumed in the operations or services rendered by the **Member**.

**Ordinary Payroll**, as used in item 2. a. (i) (A):

**Ordinary Payroll** includes the **Member's** payroll for all employees except officers, executives, department managers, and employees under contract. It is comprised of, but not limited to, the payroll, benefits paid for the payroll, social security (FICA), union dues paid for the payroll, and workers compensation paid for the payroll.

Any amount recovered under **Property Damage** coverage at selling price for loss or damage to merchandise will be considered to have been sold to the **Member's** regular customers and will be credited against net sales.

b. Extra Expense

- (i) Measurement of Loss:

The recoverable Extra Expense loss will be the reasonable and necessary extra costs incurred by the **Member** of the following during the Period of Coverage:

- (A) Extra expenses to temporarily continue as nearly **Normal** as practicable the conduct of the **Member's** business and
- (B) Extra costs of temporarily using **Property** or facilities of the **Member** or others;

Less any value remaining at the end of the Period of Coverage for **Property** obtained in connection with the above.

- (ii) Extra Expense Exclusions: As respects Extra Expense, the following are also excluded:
  - (A) Any loss of income.
  - (B) Costs that **Normally** would have been incurred in conducting the business during the same period had no physical loss or damage occurred.
  - (C) Cost of permanent repair or replacement of **Property** that has been damaged or destroyed.
  - (D) Any expense recoverable elsewhere in this **Addendum**.

- (iii) **References and Application.** The following term means:

**Normal:** The condition that would have existed had no physical loss or damage occurred.

c. Leasehold Interest

- (i) Measurement of Loss: The recoverable Leasehold Interest loss is as follows:
  - (A) If the lease agreement requires continuation of rent; and if the **Property** is wholly untenable or unusable, the actual rent payable for the unexpired term of the lease; or if the **Property** is partially untenable or unusable, the proportion of the rent payable for the unexpired term of the lease.
  - (B) If the lease is canceled by the lessor pursuant to the lease agreement or by the operation of law; the **Lease Interest** for the first three months following the loss; and the **Net Lease Interest** for the remaining unexpired term of the lease.

- (ii) **References and Application:** The following terms mean:

**Lease Interest:** The excess rent paid for the same or similar replacement **Property** over actual rent payable plus cash bonuses or advance rent paid (including maintenance or operating charges) for each month during the unexpired term of the **Member's** lease.

**Net Lease Interest:** That sum which placed at three percent interest rate compounded annually would equal the **Lease Interest** (less any amounts otherwise payable hereunder).

- (iii) Leasehold Interest Exclusions: As respects to Leasehold Interest, the Time Element Exclusions a. b. and c. do not apply and the following applies instead:

This **Addendum** does not cover any increase in loss resulting from the suspension, lapse or cancellation of any license, or from the **Member** exercising an option to cancel the lease; or from any act or omission of the **Member** that constitutes a default under the lease.

In addition, there is no coverage for the **Member's** loss of Leasehold Interest directly resulting from damage to Personal **Property**.

d. Rental Coverage

- (i) **Measurement of Loss:** The recoverable Rental Coverage loss is the Actual Loss Sustained by the **Member** of the following during the Period of Coverage:

(A) The fair rental value of any portion of the **Property** occupied by the **Member**;

(B) The income reasonably expected from rentals of unoccupied or unrented portions of such **Property**;  
and

(C) The rental income from the rented portions of such **Property** according to bona fide leases, contracts or agreements in force at the time of loss;

All not to include noncontinuing charges and expenses.

- (ii) **Rental Coverage Exclusions:** As respects Rental Coverage, Time Element Exclusion a. does not apply and the following applies instead:

This **Addendum** does not cover any loss of rental income during any period in which the **Member Property** would not have been tenantable for any reason other than a covered loss.

3. **Contingent Tax Revenue Interruption (Excluding Earthquake, Named Storm, and Flood).**

This **Addendum** covers loss resulting directly from necessary interruption of sales, **Property** or other tax revenue collected by or due the **Member** caused by damage, or destruction by a peril not excluded from this **Addendum to Property** which is not operated by the **Member** and which wholly or partially prevents the generation of revenue for the account of the **Member**.

- a. In the event of such damage or destruction, the **Pool** shall cover, with limitations as indicated, if the following conditions (i) and (ii) are both met:
- (i) The total revenue is reduced to less than 97.5% of the **Member's** anticipated revenue had no loss occurred.
  - (ii) The **Pool** shall cover the actual loss sustained for only the length of time as would be required with exercise of due diligence and dispatch to rebuild, replace or repair the contributing **Property** commencing with the date of damage to the contributing **Property**.

If the **Member** has reported Revenue Interruption values for which premium has been charged, such loss recovery after deductible shall be limited to whichever is the least of:

- (iii) The amount declared;
- (iv) The actual loss sustained;
- (v) The difference in amount between 97.5% of the anticipated revenue and the actual total revenue after loss.

If the **Member** has not reported Revenue Interruption values for which premium has been charged, such loss recovery after deductible shall be limited to whichever is the least of:

- (vi) The **Addendum** sublimit;
- (vii) The latest values for these items declared by the **Member** making the **Claim** or \$100,000 per **Occurrence** if no values have been declared by the **Member** making the **Claim**.

- b. Deductible: Each loss or series of losses arising out of one event at each **Location** shall be adjusted separately and from the aggregated amount of all such losses 2.5% of the annual revenue value shall be deducted.

4. **Time Element Coverage Extensions**

- a. Contingent Business Interruption

This **Addendum** covers the Actual Loss Sustained and Extra Expense incurred by the **Member** during the Period of Coverage:

- (i) Directly resulting from physical loss or damage of the type covered; and
- (ii) To **Property** of the type covered,

At direct supplier or customer **Locations** located within the Territory of this **Addendum**.

The term “supplier or customer” does not include any company supplying to or receiving from the Covered **Location**, as described elsewhere in this **Addendum**, electricity, fuel, gas, water, steam, refrigeration, sewage or telecommunications.

- b. Extended Period of Coverage

The **Gross Earnings** and Rental Coverage coverages are extended to cover the reduction in sales resulting from:

- (i) The interruption of business as covered by **Gross Earnings**;
- (ii) For such additional length of time as would be required with the exercise of due diligence and dispatch to restore the **Member**'s business to the condition that would have existed had no loss occurred; and
- (iii) The loss of rental income or rental value as covered by Rental Coverage;

Commencing with the date on which the coverage for loss resulting from interruption of business would terminate if this Extension had not been included herein.

Extended Period of Coverage Exclusions: As respects Extended Period of Coverage, the Time Element Exclusion for increase in loss due to suspension, lapse of any lease, contract or license or order does not apply.

This **Addendum** does not cover against any increase in loss due to fines or **Damages** for breach of contract or for late or non-completion of orders, or penalties of any nature.

Coverage under this Extension for the reduction in sales due to contract cancellation will be limited to only those sales that would have been earned under the contract during the Extended Period of Coverage.

Coverage under this extension does not apply for more than the number of consecutive days shown in the Limits of Coverage clause of the Declarations Section.

c. Ingress/Egress

This **Addendum** covers the Actual Loss Sustained and Extra Expense incurred by the **Member** due to the necessary interruption of the **Member's** business due to prevention of ingress to or egress from a Covered **Location**, provided that such prevention is a direct result of physical damage of the type covered by this **Addendum**, to the kind of **Property** not excluded by this **Addendum**, and which is located within five (5) statute mile of the Covered **Location** incurring loss.

Ingress/Egress Exclusions: As respects Ingress/Egress, the following exclusions are applicable:

This **Addendum** does not cover loss resulting from:

- (i) Lack of incoming or outgoing service consisting of electric, fuel, gas, water, steam, refrigerant, sewerage and telecommunications.
- (ii) Picketing or other action by strikers except for physical damage not excluded by this **Addendum**.

This **Addendum** does not provide coverage under this extension for more than the number of consecutive days shown in the Limits of Coverage clause of the Declarations Section.

d. Interruption by Civil Authority

This **Addendum** covers the Actual Loss Sustained and Extra Expense incurred by the **Member** during the Period of Coverage, not exceeding thirty (30) consecutive calendar days, when access to Covered **Locations** is specifically prohibited by order of civil authority, provided such order is a direct result of actual loss or damage from a peril covered under this **Addendum** to **Property** of the type covered under this **Addendum** which is located within five (5) statute miles of the Covered **Location** to which access is prohibited.

The **Pool** shall not be liable under this extension for more than amounts shown in the Limits of Coverage clause of the Declarations Section.

All **Claims** under this extension for loss, damage or expense arising out of one “**Occurrence**” shall be adjusted as one loss.

e. On **Premises** Services

This **Addendum** covers the Actual Loss Sustained by the **Member** during the Period of Coverage directly resulting from physical loss or damage of the type covered to the following **Property** located on the **Member’s Premises**:

- (i) Electrical and telecommunications equipment.
- (ii) Electrical, telecommunications, fuel, gas, water, steam, refrigeration and sewerage transmission lines.

f. Protection and Preservation of **Property** Time Element

This **Addendum** covers the Actual Loss Sustained by the **Member** for a period of time not to exceed 24 hours prior to and 24 hours after the **Member** first taking reasonable action for the temporary protection and preservation of **Property** covered by this **Addendum** provided such action is necessary to prevent immediately impending physical loss or damage covered by this **Addendum** at such covered **Property**.

This extension is subject to the deductible provisions that would have applied had the physical loss or damage occurred.

g. Related Reported Values

If reported Time Element values include:

- (i) **Locations** used by the **Member** but not listed on a schedule under this **Addendum**; and
- (ii) A Time Element loss would result at such **Locations**,
- (iii) From covered physical loss or damage at a Covered **Location**;

Then this **Addendum** provides coverage for such resulting Time Element loss in accordance with the coverage applicable at such Covered **Location**.

h. Research and Development

The **Gross Earnings** and Gross Profit coverages are extended to insure the Actual Loss Sustained by the **Member** of continuing fixed charges and ordinary payroll directly attribute to the interruption of research and development activities that in themselves would not have produced income during the Period of Coverage.

The Period of Coverage for this Time Element Coverage Extension will be the period from the time of direct physical loss or damage of the type covered by this **Addendum** to the time when the **Property** could be repaired or replaced and made ready for operations under the same or equivalent physical and operating conditions that existed prior to damage.

- i. Service Interruption Time Element
  - (i) This **Addendum** covers the Actual Loss Sustained and Extra Expense incurred by the **Member** during the **Period of Service Interruption** at Covered **Locations** when the loss is caused by the interruption of incoming services consisting of electricity, gas, fuel, steam, water, refrigeration or from the lack of outgoing sewerage service by reason of physical loss or damage of the type covered to real and personal **Property** of the type covered to the facilities of the utility supplier (excluding overhead transmission & distribution lines in excess of one mile from a Covered **Location**) of such service located within this **Addendum**'s Territory, that immediately prevents in whole or in part the delivery of such usable services.
  - (ii) This extension will apply when the **Period of Service Interruption** is in excess of the time shown as Waiting Period in the Waiting Period clause of the Declarations Section.
  - (iii) Additional General Provisions:
    - (A) The **Member** will immediately notify the suppliers of services of any interruption of such services.
    - (B) The **Pool** will not be liable if the interruption of such services is caused directly or indirectly by the failure of the **Member** to comply with the terms and conditions of any contracts the **Member** has for the supply of such specified services.
  - (iv) **References and Application:** The following term means:  
**Period of Service Interruption:** The period starting with the time when an interruption of specified services occurs; and

ending when with due diligence and dispatch the service could be wholly restored and the **Location** receiving the service could or would have resumed **Normal** operations following the restorations of service under the same or equivalent physical and operating conditions as provided by the Period of Coverage provision of this Section of this **Addendum**.

- (A) The **Period of Service Interruption** is limited to only those hours during which the **Member** would or could have used services(s) if it had been available.
- (B) The **Period of Service Interruption** does not extend to include the interruption of operations caused by any reason other than interruption of the specified service(s).

4. **Period of Coverage**

a. The Period of Coverage applying to all Time Element Coverages, except Gross Profit and Leasehold Interest and as shown below, or if otherwise provided under the Time Element Coverage Extensions, is as follows:

- (i) For building and equipment, the period:
  - (A) Starting from the time of physical loss or damage of the type covered; and
  - (B) Ending when with due diligence and dispatch the building and equipment could be:
    - (I) Repaired or replaced; and
    - (II) Made ready for operations;Under the same or equivalent physical and operating conditions that existed prior to the damage.
  - (C) Not to be limited by the expiration of this **Addendum**.
- (ii) For building and equipment under construction:
  - (A) The equivalent of the above period of time will be applied to the level of business that would have been reasonably achieved after construction and startup would have been completed had no physical damage happened; and

- (B) Due consideration will be given to the actual experience of the business compiled after completion of the construction and startup.
- (iii) For stock-in-process and mercantile stock, including finished goods not manufactured by the **Member**, the time required with the exercise of due diligence and dispatch:
  - (A) To restore stock in process to the same state of manufacture in which it stood at the inception of the interruption of production or suspension of business operations or services; and
  - (B) To replace physically damaged mercantile stock.

This item does not apply to Rental Coverage.

- (iv) For raw materials and supplies, the period of time:
  - (A) Of actual interruption of production or suspension of operations or services resulting from the inability to get suitable raw materials and supplies to replace similar ones damaged; but
  - (B) Limited to that period for which the damaged raw material and supplies would have supplied operating needs.
- (v) If water:
  - (A) Used for any manufacturing purpose, including but not limited to as a raw material or for power;
  - (B) Stored behind **Dams** or in reservoirs; and
  - (C) On any Covered **Location**;

Is released as the result of physical damage of the type covered under this **Addendum** to such **Dam**, reservoir or connected equipment, the **Pool's** liability due to inadequate water supply is limited to 30 consecutive days after the damaged **Dam**, reservoir or connected equipment has been repaired or replaced.

This item does not apply to Rental Coverage.

- (vi) For physically damaged exposed film, records, manuscripts and drawings, the time required to copy from backups or from originals of a previous generation. This time does not

include research, engineering or any other time necessary to restore or recreate lost information.

This item does not apply to Rental Coverage.

- (vii) For physically damaged or destroyed **Data**, programs or other **Software** stored on electronic, electro-mechanical, electro-magnetic **Data** processing or production equipment, the time to recreate or restore including the time for researching or engineering lost information.

This item does not apply to Rental Coverage.

- (viii) If an order of civil authority prohibits access to the Covered **Location** and provided such order is the direct result of physical damage of the type covered under this **Addendum** at the Covered **Location** or within five statute miles of it, the period of time:

- (A) Starting at the time of physical damage; but
- (B) Not to exceed 30 consecutive days.

- b. The Period of Coverage does not include any additional time due to the **Member's** inability to resume operations for any reason, including but not limited to:

- (i) Making changes to equipment.
- (ii) Making changes to the buildings or structures except as provided in the Demolition and Increased Cost of Construction provision.
- (iii) Restaffing or retraining employees.

If, two or more Periods of Coverage apply such periods will not be cumulative.

## 5. **Time Element Exclusions**

In addition to exclusion elsewhere in this **Addendum**, the following exclusions apply to Time Element loss:

This **Addendum** does not cover:

- a. Any loss during any idle period, including but not limited to when production, operation, service or delivery or receipt of goods would

cease, or would not have taken place or would have been prevented due to:

- (i) Physical loss or damage not covered by this **Addendum** on or off of the Covered **Location**.
  - (ii) Planned or rescheduled shutdown.
  - (iii) Strikes or other work stoppage.
  - (iv) Any other reason other than physical loss or damage covered by this **Addendum**.
- b. Any increase in loss due to:
- (i) Suspension, cancellation or lapse of any lease, contract, license or orders; or
  - (ii) Fines or damages for breach of contract or for late or non-completion of orders; or
  - (iii) For penalties of any nature; or
  - (iv) Any other consequential or remote loss.
- c. Any loss resulting from loss or damage to finished goods manufactured by the **Member**, nor the time required for their reproduction.

## **D. Loss Adjustment and Settlement**

### **1. Loss Adjustments/Payable**

Loss, if any, will be adjusted with and payable to the **Member** or as may be directed by the **Member**. Additional covered parties will also be included in loss payment as their interests may appear when named as Additional **Covered Party**, lender, mortgagee and/or loss payee in the Certificates of Coverage on file with the **Pool** or named below.

### **2. Currency for Loss Payment**

Losses will be adjusted and paid in the currency of the United States of America.

### **3. Valuation**

Adjustment of the physical damage loss amount under this **Addendum** will be computed as of the date of loss at the **Location** of the loss, and for no more than the interest of the **Member**, subject to the following:

- a. On stock-in-process, the value of raw materials and labor expended plus the proper proportion of overhead charges.
- b. On finished goods manufactured by the **Member**, the regular cash selling price at the **Location** where the loss happens, less all discounts and charges to which the finished goods would have been subject had no loss happened.
- c. On raw materials, supplies and other merchandise not manufactured by the **Member**:
  - (i) If repaired or replaced, the actual expense incurred in repairing or replacing the damaged or destroyed **Property**; or
  - (ii) If not repaired or replaced, the actual cash value.
- d. On **Property** covered under Deferred Payments, the lesser of the:
  - (i) Total amount of unpaid installments less finance charges;
  - (ii) Actual cash value of the **Property** at the time of loss; or
  - (iii) Cost to repair or replace with material of like size, kind and quality.
- e. On **Fine Arts** articles, the lesser of:
  - (i) The reasonable and necessary cost to repair or restore such **Property** to the physical condition that existed on the date of loss;
  - (ii) Cost to replace the article; or
  - (iii) The value, if any, stated on a schedule on file with the **Pool**.

In the event a **Fine Arts** article is part of a pair or set, and a physically damaged article cannot be replaced, or repaired or restored to the condition that existed immediately prior to the loss, the **Pool** will cover the lesser of the full value of such pair or set or the amount designated on the schedule. The **Member** agrees to surrender the pair or set to the **Pool**.

- f. On **Valuable Papers and Records** and **EDP Media**:

On **Data**, programs or **Software** stored on electronic, electro-mechanical, or electro-magnetic **Data** processing or production equipment:

- (i) The cost to repair, replace or restore **Data**, programs or **Software** including the costs to recreate, research and engineer;
  - (ii) If not repaired, replaced or restored within two years from the date of loss, the blank value of the **Media**.
- g. On all other **Valuable Papers and Records** and **EDP Media**, the lesser of the following:
  - (i) The cost to repair or restore, including the cost to recreate, research and engineer the item to the condition that existed immediately prior to the loss;
  - (ii) The cost to replace the item; or
  - (iii) The amount designated for the item on the Schedule on file with the **Pool**.
- h. On **Mobile Equipment** and Vehicles:
  - (i) The lesser of the Actual Cash Value at the time of loss or the cost to repair.
  - (ii) If not repaired or replaced, the actual cash value.
- i. On Historical **Property**, valuation will be based upon the following requirements:
  - (i) The **Member** shall provide written notice to the **Pool** which specifically identifies where the **Property** is located, when it was built, its total square footage with an attached appraisal based upon reproduction value that was conducted within the past five (5) years.
  - (ii) At the time of loss, the basis of valuation for Historical **Property**, when the **Member** has not complied, will be replacement cost as defined in k. below. Where the **Member** has complied with the requirements, the basis of valuation will be Reproduction Cost, if not replaced, at actual cash value. "Reproduction Cost" is defined as the cost to repair, rebuild or replace with material of like kind and quality compatible to those originally used, including the cost of skilled labor and/or authentic materials necessary to restore the **Property** as nearly as possible to its original condition.
- j. On **Property** in transit:

- (i) **Property** shipped to or for the account of the **Member** will be valued at actual invoice to the **Member**. Included in the value are accrued costs and charges legally due. Charges may include the **Member**'s commission as selling agent.
- (ii) **Property** sold by the **Member** and shipped to or for the purchaser's account will be valued at the **Member**'s selling invoice amount. Prepaid or advanced freight costs are included.
- (iii) **Property** not under invoice will be valued:
  - (A) For **Property** of the **Member**, at the valuation provisions of this **Addendum** applying at the **Location** from which the **Property** is being transported; or
  - (B) For other **Property**, at the actual cash market value at the destination point on the date of **Occurrence**;

Less any charges saved which would have become due and payable upon arrival at destination.

- k. On all other **Property**, the loss amount will not exceed the lesser of the following:
  - (i) The cost to repair;
  - (ii) The cost to rebuild or replace on the same site with new materials of like size, kind and quality;
  - (iii) The cost in rebuilding, repairing or replacing on the same or another site, but not to exceed the size and operating capacity that existed on the date of loss;
  - (iv) The selling price of real **Property** or machinery and equipment, other than stock, offered for sale on the date of loss;
  - (v) The cost to replace non repairable electrical or mechanical equipment, including computer equipment, with equipment that is the most functionally equivalent to that damaged or destroyed, even if such equipment has technological advantages and/or represents an improvement in function and/or forms part of a program of system enhancement.
  - (vi) The increased cost of demolition, if any, resulting from loss covered by this **Addendum**, if such **Property** is scheduled for demolition;

- (vii) The unamortized value of improvements and betterments, if such **Property** is not repaired or replaced at the **Member's** expense; or
- (viii) The Actual Cash Value if such **Property** is:
  - (A) Useless to the **Member**;
  - (B) Not repaired, replaced or rebuilt on the same or another site within two years from the date of loss, or
  - (C) Scheduled with the **Pool**, at Actual Cash Value for contribution calculation purposes.

The **Member** may elect not to repair or replace the covered real and or personal **Property** lost, damaged or destroyed. Loss settlement may be elected on the lesser of repair or replacement cost basis if the proceeds of such loss settlement are expended on other capital expenditures related to the **Member's** operations within two (2) years from the date of loss. As a condition of collecting under this item, such expenditure must be unplanned as of the date of loss and be made at a Covered **Location** under this **Addendum**. This item does not extend to Demolition and Increased Cost of Construction.

- (ix) The **Pool** will not pay the full amount of any loss if the value of the Covered **Property** at the time of the loss times the percentage required in the Value Reporting Provision of this **Addendum** is greater than the amount the Covered **Property** is valued at on the **Pool** schedules at the time of loss. Instead, we will determine the most we will pay using the following steps:
  - (A) Multiply the value of the Covered **Property** at the time of loss by the percentage required in the Value Reporting Provision of this **Addendum**;
  - (B) Divide the amount the Covered **Property** was valued at on the **Pool** schedules at the time of loss by the figure determined in step (A);
  - (C) Multiply the total amount of loss, before the application of any deductible, by the figure determined in step (B); and
  - (D) Subtract the deductible from the figure determined in step (C).

(E) We will pay the amount determined in step (D) or the amount the Covered **Property** was valued at on the **Pool** schedules at the time of loss, whichever is less.

(x) **References and Application.** The following term, wherever used in this **Addendum**, means:

Actual Cash Value: The amount it would cost to repair or replace covered **Property**, on the date of loss, with material of like kind and quality, with proper deduction for obsolescence and physical depreciation.

#### 4. **Loss Conditions**

##### Requirements in Case of Loss

The **Member** will:

- a. Give written notice to the **Pool** of any loss as soon as practicable.
- b. Protect the **Property** from further loss or damage.
- c. Promptly separate the damaged and undamaged **Property**; put it in the best possible order; and furnish a complete inventory of the lost, destroyed, damaged and undamaged **Property** showing in detail the quantities, costs, actual cash value, replacement value and amount of loss claimed.
- d. Give a signed and sworn proof of loss to the **Pool** within 90 days after the loss, unless that time is extended in writing by the **Pool**. The proof of loss must state the knowledge and belief of the **Member** as to:
  - (i) The time and origin of the loss;
  - (ii) The **Member**'s interest and that of all others in the **Property**;
  - (iii) The Actual Cash Value and replacement value of each item and amount of loss to each item; all encumbrances; and all other contracts of insurance, whether valid or not, covering any of the **Property**;
  - (iv) Any changes in the title, use, occupation, **Location**, possession or exposures of the **Property** since the effective date of this **Addendum**; and

- (v) By whom and for what purpose any **Location** covered by this **Addendum** was occupied on the date of loss, and whether or not it then stood on leased ground.
- e. Include a copy of all the descriptions and schedules in all policies and, if required, provide verified plans and specifications of any buildings, fixtures, machinery or equipment destroyed or damaged.
- f. Further, the **Member** will as often as may be reasonably required:
  - (i) Exhibit to any person designated by the **Pool** all that remains of any **Property**;
  - (ii) Submit to examinations under oath by any person designated by the **Pool** and sign the written records of examinations; and
  - (iii) Produce for examination at the request of the **Pool**:
    - (A) All books of accounts, business records, bills, invoices and other vouchers; or
    - (B) Certified copies if originals are lost;

At such reasonable times and places that may be designated by the **Pool** or its representative and permit extracts and machine copies to be made.

g. **Pool Option**

The **Pool** has the option to take all or any part of damaged **Property** at the agreed or appraised value. The **Pool** must give notice to the **Member** of its intention to do so within 30 days after receipt of proof of loss.

h. **Abandonment**

There may be no abandonment of any **Property** to the **Pool**.

i. **Subrogation**

The **Member** is required to cooperate in any subrogation proceedings. The **Pool** may require from the **Member** an assignment or other transfer of all rights of recovery against any party for the loss to the extent of the **Pool**'s payment.

The **Pool** will not acquire any rights of recovery that the **Member** has expressly waived prior to a loss in writing, nor will such waiver affect the

**Member's** rights under this **Addendum** except as they relate to **Property** under the Course of Construction.

Any recovery from subrogation proceedings, less costs incurred by the **Pool** in such proceedings, will be payable to the **Member** in the proportion that the amount of:

- (i) Any applicable deductible; and/or
- (ii) Any provable uncovered loss;

Bears to the entire provable loss amount.

j. Appraisal

The appraisal process is available to determine the value of a covered loss, but is not available to determine whether a loss is covered. If the **Member** and the **Pool** fail to agree on the amount of loss, each will, on the written demand of either, select a competent and disinterested appraiser, but only after:

- (i) The **Member** has fully complied with all provisions of this **Addendum**, including Requirements in Case of Loss; and
- (ii) The **Pool** has received a signed and sworn proof of loss from the **Member**.

Each will notify the other of the appraiser selected within 30 days of such demand.

The appraisers will first select a competent and disinterested umpire. If the appraisers fail to agree upon an umpire within 30 days the **Member** and the **Pool** shall jointly move to have an umpire selected by a judge of a court of record in the jurisdiction in which the appraisal is pending. The appraisers will then identify each item of physical damage or loss and appraise the amount of loss. The appraisal shall include a detailed breakdown of the costs necessary to repair or replace the item, and shall state separately the actual cash value and replacement cost value as of the date of loss and the amount of loss, for each item of physical loss or damage or if, for Time Element loss, the amount of loss for each Time Element coverage of this **Addendum**.

If the appraisers fail to agree, they will submit their differences to the umpire. The umpire shall review the appraisals prepared by the appraisers selected by the **Member** and the **Pool** and shall inspect the **Property** prior to preparing his appraisal. The appraisers for the **Member** and the **Pool** shall be afforded the opportunity to attend the umpire's inspection of the **Property** and provide sufficient input to

allow the umpire to understand the nature and reasons for the differences between the appraisals. After inspecting the **Property** and receiving input from the appraisers, the umpire shall identify each item of physical loss or damage and shall appraise the amount of the loss for each item. The umpire's appraisal shall include a detailed breakdown of the costs necessary to repair or replace the item, and shall state separately the Actual Cash Value and replacement cost value as of the date of loss. An award agreed to in writing by any two of the three appraisers will determine the amount of loss. The appraisal award is subject to all terms of the **Addendum**, and may be reduced by the application of a deductible called for in the **Addendum**.

The **Member** and the **Pool** will each:

- (i) Pay its chosen appraiser; and
- (ii) Bear equally the other expenses of the appraisal and umpire.

A demand for an Appraisal shall not relieve the **Member** of its continuing obligation to comply with the terms and conditions of this **Addendum**, including as provided under Requirements in Case of Loss.

The **Pool** will not be held to have waived any of its rights by any act relating to appraisal.

#### 5. **Suit Against the Pool**

No **Suit**, action or proceeding for the recovery of any **Claim** will be sustained in any court of law or equity unless the following adjudication procedures are satisfied:

- a. As a condition precedent to filing a **Suit**, the **Member** has fully complied with all the provisions of this **Addendum**, including providing Proof of Loss;
- b. As a condition precedent to filing **Suit**, the **Member** must attend at least a one-day mediation before a mutually agreeable mediator, unless this provision is waived by both the **Member** and the **Pool**;
- c. Any **Suit** against the **Pool** arising from a **Claim** or loss must be filed within 12 months of the date the **Pool** takes its final action with respect to the **Claim** or loss.

#### 6. **Collection From Others**

The **Pool** will not be liable for any loss to the extent that the **Member** has collected such loss from others.

7. **Partial Payment of Loss Settlement**

In the event of a loss occurring which has been ascertained to be covered loss or damage under this **Addendum** and determined by the **Pool**'s representatives to be in excess of the applicable **Addendum** deductible, the **Pool** will advance mutually agreed upon partial payment(s) on the covered loss or damage, subject to the **Addendum**'s provisions. To obtain said partial payments, the **Member** will submit a signed and sworn Proof of Loss as described in this **Addendum**, with adequate supporting documentation.

8. **Jurisdiction**

This **Addendum** will be governed by United States of America Law. Any disputes arising hereunder will be exclusively subject to United States of America jurisdiction.

E. **General Provisions**

1. **Additional Covered Parties Interests/Certificates of Coverage**

Any certificate of coverage issued in connection with this **Addendum** shall be issued solely as a matter of convenience or information for the addressee(s) or holder(s) of said certificate of coverage, except where any Additional **Covered Party**(ies), Loss Payee(s), or Mortgagee(s) are named pursuant to the Special Provisions of said certificate of coverage. In the event any Additional **Covered Party**(ies) or Loss Payee(s) are so named, this **Addendum** shall be deemed to have been endorsed accordingly, subject to all other terms, conditions and exclusions stated herein.

2. **Cancellation**

This **Addendum** may only be cancelled in accordance with the withdrawal and termination provisions of the Interlocal Cooperation Agreement and Bylaws of the **Pool**.

3. **Inspections**

The **Pool**, at all reasonable times, will be permitted, but will not have the duty, to inspect covered **Property**.

The **Pool**'s:

- a. Right to make inspections;
- b. Making of inspections; or
- c. Analysis, advice or inspection report;

The **Pool** will not constitute an undertaking, on behalf of or for the benefit of the **Member** or others, to determine or warrant that the covered **Property** is safe or

healthful. The **Pool** will have no liability to the **Member** or any other person because of any inspection or failure to inspect.

When the **Pool** is not providing jurisdictional inspections, the Owner/Operator has the responsibility to assure that jurisdictional inspections are performed as required, and to assure that required jurisdictional Operating Certificates are current for their pressure equipment.

#### 4. **Misrepresentation and Fraud**

This **Addendum** will be void in entirety if, whether before or after a loss, a **Member** has:

- a. Willfully concealed or misrepresented any material fact or circumstance concerning this coverage, the subject thereof, any **Claim** for coverage, or the interest of a **Member**;
- b. Made an attempt to defraud the **Pool**; or
- c. Made any false swearing.

#### 5. **Lenders Loss Payee and Mortgagee Interests and Obligations**

- a. The **Pool** will pay for loss to specified **Property** covered under this **Addendum** to each specified Lender Loss Payee (hereinafter referred to as Lender) as its interest may appear, and to each specified Mortgagee as its interest may appear, under all present or future mortgages upon such **Property**, in order of precedence of the mortgages.
- b. The interest of the Lender or Mortgagee (as the case may be) in **Property** covered under this **Addendum** will not be invalidated by:
  - (i) Any act or neglect of the debtor, mortgagor, or owner (as the case may be) of the **Property**.
  - (ii) Foreclosure, notice of sale, or similar proceedings with respect to the **Property**.
  - (iii) Change in the title or ownership of the **Property**.
  - (iv) Change to a more hazardous occupancy.
  - (v) The Lender or Mortgagee will notify the **Pool** of any known change in ownership, occupancy, or hazard and, within 10 days of written request by the **Pool**, may pay the increased premium associated with such known change. If the Lender

or Mortgagee fails to pay the increased premium, all coverage under this **Addendum** will cease.

- c. If this **Addendum** is cancelled at the request of the **Member** or its agent, the coverage for the interest of the Lender or Mortgagee will terminate at the date and time of cancellation, unless:
  - (i) Sooner terminated by authorization, consent, approval, acceptance, or ratification of the **Member's** action by the Lender or Mortgagee, or its agent.
  - (ii) This **Addendum** is replaced by the **Member**, with a policy providing coverage for the interest of the Lender or Mortgagee, in which event coverage under this **Addendum** with respect to such interest will terminate as of the effective date of the replacement policy, notwithstanding any other provision of this **Addendum**.
- d. The **Pool** may cancel the interest of the Lender or Mortgagee under this **Addendum**, by giving the Lender or Mortgagee written notice 90 days prior to the effective date of cancellation, if cancellation is for any reason other than non-payment. If the debtor, mortgagor, or owner has failed to pay any premium due under this **Addendum**, the **Pool** may cancel this **Addendum** for such non-payment, but will give the Lender or Mortgagee written notice 10 days prior to the effective date of cancellation. If the Lender or Mortgagee fails to pay the premium due by the specified cancellation date, all coverage under this **Addendum** will cease.
- e. The **Pool** has the right to invoke this **Addendum's** Suspension clause. The suspension of insurance will apply to the interest of the Lender or Mortgagee in any machine, vessel, or part of any machine or vessel, subject to the suspension. The **Pool** will provide the Lender or Mortgagee at the last known address a copy of the suspension notice.
- f. If the **Pool** pays the Lender or Mortgagee for any loss, and denies payment to the debtor, mortgagor or owner, the **Pool** will, to the extent of the payment made to the Lender or Mortgagee, be subrogated to the rights of the Lender or Mortgagee under all **Securities** held as collateral to the debt or mortgage. No subrogation will impair the right of the Lender or Mortgagee to sue or recover the full amount of its **Claim**. At its option, the **Pool** may pay to the Lender or Mortgagee the whole principal due on the debt or mortgage plus any accrued interest. In this event, all rights and **Securities** will be assigned and transferred from the Lender or Mortgagee to the **Pool**, and the remaining debt or mortgage will be paid to the **Pool**.

- g. If the **Member** fails to render proof of loss, the Lender or Mortgagee, upon notice of the **Member's** failure to do so, will render proof of loss within 60 days of notice and will be subject to the provisions of this **Addendum** relating to Appraisal, Settlement of **Claims**, and **Suit** against the **Pool**.
- h. Other provisions relating to the interests and obligations of the Lender or Mortgagee may be added to this **Addendum** by agreement in writing.

#### 6. **Other Insurance**

- a. If there is any other insurance or coverage that would apply in the absence of this **Addendum**, this **Addendum** will apply only after such insurance or coverage whether collectable or not. However, such insurance or coverage is allowed to act as a deductible buyback including NFIP coverage for **Flood**.
- b. The **Member** is permitted to have other insurance over any limits or sublimits of liability specified elsewhere in this **Addendum** without prejudice to the **Addendum**. The existence of such insurance will not reduce any limit or sublimit of liability in this **Addendum**. Any other insurance that would have provided primary coverage in the absence of this **Addendum** will not be considered excess.
- c. The **Member** is permitted to have other insurance for all, or any part, of any deductible in this **Addendum**. The existence of such other insurance will not prejudice recovery under this **Addendum**. If the limits of liability of such other insurance are greater than this **Addendum's** applicable deductible, this **Addendum's** coverage will apply only after such other insurance has been exhausted.
- d. In the event this **Addendum** is deemed to contribute with other insurance, the limit of liability applicable at each **Location**, for purposes of such contribution with other insurers, will be the latest amount described in this **Addendum** or the latest **Location** value on file with the **Pool**.

#### 7. **Addendum Modification**

This **Addendum**, the Interlocal Cooperation Agreement, and Bylaws of the **Pool** contain all of the agreements between the **Member** and the **Pool** concerning this coverage. The **Member** and **Pool** may request changes to this **Addendum**. This **Addendum** can be changed only by endorsements issued by the **Pool** and made part of this **Addendum**.

Notice to any agent or knowledge possessed by any agent or by any other person will not:

- a. Create a waiver, or change any part of this **Addendum**; or
- b. Prevent the **Pool** from asserting any rights under the Provisions of this **Addendum**.

8. **Reduction by Loss**

**Claims** paid under this **Addendum** will not reduce its Limits of Coverage, except **Claims** paid will reduce any Annual Aggregate Limit of Coverage.

9. **Suspension**

On discovery of a dangerous condition, the **Pool** may immediately suspend Equipment Breakdown coverage on any machine, vessel or part thereof by giving written notice to the **Member**. The suspended coverage may be reinstated by the **Pool**.

10. **Titles**

The titles in this **Addendum** are only for reference. The titles do not in any way affect the provisions of this **Addendum**.

## PART VI CRIME COVERAGE SECTION

### A. Money and Securities

#### 1. Property Covered

**Money and Securities** inside the **Premises** or outside the **Premises** or in **Banking Premises** are covered under this **Addendum**.

#### 2. Perils Covered

The perils covered are **Theft**, disappearance, destruction, **Burglary**, and **Robbery**.

#### 3. Coverage Description

This **Addendum** will indemnify **Members** for loss of and loss from:

- a. **Money and Securities** inside the **Premises** or **Banking Premises**.
- b. Damage to a safe, vault, cash register, cash box or cash drawer located inside the **Premises** resulting directly from an actual or attempted **Theft** of, or unlawful entry into a container of **Property** covered.
- c. **Money and Securities** outside the **Premises** in the care and custody of a **Messenger**.
- d. **Money and Securities** outside the **Premises** in the care and custody of an armored vehicle company. However, the **Member** will be indemnified only for the amount of loss that the **Member** cannot recover under the **Member's** contract with the armored motor vehicle company and from any insurance or indemnity carried by or for the benefit of customers of the armored motor vehicle company.

#### 4. Exclusions

- a. In addition to the General Exclusions of this **Coverage Addendum**, there is no coverage under the Crime Coverage for loss or damage due to:
- b. **Money or Securities** after they have been transferred or surrendered to a person or place outside the **Premises** based upon unauthorized instructions or as a result of a threat to do bodily harm or damage to any **Property**. But this exclusion does not apply to loss of covered **Money or Securities** while outside the **Premises** or in **Banking Premises** or in the care and custody of a **Messenger** if the **Member**:

- c. Had no knowledge of any threat at the time the conveyance began; or
- d. Had knowledge of a threat at the time the conveyance began, but the loss was not related to the threat.
- e. Loss resulting from the giving or surrendering of **Money** or **Securities** in any exchange or purchase.
- f. Loss of **Money** or **Securities** in any **Money** operated device unless the amount of **Money** deposited in it is recorded by a continuous recording instrument in the device.
- g. Loss resulting from accounting or arithmetical errors or omissions.
- h. Loss resulting from the **Member**, or any person acting on the **Member's** express or implied authority, being induced by any dishonest act to voluntarily part with title to or possession of any **Money** or **Securities**.

#### 5. **Additional Duties in the Event of Loss**

If a **Member** has reason to believe that any loss of or loss from damage to **Property** involves a violation of law, the **Member** must notify the police.

#### 6. **Definitions that Apply to Money and Securities**

**“Banking Premises”** means the interior of that portion of any building occupied by a banking institution or similar safe depository.

**“Burglary”** means the taking of **Property** from inside the **Premises** by a person unlawfully entering or leaving the **Premises** as evidenced by marks of forcible entry or exit.

**“Messenger”** means the **Member**, any of the **Member's** directors, officers, elected or appointed officials, trustees, volunteers or any employee while having care and custody of the **Property** outside the **Premises**.

**“Robbery”** means the taking of **Property** from the care and custody of a person by one who has caused or threatened to cause that person bodily harm or by one who has committed an obviously unlawful act witnessed by that person.

**“Theft”** means any act of stealing.

### **B. Forgery or Alteration**

#### 1. **Coverage Description**

The **Pool** will indemnify the **Member** for loss involving Covered Instruments resulting directly from the perils covered. Covered Instruments means checks, drafts, promissory notes, or similar written promises, orders or directions to pay a certain sum in **Money** that are made or drawn by or drawn upon by the **Member** or made or drawn by one acting as the **Member's** agent or that are purported to have been so made or drawn.

2. **Perils Covered**

Forgery, or alteration of, on or in any **Covered Instrument**. Forgery means the signing of the name of another person or organization with intent to deceive; it does not mean a signature that consists, in whole or in part, of one's own name signed with or without authority, in any capacity, for any purpose.

3. **Additional Conditions**

- a. Mechanically reproduced facsimile signatures will be treated the same as handwritten signatures.
- b. The **Member** must include with proof of loss any instrument involved in that loss or, if that is not possible, an affidavit setting forth the amount and cause of loss.

C. **Money Orders and Counterfeit Paper Currency**

The **Pool** will indemnify **Members** under this Section for loss due to the **Member's** good faith acceptance of any United States or Canadian post office, express company or national or state (or Canadian) chartered bank **Money** order that is not paid upon presentation to the issuer. The **Pool** will also indemnify **Members** for counterfeit United States or Canadian paper currency received in exchange for merchandise, **Money** or services or as part of a **Normal** business transaction.

D. **Employee Dishonesty**

1. **Coverage Description**

The **Pool** will indemnify **Members** for the loss of or damage to business personal **Property**, including **Money** and **Securities** owned or held by the **Member** or for which the **Member** is liable.

2. **Perils Covered**

Direct loss of or damage to **Property** covered resulting from **Dishonest Acts** committed by any of the **Member's** employees, acting alone or in collusion with others, that occur within the Period of Coverage.

3. **Faithful Performance**

The **Pool** will indemnify the **Member** under this Section for loss to **Property** covered through the failure of an employee to faithfully perform duties as prescribed by law or to account properly for all **Property** covered. Coverage includes loss due to the inability of the employee to faithfully perform these duties because of a criminal act committed by someone other than an employee. However, loss resulting from the failure of any entity acting as depository for the **Member's Property** is excluded from coverage.

#### 4. **Definitions**

**Dishonest Acts** means dishonest or fraudulent acts committed with the apparent intent to cause the **Member** to sustain loss or damage and to obtain financial benefit for the employee or for any other employee, person or organization. The financial benefit does not include salaries, commissions, bonuses, fees, profit sharing or other employee benefits.

#### 5. **Exclusions**

In addition to the General Exclusions of this **Coverage Agreement**, there is no coverage under the Crime Coverage for loss or damage due to:

- a. Damage where the only proof of the loss or amount of the loss is dependent upon an inventory or a profit and loss computation;
- b. Loss that is not discovered within one year after the end of the calendar year in which the loss occurred;
- c. Legal expenses for any indirect loss.
- d. Loss caused by any employee required to be individually bonded;
- e. Loss caused by any employee or predecessor in interest of the **Member** for whom similar prior coverage or insurance has been cancelled and not reinstated since the last cancellation;
- f. Loss resulting directly or indirectly from trading, whether in the **Member's** name or in a genuine or fictitious account;

#### 6. **Employee Benefit Plans**

- a. Any employee benefit plan of the **Member** shown in the declarations shall be covered for employee dishonesty under this Section VI. D.
- b. Any payment made by the **Pool** to the **Member** for a loss sustained by an employee benefit plan shall be held by the **Member** solely for the use and benefit of the plan sustaining the loss.

**E. Limit of Coverage**

The most the **Pool** will pay as the result of any one loss is limited as described by the **Member** Sublimits below, less the amount of the **Member's** maintenance deductible. For purposes of determining the Limit of Coverage, losses arising from a single act or event or a series of related acts or events shall be deemed to be a single loss. The following **Member** Sublimits apply on an each and every loss basis, unless otherwise stated.

**Member Sublimits:**

|           |   |
|-----------|---|
| \$250,000 | <b>Money &amp; Securities</b> (inside <b>Premises</b> )   |
| \$250,000 | <b>Money &amp; Securities</b> (outside <b>Premises</b> )  |
| \$250,000 | Commercial Blanket Bond (excludes employees known to have committed fraudulent or <b>Dishonest Acts</b> ) |
| \$250,000 | Faithful Performance  |
| \$250,000 | Depositors Forgery  |
| \$250,000 | Computer Fraud  |
| \$250,000 | Funds Transfer  |
| \$250,000 | <b>Money</b> Orders and Counterfeit Paper Currency  |
| \$500     | Maintenance Deductible  |

**F. Indirect Loss.** The coverage provided by this Section VI does not apply to loss that is an indirect result of any act covered by this **Agreement** including, but not limited to, loss resulting from:

1. A **Member's** inability to realize income that it would have realized had there been no loss of or damage to **Money, Securities** or other **Covered Property**.
2. Payment of **Damages** of any type for which a **Member** is legally liable, but the **Pool** will pay compensatory **Damages** arising directly from a loss covered under this Section VI.
3. Payment of costs, fees or other expenses a **Member** incurs in establishing either the existence or the amount of loss under this **Agreement**.

**G. Conditions**

1. **Cancellation as to an Employee**

- a. Coverage under this Section VI is cancelled as to any **Employee** immediately upon discovery by any official or employee authorized to manage, govern or control **Employees** of any dishonest act committed by an **Employee**.
- b. Coverage under this Section VI may also be cancelled as to any **Employee** on the date specified in a notice mailed to the **Member**.

## 2. Covered Property

The **Property** covered under this Section VI is limited to **Property** that the **Member** owns or leases, holds for others or for which the **Member** is legally liable. However, this coverage is for the benefit of the **Member** only. It provides no rights or benefits to any other person or organization. Any **Claim** for loss under this coverage must be presented by the **Member**.

## 3. Records

The **Member** must keep records of all **Property** covered under this Section VI so that the **Pool** may verify the amount of any loss.

## 4. Recoveries

- a. Any recoveries, less the cost of obtaining them, made after settlement of loss covered by this Section VI will be distributed as follows:
  - (i) To the **Member**, until the **Member** is reimbursed for any loss that it sustains that exceeds the Limit of Coverage and the deductible amount, if any;
  - (ii) Then to the **Pool**, until the **Pool** is reimbursed for the settlement made; and
  - (iii) Then to the **Member**, until the **Member** is reimbursed for that part of the loss equal to the deductible amount, if any.
- b. Recoveries do not include any recovery:
  - (i) From insurance, suretyship, reinsurance, security, or indemnity taken for the **Pool's** benefit; or
  - (ii) Of original **Securities** after duplicates of them have been issued.

## 5. Valuation—Settlement

- a. Subject to the Limit of Coverage, the **Pool** will pay for:

- (i) Loss of **Money**, but only up to and including its face value.
- (ii) Loss of **Securities** but only up to and including their value at the close of business on the day the loss was discovered.  
The **Pool** may, at its option:
  - (A) Pay the value of such **Securities** or replace them in kind, in which event the **Member** must assign to the **Pool** all of its rights, title and interest in and to those **Securities**; or
  - (B) Pay the cost of any bond required in connection with issuing duplicates of the **Securities**. The **Pool** will cover only the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of:
    - (I) The value of the **Securities** at the close of business on the day the loss was discovered; or
    - (II) The Limit of Coverage.
- (iii) Loss of or damage to other covered **Property** for the replacement cost of the **Property** without deduction for depreciation. However, the **Pool** will not pay more than the least of the following:
  - (A) The Limit of Coverage applicable to the lost or damaged **Property**;
  - (B) The cost to replace the lost or damaged **Property** with **Property** of comparable material and quality and used for the same purpose; or
  - (C) The amount the **Member** actually spends that is necessary to repair or replace the lost or damaged **Property**.
- (iv) The **Pool** will not indemnify on a replacement cost basis for any loss or damage:
  - (A) Until the lost or damaged **Property** is actually repaired or replaced; and
  - (B) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

If the lost or damaged **Property** is not repaired or replaced, the **Pool** will pay on an actual cash value basis.

- b. Any **Property** that the **Pool** pays for or replaces becomes the **Property** of the **Pool**.

## H. Definition of Employee

For purposes of this Part VI, the following definition applies:

### 1. Employee Means

- a. Any natural person:
  - (iii) While in the **Member's** service or for 30 days after termination of service;
  - (iv) Who the **Member** compensates directly by salary or wages; and
  - (v) Who the **Member** has the right to direct and control while performing services for the **Member**.
- b. Any natural person who is an elected or appointed official of the **Member** while in the **Member's** service or for 30 days after termination of service.
- c. Any natural person who is furnished temporarily to the **Member**:
  - (i) To substitute for a permanent **Employee** as defined in Paragraph a. above, who is on leave; or
  - (ii) To meet seasonal or short-term work load conditions;

While that person is subject to the **Member's** direction and control and performing services for the **Member**, excluding, however, any such person while having care and custody of **Property** outside the **Premises**.

- d. Any natural person who is leased to the **Member** under a written agreement between the **Member** and a labor leasing firm, to perform duties related to the conduct of the **Member's** business.
- e. Any natural person who is:
  - (i) A trustee, officer, employee, administrator or manager, except an administrator or manager who is an independent contractor, of any employee benefit plan(s) covered under this Part VI; and

- (ii) The **Member's** official while that person is handling funds or other **Property** of any employee benefit plan(s) covered under this Part VI.
  - f. Any natural person who is a former elected or appointed official, **Employee** or trustee retained as a consultant while performing services for the **Member**.
  - g. Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody of **Property** outside the **Premises**.
2. **Employee** does not mean any agent, independent contractor or representative of the same general character.

## PART VII LIABILITY COVERAGE SECTION

### A. General Liability

#### 1. Coverage Agreements

- a. The **Pool** agrees to indemnify the **Covered Party** for those sums that the **Covered Party** becomes legally obligated to pay as **Money damages** because of **Bodily Injury, Property Damage, Personal Injury** or **Law Enforcement Personal Injury** to which this coverage applies. The **Bodily Injury, Personal Injury** or **Law Enforcement Personal Injury** or **Property Damage** must be caused by an **Occurrence**. This coverage includes but is not limited to **Host/Liquor Liability, Products Liability, Completed Operations, Incidental Malpractice** (see **Limited Professional Health Care Services Endorsement**) and **Law Enforcement Activities**.
- b. Notwithstanding the Agreements above, the **Pool** shall not be liable to pay on behalf of or indemnify the **Covered Party** for any sum which the **Covered Party** shall be obligated to pay if a judgment or final adjudication in any action brought against the **Covered Party** shall be based on a determination that acts of fraud or dishonesty were committed by the **Covered Party**, or if in a criminal proceeding a plea of guilty, nolo contendere, no contest or any similar plea is made by the **Covered Party**.

Coverage for **Bodily Injury, Property Damage, Personal Injury, or Law Enforcement Personal Injury** under this Section is provided on a claims-made basis, as described in Part II. A. of this **Addendum**.

- c. **Bodily Injury, Property Damage, Personal Injury, or Law Enforcement Personal Injury** will be deemed to have been known to have occurred at the earliest time when any **Covered Party** or any employee authorized by the **Member** to give or receive notice of an **Occurrence** or a **Claim**:
  - (i) Reports all, or any part, of the injury or damage to the **Pool** or to any insurer or self-insurance arrangement;
  - (ii) Receives a written or verbal demand or **Claim** for **Money Damages** because of the injury or damage; or
  - (iii) Becomes aware by any other means that the injury or damage has occurred or has begun to occur.

## 2. **Definitions that Apply to General Liability**

**“Completed Operations”** means **Bodily Injury** or **Property Damage** arising out of operations or reliance upon a representation or warranty made at any time with respect thereto, but only if the **Bodily Injury** or **Property Damage** occurs after the operations have been completed or abandoned and occurs away from **Premises** owned by or rented to the **Member**. Operations include materials, parts or equipment furnished in connection therewith.

- a. Operations shall be deemed completed at the earliest of the following times:
  - (i) When all operations to be performed by or on behalf of the **Member** under the contract have been completed, or
  - (ii) When all operations to be performed by or on behalf of the **Member** at the site of the operations have been completed if the contract calls for operations at more than one site, or
  - (iii) When the portion of the work out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.
- b. Operations which may require further service or maintenance work, or correction, repair or replacement because of any defect or deficiency, but which are otherwise complete, shall be deemed completed.

**“Dam”** means any artificial barrier together with appurtenant works, which does or may impound or divert water and which is either (a) twenty five feet or more in height from the natural bed of the stream or watercourse at the downstream toe of the barrier, or from the lowest elevation of the outside limit of the barrier, if it is not across a stream channel or watercourse, to the maximum possible water storage elevation; or (b) has an impounding capacity of fifty acre feet or more. Any such barrier which is not in excess of twenty five feet in height, regardless of storage capacity, or which has a storage capacity not in excess of fifteen acre feet, regardless of height, shall not be considered a **“Dam”**.

**“Host/Liquor Liability”** means indemnification for the **Covered Party’s** liability for the sale or distribution of alcoholic beverage.

**“Incidental Malpractice”** means emergency medical services rendered or which should have been rendered to any person or persons (other than employees of the **Member** injured during the course of their employment) by any duly qualified medical practitioner, nurse, technician or other employee while employed by and acting on behalf of the **Member**. This coverage does not apply to persons rendering medical care pursuant to a contract with the **Member**.

“**Land Subsidence**” means the movement of land or earth, including, but not limited to, sinking or settling of land, earth movement, earth expansion and/or contraction, landslide, slipping, falling away, caving in, eroding, earth sinking, and earth rising or shifting or tilting.

“**Money Damages**” means all sums recoverable by law from any liability covered under this **Agreement** excluding punitive **Damages**, but not including any sums awarded for plaintiff’s attorney fees under 42 U.S. Code, Section 1988 in any case in which monetary **Damages** are not specifically sought or not awarded. **Money Damages** does not include the return, refund or repayment of any taxes, fees or other charges by a **Member**.

“**Products Liability**” means **Bodily Injury** or **Property Damage** arising out of the **Member’s** products or reliance upon a representation or warranty made at any time with respect thereto, but only if the **Bodily Injury** or **Property Damage** occurs away from **Premises** owned by or rented to the **Member** and after physical possession of such products has been relinquished to others.

“**Suit**” means an action in which a complaint, requesting **Money Damages** to which this coverage applies, has been filed in court. “**Suit**” also includes an alternative dispute resolution proceeding alleging such **Damages** to which the **Covered Party** must submit or submits with both our consent, and our agreement to pay for defense.

### 3. **Exclusions Applicable to General Liability**

The **Pool** will provide a defense and indemnification, subject to a reservation of all exclusions and defenses, to any **Member’s** public official, employee or authorized volunteer who is alleged to have committed an act of **Sexual Harassment**. In no event shall indemnity be provided for any **Damages** awarded against a **Member’s** public official, employee or authorized volunteer where it is determined by the court that the claimant was willfully and intentional sexually and physically abused or molested.

In addition to the General Exclusions of this **Coverage Agreement**, this Section does not apply to:

- a. Any **Claim** for **Damages**, whether direct or consequential, or for any cause of action which is covered under any other Section of this **Agreement**.
- b. **Bodily Injury, Personal Injury, Law Enforcement Personal Injury** or **Property Damage** intended or expected from the standpoint of the **Covered Party**. This exclusion does not apply to **Bodily Injury, Personal Injury or Law Enforcement Personal Injury** resulting from the use of reasonable force to protect persons or **Property**.

- c. **Damages** claimed for any loss, cost or expense incurred by the **Member** or any other person for the withdrawal, inspection, repair, replacement, or loss of use of the **Member's** products or work completed by or on behalf of the **Member** or of any **Property** of which such products or work form a part, if such products, work or **Property** are withdrawn from the market, or from use, because of any known or suspected defect or deficiency therein.
- d. Any liability arising out of the operation, ownership, maintenance, use, loading or unloading or entrustment to others of any aircraft, airport or any other aviation activities. This exclusion applies even if the **Claims** against any **Covered Party** allege negligence or other wrongdoing in the supervision, hiring, employment, training, or monitoring of others by that **Covered Party**.
- e. Any obligation for which the **Member** may be held liable under any workers' compensation, unemployment compensation, disability benefits law, employers liability or under any similar law or to bodily injuries to any employee or to any liability for indemnity or contribution brought by any party for bodily injuries to any employee.
- f. **Bodily Injury, Property Damage, Personal Injury, Law Enforcement Personal Injury** or any other **Damages** whatsoever caused by the maintenance, operation, loading or unloading, entrustment to others or use of an **Automobile**.
- g. Any investigatory, disciplinary or criminal proceedings against an individual **Covered Party** except that the **Pool** may at its own option assign counsel in the defense of any such investigatory, administrative or disciplinary proceeding. Should the **Pool** elect to assign counsel, it shall not constitute a waiver or estoppels of any rights the **Pool** may have pursuant to the terms, conditions, exclusions, and limitations of this **Agreement**.
- h. Any **Claim** arising out of a dishonest, fraudulent or criminal act. The **Pool** may elect to defend a **Covered Party** until it is determined that the **Claim** did arise out of a dishonest, fraudulent or criminal act without a waiver of any rights under this **Agreement**.
- i. Any **Claim** seeking relief or redress, in any form other than **Money Damages**, and for fees or expenses relating to **Claims**, demands or actions seeking relief in any form other than **Money Damages**. This exclusion includes but is not limited to all costs incurred to comply with injunctive relief ordered under the Americans with Disabilities Act but shall not apply to **Claims** for monetary **Damages** under the Americans with Disabilities Act.

- j. To any **Claim** arising out of a breach of contract.
  - k. To medical or hospital expenses or costs incurred by the **Member** in providing or furnishing medical aid or treatment to an inmate or detainee at a jail or correctional facility as a result of the **Member's** statutory or constitutional obligation to furnish medical or hospital care to an inmate or detainee within its physical custody; this exclusion does not apply to **Claims** brought by an inmate alleging the **Member**, through the acts or omissions of its representatives or employees, caused injury to an inmate or violated his constitutional or civil rights by not providing medical care or treatment.
  - l. **Employment Related Practices.**
  - m. Any **Claim** made against a **Covered Party** in his or her personal capacity.
  - n. **Mobile Equipment** while used in any professional or organized racing or demolition contest or stunting activity or while practicing for such contest or activity or being prepared for such contest or activity.
  - o. **Property Damage** arising from **Land Subsidence**, except as sublimited in the Limit of Coverage Section below.
  - p. **Bodily Injury, Personal Injury, or Property Damage** arising out of the rupture, bursting, over-topping, **Flooding**, cracking, seepage, under-seepage, **Accidental** discharge or partial or complete structural failure of an **Dam**, except as sublimited in the Limit of Coverage Section below.
4. **Specific Conditions Liability Section**
- a. **Defense, Judgment and Settlement**
    - (i) The **Pool** has the right and duty to defend any **Suit** against the **Covered Party** claiming **Money Damages** for which coverage is afforded under this **Agreement** for an **Occurrence**, even if any of the allegations of the **Suit** are groundless, false, or fraudulent, and may make such investigation of any **Occurrence** and settlement of any **Claim** or **Suit** as it deems expedient. No defense will be provided for **Claims** made against a **Covered Party** in his or her personal capacity. The **Pool** has the right to select counsel; however, a **Covered Party** may hire co-defense counsel, at **Covered Party's** expense, to assist in the defense of **Claims**, provided the attorney selected by the **Pool** shall be lead counsel. The **Pool's** duty to defend shall arise when the complaint or **Claim** alleges facts, which would obligate the

**Pool** to indemnify the **Covered Party** if the alleged facts were proven. The **Pool** will only be responsible for payment of that portion of a settlement or judgment, which relates to **Claims** for which coverage is afforded under the terms of this **Agreement**. Provided, however, the **Pool** shall not be obligated to pay any settlement or judgment or to defend any **Suit** after the applicable Limits of Coverage have been exhausted.

- (ii) The Limits of Coverage set forth in the General and **Auto Liability** Sections shall include all costs, attorney's fees and expenses awarded to an adverse party in a litigated or contested **Claim**. All costs, attorney's fees and expenses incurred in the defense of a litigated or contested **Claim**, shall be excess of the limits of coverage set forth.
- (iii) In the event of bankruptcy or insolvency of the **Member**, such bankruptcy or insolvency may not diminish the coverage provided by this Section regarding third parties. If execution against the **Member** is returned unsatisfied, an action may be maintained against the **Pool** to the extent that the liability is covered by this Section.

## 5. **Limits of Coverage**

- a. The Limits of Coverage of this **Agreement** and the rules below fix the most the **Pool** will pay regardless of the number of:
  - (i) **Covered Parties**;
  - (ii) **Claims** made or **Suits** brought; or
  - (iii) Persons or organizations making **Claims** or bringing **Suits**.
- b. The **Pool's** obligation to indemnify is first limited by the Governmental Immunity Act of Utah U.C.A. §63G-7-604. Nothing in this Coverage **Addendum** is meant to waive the rights or immunities of any **Member** or the **Pool** provided by the Act. Liability limits provided in excess of the limitations set out in the Act are provided solely for **Claims** not limited by the Act, including federal **Claims** or **Claims** filed in another state where neither the Governmental Immunity Act of Utah or any similar governmental immunity or tort limitation act of that state apply.
- c. The **Pool's** obligation to indemnify as the result of any one **Occurrence** is limited as described in the **Member** Schedule of Liability Limits and Sublimits, less the amount of the **Member's** deductible.

- d. For the purpose of determining the Limit of Coverage, all damages arising out of continuous or repeated exposure to substantially the same general conditions shall be considered as arising out of one **Occurrence**. All injury or damage that is attributable directly or indirectly to one cause or one series of similar causes will be added together and the total amount will be treated as one **Occurrence** for purposes of determining the Limits of Coverage, irrespective of the period of time or area over which such injury or damage occurs.

## **B. Public Officials Errors and Omissions Liability**

### **1. Coverage Agreements**

- a. The **Pool** agrees, subject to the limitations, terms and conditions of this **Agreement**, to defend any **Suit** and indemnify the **Member** all **Money Damages** incurred by the **Member** by reason of any **Claim** arising out of any **Wrongful Act**. Coverage for Public Officials Errors and Omissions Liability under this Section is provided on a claims-made basis, as described in Section II. A. of this **Agreement**.
- b. The **Pool** will indemnify the **Member Money Damages** and expenses incurred by the **Pool**, the cost of attachment or similar bonds (but without any obligation on the part of the **Pool** to apply for or furnish such bonds), and costs, charges and expenses incurred in connection with any governmental investigation provided that a **Claim** is brought against the **Member** for a **Wrongful Act** that is or was a subject of a governmental investigation, and that **Claim** is otherwise covered by this **Agreement**.

### **2. Exclusions Applicable to Errors and Omissions Liability**

In addition to the General Exclusions of this **Coverage Agreement**, this Section shall not apply to any **Claim** made against the **Covered Party**:

- a. Based upon or attributable to them gaining in fact any personal profit or advantage to which they were not legally entitled including remuneration paid in violation of law as determined by the courts.
- b. Brought about or contributed to by fraud, dishonesty or criminal act of any **Covered Party**.
- c. Arising out of the deliberate violation of any federal, state, or local statute, ordinance, rule, or regulation committed by or with the knowledge and consent of the **Member**.
- d. Based upon or attributable to the rendering or failure to render any opinion, treatment, consultation or service if that opinion, treatment, consultation or service was rendered or failed to have been rendered

while the **Covered Party** was engaged in any activity for which they received compensation from any source other than as a governmental subdivision or an employee of a governmental subdivision.

- e. Arising out of estimates of probable costs or cost estimates being exceeded or for faulty preparation of bid specifications or plans or to injury to, destruction or disappearance of any tangible **Property** (including **Money**) or the loss of use thereof.
- f. Arising out of the failure to supply a specific amount of electrical power or fuel arising out of the interruption of the electrical power or fuel supply.
- g. For which the **Covered Party** is entitled to indemnity and/or payment by reason of having given notice of any circumstances which might give rise to a **Claim** under any agreement or agreements the term of which has commenced prior to the inception date of this **Agreement**.
- h. Arising out of or in any way involving any employee benefit plan of the **Member**.
- i. For any **Claim** covered under the General Liability Section or any other Section of this **Agreement**.
- j. Any liability arising out of the operation, ownership, maintenance, use, loading or unloading, or entrustment to others of any aircraft, airport or any other aviation activities. This exclusion applies even if the **Claims** against any **Covered Party** allege negligence or other wrongdoing in the supervision, hiring, employment, training, or monitoring of others by that **Covered Party**.
- k. Seeking relief or redress in any other form other than **Money Damages**, and for fees or expenses relating to **Claims**, demands or actions seeking relief in any form other than **Money Damages**. This exclusion includes but is not limited to all costs incurred to comply with injunctive relief ordered under the Americans with Disabilities Act but shall not apply to **Claims** for **Money Damages** under the American with Disabilities Act.
- l. Arising out of a breach of contract other than an implied-in-fact employment contract.
- m. Any **Claim** resulting from a **Wrongful Act** which commences prior to the **Retroactive Date** shown on the Errors and Omissions Retroactive Dates Endorsement.

- n. To any **Claim** for back pay, overtime pay or other incidents of compensation or benefits due to a **Member's** employees.
- o. For any liability arising out of the providing of, or failure to provide, professional services by any lawyer, architect, engineer, or accountant.

3. **Limits of Coverage.**

- a. The Limits of Coverage of this **Agreement** and the rules below fix the most the **Pool** will indemnify regardless of the number of:
  - (i) **Covered Parties;**
  - (ii) **Claims** made or **Suits** brought; or
  - (iii) Persons or organizations making **Claims** or bringing **Suits**.
- b. The **Pool's** obligation to indemnify as the result of any one **Wrongful Act** is limited as described in the Member Schedule of Liability Limits and Sublimits, less the amount of the **Member's** deductible.
- c. **Claims** or **Suits** based on or arising out of the same act or interrelated acts of one or more **Covered Parties** will be considered to be based on a single **Wrongful Act** for purposes of determining the Limits of Coverage, irrespective of the time or area over which the acts occur.

4. **Defense, Judgment and Settlement**

- a. The **Pool** has the right and duty to defend any **Suit** against the **Covered Party** claiming **Money Damages** for which coverage is afforded under this Section, even if any of the allegations of the **Suit** are groundless, false, or fraudulent, and may make such investigation of any incident and settlement of any **Claim** or **Suit** as it deems expedient. The **Pool** has the right to select counsel; however, a **Covered Party** may hire co-defense counsel, at **Covered Party's** expense, to assist in the defense of **Claims**, provided the attorney selected by the **Pool** shall be lead counsel. The **Pool's** duty to defend shall arise when the complaint or **Claim** alleges facts, which would obligate the **Pool** to indemnify the **Covered Party** if the alleged facts were proven. The **Pool** will only be responsible for payment of that portion of a settlement or judgment, which relates to **Claims** for which coverage is afforded under the terms of this **Agreement**. Provided, however, the **Pool** shall not be obligated to pay any settlement or judgment or to defend any **Suit** after the

applicable limits of coverage have been exhausted through the payment of judgments or settlements.

- b. All costs, attorney's fees and expenses incurred in the defense of a litigated or contested **Claim**, shall be excess of the Limits of Coverage set forth.
5. In the event of bankruptcy or insolvency of the **Member**, such bankruptcy or insolvency may not diminish the coverage provided by this Section regarding third parties. If execution against the **Member** is returned unsatisfied, an action may be maintained against the **Pool** to the extent that the liability is covered by this Section.

## C. **Employee Benefits Liability**

### 1. **Coverage Agreements**

In consideration of the **Member** contribution charged and subject to the terms, exclusions and definitions of this **Agreement**, the **Pool** agrees to indemnify the **Member** any **Money Damages** which the **Member** shall become legally obligated to pay as a result of any negligent act, error or omission by the **Member**, or any other person for whose acts the **Member** is legally liable, committed in the **Administration** of the **Member's Employee Benefit Programs** as defined in this Section. Coverage for Employee Benefits Liability under this Section is provided on a claims-made basis, as described in Part II. A. of this **Agreement**.

### 2. **Definitions**

**"Employee Benefit Programs"** means group life insurance or self-insurance, group health insurance or self-insurance, profit sharing plans, pension plans, employee stock subscription plans, workers compensation, unemployment insurance, social security, disability benefits insurance or self-insurance and travel, savings or vacation plans.

The unqualified word **"Administration"** wherever used means:

- a. Giving counsel to employees with respect to the **Employee Benefits Program**;
  - b. Interpreting the **Employee Benefit Programs**;
  - c. Handling records in connection with the employee benefits program; or
  - d. Effecting the enrollment, termination or cancellation of employees under the **Employee Benefits Programs**; provided all such acts are authorized by the **Member**.
- ### 3. **Exclusions Applicable to Employee Benefits Liability**

In addition to the general exclusions of this **Coverage Agreement**, Employee Benefits Liability does not apply to:

- a. Any dishonest, fraudulent, criminal or malicious act, libel, slander, discrimination or humiliation.
- b. **Bodily Injury** to, or sickness, disease, or death, of any person, or to injury to or destruction of any tangible **Property** including the loss of use thereof.
- c. Any **Claim** for failure of performance of contract by any insurer, including failure of any employee benefit program.
- d. Any **Claim** based upon the **Covered Party's** failure to comply with any law concerning workers' compensation, unemployment insurance, social security or disability benefits or any similar law.
- e. Any **Claim** based upon:
  - (i) Failure of any investment to perform as represented by any **Covered Party**;
  - (ii) Advice given by a **Covered Party** to an employee to participate or not to participate in stock subscription plans or any other plan included in an **Employee Benefit Program**;
  - (iii) The investment or non-investment of funds; or
  - (iv) Errors in providing information on past performance of any investment vehicle.
  - (v) Legal advice or investment advice given to an employee or an employee's beneficiaries
  - (vi) The performance of any investment;
  - (vii) Termination of any plan including an **Employee Benefit Plan**;
  - (viii) An act or omission of a third party administrator or other person, other than a **Covered Party**, who administers any plan in an **Employee Benefit Program**.
- f. Any **Claim** arising out of an insufficiency of funds to meet any obligations under any **Employee Benefit Program**.
- g. Any **Claim** arising out of liability imposed on a fiduciary by the Employee Retirement Income Security Act of 1974, as now or hereafter amended, or any similar federal, state, or local laws.

- h. Any liability arising out of taxes, fines, or penalties, including those imposed under the Internal Revenue Code or any similar state or local law.
- i. Any **Claim** arising out of wrongful termination of employment, discrimination, or other employment-related practices.

4. **Bankruptcy or Insolvency**

In the event of bankruptcy or insolvency of the **Member**, such bankruptcy or insolvency may not diminish the coverage provided by this Section regarding third parties. If execution against the **Member** is returned unsatisfied, an action may be maintained against the **Pool** to the extent that the liability is covered by this Section.

5. **Limits of Coverage**

- a. The Limits of Coverage of this **Agreement** and the rules below fix the most the **Pool** will pay regardless of the number of:
  - (i) **Covered Parties**;
  - (ii) **Claims** made or **Suits** brought; or
  - (iii) Persons or organizations making **Claims** or bringing **Suits**.
- b. The **Pool's** obligation to indemnify as the result of any one act, error, or omission is limited as described in the Member Schedule of Liability Limits and Sublimits, less the amount of the **Member's** deductible.
- c. **Claims** or **Suits** based on or arising out of the same act, error, or omission or interrelated acts, errors, or omissions of one or more **Covered Parties** will be considered to be based on a single act for purposes of determining the Limits of Coverage, irrespective of the time or area over which the acts occur.

6. **Defense, Judgment and Settlement**

- a. The **Pool** has the right and duty to defend any **Suit** against the **Covered Party** claiming **Money Damages** for which coverage is afforded under this Section, even if any of the allegations of the **Suit** are groundless, false, or fraudulent, and may make such investigation of any incident and settlement of any **Claim** or **Suit** as it deems expedient. The **Pool** has the right to select counsel; however, a **Covered Party** may hire co-defense counsel, at **Covered Party's** expense, to assist in the defense of **Claims**, provided the attorney selected by the **Pool** shall be lead counsel. The **Pool's** duty to defend shall arise when the complaint or **Claim** alleges

facts, which would obligate the **Pool** to indemnify the **Member** if the alleged facts were proven. The **Pool** will only be responsible for payment of that portion of a settlement or judgment, which relates to **Claims** for which coverage is afforded under the terms of this **Agreement**. Provided, however, the **Pool** shall not be obligated to pay any settlement or judgment or to defend any **Suit** after the applicable Limits of Coverage have been exhausted through the payment of judgments or settlements.

- b. All costs, attorney's fees and expenses incurred in the defense of a litigated or contested **Claim**, shall be excess of the limits of coverage set forth.

## PART VIII AUTOMOBILE LIABILITY SECTION

### A. Coverage Agreements

The **Pool** agrees to indemnify for those sums, which the **Member** becomes legally obligated to pay as **Damages** because of **Bodily Injury** or **Property Damage** arising out of the ownership, maintenance or use of any **Member** owned **Automobile**, or **Hired Auto**, subject to the limitations, terms and conditions of this **Coverage Agreement**. The **Claim** or lawsuit must be the result of an **Accident** and be brought solely by reason of **Bodily Injury** or **Property Damage** arising out of the ownership, maintenance or use of a **Member** owned **Automobile** or **Hired Automobile**. Expenses are covered in addition to the Limit of Coverage.

### B. Definitions that Apply to Auto Liability

“**Category 1 County Vehicles**” means those vehicles that are not assigned to individual employees or deputies for take home, or vehicles that are taken home but the employee or deputy is allowed only **Incidental, Occasional Personal Use** of the vehicle.

“**Category 2 County Vehicles**” means those vehicles that are assigned to individual employees or deputies for take home and such individuals are allowed, pursuant to **Member** policy, personal use exceeding the definition of **Incidental, Occasional Personal Use**. UCIP will, in exchange for additional premium, provide the limits of the Utah Governmental Immunity Act to vehicles listed on the **Category 2 Vehicle Endorsement**.

“**Covered Party**” means a **Member** and also includes the following:

1. Under Part VIII A. **Automobile** Liability Section (which describes **Automobile** liability coverage), any person while using an **Automobile** owned by the **Member** or a **Hired Automobile**, and any person or organization legally responsible for the use thereof, provided the actual use of the **Automobile** is by any official, trustee, director, officer or employee of the **Member** or any person using the **Automobile** with the **Member’s** permission. With respect to the use of **Non-Owned Automobiles**, **Covered Party also includes** any official, trustee, director, officer or employee of the **Member** using the **Automobile** in the business of the **Member** with the **Member’s** permission, and the spouse of any official, trustee, director, officer or employee of the **Member** using the **Non-Owned Automobile** in the business of the **Member** with the **Member’s** permission. Coverage for use of **Non-Owned Automobiles** under this definition is limited to coverage excess of insurance on the **Automobile** required of the owner of the **Automobile**. **Covered Party** does not include, and this coverage, with respect to any person or organization other than the **Member**, does not apply:

- a. To any person or organization or to any of their agents or employees operating an **Automobile** sales agency, repair shop, service station, storage garage or public parking place, with respect to any **Accident** arising out of those operations;
- b. To any employee of a person or organization other than the **Member** with respect to injury or sickness, disease or death during the course of employment in an **Accident** arising out of the maintenance or use of the **Automobile** in the business of the outside employer;
- c. With respect to any **Hired Auto**, to the owner or lessee, other than the **Member**, nor to any agent or employee, or that owner or lessee.

**“Hired Auto”** means those **Autos** that a **Member** leases, hires, rents, or borrows. This does not include any **Auto** leased, hired, rented or borrowed from a **Member’s** employees, or **Members** of the employee’s households.

**“Incidental, Occasional Personal Use”** means making a personal stop, along the usual route, on the way home, or for a personal break incidental to work. These instances would be the extent of personal use coverage.

**“Non-Owned Automobiles”** means only those **Automobiles** a **Member** does not own, lease, hire, rent or borrow that are owned, leased or rented by the **Member’s** officials, trustees, directors, officers or employees, or **Members** of their households but only while used in the **Member’s** business.

### **C. Exclusions That Apply To Auto Liability**

In addition to the general exclusions of this **Coverage Agreement**, this **Agreement** does not cover:

1. Any **Claim** for **Damages** or for any cause of action, which is covered under any other Section of this **Agreement**.
2. Uninsured and/or Underinsured Motorists Liability.
3. **Bodily Injury** or **Property Damage** expected or intended from the standpoint of the **Covered Party**.
4. Any obligation for which the **Member** or the **Member’s** insurer may be held liable under any workers’ compensation, disability benefits, or unemployment compensation law or any similar law.
5. **Bodily Injury** to an employee of the **Member** arising out of and in the course of (a) employment by the **Member**, or (b) performing duties related to the conduct of the **Member’s** business or **Bodily Injury** to any other person arising out of such **Bodily Injury** to the employee. This exclusion applies regardless of whether the **Member** may be liable as an employer or

in some other capacity and to any obligation to share **Damages** with or repay someone else who must pay **Damages** because of the injury.

6. **Bodily Injury** to any fellow employee of the **Covered Party** arising out of and in the course of the fellow employee's employment or while performing duties related to the conduct of the **Member's** business.
7. Covered **Automobiles** while used in any professional or organized racing or demolition contest or stunting activity or while practicing for such contest or activity or being prepared for such contest or activity.

**D. Specific Conditions Auto Liability**

1. In the event that liability is incurred by reason of **Bodily Injury** suffered by any employee of a **Member** which does not arise out of the injured employee's employment and for which another **Covered Party** is liable, then this **Agreement** shall indemnify the **Covered Party** for that liability in the same manner as if separate agreements had been issued to each **Covered Party**, however this condition shall not operate to increase the limit of coverage or create multiple Limits of Coverage provided under this Section on a per **Occurrence** basis.
2. In the event that liability is incurred by reason of **Property Damage** to **Property** belonging to any **Covered Party** for which another **Covered Party** is liable, then this **Agreement** shall indemnify the **Member** in the same manner as if separate agreements had been issued to each **Covered Party**, however this condition shall not operate to increase the Limit of Coverage or create multiple limits of coverage provided under this Section on a per **Occurrence** basis.
3. Covered **Automobiles** used for personal business which is not **Incidental, Occasional Personal Use**, and is not endorsed as a **Category 2 County Vehicle**, will have payments for **Bodily Injury** and **Property Damage** adjusted and made in accordance with 63G-7-802, 41-12a, and 31A-22-304.

Nothing contained in these conditions shall operate to increase the **Pool's** Limits of Coverage.

**E. Limits of Coverage.**

1. Regardless of the number of **Covered Parties, Claims** made or **Suits** brought, covered **Automobiles** or vehicles involved in an **Occurrence**, contributions paid, or persons or organizations making **Claims** or bringing **Suits**, the most the **Pool** will indemnify for the total of all **Damages** resulting from any one **Occurrence** is as described in the Member Schedule of Liability Limits and Sublimits, less the amount of the **Member's** deductible.

2. All **Bodily Injury** and **Property Damage** resulting from continuous or repeated exposure to substantially the same conditions will be considered as resulting from one **Occurrence**.

**F. Defense, Judgment and Settlement**

1. The **Pool** has the right and duty to defend any **Suit** against the **Covered Party** claiming **Damage** for which coverage is afforded under this Section, even if any of the allegations of the **Suit** are groundless, false, or fraudulent, and may make such investigation of any **Occurrence** and settlement of any **Claim** or **Suit** as it deems expedient. The **Pool** has the right to select counsel; however, a **Covered Party** may hire co-defense counsel, at **Covered Party's** expense, to assist in the defense of **Claims**, provided the attorney selected by the **Pool** shall be lead counsel. The **Pool's** duty to defend shall arise when the complaint or **Claim** alleges facts, which would obligate the **Pool** to indemnify the **Covered Party** if the alleged facts were proven. The **Pool** will only be responsible for indemnification of that portion of a settlement or judgment, which relates to **Claims** for which coverage is afforded under the terms of this **Agreement**. Provided, however, the **Pool** shall not be obligated to pay any settlement or judgment or to defend any **Suit** after the applicable limits of coverage have been exhausted through the payment of judgments or settlements.
2. All costs, attorney's fees and expenses incurred in the defense of a litigated or contested **Claim**, shall be excess of the limits of coverage set forth.

**G. Bankruptcy or Insolvency.**

In the event of bankruptcy or insolvency of the **Member**, such bankruptcy or insolvency may not diminish the coverage provided by this Section regarding third parties. If execution against the **Member** is returned unsatisfied, an action may be maintained against the **Pool** to the extent that the liability is covered by this Section.

## Utah Counties Indemnity Pool

### PARTICIPATING MEMBERS ENDORSEMENT

This endorsement attaches to and forms part of **Addendum** No. UCIP-15.01.01.

The effective date of this endorsement is January 1, 2015.

It is understood and agreed that the **Pool** is comprised of the following participating **Members** with full voting and equity rights:

|                  |                   |
|------------------|-------------------|
| Beaver County    | Morgan County     |
| Box Elder County | Piute County      |
| Daggett County   | Rich County       |
| Davis County     | San Juan County   |
| Duchesne County  | Sanpete County    |
| Emery County     | Sevier County     |
| Garfield County  | Uintah County     |
| Iron County      | Wasatch County    |
| Juab County      | Washington County |
| Kane County      | Wayne County      |
| Millard County   | Weber County      |

It is further understood and agreed that the **Pool** is comprised of the following participating non-voting, non-equity **Members**:

Canyonland County Improvement District (excess liability limits do not apply)  
Central Utah Public Health Department  
Kane County Recreation and Transportation Special Service District (excess liability limits do not apply)  
San Juan Transportation District (excess liability limits do not apply)  
Southeastern Utah District Health Department  
Southwest Utah Public Health Department  
TriCounty Health Department  
Wasatch County Health Department  
Washington County Interlocal Agency  
Weber Human Services (except that Part VII, Liability Coverage Section does not apply)  
Weber-Morgan Health Department

Subject otherwise to all terms, clauses and conditions of this **Addendum**.

## Utah Counties Indemnity Pool

### MEMBER SCHEDULE OF LIABILITY LIMITS AND SUBLIMITS

This endorsement attaches to and forms part of Addendum No. UCIP-15.01.01

The effective date of this endorsement is January 1, 2015

The following Limits apply to each Member listed on the Participating Members Endorsement (except as noted on that endorsement).

|   | <u>Primary</u>                                | <u>Excess</u>  |
|---|---|--|
| General Liability                               | \$3,000,000 per Occurrence                    | \$2,000,000 per Occurrence subject to \$4,000,000 Annual Aggregate (a separate Annual Aggregate applies to claims arising out of Law Enforcement Activities) |
| Sublimits of General Liability:                 |   |  |
| Herbicide and Pesticide Application             | \$50,000                                      | \$0  |
| Terrorism                                       | \$100,000 per Occurrence and Annual Aggregate | \$0  |
| Public Officials Errors and Omissions Liability | \$3,000,000 per Wrongful Act                  | \$2,000,000 per Wrongful Act subject to \$4,000,000 Annual Aggregate   |
| Employee Benefits Liability                     | \$3,000,000 any one act, error or omission    | \$2,000,000 any one act, error or omission subject to \$4,000,000 Annual Aggregate   |
| <b>Automobile</b> Liability                     | \$3,000,000                                   | \$2,000,000  |

Annual Aggregates are based on the Pool's fiscal year.

Terrorism is further limited to \$300,000 Annual Aggregate for all Members combined.

Subject otherwise to all terms, clauses and conditions of this Addendum.

## Utah Counties Indemnity Pool

### UTAH GOVERNMENTAL IMMUNITY ACT ENDORSEMENT

This endorsement attaches to and forms part of **Addendum** No. UCIP-15.01.01.

The effective date of this endorsement is January 1, 2004.

It is hereby understood and agreed that coverage will apply to **Claims** and actions for which immunity is not available under, or is waived by a **Member**, under the Utah Governmental Immunity Act, Utah Code Ann. §63G-7-101 et. seq., as amended from time to time, and to defense and supplementary payments only as defined in this **Addendum**, for such **Claims**. Notwithstanding, any such waiver of the Utah Governmental Immunity Act must be approved by the **Pool** and the **Member** by resolution of its governing body for coverage to attach in excess of the applicable immunity limits.

All other terms and conditions remain unchanged.

## Utah Counties Indemnity Pool

### LIMITED PROFESSIONAL HEALTH CARE SERVICES ENDORSEMENT

This endorsement attaches to and forms part of **Addendum** No. UCIP-15.01.01, Part VII.  
A. General Liability.

The effective date of this endorsement is January 1, 2004.

Notwithstanding Part III. C. General Coverage Exclusions, it is understood and agreed that:

- A. Limited Professional Health Care Services is added to Part VII – Liability Coverage Section, **Addendum** No. UCIP-15.01.01, Part A – General Liability, but only as respects coverage for the **Member** and any **Covered Party** that is a duly qualified Psychologist, Physician Assistant, Registered Nurse Practitioner, Registered Nurse, Licensed Practical Nurse, Emergency Medical Technicians, Paramedics, Counselors, Social Workers, Nutritionists and related health and community worker classifications or other employees trained in first aid.
- B. The following definition is added to Part VII Liability Coverage Section– Liability, A – General Liability:

**“Limited Professional Health Care Services”** means **Bodily Injury** or **Personal Injury** arising out of the rendering or failure to render medical services by any **Covered Party** that is a duly qualified Psychologist, Physician Assistant, Registered Nurse Practitioner, Registered Nurse, Licensed Practical Nurse, Emergency Medical Technicians, Paramedics, Counselors, Social Workers, Nutritionists and related health and community worker classifications or other employees trained in first aid.

However, **Limited Professional Health Care Services** does not include service provided by:

1. A hospital or emergency room facility, except when provided by a qualified medical service provider listed above as part of certification or recertification training;
2. A physician, medical doctor, osteopath, chiropractor, resident, extern, or intern;
3. A psychiatrist;
4. A pharmacist;
5. A dentist, orthodontist, or periodontist; and

6. Any other licensed health care professional other than any **Covered Party** that is a duly qualified Psychologist, Physician Assistant, Registered Nurse Practitioner, Registered Nurse, Licensed Practical Nurse, Emergency Medical Technicians, Paramedics, Counselors, Social Workers, Nutritionists and related health and community worker classifications or other employees trained in first aid.

## Utah Counties Indemnity Pool

### ERRORS AND OMISSIONS RETROACTIVE DATES ENDORSEMENT

This endorsement attaches to and forms part of **Addendum** No. UCIP-15.01.01.

The effective date of this endorsement is January 1, 2015.

It is understood and agreed that the **Pool** provides Errors and Omissions coverage for the **Member** on the following retroactive dates:

|                  |                 |                   |                 |
|------------------|-----------------|-------------------|-----------------|
| Beaver County    | January 1, 1992 | Morgan County     | January 1, 2003 |
| Box Elder County | January 1, 1992 | Piute County      | January 1, 1992 |
| Daggett County   | January 1, 2000 | Rich County       | January 1, 1992 |
| Davis County     | January 1, 1992 | San Juan County   | January 1, 1992 |
| Duchesne County  | January 1, 1992 | Sanpete County    | January 1, 1992 |
| Emery County     | January 1, 1992 | Sevier County     | January 1, 1992 |
| Garfield County  | January 1, 1992 | Uintah County     | January 1, 1992 |
| Iron County      | January 1, 1992 | Wasatch County    | January 1, 1992 |
| Juab County      | January 1, 1993 | Washington County | January 1, 1992 |
| Kane County      | January 1, 1992 | Wayne County      | January 1, 1992 |
| Millard County   | January 1, 1993 | Weber County      | January 1, 1998 |

|  |                 |
|--|-----------------|
| Canyonland County Improvement District                           | January 1, 2015 |
| Central Utah Public Health Department                            | July 1, 2003    |
| Kane County Recreation & Transportation Special Service District | January 1, 2015 |
| San Juan Transportation District                                 | January 1, 2015 |
| Southeastern Utah District Health Department                     | July 1, 2003    |
| Southwest Utah Public Health Department                          | July 1, 2003    |
| TriCounty Health Department                                      | July 1, 2003    |
| Wasatch County Health Department                                 | July 1, 2003    |
| Washington County Interlocal Agency                              | March 24, 2011  |
| Weber-Morgan Health Department                                   | July 1, 2003    |

Subject otherwise to all terms, clauses and conditions of this **Addendum**.

## Utah Counties Indemnity Pool

### GENERAL LIABILITY, LAW ENFORCEMENT LIABILITY AND AUTO LIABILITY RETROACTIVE DATES ENDORSEMENT

This endorsement attaches to and forms part of **Addendum** No. **UCIP-15.01.01**.

The effective date of this endorsement is January 1, 2015.

It is understood and agreed that the **Pool** provides General Liability, Law Enforcement Liability and **Auto** Liability coverage for the **Member** on the following retroactive dates:

|                  |              |                   |              |
|------------------|--------------|-------------------|--------------|
| Beaver County    | July 1, 2013 | Morgan County     | July 1, 2013 |
| Box Elder County | July 1, 2013 | Piute County      | July 1, 2013 |
| Daggett County   | July 1, 2013 | Rich County       | July 1, 2013 |
| Davis County     | July 1, 2013 | San Juan County   | July 1, 2013 |
| Duchesne County  | July 1, 2013 | Sanpete County    | July 1, 2013 |
| Emery County     | July 1, 2013 | Sevier County     | July 1, 2013 |
| Garfield County  | July 1, 2013 | Uintah County     | July 1, 2013 |
| Iron County      | July 1, 2013 | Wasatch County    | July 1, 2013 |
| Juab County      | July 1, 2013 | Washington County | July 1, 2013 |
| Kane County      | July 1, 2013 | Wayne County      | July 1, 2013 |
| Millard County   | July 1, 2013 | Weber County      | July 1, 2013 |

|  |                 |
|--|-----------------|
| Canyonland County Improvement District                             | January 1, 2015 |
| Central Utah Public Health Department                              | July 1, 2013    |
| Kane County Recreation and Transportation Special Service District | January 1, 2015 |
| San Juan Transportation District                                   | January 1, 2015 |
| Southeastern Utah District Health Department                       | July 1, 2013    |
| Southwest Utah Public Health Department                            | July 1, 2013    |
| TriCounty Health Department  | July 1, 2013    |
| Wasatch County Health Department                                   | July 1, 2013    |
| Washington County Interlocal Agency                                | July 1, 2013    |
| Weber Human Services (Auto Liability only)                         | January 1, 2014 |
| Weber-Morgan Health Department                                     | July 1, 2013    |

**Claims** with an **Occurrence** date prior to July 1, 2013 will be covered on an **Occurrence** basis and only if:

- A. The injury or damage occurs during the Agreement period; and

- B. Prior to the Agreement period, no **Covered Party** and no employee authorized by the **Member** to give or receive notice of an **Occurrence** or **Claim** knew that the injury or damage had occurred, in whole or part. If a **Covered Party** or authorized employee knew, prior to the Agreement period, that the injury or damage had occurred, then any continuation, change or resumption of such injury or damage during or after the Agreement period will be deemed to have been known prior to the Agreement period.

Subject otherwise to all terms, clauses and conditions of this **Addendum**.

## Utah Counties Indemnity Pool

### CYBER LIABILITY RETROACTIVE DATES ENDORSEMENT

This endorsement attaches to and forms part of **Addendum** No. UCIP-15.01.01.

The effective date of this endorsement is January 1, 2015.

It is understood and agreed that the **Pool** provides Cyber Liability coverage for the **Member** on the following retroactive dates:

|  |              |                   |                 |
|--|--------------|-------------------|-----------------|
| Beaver County  | July 1, 2013 | Morgan County     | July 1, 2013    |
| Box Elder County   | July 1, 2013 | Piute County      | July 1, 2013    |
| Daggett County   | July 1, 2013 | Rich County       | July 1, 2013    |
| Davis County   | July 1, 2013 | San Juan County   | July 1, 2013    |
| Duchesne County  | July 1, 2013 | Sanpete County    | July 1, 2013    |
| Emery County   | July 1, 2013 | Sevier County     | July 1, 2013    |
| Garfield County  | July 1, 2013 | Uintah County     | July 1, 2013    |
| Iron County  | July 1, 2013 | Wasatch County    | July 1, 2013    |
| Juab County  | July 1, 2013 | Washington County | July 1, 2013    |
| Kane County  | July 1, 2013 | Wayne County      | July 1, 2013    |
| Millard County   | July 1, 2013 | Weber County      | July 1, 2013    |
| Canyonland County Improvement District                             |              |                   | January 1, 2015 |
| Central Utah Public Health Department                              |              |                   | July 1, 2013    |
| Kane County Recreation and Transportation Special Service District |              |                   | January 1, 2015 |
| San Juan Transportation District                                   |              |                   | January 1, 2015 |
| Southeastern Utah District Health Department                       |              |                   | July 1, 2013    |
| Southwest Utah Public Health Department                            |              |                   | July 1, 2013    |
| TriCounty Health Department  |              |                   | July 1, 2013    |
| Wasatch County Health Department                                   |              |                   | July 1, 2013    |
| Washington County Interlocal Agency                                |              |                   | July 1, 2013    |
| Weber Human Services (Auto Liability only)                         |              |                   | January 1, 2015 |
| Weber-Morgan Health Department                                     |              |                   | July 1, 2013    |

Subject otherwise to all terms, clauses and conditions of this **Addendum**.

## Utah Counties Indemnity Pool

### PERSONAL INJURY PROTECTION ENDORSEMENT

This endorsement attaches to and forms part of **Addendum** No. UCIP-15.01.01, Part VIII **Auto** Liability.

The effective date of this endorsement is July 1, 2004.

This endorsement provides **Personal Injury** protection coverage required by Utah Code Ann. §31A-22-307 (Amended 2004), applicable to the operation and use of **Member** owned **Automobiles** and **Hired Autos**.

#### Schedule

| <u>Benefits</u> | <u>Limits</u>   |
|-----------------|---|
| Medical         | \$3,000 per person  |
| Loss of Income  | The lesser of \$250 per week or 85% of any loss of gross income; and a special damage allowance not exceeding \$20 per day, for services actually rendered or expenses reasonably incurred for services that, but for the injury, the injured person would have performed for his household |
| Funeral Expense | \$1,500 per person  |
| Survivor Loss   | \$3,000 per person  |

This endorsement provides only those **Personal Injury** Protection coverages required by Utah Code Ann. §31A-22-307 and related Sections of Utah Code Ann. §31A-22 all as amended from time to time. The definitions of Utah Code Ann. §31A-22 and restrictions permitted by that chapter for **Personal Injury** Protection, together with all other terms, conditions and exclusions of the **Addendum** apply.

## Utah Counties Indemnity Pool

### UNINSURED MOTORIST COVERAGE ENDORSEMENT

This endorsement attaches to and forms part of **Addendum** No. UCIP-15.01.01, Part VIII **Auto** Liability.

The effective date of this endorsement is July 1, 2004.

This endorsement provides uninsured motorist coverage required by Utah Code Ann. §31A-22-305 as amended from time to time, applicable to the operation and use of **Member** owned **Automobiles** and **Hired Autos**.

#### Schedule

##### Benefits

##### Limits

##### **Bodily Injury**

\$5,000 per person  
\$10,000 per **Accident**

This endorsement provides only those uninsured motorist coverages required by Utah Code Ann. §31-22-305 as amended from time to time, and related Sections of Utah Code Ann. §31A-22. The definitions of Utah Code Ann. §31A-22 and restrictions permitted by that chapter for uninsured motorist coverage, together with all other terms, conditions and exclusions of the **Addendum** apply.

## Utah Counties Indemnity Pool

### UNDERINSURED MOTORIST COVERAGE ENDORSEMENT

This endorsement attaches to and forms part of **Addendum** No. UCIP-15.01.01, Part VIII **Auto** Liability.

The effective date of this endorsement is July 1, 2004.

This endorsement provides the underinsured motorist coverage required by Utah Code Ann. §31A-22-305.3 as amended from time to time, applicable to the operation and use of **Member** owned **Automobiles** and **Hired Autos**.

#### Schedule

##### Benefits

##### Limits

##### **Bodily Injury**

\$5,000 per person  
\$10,000 per **Accident**

This endorsement provides only those underinsured motorist coverages required by Utah Code Ann. §31-22-305.3 as amended from time to time and related Sections of Utah Code Ann. §31A-22. The definitions of Utah Code Ann. §31A-22 and restrictions permitted by that chapter for underinsured motorist coverage, together with all other terms, conditions and exclusions of the **Addendum** apply.

## Utah Counties Indemnity Pool

### EQUIPMENT BREAKDOWN ENDORSEMENT

This endorsement attaches to and forms part **Addendum No. UCIP-15.01.01, Part V Property.**

This endorsement's intention is to clarify that the peril of "**Breakdown**" is included for "**Covered Equipment**".

- A. "**Breakdown**" shall be considered a covered peril on "**Covered Equipment**".
- B. "**Covered Equipment**":
  - 1. **Covered Equipment** means and includes any:
    - a. Equipment built to operate under internal pressure or vacuum other than weight of contents;
    - b. Electrical or mechanical equipment that is used in the generation, transmission or utilization of energy; and
    - c. Communication equipment and computer equipment.
  - 2. **Covered Equipment** does not mean or include any:
    - a. "**Media**";
    - b. Part of pressure or vacuum equipment that is not under internal pressure of its contents or internal vacuum;
    - c. Insulating or refractory material, but not excluding the glass lining of any Covered Equipment;
    - d. 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;
    - e. Catalyst;
    - f. Vessels, piping and other equipment that is buried below ground and requires the excavation of materials to inspect, remove, repair or replace;

- g. Structure, foundation, cabinet or compartment supporting or containing the Covered Equipment or part of the Covered Equipment including penstock, draft tube or well casing;
- h. Vehicle, aircraft, self-propelled equipment or floating vessel including any Covered Equipment that is mounted upon or used solely with anyone or more vehicle(s), aircraft, self-propelled equipment or floating vessel;
- i. 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;
- j. 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; or
- k. Equipment or any part of such equipment manufactured by the **Member** for sale.

**C. “Breakdown”**

- 1. **Breakdown** means the direct physical loss resulting from one or more of the following items that causes damage to Covered Equipment and necessitates its repair or replacement:
  - a. Failure of pressure or vacuum equipment;
  - b. Mechanical failure including rupture or bursting caused by centrifugal force;
  - c. Electrical failure including arcing;
  - d. Explosion of steam boilers, steam piping, steam engines or steam turbines owned or leased by you, or operated under your control;
  - e. Loss or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment; or
  - f. Loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment.

Unless such loss or damage is otherwise excluded within the **Addendum** form.

- 2. **Breakdown** does not mean or include:

- a. Malfunction including but not limited to adjustment, alignment, calibration, cleaning or modification;
- b. Defects, erasures, errors, limitations or viruses in computer equipment and programs including the inability to recognize and process any date or time or provide instructions to Covered Equipment;
- c. Leakage at any valve, fitting, shaft seal, gland packing, joint or connection;
- d. Damage to any vacuum tube, gas tube, or brush;
- e. Damage to any structure or foundation supporting the Covered Equipment or any of its parts;
- f. The functioning of any safety or protective device; or
- g. The cracking of any part on an internal combustion gas turbine exposed to the products of combustion.

**D.** Limits of Coverage

The most the **Pool** will indemnify for any and all coverages for loss or damage from any “One **Breakdown**” is the applicable Limit of Coverage shown for Equipment Breakdown in Part V. 2. Limits of Coverage.

**E.** Equipment **Breakdown** Coverage Extensions

Unless a higher limit or “Included” is shown in Part V. 2. Limits of Coverage, the most the **Pool** will indemnify for direct damage as a direct result of a **Breakdown to Covered Equipment** is \$25,000 for each of the following. The Limits for Coverage extensions are part of, not in addition to, the Limit of Coverage for Equipment Breakdown shown in the sublimits.

1. Spoilage:

- a. The **Pool** will indemnify for the spoilage damage to raw materials, **Property** in process or finished products, provided all of the following conditions are met:
  - (i) The raw materials, **Property** in process or finished products must be in storage or in the course of being manufactured;
  - (ii) The **Member** must own or be legally liable under written contract for the raw materials, **Property** in process or finished products; and

- (iii) The spoilage damage must be due to the lack or excess of power, light, heat, steam or refrigeration.
- b. The **Pool** will also indemnify any necessary expenses the **Member** incurs to reduce the amount of loss under this coverage. The **Pool** will indemnify such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage form.

2. Service Interruption:

The **Pool** will indemnify for loss resulting from the interruption of utility services provided all of the following conditions are met:

- a. The interruption is the direct result of a “Breakdown” to “Covered Equipment” owned, operated or controlled by the local private or public utility or distributor that directly generates, transmits, distributes or provides utility services which the **Member** receives;
- b. The “Covered Equipment” is used to supply electric power, communication services, air conditioning, heating, gas, sewer, water or steam to the **Member’s Premises**; and
- c. The interruption of utility service to the **Member’s Premises** lasts at least the consecutive period of time shown as the Waiting Period applying to Service Interruption. Once this waiting period is met, coverage will commence at the initial time of the interruption and will be subject to all applicable deductibles.

3. Business Income:

- a. The **Pool** will indemnify the **Member’s** actual loss of “business income” that results directly from the necessary total or partial interruption of the **Member’s** business caused by a “Breakdown”.
- b. The **Pool** will also indemnify any necessary expenses the **Member** incurs to reduce the amount of loss under this coverage. The **Pool** will indemnify for such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.
- c. The **Pool** will consider the actual experience of the **Member’s** business before the **Accident** and the probable experience the **Member** would have had without the **Accident** in determining the amount of its indemnification.
- d. This coverage continues until the date the damaged **Property** is repaired or replaced.

4. Expediting Costs:

The **Pool** will indemnify the reasonable and necessary costs incurred to pay for the temporary repair of insured damage to covered **Property** and to expedite the permanent repair or replacement of such damaged **Property** caused by a “Breakdown”.

This coverage extension does not cover costs:

- a. Recoverable elsewhere in this **Addendum**; or
- b. Of permanent repair or replacement of damaged **Property**.

5. Hazardous Substance:

The **Pool** will indemnify any additional expenses incurred by the **Member** for the clean-up, repair or replacement or disposal of Covered **Property** that is damaged, contaminated or polluted by a Hazardous Substance caused by a “Breakdown”.

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

6. Ammonia **Contamination**:

The **Pool** will indemnify for the spoilage to covered **Property** contaminated by ammonia, including any salvage expense caused by a “Breakdown”.

7. Water Damage:

The **Pool** will indemnify for the damage to covered **Property** by water including any salvage expenses caused by a “Breakdown”, except no coverage applies to such damage resulting from leakage of a sprinkler system or domestic water piping.

8. Consequential Loss:

The **Pool** will indemnify the reduction in the value of undamaged “stock” parts of a product which becomes unmarketable. The reduction in value must be caused by a physical loss or damage to another part of the product.

9. **Data & Media**:

The **Pool** will indemnify the **Member**’s cost to research, replace or restore damaged **Data** or **Media** including the cost to reprogram instructions used in any computer equipment if the loss is caused by a “Breakdown”.

8. CFC Refrigerants:

The **Pool** will indemnify for the additional cost to repair or replace Covered **Property** because of the use or presence of a refrigerant containing CFC (chlorinated fluorocarbon) substances if the loss is caused by a “Breakdown”. This means the additional expense to do the least expensive of the following:

- a. Repair the damaged **Property** and replace any lost CFC refrigerant;
- b. Repair the damaged **Property**, retrofit the system to accept a non-CFC refrigerant and charge the system with a non-CFC refrigerant; or
- c. Replace the system with one using a non-CFC refrigerant.

9. Computer Equipment:

The **Pool** will indemnify for direct damage to “computer equipment” that is damaged by a “Breakdown” to such equipment

**F.** Definitions relating only to this endorsement:

1. **Data** means
  - a. Programmed and recorded material stored on “**Media**”; and
  - b. Programming records used for **Electronic Data** processing, or electronically controlled equipment.
2. Hazardous Substance means any substance other than ammonia that has been declared to be hazardous to health by a government agency.

Ammonia is not considered to be a “Hazardous Substance” as respects this limitation.
3. **Media** means all forms of electronic, magnetic and optical tapes and discs for use in any electronic computer or **Electronic Data Processing Equipment**.
4. One Breakdown means if an initial Breakdown causes other Breakdowns, all will be considered One Breakdown. All Breakdowns at any one premise’s that manifest themselves at the same time and are the direct result of the same cause will be considered One Breakdown.
5. Computer Equipment means covered **Property** that is electronic computer or other **Electronic Data Processing Equipment**, including “**Media**” and peripherals used in conjunction with such equipment.
6. Stock means merchandise held in storage or for sale, raw materials, **Property** in process or finished products including supplies used in their packing or shipping.

## Utah Counties Indemnity Pool

### MOLD / FUNGUS ENDORSEMENT

This endorsement attaches to and forms part of **Addendum** No. UCIP-14.100, Part V **Property** and Part VII Liability.

It is hereby understood and agreed that the following change is made to this **Addendum**:

The **Pool** shall not be liable for any loss or damage in the form of, caused by, arising out of, contributed to, or resulting from fungus, mold(s), mildew or yeast; or any spores or toxins created or produced by or emanating from such fungus, mold(s), mildew or yeast;

- A. Fungus includes, but is not limited to, any of the plants or organisms belonging to the major group fungi, lacking chlorophyll, and including mold(s), rusts, mildews, smuts and mushrooms;
- B. Mold(s) includes, but is not limited to, any superficial growth produced on **Damp** or decaying organic matter or on living organisms, and fungi that produce mold(s);
- C. Spores means any dormant or reproductive body produced by or arising or emanating out of any fungus, mold(s), mildew, plants, organisms or microorganisms,

Regardless of any other cause or event that contributes concurrently or in any sequence to such loss.

This exclusion shall not apply to any loss or damage in the form of, caused by, contributed to or resulting from fungus, mold(s), mildew or yeast, or any spores or toxins created or produced by or emanating from such fungus, mold(s), mildew or yeast which the **Member** establishes is a direct result of a Covered Loss from **Flood, Earthquake, Fire, Windstorm, Wind Driven Water, Lightning, Explosion, or Hail**, provided that such fungus, mold(s), mildew or yeast loss or damage is reported to the **Pool** within twelve months from the date of the loss.

A \$1,000,000 per **Occurrence** and annual Aggregate limit of liability applies to coverage provided by this endorsement.

## Utah Counties Indemnity Pool

### OCCURRENCE LIMIT of COVERAGE ENDORSEMENT

This endorsement attaches to and forms part **Addendum** No. UCIP-15.01.01, Part V **Property**.

It is hereby understood and agreed that the following change is made to this **Addendum**:

It is understood and agreed that the following special terms and conditions apply to this **Addendum**:

- A.** The limit of coverage shown in this **Addendum**, or endorsed onto this **Addendum**, is the total limit of the **Pool's** obligation to indemnify the **Member** applicable to each **Occurrence**, as hereafter defined. Notwithstanding any other terms and conditions of this **Addendum** to the contrary, in no event shall the liability of the **Pool** exceed this limit or amount irrespective of the number of **Locations** involved. The term "**Occurrence**" shall mean any one loss, disaster, casualty or series of losses, disasters, or casualties, arising out of one event. When the term applies to loss or losses from the perils of tornado, cyclone, hurricane, windstorm, **Named Storm**, hail, volcanic eruption, riot, riot attending a strike, civil commotion, and vandalism and malicious mischief one event shall be construed to be all losses arising during a continuous period of 72 hours. When filing proof of loss, the **Member** may elect the moment at which the 72 hour period shall be deemed to have commenced, which shall not be earlier than the first loss to the covered **Property** occurs.
- B.** The contribution for this **Addendum** is based upon the Statement of Values on file with the **Pool**, or attached to this **Addendum**. In the event of loss hereunder, the obligation of the **Pool** to indemnify the **Member**, subject to the terms of paragraph one (A) above, shall be limited to the least of the following:
1. The actual adjusted amount of loss, less applicable deductible(s).
  2. The Limit of Coverage shown on the individual **Member** Schedules or as endorsed onto this **Addendum**.

## Utah Counties Indemnity Pool

### ASBESTOS EXCLUSION

This endorsement attaches to and forms part of **Addendum** No. UCIP-15.01.01, Part V **Property**.

It is hereby understood and agreed that the following change is made to this **Addendum**:

This **Addendum** excludes:

- A. Asbestos material defects, treatment, abatements or removal, unless the asbestos itself is damaged by a covered peril and then only as to the physical portion of asbestos material damaged by that peril;
- B. Regardless of cause, any sum relating to:
  - 1. Health hazard from asbestos;
  - 2. Treatment, abatement or repair of asbestos material that has become friable; or
  - 3. Demolition, increased cost of reconstruction, removal or any type of cost or loss arising from the enforcement of or compliance with any law or ordinance regulating asbestos material; or
- C. Any governmental requirement relating to asbestos material present in or part of any portion of covered **Property** that was not damaged by a covered peril during the **Addendum** Term and cannot any longer be used where installed.

## Utah Counties Indemnity Pool

### ELECTRONIC DATA EXCLUSION

This endorsement attaches to and forms part of **Addendum** No. UCIP-15.01.01, Part V **Property**.

#### A. **Electronic Data** Exclusion

Notwithstanding any provision to the contrary within the **Addendum** or any endorsement thereto, it is understood and agreed as follows:

1. This **Addendum** does not cover loss, damage, destruction, distortion, erasure, corruption or alteration of **Electronic Data** from any cause whatsoever (including but not limited to **Computer Virus**) or loss of use, reduction in functionality, cost, expense of whatsoever nature resulting therefrom, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

“**Electronic Data**” means facts, concepts and information converted to a form useable for communications, interpretation or processing by electronic and electromechanical **Data** processing or electronically controlled equipment and includes programs, **Software** and other coded instructions for the processing and manipulation of **Data** or the direction and manipulation of such equipment.

“**Computer Virus**” means a set of corrupting, harmful or otherwise unauthorized instructions or code including a set of maliciously introduced unauthorized instructions or code, programmatic or otherwise, that propagate themselves through a **Computer System** or network of whatsoever nature. **Computer Virus** includes but is not limited to 'Trojan Horses', 'worms' and 'time or logic bombs'.

2. However, in the event that a peril listed below results from any of the matters described in paragraph (a) above, this **Addendum**, subject to all its terms, conditions and exclusions, will cover physical damage occurring during the **Addendum** period to **Property** covered by this **Addendum** directly caused by such listed peril.

#### Listed Perils

Fire  
Explosion  
Aircraft Impact  
Vehicle Impact  
Smoke  
Boiler & Machinery **Accident**

**B. Electronic Data Processing Media Valuation**

Notwithstanding any provision to the contrary within the **Addendum** or any endorsement thereto, it is understood and agreed as follows:

Should **Electronic Data** processing **Media** covered by this **Addendum** suffer physical loss or damage covered by this **Addendum**, then the basis of valuation shall be the cost to repair, replace or restore such **Media** to the condition that existed immediately prior to such loss or damage, including the cost of reproducing any **Electronic Data** contained thereon, providing such **Media** is repaired, replaced or restored. Such cost of reproduction shall include all reasonable and necessary amounts, not to exceed \$1,000,000 any one loss, incurred by the **Member** in recreating, gathering and assembling such **Electronic Data**. If the **Media** is not repaired, replaced or restored the basis of valuation shall be the cost of the blank **Media**. However this **Addendum** does not cover any amount pertaining to the value of such **Electronic Data** to the **Member** or any other party, even if such **Electronic Data** cannot be recreated, gathered or assembled.

## Utah Counties Indemnity Pool

### TIME OR DATE RECOGNITION EXCLUSION

This endorsement attaches to and forms part of **Addendum** No. UCIP-15.01.01, Part V **Property**.

It is hereby understood and agreed that the following change is made to this **Addendum**:

- A. We will not indemnify, under any form, coverage, or endorsement of this **Addendum**, for loss caused directly or indirectly by:
1. The failure of any of the following, whether owned by you or others:
    - a. **Data Processing Equipment, Software, Data, or Media;**
    - b. Hardware or **Software** based computer operating systems;
    - c. Microprocessors;
    - d. Integrated circuits; or,
    - e. Any other electronic equipment, computerized equipment, or similar devices;

Due to the inability of these items to correctly recognize, process, or accept one or more dates or times as their true calendar date or time.

2. Loss resulting from:
  - a. Any services, functions, or products that use one or more of the systems or devices described in item 1. a.
  - b. Any advice, design, inspection, installation, repair or maintenance done by you or for you to determine or correct any problems described in item 1. a.

These losses are excluded regardless of any other cause or event, including a **peril covered**, that contributes to the loss at the same time or in any sequence.

- B. If loss to covered **Property** by a **specified peril** ensues, we will pay for that loss.
- C. We will not pay for modification, repair or replacement of systems or devices described in item 1.a. in order to correct any potential or actual deficiencies.

- D. Terms in bold face type have special meanings in this endorsement. They are defined as follows:
1. **“Data”** means any information recorded on **Media** and used in your processing operations, but does not mean **Software**.
  2. **“Data Processing Equipment”** means processing units, terminals, tape drives, disk drives, controllers, printers, and other equipment capable of receiving, processing, storing or retrieving information. It does not include **Media, Software, or Data**.
  3. **“Media”** means the material on which **Data** or **Software** is recorded, such as magnetic tape, perforated paper tape, punch cards, discs, drums, and other storage devices used in your **Data** processing operations.
  4. **“Peril(s) Covered”** means possible causes of loss for which this **Addendum** provides coverage.
  5. **“Software”** means programs stored on **Media** which instruct **Data Processing Equipment** how to process **Data**.
  6. **“Specified Perils”** means any of the following:
    - Fire;
    - Lightning;
    - Aircraft;
    - Explosion;
    - Riot;
    - Civil commotion;
    - Smoke;
    - Vehicles;
    - Windstorm or hail to **Property** contained in any building;
    - Malicious mischief;
    - Leakage or accidental discharge from automatic fire protection system; or,
    - Collapse

## Utah Counties Indemnity Pool

### CHEMICAL, BIOLOGICAL AND RADIOLOGICAL EXPOSURES EXCLUSION

This endorsement attaches to and forms part of **Addendum** No. UCIP-15.01.01, Part V **Property**.

It is hereby understood and agreed that the following change is made to this **Addendum**:

- A. This **Addendum** does not cover any loss, damage, cost or expense caused by or resulting from any of the following, regardless of any other cause or event contributing concurrently or in any other sequence thereto:
1. The unlawful possession, use, release, discharge, dispersal or disposal of any **chemical, bacteriological, viral, radioactive or similar agents or matter** regardless of who is responsible for the act and whether war has been declared or not, and regardless of any other cause or event contributing concurrently or in any other sequence thereto.
  2. The unlawful possession, use, release, discharge, detonation, dispersal or disposal of any device or material capable of producing a **nuclear reaction or the spread of radioactivity**, regardless of who is responsible for the act and whether war has been declared or not, and regardless of any other cause or event contributing concurrently or in any other sequence thereto.
- B. In any action, **Suit** or other proceeding where the **Pool** alleges that, by reason of either of the provisions above, some or all loss or damage is not covered by this **Addendum**, the burden of proving that such loss or damage is not excluded shall be upon the **Member**.

## Utah Counties Indemnity Pool

### PROPERTY DEDUCTIBLE ENDORSEMENT

This endorsement attaches to and forms part of **Addendum** No. UCIP-15.01.01.

The effective date of this endorsement is January 1, 2011.

Part V. 7. 2. a (vi) is deleted and replaced with the following:

For all other **Flood** losses, the deductible shall be:

|                          |           |
|--------------------------|-----------|
| Davis County             | \$100,000 |
| All other <b>Members</b> | \$1,000   |

In addition, Part V. 7. 2. b. All Other Perils is deleted and replaced with the following:

As respects losses from any other peril, a per **Occurrence** deductible as scheduled below for all **Locations**, and coverages, combined shall apply, except **Automobile** physical damage, a \$1,000 per vehicle per **Occurrence** deductible shall apply.

|                          |  |
|--------------------------|--|
| Davis County             | \$100,000 except <b>Mobile Equipment</b> \$500 |
| All other <b>Members</b> | \$500  |

All deductibles listed are per **Occurrence**.

Subject otherwise to all terms, clauses and conditions of this **Addendum**.

## Utah Counties Indemnity Pool

### SECURITY CLAIMS EXCLUSION AND LIMITED COVERAGE

This endorsement attaches to and forms part of **Addendum** No. UCIP-15.01.01, Part III General Coverage Exclusions, Part IV General Definitions.

The effective date of this endorsement is March 1, 2011.

This endorsement modifies coverage provided under the following:

**PART III GENERAL COVERAGE EXCLUSIONS** is amended to include the following additional language:

- V. To any **Claims** arising in whole or in part out of any **Securities Claim**.
1. This exclusion applies whether or not the **Covered Party** is alleged to have actually participated in events from which the "**Securities Claim**" arises.
  2. This exclusion applies to any **Claim** that in any way involves any alleged **Wrongful Act** in connection with the activities encompassed within the definition of a "**Securities Claim**", whether intentional, reckless, negligent, or in a circumstance in which the law imposes strict liability. In addition, the exclusion applies to any **Claim** or **Suit** arising out of such conduct, whether criminal, civil, state or federal, statutory or common law.

However a defense will be provided, up to a maximum of \$35,000 per **Occurrence** per **Member**. The sub-limited amount applies to defense costs of the **Member** only and cannot be applied to pay a settlement, plaintiff's costs or legal fees. **Claims** for injunctive relief appeals to District Court are not eligible for defense costs.

**PART IV GENERAL DEFINITIONS** is amended to include the following additional language:

"**Securities Claim**" means any "**Suit**" or "**Claim**" for "**Damages**", rescission or restitution, arising out of any actual or alleged violation of:

1. The **Securities** Act of 1933; or
2. The **Securities** Exchange Act of 1934; or
3. The Public Utilities Holding Act of 1935; or
4. The Trust Indenture Act of 1939; or
5. The Investment Company Act of 1940; or

6. The Investment Advisors Act of 1940; or
7. Any state Blue Sky Laws; or any rules, regulations or amendments issued in relation to such acts; or
8. Any common law **Claim** arising out of or in any way concerning or related to:
  - a. The promotion, issuance, sale or solicitation for sale of **Securities**, bonds, debentures, stocks, options, warrants, trusts, real estate, REIT, or any other investment of any kind by any **Covered Party**; or
  - b. Recommendations, representations, or opinions concerning investment advice given by any **Covered Party** or any person or organization referred to by any **Covered Party** in connection with the performance or nonperformance of any **Securities**, bonds, debentures, stocks, options, warrants, trusts, real estate, REIT, or any other investment of any kind; or
  - c. Any common law principles of liability, if made in connection with an actual or alleged violation of any law listed in 1-7 above.

“**Securities Claim**” includes **Claims** arising out of the solicitation of, attempt to commit, or conspiracy to commit, any act described in the preceding paragraphs.

Subject otherwise to all terms, clauses and conditions of this **Addendum**.

## Utah Counties Indemnity Pool

### LAND USE ACTIONS ENDORSEMENT

This endorsement attaches to and forms part of **Addendum** No. UCIP-15.01.01, Part III General Coverage Exclusions.

**PART III GENERAL COVERAGE EXCLUSIONS**, Section R. is deleted and replaced with the following:

- R.** Any liability, **Claims** or **Suits** arising in whole or in part out of the operation of the principles of eminent domain, condemnation proceedings or **Claims**, inverse condemnation proceedings or **Claims**, regulatory taking by whatever name called, whether that liability accrues directly against the **Member** or by virtue of any agreement entered into, by or on behalf of the **Member**. **Claims** or **Suits** alleging civil rights violations arising out of any of these listed proceedings are also excluded.

Subject otherwise to all terms, clauses and conditions of this **Addendum**.

## Utah Counties Indemnity Pool

### EXCLUSION OF CYBER LIABILITY AND EXPENSE COVERAGE

The Coverage **Addendum** is endorsed to include the following provision:

**A.** This Coverage **Addendum** does not provide coverage for any liability, loss, penalty or expense arising directly or indirectly from any **Cyber Security Event**, except for coverage provided specifically for **Cyber Security Events** under Part IX Cyber Liability and Expense Coverage.

**B.** For purposes of this exclusion the following terms have the following meanings:

“**Computer System**” means computers and associated input and output devices, **Data** storage devices, networking equipment and backup facilities:

1. Operated by and either owned by or leased to any **Covered Person**; or
2. Operated by a third party service provider and used to provide hosted computer application services to the **Covered Person** or for processing, maintaining, hosting or storing the **Covered Person’s Electronic Data** pursuant to a written contract with the **Covered Person** for such services.

“**Covered Person**” means any entity or individual for which coverage is provided under this Coverage **Addendum**.

“**Cyber Security Event**” means:

1. The actual or reasonably suspected **Theft**, loss or unauthorized disclosure of or access to electronic **Personal Information** in the care, custody or control of the **Covered Person** or for which the **Covered Person** is legally responsible; or
2. A violation or failure of the security of a **Computer System**, including but not limited to unauthorized access, unauthorized use, a denial of service attack or receipt or transmission of malicious code.

“**Personal Information**” means an individual’s name in combination with one or more of the following:

1. Information concerning the individual that constitutes “nonpublic **Personal Information**” as defined in the Gramm-Leach Bliley Act of 1999, as amended, and implementing regulations;
2. Medical or health care information concerning the individual, including without limitation “protected health information” as defined in the Health

Insurance Portability and Accountability Act of 1996, as amended, and implementing regulations;

3. The individual's Social Security number, driver's license or state identification number, credit, debit, or other financial account numbers and associated security codes, access codes, passwords or personal identification numbers that allow access to the individual's financial account information; or
4. Other nonpublic personally identifiable information, as protected under any local, state, federal or foreign law;

Provided, however, **Personal Information** does not include information that is lawfully available to the public, including without limitation information lawfully available from any **Covered Person** or any local, state, federal or foreign governmental entity.

All other terms and conditions of the coverage **Addendum** remain unchanged.

## Utah Counties Indemnity Pool

### CYBER LIABILITY AND EXPENSE COVERAGE ENDORSEMENT

This Addendum is amended to include the following coverage Part IX, Cyber Liability and Expense Coverage.

#### THIS IS CLAIMS MADE AND REPORTED COVERAGE

##### A. Cyber Liability and Expense Coverage Agreement

###### 1. Third-Party Liability

- a. The **Pool** will pay those sums a **Covered Person** becomes legally obligated to pay as **Damages** because of a **Cyber Security Event**. The **Pool** will have the right and duty to defend the **Covered Person** against any **Suit** seeking such **Damages**. However, the **Pool** will have no duty to defend any **Covered Person** against any **Suit** seeking **Damages** to which this coverage does not apply. The **Pool** may at its discretion investigate any **Cyber Security Event** and settle any **Claim** that may result.

But:

- (i) The amount the **Pool** will pay for **Damages** and **Claim Expenses** is limited as described in Section C.; and
  - (ii) The right and duty of the **Pool** to defend ends when the applicable limit of liability is exhausted in the payment of judgments or settlements, **Regulatory Penalties**, **Claims Expenses** and **Privacy Response Expenses**.
- b. This coverage applies only if:
    - (i) The **Cyber Security Event** commenced on or after the Retroactive Date, if any, shown in the Declarations and before the end of the Coverage Period;
    - (ii) A **Claim** for **Damages** because of the **Cyber Security Event** is first made against the **Covered Person** during the Coverage Period; and
    - (iii) The **Covered Person** gives written notice of the **Claim** to the **Pool** in accordance with Section D.

- c. A **Claim** seeking **Damages** will be deemed to have been made when notice of the **Claim** is received by any **Covered Person** or by the **Pool**, whichever occurs first.

2. **Privacy Response Expenses**

- a. The **Pool** will pay for **Privacy Response Expenses** incurred by the Named **Member** in connection with a **Cyber Security Event** that results in the actual or reasonably suspected **Theft**, loss or unauthorized disclosure of or access to **Personal Information**.

But:

- (i) The amount the **Pool** will pay for **Privacy Response Expenses** is limited as described in Section C.
- b. This coverage applies only if:
  - (i) The **Cyber Security Event** commenced on or after the Retroactive Date, if any, shown in the Declarations and before the end of the Coverage Period; and
  - (ii) The Named **Member** gives written notice of the **Cyber Security Event** to the **Pool** in accordance with Section D.

3. **Regulatory Proceedings and Penalties**

- a. The **Pool** will pay for **Regulatory Penalties** the **Covered Person** becomes legally obligated to pay as a result of a **Regulatory Proceeding** resulting from a **Cyber Security Event**. The **Pool** will have the right and duty to defend the **Covered Person** against any **Regulatory Proceeding** to which this coverage applies. The **Pool** may at its discretion investigate any **Cyber Security Event** and settle any **Claim** that may result.

But:

- (i) The amount the **Pool** will pay for **Regulatory Penalties** and **Claim Expenses** resulting from a **Regulatory Proceeding** is limited as described in Section C.; and
- (ii) The right and duty of the **Pool** to defend a **Regulatory Proceeding** ends when the applicable limit of liability is exhausted.
- b. This coverage applies only if:

- (i) The **Cyber Security Event** commenced on or after the Retroactive Date, if any, shown in the Declarations and before the end of the Coverage Period;
  - (ii) A **Regulatory Proceeding** because of the **Cyber Security Event** is initiated against the **Covered Person** during the Coverage Period; and
  - (iii) The **Covered Person** gives written notice of the **Regulatory Proceeding** to the **Pool** in accordance with Section D.
- c. A **Regulatory Proceeding** will be deemed to have been initiated when notice of the **Regulatory Proceeding** is received by any **Covered Person** or by the **Pool**, whichever occurs first.

## **B. Deductible**

For each **Cyber Security Event**, the **Pool** will pay only such amounts as are in excess of the deductible amount shown in the Declarations.

## **C. Limits of Liability**

1. The limits of liability stated below establish the most the **Pool** will pay regardless of the number of **Cyber Security Events**, **Covered Persons**, **Claims** made, **Suits** or **Regulatory Proceedings** brought or individuals or entities making **Claims** or bringing **Suits** or **Regulatory Proceedings**.
2. The following general Aggregate limit applies: The **Pool** will pay no more than \$1,000,000, less applicable deductible amounts, for the sum of the following in any one **Pool** fiscal year:
  - a. All **Damages** and **Claim Expenses** covered under Section A. 1.;
  - b. All **Privacy Response Expenses** covered under Section A. 2.; and
  - c. All **Regulatory Penalties** and **Claim Expenses** covered under Section A. 3..
3. The following per **Cyber Security Event** limit applies: Subject to the general Aggregate Limit specified in Section C. 2., for any one **Cyber Security Event**, the **Pool** will pay no more than \$1,000,000, less the applicable deductible amount, for the sum of the following:
  - a. All **Damages** and **Claim Expenses** covered under Section A. 1.;
  - b. All **Privacy Response Expenses** covered under Section A. 2.; and

- c. All **Regulatory Penalties** and **Claim Expenses** covered under Section A. 3.

This **Cyber Security Event** limit is within the general aggregate limit specified in Section C. 2. and does not add to that limit.

- 4. The following sublimit applies: Subject to the general aggregate and per **Cyber Security Event** limits specified in Section C. 2. and Section C. 3., the **Pool** will pay no more than \$250,000 in aggregate, less applicable deductible amounts, for all **Privacy Response Expenses** covered under Section A. 2. This sublimit is within the general aggregate and per **Cyber Security Event** limits set forth in Section C. 2. and Section C. 3. and does not add to those limits.
- 5. The following sublimits apply:
  - a. Subject to the general aggregate and per **Cyber Security Event** limits specified in Section C. 2. and Section C. 3., the **Pool** will pay no more than \$50,000 in aggregate, less applicable deductible amounts, for all **Regulatory Penalties** covered under Section A. 3.
  - b. Subject to the general aggregate and per **Cyber Security Event** limits specified in Section C. 2. and Section C. 3., the **Pool** will pay no more than \$100,000 for all **Claim Expenses** covered under Section A. 3.

These sublimits are within the general aggregate and per **Cyber Security Event** limits set forth in Section C. 2. and Section C. 3. and do not add to those limits.

#### **D. Notice to the Pool**

- 1. As a condition precedent to the obligations of the **Pool** under this coverage, the **Covered Person** must give written notice to the **Pool** of any **Claim** made against the **Covered Person** as soon as practicable, but in no event later than the end of the Coverage Period.
- 2. If during the Coverage Period, any **Covered Person** becomes aware of a **Cyber Security Event** that may reasonably be expected to give rise to a **Claim** against any **Covered Person** or **Privacy Response Expenses**, the **Covered Person** must give written notice to the **Pool** of such **Cyber Security Event** as soon as practicable, but in no event later than the end of the Coverage Period. Notice must include:
  - a. A specific description of the **Cyber Security Event**, including all relevant dates;

- b. The names of persons involved in the **Cyber Security Event**, including names of potential claimants and a specific description of any **Personal Information** actually or reasonably suspected to have been subject to **Theft**, loss or unauthorized access or disclosure;
- c. The specific reasons for anticipating that a **Claim** may result from such **Cyber Security Event**;
- d. The specific nature of the alleged or potential **Damages** arising from such **Cyber Security Event**; and
- e. The specific circumstances by which the **Covered Person** first became aware of the **Cyber Security Event**.

Any **Claim** subsequently made against any **Covered Person** arising out of such **Cyber Security Event** shall be deemed to be a **Claim** made during the Coverage Period in which the **Cyber Security Event** was first reported to the **Pool**.

#### **E. Exclusions**

The following exclusions apply to this coverage in addition to all exclusions that apply to the Public Officials Liability coverage provided under this Coverage **Addendum**.

This coverage does not apply to any **Claim, Suit, Regulatory Proceeding, Damages, Regulatory Penalties, Claim Expenses** or **Privacy Response Expenses**:

1. For, arising out of, or resulting from **Bodily Injury** or **Property Damage**;
2. For, arising out of, or resulting from any contractual liability or obligation, or arising out of or resulting from breach of contract or agreement either oral or written; provided, however, that this exclusion shall not apply to the extent the **Covered Person** would have been liable in the absence of such contract or agreement;
3. For, arising out of, or resulting from any actual or alleged antitrust violation, restraint of trade, unfair competition, or false or deceptive or misleading advertising or violation of the Sherman Anti-Trust Act, the Clayton Act, or the Robinson-Patman Act, as amended;
4. For, arising out of or resulting from any actual or alleged false, deceptive or unfair trade practices; however, this exclusion does not apply to any **Claim** or loss covered under this endorsement that results from a **Theft**, loss or unauthorized disclosure of or access to **Personal Information**;
5. For, arising out of or resulting from:

- a. The actual or alleged unlawful collection or acquisition of **Personal Information** by or on behalf of the **Covered Person**; or the failure to comply with a legal requirement to provide individuals with the ability to assent to or withhold assent (*i.e.*, opt-in or opt-out) from the collection, disclosure or use of **Personal Information**; or
  - b. The distribution of unsolicited email, direct mail, or facsimiles, wiretapping, audio or video recording, or telemarketing, if such distribution, wiretapping, recording or telemarketing is done by or on behalf of the **Covered Person**;
6. For, arising out of or resulting from any of the following conduct by a **Covered Person**:
- a. Any actual or alleged violation of the Organized Crime Control Act of 1970 (commonly known as the Racketeer Influenced and Corrupt Organizations Act or RICO), as amended, or any regulation promulgated thereunder or any similar federal law or law of any state, locality or foreign government, whether such law is statutory, regulatory or common law;
  - b. Any actual or alleged violation of any **Securities** law, regulation or legislation, including but not limited to the **Securities** Act of 1933, the **Securities** Exchange Act of 1934, the Investment Act of 1940, any state blue sky or **Securities** law, any other federal **Securities** law or legislation, or any other similar law or legislation of any state, locality or foreign government, or any amendment to such laws, or any violation of any order, ruling or regulation issued pursuant to such laws;
  - c. Any actual or alleged violation of the Fair Labor Standards Act of 1938, the National Labor Relations Act, the Worker Adjustment and Retraining Act of 1988, the Certified Omnibus Budget Reconciliation Act of 1985, the Occupational Safety and Health Act of 1970, the Employee Retirement Security Act of 1974 or any similar law or legislation of any state, locality or foreign government, or any amendment to such laws, or any violation of any order, ruling or regulation issued pursuant to such laws; or
  - d. Any actual or alleged discrimination of any kind including but not limited to age, color, race, sex, creed, national origin, marital status, sexual preference, disability or pregnancy;
7. For, arising out of, or resulting from any criminal, dishonest, fraudulent, or malicious act, error or omission, any intentional security breach, or any intentional or knowing violation of the law committed by any **Covered Person**; provided, however, this exclusion shall not apply unless there is a final adjudication of such conduct, an admission of such conduct by the

**Covered Person**, or in a criminal proceeding a plea of guilty, *nolo contendere*, no contest or any similar plea by the **Covered Person**;

8. For, arising out of or resulting from any actual or alleged:
  - a. Infringement of patent or patent rights or misuse or abuse of patent; or
  - b. Infringement of copyright arising from or related to **Software** code or **Software** products; or
  - c. Use or misappropriation of any ideas or trade secrets by a **Covered Person** or on behalf of, or in collusion with a **Covered Person**;
9. Arising out of or resulting from any of the following:
  - a. Trading losses, trading liabilities or change in value of accounts;
  - b. Any loss of monies, **Securities** or tangible **Property** of others in the care, custody or control of the **Covered Person**;
  - c. The monetary value of any electronic fund transfers or transactions by or on behalf of the **Covered Person** that is lost, diminished, or damaged during transfer from, to or between accounts; or
  - d. The value of coupons, price discounts, prizes awards, or any other valuable consideration given in excess of the total contracted or expected amount that is lost, diminished or damaged;
10. For damage to, destruction of, corruption of, or any loss of use by any **Covered Person** of any **Computer System** or **Data**, including without limitation any costs or expenses to the **Covered Person** to repair or replace any **Computer System** or **Data**;
11. For, arising out of or resulting from any threat, extortion or blackmail including but not limited to ransom payments.

## F. Definitions

The following definitions apply to this coverage:

“**Bodily Injury**” means physical injury, sickness or disease sustained by any person, including death resulting from these at any time. **Bodily Injury** also means mental illness, mental anguish or emotional distress, pain or suffering or shock sustained by any person, whether or not resulting from physical injury, sickness, disease or death of any person.

“**Claim**” means any demand, **Suit for Damages** or **Regulatory Proceeding** resulting from a **Cyber Security Event**. All **Claims** because of a single **Cyber Security Event** will be deemed to be a single **Claim** and to have been made at the time the first such **Claim** is

made against any **Covered Person**, regardless of the number of individuals or entities making such **Claims** or the time period over which such **Claims** are made, even if subsequent **Claims** are made after the Coverage Period.

“**Claim Expenses**” means:

1. Reasonable and necessary fees charged by attorneys designated by the **Pool** or designated by the **Covered Person** with the **Pool**'s prior consent to assist with the investigation, adjustment, negotiation, arbitration, defense or appeal of a **Claim**;
2. All other reasonable and necessary fees, costs and expenses resulting from the investigation, adjustment, negotiation, arbitration, defense or appeal of a **Claim** and incurred by the **Pool** or by the **Covered Person** with the **Pool**'s prior consent; and
3. Premiums on appeal bonds, attachment bonds or similar bonds; however, the **Pool** is not obligated to apply for or furnish any such bond;

Provided, however, **Claim Expenses** do not include:

1. Any internal salary, administrative, overhead or other related expenses of any **Covered Person** or any charges by a **Covered Person** for time spent cooperating with the investigation and defense of any **Claim**; or
2. **Privacy Response Expenses**.

“**Computer System**” means computers and associated input and output devices, **Data** storage devices, networking equipment and backup facilities:

1. Operated by and either owned by or leased to the Named **Member**; or
2. Operated by a third party service provider and used to provide hosted computer application services to the Named **Member** or for processing, maintaining, hosting or storing the Named **Member**'s **Electronic Data** pursuant to a written contract with the Named **Member** for such services.

“**Cyber Security Event**” means:

1. The actual or reasonably suspected **Theft**, loss or unauthorized disclosure of or access to electronic **Personal Information** in the care, custody or control of the Named **Member** or for which the Named **Member** is legally responsible; or
2. A violation or failure of the security of a **Computer System**, including but not limited to unauthorized access, unauthorized use, a denial of service attack or receipt or transmission of malicious code.

Any **Cyber Security Event** that is continuous or part of a series of repeated or related **Cyber Security Events** will be considered to be a single **Cyber Security Event** and will be considered to have commenced when the first such **Cyber Security Event** commenced regardless of:

1. The number of individuals or entities engaged in such **Cyber Security Events**;
2. The number of individuals or entities affected by such **Cyber Security Events**;
3. The number of **Locations** where such **Cyber Security Events** occurred; or
4. The number of such **Cyber Security Events** occurring or period of time over which they occur, even if subsequent **Cyber Security Events** take place after the Coverage Period.

“**Personal Information**” means an individual’s name in combination with one or more of the following:

1. Information concerning the individual that constitutes “nonpublic **Personal Information**” as defined in the Gramm-Leach Bliley Act of 1999, as amended, and implementing regulations;
2. Medical or health care information concerning the individual, including without limitation “protected health information” as defined in the Health Insurance Portability and Accountability Act of 1996, as amended, and implementing regulations;
3. The individual’s Social Security number, driver’s license or state identification number, credit, debit, or other financial account numbers and associated security codes, access codes, passwords or personal identification numbers that allow access to the individual’s financial account information; or
4. Other nonpublic personally identifiable information, as protected under any local, state, federal or foreign law;

Provided, however, **Personal Information** does not include information that is lawfully available to the public, including without limitation information lawfully available from any **Covered Person** or any local, state, federal or foreign governmental entity.

“**Privacy Response Expenses**” means the following reasonable and necessary costs incurred by the Named **Member** within one year of the discovery of a **Cyber Security Event** that results in the actual or reasonably suspected **Theft**, loss or unauthorized disclosure of or access to electronic **Personal Information** in the care, custody or control of the Named **Member** or for which the Named **Member** is legally responsible:

1. For the services of a computer security expert designated by the **Pool** to determine the scope and cause of a **Cyber Security Event** and the extent to which **Personal Information** was disclosed to or accessed by unauthorized persons;
2. For the services of consultants or attorneys designated by the **Pool** to determine the Named **Member**'s obligations, if any, under applicable law to give notice to affected individuals;
3. To notify affected individuals if required by applicable law or if the **Member** voluntarily elects to give such notice, and for the services of a contractor designated by the **Pool** to assist with providing such notice and responding to questions and concerns raised by individuals who are notified;
4. For the services of a contractor designated by the **Pool** to provide identity **Theft** protection services to affected individuals if the Named **Member** elects to provide such services; and
5. For the services of a public relations consultant designated by the **Pool** to avert or mitigate damage to the Named **Member**'s reputation as a result of the **Cyber Security Event**;

Provided, however, **Privacy Response Expenses** do not include:

1. Any internal salary, administrative, overhead or other related expenses of any **Covered Person** or any charges by a **Covered Person** for time spent cooperating with the investigation and response to any **Cyber Security Event**; or
2. **Claim Expenses.**

**"Property Damage"** means physical injury to tangible **Property**, including all resulting loss of use or loss of use of tangible **Property** that is not physically injured. For purposes of this definition tangible **Property** does not include information or programs stored as or on, created or used on, or transmitted to or from computer **Software**, including systems and applications **Software**, hard or floppy disks, compact disks, tapes, drives, cells, **Data** processing devices or any other **Media** that are used with electronically controlled equipment.

**"Regulatory Penalties"** means any civil fine or civil monetary penalty imposed in a **Regulatory Proceeding** payable by a **Covered Person** to the governmental entity bringing the **Regulatory Proceeding** and any sum of **Money** that a **Covered Person** is legally obligated to deposit in a fund as equitable relief for the payment of consumer **Claims** due to an adverse judgment or settlement of a **Regulatory Proceeding.**

**“Regulatory Proceeding”** means a request for information, civil investigative demand, **Suit**, civil investigation or civil proceeding commenced by or on behalf any local, state, federal or foreign governmental entity in the entity’s regulatory or official capacity.

**“Suit”** means a civil proceeding arising out of a **Cyber Security Event** and includes an arbitration proceeding or other alternative dispute resolution proceeding and to which the **Covered Person** must submit or does submit with the consent of the **Pool**.

## Utah Counties Indemnity Pool

### INJUNCTIVE RELIEF DEFENSE ENDORSEMENT

This endorsement attaches to and forms part of **Addendum** No. UCIP-15.01.01, Part III General Coverage Exclusions.

**PART III GENERAL COVERAGE EXCLUSIONS**, Section E. is deleted and replaced with the following:

- E. Claims** arising for declaratory or injunctive relief. However, notwithstanding the definition of “**Suit**” to include a request for **Money Damages** to which this coverage applies, a defense may be provided up to a maximum of \$100,000 per **Occurrence per Member** for **Claims** for injunctive relief if the **Pool** agrees that **Money Damages** may be added to the **Claim** at a later date. This limited defense coverage is subject to all other exclusions and conditions of this **Addendum**.

Subject otherwise to all terms, clauses and conditions of this **Addendum**.

## Utah Counties Indemnity Pool

### EXTENSION OF DEFENSE ENDORSEMENT

This endorsement attaches to and forms part of **Addendum** No. UCIP-15.01.01, Part VII Liability Coverage Section.

- A. Definitions that Apply to Liability Coverages, Section 2, is amended to define the term “**Suit**” as:

“**Suit**” means an action filed in court, or a Notice of **Claim** filed with a **Member** in compliance with Utah Code Annotated 63G-7-40, requesting **Money Damages** to which this coverage applies. “**Suit**” also includes an alternative dispute resolution proceeding alleging such **Damages** to which the **Covered Party** must submit or submits with both our consent, and our agreement to pay for defense.

Subject otherwise to all terms, clauses and conditions of this **Addendum**.

## Utah Counties Indemnity Pool

### CO-INSURANCE SUSPENSION ENDORSEMENT

This endorsement attaches to and forms part of **Addendum** No. UCIP-15.01.01, Part V **Property** Coverage Section.

A **Member** shall be considered in compliance with Part V. A. 5. Value Reporting Provision if the **Member** agrees to schedule the value of Covered **Property** at a value documented by a certified appraiser engaged by the **Pool** to determine **Property** values. Compliance with the Value Reporting Provision through use of **Pool** appraised values will suspend the co-insurance penalty outlined in Part V, D, 3 (k) (ix).

Subject otherwise to all terms, clauses and conditions of this **Addendum**.

## Utah Counties Indemnity Pool

### ENERGY EFFICIENCY UPGRADE ENDORSEMENT

This endorsement attaches to and forms part of Addendum No. UCIP-15.01.01, Part V Property Coverage Section.

The coverages and valuation provision provided by this endorsement only apply if direct physical loss or damage to covered real and/or personal property is caused by any of the perils covered by the Addendum and replacement cost valuation applies. This coverage does not apply to: (1) personal property of others in the Member's care, custody, and control, (2) leased personal property, and/or (3) finished or unfinished stock.

In no event, does this endorsement increase or change the per occurrence limit of liability shown in the Addendum or the annual aggregate for specified perils.

- A.** Notwithstanding the Valuation Provision of this Addendum or limits of liability applicable to specific locations or perils, if replacement cost valuation applies to real and/or personal property, then the Pool's liability for loss applicable to this endorsement shall be the cost to repair or replace the covered damaged property, subject to the applicable limit of liability, plus the least of the following amounts:
1. The reasonable and necessary amount to upgrade the covered damaged property as described in Coverage Section A - Non-LEED® Certified Coverage *or* as described in Coverage Section B - LEED® Certified Coverage, whichever is applicable; or
  2. An additional 25% of the applicable limit of liability for the building and/or business personal property shown in the Statement of Values or similar schedule to upgrade; or
  3. \$1,000,000 (one million dollars) to upgrade.

At the Member's sole discretion, the Member may elect not to upgrade any or all property for which upgrade coverage is provided under this endorsement. In such case, the Pool will adjust the claim in accordance with the standard provisions of the Addendum, as modified by all other applicable endorsements.

Subject to the least of A., B., or C. above, if business interruption coverage is provided as part of this Addendum, if necessary, the Period of Restoration shall be increased to allow for additional time to upgrade the damaged property plus up to an additional two week period to meet the requirements set forth in 4.B.

**B. COVERAGE SECTION A: NON-LEED CERTIFIED COVERAGE**

In the event of direct physical loss or damage by any of the perils covered by the Addendum to a building that is not LEED certified at the time of the loss, or to the

personal property within such a building, the Pool will pay to repair or replace damaged or destroyed:

1. **Loss Settlement for Personal Property**

- a. "Appliances" or "Office Equipment" with products of like kind and quality that have been identified as "ENERGY STAR®" or equivalent products of such energy efficiency. If there are no such products available at the time of the loss, this upgrade coverage does not apply.
- b. "Systems Furniture" or "Seating", with products of like kind and quality that are certified as GREENGUARD Indoor Air Quality Certified® or products with similar emissions characteristics. If there are no such products available at the time of the loss, this upgrade coverage does not apply.

2. **Loss Settlement for Your Building**

a. **Interior Finish Materials Upgrade**

(i) **Lower Emissions Products Upgrade Coverage**

"Defined Building Materials" with products of like kind and quality that have "Lower Emissions". If there are no such products available at the time of the loss, this upgrade coverage does not apply.

(ii) **Environmentally Preferable Products Upgrade Coverage**

Interior wood, carpeting and flooring with products of like kind and quality that have "Lower Emissions", are "Sustainably Produced", are "Rapidly Renewable" or include "Recycled Content". If there are no such products available at the time of the loss, this upgrade coverage does not apply.

b. **Interior Plumbing Systems Upgrade Coverage**

Interior plumbing fixtures including, but not limited to, toilets, shower heads and lavatory faucets with products of like kind and quality that are more "Water Efficient". If there are no such products available at the time of the loss, this upgrade coverage does not apply. For damaged or destroyed faucets, the Pool will also pay to install occupant sensors to reduce the potable water demand.

c. **Lighting Systems Upgrade Coverage**

Lighting systems, with products of like kind and quality that have been identified as "ENERGY STAR" or equivalent products of such energy efficiency. If there are no such products available at the time of the loss, this upgrade coverage does not apply. The Pool will also pay to repair or replace damaged light bulbs with light bulbs which have low mercury content.

d. **Efficient Heating and Cooling Equipment Upgrade Coverage**

"Heating and cooling equipment" with products of like kind and quality that have been identified as "ENERGY STAR" or equivalent products of such energy efficiency. If there are no such products available at the time of the loss, this upgrade coverage does not apply.

e. **Building Reconstruction Following Total Loss**

(i) Solely with respect to a "Total Loss" to a building, the Pool will pay to replace the building on its existing foundation using the most cost effective techniques, products and materials that should satisfy the prerequisites and earn the minimum number of points required to qualify for LEED Silver certification using the LEED New Construction (LEED NC®) Rating System.

(ii) **Certification Expenses**

(A) The Pool will pay the reasonable and necessary registration and certification fees charged by the United States Green Building Council (USGBC) that the Member incurs should the Member decide to seek LEED Silver certification. However, the Pool will not pay to modify the reconstructed structure if it is not certified.

(B) The Sublimit of Coverage for this coverage is \$25,000.

**C. COVERAGE SECTION B: LEED CERTIFIED COVERAGE**

In addition to all Coverages provided in Coverage Section A (with the exception of 2.B.(5) Building Reconstruction Following a Total Loss) and in the event of direct physical loss or damage by any of the perils covered by the Addendum to a building that is LEED certified at the time of the loss, or to the personal property within such building, the Pool will pay to repair or replace damaged or destroyed:

1. **Loss Settlement for Trees, Shrubs, and Vegetative Roofs**

- a. Trees and shrubs planted specifically to secure the Heat Island Effect: Non-Roof point as described in LEED NC. For the purposes of this coverage only, notwithstanding any other provision of the Addendum to the contrary, trees and shrubs are Covered Property. The Sublimit of Coverage for this coverage is \$3,000 per tree or \$3,000 per shrub up to a maximum of \$25,000.
- b. Vegetative roofs on LEED certified buildings. Notwithstanding any other provision of the Addendum to the contrary, vegetative roofs are Covered Property.

2. **Loss Settlement for Your Building**

a. **Recertification Expenses**

- (i) In the event of direct physical loss or damage by any of the perils covered by the Addendum that necessitates recertification of the damaged building, the Pool will pay the reasonable and necessary registration and certification fees charged by the USGBC that the Member incurs as a result of the recertification process.
- (ii) The Sublimit of Coverage for this coverage is \$25,000.

b. **Building Reconstruction Following Total Loss**

- (i) Solely with respect to a "Total Loss" to a building that is LEED certified at the time of the loss, the Pool will pay to replace the building on its existing foundation using the most cost effective techniques, products and materials that would satisfy the prerequisites and should earn the minimum number of points required to qualify for LEED certification at one level above the certification in effect at the time of the loss using the LEED NC Rating System.
- (ii) **Certification Expenses**
  - (A) The Pool will pay the reasonable and necessary registration and certification fees charged by the USGBC that the Member incurs should the Member decide to seek LEED certification. However, the Pool will not pay to modify the reconstructed structure if it is not certified.
  - (B) The Sublimit of Coverage for this coverage is \$25,000.

**D. COVERAGES INCLUDED WITHIN COVERAGE SECTIONS A OR B AND APPLICABLE TO LEED® AND NON-LEED® CERTIFIED BUILDINGS**

In the event of direct physical loss or damage by any of the perils covered by the Addendum to a LEED or Non-LEED certified building:

**1. Recycling Expenses**

- a. The Pool will pay the Member's expenses to clean-up, sort, segregate, and transport debris from the Member's damaged building to recycling facilities, if such debris can be recycled.
- b. The Sublimit of Coverage for this coverage is \$25,000 and is in addition to the debris removal expense sublimit provided by the Addendum, if any.
- c. Any income or remuneration derived from this recycling shall be used to reduce the loss.

**2. Air Testing and Outdoor Air Ventilation of the Reconstructed Space**

- a. In accordance with the requirements for the Construction IAQ Management Plan: Before Occupancy Credit as described in the LEED NC rating system (hereinafter, "Construction IAQ"), the Pool will pay to conduct air testing and a building flush-out (if required because of a failure to meet air quality standards set forth in the Construction IAQ) and follow-up air testing for a total period of time not to exceed two weeks.
- b. After the two week period of increased outdoor air ventilation of the reconstructed space, the Pool will pay to replace the filtration media with new media.
- c. The Sublimit of Coverage for this coverage is \$25,000.

**3. Professional Services**

The Pool will pay reasonable and necessary expenses to hire a LEED Accredited architect or engineer to participate in the design and/or construction administration of the damaged portion of the building or the entire building, whichever is applicable.

The Sublimit of Coverage for this coverage is \$50,000.

**4. Building Commissioning Expenses**

- a. In the event of direct physical loss or damage to mechanical, electrical, or electronic building systems, by any of the perils

covered by the Addendum which necessitates the commissioning or re-commissioning of those systems, the Pool will pay reasonable and necessary expenses of a Professional Engineer to commission or re-commission those damaged systems in accordance with LEED protocols.

- b. The Sublimit of Coverage for this coverage is \$25,000.

**E. Additional Definitions**

1. "Appliances" means products including, but not limited to, dishwashers, refrigerators, freezers, ovens, microwave ovens, room air conditioners, room air cleaners and water heaters.
2. "Defined Building Materials" means: (1) all carpet and floor coverings, including, adhesives to affix them to the floor, (2) all interior paints, architectural coatings, primers, undercoatings, adhesives, sealants, and (3) permanently installed composite wood fixtures, including, counters, cabinets, and partitions.
3. "ENERGY STAR" means any product that has been identified by the United States Government Department of Energy, Environmental Protection Agency as ENERGY STAR qualified at the time of the loss.
4. "Heating and Cooling Equipment" means products including, but not limited to, heat pumps, boilers, central air conditioning, ceiling fans, dehumidifiers, exhaust fans, furnaces, thermostats, and ventilating fans.
5. "Lower emissions" means:
  - a. With respect to adhesive and sealant products, such as, general construction adhesives, flooring adhesives, fire-stopping sealants, caulking, duct sealants, plumbing adhesives, and cove base adhesives, products that meet the requirements of South Coast Air Quality Management District (SCAQMD) Rule # 1168; with respect to aerosol adhesives, products that meet Green Seal Standard GS-36 requirements;
  - b. With respect to architectural paints, coatings, and primers, products that do not exceed the volatile organic compound (VOC) content limits established in Green Seal Standard GS-11, with respect to anti-corrosive and anti-rust paints, products that do not exceed the VOC content limits established in Green Seal Standard GS-03; and with respect to clear wood finishes, floor coatings, stains, and shellacs, products that do not exceed the VOC content limits established by SCAQMD Rule #1113;
  - c. With respect to carpet and carpet cushion, products that meet the

requirements of the Carpet and Rug Institute's Green Label Plus Program; and

- d. With respect to composite wood and agrifiber products such as particleboard, medium density fiberboard (MDF), plywood, wheatboard, strawboard, panel substrates and door cores as well as laminating adhesives used to fabricate on-site and shop-applied composite wood and agrifiber assemblies, products that contain no added urea- formaldehyde resins.
6. "Office Equipment" means electronic products including, but not limited to, desktop computers, laptop computers, monitors, printers, fax machines, scanners, copiers, and telephones.
7. "Recycled Content" means those products that contain at least 20% post-consumer recycled content.
8. "Rapidly Renewable" means products that are made from plant resources that are harvested within a ten-year cycle or shorter, including, but not limited to, bamboo, eucalyptus, wheat straw, sunflower hulls, cork oak, wheatboard, linoleum, and sorghum.
9. "Seating" means task and guest chairs used with "System Furniture".
10. "Sustainably Produced" means those products certified by the Forest Stewardship Council ("FSC").
11. "System Furniture" means either a panel-based workstation comprised of modular interconnecting panels, hang-on components and drawer/filing components of a freestanding grouping of furniture items and their components that have been designed to work in concert.
12. "Total Loss" means:
  - a. The covered building is completely destroyed regardless of whether any damage is done to the foundation or slab, or
  - b. The covered building is in such condition after the loss that the standard method of rebuilding or repairing the covered building is to raze the structure except for the foundation or slab or including all or part of the foundation or slab and rebuild the entire structure, whether such structure is actually rebuilt or not.
13. "Water Efficient" means dry fixtures such as composting toilet systems and non-water using urinals, flush toilets using no more than 1.6 gallons of water per flush, and shower heads and faucets with a flow rate of no more than 2.2 gallons per minute.