



GREEN SHEET MATERIALS – August 20, 2021

Item 3.B. Review and Approval of liability insurance policy with Special District Risk Management Authority and authorization to renew policy.

Enc: Copy of from SDRMA Policy Documents

August 1, 2020

Mrs. Cortney Murguia
Office Manager
San Simeon Community Services District
111 Pico Avenue
San Simeon, California 93452-9753

SUBJECT: 2020-21 COVERAGE DOCUMENTS

Dear Mrs. Murguia,

Annually, we provide our members with updated coverage documents as well as other important program information. These documents provide valuable information and coverage documentation and using SDRMA MemberPlus Online™ you can access your agency's important documents. The documents can be accessed from the top navigation menu under "Coverage Documents" for viewing and printing as necessary.

The new coverage year began July 1 and complete coverage documents are now available. In addition, if your agency has any special endorsements, those will be listed in the section under Declarations – Exhibit H Special Endorsements. Another very important coverage document is the Change Summary and the Change Side by Side Comparison showing the coverage changes for 2020-21 compared to 2019-20. In addition, we have attached a copy of three summaries of bound changes for the Alliant Property Insurance Program (APIP) for the coverage period of July 1, 2020 to July 1, 2021. Specifically, the three summaries are immediately behind the cover pages for Exhibit B: Property Boiler Coverage; Exhibit F: Cyber Coverage; and Exhibit G: Pollution Coverage. We suggest that your staff responsible for risk/claims management review these documents.

For your reference, we have attached to this memorandum a copy of the change summaries reflecting changes to the following documents:

- Exhibit A: Liability Coverage
- Exhibit B: Property Boiler Coverage
- Exhibit C: Uninsured/Underinsured Motorist Coverage
- Exhibit D: Employee Dishonesty
- Exhibit E: Board Members Personal Liability Coverage
- Exhibit F: Cyber Coverage
- Exhibit G: Pollution Coverage
- Exhibit H: Special Endorsements

Exhibits A, C, and E are all prepared by SDRMA and provide coverage for the period of July 1, 2020 to July 1, 2021.

Exhibits B, F, and G are all prepared by the Alliant Property Insurance Program (APIP) for the coverage period of July 1, 2020 to July 1, 2021 and summarize their coverages.

Please refer to these summaries for the complete list of changes for the coverage period of July 1, 2020 to July 1, 2021.

One of our primary program objectives is to serve as an extension of your agency's staff by providing effective risk management resources and responsive member services. Should you have any questions regarding the 2020-21 Property/Liability Coverage Documents, please contact Member Services at memberplus@sdрма.org or 800.537.7790.

On behalf of SDRMA's Board of Directors, we would like to thank you for your continued participation in our programs!

Respectfully,
Special District Risk Management Authority



Laura S. Gill, ICMA-CM, ARM, ARM-P, CSDM
Chief Executive Officer

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As a member of the Special District Risk Management Programs, your agency participates in a risk-financing program described on the following pages. SDRMA strongly recommends that agency staff responsible for risk management, claims management and overall agency supervision review and familiarize themselves with each section of the Coverage Binder. If you have any questions, please contact Member Services at memberplus@sdrma.org or 800.537.7790.

Agency Action Check List

The checklist outlines agency action items required for coverage.

Change Summary for Coverage Documents

The Change Summary represents the principal policy changes for the current program year.

Side by Side Comparison for Coverage Documents

The Side by Side Comparison represents the principal policy changes for the current program year compared to the prior program year.

Member's Certificate of Coverage

The Certificate is "evidence" of coverage for the current program year. The certificate certifies that the coverages indicated have been issued to the member named on the document for the period indicated.

Non-Member's Certificates of Coverage

Enclosed in this section are the member agency's Non-Member's Certificates of Coverage (if applicable). The certificate(s) have been issued to third parties that require your agency to name them as an additional insured or loss payee under the Package Program.

The certificate provides the Certificate Holder evidence of coverage as an additional insured or loss payee with respects to the member agency listed as the insured Insured/Participant.

The Non-Member's Certificate of Coverage contains the following information:

- Insured Member/Participant
- Certificate Holder
- Policy Dates
- Limits of Liability
- Coverages included in the package
- Company providing coverage and corresponding policy number

Should your agency need to add or delete Non-Member's Certificates of Coverage, click on Coverage Documents in the top navigation bar and then select Non-Member Certificates in MemberPlus Online.

Memorandum of Coverages

The Memorandum of Coverages along with the Declarations, Sixth Amended and Restated Joint Powers Agreement and SDRMA's Bylaws constitute the entire agreement concerning risk-financing coverage between or successor documents thereto, SDRMA and your agency.

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In some cases, SDRMA contracts with third party insurance companies and excess reinsurance providers to cover specific portions of the package program. The Memorandum of Coverages references several exhibits that contain specific policy language; exclusions, coverage limits and policy documents provided by the third-party insurers that make up the Package Program.

Declarations

The Declarations contained on the following pages in this section describe the coverages for which the agency participates in as well as the Limits of Liability.

- Summary Page
- General Liability
- Property
- Boiler and Machinery
- Uninsured and Underinsured Motorists
- Employee and Public Officials Dishonesty
- Personal Liability – Board Members/Directors
- Cyber Coverage
- Pollution Liability Coverage
- Specific Terms and Endorsements (*if applicable*)

Scheduled Item Listings

Enclosed in this section are reports detailing your agency's scheduled inventory for Property, Vehicles, Mobile/Contractor's Equipment and Trailers. In the event your agency has not reported inventory for Property, Vehicles, Mobile/Contractor's Equipment or Trailers the enclosed reports will indicate a zero value and the report schedule below will indicate no scheduled inventory reported.

It is highly recommended that the agency review the Scheduled Inventory Reports for accuracy and report any changes (additions or deletions) to inventory as they occur. **All property that the agency has a financial (insurable) interest in should be included in the scheduled inventory listings to insure that it is properly covered under the Package Program.**

Vehicle Coverage Card Copies

Enclosed in this section are duplicate copies of the Vehicle Coverage Cards for members that have covered vehicles. This copy serves as reference and if necessary, can be duplicated and placed in the applicable vehicle should the original card be misplaced.

Each Vehicle Coverage Card contains the following information:

- Member Agency Name
- Effective Dates of Coverage
- Vehicle year, make, model and Vehicle Identification Number (VIN)
- Coverage (Liability, Comprehensive, Collision and applicable Deductibles)
- Policy Number

We recommend that you review the information shown on the Vehicle Coverage Cards to insure that the desired coverage is indicated on the card.

Agency Action Checklist

The following checklist outlines agency action items required for coverage:

Change Summary and Side by Side Comparison	Agency Action Required - Review the Change Summary and Side by Side Comparison for the Coverage Documents and determine applicability to your agency's exposures.
Member's Certificate of Coverage	Agency Action Required - Review the information contained in the Member's Certificate of Coverage.
Non-Member's Certificates of Coverage	Agency Action Required - Review the Non-Member's Certificates of Coverage for accuracy. Should your agency require additional certificates or you need to delete an existing certificate, click on Reports/Forms/Archives and Non-Member Certificate to complete a request form in MemberPlus Online.
Memorandum of Coverages	No Agency Action Required – Reference Only
Declarations	Agency Action Required - Review the Limit of Liability of the Declarations (\$2.5 million, \$5.0 million or \$10.0 million) and contact SDRMA Member Services if the Limit of Liability is different than the desired limit for the agency.
Scheduled Items Listings	Agency Action Required - Review the Scheduled Item Reports to determine that all agency property and equipment is scheduled to insure proper coverage under the Package Program. To add/delete/change scheduled items, click on Update/Scheduled Items under Quick Links in the top navigation bar in MemberPlus Online.
Vehicle Coverage Cards Copies	Agency Action Required - Review the vehicle cards to ensure that all agency vehicles have been included for coverage and that the desired coverage and deductible for each vehicle is correct. Also place a copy of vehicle coverage card(s) inside the appropriate agency vehicle(s).



Change Summary for Property/Liability Coverage Documents

The following “Change Summary for Property/Liability Coverage Documents” and accompanying “Side by Side Comparison of Property/Liability Coverage Documents” represents the principal changes for the 2020-21 program year. Please review the following pages carefully and if you have any questions regarding your agency’s coverage, please call contact Member Services at memberplus@sdrma.org or 800.537.7790.

Please note the following important changes to the various coverages afforded under the Property/Liability Program for the year 2020-21:

As more fully set forth below and in the accompanying “Side by Side Comparison of Property/Liability Coverage Documents,” SDRMA has made various changes to the Property/Liability Documents. For your convenience, the following is a summary of the principal changes which have been made to the 2019-20 Property/Liability Coverage Documents.

Property/Liability Package Program Summary

1. With respect to section “III. SDRMA’s Limit of Liability”, of the Memorandum of Coverage, subsection “ULTIMATE MAXIMUM LIABILITY –ALL COVERED PARTIES”, has been modified to the following:

The maximum limits of liability for all SDRMA COVERED PARTIES due to an Occurrence, an Auto Accident, a Wrongful Act, and Employee Benefits Act, Error and Omission and/or Wrongful Employment Act or Practice, or any combination thereof, shall not exceed \$1,000,000 for any **occurrence** arising out of **Inverse Condemnation**, \$1,000,000 for any sexual harassment loss, and \$5,000,000 for any sexual abuse loss.

The maximum limits of liability for all SDRMA Covered Parties for all Occurrences, Auto Accidents, Wrongful Acts, Employee Benefits Acts, Error and Omission and/or Wrongful Employment Acts or Practices, or any combination thereof shall not exceed the combination of:

(1) SDRMA’s liability for its retentions under its Reinsurance Agreement with Old Republic Specialty Insurance Underwriters of:

- (a) \$250,000 under Coverage A;
- (b) \$250,000 under Coverage B;
- (c) \$100,000 under Coverage C;
- (d) \$100,000 under Coverage D;
- (e) \$100,000 under Coverage E;

subject to an Aggregate Stop Loss Retention of **\$5,100,000** and an Aggregate Stop Loss Limit of \$2,000,000;



Change Summary for Property/Liability Coverage Documents

(2) Coverage under SDRMA's Reinsurance Agreement with Old Republic Specialty Insurance Underwriters referred to in (1) above with limits of:

- (a) \$750,000 under Coverage A;
- (b) \$750,000 under Coverage B;
- (c) \$900,000 under Coverage C;
- (d) \$900,000 under Coverage D;
- (e) \$900,000 under Coverage E;

subject to an Aggregate Stop Loss Retention of **\$5,100,000** and an Aggregate Stop Loss Limit of \$2,000,000;

(3) Limits of Liability under SDRMA's Reinsurance Agreement with Public Risk Underwriters of Texas (QBE) of \$50,000,000 Annual Aggregate for all SDRMA Members and Covered Parties.

This revision was made to conform the Aggregate Stop Loss Retention limit with the Old Republic Specialty reinsurance agreement.

2. With respect to Section IV of the Memorandum of Coverage, "Vehicle Comprehensive and Collision Coverage," subsection "B. Comprehensive," subparagraph "d)" under subdivision "3. Exclusions" has been modified to the following:

d) **Vehicles declared a total loss salvage vehicle. A total loss salvage vehicle means:**

A vehicle that has been wrecked, destroyed, or damaged to the extent that it has been considered uneconomical to repair by vehicle's owner, lessor, lender, insurer, or risk financing entity, and as a consequence the vehicle is not repaired by or for the person who owned or leased the vehicle at the time of the event resulting in wreckage, destruction or damage.

This revision has been made in order to clarify that SDRMA does not provide coverage for vehicles that have been declared a total loss.

3. With respect to Section IV of the Memorandum of Coverage, "Vehicle Comprehensive and Collision Coverage," subsection "C. Collision or Overturn," subdivision "3. Exclusions" has been added:

3. Exclusions: The following losses are specifically excluded from coverage hereunder:

a) **Vehicles declared a total loss salvage vehicle. A total loss salvage vehicle means:**

A vehicle that has been wrecked, destroyed, or damaged to the extent that it has been considered uneconomical to repair by vehicle's owner, lessor, lender, insurer, or risk financing entity, and as a consequence the vehicle is not repaired by or for the person who owned or leased the vehicle at the time of the event resulting in wreckage, destruction or damage.



Change Summary for Property/Liability Coverage Documents

This revision has been made in order to clarify that SDRMA does not provide coverage for vehicles that have been declared a total loss.

Liability Coverage Agreement

1. With respect to Section II. Defense and Defense Costs, subdivision "2(c)" of subsection "B.", has been modified to the following:

2. SDRMA will pay the following to the extent not covered by any insurance or risk financing providing coverage to the **Covered Party**. Any of the following, if paid by SDRMA, will reduce the total limits of liability as stated in the Declarations:

- a. Premiums on bonds to release attachments for amounts not exceeding the limit of liability, but SDRMA is not obligated to apply for or furnish any such bond;
- b. Premiums on appeal bonds required by law to appeal any **Suit** that SDRMA defends, but SDRMA is not obligated to apply for or furnish any such bond;
- c. All court costs taxed against the **Covered Party** in any **Suit** that SDRMA defends **except for** attorneys' fees or attorneys' expenses **awarded or** taxed against any **Covered Party**;

This revision has been made in order to specify that SDRMA only provides coverage for covered claims damages for personal injury, property damage, public officials errors and omissions, employee's benefits acts errors and omissions or wrongful employment practices as those terms are defined in the Liability Coverage Agreement and does not include attorneys' fees awarded against the Covered Party.

2. With respect to section "III. SDRMA's Limit of Liability", subsection "ULTIMATE MAXIMUM LIABILITY – ALL COVERED PARTIES", has been modified to the following:

The maximum limits of liability for all SDRMA Covered Parties due to an Occurrence, an Auto Accident, a Wrongful Act, and Employee Benefits Act, Error and Omission and/or Wrongful Employment Act or Practice, or any combination thereof, shall not exceed \$1,000,000 for any **occurrence** arising out of **Inverse Condemnation** and \$5,000,000 for any sexual abuse loss.

The maximum limits of liability for all SDRMA Covered Parties for all Occurrences, Auto Accidents, Wrongful Acts, Employee Benefits Acts, Error and Omission and/or Wrongful Employment Acts or Practices, or any combination thereof shall not exceed the combination of:

- (1) SDRMA's liability for its retentions under its Reinsurance Agreement with Old Republic Specialty Insurance Underwriters of:



Change Summary for Property/Liability Coverage Documents

- (a) \$250,000 under Coverage A;
- (b) \$250,000 under Coverage B;
- (c) \$100,000 under Coverage C;
- (d) \$100,000 under Coverage D;
- (e) \$100,000 under Coverage E;

subject to an Aggregate Stop Loss Retention of **\$5,100,000** and an Aggregate Stop Loss Limit of \$2,000,000;

(2) Coverage under SDRMA’s Reinsurance Agreement with Old Republic Specialty Insurance Underwriters referred to in (1) above with limits of:

- (a) \$750,000 under Coverage A;
- (b) \$750,000 under Coverage B;
- (c) \$900,000 under Coverage C;
- (d) \$900,000 under Coverage D;
- (e) \$900,000 under Coverage E;

subject to an Aggregate Stop Loss Retention of **\$5,100,000** and an Aggregate Stop Loss Limit of \$2,000,000;

(3) Limits of Liability under SDRMA’s Reinsurance Agreement with Public Risk Underwriters of Texas (QBE) of \$50,000,000 Annual Aggregate for all SDRMA Members and Covered Parties.

This revision was made to conform the Aggregate Stop Loss Retention limit with the Old Republic Specialty reinsurance agreement.

3. With respect to section “VII. Exclusions”, subsection “PP. Overhead Transmission and/or Feeder Lines” has been added:

To any liability of a Covered Party arising out of or resulting from Overhead Electric Transmission Lines and/or Electric Feeder Lines owned or maintained by any Covered Party.

This revision was made to specify that no coverage is afforded for any liability arising out of or resulting from Overhead Electric Transmission Lines and/or Electric Feeder Lines.

With respect to section “XIII. Definitions,” the terms “Overhead Electric Power Transmission Lines” and “Electric Feeder Lines” have been added as the following:



Change Summary for Property/Liability Coverage Documents

Overhead Electric Power Transmission Lines includes but is not limited to power carrying lines which carry electricity between generating stations and substations.

Electric Feeder Lines includes but is not limited to electrical distribution network lines carrying electrical power between substations and consumers or end users. For the purposes of this definition, Electric Feeder Lines includes electric distribution lines and service drops.

These new definitions have been added in order to provide definitions of the terms used in the “Overhead Transmission and/or Feeder Lines” exclusion.

4. With respect to section “VII. Exclusions”, subsection “QQ. Certified Acts of Terrorism” has been added:

Personal Injury, Property Damage, Public Officials and Employees Errors and Omissions, Employee Benefits Acts, Errors and Omissions or Wrongful Employment Practices arising out of a Certified Act of Terrorism, whether directly or indirectly, or any act or condition incident to or arising out of a Certified Act of Terrorism.

This exclusion was added to conform with the exclusions in the Old Republic Specialty reinsurance agreement.

With respect to section “XIII. Definitions,” the term “Certified Act of Terrorism” have been added and defined as the following:

Certified Act of Terrorism means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act.

This new definition has been added in order to provide a definition of the term Certified Act of Terrorism and to conform with the in the Old Republic Specialty reinsurance agreement.

5. With respect to section “VII. Exclusions”, subsection “RR. Acts of Terrorism By Unconventional Weapons” has been added:

Personal Injury, Property Damage, Public Officials and Employees Errors and Omissions, Employee Benefits Acts, Errors and Omissions or Wrongful Employment Practices arising out of an Act of Terrorism, whether directly or indirectly, or any act or condition incident to or arising out of or in connection with biological, chemical, radioactive, or nuclear explosion, pollution, contamination and/or fine following thereon. However, as respects a fire following thereon, this exclusion shall not apply when coverage is required by laws, regulations or public policy of any state.

This exclusion was added to conform with the exclusions in the Old Republic Specialty reinsurance agreement.

6. With respect to section “VII. Exclusions”, subsection “SS. Total Loss Salvage Vehicles” has been added:



Change Summary for Property/Liability Coverage Documents

To any liability of a Covered Party for Damages on account of or arising out of any loss, cost or expense related to a total loss salvage vehicle.

This revision was made to specify that no coverage is afforded for any liability arising out of or resulting from a vehicle that has been declared a total loss.

With respect to section "XIII. Definitions," the terms "Total Loss Salvage Vehicle" has been added as the following:

Total Loss Salvage Vehicle means:

A vehicle that has been wrecked, destroyed, or damaged to the extent that it has been considered uneconomical to repair by vehicle's owner, lessor, lender, insurer, or risk financing entity, and as a consequence the vehicle is not repaired by or for the person who owned or leased the vehicle at the time of the event resulting in wreckage, destruction or damage.

This new definition was added in order to provide a definition of the terms used in the "Total Loss Salvage Vehicle" exclusion.

Declaration – Cyber Coverage

1. With respect to "Coverage(s) Limits", the Data Protection and Business Interruption loss limits have been revised to conform to the limits under Cyber Coverage of the Alliant Property Insurance Program.

\$2,000,000 **Policy Aggregate Sublimit of Liability for each Insured/Member for Business Interruption Loss Resulting from Security Breach**

\$2,000,000 **Policy Aggregate Sublimit of Liability for each Insured/Member for Data Recovery Costs**

This revision was made so as to conform with the coverage limits under the Cyber Coverage of the Alliant Property Insurance Program.

2. With respect to "Coverage(s) Limits", the Dependent Business Interruption loss limit has been revised to conform to the limits under Cyber Coverage of the Alliant Property Insurance Program.

\$750,000 **Dependent Business Loss resulting from Security Failure Sublimit**

This revision was made so as to conform with the coverage limits under the Cyber Coverage of the Alliant Property Insurance Program.

3. The "Member Deductible" section has been revised and now states:



Change Summary for Property/Liability Coverage Documents

\$ 50,000

(a) per Claim under Insuring Clause A, (b) per incident under Insuring Clause B, plus 20% for public relations consulting fee coverage and 20% for the costs of a Credit File Monitoring Program, (c) per claim under Insuring Clause C, (d) per one or more acts in the course of covered media activities under Insuring Clause D, (e) per extortion threat under Insuring Clause E, (f) per Data Protection Loss under Insuring Clause F and (g) per business interruption loss under Insuring Clause G.

Insuring Clause G: Waiting period – eight (8) hours.

This revision was made so as to conform with the deductible limits under Cyber Coverage of the Alliant Property Insurance Program and correct a typographical error.

Declaration – Boiler and Machinery Coverage

1. The “Covered Member Clause” section has been removed to conform to the Alliant property insurance program.
2. The “Objects Excluded” section has been revised to remove exclusion to “Furnace, Oven, Stove, Incinerator, Pot Kiln” and now states:

OBJECTS EXCLUDED: (INCLUDING BUT NOT LIMITED TO):

- Insulating or refractory material
- Buried Vessels or Piping

This revision was made so as to conform with the Property Coverage of the Alliant Property Insurance Program.

Declarations – Property Coverage

1. With respect to “Coverages & Limits Summary” this section has been modified to conform with Alliant property insurance program and now states:

COVERAGES & LIMITS SUMMARY:

Blanket Buildings and Contents owned by the Member, or for which the Member is responsible to insure, per occurrence at locations reported to SDRMA prior to loss, to which this coverage applies. Except for Mobile/Contractor’s Equipment, replacement cost, if replaced, but if not replaced within three years after the loss, the loss will be paid on an actual cash value basis, subject to the terms, conditions, deductibles and exclusions as provided in the Memorandum, and subject further to the terms, conditions and exclusions of the excess policy Exhibits. With respect to Mobile/Contractor’s Equipment, SDRMA will pay up to the actual cash value. (Earthquake Sprinkler Leakage Coverage (EQSL), and Electrical pole, overhead conductor/transformer coverage and Earthquake or Differences in Conditions (DIC) coverage are provided, subject to specifically reported values, certain sub-limits, aggregates, and separate deductibles, and apply only to those Members who have selected these coverage(s), have paid the applicable additional contribution, and



Change Summary for Property/Liability Coverage Documents

received the specific endorsement from SDRMA for these coverage(s).

Earthquake Shock is not covered per occurrence or in the annual aggregate.

Upgrade to Green Coverage is not covered.

Communicable Disease are not covered

This revision was made so as to reflect exclusions under the Property Coverage of the Alliant Property Insurance Program.

2. With respect to "Coverages & Limits" section, the Per Occurrence limit has been modified and is now:

\$800,000,000

Per Occurrence: All Perils, Coverages and Members combined, subject to the following per occurrence and/or aggregate sub-limits as noted.

This revision was made so as to reflect the new limit under the Property Coverage of the Alliant Property Insurance Program.

3. With respect to "Coverages & Limits" section, the description of unscheduled infrastructure has been revised and now states:

\$750,000

Unscheduled infrastructure including but not limited to Tunnels, Bridges, Dams, Catwalks (except those not for public use), Roadways, Highways, Streets (including guardrails), Sidewalks (including guardrails), Culverts, Channels, Levees, Dikes, Berms, Embankments, **Landfills, Docks, Piers, Wharves**, Street Lights and Traffic Signals, Meters, Roadway or Highway Fencing (**including guardrails**), and all similar property unless a specific value has been declared. Unscheduled infrastructure coverage is excluded for the peril of Earthquake and excluded Federal Emergency Management Agency (FEMA) and/or Office of Emergency Services (OES) declared disasters, providing said declaration provides funding for repairs.

This revision was made so as to reflect the description of unscheduled infrastructure under the Property Coverage of the Alliant Property Insurance Program.

4. With respect to "Coverages & Limits" section, the Per Occurrence limit has been modified and is now:

\$600,000

Per Occurrence, Per Member for Terrorism (Excess Layer)

This revision was made so as to reflect the new limit under the Property Coverage of the Alliant Property Insurance Program.



Change Summary for Property/Liability Coverage Documents

5. With respect to “Coverages & Limits” section, the Per Occurrence limit has been modified and is now:

\$1,400,000,000 Per Occurrence, Per Member for Terrorism (Excess Layer)

This revision was made so as to reflect the new limit under the Property Coverage of the Alliant Property Insurance Program.

6. The “Member Deductibles” section has been modified and now says:

For all covered losses except those specific types of losses listed below or losses due to the perils listed below, a deductible of «**Property_Deduct**» is applicable.

For all covered losses of the types listed below or losses due to the perils listed below, the deductible set forth in the excess policy(ies) apply. Such deductible shall be exclusively the obligation of the Member and SDRMA shall have no obligation to fulfill or otherwise contribute toward satisfying said deductibles.

Earthquake Shock is not covered.

This revision was made so as to reflect that Earthquake Shock is not covered under the Property Coverage of the Alliant Property Insurance Program.

7. With respect to “Member Deductibles” section, the Per Occurrence limit has been modified and is now:

\$ 500,000 Per Occurrence, Per Member for Terrorism (Excess Layer)

This revision was made so as to reflect the new limit under the Property Coverage of the Alliant Property Insurance Program.

8. With respect to “Member Deductibles” section, the Per Occurrence limit has been modified and is now:

\$ 500,000 All Flood Zones Per Occurrence excluding Flood Zones A & V

This revision was made so as to reflect the new limit under the Property Coverage of the Alliant Property Insurance Program.

9. With respect to “Member Deductibles” section, the description of unscheduled infrastructure has been revised and now states:



Change Summary for Property/Liability Coverage Documents

\$500,000

Per Occurrence for Unscheduled Tunnels, Bridges, Dams, Catwalks (except those not for public use), Roadways, Highways, Streets, Sidewalks, Culverts, **Channels, Levees, Dikes, Berms, Embankments, Landfills, Docks, Piers, Wharves,** Street Lights and Traffic Signals, **Meters, Roadway or Highway Fencing (including guardrails), and all similar property** unless a specific value has been declared (excluding coverage for the peril of Earthquake Shock, and excluding Federal Emergency Management Agency (FEMA) and/or Office of Emergency Services (OES) declared disasters)

This revision was made so as to reflect the description of unscheduled infrastructure under the Property Coverage of the Alliant Property Insurance Program.

10. With respect to “Member Deductibles” section, the Per Occurrence limit has been modified and is now:

\$500,000

Per Occurrence for Primary Terrorism

This revision was made so as to reflect the new limit under the Property Coverage of the Alliant Property Insurance Program.

11. The “Member Deductibles” section has been modified and now says:

WITH RESPECT TO EXCESS LAYER FOR TERRORISM: The maximum limits of liability for all SDRMA Covered Parties due to an Occurrence shall not exceed \$1,100,000,000, and an annual aggregate of \$1,400,000,000.

This revision was made so as to reflect the maximum limits of liability for the excess layer of terrorism under the Property Coverage of the Alliant Property Insurance Program.

12. The “Member Deductibles” section has been modified and now says:

\$500,000

Per Occurrence for CAT Losses (Excluding Flood and Earthquake) as defined by meeting the following trigger: Property Claims Service (PCS) declaration of a numbered catastrophic event

This revision was made so as to reflect the deductible amount for CAT losses under Property Coverage of the Alliant Property Insurance Program.

Declarations – Pollution Coverage

1. With respect to “Limits”, the limit of Defense Costs and Expenses has been revised and now says:



Change Summary for Property/Liability Coverage Documents

The maximum limit of liability for all Damages shall not exceed the highest limit of any of the applicable limits. Upon satisfaction of any one of the applicable limits, no further coverage is afforded.

Defense Costs and Expenses are an additional \$100,000 outside the per member limit and within the overall policy aggregate limit.

This revision was made so as to conform with the Defense Costs and Expenses limit under Pollution Coverage of the Alliant Property Insurance Program.

2. With respect to "Sublimits", the limit of Crisis Management has been added:

\$500,000 Per Named Insured Crisis Management Response Costs Aggregate

This revision was made so as to conform with the Crisis Management limit under Pollution Coverage of the Alliant Property Insurance Program.

3. With respect to "Sublimits", the Note regarding sublimits has been revised and now says:

*Note: the above sub-limits payable under this coverage do not increase and are not in addition to the applicable limit of liability, with the exception of the **Dedicated Legal Defense and** Crisis Management sublimits **and aggregate**, which are in addition to the limits of liability

This revision was made so as to conform with Pollution Coverage of the Alliant Property Insurance Program.

4. The "Member Deductibles" section has been removed to conform to the Alliant property insurance program.
5. With respect to "Specific Coverage Provisions", this section has been modified and now says:

Please refer to the Specific Coverage Provisions under the attached Exhibit G for explanatory descriptions of specific coverages and claims.

This revision was made so as to conform with the Specific Coverages under the Pollution Coverage of the Alliant Property Insurance Program and direct members to explanatory descriptions of specific coverages and claims in the Pollution Coverage of the Alliant Property Insurance Program.

6. With respect to the section labeled "Retention", this section has been modified and now says:

MEMBER RETENTION

This revision was made to clarify the Retention amounts under this section are the Member's Retention amounts under the Pollution Coverage of the Alliant Property Insurance Program.



Change Summary for Property/Liability Coverage Documents

7. With respect to “Member Retention”, the Per pollution Incident retention limit has been revised and now says:

\$150,000 Per Pollution Incident retention except for specific retentions below

This revision was made so as to conform with the Per Pollution Incident retention limit under Pollution Coverage of the Alliant Property Insurance Program.

8. With respect to “Member Retention”, the all Pollution Incidents aggregate retention limit has been revised and now says:

\$450,000 Per Named Insured Aggregate retention applicable to all Pollution Incidents except for specific retentions below

This revision was made so as to conform with all Pollution Incidents aggregate retention limit under Pollution Coverage of the Alliant Property Insurance Program.

Declarations – General Liability Coverage

1. With respect to section “Note 4”, the Aggregate Stop Loss Retention limit has been modified to the following:

WITH RESPECT TO PARTS A, B, C, D AND E ABOVE: The maximum limits of liability for all SDRMA Covered Parties for all Occurrences, Auto Accidents, Wrongful Acts, Employee Benefits Acts, Error and Omission and/or Wrongful Employment Acts or Practices, or any combination thereof shall not exceed the combination of:

(1) SDRMA’s liability for its retentions under its Reinsurance Agreement with Old Republic Specialty Insurance Underwriters of:

- (a) \$250,000 under Coverage A;
- (b) \$250,000 under Coverage B;
- (c) \$100,000 under Coverage C;
- (d) \$100,000 under Coverage D;
- (e) \$100,000 under Coverage E;

subject to an Aggregate Stop Loss Retention of **\$5,100,000** and an Aggregate Stop Loss Limit of \$2,000,000;

(2) Coverage under SDRMA’s Reinsurance Agreement with Old Republic Specialty Insurance Underwriters referred to in (1) above with limits of:

- (a) \$750,000 under Coverage A;



Change Summary for Property/Liability Coverage Documents

(b) \$750,000 under Coverage B;

(c) \$900,000 under Coverage C;

(d) \$900,000 under Coverage D;

(e) \$900,000 under Coverage E;

subject to an Aggregate Stop Loss Retention of **\$5,100,000** and an Aggregate Stop Loss Limit of \$2,000,000;

(3) Limits of Liability under SDRMA’s Reinsurance Agreement with Public Risk Underwriters of Texas (QBE) of \$50,000,000 Annual Aggregate for all SDRMA Members and Covered Parties.

This revision was made to conform the Aggregate Stop Loss Retention limit with the Old Republic Specialty reinsurance agreement.

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Please be aware that the information outlined above is not an exhaustive list of the changes in the 2019-20 Property/Liability Program. As such, you are strongly encouraged to carefully read and review all documents which comprise the 2020-21 Property/Liability Program. Should you have any questions, please do not hesitate to contact SDRMA Member Services at memberplus@sdrma.org or 800.537.7790 or 916.231.4141.

SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

Signed by: *Laura S. Gill*
Laura Gill, ICMA, ARM, ARM-P, CSDM
Chief Executive Officer

July 1, 2020
Date

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Side by Side Comparison of Property/Liability Coverage Documents

The following is a side by side comparison of significant changes to the Property/Liability Coverage Documents for the 2020-21 program year as summarized in the “Change Summary for Property/Liability Coverage Documents.” For your convenience, the changes made are bold and underlined on the third column of this document. Please review the following pages carefully and if you have any questions regarding your agency’s coverage, please contact Member Services at memberplus@sdrma.org or 800.537.7790.

Property/Liability Package Program Summary

Coverage Item	2019-20 Program Year Expiring Limits and Coverages	2020-21 Program Year Renewal Limits and Coverages
<p>With respect to Section <u>ULTIMATE MAXIMUM LIABILITY – ALL COVERED PARTIES</u>, has been modified to conform with the Old Republic Specialty reinsurance agreement.</p>	<p><u>ULTIMATE MAXIMUM LIABILITY – ALL COVERED PARTIES</u></p> <p>The maximum limits of liability for all SDRMA COVERED PARTIES due to an Occurrence, an Auto Accident, a Wrongful Act, and Employee Benefits Act, Error and Omission and/or Wrongful Employment Act or Practice, or any combination thereof, shall not exceed \$1,000,000 for any occurrence arising out of Inverse Condemnation, \$1,000,000 for any sexual harassment loss, and \$5,000,000 for any sexual abuse loss.</p> <p>The maximum limits of liability for all SDRMA Covered Parties for all Occurrences, Auto Accidents, Wrongful Acts, Employee Benefits Acts, Error and Omission and/or Wrongful Employment Acts or Practices, or any combination thereof shall not exceed the combination of:</p> <p>(1) SDRMA’s liability for its retentions under its Reinsurance Agreement with Old Republic Specialty Insurance Underwriters of:</p> <p>(a) \$250,000 under Coverage A; (b) \$250,000 under Coverage B; (c) \$100,000 under Coverage C;</p>	<p><u>ULTIMATE MAXIMUM LIABILITY – ALL COVERED PARTIES</u></p> <p>The maximum limits of liability for all SDRMA COVERED PARTIES due to an Occurrence, an Auto Accident, a Wrongful Act, and Employee Benefits Act, Error and Omission and/or Wrongful Employment Act or Practice, or any combination thereof, shall not exceed \$1,000,000 for any occurrence arising out of Inverse Condemnation, \$1,000,000 for any sexual harassment loss, and \$5,000,000 for any sexual abuse loss.</p> <p>The maximum limits of liability for all SDRMA Covered Parties for all Occurrences, Auto Accidents, Wrongful Acts, Employee Benefits Acts, Error and Omission and/or Wrongful Employment Acts or Practices, or any combination thereof shall not exceed the combination of:</p> <p>(1) SDRMA’s liability for its retentions under its Reinsurance Agreement with Old Republic Specialty Insurance Underwriters of:</p> <p>(a) \$250,000 under Coverage A; (b) \$250,000 under Coverage B; (c) \$100,000 under Coverage C;</p>



Side by Side Comparison of Property/Liability Coverage Documents

	<p>(d) \$100,000 under Coverage D; (e) \$100,000 under Coverage E;</p> <p>subject to an Aggregate Stop Loss Retention of \$5,200,000 and an Aggregate Stop Loss Limit of \$2,000,000;</p> <p>(2) Coverage under SDRMA's Reinsurance Agreement with Old Republic Specialty Insurance Underwriters referred to in (1) above with limits of:</p> <p>(a) \$750,000 under Coverage A; (b) \$750,000 under Coverage B; (c) \$900,000 under Coverage C; (d) \$900,000 under Coverage D; (e) \$900,000 under Coverage E;</p> <p>subject to an Aggregate Stop Loss Retention of \$5,200,000 and an Aggregate Stop Loss Limit of \$2,000,000;</p> <p>(3) Limits of Liability under SDRMA's Reinsurance Agreement with Public Risk Underwriters of Texas (QBE) of \$50,000,000 Annual Aggregate for all SDRMA Members and Covered Parties.</p>	<p>(d) \$100,000 under Coverage D; (e) \$100,000 under Coverage E;</p> <p>subject to an Aggregate Stop Loss Retention of \$5,100,000 and an Aggregate Stop Loss Limit of \$2,000,000;</p> <p>(2) Coverage under SDRMA's Reinsurance Agreement with Old Republic Specialty Insurance Underwriters referred to in (1) above with limits of:</p> <p>(a) \$750,000 under Coverage A; (b) \$750,000 under Coverage B; (c) \$900,000 under Coverage C; (d) \$900,000 under Coverage D; (e) \$900,000 under Coverage E;</p> <p>subject to an Aggregate Stop Loss Retention of \$5,100,000 and an Aggregate Stop Loss Limit of \$2,000,000;</p> <p>(3) Limits of Liability under SDRMA's Reinsurance Agreement with Public Risk Underwriters of Texas (QBE) of \$50,000,000 Annual Aggregate for all SDRMA Members and Covered Parties.</p>
<p>With respect to Section IV. Vehicle Comprehensive and Collision Coverage, B. Comprehensive, subdivision 3. Exclusions, subparagraph d) has been modified.</p>	<p>IV. Vehicle Comprehensive and Collision Coverage:</p> <p>B. Comprehensive</p> <p>3. Exclusions: The following losses are specifically excluded from coverage hereunder:</p> <p>a) Losses resulting from collision or overturn.</p> <p>b) Losses of entertainment equipment (radios, stereos, ipads, ipods, iphones) not factory-installed and not used for local communications.</p> <p>c) Normal wear and tear to any covered vehicle.</p>	<p>IV. Vehicle Comprehensive and Collision Coverage:</p> <p>B. Comprehensive</p> <p>3. Exclusions: The following losses are specifically excluded from coverage hereunder:</p> <p>a) Losses resulting from collision or overturn.</p> <p>b) Losses of entertainment equipment (radios, stereos, ipads, ipods, iphones) not factory-installed and not used for local communications.</p> <p>c) Normal wear and tear to any covered vehicle.</p>



Side by Side Comparison of Property/Liability Coverage Documents

	<p>d) Losses to a vehicle previously covered as an owned auto and declared a total loss.</p>	<p>d) Vehicles declared a total loss salvage vehicle. A total loss salvage vehicle means: <u>A vehicle that has been wrecked, destroyed, or damaged to the extent that it has been considered uneconomical to repair by vehicle’s owner, lessor, lender, insurer, or risk financing entity, and as a consequence the vehicle is not repaired by or for the person who owned or leased the vehicle at the time of the event resulting in wreckage, destruction or damage.</u></p>
<p>With respect to Section IV. Vehicle Comprehensive and Collision Coverage, C. Collision or Overturn, subdivision 3. Exclusions, subparagraph a) has been added.</p>	<p>IV. Vehicle Comprehensive and Collision Coverage:</p> <p>C. Collision or Overturn</p> <p>1. Definition: Collision or overturn means that your vehicle was upset or hit by a vehicle or other object, other than a bird or other animal.</p> <p>2. Limit of Liability: SDRMA will pay for loss to your car by collision, but only to the lesser of the following amounts after the deduction of the applicable Member deductible;</p> <p>a) The actual cash value of the vehicle at time of loss; or</p> <p>b) The stated value shown in your application, as reflected in the Renewal Questionnaire, and revisions thereto, and not reduced by rental costs; or</p> <p>c) The actual cost of repair of the vehicle and equipment included in the value reflected on the Renewal Questionnaire, and revisions thereto;</p>	<p>IV. Vehicle Comprehensive and Collision Coverage:</p> <p>C. Collision or Overturn</p> <p>1. Definition: Collision or overturn means that your vehicle was upset or hit by a vehicle or other object, other than a bird or other animal.</p> <p>2. Limit of Liability: SDRMA will pay for loss to your car by collision, but only to the lesser of the following amounts after the deduction of the applicable Member deductible;</p> <p>a) The actual cash value of the vehicle at time of loss; or</p> <p>b) The stated value shown in your application, as reflected in the Renewal Questionnaire, and revisions thereto, and not reduced by rental costs; or</p> <p>c) The actual cost of repair of the vehicle and equipment included in the value reflected on the Renewal Questionnaire, and revisions thereto;</p>



Side by Side Comparison of Property/Liability Coverage Documents

		<p>3. Exclusions: The following losses are specifically excluded from coverage hereunder:</p> <p>a) Vehicles declared a total loss salvage vehicle. A total loss salvage vehicle means: A vehicle that has been wrecked, destroyed, or damaged to the extent that it has been considered uneconomical to repair by vehicle's owner, lessor, lender, insurer, or risk financing entity, and as a consequence the vehicle is not repaired by or for the person who owned or leased the vehicle at the time of the event resulting in wreckage, destruction or damage.</p>
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Side by Side Comparison of Property/Liability Coverage Documents

LIABILITY COVERAGE AGREEMENT (See table below)

Coverage Item	2019-20 Program Year Expiring Limits and Coverages	2020-21 Program Year Renewal Limits and Coverages
<p>With respect to Section II. Defense and Defense Costs, subdivision "2(c)." of subsection "B.", has been modified to specify that SDRMA only provides coverage for covered claims damages for personal injury, property damage, public officials errors and omissions, employee's benefits acts errors and omissions or wrongful employment practices as those terms are defined in the Liability Coverage Agreement and does not include attorneys fees awarded against the Covered Party.</p>	<p>II. Defense and Defense Costs</p> <p>B. When SDRMA assumes the defense of any Suit or Claim:</p> <p>2. SDRMA will pay the following to the extent not covered by any insurance or risk financing providing coverage to the Covered Party. Any of the following, if paid by SDRMA, will reduce the total limits of liability as stated in the Declarations:</p> <p>a. Premiums on bonds to release attachments for amounts not exceeding the limit of liability, but SDRMA is not obligated to apply for or furnish any such bond;</p> <p>b. Premiums on appeal bonds required by law to appeal any Suit that SDRMA defends, but SDRMA is not obligated to apply for or furnish any such bond;</p> <p>c. All court costs taxed against the Covered Party in any Suit that SDRMA defends; However, these payments do not include attorneys' fees or attorneys' expenses taxed against any Covered Party;</p>	<p>II. Defense and Defense Costs</p> <p>B. When SDRMA assumes the defense of any Suit or Claim:</p> <p>2. SDRMA will pay the following to the extent not covered by any insurance or risk financing providing coverage to the Covered Party. Any of the following, if paid by SDRMA, will reduce the total limits of liability as stated in the Declarations:</p> <p>a. Premiums on bonds to release attachments for amounts not exceeding the limit of liability, but SDRMA is not obligated to apply for or furnish any such bond;</p> <p>b. Premiums on appeal bonds required by law to appeal any Suit that SDRMA defends, but SDRMA is not obligated to apply for or furnish any such bond;</p> <p>c. All court costs taxed against the Covered Party in any Suit that SDRMA defends except for attorneys' fees or attorneys' expenses awarded or taxed against any Covered Party;</p>
<p>With respect to Section III. SDRMA's Limit of Liability, subsection <u>ULTIMATE MAXIMUM LIABILITY – ALL COVERED PARTIES</u>, has been modified to conform with the Old Republic Specialty reinsurance agreement.</p>	<p><u>ULTIMATE MAXIMUM LIABILITY – ALL COVERED PARTIES</u></p> <p>The maximum limits of liability for all SDRMA Covered Parties due to an Occurrence, an Auto Accident, a Wrongful Act, and Employee Benefits Act, Error and Omission and/or Wrongful Employment Act or Practice, or any combination</p>	<p><u>ULTIMATE MAXIMUM LIABILITY – ALL COVERED PARTIES</u></p> <p>The maximum limits of liability for all SDRMA Covered Parties due to an Occurrence, an Auto Accident, a Wrongful Act, and Employee Benefits Act, Error and Omission and/or Wrongful Employment Act or Practice, or any combination</p>



Side by Side Comparison of Property/Liability Coverage Documents

	<p>thereof, shall not exceed \$1,000,000 for any occurrence arising out of Inverse Condemnation and \$5,000,000 for any sexual abuse loss.</p> <p>The maximum limits of liability for all SDRMA Covered Parties for all Occurrences, Auto Accidents, Wrongful Acts, Employee Benefits Acts, Error and Omission and/or Wrongful Employment Acts or Practices, or any combination thereof shall not exceed the combination of:</p> <p>(1) SDRMA’s liability for its retentions under its Reinsurance Agreement with Old Republic Specialty Insurance Underwriters of:</p> <p>(a) \$250,000 under Coverage A; (b) \$250,000 under Coverage B; (c) \$100,000 under Coverage C; (d) \$100,000 under Coverage D; (e) \$100,000 under Coverage E;</p> <p>subject to an Aggregate Stop Loss Retention of \$5,200,000 and an Aggregate Stop Loss Limit of \$2,000,000;</p> <p>(2) Coverage under SDRMA’s Reinsurance Agreement with Old Republic Specialty Insurance Underwriters referred to in (1) above with limits of:</p> <p>(a) \$750,000 under Coverage A; (b) \$750,000 under Coverage B; (c) \$900,000 under Coverage C; (d) \$900,000 under Coverage D; (e) \$900,000 under Coverage E;</p> <p>subject to an Aggregate Stop Loss Retention of \$5,200,000 and an Aggregate Stop Loss Limit of \$2,000,000;</p>	<p>thereof, shall not exceed \$1,000,000 for any occurrence arising out of Inverse Condemnation and \$5,000,000 for any sexual abuse loss.</p> <p>The maximum limits of liability for all SDRMA Covered Parties for all Occurrences, Auto Accidents, Wrongful Acts, Employee Benefits Acts, Error and Omission and/or Wrongful Employment Acts or Practices, or any combination thereof shall not exceed the combination of:</p> <p>(1) SDRMA’s liability for its retentions under its Reinsurance Agreement with Old Republic Specialty Insurance Underwriters of:</p> <p>(a) \$250,000 under Coverage A; (b) \$250,000 under Coverage B; (c) \$100,000 under Coverage C; (d) \$100,000 under Coverage D; (e) \$100,000 under Coverage E;</p> <p>subject to an Aggregate Stop Loss Retention of \$5,100,000 and an Aggregate Stop Loss Limit of \$2,000,000;</p> <p>(2) Coverage under SDRMA’s Reinsurance Agreement with Old Republic Specialty Insurance Underwriters referred to in (1) above with limits of:</p> <p>(a) \$750,000 under Coverage A; (b) \$750,000 under Coverage B; (c) \$900,000 under Coverage C; (d) \$900,000 under Coverage D; (e) \$900,000 under Coverage E;</p> <p>subject to an Aggregate Stop Loss Retention of \$5,100,000 and an Aggregate Stop Loss Limit of \$2,000,000;</p>
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Side by Side Comparison of Property/Liability Coverage Documents

	<p>(3) Limits of Liability under SDRMA’s Reinsurance Agreement with Public Risk Underwriters of Texas (QBE) of \$50,000,000 Annual Aggregate for all SDRMA Members and Covered Parties.</p>	<p>(3) Limits of Liability under SDRMA’s Reinsurance Agreement with Public Risk Underwriters of Texas (QBE) of \$50,000,000 Annual Aggregate for all SDRMA Members and Covered Parties.</p>
<p>With respect to Section VII. Exclusions, subsection PP. Overhead Transmission and/or Feeder Lines, has been added to specify that no coverage is afforded for any liability arising out of or resulting from Overhead Electric Transmission Lines and/or Electric Feeder Lines.</p>		<p>VII. Exclusions:</p> <p><u>PP. Overhead Transmission and/or Feeder Lines:</u></p> <p><u>To any liability of a Covered Party arising out of or resulting from Overhead Electric Transmission Lines and/or Electric Feeder Lines owned or maintained by any Covered Party.</u></p>
<p>With respect to Section XIII. Definitions, the terms “Electric Feeder Lines” and “Overhead Electric Power Transmission Lines” have been added and defined in order to provide a definition of “Electric Feeder Lines” and “Overhead Electric Power Transmission Lines.”</p>		<p>XIII. Definitions:</p> <p><u>Electric Feeder Lines includes but is not limited to electrical distribution network lines carrying electrical power between substations and consumers or end users. For the purposes of this definition, Electric Feeder Lines includes electric distribution lines and service drops.</u></p> <p>...</p> <p><u>Overhead Electric Power Transmission Lines includes but is not limited to power carrying lines which carry electricity between generating stations and substations.</u></p>
<p>With respect to Section VII. Exclusions, subsection QQ. Certified Acts of Terrorism, has been added to conform with the Old Republic Specialty reinsurance agreement.</p>		<p>VII. Exclusions:</p> <p><u>QQ. Certified Acts of Terrorism:</u></p> <p><u>Personal Injury, Property Damage, Public Officials and Employees Errors and</u></p>



Side by Side Comparison of Property/Liability Coverage Documents

		<p><u>Omissions, Employee Benefits Acts, Errors and Omissions or Wrongful Employment Practices arising out of a “Certified Act of Terrorism”, whether directly or indirectly, or any act or condition incident to or arising out of a “Certified Act of Terrorism.”</u></p>
<p>With respect to Section XIII. Definitions, the term “Certified Act of Terrorism” has been added and defined in order to provide a definition of “Certified Act of Terrorism” and to conform with the in the Old Republic Specialty reinsurance agreement.</p>		<p>XIII. Definitions:</p> <p><u>Certified Act of Terrorism means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act.</u></p>
<p>With respect to Section VII. Exclusions, subsection RR. Acts of Terrorism By Unconventional Weapons, has been added to conform with the Old Republic Specialty reinsurance agreement.</p>		<p>VII. Exclusions:</p> <p><u>RR. Acts of Terrorism By Unconventional Weapons:</u></p> <p><u>Personal Injury, Property Damage, Public Officials and Employees Errors and Omissions, Employee Benefits Acts, Errors and Omissions or Wrongful Employment Practices arising out of an Act of Terrorism, whether directly or indirectly, or any act or condition incident to or arising out of or in connection with biological, chemical, radioactive, or nuclear explosion, pollution, contamination and/or fine following thereon. However, as respects a fire following thereon, this exclusion shall not apply when coverage is required by laws, regulations or public policy of any state.</u></p>



Side by Side Comparison of Property/Liability Coverage Documents

<p>With respect to Section VII. Exclusions, subsection SS. Total Loss Salvage Vehicles, has been added to clarify that SDRMA does not provide coverage for vehicles which have been declared a total loss.</p>		<p><u>VII. Exclusions:</u></p> <p><u>SS. Total Loss Salvage Vehicles:</u></p> <p><u>To any liability of a Covered Party for Damages on account of or arising out of any loss, cost or expense related to a total loss salvage vehicle.</u></p>
<p>With respect to Section XIII. Definitions, the term “Total Loss Salvage Vehicle” has been added and defined in order to provide a definition of “Total Loss Salvage Vehicle.”</p>		<p><u>XIII. Definitions:</u></p> <p><u>Total Loss Salvage Vehicle means:</u></p> <p><u>A vehicle that has been wrecked, destroyed, or damaged to the extent that it has been considered uneconomical to repair by vehicle’s owner, lessor, lender, insurer, or risk financing entity, and as a consequence the vehicle is not repaired by or for the person who owned or leased the vehicle at the time of the event resulting in wreckage, destruction or damage.</u></p>



Side by Side Comparison of Property/Liability Coverage Documents

DECLARATIONS – CYBER COVERAGE (see table below)

Coverage Item	2019-20 Program Year Expiring Limits and Coverages	2020-21 Program Year Renewal Limits and Coverages
With respect to “ COVERAGE(S) LIMITS ”, the limit has been revised to conform to the deductible limit under Cyber Coverage of the Alliant Property Insurance Program.	<p>COVERAGE(S) LIMITS:</p> <p>\$2,000,000 Policy Aggregate Sublimit of Liability for each Insured/Member for Data Protection Loss and Business Interruption Loss</p>	<p>COVERAGE(S) LIMITS:</p> <p>\$2,000,000 Policy Aggregate Sublimit of Liability for each Insured/Member for <u>Business Interruption Loss Resulting from Security Breach</u></p> <p><u>\$2,000,000</u> Policy Aggregate Sublimit of Liability for each Insured/Member for <u>Data Recovery Costs</u></p>
With respect to “ COVERAGE(S) LIMITS ”, the limit has been revised to conform to the deductible limit under Cyber Coverage of the Alliant Property Insurance Program.	<p>COVERAGE(S) LIMITS:</p> <p>First Party Business Interruption Sub-Limits of Liability for each Insured/Member</p> <p>\$2,000,000 1) Forensic Expense Sublimit</p> <p>\$750,000 2) Dependent Business Interruption Sublimit</p>	<p>COVERAGE(S) LIMITS:</p> <p><u>\$750,000</u> <u>Dependent Business Loss resulting from Security Failure Sublimit</u></p>
With respect to “ MEMBER DEDUCTIBLES ”, the deductible has been revised to conform to the deductible limit under Cyber Coverage of the Alliant Property Insurance Program and	<p>MEMBER DEDUCTIBLES:</p> <p>\$25,000 (a) per Claim under Insuring Clause A, (b) per incident under Insuring Clause B, plus 20% for public relations consulting fee coverage and 20% for the costs of a Credit File Monitoring</p>	<p>MEMBER DEDUCTIBLES:</p> <p><u>\$50,000</u> (a) per Claim under Insuring Clause A, (b) per incident under Insuring Clause B, plus 20% for public relations consulting fee coverage and 20% for the costs of a Credit File Monitoring Program, (c)</p>



Side by Side Comparison of Property/Liability Coverage Documents

<p>correct a typographical error.</p>	<p>Program, (c) per claim under Insuring Clause C, (d) per one or more acts in the course of covered media activities under Insuring Clause D, (e) per extortion threat under Insuring Clause E, (f) per Data Protection Loss under Insuring Clause F and (g) per business interruption loss under Insuring Clause G.</p> <p>Insuring Clause G: Waiting period – eight (8) hours.</p>	<p>per claim under Insuring Clause C, (d) per one or more acts in the course of covered media activities under Insuring Clause D, (e) per extortion threat under Insuring Clause E, (f) per Data Protection Loss under Insuring Clause F and (g) per business interruption loss under Insuring Clause G.</p> <p>Insuring Clause G: Waiting period – eight (8) hours.</p>
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Side by Side Comparison of Property/Liability Coverage Documents

DECLARATIONS – BOILER AND MACHINERY COVERAGE (*see table below*)

COVERAGE ITEM	2019-20 PROGRAM YEAR EXPIRING LIMITS AND COVERAGES	2020-21 PROGRAM YEAR RENEWAL LIMITS AND COVERAGES
<p>With respect to “COVERED MEMBER CLAUSE” this section has been removed to conform with Alliant property insurance program.</p>	<p>COVERED MEMBER CLAUSE:</p> <p>Covered Member covers Entities you acquire or in which you have 50% or more ownership or contractual control prior to loss</p>	
<p>With respect to “OBJECTS EXCLUDED” this section has been revised to conform with Alliant property insurance program.</p>	<p>OBJECTS EXCLUDED: (INCLUDING BUT NOT LIMITED TO):</p> <ul style="list-style-type: none"> • Insulating or refractory material • Buried Vessels or Piping • Furnace, Oven, Stove, Incinerator, Pot Kiln 	<p>OBJECTS EXCLUDED: (INCLUDING BUT NOT LIMITED TO):</p> <ul style="list-style-type: none"> • Insulating or refractory material • Buried Vessels or Piping



Side by Side Comparison of Property/Liability Coverage Documents

DECLARATIONS – PROPERTY COVERAGE (*see table below*)

COVERAGE ITEM	2019-20 PROGRAM YEAR EXPIRING LIMITS AND COVERAGES	2020-21 PROGRAM YEAR RENEWAL LIMITS AND COVERAGES
<p>With respect to “COVERAGES & LIMITS SUMMARY” this section has been modified to conform with Alliant property insurance program.</p>	<p>COVERAGES & LIMITS SUMMARY:</p> <p>Blanket Buildings and Contents owned by the Member, or for which the Member is responsible to insure, per occurrence at locations reported to SDRMA prior to loss, to which this coverage applies. Except for Mobile/Contractor’s Equipment, replacement cost, if replaced, but if not replaced within three years after the loss, the loss will be paid on an actual cash value basis, subject to the terms, conditions, deductibles and exclusions as provided in the Memorandum, and subject further to the terms, conditions and exclusions of the excess policy Exhibits. With respect to Mobile/Contractor’s Equipment, SDRMA will pay up to the actual cash value. (Earthquake Sprinkler Leakage Coverage (EQSL), and Electrical pole, overhead conductor/transformer coverage and Earthquake or Differences in Conditions (DIC) coverage are provided, subject to specifically reported values, certain sub-limits, aggregates, and separate deductibles, and apply only to those Members who have selected these coverage(s), have paid the applicable additional contribution, and received the specific endorsement from SDRMA for these coverage(s)).</p>	<p>COVERAGES & LIMITS SUMMARY:</p> <p>Blanket Buildings and Contents owned by the Member, or for which the Member is responsible to insure, per occurrence at locations reported to SDRMA prior to loss, to which this coverage applies. Except for Mobile/Contractor’s Equipment, replacement cost, if replaced, but if not replaced within three years after the loss, the loss will be paid on an actual cash value basis, subject to the terms, conditions, deductibles and exclusions as provided in the Memorandum, and subject further to the terms, conditions and exclusions of the excess policy Exhibits. With respect to Mobile/Contractor’s Equipment, SDRMA will pay up to the actual cash value. (Earthquake Sprinkler Leakage Coverage (EQSL), and Electrical pole, overhead conductor/transformer coverage and Earthquake or Differences in Conditions (DIC) coverage are provided, subject to specifically reported values, certain sub-limits, aggregates, and separate deductibles, and apply only to those Members who have selected these coverage(s), have paid the applicable additional contribution, and received the specific endorsement from SDRMA for these coverage(s)).</p> <p><u>Earthquake Shock is not covered per occurrence or in the annual aggregate.</u></p> <p><u>Upgrade to Green Coverage is not covered.</u></p> <p><u>Communicable Disease are not covered</u></p>



Side by Side Comparison of Property/Liability Coverage Documents

	<p>NOTE 1: AS RESPECTS TO PROPERTY LOSS COVERAGE, ABOVE: The coverage for property loss as provided in this part, is furnished by a combination of coverages under these DECLARATIONS, the accompanying Memorandum, and the coverage under the policy(ies) contained in <u>Exhibit B.</u></p>	<p>NOTE 1: AS RESPECTS TO PROPERTY LOSS COVERAGE, ABOVE: The coverage for property loss as provided in this part, is furnished by a combination of coverages under these DECLARATIONS, the accompanying Memorandum, and the coverage under the policy(ies) contained in <u>Exhibit B.</u></p>
<p>With respect to “COVERAGES & LIMITS” this section has been revised to conform with Alliant property insurance program.</p>	<p>COVERAGES & LIMITS:</p> <p>\$1,000,000,000 Per Occurrence: All Perils, Coverages and Members combined, subject to the following per occurrence and/or aggregate sub-limits as noted.</p>	<p>COVERAGES & LIMITS:</p> <p><u>\$800,000,000</u> Per Occurrence: All Perils, Coverages and Members combined, subject to the following per occurrence and/or aggregate sub-limits as noted.</p>
<p>With respect to “COVERAGES & LIMITS” this section has been revised to conform with Alliant property insurance program.</p>	<p>COVERAGES & LIMITS:</p> <p>\$750,000 Unscheduled infrastructure including but not limited to Tunnels, Bridges, Dams, Catwalks (except those not for public use), Roadways, Highways, Streets (including guardrails), Sidewalks (including guardrails), Culverts, Channels, Levees, Dikes, Berms, Embankments, Street Lights and Traffic Signals, Meters, Roadway or Highway Fencing, and all similar property unless a specific value has been declared. Unscheduled infrastructure coverage is excluded for the peril of Earthquake and excluded Federal</p>	<p>COVERAGES & LIMITS:</p> <p>\$750,000 Unscheduled infrastructure including but not limited to Tunnels, Bridges, Dams, Catwalks (except those not for public use), Roadways, Highways, Streets (including guardrails), Sidewalks (including guardrails), Culverts, Channels, Levees, Dikes, Berms, Embankments, <u>Landfills, Docks, Piers, Wharves,</u> Street Lights and Traffic Signals, Meters, Roadway or Highway Fencing <u>(including guardrails),</u> and all similar property unless a specific value has been declared. Unscheduled infrastructure coverage</p>



Side by Side Comparison of Property/Liability Coverage Documents

	<p>Emergency Management Agency (FEMA) and/or Office of Emergency Services (OES) declared disasters, providing said declaration provides funding for repairs.</p>	<p>is excluded for the peril of Earthquake and excluded Federal Emergency Management Agency (FEMA) and/or Office of Emergency Services (OES) declared disasters, providing said declaration provides funding for repairs.</p>
<p>With respect to “COVERAGES & LIMITS” this section has been revised to conform with Alliant property insurance program.</p>	<p>COVERAGES & LIMITS: \$500,000 Per Occurrence, Per Member for Terrorism (Excess Layer)</p>	<p>COVERAGES & LIMITS: <u>\$600,000</u> Per Occurrence, Per Member for Terrorism (Excess Layer)</p>
<p>With respect to “COVERAGES & LIMITS” this section has been revised to conform with Alliant property insurance program.</p>	<p>COVERAGES & LIMITS: \$1,300,000,000 Per Occurrence, Per Member for Terrorism (Excess Layer)</p>	<p>COVERAGES & LIMITS: <u>\$1,400,000,000</u> Per Occurrence, Per Member for Terrorism (Excess Layer)</p>
<p>With respect to “MEMBER DEDUCTIBLES” this section has been modified to conform with Alliant property insurance program.</p>		<p>MEMBER DEDUCTIBLES:</p> <p>For all covered losses except those specific types of losses listed below or losses due to the perils listed below, a deductible of «Property_Deduct» is applicable.</p> <p>For all covered losses of the types listed below or losses due to the perils listed below, the deductible set forth in the excess policy(ies) apply. Such deductible shall be exclusively the obligation of the Member and SDRMA shall have no obligation to fulfill or otherwise contribute toward satisfying said deductibles.</p> <p><u>Earthquake Shock is not covered.</u></p>



Side by Side Comparison of Property/Liability Coverage Documents

<p>With respect to "MEMBER DEDUCTIBLES" this section has been revised to conform with Alliant property insurance program.</p>	<p>MEMBER DEDUCTIBLES: \$250,000 Per Occurrence, Per Member for Terrorism (Excess Layer)</p>	<p>MEMBER DEDUCTIBLES: <u>\$500,000</u> Per Occurrence, Per Member for Terrorism (Excess Layer)</p>
<p>With respect to "MEMBER DEDUCTIBLES" this section has been revised to conform with Alliant property insurance program.</p>	<p>MEMBER DEDUCTIBLES: \$250,000 All Flood Zones Per Occurrence excluding Flood Zones A & V</p>	<p>MEMBER DEDUCTIBLES: <u>\$500,000</u> All Flood Zones Per Occurrence excluding Flood Zones A & V</p>
<p>With respect to "MEMBER DEDUCTIBLES" this section has been revised to conform with Alliant property insurance program.</p>	<p>MEMBER DEDUCTIBLES: \$500,000 Per Occurrence for Unscheduled Tunnels, Bridges, Dams, Catwalks (except those not for public use), Roadways, Highways, Streets, Sidewalks, Culverts, Street Lights and Traffic Signals, unless a specific value has been declared (excluding coverage for the peril of Earthquake Shock, and excluding Federal Emergency Management Agency (FEMA) and/or Office of Emergency Services (OES) declared disasters)</p>	<p>MEMBER DEDUCTIBLES: \$500,000 Per Occurrence for Unscheduled Tunnels, Bridges, Dams, Catwalks (except those not for public use), Roadways, Highways, Streets, Sidewalks, Culverts, <u>Channels, Levees, Dikes, Berms, Embankments, Landfills, Docks, Piers, Wharves,</u> Street Lights and Traffic Signals, <u>Meters, Roadway or Highway Fencing (including guardrails), and all similar property</u> unless a specific value has been declared (excluding coverage for the peril of Earthquake</p>



Side by Side Comparison of Property/Liability Coverage Documents

		Shock, and excluding Federal Emergency Management Agency (FEMA) and/or Office of Emergency Services (OES) declared disasters)
With respect to “ MEMBER DEDUCTIBLES ” this section has been revised to conform with Alliant property insurance program.	MEMBER DEDUCTIBLES: \$250,000 Per Occurrence for Primary Terrorism	MEMBER DEDUCTIBLES: <u>\$500,000</u> Per Occurrence for Primary Terrorism
With respect to “ MEMBER DEDUCTIBLES ” this section has been modified to conform with Alliant property insurance program.		MEMBER DEDUCTIBLES: <u>WITH RESPECT TO EXCESS LAYER FOR TERRORISM: The maximum limits of liability for all SDRMA Covered Parties due to an Occurrence, shall not exceed \$1,100,000,000, and an annual aggregate of \$1,400,000,000.</u>
With respect to “ MEMBER DEDUCTIBLES ” this section has been modified to conform with Alliant property insurance program.	MEMBER DEDUCTIBLES: \$250,000 Per Occurrence for CAT Losses (Excluding Flood and Earthquake) as defined by meeting the following trigger: Property Claims Service (PCS) declaration of a numbered catastrophic event	MEMBER DEDUCTIBLES: <u>\$500,000 Per Occurrence for CAT Losses (Excluding Flood and Earthquake) as defined by meeting the following trigger: Property Claims Service (PCS) declaration of a numbered catastrophic event</u>



Side by Side Comparison of Property/Liability Coverage Documents

DECLARATIONS – POLLUTION COVERAGE (see table below)

Coverage Item	2019-20 Program Year Expiring Limits and Coverages	2020-21 Program Year Renewal Limits and Coverages
With respect to “ LIMITS ”, the limit of Defense Costs and Expenses has been revised to conform to the limit under Pollution Coverage of the Alliant Property Insurance Program.	<p>LIMITS:</p> <p>The maximum limit of liability for all Damages and Defense Costs shall not exceed the highest limit of any of the applicable limits. Upon satisfaction of any one of the applicable limits, no further coverage is afforded.</p>	<p>LIMITS:</p> <p>The maximum limit of liability for all Damages shall not exceed the highest limit of any of the applicable limits. Upon satisfaction of any one of the applicable limits, no further coverage is afforded.</p> <p><u>Defense Costs and Expenses are an additional \$100,000 outside the per member limit and within the overall policy aggregate limit.</u></p>
With respect to “ SUBLIMITS ”, the limit of Crisis Management has been added to conform to the limit under Pollution Coverage of the Alliant Property Insurance Program.	<p>SUBLIMITS:</p> <p>\$250,000 Per Named Insured Crisis Management Response Costs Aggregate</p>	<p>SUBLIMITS:</p> <p><u>\$500,000 Per Named Insured Crisis Management Response Costs Aggregate</u></p>
With respect to “ SUBLIMITS ”, the Note regarding sublimits has been revised to conform to the Pollution Coverage of the Alliant Property Insurance Program.	<p>SUBLIMITS:</p> <p>*Note: the above sub-limits payable under this coverage do not increase and are not in addition to the applicable limit of liability, with the exception of the Crisis Management sublimits, which are in addition to the limits of liability.</p>	<p>SUBLIMITS:</p> <p>*Note: the above sub-limits payable under this coverage do not increase and are not in addition to the applicable limit of liability, with the exception of the <u>Dedicated Legal Defense and</u> Crisis Management sublimits <u>and aggregate</u>, which are in addition to the limits of liability.</p>
With respect to “ MEMBER DEDUCTIBLES ”, this section has been modified to conform with	<p>MEMBER DEDUCTIBLES:</p> <p>\$100,000 Per Pollution Condition or Indoor Environmental Conditions - except for Mold or Sewage Backup</p>	<p>MEMBER DEDUCTIBLES:</p>



Side by Side Comparison of Property/Liability Coverage Documents

<p>Alliant property insurance program.</p>	<p>\$250,000 Per Pollution Condition or Indoor Environmental Condition – Mold – does not aggregate</p> <p>\$250,000 Per Pollution Condition or Indoor Environmental Condition -Sewage Backup – does not aggregate</p> <p>\$750,000 Underground Storage Tanks</p> <p>\$300,000 Per Member Aggregate retention applicable to all Pollution Conditions or Indoor Environmental Conditions except for Mold or Sewage Backup</p> <p>\$50,000 Per Member maintenance retention applicable to all Pollution Conditions or Indoor Environmental Conditions, except for Mold or Sewage Backup</p> <p>\$750,000 Per Member Aggregate retention applicable to Mold</p> <p>\$125,000 Per Member maintenance retention applicable to Mold</p> <p>Waiting period – 10 Day Waiting Period for Business Income and Extra Expense</p> <p>SDRMA shall not be responsible for deductibles under the Pollution Liability Coverage.</p>	



Side by Side Comparison of Property/Liability Coverage Documents

<p>With respect to “SPECIFIC COVERAGE PROVISIONS”, this section has been modified to conform with Alliant property insurance program.</p>	<p>SPECIFIC COVERAGE PROVISIONS:</p> <p>Coverage A – Cyber Events: Coverage for third-party claims for bodily injury, property damage or clean-up costs resulting from a pollution condition arising from a cyber event, provided that the claim is first made and reported to the Insurer during the policy period.</p> <p>A Cyber Event is defined as any unauthorized processing of data by an Insured; any breach of laws and infringement of regulations pertaining to the maintenance, or protection of data; and any network security failure in any system or device leased, owned, operated or lost by or which is made available or accessible to the Insured for the purpose of processing data. Insured must take reasonable precautions to prevent or cease any activity which may result in a claim, and take all reasonable steps to observe and comply with all statutory or local authority laws obligations and requirements.</p> <p>Coverage for crisis management response costs (including medical expenses, funeral expenses, psychological counseling, travel expenses temporary living expenses, expenses to secure the scene of a crisis management event) included, provided that the costs have been pre-approved by the insurer and are associated with damages that would be covered by this policy.</p> <p>Blanket Coverage included for Non-Owned Locations. Includes any transfer, storage, treatment or disposal facilities which are used by the Insured, but not owned or operated by the Insured, provided that:</p> <ul style="list-style-type: none"> ● The waste materials are generated from the Insured’s own site, transportation, or covered operations. ● The transfer, storage, treatment or disposal facility is properly licensed 	<p>SPECIFIC COVERAGE PROVISIONS:</p> <p><u>Please refer to the Specific Coverage Provisions under the attached Exhibit G for explanatory descriptions of specific coverages and claims.</u></p>
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Side by Side Comparison of Property/Liability Coverage Documents

	<p>and permitted to accept and dispose of such waste and has not filed for bankruptcy as of the date of the transfer, storage, treatment or disposal of such waste.</p> <ul style="list-style-type: none"> • The transfer, storage, treatment or disposal facility is not listed or proposed to be listed on the Federal National Priorities List, or any equivalent state or local list as of policy inception. 	
<p>With respect to “RETENTION”, this section has been modified and now reads “MEMBER RETENTION” to clarify this is the Member’s Retention amount under Pollution Coverage of the Alliant Property Insurance Program.</p>	<p>RETENTION</p>	<p>MEMBER RETENTION</p>
<p>With respect to “MEMBER RETENTION”, the Per Pollution Incident retention limit has been revised to conform to the limit under Pollution Coverage of the Alliant Property Insurance Program.</p>	<p>MEMBER RETENTION: \$100,000 Per pollution Incident retention except for specific retentions below</p>	<p>MEMBER RETENTION: <u>\$150,000</u> Per Pollution Incident retention except for specific retentions below</p>
<p>With respect to “RETENTION”, the all Pollution Incidents aggregate retention limit has been revised to conform to the limit under Pollution Coverage of the</p>	<p>MEMBER RETENTION: \$300,000 Per Named Insured Aggregate retention applicable to all Pollution Incidents except for specific retentions below</p>	<p>MEMBER RETENTION: <u>\$450,000</u> Per Named Insured Aggregate retention applicable to all Pollution Incidents except for specific retentions below</p>



Side by Side Comparison of Property/Liability Coverage Documents

Alliant Property Insurance Program.		
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DECLARATIONS – GENERAL LIABILITY COVERAGE (see table below)

COVERAGE ITEM	2019-20 PROGRAM YEAR EXPIRING LIMITS AND COVERAGES	2020-21 PROGRAM YEAR RENEWAL LIMITS AND COVERAGES
<p>With respect to “NOTE 4” this section has been modified to conform with the Old Republic Specialty reinsurance agreement.</p>	<p>NOTE 4:</p> <p>WITH RESPECT TO PARTS A, B, C, D AND E ABOVE: The maximum limits of liability for all SDRMA Covered Parties for all Occurrences, Auto Accidents, Wrongful Acts, Employee Benefits Acts, Error and Omission and/or Wrongful Employment Acts or Practices, or any combination thereof shall not exceed the combination of:</p> <p>(1) SDRMA’s liability for its retentions under its Reinsurance Agreement with Old Republic Specialty Insurance Underwriters of:</p> <p>(a) \$250,000 under Coverage A; (b) \$250,000 under Coverage B; (c) \$100,000 under Coverage C; (d) \$100,000 under Coverage D; (e) \$100,000 under Coverage E;</p> <p>subject to an Aggregate Stop Loss Retention of \$5,200,000 and an Aggregate Stop Loss Limit of \$2,000,000;</p> <p>(2) Coverage under SDRMA’s Reinsurance Agreement with Old Republic Specialty Insurance Underwriters referred to in (1) above with limits of:</p> <p>(a) \$750,000 under Coverage A; (b) \$750,000 under Coverage B; (c) \$900,000 under Coverage C; (d) \$900,000 under Coverage D; (e) \$900,000 under Coverage E;</p>	<p>NOTE 4:</p> <p>WITH RESPECT TO PARTS A, B, C, D AND E ABOVE: The maximum limits of liability for all SDRMA Covered Parties for all Occurrences, Auto Accidents, Wrongful Acts, Employee Benefits Acts, Error and Omission and/or Wrongful Employment Acts or Practices, or any combination thereof shall not exceed the combination of:</p> <p>(1) SDRMA’s liability for its retentions under its Reinsurance Agreement with Old Republic Specialty Insurance Underwriters of:</p> <p>(a) \$250,000 under Coverage A; (b) \$250,000 under Coverage B; (c) \$100,000 under Coverage C; (d) \$100,000 under Coverage D; (e) \$100,000 under Coverage E;</p> <p>subject to an Aggregate Stop Loss Retention of <u>\$5,100,000</u> and an Aggregate Stop Loss Limit of \$2,000,000;</p> <p>(2) Coverage under SDRMA’s Reinsurance Agreement with Old Republic Specialty Insurance Underwriters referred to in (1) above with limits of:</p> <p>(a) \$750,000 under Coverage A; (b) \$750,000 under Coverage B; (c) \$900,000 under Coverage C; (d) \$900,000 under Coverage D; (e) \$900,000 under Coverage E;</p>



Side by Side Comparison of Property/Liability Coverage Documents

	<p>subject to an Aggregate Stop Loss Retention of \$5,200,000 and an Aggregate Stop Loss Limit of \$2,000,000;</p> <p>(3) Limits of Liability under SDRMA’s Reinsurance Agreement with Public Risk Underwriters of Texas (QBE) of \$50,000,000 Annual Aggregate for all SDRMA Members and Covered Parties.</p>	<p>subject to an Aggregate Stop Loss Retention of \$5,100,000 and an Aggregate Stop Loss Limit of \$2,000,000;</p> <p>(3) Limits of Liability under SDRMA’s Reinsurance Agreement with Public Risk Underwriters of Texas (QBE) of \$50,000,000 Annual Aggregate for all SDRMA Members and Covered Parties.</p>
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A COPY OF THE LIST OF THE NEW CHANGES TO THE ALLIANT PROPERTY INSURANCE PROGRAM ATTACHED HERETO.

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Please be aware that the information outlined in this section is not an exhaustive list of the changes in the 2019-20 Property/Liability Program. As such, you are strongly encouraged to carefully read and review all documents which comprise the 2020-21 Property/Liability Program. These documents consist of the Certificate of Coverage, Memorandum of Coverages, Declarations, Liability Coverage Agreement, and Uninsured/Underinsured Motorist Coverage Agreement together with the various policies of insurance.

Should you have any questions, please do not hesitate to contact SDRMA Member Services at memberplus@sdrma.org or 800.537.7790.

SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

Signed by: *Laura S. Gill*
 Laura S. Gill, ICMA-CM, ARM, ARM-P, CSDM
 Chief Executive Officer

July 1, 2020
 Date

6871349.1

Provider Special District Risk Management Authority
1112 'I' Street, Suite 300
Sacramento, California 95814
800.537.7790 www.sdrma.org



Member **San Simeon Community Services District**
111 Pico Avenue
San Simeon, California 93452

Member Number: 6951

This is to certify that coverages listed below have been issued to the Member named above for the period indicated. This certificate is not an insurance policy or an agreement of coverage and does not amend, extend or alter the coverage afforded by the agreements listed herein. Notwithstanding any requirement, term, or condition of any contract or other document with respect to which this certificate may be issued or may pertain, the coverage described herein is subject to all the terms, exclusions, and conditions of the specific coverage document. This certificate of coverage evidences the limits of liability in effect at the inception of the agreements shown; limits shown may have been reduced by paid claims. This certificate is issued as a matter of information only and confers no rights upon the certificate holder.

Type of Coverage	Policy Number	Effective Date	Expiration Date	Limits
Property	PPC-SDRMA-202021	7/1/2020	7/1/2021	Per Occurrence
Property				\$ 800,000,000
Boiler & Machinery				\$ 100,000,000
Pollution	PPC-SDRMA-202021			\$ 2,000,000
Cyber				Limits on File
Catastrophic Loss				\$ 800,000,000 Replacement cost for Scheduled Property
General Liability	LCA-SDRMA-202021	7/1/2020	7/1/2021	Per Occurrence
Bodily Injury				\$ 2,500,000
Property Damage				\$ 2,500,000
Public Officials Personal				\$ 500,000
Employment Benefits				\$ 2,500,000
Employee/Public Officials E & O				\$ 2,500,000
Employment Practices Liability				\$ 2,500,000
Employee/Public Officials Dishonesty (Crime)	EDC-SDRMA-202021			\$ 1,000,000
Auto Liability	LCA-SDRMA-202021	7/1/2020	7/1/2021	Per Occurrence
Auto Bodily Injury				\$ 2,500,000
Auto Property Damage				\$ 2,500,000
Non-Owned Auto Bodily Injury				\$ 2,500,000
Non-Owned Auto Property Damage				\$ 2,500,000
Uninsured Motorist	UMI-SDRMA-202021			Limits on File

Laura S. Gill

Provider
Special District Risk Management Authority
1112 'I' Street, Suite 300
Sacramento, California 95814
800.537.7790 www.sdrma.org



Member **San Simeon Community Services District**
111 Pico Avenue
San Simeon, California 93452

Member Number: 6951
Certificate Number: 8

This is to certify that coverages listed below have been issued to the Member named above for the period indicated. This certificate is not an insurance policy or an agreement of coverage and does not amend, extend or alter the coverage afforded by the agreements listed herein. Notwithstanding any requirement, term, or condition of any contract or other document with respect to which this certificate may be issued or may pertain, the coverage described herein is subject to all the terms, exclusions, and conditions of the specific coverage document. This certificate of coverage evidences the limits of liability in effect at the inception of the agreements shown; limits shown may have been reduced by paid claims. This certificate is issued as a matter of information only and confers no rights upon the certificate holder.

Type of Coverage	Policy Number	Effective Date	Expiration Date	Limits
General Liability	LCA-SDRMA-202021	7/1/2020	7/1/2021	
Bodily Injury				Per Occurrence \$1,000,000
Property Damage				\$1,000,000

The Hearst Corporation is named as an additional covered party relating to the License and Release Agreement with San Simeon CSD. The district agrees to indemnify, defend, and hold harmless Hearst, its officers, directors, employees, agents and independent contractors from and against any and all losses, claims.

Cancellation: Should any of the above-described policies be cancelled before the expiration dates thereof, the issuing company will endeavor to mail 30 days written notice to the above-named certificate holder, but failure to mail such notice shall impose no obligation or liability of any kind upon the company.

Certificate Dates:	Effective Date 7/1/2020	Expiration Date 7/1/2021	Certificate Type:	<input checked="" type="checkbox"/> Additional Covered Party <input type="checkbox"/> Loss Payee
				<input type="checkbox"/> Evidence of Coverage

Certificate Holder

The Hearst Corporation c/o San Simeon Ranch
P O Box 66
San Simeon, CA 93452

Laura S. Gill - Chief Executive Officer

This endorsement changes the Liability Coverage Agreement. Please read it carefully.

COVERAGE PERIOD: **7/1/2020 through 7/1/2021**

MEMBER AGENCY

San Simeon Community Services District
111 Pico Avenue
San Simeon, California 93452

ADDITIONAL COVERED PARTY

The Hearst Corporation c/o San Simeon Ranch
P O Box 66
San Simeon, CA 93452

This endorsement modifies the Liability Coverage Agreement provided under the following:

General Liability - Bodily Injury - LCA-SDRMA-202021 - Per Occurrence - \$1,000,000

General Liability - Property Damage - LCA-SDRMA-202021 - Per Occurrence - \$1,000,000

It is hereby agreed that this endorsement is added to the Liability Coverage Agreement issued to **San Simeon Community Services District** by Special District Risk Management Authority ("SDRMA") adding the following as an **Additional Covered Party**.

The Hearst Corporation is named as an additional covered party relating to the License and Release Agreement with San Simeon CSD. The district agrees to indemnify, defend, and hold harmless Hearst, its officers, directors, employees, agents and independent contractors from and against any and all losses, claims.

Unless required by a contract between **San Simeon Community Services District** and **The Hearst Corporation c/o San Simeon Ranch**, coverage afforded by this **ENDORSEMENT** shall be excess and non-contributory with respect to any other valid and collectible insurance or risk financing providing coverage to **The Hearst Corporation c/o San Simeon Ranch**, including any self-insured retention the **The Hearst Corporation c/o San Simeon Ranch** may have, and any other insurance or risk financing providing coverage to the **The Hearst Corporation c/o San Simeon Ranch** shall be considered primary to this coverage. If required by a contract between **San Simeon Community Services District** and **The Hearst Corporation c/o San Simeon Ranch**, the coverage afforded by this **ENDORSEMENT** shall be primary with respect to any other valid and collectible insurance or risk financing providing coverage to the **The Hearst Corporation c/o San Simeon Ranch** including any self-insured retention the **The Hearst Corporation c/o San Simeon Ranch** may have, and any other insurance or risk financing providing coverage to the **The Hearst Corporation c/o San Simeon Ranch** shall be considered excess to this coverage. The coverage afforded by this **ENDORSEMENT** is afforded only with respect to liability arising out of the ongoing operations of the SDRMA Member named above and provided further that this coverage does not apply to the sole negligence of the additional covered party named above. Coverage shall not be extended for the active negligence of the **The Hearst Corporation c/o San Simeon Ranch** in any case where an agreement to indemnify the additional named party would be invalid under Subdivision (b) of Section 2782 of the Civil Code.


All other terms and conditions remained unchanged.

Coverage provided by this endorsement, under the terms, conditions and exclusions contained in the Liability Coverage Agreement issued by SDRMA to **San Simeon Community Services District** shall not be reduced or canceled without 30 days written notice given to the **The Hearst Corporation c/o San Simeon Ranch** via certified mail.

THIS ENDORSEMENT CHANGES THE LIABILITY COVERAGE AGREEMENT. PLEASE READ IT CAREFULLY.

The inclusion of more than one **Covered Party** shall not operate to impair the rights of one Covered Party against another Covered Party and the coverages afforded shall apply as though separate policies have been issued to each Covered Party except that the inclusion of more than one covered party shall not increase the limit of liability of SDRMA.

Effective date of this endorsement is: 7/1/2020

Signed by: 
Laura S. Gill - Chief Executive Officer

Memorandum of Coverages

Property/Liability Package Program Summary

2020-21 Program Year

Coverages	Package Program Coverage	Page
	General Terms and Conditions Applicable to All Programs	2
I. Property Loss Coverage	A. Buildings, Contents and Equipment	8
	B. Boiler and Machinery	8
II. Liability Coverages	Coverages Provided by SDRMA Liability Coverage Agreement	
	A. Personal Injury and Property Damage Liability Coverage – General	9
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	C. Public Officials’ and Employees’ Errors and Omissions Coverage	9
	D. Employment Benefits Liability Coverage	10
	E. Employment Practices Liability Coverage	10
	F. Uninsured/Underinsured Motorists Supplementary Coverage	12
	G. Pollution Liability Coverage	13
	H. Personal Liability Coverage for Board Members/Directors	14
III. Employee Dishonesty Coverage		14
IV. Vehicle Comp and Collision Coverage (if applicable)		15
V. Cyber Coverage		17
COVERAGE AGREEMENTS EXHIBITS*	Exhibit A. Special District Risk Management Authority (Liability Coverage Agreement) Agreement No. LCA-SDRMA-2020-21	
	Exhibit B. PEPIP USA Form No. 16 Policy No. APIP2020	
	Exhibit C. Special District Risk Management Authority (Uninsured/Underinsured Motorist Coverage)	



Memorandum of Coverages

Agreement) Agreement No. UMI-SDRMA-2020-21

Exhibit D. National Union Fire Insurance Company of Pitts., PA
(Employee and Public Officials Dishonesty Coverage)
Policy No. 01-505-26-90

Exhibit E. Special District Risk Management Authority
(Personal Liability Coverage for Board Members &
Directors) Agreement No. LCA-SDRMA-2020-21

Exhibit F. Lloyd's of London – Beazley Syndicate 2623-623
(Beazley Information Security & Privacy Insurance
With Electronic Media Liability Coverage) Policy No.
PH2033938

Exhibit G. Interstate Fire & Casualty Insurance Company
Policy No. USL00885220

GENERAL TERMS AND CONDITIONS APPLICABLE TO ALL PROGRAMS

The Special District Risk Management Authority, a joint powers agency formed pursuant to *California Government Code* Section 6500 et. seq., comprised of California special districts, agencies and cities, hereinafter referred to as SDRMA, in return for the payment of contributions and assessments as they become due, agrees with the Member named in the DECLARATIONS attached hereto, sometimes referred to herein as the "District," the "Member", or the "Covered Party," to provide risk financing for the period indicated in the DECLARATIONS attached hereto, subject to all of the terms and conditions of this Memorandum of Coverage's, hereinafter referred to as the "Memorandum," or successor documents thereto; and where applicable, as specifically provided elsewhere in the Declarations and this Memorandum, the terms and conditions of the Coverage Agreements and policies of insurance attached hereto and made a part hereof (The Declarations, Memorandum of Coverage, Coverage Agreements and insurance policies attached shall hereinafter collectively be referred to as the "Coverage Agreement(s)").

Definitions and Interpretations

All definitions and interpretations of the provisions of this Memorandum shall be in accordance with the interpretations and provisions of the Coverage Agreements identified in the Property/Liability Package Program Summary. Nothing in this Memorandum of Coverages shall be construed to replace or change the meaning of any provision(s) of any Coverage Agreement or policy of the risk-financing program provided by SDRMA except that with respect to the "Defense and Settlement," "Arbitration" and the "Suit against SDRMA" provisions set forth below and any exclusions specifically set forth in this Memorandum, or endorsements hereto in the event of any inconsistency between this Memorandum or the related DECLARATIONS and said Coverage Agreement(s), the provisions of the Coverage Agreement(s) shall control.



Memorandum of Coverages

Please read the Sixth Amended and Restated Joint Powers Agreement and Bylaws of the Special District Risk Management Authority (hereinafter "SDRMA"), or successor documents thereto, together with the Memorandum of Coverages, hereinafter referred to as the "Memorandum" and the policy(ies) attached as Exhibit(s), to ascertain all of your District's/Agency's/City's rights and obligations regarding its relationship with the Special District Risk Management Authority.

Member Information

The coverage's afforded as described in this Memorandum of Coverage are based on the information supplied by the Member. By submitting this information, the Member is warranting and representing that to the best of its knowledge, the information submitted is complete and correct and that the person submitting the information is authorized to attest on behalf of the Member and its Employees, Officers and Board Members to its accuracy. Any misrepresentation contained in that information or any breach of warranty could void coverage for the Member and its Employees, Officers and Board Members

Claim Reporting Requirements

All Covered Parties shall have an obligation to report, as soon as practical, any occurrence, wrongful act, wrongful employment practice, employee benefits wrongful act, error or omission, or any other event which may give rise to a claim or suit. Failure to report in a timely manner may jeopardize the coverage's provided under this Memorandum and any Coverage Agreement(s) applicable hereto.

If, during the term of this Memorandum or at any time thereafter:

A. The Covered Party shall receive written or oral notice from any party that it is the intention of such party to hold any Covered Party responsible as a result of any occurrence, auto accident, wrongful act, employee benefits act, error or omission, wrongful employment practice or any other event which might give rise to a claim or suit against any Covered Party, its agents, employees or contractors, in any capacity; or

B. The Covered Party shall become aware of any occurrence, wrongful act, employee benefits act, error or omission, wrongful employment practice or any other event which may subsequently give rise to a claim or suit against any Covered Party, its agents, employees or contractors; the Covered Party shall, as soon as practicable, give written notice to SDRMA of the receipt of such written or oral notice of such alleged occurrence, auto accident, wrongful act, employee benefits act, error or omission, wrongful employment practice, or other event. Upon SDRMA's receipt of such notice, any claim which may subsequently be made against the Covered Party arising out of such alleged occurrence, wrongful act, employee benefits wrongful act, or other event, for the purpose of the Memorandum, shall be treated as a claim made during the policy period in which the alleged occurrence, auto accident, wrongful act, employee



Memorandum of Coverages

benefits act, error or omission, wrongful employment practice, or other event is reported.

If a claim is made or suit is brought against the Covered Party, the Covered Party shall immediately forward to SDRMA every claim, demand, notice, summons or other process received by the Covered Party or its representative(s). If any such claim includes a claim for Employment Practices Liability covered herein, the Covered Party has the option to comply with the special reporting requirement in order to avoid the co-risk financing provisions outlined in the Declarations and shall do so at the time the suit, claim, demand, notice, summons or other process is first forwarded to SDRMA.

In all cases, the Covered Party shall give SDRMA all information and all such cooperation as SDRMA may reasonably require and which is in the Covered Party's power to give. The Covered Party shall do nothing after the loss to impair or impede SDRMA's right of equitable or legal subrogation, contribution or indemnification against any other person or entity.

Defense and Settlement Provisions

A. The Covered Party shall not admit liability for or settle any claim or incur any costs or expenses of investigation and/or defense in connection with any claim without SDRMA's prior written consent (which consent shall not be unreasonably withheld).

B. SDRMA's rights and obligations under PART II. LIABILITY COVERAGE, SECTION A. PERSONAL INJURY & PROPERTY DAMAGE LIABILITY COVERAGE - GENERAL, SECTION B. PERSONAL INJURY & PROPERTY DAMAGE LIABILITY COVERAGE - AUTO, SECTION C. PUBLIC OFFICIALS' AND EMPLOYEES' ERRORS AND OMISSIONS COVERAGE, SECTION D. EMPLOYEE BENEFITS LIABILITY, SECTION E. EMPLOYMENT PRACTICES LIABILITY COVERAGE and PART IV. PERSONAL LIABILITY COVERAGE FOR BOARD MEMBERS/DIRECTORS, include the right and duty to defend any suit through counsel of its choice seeking damages to which any such coverage applies. However, the cost of such defense is included within the limits of liability. Once that limit has been exhausted, SDRMA's right and duty to defend ceases. At any time until the applicable limit of liability is exhausted, SDRMA may, at its discretion, investigate any actual or alleged occurrence, auto accident, wrongful act, employee benefits act, error or omission or wrongful employment practice, and settle any claim or suit that may result without the Covered Party's consent. However, the amount that SDRMA will pay for damages is limited as described in the limits of the DECLARATIONS attached hereto and SDRMA's right and duty to defend end when it has exhausted the applicable limit of coverage in the payment of judgments, settlements and/or defense costs.

C. Should the Member desire to have input into decisions concerning settlement or litigation as to liability exposures covered by SDRMA only, the Member shall notify SDRMA, in writing, of such desire at the time that it first furnishes SDRMA notice of the occurrence, auto accident, wrongful

Memorandum of Coverages

Defense and Settlement Provisions, continued

act, employee benefit act, error or omission, wrongful employment practice or other event or suit. In the event SDRMA is so notified by the Member, SDRMA shall consult with the Member in connection with decisions concerning litigation and settlement. However, SDRMA shall retain the sole and exclusive right to elect to settle any claim or suit.

Nevertheless, in the event the Member notifies SDRMA of its desire to have input into the litigation and settlement, SDRMA shall have the right and may at any time recommend settlements to the Member without actually effectuating such settlement. In such event, the Member may either:

1. Agree to the settlement recommended, and execute such documents as are applicable thereto; or
2. If the Member disputes the proposed settlement, the Member shall notify SDRMA in writing of such dispute. If, after further consultation, the Member disputes the recommended settlement, and provided that SDRMA does not exercise its option to unilaterally effectuate settlement, the Member may elect to undertake the further investigation and/or defense of the claim solely at its own expense, and pay such amounts of indemnity that exceed the amounts recommended by SDRMA up to the limits of risk financing afforded herein, and also pay the additional costs of investigation and/or defense cost incurred from the date such investigation and/or defense is undertaken by the Member.

Duties After Loss

In case of a loss, claim or occurrence auto accident, wrongful act, employee benefits act, error or omission or wrongful employment practice to which this Memorandum may apply, a Covered Party shall perform the following duties:

1. Give written notice to SDRMA as soon as possible stating:
 - a. the Memorandum number and name(s) of the Covered Party.
 - b. the date, time, place and circumstances of the loss, claim or occurrence, auto accident, wrongful act, employee benefits act, error or omission or wrongful employment practice.
 - c. the names, addresses and phone numbers of every claimant and witness.
2. Promptly send SDRMA any legal papers received relating to a loss, claim or occurrence, auto accident, wrongful act, employee benefits act, error or omission or wrongful employment practice.
3. Cooperate with and assist SDRMA in any matter relating to a loss, claim or occurrence, auto accident, wrongful act, employee benefits act, error or omission or wrongful employment practice.
4. With respect to any property loss, send SDRMA a sworn proof of loss within 60 days of the loss. Also, exhibit any damaged property which is within the control of the Covered Party.
5. Prepare an inventory of damaged personal property showing, in detail, the quantity, description, place of purchase/acquisition,



Memorandum of Coverages

Duties After Loss, continued	<p>date of purchase/acquisition, actual cash value and amount of loss. Attach to the inventory all bills, receipts and related documents that substantiate the information in the inventory.</p> <ol style="list-style-type: none">6. Produce representatives and employees of the Covered Party to the extent it is within the Covered Party's power to do so.7. Submit to and subscribe, outside the presence of any other Covered Party as often as SDRMA reasonably requires:<ol style="list-style-type: none">a. statements;b. examinations under oath, and8. Produce employees, officers, and directors of a Covered Party for statements and examinations under oath, upon request, to the extent it is within the Covered Party's power to do.9. Provide us with original records and documents SDRMA request and permit us to make copies.
Misrepresentation, Concealment or Fraud	<p>This entire Memorandum is void, and no coverage is available for any Covered Party, if any Covered Party has knowingly and willfully concealed or misrepresented any material fact or circumstance or engaged in any fraudulent conduct relating to this Memorandum or any Coverage Agreement or policy attached hereto as an Exhibit, or any loss, claim or occurrence, , auto accident, wrongful act, employee benefits act, error or omission or wrongful employment practice arising thereunder, whether before or after the loss, claim or occurrence, auto accident, wrongful act, employee benefits act, error or omission or wrongful employment practice.</p>
Intentional Loss	<p>No coverage is available for any Covered Person for loss arising out of any act committed by or at the direction of any Covered Person with the intent to cause a loss.</p>
Other Insurance	<p>The coverages provided pursuant to this Memorandum shall apply only in excess of any insurance available to any Covered Party. In addition, except with respect to the policies referred to herein, the coverage's provided pursuant to this Memorandum shall apply only in excess of coverage or benefits provided by self-insurance arrangements, pools, self-insurance trusts, captive insurance companies, retention groups, reciprocal exchanges, or any other plan or agreement of risk transfer or assumption.</p>
Voluntary Payments	<p>The Covered Party shall not, except at their own expense, voluntarily make any payment, assume any obligation, or incur any expense, other than for first aid, without the written consent of SDRMA.</p>
Authorization Clause	<p>By acceptance of this Memorandum, the Member agrees to act on behalf of its officers, employees and agents with respect to the giving and receiving of notice of claim, the payment of contributions and assessments, and the receiving of any return contributions that may become due under this Memorandum, and said officers, employees and agents agree that the named Member shall act on their behalf.</p>



Memorandum of Coverages

- Acceptance** By acceptance of this Memorandum, the Member agrees that this Memorandum and Exhibits, together with the Sixth Amended and Restated Joint Powers Agreement and Bylaws and successor documents thereto, embody all agreements existing between itself and SDRMA or any of its representatives or any insurers relating to this Memorandum or the coverage's provided pursuant thereto.
- Arbitration** As a condition precedent to any right of action against SDRMA, any dispute between the Member or any other Covered Party and SDRMA regarding or arising out of the risk financing afforded under the terms of this Memorandum or the coverage's provided pursuant thereto, including its formation or validity, or any transaction under the Coverage Agreements issued to the Member by SDRMA, or any dispute or claim of any nature arising from or related in any way to the relationships governed by the Coverage Agreements issued to the Member by SDRMA, whether arising before or after termination, shall be resolved by final and binding arbitration before a certified Arbitrator (affiliated with J.A.M.S., Two Embarcadero Center, Suite 1100, San Francisco, CA 94111), in accordance with its then existing applicable rules of practice and procedure and in accordance with the provisions of the California Code of Civil Procedure, Sections 1280, et seq. The arbitration shall be before a single neutral arbitrator selected jointly by SDRMA and the Member or other Covered Party. If SDRMA and the Covered Party do not agree on the identity of the Arbitrator, the Arbitrator will be appointed by J.A.M.S. Said arbitration shall take place in Sacramento, California unless the Member or other Covered Party and SDRMA jointly agree in writing to a different location. The Arbitrator shall have the power to determine all procedural rules for the holding of the Arbitration including but not limited to determining the arbitrability of claims, prehearing discovery, inspection of documents, examination of witnesses, etc. Both SDRMA and the Member or other Covered Party shall share equally in the cost of the Arbitration and shall otherwise bear their own costs and attorneys' fees in connection with such Arbitration. Judgment upon any arbitration award may be entered in any court having jurisdiction thereof.
- Suit Against SDRMA** Any suit or action against SDRMA of any kind relating to this Agreement, or any other Coverage Agreement or Exhibits thereto, shall be brought only in the Superior Court for Sacramento, California (and in no other), and the Member hereby consents to the jurisdiction of said court.

I. PROPERTY LOSS COVERAGE

Memorandum of Coverages

A. Buildings, Contents and Equipment (Except for Mobile/Contractor's Equipment)

Except as (1) set forth in the "Member Deductibles" Section of the Declarations for the Property Program, (2) as modified by any Endorsement to this Memorandum of Coverages, and (3) with respect to "Mobile/Contractor's Equipment", the Company identified in **Exhibit B** will, subject to the terms and conditions of Exhibit A, pay the Member for all direct losses caused by physical loss or damage covered by the Policy(ies), to buildings and business personal property at locations described or listed in the Annual Renewal Documents or subsequent reports to SDRMA made prior to the loss. Except for Mobile/Contractor's Equipment, if repair or replacement occurs within a reasonable period of time, losses will be paid to the extent of the full cost of repair or replacement (without deduction for depreciation), subject to any other limitations described in the Policy attached as **Exhibit B**. If no repair or replacement occurs within this time frame, then losses will be paid on an actual cash value basis (with deduction for depreciation). All claims for loss, damage, or expense arising out of any one occurrence shall be adjusted as one claim, and from the amount of such adjusted claim there shall be a deduction based on the Member's applicable deductible or the Member's deductible for specific objects or perils contained in the Declarations.

B. Mobile/Contractor's Equipment

The Company identified in **Exhibit B** will, subject to the terms and conditions of Exhibit B, pay up to the actual cash value, not replacement cost, for loss of or damage to mobile/contractor's equipment.

The Policy referred to herein as **Exhibit B** and this Agreement are both subject to all of the terms, conditions, provisions, exclusions, and endorsements contained in said Exhibit.

C. Boiler and Machinery

Except as set forth in the "Member's Deductibles" section of the Declarations for Boiler and Machinery coverage, the Company identified in **Exhibit B** will, subject to the terms and conditions of **Exhibit B**, pay the Member for **direct** damage to covered property caused by a covered cause of **loss** to an object as defined therein, owned by, leased by or operated under the control of the Member subject to the terms and conditions of **Exhibit B**.

The Policy referred to herein as **Exhibit B** and this Agreement are both subject to all of the terms, conditions, provisions, exclusions, and endorsements contained in said Exhibit.



Memorandum of Coverages

II. LIABILITY COVERAGES

A. Personal Injury and Property Damage Liability Coverage – General

SDRMA will pay on behalf of the Covered Party those sums which the Covered Party shall become legally obligated to pay as Damages because of Personal Injury or Property Damage to which this coverage applies, if caused by an Occurrence.

SDRMA shall not be obligated to pay any amount or defend any claim or suit after the total liability of SDRMA for all such Damages because of Personal Injury, Property Damage, or any combination thereof, as a result of one Occurrence and/or Defense costs, exceeds the applicable limit of liability set forth in the DECLARATIONS. For the purpose of determining the limit of SDRMA's liability, all Damages and Defense Costs arising from Personal Injury or Property Damage as a result of continuous, repeated, or related exposure to substantially the same general conditions shall be considered as arising out of one Occurrence. With respect to any Sexual Abuse or Molestation Incident(s), all Damages and Defense Costs arising out of any one or more Sexual Abuse or Molestation Incident(s) upon or to any single person at any time shall be deemed one Occurrence.

This agreement is subject to all of the terms, conditions, definitions, endorsements, applicable deductibles, exclusions, and provisions of the Liability Coverage Agreement in **Exhibit A**.

B. Personal Injury and Property Damage Liability Coverage – Auto

SDRMA will pay on behalf of the Covered Party those sums which the Covered Party shall become legally obligated to pay as Damages because of Personal Injury or Property Damage to which this coverage applies, caused by an Auto Accident and resulting from the ownership, maintenance, or use of a Covered Auto as defined in the Coverage Agreement. SDRMA shall not be liable for Property Damage caused by any Auto Accident until the amount thereof exceeds the applicable deductible.

SDRMA shall not be obligated to pay any amount or defend any claim or suit after the total liability of SDRMA for all such damages and defense costs as a result of any one Auto Accident exceeds the sum set forth in the DECLARATIONS attached hereto. For purposes of determining SDRMA's liability, all Damages and Defense Costs arising from an Auto Accident as a result of continuous, repeated or related exposure to substantially the same general conditions shall be considered as arising out of one Auto Accident.

This agreement is subject to all the terms, conditions, definitions, endorsements, applicable deductibles, exclusions and provisions of the Liability Coverage Agreement in **Exhibit A**.

C. Public Officials' and Employees' Errors and Omissions Coverage

SDRMA will pay on behalf of the Covered Party those sums which the Covered Party shall become legally obligated to pay as Damages for any claim or claims because of a Wrongful Act performed subsequent to the inception date of this coverage, as specified in the DECLARATIONS attached



Memorandum of Coverages

hereto, and subject to all of the terms, conditions, definitions, endorsements, exclusions and provisions of the Liability Coverage Agreement contained in **Exhibit A**.

SDRMA shall not be obligated to pay any amount or defend any claim or suit after the total liability of SDRMA for all such Damages and expenses because of a Wrongful Act exceeds the sum set forth in the DECLARATIONS. For the purpose of determining the limit of SDRMA's liability, all Damages and Defense Costs arising from Public Officials and Employees Errors and Omissions as a result of the continuous, repeated, or related exposure to substantially the same general conditions shall be considered as arising out of one Wrongful Act.

This agreement is subject to all of the terms, conditions, definitions, endorsements, applicable deductibles, exclusions and provisions of the Liability Coverage Agreement in **Exhibit A**.

D. Employee Benefits Liability Coverage

SDRMA will pay on behalf of the Covered Party those sums which the Covered Party shall become legally obligated to pay as damages for any claim or claims for Employee Benefits Liability to which this coverage applies caused by an Employee Benefits Act, Error or Omission, resulting from the negligent administration of Employee Benefits Plans.

SDRMA shall not be obligated to pay any amount or defend any claim or suit after the total liability of SDRMA for all such damages and expenses because of an employee benefits act, error or omission, exceeds the sum set forth indicated in the DECLARATIONS attached hereto. And regardless of the number of claims brought or employee benefits act, error or omission, the total liability of SDRMA for all Damages and defense costs because of an employee benefits act, error or omission or series of related employee benefits act, error or omission will not exceed the limit of liability stated in the DECLARATIONS. For purposes of determining the limit of SDRMA's liability, all Damages and Defense Costs arising from Employee Benefits Liability as a result of continuous, repeated or related exposure to substantially the same general conditions shall be considered as arising out of one Employee Benefits Act, Error or Omission.

This agreement is subject to all of the terms, conditions, definitions, endorsements, applicable deductibles, exclusions, and provisions of the Liability Coverage Agreement in **Exhibit A**.

E. Employment Practices Liability Coverage

SDRMA will pay on behalf of the Covered Party those sums which the Covered Party shall become legally obligated to pay as Damages for any claim or claims for Employment Practices Liability to which this coverage applies caused by a Wrongful Employment Practice as defined in the Coverage Agreement.

SDRMA shall not be obligated to pay any claim or defend any claim or suit after the total liability of SDRMA for all such damages because of a Wrongful Employment Practice exceeds the sum set forth in the

Memorandum of Coverages

DECLARATIONS attached hereto. And regardless of the number of claims brought or Wrongful Employment Practice, the total liability of SDRMA for all Damages and defense costs because of a Wrongful Employment Practice or series of related Wrongful Employment Practices will not exceed the limit of liability stated in the DECLARATIONS. For the purpose of determining the limit of SDRMA's liability, all Damages and Defense Costs arising from Wrongful Employment Practices as a result of continuous, repeated or related exposure to substantially the same general conditions shall be considered as arising out of one Wrongful Employment Practice.

Public Officials and Employees Errors and Omissions, Employee Benefits Acts, Errors and Omissions and Wrongful Employment Practices taking place over more than one coverage period during which coverage is afforded through SDRMA shall be deemed to have taken place during the last annual coverage period and only that coverage for that coverage period applies.

This agreement is subject to all of the terms, conditions, definitions, endorsements, applicable deductibles, exclusions, and provisions of the Liability Coverage Agreement in **Exhibit A**.

ULTIMATE TOTAL LOSS PER MEMBER:

With respect to Parts A, B, C, D and E above: The total limit of liability for all Damages and Defense Costs shall not exceed the highest limit of any applicable coverage regardless of the number of coverages that apply. Should more than one coverage part apply, the Member deductible shall not exceed the highest deductible under any applicable coverage part.

With respect to Parts A, B, C, D and E above: All limits of liability, including group limits and sub-limits, include defense costs.

ULTIMATE MAXIMUM LIABILITY – ALL COVERED PARTIES

The maximum limits of liability for all SDRMA COVERED PARTIES due to an Occurrence, an Auto Accident, a Wrongful Act, and Employee Benefits Act, Error and Omission and/or Wrongful Employment Act or Practice, or any combination thereof, shall not exceed \$1,000,000 for any **occurrence** arising out of **Inverse Condemnation**, \$1,000,000 for any sexual harassment loss, and \$5,000,000 for any sexual abuse loss.

The maximum limits of liability for all SDRMA Covered Parties for all Occurrences, Auto Accidents, Wrongful Acts, Employee Benefits Acts, Error and Omission and/or Wrongful Employment Acts or Practices, or any combination thereof shall not exceed the combination of:

- (1) SDRMA's liability for its retentions under its Reinsurance Agreement with Old Republic Specialty Insurance Underwriters of:

Memorandum of Coverages

- (a) \$250,000 under Coverage A;
- (b) \$250,000 under Coverage B;
- (c) \$100,000 under Coverage C;
- (d) \$100,000 under Coverage D;
- (e) \$100,000 under Coverage E;

subject to an Aggregate Stop Loss Retention of \$5,100,000 and an Aggregate Stop Loss Limit of \$2,000,000;

(2) Coverage under SDRMA's Reinsurance Agreement with Old Republic Specialty Insurance Underwriters referred to in (1) above with limits of:

- (a) \$750,000 under Coverage A;
- (b) \$750,000 under Coverage B;
- (c) \$900,000 under Coverage C;
- (d) \$900,000 under Coverage D;
- (e) \$900,000 under Coverage E;

subject to an Aggregate Stop Loss Retention of \$5,100,000 and an Aggregate Stop Loss Limit of \$2,000,000;

(3) Limits of Liability under SDRMA's Reinsurance Agreement with Public Risk Underwriters of Texas (QBE) of \$50,000,000 Annual Aggregate for all SDRMA Members and Covered Parties.

Other Liability Coverages

F. Uninsured/Underinsured Motorist Supplementary Coverage

SDRMA will pay those sums a Covered Party or anyone occupying an Owned Auto, as defined in the Liability Coverage Agreement, is legally entitled to recover as Damages because of Bodily Injury from the owner or driver of an Uninsured Motor Vehicle. The term Uninsured Motor Vehicle includes Underinsured Motor Vehicles. The damages must result from Bodily Injury sustained by anyone occupying an Owned Auto. The owner's or driver's liability for these damages must result from the ownership, maintenance or use of the Uninsured Motor Vehicle. This Agreement does not apply to any persons who are entitled to workers' compensation benefits as a result of the accident.

In addition, SDRMA will also pay on behalf of the Member those sums up to \$10,000 (subject to the applicable Member deductible), which the

Memorandum of Coverages

Member, or any owner or operator of an Owned Auto, is legally entitled to recover as Property Damage (but not loss of use) from the owner or driver of an Uninsured Motor Vehicle. The Property Damage must result from actual direct physical contact between the Owned Auto and the Uninsured Motor Vehicle provided that the owner or operator of the Uninsured Motor Vehicle is identified or the Uninsured Motor Vehicle is identified by its license number.

This agreement is subject to all of the terms, conditions, definitions, endorsements, exclusions, and provisions of the Coverage Agreement(s) shown as **Exhibit C**.

G. Pollution Liability Coverage

Except as set forth in the "Member Deductibles" section of the Declarations for Pollution Liability Coverage, the Company identified in **Exhibit G** will indemnify the Member for:

A. New Pollution Conditions

"Claims", "remediation costs", and associated "legal defense expenses", in excess of the "self-insured retention", arising out of a "pollution condition" on, at, under, or migrating from a "covered location", provided the "claim" is first made, or the Member first discovers such "pollution condition", during the "policy period". Any such discovery of a "pollution condition" must be reported to the Company identified in **Exhibit G** and to SDRMA, in writing, during the "policy period". Any such "claim" must be reported to the Company identified in **Exhibit G** and to SDRMA, in writing, during the "policy period" or any applicable "extended reporting period". The coverage afforded pursuant to this Coverage A only applies to "pollution conditions" that first commence, in their entirety:

1. During the "policy period"; or
2. If prior to the "policy period", on or after the Retroactive Date identified in Item 2e. of the Declarations to this Policy.

"Claims" and associated "legal defense expenses", in excess of the "self-insured retention", arising out of a "pollution condition" resulting from "covered operations", provided the "claim" is first made during the "policy period". Any such "claim" must be reported to the Company identified in **Exhibit G** and SDRMA, in writing, during the "policy period" or any applicable "extended reporting period".

B. Pollution Conditions From Covered Operations

The coverage afforded pursuant to this Coverage B only applies to "pollution conditions" that first commence, in their entirety:

1. During the "policy period"; or
2. If prior to the "policy period", on or after the Retroactive Date identified in Item 3e. of the Declarations to this Policy.



Memorandum of Coverages

This agreement is subject to all of the terms, conditions, definitions, endorsements, applicable deductibles, exclusions, and provisions of the policies contained in **Exhibit G**.

H. Personal Liability Coverage for Board Members/Directors

SDRMA will pay on behalf of the elected or appointed Board Members/Directors of the Member those sums which the elected or appointed Board Member/Director of the Member shall become legally obligated to pay as Damages for any claim or claims for Personal Injury to a third party to which this coverage applies.

SDRMA shall not be obligated to pay amount or defend any claim or suit after the total liability of SDRMA for all such damages and expenses because of any claim or claims for personal injury to a third party exceeds the sum indicated in the Declarations.

For the purpose of determining the limit of SDRMA's liability, all Damages and Defense Costs arising from personal injury as a result of continuous, repeated or related exposure to substantially the same general conditions shall BE considered this arising out of one occurrence.

This agreement is subject to all of the terms, conditions, definitions, endorsements, applicable deductibles, exclusions, and provisions of the Personal Liability For Board Member/Directors Coverage Agreement contained in **Exhibit E**.

III. EMPLOYEE DISHONESTY COVERAGE

The Company identified in **Exhibit D** will indemnify the Member for any loss of money or securities, belonging to the Member, or in which the Member has a pecuniary interest, or for which the Member is legally liable, or which is held by the Member in any capacity, whether the Member is legally liable therefore or not, which the Member shall, during the term of this Memorandum, sustain or discover that they have sustained, through larceny, theft, embezzlement, forgery, misappropriation, wrongful abstraction, willful misapplication or other fraudulent or dishonest act or acts committed by one or more of the employees, as defined, acting alone or in collusion with others.

"Employee" or "Employees": The terms "employee" or "employees" as used herein shall mean, respectively, one or more of the natural persons who on the effective date of this coverage or at any other time during the term of this coverage, are in the regular service of the Member in the ordinary course of the Member's operations, but does not mean brokers, factors, commission merchants, consignees, contractors or other agents or representatives of the same general character. It is agreed that the terms "employee" or "employees" shall also include volunteers and those officials of the Member, including members of the Board of Directors, who,

Memorandum of Coverages

whether elected or appointed, comprise the governing body of the Member.

This agreement is subject to all of the terms, conditions, definitions, endorsements, applicable deductibles, exclusions, and provisions of the policies contained in **Exhibit D**.

IV. VEHICLE COMPREHENSIVE AND COLLISION COVERAGE

A. Coverage

SDRMA, in return for payment of contributions and assessments as they become due, agrees with the Member named in the DECLARATIONS attached hereto to pay all losses, to the extent reflected in the following paragraphs, which the Member shall suffer to Owned Autos during the period shown on DECLARATIONS and/or endorsements after the deduction of the applicable deductible.

B. Comprehensive

1. Definition: "Comprehensive" means loss to an owned auto except loss by collision or overturn. "Comprehensive" includes breakage of glass, or loss caused by missiles, falling objects, fire, theft, larceny, explosion, earthquake, windstorm, hail, water, flood, malicious mischief or vandalism, riot or civil commotion. "Comprehensive" also includes loss due to hitting or being hit by a bird or other animal.

2. Limit of Liability: After deduction of applicable Member deductible SDRMA shall pay the lesser of;

- a) The actual cash value of the vehicle at time of loss; or
- b) The stated value shown in your application, as reflected in Renewal Questionnaire, and revisions thereto, and not reduced by rental costs, or
- c) The actual cost of repair of the vehicle and equipment included in the value reflected on the Renewal Questionnaire, and revisions thereto;

3. Exclusions: The following losses are specifically excluded from coverage hereunder:

- a) Losses resulting from collision or overturn.
- b) Losses of entertainment equipment (radios, stereos, ipads, ipods, iphones) not factory-installed and not used for local communications.
- c) Normal wear and tear to any covered vehicle.
- d) Vehicles declared a total loss salvage vehicle. A total loss salvage vehicle means:

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A vehicle that has been wrecked, destroyed, or damaged to the extent that it has been considered uneconomical to repair by vehicle's owner, lessor, lender, insurer, or risk financing entity, and as a consequence the vehicle is not repaired by or for the person who owned or leased the vehicle at the time of the event resulting in wreckage, destruction or damage.

C. Collision or Overturn

1. Definition: Collision or overturn means that your vehicle was upset or hit by a vehicle or other object, other than a bird or other animal.
2. Limit of Liability: SDRMA will pay for loss to your car by collision, but only to the lesser of the following amounts after the deduction of the applicable Member deductible;
 - a) The actual cash value of the vehicle at time of loss; or
 - b) The stated value shown in your application, as reflected in the Renewal Questionnaire, and revisions **thereto**, and not reduced by rental costs; or
 - c) The actual cost of repair of the vehicle and equipment included in the value reflected on the Renewal Questionnaire, and revisions thereto;
3. Exclusions: The following losses are specifically excluded from coverage hereunder:
 - a) Vehicles declared a total loss salvage vehicle. A total loss salvage vehicle means:

A vehicle that has been wrecked, destroyed, or damaged to the extent that it has been considered uneconomical to repair by vehicle's owner, lessor, lender, insurer, or risk financing entity, and as a consequence the vehicle is not repaired by or for the person who owned or leased the vehicle at the time of the event resulting in wreckage, destruction or damage.

D. Other Provisions

1. Actual Cash Value: Actual cash value is determined by the market value, age and condition of the vehicle and personal property at the time the loss occurred, after the deduction of the applicable deductible.
2. Settlement of Loss: SDRMA has the right to settle a loss with the Member, and with any Loss Payee named in the Renewal Questionnaire or revisions thereto, in one of the following ways:
 - a) Pay up to the actual cash value of the vehicle;
 - b) Pay to repair or replace the vehicle or part with like kind and quality. If the repair or replacement results in better than like, kind and quality, Member must pay for the amount of the betterment;
 - c) Return the stolen vehicle and pay for any damage due to the theft;or



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- d) Take the vehicle at an agreed value; but it cannot be abandoned to SDRMA.
- e) In the event the vehicle is a total loss, the vehicle cannot be scheduled as an owned auto thereafter.
- f) Pay for the personal property of a Covered Party when Damage arises out of a loss from an Owned Auto, with payment to be made at the actual cash value of personal property lost.

3. With respect to both comprehensive coverage and collision overturn coverage as specified in paragraphs B. and C., above, while an Owned Auto is being repaired and the Member requires the use of a replacement vehicle during that repair, SDRMA will also pay reasonable charges for the rental of a replacement vehicle for a reasonable period of time provided that such amounts shall be reduced by any deductible reflected in the renewal questionnaire or revisions thereto and provided further that in no case shall SDRMA's liability exceed the amount reflected in the Renewal Questionnaire and revisions thereto.

4. Definition: Owned autos means any auto or trailer owned by the Member and reported to SDRMA prior to the coverage period or, if acquired by purchase or lease during the coverage period, reported to SDRMA within thirty (30) days of such acquisition.

V. CYBER COVERAGE

Except as set forth in the "Member Deductibles" section of the Declarations for Cyber Coverage, the Company identified in **Exhibit F** will indemnify the Insured/Member for:

A. Information Security & Privacy Liability

Damages and Claims Expenses, in excess of the applicable sublimit, which the Insured/Member shall become legally obligated to pay because of any Claim, first made against the Insured/Member and reported to both the Company identified in **Exhibit F** and SDRMA, including a Claim for violation of a Privacy Law, for:

- 1. theft, loss or Unauthorized Disclosure of Personally Identifiable Non-Public Information or Third-Party Corporate Information that is in the care, custody and control of the Insured/Member, that first takes place during the Policy Period;
- 2. one or more of the following acts or incidents, that first takes place during the Policy Period and that directly result from a failure of Computer Security to prevent a Security Breach, during the Policy Period:
 - a) the alteration, corruption, destruction, deletion or damage to a Data Asset stored on Computer Systems;
 - b) the failure to prevent transmission of Malicious Code from Computer Systems to Third Party Computer Systems; or

Memorandum of Coverages

- c) the participation by the Insured/Member's Computer System in a denial of service attack directed against a Third-Party Computer System,
- 3. failure to timely disclose an incident described above in violation of any Breach Notification Law that first takes place during the Policy Period;
 - 4. failure by the Insured/Member to comply with that part of a Privacy Policy that first takes place during the Policy Period and that specifically:
 - a) prohibits or restricts the Insured/Member's disclosure, sharing or selling of a person's Personally Identifiable Non-Public Information;
 - b) requires the Insured/Member to provide access to Personally Identifiable Non-Public Information or to correct incomplete or inaccurate Personally Identifiable Non-Public Information after a request is made by a person; or
 - c) mandates procedures and requirements to prevent the loss of Personally Identifiable Non-Public Information,
 - 5. failure by the Insured/Member to administer an identity theft prevention program or take necessary actions to prevent identity theft required by governmental statute or regulation that first takes place during the Policy Period.

B. Privacy Notification Costs

Privacy Notification Costs, as that term is defined in **Exhibit F**, in excess of the applicable sublimit both the Company identified in **Exhibit F** and incurred by the Insured/Member, with the prior consent of the SDRMA, resulting from the Insured/Member's legal obligation to comply with a Breach Notice Law because of an incident (or reasonably suspected incident) that first takes place during the Policy Period and is discovered by the Insured/Member and reported to SDRMA during the Policy Period.

C. Regulatory Defense and Penalties

Claims Expenses and Penalties in excess of the applicable sublimit, which the Insured/Member shall become legally obligated to pay because of any Claim in the form of a Regulatory Proceeding, first made against any Insured/Member and reported to both the Company identified in **Exhibit F** and SDRMA during the Policy Period, resulting from a violation of a Privacy Law and caused by an incident described in **Exhibit F** that first takes place during the Policy Period.

D. Website Media Content Liability (Occurrence Based)

Damages and Claim Expenses, in excess of the applicable sublimit, which the Insured/Member shall become legally obligated to pay resulting from any Claim made against any Member for one or more of the following acts committed in the course of Covered Media Activities during the Policy Period:

Memorandum of Coverages

1. defamation, libel, slander, trade libel, infliction of emotional distress, outrage, outrageous conduct, or other tort related to disparagement or harm to the reputation or character of any person or organization;
2. a violation of the rights of privacy of an individual, including false light and public disclosure of private facts;
3. invasion or interference with an individual's right of publicity, including commercial appropriation of name, persona, voice or likeness;
4. plagiarism, piracy misappropriation of ideas under implied contract;
5. infringement of copyright;
6. infringement of domain name, trademark, trade name, trade dress, logo, title, metatag, or slogan, service mark, or service name; or
7. improper deep-linking or framing within electronic content.

E. Cyber Extortion

Cyber Extortion Loss, in excess of the applicable sublimit, incurred by the Insured/Member as a direct result of an Extortion Threat first made against the Insured/Member during the Policy Period by a person, other than the Member's employees, directors, officers, principals, trustees, governors, Managers, members, management committee members, members of the management board, partners, contractors, outsourcers, or any person in collusion with any of the foregoing. Coverage under this Coverage Agreement, subject to the applicable conditions and reporting requirements in **Exhibit F**.

F. First Party Data Protection

Data Protection Loss, in excess of the applicable sublimit, incurred by the Member as a direct result of:

- (1) alteration, corruption, destruction, deletion or damage to a Data Asset, or
- (2) inability to access a Data Asset,

that first takes place during the Policy Period and is directly caused by a failure of Computer Security to prevent a Security Breach; provided that such Security Breach takes place during the Policy Period.

G. First Party Network Business Interruption

Business Interruption Loss, in excess of the applicable sublimit, incurred by the Insured/Member during the Period of Restoration or the Extended Interruption Period (if applicable) as a direct result of the actual and necessary interruption or suspension of Computer Systems that first takes place during the Policy Period and is directly caused by a failure of Computer Security to prevent a Security Breach; provided that such Security Breach first takes place during the Policy Period.



Memorandum of Coverages

This agreement is subject to all of the terms, conditions, definitions, endorsements, applicable deductibles, exclusions, and provisions of the policies contained in **Exhibit F**.

* * * * *

EXECUTION

IN WITNESS WHEREOF this Memorandum of Coverage’s has been executed by the Special District Risk Management Authority (SDRMA) on the date shown below, for the period shown in the DECLARATIONS attached hereto, and any endorsements specifically requested by the Member.

NOTICE: If proper, timely notice of intent to withdraw is not given, as required by the Sixth Amended and Restated Joint Powers Agreement and/or the Bylaws, or successor documents thereto, your District/Agency/City shall be responsible for the full program year's contributions and any assessments applicable thereto, for the program year for which notice was not timely given, as well as any other assessments to which a Member District/Agency/City is or may legally be obligated.

SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY (SDRMA)

Signed by: Laura S. Gill
Laura S. Gill, ICMA, ARM, ARM-P, CSDM
Chief Executive Officer

July 1, 2020
Date

6871350.1

Declarations – General Liability Coverage

MEMBER COVERED: San Simeon Community Services District
111 Pico Avenue
San Simeon, California 93452-9753

Your District/Agency/City has elected to participate in the risk financing coverage programs described below as “THE PACKAGE PROGRAM” and in such other programs as are indicated herein. These DECLARATIONS together with the Memorandum, the Liability Coverage Agreement, the terms and conditions of the Sixth Amended and Restated Joint Powers Agreement and Bylaws, or successor documents thereto, constitute the entire agreement concerning risk-financing coverage between the Special District Risk Management Authority and your District/Agency/City.

Please read the Sixth Amended and Restated Joint Powers Agreement and Bylaws of the Special District Risk Management Authority (hereinafter “SDRMA”), or successor documents thereto, together with the Memorandum of Coverages, hereinafter referred to as the “Memorandum,” and the Liability Coverage Agreement itself to ascertain all of your District's/Agency's/City's rights and obligations regarding its relationship with the Special District Risk Management Authority.

COVERAGE PERIOD: July 1, 2020 at 12:01 a.m. to July 1, 2021 at 12:01 a.m.

COVERAGE(S)

A. PERSONAL INJURY AND PROPERTY DAMAGE LIABILITY COVERAGE – GENERAL:

LIMITS

Up to \$2,500,000 per occurrence, subject to (1) the sub-limits referred to below for **Inverse Condemnation, Sexual Abuse or Molestation Incidents, and Sexual Harassment losses**, (2) NOTES 1, 2 3, and 4 below including the group limits, and (3) the terms, conditions, deductibles definitions, and exclusions as provided in both the Memorandum and the Liability Coverage Agreement and endorsements thereto.

With respect to any occurrence arising out of a **Sexual Abuse or Molestation Incident**, if the limit of liability for Coverage A as stated in these Declarations is \$5,000,000 or less per occurrence, the applicable limit of liability for any such **Sexual Abuse or Molestation Incidents** shall be the per occurrence limit stated in these Declarations. With respect to any occurrence arising out of a **Sexual Abuse or Molestation Incident**, if the limit of liability for Coverage A as stated in these Declarations is in excess of \$5,000,000, the applicable limit of liability for any occurrence arising out of a **Sexual Abuse or Molestation Incident** shall nevertheless be \$5,000,000.

With respect to an **occurrence** arising out of **Inverse Condemnation**,



Declarations – General Liability Coverage

the maximum limit of liability for all SDRMA Covered Parties due to any such single occurrence is \$1,000,000.

MEMBER DEDUCTIBLE

\$500 per occurrence for property damage claims only.

LIMITS

B. PERSONAL INJURY AND PROPERTY DAMAGE LIABILITY COVERAGE - AUTO:

Up to \$2,500,000 per accident subject to the terms, conditions, deductibles and exclusions as provided in the Memorandum, and subject ALSO to the terms, conditions, definitions and exclusions of both the Memorandum and the Liability Coverage Agreement and endorsements thereto.

MEMBER DEDUCTIBLE

\$1,000 per occurrence for property damage losses only.

LIMITS

C. PUBLIC OFFICIALS' AND EMPLOYEES' ERRORS AND OMISSIONS COVERAGE:

Up to \$2,500,000 for each Wrongful Act, subject to NOTES 1, 2 3, and 4 below including the per occurrence group limit and sub-limit, subject ALSO to the terms, conditions, definitions and exclusions as provided both the Memorandum and the Liability Coverage Agreement and endorsements thereto.

MEMBER DEDUCTIBLE

\$0

LIMITS

D. EMPLOYEE BENEFITS LIABILITY COVERAGE:

Up to \$2,500,000 for each Wrongful Act, subject to NOTES 1, 2 and 3 below including the per occurrence group limit and sub-limit, to which this coverage applies, subject to ALSO the terms, conditions, definitions and exclusions as provided in both the Memorandum and the Liability Coverage Agreement and endorsements thereto.

MEMBER DEDUCTIBLE

\$0

LIMITS

E. EMPLOYMENT PRACTICES LIABILITY COVERAGE:

Up to \$2,500,000 for each Wrongful Act, subject to NOTES 1, 2 3, and 4 below including the per occurrence group limit and sub-limit, to which this coverage applies, subject to the terms, conditions and exclusions as provided in both the Memorandum and the Liability Coverage Agreement and endorsements thereto.

Declarations – General Liability Coverage

AS RESPECTS DISCIPLINE, DEMOTION, REASSIGNMENT OR TERMINATION

As respects any employment practices **Claim** or **Suit** arising in whole or in part out of any action involving discipline, demotion, reassignment or termination of any **Employee, Leased Worker, Temporary Worker, Volunteer**, or any worker who participates in an internship or training program which may lead to employment with the **Member**:

- (1) SDRMA shall be responsible for the first \$10,000 of loss, and
- (2) as to amounts expended for a loss in excess of \$10,000 up to \$210,000, such losses will be shared between SDRMA (50%) and the **Member** (50%) such that the **Member** will be responsible for up to but not in excess of \$100,000,

UNLESS the covered Member shall, upon notifying SDRMA of the assertion or filing of a **Claim** or **Suit** seeking **Damages** arising in whole or in part out of any discipline, demotion, reassignment or termination of an any **Employee, Leased Worker, Temporary Worker, Volunteer**, or any worker who participates in an internship or training program which may lead to employment with the **Member**, furnishes to SDRMA an affidavit or declaration signed under penalty of perjury by a duly admitted and qualified member of the State Bar of California, averring that:

- (a) Said attorney is familiar with the laws governing the relationships between employees and employers, including public entity employers; and
- (b) That prior to any act referred to in the **Claim** or **Suit** involving discipline, demotion, reassignment or termination of an any **Employee, Leased Worker, Temporary Worker, Volunteer**, or any worker who participates in an internship or training program which may lead to employment with the **Member**, that the **Member** consulted fully with the person furnishing the affidavit or declaration on the issue of the propriety and legal ramifications of such discipline, demotion, reassignment or termination; and
- (c) That the person furnishing the affidavit or declaration advised the **Member** that the discipline, demotion, reassignment or termination complained of by the any **Employee, Leased Worker, Temporary Worker, Volunteer**, or any worker who participates in an internship or training program which may lead to employment with the **Member**, was approved and sanctioned by said attorney, in which event the **Member's** obligation to pay 50% of the loss in excess of \$10,000 shall not apply; and
- (d) That the person furnishing the affidavit or declaration was aware at the time of the advice that such a declaration would be

Declarations – General Liability Coverage

submitted to SDRMA and that SDRMA would act in reliance upon said advice.

As respects any employment practice claim or suit not arising in whole or in part out of any action involving discipline, demotion, reassignment or termination, the **Member** deductible is:

MEMBER DEDUCTIBLE: **\$0**

**AS RESPECTS ALL OTHER
LIABILITY COVERAGES LISTED
ABOVE** ULTIMATE MAXIMUM LOSS:

NOTE 1 WITH RESPECT TO PARTS A, B, C, D AND E ABOVE: The maximum limit of liability for all **Damages** and **Defense Costs** shall not exceed the highest limit of any applicable coverage regardless of the number of coverages that apply. Should more than one coverage part apply, the member deductible shall not exceed the highest deductible under any applicable coverage part.

NOTE 2 WITH RESPECT TO PARTS A, B, C, D AND E ABOVE: All limits of liability, including group limits and sub-limits, are inclusive of **Defense Costs**.

NOTE 3 WITH RESPECT TO PARTS A, B, C, D AND E ABOVE: The maximum limits of liability for all SDRMA Covered Parties due to an Occurrence, an Auto Accident, a Wrongful Act, an Employee Benefits Act, Error and Omission and/or Wrongful Employment Act or Practice, or any combination thereof, shall not exceed \$1,000,000 for any **occurrence** arising out of **Inverse Condemnation**, and \$5,000,000 for any sexual abuse loss.

NOTE 4 WITH RESPECT TO PARTS A, B, C, D AND E ABOVE: The maximum limits of liability for all SDRMA Covered Parties for all Occurrences, Auto Accidents, Wrongful Acts, Employee Benefits Acts, Error and Omission and/or Wrongful Employment Acts or Practices, or any combination thereof shall not exceed the combination of:

(1) SDRMA’s liability for its retentions under its Reinsurance Agreement with Old Republic Specialty Insurance Underwriters of:

(a) \$250,000 under Coverage A;

Declarations – General Liability Coverage

(b) \$250,000 under Coverage B;

(c) \$100,000 under Coverage C;

(d) \$100,000 under Coverage D;

(e) \$100,000 under Coverage E;

subject to an Aggregate Stop Loss Retention of \$5,100,000 and an Aggregate Stop Loss Limit of \$2,000,000;

(2) Coverage under SDRMA's Reinsurance Agreement with Old Republic Specialty Insurance Underwriters referred to in (1) above with limits of:

(a) \$750,000 under Coverage A;

(b) \$750,000 under Coverage B;

(c) \$900,000 under Coverage C;

(d) \$900,000 under Coverage D;

(e) \$900,000 under Coverage E;

subject to an Aggregate Stop Loss Retention of \$5,100,000 and an Aggregate Stop Loss Limit of \$2,000,000;

(3) Limits of Liability under SDRMA's Reinsurance Agreement with Public Risk Underwriters of Texas (QBE) of \$50,000,000 Annual Aggregate for all SDRMA Members and Covered Parties.

This information is provided as a general description only, and is not intended to supersede specific policy documents. In the event of a conflict in language, the policy(ies) will be the controlling document.

6871351.1

Exhibit A
Liability Coverage Agreement No. LCA-SDRMA-2020-21

Certain words appear in bold face type. They are defined in the Definitions section of this Liability Coverage Agreement.

Conditioned upon and in consideration of the payment of all contributions and assessments, in reliance upon the statements in the Declarations made a part hereof and subject to all of the terms of this Liability Coverage Agreement, SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY (hereinafter SDRMA) agrees with the **Member** identified in the Declarations as follows:

I. Coverage Agreement

SDRMA will pay on behalf of any **Covered Party** the **Ultimate Net Loss** for which such **Covered Party** becomes legally obligated to pay as **Damages** and/or **Defense Costs**:

Under Coverage A because of **Personal Injury** or **Property Damage** due to an **Occurrence**

Under Coverage B because of **Personal Injury** or **Property Damage** due to an **Auto Accident**

Under Coverage C because of **Public Officials' and Employees' Errors and Omissions** due to a **Wrongful Act**

Under Coverage D because of Employee Benefits Liability due to **Employee Benefits Acts, Errors and Omissions**

Under Coverage E because of Employment Practices Liability due to **Wrongful Employment Practices**

or any combination thereof to which this Liability Coverage Agreement applies.

II. Defense and Defense Costs

A. SDRMA shall have the right and duty to defend any **Suit**, through counsel of its choice, seeking **Damages** covered by the terms and conditions of this Liability Coverage Agreement and not otherwise excluded. As SDRMA is not an insurer, it has no obligation to provide independent or "Cumis" counsel to a **Covered Party** in disputed coverage situations under Civil Code §2860. SDRMA shall also have the right, but not the duty, to defend any **Claim**, through counsel of its choice, seeking **Damages** covered by the terms and conditions of this Liability Coverage Agreement and not otherwise excluded. Therefore, SDRMA does not have a duty to provide legal counsel to a **Covered Party** prior to a lawsuit being filed against a **Covered Party**. Since SDRMA is not an insurer, it has no obligation to issue a reservation of rights letter when undertaking a defense of the **Covered Party** in cases where coverage does not or may not apply in whole or in part. **Defense Costs** of all **Covered Parties** are included in the Limit of Liability set forth in the Declarations.

II. Defense and Defense Costs, continued

- B. When SDRMA assumes the defense of any **Suit** or **Claim**:
1. SDRMA will, through counsel of its choice, defend any such **Suit** or **Claim** against the **Covered Party** even if such **Suit** or **Claim** is groundless, false, or fraudulent, but SDRMA shall have the right to investigate, defend or settle any **Suit** or **Claim** as it may deem necessary or expedient.
 2. SDRMA will pay the following to the extent not covered by any insurance or risk financing providing coverage to the **Covered Party**. Any of the following, if paid by SDRMA, will reduce the total limits of liability as stated in the Declarations:
 - a. Premiums on bonds to release attachments for amounts not exceeding the limit of liability, but SDRMA is not obligated to apply for or furnish any such bond;
 - b. Premiums on appeal bonds required by law to appeal any **Suit** that SDRMA defends, but SDRMA is not obligated to apply for or furnish any such bond;
 - c. All court costs taxed against the **Covered Party** in any **Suit** that SDRMA defends except for attorneys fees or attorneys expenses awarded or taxed against any **Covered Party**;
 - d. Pre-judgment interest awarded against the **Covered Party** on that part of the judgment that SDRMA is obligated to pay. If SDRMA makes an offer to pay the applicable Limit of Liability, SDRMA will not pay any pre-judgment interest accruing during any period of time following the offer;
 - e. All interest that accrues after entry of judgment and before SDRMA has paid, offered to pay or deposited in court the part of the judgment that is within SDRMA's applicable Limit of Liability;
 - f. All expenses incurred by SDRMA, including Defense Costs;
 - g. The Covered Party's reasonable and necessary expenses incurred with SDRMA's written consent or at SDRMA's request.
- C. SDRMA will not defend any **Suit** after any applicable Limits of Liability have been exhausted by payment of judgments, settlements, **Defense Costs**, any costs set forth in 2.a-g above, or any combination thereof.

III. SDRMA's Limit of Liability

Regardless of the number of:

- A. **Covered Parties** under this Liability Coverage Agreement;
- B. Persons or organizations who sustain injury or damage, or

III. SDRMA's Limit of Liability, continued

- C. **Claims made or Suits brought on account of Personal Injury, Property Damage, Public Officials' and Employees' Errors and Omissions, Employee Benefits Acts, Errors and Omissions, or Wrongful Employment Practices, or any combination thereof;**

SDRMA's Liability is limited with respect to:

1. **Personal Injury or Property Damage Liability due to an Occurrence;**
2. **Personal Injury or Property Damage due to an Auto Accident;**
3. **Public Officials' and Employees' Errors and Omissions, due to a Wrongful Act;**
4. **Employee Benefits Liability due to Employee Benefits Acts, Errors and Omissions, or any combination thereof; and/or**
5. **Employment Practices Liability, due to Wrongful Employment Practices**

or any combination thereof is as follows:

SDRMA's Liability shall be only for the **Ultimate Net Loss** but not in excess of the **Ultimate Maximum Loss** as specified in the Limits of Liability section of the **Declarations**, as the result of any one **Occurrence, Auto Accident, Wrongful Act, Employee Benefits, Acts, Errors or Omissions or Wrongful Employment Practices** or any combination thereof.

In addition to SDRMA's limit of liability regardless of number of covered parties under this liability coverage agreement as set forth above, for purposes of determining the limit of SDRMA's liability, if this Liability Coverage Agreement and any coverage part(s) or Liability Coverage Agreements between a **Covered Party** and **SDRMA** apply to the same or related damages including injury or damages that may have occurred during a prior **Coverage Period** and that have continued into this **Coverage Period**, or any injury or damages based upon, arising from, or in consequence of the same or related series of acts, circumstances, situations, transactions, causes or any combination thereof. SDRMA'S Liability shall only be for the single largest applicable **Ultimate Net Loss** available under any one of those coverage part(s) or Liability Coverage Agreement(s).

For the purpose of determining the limit of SDRMA's liability, all **Damages and Defense Costs** arising from **Personal Injury or Property Damage** as a result of continuous, repeated, or related exposure to substantially the same general conditions shall be considered as arising out of one **Occurrence**. With respect to any **Sexual Abuse or Molestation Incident(s)**, all **Damages and Defense Costs** arising out of

Liability Coverage Agreement

III. SDRMA's Limit of Liability, continued

any one or more **Sexual Abuse or Molestation Incident(s)** upon or to any single person at any time shall be deemed one **Occurrence**.

For purposes of determining SDRMA's liability, all **Damages** and **Defense Costs** arising from an **Auto Accident** as a result of continuous, repeated or related exposure to substantially the same general conditions shall be considered as arising out of one **Auto Accident**.

For the purpose of determining the limit of SDRMA's liability, all **Damages** and **Defense Costs** arising from **Public Officials and Employees Errors and Omissions** as a result of the continuous, repeated, or related exposure to substantially the same general conditions shall be considered as arising out of one **Wrongful Act**.

For purposes of determining the limit of SDRMA's liability, all **Damages** and **Defense Costs** arising from Employee Benefits Liability as a result of continuous, repeated or related exposure to substantially the same general conditions shall be considered as arising out of one **Employee Benefits Act, Error or Omission**.

For the purpose of determining the limit of SDRMA's liability, all **Damages** and **Defense Costs** arising from **Wrongful Employment Practices** as a result of continuous, repeated or related exposure to substantially the same general conditions shall be considered as arising out of one **Wrongful Employment Practice**.

Public Officials and Employees Errors and Omissions, Employee Benefits Acts, Errors and Omissions and **Wrongful Employment Practices** taking place over more than one coverage period during which coverage is afforded through SDRMA shall be deemed to have taken place during the last annual coverage period and only that coverage for that coverage period applies.

ULTIMATE TOTAL LOSS PER MEMBER:

With respect to Parts A, B, C, D and E above: The total limit of liability for all **Damages** and **Defense Costs** shall not exceed the highest limit of any applicable coverage regardless of the number of coverages that apply. Should more than one coverage part apply, the Member deductible shall not exceed the highest deductible under any applicable coverage part.

With respect to Coverages A, B, C, D and E above: All limits of liability, including group limits and sub-limits, are inclusion of **Defense Costs**.

ULTIMATE MAXIMUM LIABILITY – ALL COVERED PARTIES



III. SDRMA's Limit of Liability, continued

The maximum limits of liability for all SDRMA Covered Parties due to an Occurrence, an Auto Accident, a Wrongful Act, and Employee Benefits Act, Error and Omission and/or Wrongful Employment Act or Practice, or any combination thereof, shall not exceed \$1,000,000 for any **occurrence** arising out of **Inverse Condemnation** and \$5,000,000 for any sexual abuse loss.

The maximum limits of liability for all SDRMA Covered Parties for all Occurrences, Auto Accidents, Wrongful Acts, Employee Benefits Acts, Error and Omission and/or Wrongful Employment Acts or Practices, or any combination thereof shall not exceed the combination of:

(1) SDRMA's liability for its retentions under its Reinsurance Agreement with Old Republic Specialty Insurance Underwriters of:

- (a) \$250,000 under Coverage A;
- (b) \$250,000 under Coverage B;
- (c) \$100,000 under Coverage C;
- (d) \$100,000 under Coverage D;
- (e) \$100,000 under Coverage E;

subject to an Aggregate Stop Loss Retention of \$5,100,000 and an Aggregate Stop Loss Limit of \$2,000,000;

(2) Coverage under SDRMA's Reinsurance Agreement with Old Republic Specialty Insurance Underwriters referred to in (1) above with limits of:

- (a) \$750,000 under Coverage A;
- (b) \$750,000 under Coverage B;
- (c) \$900,000 under Coverage C;
- (d) \$900,000 under Coverage D;
- (e) \$900,000 under Coverage E;

subject to an Aggregate Stop Loss Retention of \$5,100,000 and an Aggregate Stop Loss Limit of

\$2,000,000;

(3) Limits of Liability under SDRMA's Reinsurance Agreement with Public Risk Underwriters of Texas (QBE) of \$50,000,000 Annual Aggregate for all SDRMA Members and Covered Parties.

IV. Coverage Territory

This Liability Coverage Agreement applies only to **Personal Injury, Property Damage, Public Officials' and Employees' Errors and Omissions, Employee Benefits Acts, Errors and Omissions or Wrongful Employment Practices** occurring anywhere in the world provided that the **Covered Party's** responsibility to pay damages is determined in a **Suit** on the merits in the United States of America (including its territories and possessions), Puerto Rico or Canada.

V. Coverage Period

This Liability Coverage Agreement applies only to **Personal Injury, Property Damage, Public Officials' and Employees' Errors and Omissions, Employee Benefits Acts, Errors and Omissions and Wrongful Employment Practices** occurring during the **Coverage Period**.

VI. Persons or Entities Covered

- A. The **Member** identified in the Declarations.
- B. All other **Covered Parties**.

VII. Exclusions Applicable to All Coverages

Neither this Liability Coverage Agreement nor any coverage set forth in this Liability Coverage Agreement shall apply to and SDRMA shall have no duty to defend with respect to:

- A. Intentional Acts:
Personal Injury or **Property Damage** expected or intended from the standpoint of the **Covered Party**. This exclusion does not apply to **Bodily Injury** resulting from the use of reasonable force to protect persons or property.
- B. Workers' Compensation:
Any obligation for which the **Covered Party** or any carrier as the insurer for the **Covered Party** may be held liable under any workers' compensation, occupational disease, unemployment compensation or disability benefits law, or under any similar law including but not limited to the Jones Act (46 U.S.C. App. § 688, et seq.) or the Federal Employer's Liability Act (45 U.S.C. § 51, et seq.).
- C. Watercraft:
Liability arising out of the ownership, maintenance, storage, loading or unloading, use or operation of any **Watercraft**, unless such **Watercraft** is less than fifty-one (51) feet in length.

VII. Exclusions, continued**D. Care, Custody or Control:**

Any liability for **Property Damage** to Real Property owned by, occupied by or leased to the **Covered Party, or their agents or subcontractors**;

Real or Personal Property in the care, custody or control of any **Covered Party** or their agents' or subcontractors' or as to which the **Covered Party** or their agents or subcontractors is for any purpose, exercising control.

However, this exclusion shall not apply with respect to personal property including but not limited to, memorials, headstones, tombstones, tombs and/or similar personal property in the care, custody or control of any **Covered Party** which is a Cemetery District.

E. Contractual Liability

Personal 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 by the **Member** in a contract or agreement that is a **Covered Contract**, provided the **Personal Injury or Property Damage** occurs subsequent to the execution of the contract or agreement. Solely for the purpose 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 **Personal 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 in a Suit in which **Damages** to which this Liability Coverage Agreement applies are alleged.

F. Aircraft or Airfields:

Liability arising out of the ownership, maintenance, loading or unloading, use or operation of any **aircraft**, airfields, runways, hangars, buildings or other properties in connection with aviation activities.

VII. Exclusions, continued**G. Medical Malpractice:**

Personal Injury or Property Damage due to the rendering of or failure to render:

1. Medical, surgical, dental, x-ray or nursing advice, service or treatment, or the furnishing of food or beverages in connection therewith;
2. Any advice, service or treatment conducive to health or of a professional nature;
3. The furnishing or dispensing of drugs or medical, dental or surgical supplies or appliances.

However, this exclusion does not apply with respect to ambulance emergency medical technicians, paramedics, or other rescue personnel.

H. Inverse Condemnation

Claims, Suits, Damages, losses or any liability arising out of, caused by, resulting from, contributed to, aggravated by or concurrently caused in any way by any loss or liability alleged or imposed in connection with or for **Inverse Condemnation**. This exclusion applies both to any obligation to pay **Damages** on behalf of a **Covered Party** as well as any duty to defend a **Covered Party**, and applies to any **Claim or Suit** alleging or any judgment or award imposing such liability, even if the allegations of the **Claim or Suit** also assert, or the judgment or award also imposes, liability for the same **Damages** or loss on other legal claims or theories, including but not limited to the legal claims or theories of trespass, nuisance, negligence or maintenance of a dangerous condition of public property.

Subject to \$1,000,000 per occurrence limitation set forth in the declarations, this exclusion does not apply to liability for **Inverse Condemnation** arising directly out of physical injury to or destruction of tangible property which is neither expected nor intended from the standpoint of the **Covered Party**, except that (1) damage or loss due to a **Covered Party's** knowing or deliberate inappropriate failure to routinely maintain, repair or replace any structure or improvement including, but not limited to, water lines, gas lines, electrical lines, sewer lines or other provisions for transmission or delivery of services will be deemed expected or intended within the meaning of this exclusion, and (2) no coverage is afforded for any nonphysical consequential damages, or for costs, expert fees, appraisal fees, engineering fees or attorneys' fees claimed by or awarded to a plaintiff in an **Inverse Condemnation Suit**.

VII. Exclusions, continued

- I. **Failure to Supply Electrical Power, Gas or Steam:**
Liability arising out of the failure to supply electrical power, gas or steam, or to liability arising out of the interruption of electrical power or fuel supply.
- J. **Failure to Supply Water:**
Liability arising out of the failure or inability to supply or provide an adequate supply of water due to liability arising out of the **Covered Party's** delivery or non-delivery of water based on any administrative act or decision made by the **Covered Party's** governing body with respect to either obtaining a supply of water for, or allocating the available supply of water amongst the **Covered Party's** water users. However, this exclusion does not apply to a claim or **Suit** arising out of **Personal Injury** or **Property Damage** due to an **Occurrence** if the failure to supply water results from the sudden and accidental injury to tangible property (other than water) owned or used by a **Covered Party**. In those instances where this exclusion does not apply, there is a limit of \$1,000,000 per occurrence.
- K. **Subsidence and/or Earth Movement:**
Liability arising out of, caused by, resulting from, contributed to, aggravated by or concurrently caused by the subsidence of land or earth movement, including landslide, earthquake, mud flow, earth sinking, earth rising and earth shifting. However, this exclusion does not apply if the subsidence or earth movement is the direct result of or occurs subsequent to the **Covered Party's** water lines breaking or leaking.
- L. **Nuclear:**
Personal Injury or Property Damage:
1. With respect to which the **Covered Party** is also an Insured under a nuclear energy policy issued by the Nuclear Energy Liability-Property Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an Insured under any such policy but for its termination upon exhaustion of its limit of liability; or Resulting from the "hazardous properties" of "nuclear material" and with respect to which:
 - a. Any person or any organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof,
 - b. The **Covered Party** is, or had this policy not been available would, be, entitled to indemnity from the United States of America or any agency thereof, with any person or organization.

VII. Exclusions, continued

2. Under any liability coverage, to injury, sickness, disease, death or destruction resulting from the “hazardous properties” of “nuclear material”, if:

The “nuclear material”:

- a. Is at any “nuclear facility” owned by the **Covered Party** or operated by the **Covered Party** or on the **Covered Party’s** behalf, or
- b. Has been discharged or dispensed therefrom;

The “nuclear material” is contained in “spent fuel” or “waste” at any time possessed, handled, used, processed, stored, transported or disposed of by the **Covered Party** or on the **Covered Party’s** behalf; or

The injury, sickness, disease, death or destruction arises out of the furnishing by the **Covered Party** of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any “nuclear facility”, but if such facility is located within the United States of America, its territories or Canada, this exclusion,

- c. Applies only to injury or **Property Damage** to such “nuclear facility” and any property threat.

3. As used in this exclusion:

- a. “Hazardous properties” includes radioactive, toxic or explosive properties;
- b. “Nuclear material” means source material, special nuclear material or by-products material;
- c. “Source material”, “special nuclear material” and “by-product material” have the meanings given them in the Atomic Energy Act of 1954 or any law amendatory thereof;
- d. “Spent fuel” means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor;
- e. “Waste” means any waste material
 1. Containing by-product other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its source material contents; and
 2. Resulting from the operation by any person or organization of a nuclear facility included within the definition of “Nuclear Facility” below;
- f. “Nuclear Facility” means:
 1. Any nuclear reactor;
 2. Any equipment or device designed or used for:
 - a. Separating the isotopes of uranium or plutonium,

VII. Exclusions, continued

- b. Processing or utilizing spent fuel, or
 - c. Handling, processing or packaging wastes
3. Any equipment or device used for the processing, fabrication, or alloying of special nuclear material if at any time the total amount of such material in the **Covered Party's** custody at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;

Any structure, basin, excavation, premises or place prepared or used for storage or disposal of waste, and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

“Nuclear reactor” means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction to contain a critical mass of fissionable material;

With respect to injury or to destruction of property, the word “injury” or “destruction” includes all forms of radioactive contamination of property.

VII. Exclusions, continued

M. War:

Personal Injury, Property Damage, Public Officials and Employees Errors and Omissions, Employee Benefits Acts, Errors and Omissions or Wrongful Employment Practices due to war, whether or not declared, or any act or condition incident to or arising out of war. War includes civil war, insurrection, rebellion or revolution.

N. Pollution:

Any **Claim for Personal Injury, Property Damage, or Public Officials' and Employees' Errors and Omissions, Employee Benefits Acts, Errors and Omissions or Wrongful Employment Practices** arising out of the discharge, dispersal, release or escape of **Pollutants**, anywhere in the world;

Any obligation to defend any **Suit or Claim** against the **Covered Party** alleging **Personal Injury, or Property Damage, or Public Officials' and Employees' Errors and Omissions, Employee Benefits Acts, Errors and Omissions or Wrongful Employment Practices** and seeking **Damages**, if such **Suit or Claim** arises from **Personal Injury, Property Damage, Public Officials' and Employees' Errors and Omissions or Wrongful Acts, Employee Benefits Acts, Errors and Omissions or Wrongful Employment Practices** arising out of the discharge, dispersal, release or escape of **Pollutants**, anywhere in the world;

Any loss, cost, or expense arising out of any governmental direction or request that the **Covered Party** test for, monitor, clean up, remove, contain, treat, detoxify or neutralize **Pollutants**;

Any loss, cost or expense incurred by a governmental unit or other third party, including but not limited to costs for investigation and monitoring, and attorneys' fees, relating to activities in connection with efforts to test for, monitor, clean up, remove, contain, trace, detoxify or neutralize **Pollutants**.

However, this exclusion shall not apply to the following:

1. Liability arising out of **Personal Injury, Property Damage or Public Officials and Employees Errors & Omissions, Employee Benefits Acts, Errors and Omissions or Wrongful Employment Practices** if such discharge, disposal, release or escape of **Pollutants** is caused by heat, smoke or fumes from a hostile fire involving a building or its contents which are owned, rented or occupied by the **Covered Party** or upon which the



VII. Exclusions, continued

- Covered Party** is performing operations or upon which operations are being performed on behalf of the **Covered Party** or caused by lightning or vehicle collision.
2. Liability arising from the loading, unloading or transportation of hazardous materials by **Auto**.
 3. Liability arising from sewage that emanated from a sewer line or sewer system or back up from a sewer line or a sewer system incurred by the **Covered Party** during the **Coverage Period**.
 4. Liability arising from the release or discharge of **Pollutants** resulting from, the use of fire fighting equipment in response to a hostile fire or other emergencies that involve the use of fire fighting equipment.
 5. Liability arising out of the use, handling, storage, discharge, dispersal, release, or escape of chlorine or disinfectants.
 6. Liability arising out of the use, handling, storage, discharge, dispersal, release, or escape of the **Member's Products**.
 7. As respects operations involving pesticide or herbicide application at or from any site or location not owned or controlled by the **Covered Party** on which the **Covered Party** or any contractors or subcontractors working directly or indirectly on its behalf, is performing operations if:

The **Pollutants** are brought on or to the site or location in connection with such operations, and

The operations performed meet all standards of any statute, ordinance, regulation, or license requirement of any federal, state, or local government which apply to those operations.

This exception applies only to direct and immediate **Bodily Injury** or to direct and immediate **Property Damage** sustained on those particular premises upon which operations are being performed, by or on behalf of the **Covered Party** or those premises immediately adjoining.

VII. Exclusions, continuedO. Asbestos:

Any liability arising out of the manufacture of, mining of, use of, sale of, installation of, removal of, distribution of or exposure to, asbestos, asbestos products, asbestos fibers or asbestos dust; or,

Any liability to any party arising out of **Personal Injury, Property Damage, Public Officials' and Employees' Errors and Omissions, Employee Benefits Liability or Wrongful Employment Practices** due to an **Occurrence, Auto Accident, Wrongful Act, Employee Benefits Act, Error or Omission, Wrongful Employment Practice, Claim or Suit**, at any time as a result of the manufacture of, mining of, use of, sale of, installation of, removal of, distribution of or exposure to asbestos, asbestos products, asbestos fibers or asbestos dust; or

Any liability to defend any **Suit or Claim** against the **Covered Party** alleging **Personal Injury, or Property Damage, or Public Officials' and Employees' Errors and Omissions, Employee Benefits Liability or Wrongful Employment Practices** due to an **Occurrence, Auto Accident, Wrongful Act, Employee Benefits Acts, Errors and Omissions or Wrongful Employment Practices** if such **Claim or Suit** results from or is contributed by any combination of the following: manufacture of, mining of, use of, sale of, installation of, removal of, distribution of, or exposure to asbestos, asbestos products, asbestos fibers or asbestos dust;

Any loss, cost, expense, fine or penalty arising out of any of the foregoing.

P. ERISA:

As respects liability imposed upon a **Covered Party** (or which is imputed to a **Covered Party**) under the "Employee Retirement Income Security Act of 1974" and any law amendatory thereof.

Q. Liquor:

Personal Injury or Property Damage for which the **Covered Party** or its/their indemnitee may be held liable: As an owner or lessor of premises used for such purposes, by reason of the selling, serving or giving or permitting the possession or consumption of any alcoholic beverage in violation of any statute, ordinance or regulation, including any claim alleging negligence or wrongdoing in the supervision, hiring, employment, training or monitoring of others and/or providing or failing to provide transportation with respect to any person who may be under the influence of alcohol.

VII. Exclusions, continued

However, this exclusion does not apply with respect to the liability of the **Covered Party** or his indemnitee arising out of the giving, serving or selling of alcoholic beverages at functions incidental to the **Covered Party's** business, provided that the **Covered Party** is not engaged in the business of manufacturing, distributing, selling or serving of alcoholic beverages.

R. School Districts/Transit Districts:

Any liability arising out of the operation of school districts and/or transit districts.

S. Recreation Equipment and Facilities:

Any **Claim** or **Suit** arising out of the use of trampolines or rebound tumbling devices or bungee jumping.

T. Fines, Penalties or Punitive Damages:

Any fines, penalties, punitive or exemplary damages or the multiplied portion of multiplied damages for which the **Covered Party** may be legally obligated to pay, whether under common law or statute. This exclusion also applies to any liability assumed under any contract.

U. Dam Breakage:

Liability arising out of the rupture, bursting, overtopping, accidental discharge or from partial or complete, actual or constructive, structural failure of any **Dam**.

V. Selenium:

Any and all liability for past, present, or future **Claims** arising, in whole or in part, either directly or indirectly out of selenium, or any compound containing selenium.

W. Law Enforcement:

Any **Claim** or **Suit** arising out of **Law Enforcement Liability**. However, this exclusion shall not apply to the use of a **Covered Auto**.

X. Failure of Computer, Data Processing or Electronic Equipment to Interpret or Accept one or more Dates or Time:

The failure, malfunction, or inadequacy of: Computer, data processing or electronic equipment due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times (such as the Year 2000 and beyond) or;

Advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by the **Covered Party** or for the **Covered Party** to determine, rectify

VII. Exclusions, continued

or test for potential or actual problems to computers, data processing or electronic equipment.

However, if loss or damage from certain causes of loss results, there may be coverage for that resulting loss or damage, subject to the terms and conditions of the Liability Coverage Agreement.

Y. Mold:

Any **Claim** or **Suit** arising out of fungus, fungi, mold, mildew or yeast, spores or any material, product or component or a concentration moisture water or other liquid within such material product or component which contains, produces or otherwise acts as a medium for any fungus, fungi, mold, mildew, yeast or spores, or toxicims emanating therefrom.

For purposes of this exclusion, fungus and fungi include, but are not limited to, any of the plants or organisms belonging to the major group fungi, lacking chlorophyll and including molds, rusts, mildews, smuts and mushrooms.

For purposes of this exclusion, "molds" includes but is not limited to superficial growth produced on damp or decaying organic matter or on living organisms and fungi that produce molds.

For purposes of this exclusion, "spores" means any dormant or reproductive body produced by or arising or emanating out of any fungus, fungi, mold, mildew plants, organisms or micro organisms.

Z. Lead:

Any **Claim** or **Suit** arising out of the presence, ingestion, inhalation or absorption of or exposure to lead in any form or products containing lead.

AA. Failure to Procure Bond or Insurance:

Any **Claim** or **Suit** arising out of any **Covered Party's** failure to procure or maintain any insurance, bond or self-insurance.

BB. Liability of **Covered Party** in Insolvency or Guarantee Fund:

Any **Claim** or **Suit** arising out of any **Covered Party's** participation or membership, whether voluntary or involuntary, in any insurance or risk financing pool, or in any insolvency fund, including any guarantee fund, association, pool, plan, or other facility which provides for the assessment of, or payment by, or assumption by the **Covered Party** of a part or the whole of any claim, debt, charge, fee, or other obligations of any insurer or risk financing entity or syndicate, or their successors or assigns, which has been declared insolvent by any authority having jurisdiction.

VII. Exclusions, continued**CC. Internet Exclusion:**

Any **Claim** or **Suit** against a **Covered Party** arising out of any act, error, or omission or other conduct as an:

- (1) Internet Service Provider, meaning any person or entity providing access to the Internet, content over the Internet or connection to the Internet; or
- (2) Internet Consulting Firm, which shall include but not be limited to, any person or entity engaged for another person or entity in the design, construction or management of an Internet site or web page, including, but not limited to, internet forum, chat room, bulletin board, and internet advertising in any form; or
- (3) Application Service Provider, meaning any person or entity that provides software, applications and associated services to a subscriber based across an area network; or
- (4) Internet Backbone Provider, meaning any person or entity that routes or provides channels for packets that transport data from point to point on the Internet; or
- (5) Entity or individual that derives ninety percent or more of gross revenue or conducts or executes ninety percent or more of business transactions on or through the Internet; or
- (6) Entity or individual that is in the business of providing electronic mail or messaging services; or
- (7) Entity or individual that is in the business of developing, supplying and/or installing encryption software or applications for use on the Internet.

“Internet” as utilized in this exclusion shall mean the international computer network of interoperable packet switched data networks, including the World Wide Web.

DD. CEQA:

Liability imposed upon a **Covered Party** (or which is imputed to a **Covered Party**) under the “California Environmental Quality Act” and any law amendatory thereof.

EE. Prior Manifestation:

Personal Injury or **Property Damage** that any **Covered Party** knew or should have known first existed before the commencement of this **Coverage Period**, or that were manifested or alleged to have manifested before the commencement of this **Coverage Period**. **Personal Injury** or **Property Damage** will be deemed to have been manifested as of the earliest date by which any injury or damaged occurred, irrespective of whether any **Covered Party** was aware of the existence of any such injury or damage, and irrespective of whether such injury or damage may have been continuous or progressive or may have been due to repeated exposure to substantially the same harmful conditions or may have continued,

VII. Exclusions, continued

changed, resumed or become progressively worse during this **Coverage Period**.

FF. Acts Or Omissions Of Consultants Or Contractors Who Are Not Full-Time Employees Of The Covered Party:

Any **Claim or Suit for Personal Injury, Property Damage, Public Officials' and Employees' Errors and Omissions, Employee Benefits, Acts, Errors or Omissions, or Wrongful Employment Practices** arising out of the acts or omissions of any consultant or contractor who is not a fulltime employee of the **Covered Party**, but who is appointed by the **Covered Party** to act as its official, agent, or other representative.

GG. Nuclear Biological Chemical Radiology Units:

Liability imposed upon the **Covered Party** arising out of exposure to or damage caused by Nuclear Biological Chemical Radiology Unit.

HH. Fungal Pathogens:

Liability imposed upon the **Covered Party** arising out of exposure to or damage caused by Fungal Pathogens.

II. Silica:

Liability imposed upon a **Coverage Party** arising out of exposure to or damage caused by Silica.

JJ. Wrap-Up Construction Project:

Any claim for **Personal Injury, Property Damage, Public Officials' Errors And Omissions, Employee Benefits, Acts, Errors or Omissions** and **Wrongful Employment Practices** arising out of any construction project covered by a owner controlled insurance or "wrap-up" type insurance program.

KK. Access or Disclosure of Confidential or Personal Information and Data-related Liability

To any liability for **Damages** arising out of or by reason of:

- (1) Any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information; or
- (2) The loss of, loss of use of, damage to, corruption of, inability to access, alteration of, or inability to manipulate **Electronic Data**

VII. Exclusions, continued

or a data asset.

This Exclusion applies even if **Damages** are claimed for notification costs, costs relating to theft prevention or cyber-security programs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by the **Covered Party** or others arising out of that which is described in Paragraph (1) or (2) above.

LL. Injuries to Employee**Bodily Injury to:**

(1) An **Employee** of a **Covered Party** arising out of the and in the course of:

(a) Employment by the **Covered Party**; or

(b) Performing duties relate to the conduct of the **Covered Party's** operations; or

(2) The spouse, child, parent, brother or sister of that **Employee** as a consequence of Paragraph (1) above.

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

This exclusion does not apply to liability assumed by a **Covered Party** under a **Covered Contract**.

MM. Security, Debt, Bank Deposit, Financial Interest or Instrument:

To any liability for **Damages** arising out of or by reason of:

1. The purchase or sale, or offer of sale, or solicitation of any security, debt, bank deposit, or financial interest or instrument;
2. Any representations made at any time in relation to the price or value of any security, debt, bank deposit of financial interest or instrument;
3. Any depreciation or decline in price or value of any security debt, bank deposit or financial interest or instrument;
4. Failure to pay on debt financing of bonds or other securities when due;
5. SEC violations; or



VII. Exclusions, continued

6. The collection, disbursement, or shortfall of any taxes.

NN. Gifts of Public Funds:

To any liability of a **Covered Party** for **Damages** on account of an actual or alleged gift of public funds under Article XVI, Section 6 of the California Constitution or otherwise.

OO. Aircraft Parts or Associated Equipment:

To any liability of a **Covered Party** for **Damages** on account of or arising out of any loss, cost or expense related to aircraft or aircraft parts necessary for safety, flight, navigation or other operation, including equipment associated with ground support or control of aircraft.

PP. Overhead Transmission and/or Feeder Lines:

To any liability of a **Covered Party** arising out of or resulting from **Overhead Electric Transmission Lines** and/or **Electric Feeder Lines** owned or maintained by any **Covered Party**.

QQ. Certified Acts of Terrorism:

Personal Injury, Property Damage, Public Officials and Employees Errors and Omissions, Employee Benefits Acts, Errors and Omissions or Wrongful Employment Practices arising out of a Certified Act of Terrorism, whether directly or indirectly, or any act or condition incident to or arising out of a Certified Act of Terrorism.

RR. Acts of Terrorism By Unconventional Weapons:

Personal Injury, Property Damage, Public Officials and Employees Errors and Omissions, Employee Benefits Acts, Errors and Omissions or Wrongful Employment Practices arising out of an Act of Terrorism, whether directly or indirectly, or any act or condition incident to or arising out of or in connection with biological, chemical, radioactive, or nuclear explosion, pollution, contamination and/or fire following thereon. However, as respects a fire following thereon, this exclusion shall not apply when coverage is required by laws, regulations or public policy of any state.

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VII. Exclusions, continued

SS. Total Loss Salvage Vehicles:

To any liability of a **Covered Party** for **Damages** on account of or arising out of any loss, cost or expense related to a **total loss salvage vehicle**.

VIII. Additional Exclusions Applicable to Coverage A, Personal Injury or Property Damage Due to an Occurrence

Under Coverage A, **Personal Injury** or **Property Damage** due to an **Occurrence**, coverage does not apply to:

A. Risks Covered Under Coverages B, C, D and E:

Any **Personal Injury** or **Property Damage** due to an **Auto Accident**, to any **Public Officials' and Employees Errors' and Omissions** due to a **Wrongful Act**, to any **Employee Benefits Act, Error or Omission** or to any **Wrongful Employment Practices** as defined in Coverages B, C, D, and E respectively in this Liability Coverage Agreement.

B. Auto Accidents.

Personal Injury or **Property Damage** arising out of the ownership, maintenance, use or entrustment to others of any **Auto** owned or operated by or rented or loaned to any **Covered Party**.

This exclusion does not apply to:

- (1) Parking an **Auto** on or on the ways next to premises which any **Covered Party** owns or rents, provided the **Auto** is not owned by, rented to or loaned to any **Covered Party**;
- (2) **Personal Injury** or **Property Damage** arising out of the operation of machinery or equipment that is attached to, or is part of, a land vehicle that would qualify under the definition of **Mobile Equipment** if it were not legally subject to registration as a motor vehicle.

C. Mobile Equipment:

Personal Injury or **Property Damage** arising out of: The transportation of **Mobile Equipment** by an **Auto** owned or operated by or rented or loaned to any **Covered Party** or in connection with the use of **Mobile Equipment** in any prearranged racing, speed or demolition activity.

IX. Additional Exclusion Applicable to Coverage B, Personal Injury or Property

Under Coverage B, **Personal Injury** or **Property Damage** due to an **Auto Accident**, coverage does not apply to:

A. Risks Covered Under Coverages A, C, D and E:

Liability Coverage Agreement

Damage Due to an Auto Accident

Any **Personal Injury** or **Property Damage** due to an **Occurrence**, to any **Public Officials and Employees Errors and Omissions** due to a **Wrongful Act**, to any **Employee Benefits Act, Error or Omission** or **Wrongful Employment Practices** as defined in Coverages A, C, D, and E respectively in this Liability Coverage Agreement.

X. Additional Exclusions Applicable to Coverage C, Public Officials and Employees Errors and Omissions Liability

Under Coverage C, **Public Officials and Employees Errors and Omissions Liability, coverage**, does not apply to:

A. Risks Covered Under Coverages A, B, D and E:

Any **Personal Injury** or **Property Damage** due to an **Occurrence**, **Personal Injury** or **Property Damage** due to an **Auto Accident**, **Employee Benefits Acts, Errors or Omissions** or **Wrongful Employment Practices** as defined in Coverages A, B, D and E respectively in this Liability Coverage Agreement;

B. Employee Benefit Plan:

Benefits payable under an employee benefit plan (whether the plan is voluntarily established by the **Covered Party** or mandated by statute) because of unlawful discrimination or termination;

C. Taxes, Fees or Assessments:

Refunds or improper allocations of taxes, fees or assessments;

D. Remuneration Or Financial Gain:

Liability of a **Covered Party** arising in whole or in part, out of any **Covered Party** obtaining remuneration or financial gain to which the **Covered Party** was not legally entitled or liability arising out of the willful violation of a penal statute or ordinance committed by or with the knowledge or consent of any **Covered Party**; except that any fact pertaining to any other **Covered Party** shall not be imputed to any other **Covered Party** for the purpose of determining application of these exclusions;

E. Preparation Of Bid Specifications, Plans Or Liability Arising Out of Failure to Award Contracts:

Liability of any **Covered Party** arising out of (1) estimates of probable costs or cost estimates being exceeded, (2) any faulty preparation of bid specifications or plans, or (3) failure to award contracts in accordance with any statute, ordinance or regulation which requires that such contracts be submitted for bids;

F. Tangible Property:

Injury to, destruction or disappearance of any tangible property (including money) or the loss of use thereof;

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**X. Additional Exclusions
Applicable to Coverage C,
continued**

- G. Breach of Contract:
Failure to perform and/or breach of a contractual obligation or any liability arising out of breach of contract;

- H. Fraud, Knowingly Wrongful or Criminal Acts:
Fraud, knowingly wrongful acts, or criminal acts for which there has been a final determination that the **Covered Party** is liable. However, if the **Suit** seeks **Damages** covered by the terms and conditions of this Liability Coverage Agreement, SDRMA will furnish a defense until such time as there has been a final determination of liability for fraud, a knowingly wrongful act or acts, or a criminal act or acts;

- I. Use, Misuse, Loss Or Return Of Funds, Grants, Appropriations:
Liability for **Damages** from the actual or alleged use, misuse or loss of funds, grants or appropriations or for the return of such funds, grants or appropriations for any reason;

**XI. Additional Exclusions
Applicable to Coverage D,
Employee Benefits Acts,
Errors and Omissions**

- Under Coverage D. for **Employee Benefits Acts, Errors and Omissions**, coverage does not apply to:
- A. Risks Covered Under Coverages A, B, C and E:
Any **Personal Injury** or **Property Damage** due to an **Occurrence, Auto Accident, Public Officials' and Employees' Errors and Omissions** or, **Wrongful Employment Practices**, as defined in Coverages A, B, C and E respectively in this Liability Coverage Agreement;

 - B. Dishonest or Intentional Acts:
Any dishonest, fraudulent, criminal or malicious act;

 - C. Breach Of Contract:
Any **Claim** for failure of performance of contract by an insurer or any other party, including any insurer's or any other party's obligation to afford benefits, or any liability arising out of breach of contract;

 - D. Workers' Compensation:

Any obligation of the **Covered Party** under a Workers' Compensation, Social Security, Disability Benefits or Unemployment Compensation law or any similar law;

E. Stock, Bonds, Securities:

Any **Claim** based upon:

1. Failure of stock, bonds or other securities to perform as represented by the **Covered Party**, including but not limited to its failure to produce financial gain, profit or growth;
2. Counsel given by a **Covered Party** to an employee to participate or not to participate in stock subscription plans.

F. ERISA:

Any liability of a **Covered Party** as a fiduciary under the Employee Retirement Income Security Act of 1974 (P.L. 93-406), as respects any employee benefit plan.

**XII. Additional Exclusions
Applicable to Coverage E,
Wrongful Employment
Practices**

Under Coverage E, **Wrongful Employment Practices**, coverage does not apply to:

A. Risks Covered Under Coverages A, B, C and D:

Personal Injury or **Property Damage** due to an **Occurrence**, **Personal Injury** or **Property Damage** due to an **Auto Accident**, **Public Officials and Employees Errors and Omissions' Liability** or **Employee Benefits Acts, Errors and Omissions** as defined in Coverages A, B, C or D respectively in this Liability Coverage Agreement;

B. Strikes And Lockouts; W.A.R.N. Act, Disabled Person Accommodations:

Wrongful Employment Practices as respects:

1. Strikes and Lockouts. This Liability Coverage Agreement does not apply to any **Claim, Claims, or Suit** for loss arising out of a lockout, strike, picket line, replacement or similar actions in connection with labor disputes or labor negotiations.
2. W.A.R.N. Act. This Liability Coverage Agreement does not apply to any **Claim, Claims, or Suit** for loss arising out of the Workers Adjustment and Retraining Notification Act, Public Law 100-379 (1988), or any amendment thereto, or any similar federal state or local law.
3. Any **Claim, Claims, or Suit** arising out the failure of the **Covered Party** to modify any building or property in order to make said building or property more accessible or accommodating to any disabled person.

C. Contracts:

A failure to perform or breach of any written contracts or agreements relating to employment with a **Covered party**.

XIII. Definitions

When used in bold in this policy (including endorsements forming a part hereof):

Administration means providing information with respect to Employee Benefits Plans; giving counsel to employees with respect to employee benefit plans; interpreting the employee benefit plans; handling of records in connection with the employee benefit plans; effecting enrollment, termination or cancellation of employees under the employee benefit plans, provided all are acts which are authorized by a **Covered Party**.

Aircraft means a vehicle designed for the transport of persons or property principally in the air or outer space.

Auto means a land motor vehicle, trailer, or semi-trailer, but does not include **Mobile Equipment**.

Auto Accident means an accident for which a **Covered Party** is legally liable for conduct arising out of the ownership, maintenance or use of a **Covered Auto**.

Bodily Injury means physical injury, sickness, disease, disability, mental anguish, mental injury or death.

Certified Act of Terrorism means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act.

Claim(s) means a demand for **Damages** other than a **Suit**.

Completed Operations Hazard includes **Personal Injury** and **Property Damage** arising out of operations or reliance upon a representation or warranty made at any time with respect thereto, but only if the **Personal Injury** or **Property Damage** occurs after such operations have been completed or abandoned and occurs away from premises owned by or rented to the **Covered Party**. Operations include materials, parts or equipment furnished in connection therewith. Operations shall be deemed completed at the earliest of the following times:

A. When all operations to be performed by or on behalf of the **Covered Party** at the site of the operations have been completed; or



XIII. Definitions, continued

- B. 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 part of the same project.

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.

The **Completed Operations Hazard** does not include **Personal Injury** or **Property Damage** arising out of:

- A. operations in connection with the transportation of property unless the **Personal Injury** or **Property Damage** arises out of a condition in or on a vehicle created by the loading or unloading thereof;
- B. The existence of tools, uninstalled equipment or abandoned or unused materials.

Coverage Period means the period during which this Liability Coverage Agreement is in effect as shown in the Declarations or Certificate of Coverage issued by SDRMA.

Covered Auto means an **Owned Auto** as defined herein as well as any **Auto** which is not owned by the **Covered Party** but which is hired or borrowed by the **Member**. **Covered Auto** also includes any other **Auto** for which the **Member** may be liable because of its ownership, maintenance or use.

Covered Contract means:

- A. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to the **Covered Party** or temporarily occupied by the **Covered Party** with permission of the owner is not a **Covered Contract**;
- B. A sidetrack agreement;
- C. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
- D. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
- E. An elevator maintenance agreement;

XIII. Definitions, continued

- F. That part of any other contract or agreement pertaining to a **Covered Party's** business (including an indemnification of a municipality in connection with work performed for a municipality) under which the **Covered Party** assumes the tort liability of another party to pay for **Bodily Injury** or **Property Damage** to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

Paragraph F. does not include that part of any contract or agreement:

1. That indemnifies a railroad for **Bodily Injury** or **Property Damage** arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, roadbeds, tunnel, underpass or crossing;
2. That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
 - (a) Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
 - (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
3. Under which the **Covered Party**, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the the **Covered Party's** rendering or failure to render professional services, including those listed in (2) above and supervisory, inspection, architectural or engineering activities.

However, no contract requiring arbitration shall constitute a **Covered Contract** unless SDRMA is entitled to exercise the **Covered Party's** rights in a choice of arbitrators or in the conduct of such proceedings.

Covered Individual(s) means:

- A. Those individuals who were or now are elected or appointed officials of the **Member**, including members of its governing body or any other committees, trustees, boards or commissions of the **Member**, while acting in the course and scope of employment with or for or on behalf of the **Member**.
- B. Past or present individual employees and board members of the **Member** while acting for or on behalf of the **Member**.

XIII. Definitions, continued

C. Any of the **Members** individual **Volunteers** while acting within the course and scope of their service or duties as **Volunteers**, or workers who participate in an internship or training program which may lead to employment with the **Member**, while acting within the scope of their duties in their internship or training program.

D. Any individual added by endorsement.

Covered Party means a **Member**, a **Covered Individual** or any other entity or individual added by endorsement as a **Covered Party**. If the **Member** named in the Declarations is a Joint Powers Authority duly authorized and existing pursuant to the provisions of California Government Code §§ 6500 et seq., members of that Joint Powers Authority, but only to the extent such Joint Powers Authority members of the SDRMA **Member** named in the Declarations are liable under Government Code § 895.2 for the acts or omissions of the SDRMA **Member** named in the Declarations. The term **Covered Party** shall not include a **Member's** or **Covered Individual's** legal counsel or that legal counsel's law firm.

Dam means any artificial barrier, including a dam, dike, levee or similar structure, together with appurtenant works, which is designed to and does or may impound or divert water.

Damage(s) means monetary compensation for injuries or losses suffered, including loss of services, resulting from **Personal Injury, Property Damage, Public Officials' and Employees' Errors and Omissions, Employee Benefits Acts, Errors and Omissions** or **Wrongful Employment Practices**. **Damages** does not include injunctive relief, declaratory relief, restitution, earned but unpaid compensation, overtime compensation, attorneys' fees, fines or penalties or any civil liability under California Water Code Section 13385.

Defense Costs means reasonable attorney's fees, costs and expenses and other fees, costs and expenses incurred in connection with the investigation, adjustment, defense and appeal of a **Claim** or **Suit** covered hereunder. However, **Defense Costs** do not include the office or administration expenses of SDRMA any **Volunteer** or the **Covered Party**, nor the salaries of employees or officials of SDRMA or the **Covered Party**.

Electric Feeder Lines includes but is not limited to electrical distribution network lines carrying electrical power between substations and consumers or end users. For the purposes of this definition, **Electric Feeder Lines** includes electric distribution lines and service drops.

XIII. Definitions, continued

Electronic Data means information, facts 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, CD-ROMS, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

Employee means a person **(i)** employed by a **Covered Party** in exchange for wages or a salary; or **(ii)** who is a current or former member of the **Member's** board of directors. But **Employee** does not include any **Leased Worker, Volunteer**, any independent contractor, any employees of any independent contractor while acting within the scope of their employment, or any worker who participates in an internship or training program which may lead to employment with the **Member**.

Employee Benefits Acts, Errors and Omissions means any acts, errors and omissions resulting from the negligent **Administration** of employee benefit plans.

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

Inverse Condemnation means liability for Property Damage or any other loss, damage, cost or expense arising out of or in connection with principles of eminent domain, condemnation proceedings or inverse condemnation by whatever name called, including land use regulation, zoning, land use planning or planning decisions or enforcement of building codes and/or building regulations

Law Enforcement Liability means any liability for **Personal Injury** or **Property Damage** arising out of the operations of the **Covered Party** from the acts or omissions of:

- A. Police officers who are armed or have the power of arrest, including but not limited to school crossing guards and meter attendants;
- B. Auxiliary, volunteer, or reserve police officers;
- C. Other employees of any police agency, including but not limited to stenographic, clerical, court security personnel, court security, and civil process personnel;
- D. Administrative employees while operating for or on behalf of any police agency, including crime prevention officers; and
- E. Members of the governing body, including but not limited to County Commissioners, City Council Members, Mayor, City Managers,

XIII. Definitions, continued

Coroner and Humane Officers with respect to individuals identified in A, B, C and D above.

Leased worker means a person leased to a **Covered Party** by a labor leasing firm under an agreement between the **Covered Party** and the labor leasing firm to perform duties related to the conduct of the **Covered Party's** business. **Leased worker** does not include a **Temporary Worker**.

Member(s) means the District(s), Agency(s), City(ies) or Entity(s) identified in the Declarations.

Member's Product means any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by the **Member**, including, but not limited to, water or waste water. **Member's Product** also includes containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products. Further, **Member's Products** includes warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of such product and the providing of or failure to provide warnings or instructions. **Member's Product** does not include vending machines or other property rented to or located for use of others but not sold.

Mobile Equipment means any type of land motor vehicle not legally subject to registration as a motor vehicle.

Occurrence means an accident or event, including continuous, repeated, or related exposure to conditions, which results in **Personal Injury** or **Property Damage** neither expected nor intended from the standpoint of the **Covered Party**. All such exposure to substantially the same general conditions shall be deemed one **Occurrence**.

Overhead Electric Power Transmission Lines includes but is not limited to power carrying lines which carry electricity between generating stations and substations.

Owned Auto means an **Auto** owned by the **Member** at the commencement of the Coverage period or acquired by the **Member** during the Coverage period, provided that the **Member** notifies SDRMA within 30 days of its acquisition of ownership.

Personal Injury includes the following:

- A. **Bodily Injury**;
- B. False arrest, detention or imprisonment;
- C. Malicious prosecution;

XIII. Definitions, continued

- D. 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, committed by or on behalf of its owner, landlord or lessor;
- E. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
- F. Oral or written publication, in any manner, of material that violates a person's right of privacy;
- G. A publication including a publication placed on the internet or on similar electronic means of communication, or an utterance that slanders or libels a person or organization or violates a person's right of privacy or disparages a person's or organization's goods, products or services, except with respect to advertising, publishing, broadcasting or telecasting done by or for the **Covered Party**;
- H. Assault and battery not committed by, at the direction of, or with the consent of the **Covered Party**. However, this limitation does not apply if committed or directed for the purpose of protecting persons from injury or death, or property from damage;

Any **Personal Injury** shall be deemed to occur at the time of the **Occurrence** or **Auto Accident** that caused it.

Pollutants means any solid, liquid, gaseous, or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste material. Waste material, includes materials which are intended to be or have been recycled, reconditioned or reclaimed;

Products Hazard means **Personal Injury** and **Property Damage** arising out of the **Covered Party's** products or reliance upon a representation or warranty with respect thereto, but only if the **Personal Injury** or **Property Damage** occurs away from premises owned by or rented to the **Covered Party** and after physical possession has been relinquished to others;

Property Damage means:

- A. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it;
- B. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the **Occurrence** or **Auto Accident** that caused it; or
- C. Loss of, loss of use of, damage to, corruption of, inability to access, or inability to properly manipulate **Electronic Data**, resulting from

XIII. Definitions, continued

physical injury to tangible property. All such loss of **Electronic Data** shall be deemed to occur at the time of the **Occurrence** or **Auto Accident** that caused it.

Public Officials and Employees Errors and Omissions means any and all **Wrongful Acts** by a **Covered Party** arising from misfeasance, malfeasance or nonfeasance including any actual or alleged negligent action or inaction, mistake, misstatement, error, neglect, inadvertence, or omission by the **Covered Party** in the discharge of duties on behalf of the **Covered Party**;

Sexual Harassment Incident means any actual or alleged negligent or intentional act, error or omission, amounting to or resulting in unwelcome sexual advances, requests for sexual favors or other conduct of a sexual nature actually or allegedly perpetrated upon a person by another person, or persons, acting in concert, which causes physical and/or mental injuries, where:

- A. The submission to or rejection of such conduct is made either explicitly or implicitly a condition of a person's employment, or a basis for employment decisions affecting a person; or
- B. The conduct has the purpose of, or effect of interfering with a person's work performance or creating an intimidating, hostile or offensive work environment.

Sexual Abuse or Molestation Incident means any actual or alleged negligent or intentional act, error or omission, amounting to or resulting in sexual abuse or molestation or threatened sexual abuse or molestation. A **Sexual Abuse or Molestation Incident** does NOT include a **Sexual Harassment Incident**.

Suit means a civil lawsuit in a court of general jurisdiction in which **Damages** are alleged because of (1) **Personal Injury** or **Property Damage**, (2) one or more **Wrongful Acts due to Public Officials Errors and Omissions**, (3) one or more **Employee Benefits Acts, Errors and Omissions**, (4) one or more **Wrongful Employment Practices**, or any combination thereof, to which this coverage applies.

Suit includes:

- A. An arbitration proceeding in which such **Damages** are claimed and to which the **Covered Party** must submit or does submit with SDRMA's consent; or
- B. Any other alternative dispute resolution proceeding in which such **Damages** are asserted and to which the **Covered Party** submits with SDRMA's consent.

XIII. Definitions, continued

Temporary worker means a person who is furnished to a **Covered Party** to substitute for a permanent **Employee** on leave or to meet seasonal or short-term workload conditions.

Total Loss Salvage Vehicle means a vehicle that has been wrecked, destroyed, or damaged to the extent that it has been considered uneconomical to repair by vehicle's owner, lessor, lender, insurer, or risk financing entity, and as a consequence the vehicle is not repaired by or for the person who owned or leased the vehicle at the time of the event resulting in wreckage, destruction or damage.

Ultimate Maximum Loss means the Ultimate Maximum Loss of SDRMA as set forth in the Declarations.

Ultimate Net Loss means (1) the sums in excess of the Member Deductible as set forth in the Declarations, for which, after making deductions for all recoveries from valid and collectible insurance and other risk financing, the **Covered Party(ies)** is/are legally liable to pay as **Damages** by reason of either a judgment or a settlement made with the written consent of the claimant, the **Covered Party** and SDRMA, and (2) **Defense costs** incurred by **SDRMA**. However, SDRMA has no obligation to pay **defense costs** once the applicable limit of liability has been exhausted.

Uninsured Motor Vehicle means a land motor vehicle or trailer for which no liability bond or policy at the time of an accident provides at least the amounts required by the applicable law where a **Covered Auto** is principally garaged.

Volunteer means any non-compensated individual who, pursuant to prearrangement with and under the general direction of the **Member**, performs a service for the **Member**.

Watercraft means a vehicle designed for the transport of persons or property principally on water.

Wrongful Act means any actual or alleged negligent act, error or omission, including but not limited to those constituted by:

- A. Any violation of antitrust statutes;
- B. Any negligent ministerial act;
- C. Any faulty preparation or approval of maps, plans, reports, surveys, designs, or specifications.

XIII. Definitions, continued

Wrongful Employment Practice means any act resulting in **Damages** to:

- A. Any person arising out of any:
 1. refusal to employ that person;
 2. termination of that person's employment, either actual or constructive; or
 3. employment-related practices, acts or omissions such as coercion, demotion, evaluation, reassignment, discipline, retaliation, defamation, harassment, humiliation or discrimination directed at that person;
- B. The spouse, child, parent, brother or sister of that person as a consequence of loss to the person at whom any of the employment-related practices described in paragraph 1, 2, 3 above is directed.

It is further agreed that **Wrongful Employment Practice** means:

- A. Any action relating to a past, present, or prospective **Employee** of the **Member** for or arising out of any actual or alleged wrongful dismissal, discharge or termination, either actual or constructive, of employment, employment related misrepresentation, wrongful discipline, failure to grant tenure or negligent employee evaluation; sexual or workplace harassment of any kind, including, but not limited to, the alleged operation or maintenance of a harassing workplace environment, unlawful discrimination, whether direct, indirect, intentional or unintentional, failure to provide adequate employee policies and procedures; or abusive, hostile, offensive or other illegitimate conduct, including verbal abuse, derogatory remarks, insults, epithets, or other verbal or physical conduct which is threatening, intimidating or humiliating or amounts to the gratuitous sabotage or undermining of a person's work performance.
- B. Any action brought under state, local, or federal law, whether common or statutory, including the following laws as amended as well as any regulation promulgated there under;
 1. Americans with Disabilities Act of 1992(ADA);
 2. Civil Rights Act of 1991;
 3. Age Discrimination in Employment Act of 1967 (ADEA), including the Older Workers Benefit Protection Act of 1990;
 4. Title VII of the Civil Rights Law of 1964, as amended (1993), including the Pregnancy Discrimination Act of 1978;
 5. Civil Rights Act of 1866; and
 6. Fifth and Fourteenth amendments of the U.S. Constitution.

Wrongful Employment Practice does not include **Employee Benefits, Acts, Errors and Omissions** or any misrepresentations relating to salary, wages, compensation, benefits or Employee Benefit Plans.

XIII. Definitions, continued

Any **Wrongful Employment Practice** must take place solely in or arise out of the conduct of the **Covered Party's** operations.

XIV. Conditions

- A. Inspection and Audit: SDRMA shall be permitted but not obligated to inspect the **Member's real and personal** property and operations at any time. Neither SDRMA's right to make inspections nor the making thereof nor any report thereon shall constitute an undertaking, on behalf of or for the benefit of the **Member** or others, to determine or warrant that such property or operations are safe. SDRMA may examine and audit the **Member's** books and records at any time during the **Coverage Period** and extensions thereof and within three years after this Liability Coverage Agreement is no longer in effect, as far as they relate to the subject matter of this Coverage.
- B. Duties of **Covered Party** in the Event of an **Occurrence, Auto Accident, Wrongful Act, Employee Benefits Acts Errors and Omission or Wrongful Employment Practices, Claim or Suit** or other circumstances or events:

In the event of the happening of an **Occurrence, Auto Accident, Wrongful Act, Employee Benefits Acts, Errors and Omissions or Wrongful Employment Practices**, written notice containing particulars sufficient to identify the **Covered Party** and also reasonably obtainable information with respect to the time, place and circumstances thereof, and the names, addresses and phone numbers of the injured and of available witnesses, shall be given by or for the **Covered Party** to SDRMA or any of its authorized agents as soon as practicable.

If a **Claim** is made or **Suit** is brought against a **Covered Party**, the **Covered Party** shall immediately forward to SDRMA every demand, notice, summons, claim or other process received by the **Covered Party** or its or their representative.

The **Covered Party** shall cooperate with SDRMA and upon its request assist in making settlements, in the conduct of **Suits** and in enforcing any right of contribution or indemnity against any person or organization who may be liable to the **Covered Party** because of **Personal Injury, Property Damage, Employee Benefits, Public Officials and Employees Errors and Omissions or Wrongful Employment Practices** with respect to the Coverage afforded under this Liability Coverage Agreement; and the **Covered Party** shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses. No **Covered Party** shall,

XIV. Conditions, Continued

except at its or their own cost, voluntarily make any payment, assume any obligation or incur any expense without SDRMA's written consent. The **Covered Party** shall do nothing after the loss to impair SDRMA's right of equitable or legal subrogation, contribution or indemnification against any other person or entity.

The **Member** is responsible for payment to SDRMA of any co-payment, deductible or any retained limits upon presentation of such invoice from SDRMA.

SDRMA, at its sole option and without the consent of the **Covered Party**, may investigate and/or settle any **Claim** or **Suit** within the Limits of Liability of this Liability Coverage Agreement.

Whenever the **Covered Party** has information from which the **Covered Party** may reasonably conclude that an **Occurrence, Auto Accident, Wrongful Act, Employee Benefits Acts, Errors and Omissions, Wrongful Employment Practices Claim** or **Suit** covered hereunder involves injuries or **Damages** for which the **Covered Party** could be held liable, or is likely to involve this Liability Coverage Agreement, notice shall be sent to the following address as soon as practicable, provided, however, that failure to give notice of an **Occurrence, Auto Accident, Wrongful Act, Employee Benefits Acts, Errors and Omissions, Wrongful Employment Practices, Claim** or **Suit** which at the time of its happening, did not appear to involve this Liability Coverage Agreement but which at a later date, would appear to give rise to a **Claim** or **Suit** hereunder, shall not prejudice such **Claim** or **Suit**.

The address to send the notice specified in the preceding paragraph is:

SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY
1112 "I" Street, Suite 300
Sacramento, CA 95814
Tel 800.537.7790 Direct 916.231.4141 FAX 916.231.4111

In case of an **Occurrence, Auto Accident, Wrongful Act, Employee Benefits Acts Error and Omissions or Wrongful Employment Practices, Claim** or **Suit**, a **Covered Party** shall, upon request by SDRMA, perform the following duties:

1. Cooperate with and assist SDRMA in any matter relating to an **Occurrence, Auto Accident, Wrongful Act, Employee Benefits Acts Error and Omissions or Wrongful Employment Practices, Claim** or **Suit**.
2. Submit to and subscribe, outside the presence of any other **Covered Party** as often as SDRMA reasonably requires:
 - a) statements;

XIV. Conditions, Continued

- b) examinations under oath, and
- 3. Produce employees, officers, and directors of a **Covered Party** for statements and examinations under oath, upon request, to the extent it is within the **Covered Party's** power to do so.
- 4. Provide SDRMA with original records and documents SDRMA requests and permit SDRMA to make copies.

- C. Legal Actions Against SDRMA: There will be no right of action against SDRMA under this Liability Coverage Agreement unless the **Covered Party** shall have complied with all of the terms and conditions of this Liability Coverage Agreement and the amount the **Covered Party** owes has been determined either by actual trial and final judgment or by settlement with the written consent of SDRMA.

Notwithstanding any other provision of law, any action against SDRMA for recovery of any sums claimed to be due under this Liability Coverage Agreement shall be filed within one years of the receipt of the written denial of the claim by SDRMA. Any such action shall be venued in the Superior Court of California, County of Sacramento.

- D. Concealment of Fraud: This entire Liability Coverage Agreement is void, and no coverage is available for any **Covered Party** if any **Covered Party** has knowingly and willfully concealed or misrepresented any material fact or circumstance relating to this Liability Coverage Agreement or any **Claim** arising thereunder before or after the **Occurrence** or **Suit** giving rise to the **Claim**.
- E. Bankruptcy and Insolvency: Bankruptcy or insolvency of the **Covered Party** shall not reduce or limit SDRMA of any of the obligations hereunder.
- F. Available Insurance: The coverages provided by this Liability Coverage Agreement shall apply only in excess of any insurance available to any **Covered Party**. In addition, the coverage provided by this Liability Coverage Agreement shall apply only in excess of any other coverage or benefits provided by self-insurance arrangements, pools, self-insurance trusts, captive insurance companies, retention groups, reciprocal exchanges, or any other plan or agreement of risk transfer or assumption.
- G. Recovery of Sums Paid: SDRMA has the right, on behalf of any **Covered Party**, to seek recovery of sums paid pursuant to this Liability Coverage Agreement on behalf of the **Covered Party**. In seeking such a recovery, SDRMA shall be acting as the designated representative of that **Covered Party**. All rights of recovery shall remain with the **Covered Party** such that there is no **automatic**

Liability Coverage Agreement



XIV. Conditions, Continued

assignment or transfer of the original claim. At SDRMA’s request, the **Covered Party** shall assign its rights of recovery to SDRMA. All sums recovered under this provision, regardless of whether the **Covered Party** has assigned its rights to SDRMA or not, shall be applied to reimburse SDRMA for payments paid pursuant to this Liability Coverage Agreement.

- H. Changes: Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or change in any part of this Liability Coverage Agreement or estop SDRMA from asserting any right under the terms of this Liability Coverage Agreement, nor shall the terms of this Liability Coverage Agreement be waived or changed, except by endorsement issued to form a part of this Liability Coverage Agreement.
- I. Assignment: Assignment of interest under this Liability Coverage Agreement shall not bind SDRMA unless such consent is given in writing.
- J. Notices: The **Member** named in the Declarations is authorized to act on behalf of itself and all other **Covered Parties** or **Covered Individuals** with respect to the giving and receiving of any notices under this Liability Coverage Agreement. However, SDRMA shall only be obligated to furnish to the **Member** notices required or authorized under this Liability Coverage Agreement.

EXECUTION

IN WITNESS WHEREOF this Liability Coverage Agreement has been executed by Special District Risk Management Authority on the date shown below, for the period shown in the Declarations attached hereto.

SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY (SDRMA)

Signed by: *Laura S. Gill*
 Laura S. Gill, ICMA-CM, ARM, ARM-P, CSDM
 Chief Executive Officer

July 1, 2020
 Date

6989886.1

Declarations – Property Coverage

MEMBER COVERED: San Simeon Community Services District
111 Pico Avenue
San Simeon, California 93452-9753

Your District/Agency/City has elected to participate in the risk financing coverage programs described below as “THE PACKAGE PROGRAM” and in such other programs as are indicated herein. These DECLARATIONS together with the Memorandum, the Public Entity Property Insurance Program Policy attached as **Exhibit B**, the terms and conditions of the Sixth Amended and Restated Joint Powers Agreement and Bylaws, or successor documents thereto, constitute the entire agreement concerning risk-financing coverage between the Special District Risk Management Authority and your District/Agency/City.

Please read the Sixth Amended and Restated Joint Powers Agreement and Bylaws of the Special District Risk Management Authority (hereinafter “SDRMA”), or successor documents thereto, together with the Memorandum of Coverages, hereinafter referred to as the “Memorandum” and the policies attached as Exhibits, to ascertain all of your District's/Agency's/City's rights and obligations regarding its relationship with the Special District Risk Management Authority.

COVERAGE PERIOD: July 1, 2020 at 12:01 a.m. to July 1, 2021 12:01 a.m.

COVERAGES & LIMITS
SUMMARY:

Blanket Buildings and Contents owned by the Member, or for which the Member is responsible to insure, per occurrence at locations reported to SDRMA prior to loss, to which this coverage applies. Except for Mobile/Contractor's Equipment, replacement cost, if replaced, but if not replaced within three years after the loss, the loss will be paid on an actual cash value basis, subject to the terms, conditions, deductibles and exclusions as provided in the Memorandum, and subject further to the terms, conditions and exclusions of the excess policy Exhibits. With respect to Mobile/Contractor's Equipment, SDRMA will pay up to the actual cash value. (Earthquake Sprinkler Leakage Coverage (EQSL), and Electrical pole, overhead conductor/transformer coverage and Earthquake or Differences in Conditions (DIC) coverage are provided, subject to specifically reported values, certain sub-limits, aggregates, and separate deductibles, and apply only to those Members who have selected these coverage(s), have paid the applicable additional contribution, and received the specific endorsement from SDRMA for these coverage(s)).

Earthquake Shock is not covered per occurrence or in the annual aggregate.



Declarations – Property Coverage

Upgrade to Green Coverage is not covered.

Communicable Disease are not covered.

NOTE 1: AS RESPECTS TO PROPERTY LOSS COVERAGE, ABOVE: The coverage for property loss as provided in this part, is furnished by a combination of coverages under these DECLARATIONS, the accompanying Memorandum, and the coverage under the policy(ies) contained in **Exhibit B**.

COVERAGES & LIMITS:

\$800,000,000 Per Occurrence: All Perils, Coverages and Members combined, subject to the following per occurrence and/or aggregate sub-limits as noted.

\$ 10,000,000 Flood Limit - Per Occurrence and in the Annual Aggregate (for those Member(s) that purchase this optional dedicated coverage)

\$ 10,000,000 Per Occurrence and in the Annual Aggregate for scheduled locations in Flood Zone A, V, and all other 100 year exposures. This Sublimit does not increase the specific flood limit of liability for those Member(s) that purchase this optional dedicated coverage.

\$100,000,000 Combined Business Interruption, Rental Income and Tax Interruption and Tuition Income (and related fees) – except \$500,000 per Member subject to maximum of \$2,500,000 Per Occurrence, Per Declaration for Business Interruption, Rental Income and Tuition Income combined. Coverage for power generating plants is excluded, unless otherwise specified.

COVERAGES & LIMITS
SUMMARY: (continued)

\$ 3,000,000 Tax Revenue Interruption – Per Policy Provisions. However, if specific values for such coverage have not been reported as part of the Named Insured’s schedule of values held on file with Alliant Insurance Services, Inc. and SDRMA, this sublimit amount is limited to \$1,000,000 Per Occurrence – Per Policy Provisions.

\$ 50,000,000 Extra Expense

\$ 25,000,000 Miscellaneous Unnamed Locations for existing Members excluding Earthquake coverage for Alaska and California locations. If Flood coverage is purchased for all scheduled locations, this extension will extend to include Flood coverage for any location not situated in Flood Zones A or V.

\$ 25,000,000 Automatic Acquisition up to \$100,000,000 or a Member’s Policy Limit of Liability if less than \$100,000,000 for 120 days excluding licensed vehicles for which a sublimit of \$10,000,000 applies per policy

Declarations – Property Coverage

Automatic Acquisition and Reporting Condition. The peril of EQ is excluded for California. If Flood coverage is purchased for all scheduled locations, this extension will extend to include Flood coverage for any location not situated in Flood Zones A or V.

- \$ 1,000,000 Unscheduled Landscaping, tees, sand traps, greens, athletic fields and artificial turf and further subject to \$25,000 / 25 gallon maximum per item for existing Named Insureds excluding Earthquake coverage for Alaska and California locations. If Flood coverage is purchased for scheduled locations, this extension will extend to include Flood coverage for any location not situated in Flood Zones A or V.
- \$ 5,000,000 Or 110% of the scheduled values, whichever is greater, for Scheduled Landscaping, tees, sand traps, greens and athletic fields and further subject to \$25,000 / 25 gallon maximum per item.
- \$ 50,000,000 Errors & Omissions
- \$ 25,000,000 Course of Construction and Additions (including new) for projects with completed values not exceeding the sublimit shown.
- \$ 2,500,000 Money & Securities for named perils only as referenced within the policy
- \$ 2,500,000 Unscheduled Fine Arts
- \$ 250,000 Accidental Contamination per occurrence and annual aggregate per member with \$500,000 annual aggregate for all Members
- \$ 750,000 Unscheduled infrastructure including but not limited to Tunnels, Bridges, Dams, Catwalks (except those not for public use), Roadways, Highways, Streets (including guardrails), Sidewalks (including guardrails), Culverts, Channels, Levees, Dikes, Berms, Embankments, Landfills, Docks, Piers, Wharves, Street Lights and Traffic Signals, Meters, Roadway or Highway Fencing (including guardrails), and all similar property unless a specific value has been declared. Unscheduled infrastructure coverage is excluded for the peril of Earthquake and excluded Federal Emergency Management Agency (FEMA) and/or Office of Emergency Services (OES) declared disasters, providing said declaration provides funding for repairs.

Declarations – Property Coverage

COVERAGES & LIMITS SUMMARY: (continued)	\$ 50,000,000 Increased Cost of Construction due to the enforcement of building codes/ordinance or law (includes All Risk and B & M) \$ 25,000,000 Transit \$ 2,500,000 Unscheduled Animals; not to exceed \$50,000 per Animal, per Occurrence \$ 2,500,000 Unscheduled Watercraft up to 27 feet \$ 25,000,000 Off Premises Services Interruption including Extra Expense resulting from a covered peril at non-owned/operated locations \$ 5,000,000 Per Occurrence per Member subject to an Annual Aggregate of \$10,000,000 for Earthquake shock on Licensed Vehicles, Unlicensed Vehicles, Contractor's Equipment and Fine Arts for all Insureds/Members in this declaration combined that do not purchase Earthquake coverage, and/or where specific values for such items are not covered for optional dedicated Earthquake coverage as part of SDRMA's schedule of values held on file with SDRMA. For Contractor's Equipment Coverage, the Company identified in Exhibit B will pay up to the actual cash value only, not replacement cost. \$ 5,000,000 Per Occurrence per Member subject to an Annual Aggregate of \$10,000,000 for Flood on Licensed Vehicles, Unlicensed Vehicles, Contractor's Equipment and Fine Arts for all Insureds/Members in this declaration combined that do not purchase Flood coverage. For Contractor's Equipment Coverage, the Company identified in Exhibit B will pay up to the actual cash value only, not replacement cost. , \$ 3,000,000 Contingent Business Interruption, Contingent Extra Expense, Contingent Rental Values, and Contingent Tuition Income separately \$ 500,000 Jewelry, Furs, Precious Metals and Precious Stones Separately \$ 1,000,000 Claims Preparation Expenses \$ 50,000,000 Expediting Expenses \$ 1,000,000 Personal Property Outside of the USA \$ 100,000,000 Per Member per occurrence subject to \$200,000,000 Annual Aggregate combined as respects Property Damage, Business Interruption, Rental Income and Extra Expense Combined for Terrorism (Primary
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Declarations – Property Coverage

Layer)

\$ 600,000,000 Per Occurrence, Per Member for Terrorism (Excess Layer)

\$ 1,400,000,000 Annual Aggregate shared by all Members combined as respects Property Damage, Business Interruption, Rental Income and Extra Expense combined for Terrorism (Excess Layer)

MEMBER DEDUCTIBLES:

For all covered losses except those specific types of losses listed below or losses due to the perils listed below, a deductible of **\$1,000** is applicable.

For all covered losses of the types listed below or losses due to the perils listed below, the deductible set forth in the excess policy(ies) apply. Such deductible shall be exclusively the obligation of the Member and SDRMA shall have no obligation to fulfill or otherwise contribute toward satisfying said deductibles.

Earthquake Shock is not covered.

\$ 500,000	Per Occurrence for Flood Zones A & V
\$ 500,000	All Flood Zones Per Occurrence excluding Flood Zones A & V
\$ 1,000	Per Occurrence for Specially Trained Animals
\$ 500,000	Per Occurrence for Unscheduled Tunnels, Bridges, Dams, Catwalks (except those not for public use), Roadways, Highways, Streets, Sidewalks, Culverts, Channels, Levees, Dikes, Berms, Embankments, Landfills, Docks, Piers, Wharves, Street Lights and Traffic Signals, Meters, Roadway or Highway Fencing (including guardrails), and all similar property unless a specific value has been declared (excluding coverage for the peril of Earthquake Shock, and excluding Federal Emergency Management Agency (FEMA) and/or Office of Emergency Services (OES) declared disasters)
\$ 10,000	Per Minimum subject to \$100,000 Maximum per Vehicle or Item for Licensed Vehicles, Unlicensed Vehicles and Contractors Equipment Per Occurrence and Annual Aggregate and shared by all Members of this Declaration for the peril of Earthquake for Members who do not purchase dedicated Earthquake limits. For Contractor's Equipment Coverage, the Company identified in Exhibit B will pay up to the actual cash value, not replacement cost.
\$ 50,000	Per Occurrence and Annual Aggregate and shared by all Members of this Declaration for Fine Arts for the peril of Earthquake for members who do not purchase dedicated Earthquake limits
\$ 10,000	Per Minimum subject to \$100,000 Maximum per



Declarations – Property Coverage

- Vehicle or Item for Licensed Vehicles, Unlicensed Vehicles and Contractors Equipment Per Occurrence and Annual Aggregate and shared by all Members of this Declaration for the peril of Flood for Members who do not purchase dedicated Flood limits. For Contractor's Equipment Coverage, the Company identified in **Exhibit B** will pay up to the actual cash value, not replacement cost.
- \$ 50,000 Per Occurrence and Annual Aggregate and shared by all Members of this Declaration for Fine Arts for the peril of Flood for Members who do not purchase dedicated Flood limits
- \$ 500,000 Per Occurrence for Primary Terrorism
- \$ 500,000 Per Occurrence for Excess Terrorism (applies only if the Primary Terrorism Limit is exhausted)
- WITH RESPECT TO EXCESS LAYER FOR TERRORISM: The maximum limits of liability for all SDRMA Covered Parties due to an Occurrence, shall not exceed \$1,100,000,000, and an annual aggregate of \$1,400,000,000.
- 24 Hour Waiting Period for Service Interruption for All Perils and Coverages
- 2.5% of Annual Tax Value per Location for Tax Interruption
- \$ 500,000 Per Occurrence for CAT Losses (Excluding Flood and Earthquake) as defined by meeting the following trigger: Property Claims Service (PCS) declaration of a numbered catastrophic event.

This information is provided as a general description only, and is not intended to supersede specific policy documents. In the event of a conflict in language, the policy(ies) will be the controlling document.

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Declarations – Boiler and Machinery Coverage

MEMBER COVERED: San Simeon Community Services District
111 Pico Avenue
San Simeon, California 93452-9753

Your District/Agency/City has elected to participate in the risk financing coverage programs described below as “THE PACKAGE PROGRAM” and in such other programs as are indicated herein. These DECLARATIONS together with the Memorandum, the Public Entity Property Insurance Program Policy attached as **Exhibit B**, the terms and conditions of the Sixth Amended and Restated Joint Powers Agreement and Bylaws, or successor documents thereto, constitute the entire agreement concerning risk-financing coverage between the Special District Risk Management Authority and your District/Agency/City.

Please read the Sixth Amended and Restated Joint Powers Agreement and Bylaws of the Special District Risk Management Authority (hereinafter “SDRMA”), or successor documents thereto, together with the Memorandum of Coverages, hereinafter referred to as the “Memorandum” and the policy(ies) attached as Exhibit(s), to ascertain all of your District's/Agency's/City's rights and obligations regarding its relationship with the Special District Risk Management Authority.

COVERAGES & LIMITS SUMMARY

\$100,000,000 Blanket Limit for sudden and accidental breakdown of Fired and Unfired Pressure Vessels, Boilers, Heating, Air Conditioning, Machinery and Equipment, per occurrence at locations reported to SDRMA prior to the loss, to which this coverage applies.

Coverage includes cost of repair or replacement, subject to the terms, conditions, deductibles and exclusions as provided in the Memorandum, and subject further to the terms, conditions, applicable **Member** deductibles per claim, and exclusions of the excess policy(ies) contained in **Exhibit B**.

NOTE 1: AS RESPECTS TO BOILER AND MACHINERY COVERAGE, ABOVE: Coverage under the Boiler and Machinery program is furnished solely by the insurance policy(ies) referred to herein. SDRMA bears no part of the risk of loss under the Boiler and Machinery Coverage and all deductibles specified in the policy(ies) referred to herein, are the responsibility of the **Member**.

Boiler Explosion and Machinery Breakdown, Combined Property Damage and Business Interruption/Extra Expense (Including Bond Revenue Interest Payments

Declarations – Boiler and Machinery Coverage

where Values Reported and excluding Business Interruption for power generating facilities unless otherwise specified). Limit includes loss adjustment agreement and electronic computer or electronic data processing equipment with the following sub-limits:

Declarations – Boiler and Machinery Coverage

	Included	Jurisdictional and Inspection Services
COVERAGES & LIMITS SUMMARY: (continued)	Included	Per Occurrence for Consequential Damage/Perishable Goods/Spoilage
	\$ 10,000,000	Per Occurrence for Electronic Data Processing Media and Data Restoration
	\$ 2,000,000	Per Occurrence, Per Member and in the Annual Aggregate for Earthquake Resultant Damage for Members who purchase Dedicated Earthquake Coverage
	\$ 10,000,000	Per Occurrence for Hazardous Substances/Pollutants/Decontamination
	Included	Per Occurrence for Machine or Apparatus used for Research, Diagnosis, Medication, Surgical, Therapeutic, Dental or Pathological Purposes
NEWLY ACQUIRED LOCATIONS:	\$ 25,000,000	Automatic Acquisition for Boiler & Machinery values at newly acquired locations. Values greater than \$25,000,000 or Power Generating Facilities must be reported within 120 days and must have prior underwriting approval prior to binding
MEMBER DEDUCTIBLE(S):		For all specific covered types of losses listed above, a deductible of \$1,000 is applicable.
		For all covered losses of the types listed below or losses due to the perils or objects listed below, the deductible set forth in the excess policy(ies) apply. Such deductible shall be exclusively the obligation of the Member and SDRMA shall have no obligation to fulfill or otherwise contribute toward satisfying said deductibles.
EXCLUSIONS:		Please refer to the exclusions as per the terms of the <u>Exhibit B</u>
OBJECTS EXCLUDED: (including but not limited to):		<ul style="list-style-type: none"> • Insulating or refractory material • Buried Vessels or Piping
Specific Objects or Perils Member Deductible:	\$ 10,000	Except as shown for Specific Objects or Perils
	\$ 10,000	Electronic Data Processing Media
	\$ 10,000	Consequential Damage
	\$ 10,000	Objects over 200 hp, 1,000 KW/KVA/Amps or Boilers

Declarations – Boiler and Machinery Coverage

over 5,000 square feet of heating surface

\$ 50,000 Objects over 350 hp, 2,500 KW/KVA/Amps or Boilers over 10,000 square feet of heating surface

\$ 100,000 Objects over 500 hp, 5,000 KW/KVA/Amps or Boilers over 25,000 square feet of heating surface

\$ 250,000 Objects over 750 hp, 10,000 KW/KVA/Amps or Boilers over 75,000 square feet of heating surface

\$ 350,000 Objects over 25,000 hp, 25,000 KW/KVA/Amps or Boilers over 250,000 square feet of heating surface

\$10 per foot / \$2,500 minimum Deep-Water Wells

24 Hours - Business Interruption/Extra Expense except as noted below

30 Days - Business Interruption – Revenue Bond

24 Hour Waiting Period - Utility Interruption

5 x 100% of Daily Value - Business Interruption – All Objects over 750 hp or 10,000 KW/KVA/Amps or 10,000 Square feet Heating Surface

5 x 100% of Daily Value - Business Interruption – All Objects at Waste Water Treatment Facilities and All Utilities

This information is provided as a general description only, and is not intended to supersede specific policy documents. In the event of a conflict in language, the policy(ies) will be the controlling document.



Property and Boiler & Machinery Coverage

Exhibit B

PEPIP USA - Form No. 16
Policy No. APIP2020

APIP SUMMARY OF BOUND CHANGES

BELOW IS A SUMMARY OF BOUND CHANGES FOR THE 2020-2021 POLICY PERIOD

PLEASE REFER TO THE RED LINE STRIKE OUT VERSION OF THE MASTER POLICY FOR FULL DETAILS

Coverage	2019-2020 Sub-limit Wording	2020-2021 Bound Changes
Automatic Acquisition	<p>\$25,000,000 Automatic Acquisition up to \$100,000,000 or a Named Insured's Policy Limit of Liability if less than \$100,000,000 for 120 days excluding licensed vehicles for which a sub-limit of \$10,000,000 applies per policy Automatic Acquisition and Reporting Condition. Additionally a sub-limit of \$2,500,000 <u>applies to</u> Tier 1 Wind Counties, Parishes and Independent Cities <u>for 60 days</u> for the states of Virginia, North Carolina, South Carolina, Georgia, Alabama, Mississippi, Louisiana, Texas and/or situated anywhere within the states of Florida and Hawaii. The peril of EQ is excluded for the states of Alaska and California. If Flood coverage is purchased for all scheduled locations, this extension will extend to include Flood coverage for any location not situated in Flood Zones A or V.</p>	<p>\$25,000,000 Automatic Acquisition up to \$100,000,000 or a Named Insured's Policy Limit of Liability if less than \$100,000,000 for 120 days excluding licensed vehicles for which a sub-limit of \$10,000,000 applies per policy Automatic Acquisition and Reporting Condition. Additionally, <u>automatic coverage is granted for up to 60 days, subject to a sub-limit of \$2,500,000 for additional property and/or interests in</u> Tier 1 Wind Counties, Parishes and Independent Cities for the states of Virginia, North Carolina, South Carolina, Georgia, Alabama, Mississippi, Louisiana, Texas and/or situated anywhere within the states of Florida and Hawaii. The peril of EQ is excluded for the states of Alaska and California. If Flood coverage is purchased for all scheduled locations, this extension will extend to include Flood coverage for any location not situated in Flood Zones A or V.</p>
Communicable Disease	<p>\$500,000 Per Occurrence and Annual Aggregate per Named Insured for Communicable Disease subject to an APIP Program aggregate of \$10,000,000 for all declarations combined except Hospital declarations.</p>	Not Covered
Unscheduled Infrastructure	<p>Unscheduled infrastructure including but not limited to Tunnels, Bridges, Dams, Catwalks (except those not for public use), Roadways, Highways, Streets (including guardrails), Sidewalks (including guardrails), Culverts, Channels, Levees, Dikes, Berms, Embankments, Street Lights, Traffic Signals, Meters, Roadway or Highway Fencing, and all similar property unless a specific value has been declared. Unscheduled infrastructure coverage is excluded for the peril of Earthquake and excluded for Federal Emergency Management Agency (FEMA) and/or Office of Emergency Services (OES) declared disasters, providing said declaration provides funding for repairs).</p>	<p>Unscheduled infrastructure including but not limited to tunnels, bridges, dams, catwalks (except those not for public use), roadways, highways, streets, sidewalks, culverts, channels, levees, dikes, berms, embankments, <u>landfills (as more fully defined in the Policy), docks, piers, wharves, street lights, traffic signals, meters, roadway or highway fencing (including guardrails),</u> and all similar property unless a specific value has been declared. Unscheduled infrastructure coverage is excluded for the peril of Earthquake and excluded for Federal Emergency Management Agency (FEMA) and/or Office of Emergency Services (OES) declared disasters, providing said declaration provides funding for repairs).</p>
ISO CAT Deductible when applicable	<p>Per Occurrence for ISO CAT Losses (Excluding Flood and Earthquake) as defined by meeting the following trigger: ISO's Property Claims Service (PCS) declaration of a numbered catastrophic event.</p>	<p>Per Occurrence for CAT Losses (Excluding Flood and Earthquake) as defined by meeting the following trigger: Property Claims Service (PCS) declaration of a numbered catastrophic event.</p>
Storm Deductible when applicable	<p>Per Occurrence for Storm</p>	<p>Per Occurrence for Windstorm</p>
Program Declarations	<p>Twenty four declarations</p>	<p>Twenty six declarations</p>
Pollution Policy	<p>Summary of Changes is included with the Pollution Coverage document for those who bind this coverage.</p>	
Cyber Policy	<p>Summary of Changes is included with the Cyber Coverage document for those who bind this coverage.</p>	

MASTER POLICY FORM WORDING BOUND CHANGES

PLEASE REFER TO THE RED LINE STRIKE OUT VERSION OF THE MASTER POLICY FOR FULL DETAILS

Coverage	2019-2020	2020-2021
Policy Period	July 1, 2019 to July 1,2020	July 1, 2020 to July 1,2021
Section I, B Named Insured	Lessors and other part(ies) of interest in all property of every description covered hereunder are included herein as Insured's for their respective rights and interests, it being understood that the inclusion hereunder of more than one covered party shall not serve to increase the Company's limit of liability.	Lessors interest in all property of every description covered hereunder are included herein as Insured's for their respective rights and interests, it being understood that the inclusion hereunder of more than one covered party shall not serve to increase the Company's limit of liability.
Section I, E., 2. o. Unscheduled Infrastructure	Unscheduled infrastructure including but not limited to Tunnels, bridges, dams, catwalks (except those not for public use), roadways, highways, streets (including guardrails), sidewalks (including guardrails), culverts, channels, levees, dikes, berms, embankments, street lights, traffic signals, meters, roadway or highway fencing, and all similar property unless specific values for such items have been reported as part of a Named Insured(s) schedule of values held on file in the offices of Alliant Insurance Services, Inc. Unscheduled infrastructure coverage is excluded for the peril of Earthquake, and for Federal Emergency Management Agency (F.E.M.A.) and/or any State Office of Emergency Services (O.E.S.) declared disasters, providing said declaration provides funding for repairs;	<i>Refer to the redline version of the Policy for full details.</i> Unscheduled infrastructure including but not limited to tunnels, bridges, dams, catwalks (except those not for public use), roadways, highways, streets, sidewalks, culverts, channels, levees, dikes, berms, embankments, <u>landfills, docks, piers, wharves</u> , street lights, traffic signals, meters, roadway or highway fencing (<u>including guardrails</u>), and all similar property unless specific values for.....
Section II, B. 4. Off Premises Service Interruption	It is understood and agreed that coverage under this Policy is extended to include physical damage, business interruption loss and/or extra expense incurred and/or sustained by the Named Insured as a result of physical damage to or destruction of property, by the perils insured against occurring during the policy period of any suppliers furnishing heat, light, power, gas, water, telephone or similar services to a Named Insured's premises. The coverage provided by this clause is sub-limited to USD as per Declaration Page, <u>and Section 1 (General Provisions)</u> of this form.	It is understood and agreed that coverage under this Policy is extended to include physical damage, business interruption loss and/or extra expense incurred and/or sustained by the Named Insured as a result of physical damage to or destruction of property by the perils insured against occurring during the policy period of any suppliers furnishing electricity, <u>fuel</u> , gas, water, <u>steam</u> , telephone or similar services, <u>refrigeration or outgoing sewerage</u> to a Named Insured's premises. The coverage provided by this clause is sub-limited to USD as per Declaration Page.
Section II, B. 8. Building Laws	Included in first paragraph	Delete reference to " <u>local or state</u> "
Section II, B. 9. Demolition Cost	In the event of physical damage to property insured by a covered peril, this policy is extended to cover the cost of demolishing any undamaged portion of the covered property including the cost of clearing the site thereof, caused by loss from any covered peril(s) under this Policy and resulting from enforcement of any <u>local or state</u> ordinance or law regulating the construction, repair or demolition of buildings or structures and in force at the time of loss which necessitates such demolition.	In the event of physical damage to property insured by a covered peril, this Policy is extended to cover the cost of, <u>and the additional period of time required for</u> , demolishing any undamaged portion of the covered property including the cost of clearing the site thereof, caused by loss from any covered peril(s) under this Policy and resulting from enforcement of any ordinance or law regulating the construction, repair or demolition of buildings or structures and in force at the time of loss which necessitates such demolition.

Master Policy Form Wording Bound Changes Continued

PLEASE REFER TO THE RED LINE STRIKE OUT VERSION OF THE MASTER POLICY FOR FULL DETAILS

Coverage	2019-2020	2020-2021
<p>Section II, B.10. Increased Cost of Construction</p>	<p>In the event of physical damage to property insured by a covered peril, this Policy is extended to cover the increased cost of repair or replacement <u>occasioned</u> by the enforcement of any <u>local or state</u> ordinance or law including written guidelines used by the department of corrections in any state regulating.....</p>	<p>Refer to the redline version of the Policy for full details.</p> <p>In the event of physical damage to property insured by a covered peril, this Policy is extended to cover the increased cost of, <u>and the additional period of time required for repair or replacement caused by the enforcement of any ordinance or law (including written guidelines used by the department of corrections in any state) regulating.....</u></p> <p><u>Insurance under this section does not apply to:</u></p> <p>a. <u>Costs associated with the enforcement of any ordinance or law which requires any Named Insured or others to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to, or assess the effects of substances declared to be hazardous to health by a governmental agency; or</u></p> <p>b. <u>Loss due to any ordinance or law that:</u></p> <p style="padding-left: 20px;">i. <u>The Named Insured was required to comply with before the loss even if the building was undamaged; and</u></p> <p style="padding-left: 20px;">ii. <u>The Named Insured failed to comply with.</u></p> <p><u>The coverage provided by this clause is sub-limited to USD as per Declaration Page.</u></p>
<p>Section II, B.14 Transit</p>	<p>This policy is extended to cover Personal Property of the Named Insured or property held by the Named Insured in trust or on commission or on consignment for which the Named Insured may be held legally liable while in due course of transit, worldwide, against all risks of Direct Physical Loss or Damage not excluded by this Policy to the property insured occurring during the period of this Policy.</p> <p>The coverage provided by this clause is sub-limited to <u>USD as per Declaration Page, and Section 1 (General Provisions) Clause E. of this form.</u></p>	<p>This <u>Policy</u> is extended to cover Personal Property of the Named Insured or property held by the Named Insured in trust or on commission or on consignment for which the Named Insured may be held legally liable while in due course of transit, worldwide, against all risks of Direct Physical Loss or Damage not excluded by this Policy to the property insured occurring during the period of this Policy.</p> <p><u>Permission is hereby granted to the Named Insured without prejudice to this insurance to accept the ordinary Bill-of-Lading used by carriers, including released and/or under-valued Bill-of-Lading and/or Shipping or Messenger receipts; and the Named Insured may waive subrogation against railroads under side track agreements; and except as otherwise provided, the Named Insured shall not enter into any special agreement with carriers releasing them from their common law or statutory liability.</u></p> <p><u>This Policy also covers damage and loss of use:</u></p> <p>a. <u>Occasioned by the acceptance by the Named Insured, Insured's agent, customer or consignee(s) or others of fraudulent Bill-of-Lading, Shipping or Messenger receipts;</u></p> <p>b. <u>Obtained by fraud or deceit, perpetrated by any person(s) who may represent themselves to be the proper party or parties to receive the property for shipment or to accept it for delivery.</u></p> <p>The coverage provided by this clause is sub-limited to <u>USD as per Declaration Page</u></p>

Master Policy Form Wording BOUND Changes Continued

PLEASE REFER TO THE RED LINE STRIKE OUT VERSION OF THE MASTER POLICY FOR FULL DETAILS

Coverage	2019-2020	2020-2021
Section II, B. 17 Protection and Preservation of Property	<p>Last paragraph:</p> <p>Due to the unique nature of Health Care Facilities and Jails where it is deemed necessary to evacuate patients or inmates from the premises in order to reduce the physical loss potential from an actual or imminent loss or damage by a peril not excluded herein, <u>all terms and conditions of this clause will apply to the expenses incurred as a result of the evacuation.</u></p>	<p>Due to the unique nature of Health Care Facilities, <u>Education Facilities</u> and Jails where it is deemed necessary to evacuate <u>designated persons</u> from the premises in order to reduce the physical loss potential from an actual or imminent loss or damage by a peril not excluded herein, <u>the company will pay reasonable and necessary evacuation expenses incurred by the Named Insured. The following additional definitions apply to this Additional Time Element Coverage:</u></p> <p>a. Designated persons means:</p> <ol style="list-style-type: none"> (1) Patients, residents and lawful occupants at a covered location, and/or (2) Those employees who are essential to implement the mandatory evacuation order at a covered location. <p>b. Evacuation expenses means expenses incurred during the evacuation period to:</p> <ol style="list-style-type: none"> (1) Transport designated persons to another location; (2) House and maintain designated persons at another location; (3) Return designated persons to the covered location or, if the covered location is not habitable, to a suitable alternative location.
Section II, B. 19 Automatic Acquisition and Reporting Conditions	<p>End of first paragraph:</p> <p>Additionally a sub-limit of \$2,500,000 applies to Tier 1 wind counties, parishes and independent cities for <u>60 days</u> for the states of Virginia, North Carolina, South Carolina, Georgia, Alabama, Mississippi, Louisiana, Texas and/or situated anywhere within the states of Florida and Hawaii.</p>	<p>End of first paragraph:</p> <p>Additionally, <u>automatic coverage is granted</u> for up to <u>60 days, subject to</u> a sub-limit of \$2,500,000 <u>for additional property and/or interests in</u> Tier 1 wind counties, parishes and independent cities for the states of Virginia, North Carolina, South Carolina, Georgia, Alabama, Mississippi, Louisiana, Texas and/or situated anywhere within the states of Florida and Hawaii..</p>
Section II, B. 21 Accidental Contamination	<p>This Policy is hereby extended to cover Business Interruption and Property Damage loss as a result of accidental contamination, discharge or dispersal from any source to Covered Property, including expenses necessarily incurred to clean up, remove and dispose of contaminated substances so as to restore the Covered Property to the same condition as existed prior to loss. The coverage provided is sub-limited to USD as per Declaration page.</p> <p>If such contamination or dispersal is itself caused by fire, lightning, impact from aircraft, explosion, riot, civil commotion, smoke, collapse, vehicles, windstorm, hail, vandalism, malicious mischief or leakage and accidental discharge from automatic fire protective systems whereupon this extension shall provide coverage up to full limit of liability provided by this Policy.</p> <p>For the purposes of this Accidental Contamination clause only, the term "Covered Property", as covered by this Policy, is held to include Land (and Land Values) on which Covered Property is located whether or not the same are excluded by this Policy.</p>	<p><i>Refer to the redline version of the Policy for full details</i></p> <p>Coverage will be restricted to "cleanup, removal and disposal of the actual not suspected presence of Pollutants of Contaminant(s)."</p> <p>Pollutants or Contaminants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste, which after its release can cause or threaten damage to human health or human welfare or causes or threatens damage, deterioration, loss of value, marketability or loss of use to property insured hereunder, including, but not limited to, bacteria, virus, or hazardous substances listed in applicable environmental state, federal or foreign law or regulation, or as designated by the U.S. Environmental Protection Agency or similar applicable state or foreign governmental authority. Waste includes materials to be recycled, reconditioned or reclaimed. Pollutants or Contaminants does not include Fungus, Mold or Spore.</p>

Master Policy Form Wording Bound Changes Continued

PLEASE REFER TO THE RED LINE STRIKE OUT VERSION OF THE MASTER POLICY FOR FULL DETAILS

Coverage	2019-2020	2020-2021
Section II, C. 2 Property Not Covered	Standing timber, <u>bodies of water</u> , growing crops.	Standing timber, growing crops, water, <u>except water which is normally contained within any type of tank, piping system or other process equipment.</u>
Section II, C. 8 Property Not Covered	Offshore property, oilrigs, underground mines, caverns and their contents. Railroad track is excluded unless values have been reported by the Named Insured.	Offshore property, oilrigs, underground mines, caverns, <u>or underground storage facilities</u> and their contents. Railroad track is excluded unless values have been reported by the Named Insured.
Section III, B. 1 Ingress/Egress	This Policy is extended to insure the actual loss sustained during the period of time not exceeding 30 days when, as a direct result of physical loss or damage caused by a covered peril(s) specified by this Policy and occurring at property located within a <u>20</u> mile radius of covered property, ingress to or egress from the covered property covered by this Policy is prevented. Coverage under this extension is subject to a 24-hour waiting period.	This Policy is extended to insure the actual loss sustained during the period of time not exceeding 30 days when, as a direct result of physical loss or damage caused by a covered peril(s) specified by this Policy and occurring at property located within a <u>10</u> mile radius of covered property, ingress to or egress from the covered property covered by this Policy is prevented. Coverage under this extension is subject to a 24-hour waiting period.
Section III, B. 2 Interruption by Civil Authority	This Policy is extended to include the actual loss sustained by the Named Insured, as covered hereunder during the length of time, not exceeding 30 days, when as a direct result of damage to or destruction of property by a covered peril(s) occurring at property located within a <u>20</u> mile radius of covered property, access to the covered property is specifically prohibited by order of a civil authority. Coverage under this extension is subject to a 24-hour waiting period.	This Policy is extended to include the actual loss sustained by the Named Insured, as covered hereunder during the length of time, not exceeding 30 days, when as a direct result of damage to or destruction of property by a covered peril(s) occurring at property located within a <u>10</u> mile radius of covered property, access to the covered property is specifically prohibited by order of a civil authority. Coverage under this extension is subject to a 24-hour waiting period.
Section III, B. 3 Demolition and Increased Time to Rebuild	The Company shall, in the case of loss covered under this Policy, be liable also for loss to the interest covered by the Policy, occasioned by the enforcement of any <u>local or state</u> ordinance or law regulating the construction, repair or demolition of buildings or structures and in force....	The Company shall, in the case of loss covered under this Policy, be liable also for loss to the interest covered by the Policy, occasioned by the enforcement of any ordinance or law regulating the construction, repair or demolition of buildings or structures and in force.....

Master Policy Form Wording Bound Changes Continued

PLEASE REFER TO THE RED LINE STRIKE OUT VERSION OF THE MASTER POLICY FOR FULL DETAILS

Coverage	2019-2020	2020-2021
Section III, B. 5 Tax Revenue Interruption	<p>First paragraph Except as hereinafter or heretofore excluded, this Policy insures against loss resulting directly from necessary interruption of sales, property or other tax revenue including, but not limited to Tribal Incremental Municipal Services Payments collected by or due the Named Insured <u>caused by</u> damage or destruction to property which is not operated by the Named Insured and which wholly or partially prevents the generation of revenue for the account of the Named Insured.</p>	<p>Except as hereinafter or heretofore excluded, this Policy insures against loss resulting directly from necessary interruption of sales, property or other tax revenue including, but not limited to Tribal Incremental Municipal Services Payments collected by or due the Named Insured <u>as a result of physical damage to or destruction of property, by the perils insured against occurring during the policy period</u> which is not operated by the Named Insured and which wholly or partially prevents the generation of revenue for the account of the Named Insured.</p>
Section IV, B. 2 Exclusions	<p>Physical loss or damage by normal settling, shrinkage or expansion in building or foundation.</p>	<p>Physical loss or damage by settling, <u>cracking</u>, shrinkage, <u>bulging</u>, or expansion of <u>pavements, foundations, walls, floors, roofs or ceilings</u>; <u>all unless physical damage not otherwise excluded by this Policy ensues, in which event, this Policy will cover only such ensuing damage.</u></p>
Section IV, B. 21 Exclusions		<p><i>Addition of the following exclusion to the General Conditions section:</i></p> <p>Lack of the following services:</p> <ol style="list-style-type: none"> a. incoming electricity, fuel, gas, water, steam or refrigeration; b. outgoing sewerage; or c. incoming or outgoing telephone or similar services; <p>all when caused by loss or damage to any property outside Insured Location(s).</p> <p>However, the above do not apply to OFF PREMISES SERVICE INTERRUPTION.</p>
Section IV, New J. No Benefit to Bailee		<p><i>Addition of the following item to the General Conditions:</i></p> <p>NO BENEFIT TO BAILEE</p> <p>This Policy shall in no way inure directly or indirectly to the benefit of any carrier or other bailee.</p>

Master Policy Form Wording Bound Changes Continued

PLEASE REFER TO THE RED LINE STRIKE OUT VERSION OF THE MASTER POLICY FOR FULL DETAILS

Coverage	2019-2020	2020-2021
Section IV, L Arbitration of Value	<p><u>n case</u> the Named Insured and the Company <u>shall</u> fail to agree as to the amount of loss, <u>then</u>, on the written demand of <u>either, each shall</u> select a competent and disinterested appraiser and <u>notify the other of</u> the appraisers <u>selected</u>. <u>The appraiser</u> shall first select a competent and disinterested umpire, and failing to agree upon such umpire, then, on request of the Named Insured or the Company such umpire shall be selected by judge of a court of record in the state in which <u>the property covered is located</u>.</p> <p>The appraisers shall <u>as soon as practicable</u>, appraise the loss stating separately the <u>loss of each item</u> and failing to agree, shall submit their differences <u>only</u> to the umpire. An award in writing <u>so itemized</u>, of any two <u>appraisers when filed with the Company</u> shall determine the amount of loss. The <u>party selecting him</u> shall pay <u>each</u> appraiser and the expenses of appraisal and umpire <u>shall be paid by the parties equally</u>.</p>	<p>If the Named Insured and the company fail to agree as to the amount of loss, <u>each shall</u> on the written demand of <u>other, made within sixty (60) days after receipt of proof of loss by the Company</u>, select a competent and disinterested appraiser, and the <u>appraisal shall be made at a reasonable time and place</u>. <u>The</u> appraisers shall first select a competent and disinterested umpire, and failing <u>for fifteen (15) days</u> to agree upon such umpire, then on <u>the</u> request of the Named Insured or the company, such umpire shall be selected by <u>a</u> judge of a court of record in the state in which <u>such appraisal is pending</u>. The appraisers shall <u>then</u> appraise the loss, stating separately the <u>fair market value at the time of loss</u> and the amount of loss, and failing to agree shall submit their differences to the umpire. An award in writing of any two shall determine the amount of loss. <u>The Named Insured and the Company shall each pay their chosen appraiser and shall bear equally the other expenses of the appraisal and umpire. The Named Insured shall not be held to have waived any of its rights by any act relating to appraisal.</u></p>
Section IV, N. Settlement of Loss	.	<p><i>Addition of the following item to the General Conditions section:</i></p> <p>SETTLEMENT OF LOSS</p> <p>All adjusted claims shall be paid or made good to the Named Insured within thirty (30) days after presentation and acceptance of satisfactory proof of interest and loss at the office of the company. No loss shall be paid or made good if the Named Insured has collected the same from others</p>
Section IV, AG Service of Suit Clause (USA) Applicable to Excess Carriers	FLWA Service Corp, c/o Foley and Lardner LLP, 555 California Street, Suite 1700, San Francisco, CA 94104-1520 (applicable to all markets except as noted below)	<p><u>Lloyd's America Inc., Attention: Legal Department, 280 Park Avenue, East Tower, 25th Floor, New York, NY 10017 in respect of Insurers identified in Security Details section as "Lloyd's Stamp:" followed by 4 digits.</u></p> <p><u>Mendes and Mount, 750 Seventh Avenue, New York, NY 10019-6829 are the nominee in respect of any non-Lloyd's participation on this Contract.</u></p> <p><u>Note: FLWA Service Corp, c/o Foley and Lardner LLP, 555 California Street, Suite 1700, San Francisco, CA 94104-1520 are the nominee for CA (applicable to all markets except as noted below)</u></p> <p><u>XL Catlin Insurance Company UK Limited, LIRMA C7509: Sarah Mims, XL Global Services Inc, 505 Eagleview Boulevard, Exton, PA 19341</u></p>

Master Policy Form Wording Bound Changes Continued

PLEASE REFER TO THE RED LINE STRIKE OUT VERSION OF THE MASTER POLICY FOR FULL DETAILS

Coverage	2019-2020	2020-2021
Section IV, AH. 5 Tier I Windstorm Counties	Tier 1 Windstorm Counties not listed in the Policy, but are a part of market agreement	<p><u>Tier 1 Windstorm Counties now defined in the policy:</u></p> <p><u>Connecticut: Fairfield, Middlesex, New Haven, New London</u></p> <p><u>Delaware: Entire State, All Counties</u></p> <p><u>Maine: Cumberland, Hancock, Knox, Lincoln, Sagadahoc, Waldo, Washington, York</u></p> <p><u>Maryland: Anne Arundel, Baltimore, Baltimore City, Calvert, Cecil, Dorchester, Harford, Kent, Queen Anne's, St. Mary's, Somerset, Talbot, Wicomico, Worcester</u></p> <p><u>Massachusetts: Barnstable, Bristol, Dukes, Essex, Middlesex, Nantucket, Norfolk, Plymouth, Suffolk</u></p> <p><u>New Hampshire: Rockingham, Strafford</u></p> <p><u>New Jersey: Atlantic, Burlington, Cape May, Cumberland, Middlesex, Monmouth, Ocean, Salem, Union</u></p> <p><u>New York: Bronx, Kings, Nassau, New York, Queens, Richmond, Suffolk</u></p> <p><u>Rhode Island: Entire State, All Counties</u></p>
Section IV, AH. 6 Tier II Windstorm Counties	Tier 2 Windstorm Counties not listed in the Policy, but are a part of market agreement	<p><u>Tier 2 Windstorm Counties now defined in the policy:</u></p> <p><u>Georgia: Brantley, Charlton, Effingham, Long, Wayne</u></p> <p><u>Louisiana: Acadia, Ascension, East Baton Rouge, Iberville, Jefferson Davis, Lafayette, St. Martin (North), Washington, West Baton Rouge</u></p> <p><u>Mississippi: George, Pearl River, Stone</u></p> <p><u>North Carolina: Bladen, Duplin, Gates, Hertford, Lenoir, Martin, Pitt</u></p> <p><u>South Carolina: Florence, Marion, Williamsburg</u></p> <p><u>Texas: Bee, Brooks, Fort Bend, Goliad, Hardin, Hidalgo, Jasper, Jim Wells, Wharton</u></p>
Section V, D. 7. Special Conditions	Loss Clause: Any loss hereunder shall not reduce the amount of this Section, except in the event of payment of claim for total loss of an item specifically scheduled hereon.	Deleted in its entirety
Section VIII, A. Coverage	This Policy insures <u>only Unmanned Aircraft</u> , that are usual to <u>your</u> business that <u>you</u> own or are required to insure, <u>to pay for any physical damage loss</u> sustained while not In Flight or In Motion and which are not the result of fire or explosion following crash or collision while the Unmanned Aircraft was In Flight or In Motion that are:	This Policy insures <u>against all risks of direct physical loss of or damage except as hereafter excluded occurring during the policy period to Unmanned Aircraft</u> , that are usual to <u>the Named Insured's</u> business and that <u>the Named Insured</u> own or are required to insure, sustained while not In Flight or In Motion and which are not the result of fire or explosion following crash or collision while the Unmanned Aircraft was In Flight or In Motion that are:

Master Policy Form Wording Bound Changes Continued

PLEASE REFER TO THE RED LINE STRIKE OUT VERSION OF THE MASTER POLICY FOR FULL DETAILS

Coverage	2019-2020	2020-2021
Section IX General change		Added the word <u>Covered</u> before the word property throughout item 2
Section IX, 6 Covered Property	Covered Property, as used in this Extension, means any property that:	Covered Property, as used in this Extension, means any property <u>not otherwise excluded in this Policy</u> that:
Section IX, 10. D Conditions	In the event of an Accident to an Object as insured under this Extension that is concomitant with or followed by physical loss or damage incurred under the All Risks policy that this Extension attaches to, the deductible to be applied to the total loss shall be the applicable <u>Boiler & Machinery</u> deductible.	In the event of an Accident to an Object as insured under this Extension that is concomitant with or followed by physical loss or damage incurred under the All Risk policy that this Extension attached to, the deductible to be applied to the total loss shall be the <u>highest</u> applicable deductible.
Endorsement Section	Communicable Disease Endorsement 4	<i>Refer to the redline version of the Policy for full details.</i> The previous Endorsement 4 which granted coverage for Communicable Disease has been replaced with LMA5393 which excludes Communicable Disease
Endorsement Section		<i>The following has been added to the Policy. Refer to the redline version of the Policy for full details.</i> Endorsement 5 – Property Cyber and Data Endorsement has been added to the policy. This Endorsement (LMA5400) is applicable only to capacity placed in the Lloyd's of London market and is a mandatory exclusion for all cyber. This exclusion extends to all damage (including ensuing physical damage) as a result of a malicious cyber act. Additionally, this endorsement restricts the valuation of Data processing Media to the cost of the media plus restoration from backup.



PEPIP USA FORM No.16
MASTER POLICY WORDING

COVERAGE INCEPTING
FROM JULY 1, 2020 TO JULY 1, 2021

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SECTION I

GENERAL PROVISIONS

A. INSURING AGREEMENT

In consideration of the premium paid by the Named Insured to the Company, the Company agrees to insure the following per the terms and conditions herein.

B. NAMED INSURED

As shown on the Declaration page, or as listed in the Declaration Schedule Addendum attached to this Policy.

Member(s), entity(ies), agency(ies), organization(s), enterprise(s) and/or individual(s) for whom the Named Insured is required or has agreed to provide coverage, or as so named in the "Named Insured Schedule" on file with Alliant Insurance Services, Inc., as their interests may appear which now exist or which hereafter may be created or acquired and which are owned, financially controlled or actively managed by the herein named interest, all jointly, severally or in any combination of their interests, for account of whom it may concern, are covered within the limits provided to the individual Named Insured.

Lessors of interest in all property of every description covered hereunder are included herein as Insured's for their respective rights and interests, it being understood that the inclusion hereunder of more than one covered party shall not serve to increase the Company's limit of liability.

Mortgagees to whom certificates of coverage have been issued are covered hereunder as Insured's in accordance with the terms and conditions of Form 438 BFU NS, CP12 18 1091, or equivalent as required by the mortgagee.

C. MAILING ADDRESS OF NAMED INSURED

AS PER DECLARATION PAGE

D. POLICY PERIOD

AS PER DECLARATION PAGE

E. LIMITS OF LIABILITY

Subject to specific exclusions, modifications, and conditions hereinafter provided, the liability of the Company in any one occurrence regardless of whether one or more of the coverages of this Policy are involved shall not exceed:

1. LIMITS OF LIABILITY

The Specific Limits of Liability as described in the Declaration Page apply per occurrence unless indicated otherwise.

2. SUB-LIMITS OF LIABILITY

The following sub-limits of liability are provided as described in the Declaration Page and apply per occurrence unless indicated otherwise. Coverage is provided only if a sub-limit of liability is shown in the Declaration Page for that item, and do not increase the specific limits of liability. The absence of a sub-limit of liability amount in the Declaration Page means that no coverage is provided for that item.

- a. Per occurrence, and in the annual aggregate as respects the peril of flood (for those Named Insured(s) that participate in this optional dedicated coverage);
- b. Per occurrence, and in the annual aggregate as respects the peril of earthquake shock for those Named Insured(s) that participate in this optional dedicated coverage;
- c. Combined Business Interruption, Rental Income, Tax Interruption and Tuition income (and related fees) ;
- d. Extra Expense;
- e. Miscellaneous Unscheduled Property;
- f. Automatic Acquisition. As per policy provisions;
- g. Unscheduled Landscaping, tees, sand traps, greens, athletic fields and artificial turf if specific values for such items have not been reported as part of the Named Insured(s) schedule of values held on file with Alliant Insurance Services, Inc. This coverage extension does not apply to the peril of Earthquake Shock in the states of California, or Alaska. If Flood coverage is purchased for scheduled locations this extension will extend to include Flood coverage for any location not situated in Flood Zones A or V;
- h. Scheduled Landscaping, tees, sand traps, greens, athletic fields and artificial turf if specific values for such items have been reported as part of the Named Insured(s) schedule of values held on file with Alliant Insurance Services, Inc.;
- i. Errors & Omissions;
- j. Course of Construction and Additions;
- k. Money and Securities for Fire, Wind, Hail, Explosion, Smoke, Lightning, Riot, Civil Commotion, Impact by Aircraft or Objects falling there from, Impact by Vehicles, Water Damage and Theft (other than by an employee of the Named Insured(s));
- l. Prize Giveaways solely as respects Named Insured(s) that participate in this optional coverage;
- m. Unscheduled Fine Arts (as more fully defined herein);
- n. Accidental Contamination including owned land, land values and water owned by the Named Insured(s);
- o. Unscheduled infrastructure including but not limited to tunnels, bridges, dams, catwalks (except those not for public use), roadways, highways, streets, sidewalks, culverts, channels, levees, dikes, berms, embankments, landfills, docks, piers, wharves, street lights, traffic signals, meters, road way or highway fencing (including guardrails), and all similar property unless specific values for such items have been reported as part of a Named Insured(s) schedule of values held on file in the offices of Alliant Insurance Services, Inc. Unscheduled Infrastructure coverage is excluded for the peril of Earthquake Shock, and for Federal Emergency Management Agency (F.E.M.A.) and/or any State Office of Emergency Services (O.E.S.) declared disasters, providing said declaration provides funding for repairs. Landfills include underground liners, installed liners, or liners while being installed; installed geotextile mats or geotextile mats while being installed; installed collection pipes or collection pipes while being installed; any material or substance that make up the landfill; embankments; or material deposited or disposed thereon. Landfills do not include the following located at a landfill site:

1. Buildings
2. Machinery and equipment

- 3. Stock and supplies
- 4. Contractor's equipment
- 5. Vehicles

- p. Increased Cost of Construction due to the enforcement of building codes / ordinance or law. As per policy provisions;
- q. Transit;
- r. Unscheduled Animals;
- s. Unscheduled Watercraft; up to 27 feet. Unscheduled watercraft over 27 feet if held for sale by the insured.
- t. Off premises services interruption including extra expense resulting from a covered peril at non-owned/operated location(s);
- u. Separately as respects Contingent Business Interruption, Contingent Extra Expense, Contingent Rental Value, and Contingent Tuition Income;
- v. Per occurrence and in the annual aggregate as respects the peril of Earthquake Shock for licensed vehicles, unlicensed vehicles, contractors equipment and fine arts combined for all Named Insured(s) of this Declaration combined that do not purchase optional dedicated Earthquake Shock coverage, and/or where specific values for such items are not covered for optional dedicated Earthquake Shock coverage as part of the Named Insured(s) schedule of values held on file with Alliant Insurance Services, Inc.;
- w. Per occurrence and in the annual aggregate as respects the peril of Flood for licensed vehicles, unlicensed vehicles, contractors equipment and fine arts combined for all Named Insured(s) of this Declaration combined that do not purchase optional Flood coverage, and/or where specific values for such items are not covered for optional dedicated Flood coverage as part of the Named Insured(s) schedule of values held on file with Alliant Insurance Services, Inc.;
- x. Claim Preparation Expenses;
- y. Expediting Expenses;
- z. Separately as respects furs, jewelry, precious metals and precious stones;
- aa. Business Interruption for Power Generation Facilities, which is understood to be part of and not additional to the sub-limit of liability set forth in Item 2 c. above;
- ab. Personal Property outside the U.S.A.;
- ac. Unmanned Aircraft. As per policy provisions
- ad. Mold/Fungus Resultant Damage. As per policy provisions
- ae. Boiler Explosion and Machinery Breakdown (for those Named Insured(s) that participate in this optional dedicated coverage).

F. OPTIONAL COVERAGE PARTICIPATION

It is understood and agreed that certain Named Insured's participate in Optional Coverage on this Policy as set forth below.

OPTIONAL COVERAGES IDENTIFICATION:

- 1. Earthquake Shock
- 2. Licensed Vehicles – Off Premises
- 3. Scheduled Fine Arts
- 4. Flood
- 5. Boiler Explosion & Machinery Breakdown

Such participation in the optional coverage(s) by the Named Insured is indicated in the Declaration Page, and/or by endorsement to this Policy.

G. DEDUCTIBLE PROVISIONS

If two or more deductible amounts provided in the Declaration Page apply for a single occurrence the total to be deducted shall not exceed the largest per occurrence deductible amount applicable.

Deductibles are shown on the Declaration Page, or by endorsement and may vary by member of a joint powers authority (JPA) or risk sharing pool (Pool), or the coverage part pertaining to the loss.

Unless a more specific deductible is applicable for a particular loss, the “Basic Deductible” shown in the Declaration Page, shall apply per occurrence. The company will not pay for loss or damage in any one occurrence until the amount of the loss or damage exceeds the applicable deductible.

The “JPA/Pool Basic Deductible” – when applicable will be in excess of a JPA or Pool member’s deductible amount. The Named Insured(s) deductible amount will be agreed upon between the JPA or Pool and its members. The “JPA/Pool Basic Deductible” shown in the Declaration Page, shall apply per occurrence. The company will not pay for loss or damage in any one occurrence until the amount of the loss or damage exceeds the applicable constituent members’ deductible and the “JPA/Pool Basic Deductible”, until the “JPA/Pool Annual Aggregate Amount” is exhausted.

The “JPA/Pool Annual Aggregate Amount” - when applicable is the accumulation of payments made by the JPA or Pool that are categorized as “JPA/Pool Basic Deductibles” above. Once the annual aggregate amount is reached, all subsequent losses in chronological order are subject to the “JPA/Pool Maintenance Deductible” indicated in the Declaration Page. As with the “JPA/Pool Basic Deductible” this maintenance deductible will be applicable in excess of the applicable JPA or Pool constituent member’s deductible.

“Vehicle Physical Damage deductible” - if Off-Premises coverage is included/purchased, the stated deductible will apply to vehicle physical damage both on and off premises on a per occurrence basis, unless otherwise stated. If “Off-Premises” coverage is not included, On-Premises/In-Yard coverage is subject to the All Risk “Basic Deductible”.

H. UNIT OF INSURANCE DEFINED

In the application of the Earthquake Shock, or specified Wind deductibles, in accordance with the provisions of this Policy, each of the following shall be considered a Separate Unit of Insurance:

1. Each Separate Building or Structure;
2. The Contents of each Building or Structure;
3. Applicable Time Element Coverage of each separate Building or Structure; and
4. Property in each Yard.

The Company shall not be liable for loss to any Unit of Insurance covered hereunder unless such loss exceeds the percentages stated in this Policy of the replacement values of such Unit of Insurance at the time when such loss shall happen, and then only for its proportion of such excess.

I. PRIORITY OF PAYMENTS

In the event of loss caused by or resulting from more than one peril or coverage, the limit of liability of the primary / underlying coverage shall apply first to the peril(s) or coverage(s) not insured by the excess layers and the remainder, if any, to the peril(s) or coverage(s) insured hereunder. Upon exhaustion of the limit of liability of the primary / underlying coverage, the excess layers shall then be liable for loss uncollected from the peril(s) or coverage(s) insured hereunder, subject to the limit of liability and the other terms and conditions as specified.

SECTION II**PROPERTY DAMAGE****A. COVERAGE**

Subject to the terms, conditions and exclusions hereinafter contained, this Policy insures all property of every description both real and personal (including improvements, betterments and remodeling), of the Named Insured, or property of others in the care, custody or control of the Named Insured, for which the Named Insured is liable, or under the obligation to insure.

B. EXTENSIONS OF COVERAGE

All coverage extensions are subject to the terms, conditions and exclusions of the Policy except insofar as they are explicitly providing additional coverage.

1. PERSONAL EFFECTS

This Policy is extended to cover only such personal effects and wearing apparel of any of the officials, employees, students and personal effects of the Named Insured named in this Policy for which the Named Insured may elect to assume liability while located in accordance with the coverage hereof, but loss, if any, on such property shall be adjusted with and payable to the Named Insured.

2. PROPERTY IN COURSE OF CONSTRUCTION AND ADDITIONS

It is understood and agreed that as respects course of construction projects and additions, this Policy will provide automatic coverage subject to the following conditions:

- a. Project involves only real property on new or existing locations (excluding dams, roads, and bridges).
- b. Value of the project at the location does not exceed USD as per Declaration Page. Projects that exceed this amount are subject to underwriting approval, prior to binding. However, inadvertent failure to report projects within USD as per Declaration Page shall not void coverage of said Project.

Additional Expenses - Soft Costs: This extension applies to new buildings or structures in the course of construction up to the time that the new building(s) or structure(s) is initially occupied or put to its intended use whichever occurs first.

The Company will cover the additional expenses (soft costs) of the Named Insured as defined below for up to 25% of the estimated completed value of the project which results from a delay in the completion of the project beyond the date it would have been completed had no loss or damage occurred. The delay must be due to direct physical loss or damage to property insured and be caused by or result from a peril not excluded by this Policy. The Company will pay covered expenses when they are incurred.

- a. **Additional Interest Coverage** – The Company will pay the additional interest on money the Named Insured borrows to finance construction or repair.
- b. **Rent or Rental Value Coverage** – The Company will pay the actual loss of net rental income that results from delay beyond the projected completion date. But the

Company will not pay more than the reduction in rental income less charges and expenses that do not necessarily continue.

- c. Additional Real Estate Taxes or Other Assessments – The Company will pay the additional real estate taxes or other assessments the Named Insured incurs for the period of time that construction is extended beyond the completion date.
- d. Additional Advertising and Promotional Expenses – The Company will pay the additional advertising and promotional expense that becomes necessary as a result of a delay in the completion of the project.
- e. Additional Commissions Expense – The Company will pay the additional expenses, which result from the renegotiating of leases following an interruption in the project.
- f. Additional Architectural and Engineering Fees – The Company will pay the additional architectural and engineering fees that become necessary as a result of a delay in the completion of the project.
- g. Additional License and Permit Fees – The Company will pay the additional license and permit fees that become necessary as a delay in the completion of the project.
- h. Legal and Accounting Fees – The Company will pay the additional legal and accounting fees the Named Insured incurs as a result of a delay in the completion of the project.

3. FIRE FIGHTING EXPENSES

It is understood and agreed that the Company shall be liable for the actual charges of fire fighting expenses including but not limited to those charged by municipal or private fire departments responding to and fighting fire in / on, and/or protecting property included in coverage provided by this Policy.

4. OFF PREMISES SERVICES INTERRUPTION

It is understood and agreed that coverage under this Policy is extended to include physical damage, business interruption loss and/or extra expense incurred and/or sustained by the Named Insured as a result of physical damage to or destruction of property, by the perils insured against occurring during the policy period of any suppliers furnishing electricity, fuel, gas, water, steam, telephone or similar services, refrigeration or outgoing sewerage to a Named Insured's premises. The coverage provided by this clause is sub-limited to USD as per Declaration Page

5. ARCHITECTS AND ENGINEERS FEES AND LOSS ADJUSTMENT EXPENSES

This Policy also insures as a direct result of physical loss or damage insured hereunder, any of the following:

- a. Architects and engineers fees
- b. Loss adjustment expenses including, but not limited to, auditors, consultants and accountants. However, the expenses of public adjusters are specifically excluded.

6. EXPEDITING EXPENSES

In the event of physical loss or damage insured hereunder, it is understood and agreed that coverage under this Policy includes the reasonable extra cost of temporary repair and of expediting the repair of such damaged property of the Named Insured, including overtime and the extra costs of express or other rapid means of transportation. This coverage provided by this clause is sub-limited to USD as per the Declaration Page.

7. DEBRIS REMOVAL

This Policy also covers expenses incurred in the removal of debris of the property covered hereunder from the premises of the Named Insured that may be destroyed or damaged by a covered peril(s). This debris removal coverage does not apply to the cost to extract pollutants from land or water, or to remove, restore or replace polluted land or water.

8. BUILDING LAWS

This Policy is extended to include physical damage, business interruption loss, loss of interest and/or extra expense incurred and/or sustained by the Named Insured as a result of physical damage to or destruction of property, by the perils insured against occurring during the policy period and occasioned by the enforcement of any ordinance or law regulating the construction, repair or demolition of buildings or structures, which is in force at the time such a loss occurs, which necessitates the demolition of any portion of the covered building not damaged by the covered peril(s).

The Company shall also be liable for loss due to the additional period of time required for repair or reconstruction in conformity with the minimum standards of such ordinance or law of the building(s) described in this Policy damaged by a covered peril.

The Company shall not be liable under this clause for more than the limit of liability as shown elsewhere in this Policy.

9. DEMOLITION COST

In the event of physical damage to property insured by a covered peril, this Policy is extended to cover the cost of, and the additional period of time required for, demolishing any undamaged portion of the covered property including the cost of clearing the site thereof, caused by loss from any covered peril(s) under this Policy and resulting from enforcement of any ordinance or law regulating the construction, repair or demolition of buildings or structures and in force at the time of loss which necessitates such demolition.

10. INCREASED COST OF CONSTRUCTION

In the event of physical damage to property insured by a covered peril, this Policy is extended to cover the increased cost of, and the additional period of time required for, repair or replacement caused by the enforcement of any ordinance or law (including written guidelines used by the department of corrections in any state) regulating the construction, repair or demolition of buildings or structures, which is in force at the time such a loss occurs or which comes into force within 6 months after such a loss occurs, which necessitates in repairing or replacing the building covered hereunder which has suffered damage or destruction by the covered peril(s) or which has undergone demolition, limited however, to the minimum requirements of such ordinance or law.

Insurance under this section does not apply to:

- a. Costs associated with the enforcement of any ordinance or law which requires any

Named Insured or others to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to, or assess the effects of substances declared to be hazardous to health by a governmental agency; or

- b. Loss due to any ordinance or law that:
 - i. The Named Insured was required to comply with before the loss even if the building was undamaged; and
 - ii. The Named Insured failed to comply with.

The coverage provided by this clause is sub-limited to USD as per Declaration Page.

11. ERRORS & OMISSIONS

No unintentional errors or unintentional omissions in description, location of property or valuation of property will prejudice the Named Insured's right of recovery but will be reported to the Company as soon as practicable when discovered. The coverage provided by this clause is sub-limited to USD as per Declaration Page. This extension does not increase any more specific limit stated elsewhere in this Policy or Declaration.

12. ANIMALS

This Policy is extended to cover retraining expenses associated with the loss of specially trained animals. Retraining expenses are included within the sub-limit provided, unless otherwise scheduled.

Notwithstanding the foregoing it is hereby understood and agreed that solely as respects Universities, hospitals, or other institutions of learning the following shall apply:

This Policy is extended to cover physical loss or damage to animals used for research subject to applicable exclusions under Section IV (General Conditions) B. Exclusions.

13. VALUABLE PAPERS

This Policy is extended to cover Valuable Papers or the cost to reconstruct valuable papers (including but not limited to research, redrawing or duplicating) physically lost or damaged by a peril insured against during the term of this Policy.

14. TRANSIT

This Policy is extended to cover Personal Property of the Named Insured or property held by the Named Insured in trust or on commission or on consignment for which the Named Insured may be held legally liable while in due course of transit, worldwide, against all risks of Direct Physical Loss or Damage not excluded by this Policy to the property insured occurring during the period of this Policy.

Permission is hereby granted to the Named Insured without prejudice to this insurance to accept the ordinary Bill-of-Lading used by carriers, including released and/or under-valued Bill-of-Lading and/or Shipping or Messenger receipts; and the Named Insured may waive subrogation against railroads under side track agreements; and except as otherwise provided, the Named Insured shall not enter into any special agreement with carriers releasing them from their common law or statutory liability.

This Policy also covers damage and loss of use:

- a. Occasioned by the acceptance by the Named Insured, Insured's agent, customer or consignee(s) or others of fraudulent Bill-of-Lading, Shipping or Messenger receipts;

- b. Obtained by fraud or deceit, perpetrated by any person(s) who may represent themselves to be the proper party or parties to receive the property for shipment or to accept it for delivery.

The coverage provided by this clause is sub-limited to USD as per Declaration Page.

15. VEHICLES WHILE ON INSURED PREMISES

This Policy is extended to cover vehicles while on premises of the Named Insured against physical loss or damage by a peril insured against during the term of this Policy.

16. ASBESTOS CLEAN UP AND REMOVAL

This Policy specifically excludes asbestos materials clean up or removal, unless asbestos is itself damaged by a peril covered by this Policy, then asbestos cleanup or removal within the damaged area, and applicable time element coverages, will be covered by this Policy.

In no event will coverage be extended to cover undamaged asbestos, including undamaged asbestos in any portion of the building mandated by any governmental direction or request declaring that asbestos material present in any undamaged portion of the Named Insured's property must be removed or modified, or;

any loss or expense including investigation or defense costs, caused by, resulting from, or arising out of asbestos, exposure to asbestos, or any product containing asbestos, or;

any loss or expense normally provided by demolition, increased cost or building ordinance.

The Named Insured must report to Underwriters the existence of the damage as soon as practicable after the loss. However, this Policy does not insure any such damage first reported to the Underwriters more than thirty six (36) months after the expiration, or termination, of this Policy.

17. PROTECTION AND PRESERVATION OF PROPERTY

In the event of loss likely to be covered by this Policy, the Named Insured shall endeavor to protect covered property from further damage and shall separate the damaged and undamaged personal property and store in the best possible order, and shall furnish a complete inventory of the destroyed, damaged and undamaged property to the Insurer.

In case of actual or imminent physical loss or damage of the type insured against by this Policy, the expenses incurred by the Named Insured in taking reasonable and necessary actions for the temporary protection and preservation of property insured hereunder shall be added to the total physical loss or damage otherwise recoverable under the Policy and be subject to the applicable deductible and without increase in the limit provisions contained in this Policy.

Due to the unique nature of Educational Facilities, Health Care Facilities and Jails where it is deemed necessary to evacuate designated persons from the premises in order to reduce the physical loss potential from an actual or imminent loss or damage by a peril not excluded herein, the Company will pay reasonable and necessary evacuation expenses incurred by the Named Insured. The following additional definitions apply to this Additional Time Element Coverage:

- a. Designated persons means:
 - (1) Patients, residents and lawful occupants at a covered location, and/or
 - (2) Those employees who are essential to implement the mandatory evacuation order at a covered location.
- b. Evacuation expenses means expenses incurred during the evacuation period to:
 - (1) Transport designated persons to another location;
 - (2) House and maintain designated persons at another location;
 - (3) Return designated persons to the covered location or, if the covered location is not habitable, to a suitable alternative location.

18. LEASEHOLD INTEREST

In the event of physical loss or damage of the type insured against by this Policy to real property of the type insured this Policy, which is leased by the Named Insured, this Policy is extended to cover:

- (1) If as a result of such loss or damage the property becomes wholly un-tenantable or unusable and the lease agreement requires continuation of the rent, the Company shall indemnify the Named Insured for the actual rent payable for the unexpired term of the lease; or
- (2) If as a result of such loss or damage the property becomes partially un-tenantable or unusable and the lease agreement requires continuation of the rent, the Company shall indemnify the Named Insured for the proportion of the rent applicable thereto; or
- (3) If as a result of such loss or damage the lease is cancelled by the lessor pursuant to the lease agreement or by operation of law, the Company shall indemnify the Named Insured for its Lease Interest for the first three months following such loss or damage and for its Net Lease Interest for the remaining unexpired term of the lease;

provided, however, that the Company shall not be liable for any increase in the amount recoverable hereunder resulting from the suspension, lapse or cancellation of any license, or from the Named Insured exercising an option to cancel the lease; or from any act or omission of the Named Insured which constitutes a default under the lease; and provided further that the Named Insured shall use any suitable property or service owned or controlled by the Named Insured or obtainable from another source to reduce the loss hereunder.

The following definitions shall apply to this coverage:

- (1) Lease Interest means the excess rent paid for the same or similar replacement property over actual rent payable plus cash bonuses or advance rent paid (including any maintenance or operating charges) for each month during the unexpired term of the Named Insured's lease.
- (2) Net Lease Interest means that sum which placed at 8% interest compounded annually would equal the Lease Interest (less any amounts otherwise payable hereunder).

19. AUTOMATIC ACQUISITION AND REPORTING CONDITIONS

This Policy is automatically extended to insure additional property and/or interests as described in this Policy, which may be acquired or otherwise become at the risk of the Named Insured, during the policy period, within the United States of America, subject to the values of such additional property and/or interests not exceeding USD25,000,000 or Named Insured's Policy

Limit of Liability if less than USD25,000,000 any one acquisition excluding licensed vehicles, for which a limit of USD10,000,000 applies or Named Insured's Policy Limit of Liability if less than USD10,000,000. Additionally, automatic coverage is granted for up to 60 days, subject to a sub-limit of \$2,500,000 for additional property and/or interests in Tier 1 wind counties, parishes and independent cities for the states of Virginia, North Carolina, South Carolina, Georgia, Alabama, Mississippi, Louisiana, Texas and/or situated anywhere within the states of Florida and Hawaii..

If Flood coverage is purchased for all scheduled locations, this extension will extend to include Flood coverage for any location not situated in Flood Zones A or V. In the event that coverage for Flood for any location situated in Flood Zones A or V is required, it is to be agreed by the Company prior to attachment hereunder.

This coverage extension does not apply to the peril of Earthquake Shock in the States of California, or Alaska except as follows:

- (1) At Policy inception, for those Named Insureds that purchase the earthquake shock peril, per the sub-limit that appears on the Declaration Page, automatic coverage applies for the peril of earthquake shock for a period of 30 days from date of contractual requirement by any bond, certificate of participation or any similar investment, for any new locations where there is such a contractual requirement to provide earthquake shock coverage. Otherwise there is no Automatic Coverage for Earthquake Shock for any other new locations in California and Alaska.

In the event of coverage being required for additional property and/or interest where the value exceeds USD25,000,000 or Named Insured(s) Policy Limit of Liability if less than USD25,000,000 any one acquisition details of said property and/or interest are to be provided to the Company for its agreement not later than one hundred and twenty (120) days from the date of the said additional property and/or interest have become at the risk of the Named Insured, this Policy providing coverage automatically for such period of time up to a maximum limit of USD100,000,000 or Named Insured(s) Policy Limit of Liability if less than USD100,000,000. After the reporting of a location added under automatic acquisition, the Company retains the right to determine acceptability of all such property(ies). Additional premium will be calculated from the date of acquisition, if values are in excess of USD25,000,000.

In the event that the Named Insured fails to comply with the above reporting provision, then coverage hereunder is sub-limited to USD25,000,000 or Named Insured's Policy Limit of Liability if less than USD25,000,000 any one occurrence.

Additional, or return premium due for endorsements issued during the policy period, such as those for additions or deletions of values within or greater than as that which is provided in any "Automatic Acquisition sub-limit" (including those for existing Named Insureds, new Named Insureds to the PEP-IP program, or new members to existing JPA Named Insureds) will be processed on a quarterly basis. Issuance of the endorsements and calculation of pro-rata or return premium, for these changes will be processed as of, and at the time of the transaction.

20. MISCELLANEOUS UNNAMED LOCATIONS

Coverage is extended to include property at locations (including buildings or structures, owned, occupied or which the Named Insured is obligated to maintain insurance) located within the territorial limitations set by this Policy. Coverage provided by this clause is limited to any sub-limit noted on the Declaration Page attached to this form, and by terms and conditions of this policy form. This coverage extension does not apply to the peril of Earthquake Shock in the states of California, or Alaska. If Flood coverage is purchased for scheduled locations, this extension will extend to include Flood coverage for any location not situated in Flood Zones A or V.

21. ACCIDENTAL CONTAMINATION

This Policy is hereby extended to cover the reasonable and necessary cost for the cleanup, removal and disposal of the actual not suspected presence of Pollutants or Contaminant(s) from any source to Covered Property so as to restore the Covered Property to the same condition as existed prior to loss. The coverage provided is sub-limited to USD as per Declaration page.

If such contamination or dispersal is itself caused by fire, lightning, impact from aircraft, explosion, riot, civil commotion, smoke, collapse, vehicles, windstorm, hail, vandalism, malicious mischief or leakage and accidental discharge from automatic fire protective systems whereupon this extension shall provide coverage up to full limit of liability provided by this Policy.

For the purposes of this Accidental Contamination clause only, the term "Covered Property", as covered by this Policy, is held to include Land (and Land Values) on which Covered Property is located whether or not the same are excluded by this Policy.

Pollutants or Contaminants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste, which after its release can cause or threaten damage to human health or human welfare or causes or threatens damage, deterioration, loss of value, marketability or loss of use to property insured hereunder, including, but not limited to, bacteria, virus, or hazardous substances listed in applicable environmental state, federal or foreign law or regulation, or as designated by the U.S. Environmental Protection Agency or similar applicable state or foreign governmental authority. Waste includes materials to be recycled, reconditioned or reclaimed. Pollutants or Contaminants does not include Fungus, Mold or Spore.

It is further understood and agreed that this coverage clause shall not override anything contained in Asbestos Clean Up and Removal in this Policy.

C. PROPERTY NOT COVERED

Except as for that which may be provided as an Extension of Coverage, this Policy does not cover:

1. Aircraft, Watercraft over 27 feet in length (other than watercraft held for sale by the insured), and rolling stock, except scheduled watercraft, and rolling stock, light rail vehicles, subway trains and related track maintenance vehicles for light rail and subway lines.
2. Standing timber, growing crops, water, except water which is normally contained within any type of tank, piping system or other process equipment.
3. Land (including land on which covered property is located), and land values (except athletic fields, landscaping, artificial turf, sand traps, tees and greens).

4. Property in due course of ocean marine transit.
5. Shipment by mail after delivery into the custody of the United States Post Office.
6. Power transmission lines and feeder lines more than 1,000 feet from the premises of the Named Insured unless scheduled and specifically approved by the Company.
7. Underground pipes more than 1,000 feet from the premises of the Named Insured unless scheduled and specifically approved by the Company.
8. Offshore property, oilrigs, underground mines, caverns, or underground storage facilities and their contents. Railroad track is excluded unless values have been reported by the Named Insured.

D. LOSS PAYMENT BASIS / VALUATION

In case of loss to property of an Named Insured covered hereunder, the basis of adjustment shall be as of the time and place of loss as follows:

1. On all real and personal property, including property of others in the care or control of the Named Insured at the replacement cost (as defined below) at the time of the loss. without deduction for depreciation. If property is not replaced within a reasonable period of time, then the actual cash value shall apply.
2. On improvements and betterments at the replacement cost at time of loss. without deduction for depreciation. If property is not repaired or replaced within a reasonable period of time, then the actual cash value shall apply. If replaced or repaired by others for the use of the Named Insured, there shall be no liability hereunder. The Company agrees to accept and consider the Named Insured as sole and unconditional owner of all improvements and betterments, any contract or lease the Named Insured may have made to the contrary notwithstanding.
3. On manuscripts, mechanical drawings, patterns, electronic data processing media, books of accounting and other valuable papers, the full replacement cost of the property at the time of loss (including expenses incurred to recreate the information lost, damaged or destroyed, except as may be limited by any separate policy provision) or what it would then cost to repair, replace or reconstruct the property with other of like kind and quality. If not repaired, replaced or reconstructed within a reasonable period of time, then not to exceed the cost of blank or unexposed material.
4. On antique, restored or historical buildings, the cost of acquisition, relocation to the site and renovation or reconstruction. In the event of a partial loss, replacement cost for antique, restored or historical buildings shall mean the cost of repairing, replacing, constructing or reconstructing (whichever is less) the property on the same site using materials of like kind and quality necessary to preserve or maintain a buildings' historical significance without deduction for depreciation.
5. On property of others for which the Named Insured is liable under contract or lease agreement the Company's liability in the event of loss is limited to the Named Insured's obligation as defined in said contract or lease agreement but not to exceed the replacement cost.

6. On library contents, at replacement cost, or as follows, whichever is greater:

<u>Category</u>	<u>Value (per item)</u>	
Juvenile Materials	USD	50.52
Pamphlets	USD	6.50
Magazines	USD	13.10
Fiction	USD	24.43
Non-Fiction	USD	87.97
Dictionary	USD	128.03
Encyclopedia	USD	306.41
Thesaurus	USD	46.83
Reference (other)	USD	122.96
Abstracts	USD	301.10
Textbook	USD	111.38
Art Books	USD	66.34
Film	USD	295.41
Book/Diskette	USD	111.52
Vinyl Records	USD	88.63
DVD/VHS	USD	59.08
Audio Cassette	USD	32.49
Compact Discs	USD	25.93
CD ROM	USD	41.97
Books/Audio	USD	79.46
Medical Atlas	USD	189.85
Technical Law	USD	161.11
Nanotechnology	USD	186.04
Biotechnology	USD	176.03

The above valuation is predicated on the values provided by the Library of Congress Dewey Decimal system and adjusted for inflation.

The figures above do not include the “shelving cost” of each book. Therefore, the formula for adjusting a library contents loss is:

“Number of items in a category that are replaced multiplied by the valuation figure plus associated shelving costs”.

The actual cost per item in the final adjustment is to be computed as of the time and place of loss or damage.

7. On Vehicles, on or off premises, where Replacement Cost (New) values are specified, loss or damage shall be based on 100% of the Replacement Cost (New) at the time of loss. Partial losses shall be based on the cost of repairing or replacing the damaged portion, up to the fair market value of the Vehicle and/or Equipment. However, should these costs exceed the fair market value then recovery shall be based upon the Replacement Cost (New).

If the values, provided by the Named Insured, provides a valuation based on Replacement Cost (New), then recovery will be on the same basis, if replaced. If not replaced, the basis of recovery shall be Actual Cash Value.

8. Animals: The stated value as per schedule on file with the Named Insured.

Notwithstanding the foregoing it is hereby understood and agreed that solely as respects Universities, hospitals or other institutions of learning the following shall apply:

The stated value as per schedule on file with the Named Insured except Research Animals shall be valued at the cost to replace with like kind and quality; including the increased value as a result of prior research or experiments performed on the animal(s), accumulated cost of care and maintenance, and the value of labor expended by research assistants and/or laboratory technicians.

9. Landscaping, artificial turf, sand traps, tees, putting greens and athletic fields; the actual replacement cost of sod, shrubs, sand, plants and trees; however the Company's liability for replacement of trees, plants and shrubs will be limited to the actual size of the destroyed plant, tree or shrub at the time of the loss up to a maximum size of 25 gallons per item but not to exceed USD25,000 per item.

For the purpose of determining coverage under this Policy landscaping, trees, plants and shrubs are only insured if their position and planting was undertaken by human agency for cosmetic effect.

The aforementioned valuations shall also be used for the purpose of any minimum earned premium and/or quarterly adjustments incurred.

Wherever the term "actual cash value" is used as respects real property or improvements and betterment's in this clause, or elsewhere herein, it shall mean replacement cost less depreciation.

"Replacement Cost" shall mean the cost of repairing, replacing, constructing or reconstructing (whichever is the least) the property on the same site, using new materials of like kind and quality and for like occupancy without deduction for depreciation, subject to the following:

- a. Until the property is actually repaired, replaced or reconstructed, the maximum amount recoverable shall be the actual cash value of the lost or damaged property;
- b. Replacement shall be effected by the Named Insured with due diligence and dispatch;
- c. Replacement need not be on same site, or of same or similar construction or occupancy provided that the Company shall not be liable for any additional costs that are directly attributable to the inclusion of this provision.
- d. For historical buildings as more specifically defined in this Section.
- e. In no event shall the Company's liability exceed the amount actually and necessarily expended in repairing or replacing (whichever is less) Covered Property or any part thereof.

It is understood and agreed that as respects replacement cost, the Named Insured shall have the option of replacement with electrical and mechanical equipment having technological advantages and/or representing an improvement in function and/or forming part of a program of system enhancement provided that such replacement can be accomplished without increasing the Company's liability. The Company shall be allowed to dispose of, as salvage, any non-proprietary property deemed unusable by the Named Insured.

In the event the Named Insured should fail to comply with any of the foregoing provisions settlement shall be made as if this Replacement Cost provision had not been in effect.

SECTION III**BUSINESS INTERRUPTION, EXTRA EXPENSE, RENTAL INCOME, TAX REVENUE INTERRUPTION AND TUITION INCOME**

Subject to the terms, conditions and exclusions stated elsewhere herein, this Policy provides coverage for:

A. COVERAGE**1. BUSINESS INTERRUPTION**

Against loss resulting directly from interruption of business, services or rental value caused by direct physical loss or damage, as covered by this Policy to real and/or personal property insured by this Policy, occurring during the term of this Policy.

In the event of such loss or damage the Company shall be liable for the actual loss sustained by the Named Insured for gross earnings as defined herein and rental value as defined herein resulting from such interruption of business, services, or rental value; less all charges and expenses which do not necessarily continue during the period of restoration. Due consideration shall be given to the continuation of normal charges and expenses including payroll expenses to the extent necessary to resume operations of the Named Insured with the same quality of service which existed immediately preceding the loss.

With respect to business interruption for power generation facilities, the coverage provided hereunder is sub-limited to USD as per Declaration Page.

Notwithstanding the foregoing it is hereby understood and agreed that solely as respects Universities, hospitals or other institutions of learning the following shall apply:

In determining the amount of tuition income and related fees covered hereunder for the purpose of ascertaining the amount of loss sustained, due consideration shall be given to:

- a. Tuition income and related fees which are prevented from being earned or received.
- b. Other income derived from:
 - i. routine and special services;
 - ii. other operating and non-operating revenues, including but not limited to:
 - (1) research grants
 - (2) income under research contracts all dependent on continued operations.
- c. Donations and fund raising proceeds:
 - i. If a regularly scheduled fund raising drive for the sole benefit of the Named Insured occurs during the period of interruption of operations, the revenue produced by such drive shall be considered as follows in determining the amount of loss:
 - (1) If the drive fails to produce an amount at least equal to the same drive in the most recent prior solicitation, the shortage, to the extent that it can be attributed to the interruption of the

Named Insured's operations, shall be considered as loss of income;

- (2) If the drive produces an amount equal to the same drive in the most recent prior solicitation, there shall be considered no loss of income from this source of revenue;
- (3) If the drive produces an amount larger than the same drive in the most recent prior solicitation, the excess shall be applied to reduce the loss from other sources of revenue;
- (4) If the drive is cancelled or postponed, such loss of revenue shall not be considered as loss of income.

ii. The following shall be disregarded in determining the amount of loss:

- (1) Donations and contributions which are a direct result of the interruption of the Named Insured's operations and are received by the Named Insured during the period of interruption.
- (2) Proceeds for fund raising drives or solicitations which are for the sole benefit of the Named Insured and occur as a result of interruption of the Named Insured's operations.

2. EXTRA EXPENSE

This Policy is extended to cover the necessary and reasonable extra expenses occurring during the term of this Policy at any location as hereinafter defined, incurred by the Named Insured in order to continue as nearly as practicable the normal operation of the Named Insured's business following damage to or destruction of covered property by a covered peril which is on premises owned, leased or occupied by the Named Insured. In the event of such damage or destruction, the Company shall be liable for such necessary extra expense incurred for only such length of time as would be required with the exercise of due diligence and dispatch to rebuild, repair or replace such part of the property as has been damaged or destroyed commencing with the date of damage or destruction and not limited by the date of expiration of this Policy (hereinafter referred to as the period of restoration).

B. EXTENSIONS OF COVERAGE

1. INGRESS / EGRESS

This Policy is extended to insure the actual loss sustained during the period of time not exceeding 30 days when, as a direct result of physical loss or damage caused by a covered peril(s) specified by this Policy and occurring at property located within a 10 mile radius of covered property, ingress to or egress from the covered property covered by this Policy is prevented. Coverage under this extension is subject to a 24-hour waiting period.

2. INTERRUPTION BY CIVIL AUTHORITY

This Policy is extended to include the actual loss sustained by the Named Insured, as covered hereunder during the length of time, not exceeding 30 days, when as a direct result of damage to or destruction of property by a covered peril(s) occurring at property located within a 10 mile radius of covered property, access to the covered property is specifically prohibited by order of a civil authority. Coverage under this extension is subject to a 24-hour waiting period.

3. DEMOLITION AND INCREASED TIME TO REBUILD

The Company shall, in the case of loss covered under this Policy, be liable also for loss to the interest covered by the Policy, occasioned by the enforcement of any ordinance or law regulating the construction, repair or demolition of buildings or structures and in force at the

time such loss occurs, which necessitates the demolition of any portion of the described building(s) not damaged by the covered peril(s). The Company shall also be liable for loss due to the additional period of time required for repair or reconstruction in conformity with the minimum standards of such ordinance or law of the building(s) described in this Policy damaged by a covered peril.

THE COMPANY SHALL NOT BE LIABLE UNDER THIS CLAUSE FOR:

- a. More than the limit of liability as shown elsewhere in this Policy.
- b. Any greater proportion of any loss to the interest covered by this Policy than the amount covered under this Policy on said interest bears to the total insurance and coverage on said interest, whether all such insurance contains this clause or not.

4. CONTINGENT TIME ELEMENT COVERAGE

Business interruption, rental income, tuition income and extra expense coverage provided by this Policy is extended to cover loss directly resulting from physical damage to property of the type not otherwise excluded by this Policy at direct supplier or direct customer locations that prevents a supplier of goods and/or services to the Named Insured from supplying such goods and/or services, or that prevents a recipient of goods and/or services from the Named Insured from accepting such goods and/or services. The coverage provided by this clause separately as respects each of these coverage's is sub-limited to USD as per Declaration Page.

5. TAX REVENUE INTERRUPTION

Except as hereinafter or heretofore excluded, this Policy insures against loss resulting directly from necessary interruption of sales, property or other tax revenue including, but not limited to Tribal Incremental Municipal Services Payments collected by or due the Named Insured as a result of physical damage to or destruction of property, by the perils insured against occurring during the policy period which is not operated by the Named Insured and which wholly or partially prevents the generation of revenue for the account of the Named Insured.

The Company shall be liable for 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, but not limited by the expiration date of this Policy.

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

1. The sub-limit USD3,000,000 insured on the Policy;
2. The actual loss sustained;
3. The difference in amount between 97.5% of the anticipated revenue and the actual total revenue after the loss.

If the Named Insured has not reported Tax Revenue Interruption values, such loss recovery after deductible shall be limited to whichever is the least of:

1. The actual loss sustained;
2. USD1,000,000 per occurrence

DEDUCTIBLE: Each loss or series of losses arising out of one event at each location shall be adjusted separately and from the aggregate amount of all such losses 2.50% of the annual revenue value shall be deducted.

6. EXTENDED PERIOD OF INDEMNITY

Business interruption including rental income, tax interruption, tuition income and extra expense coverage provided by this Policy is extended for the additional length of time required to restore the business of the Named Insured to the condition that would have existed had no loss occurred commencing on either;

- a. the date on which the Company's liability would otherwise terminate or;
- b. the date on which rebuilding, repairing or replacement of such property as has been lost, damaged or destroyed is actually completed, whichever is later.

The Company's liability under this extension shall terminate no later than the number of days indicated in the Declaration Page for this item:

7. EXPENSES TO REDUCE LOSS

This Policy also covers such expenses as are necessarily incurred for the purpose of reducing loss under this section (except incurred to extinguish a fire); but in no event to exceed the amount by which loss is thereby reduced.

C. EXCLUSIONS

1. The Company shall not be liable for any increase of loss which may be occasioned by the suspension, lapse, or cancellation of any lease or license, contract or order, unless such suspension, lapse, or cancellation results directly from the interruption of business caused by direct physical loss or damage covered by this Policy and, then the Company shall only be liable for such loss as affects the Named Insured's earnings during and limited to, the period of indemnity covered under this Policy.
2. With respect to loss resulting from damage to or destruction of media for, or programming records pertaining to, electronic data processing or electronically controlled equipment, including data thereon, by the perils insured against, the length of time for which the Company shall be liable hereunder shall not exceed:
 - a. thirty (30) consecutive calendar days or the time required with exercise of due diligence and dispatch to reproduce the data thereon from duplicates or from originals of the previous generation, whichever is less; or,
 - b. the length of time that would be required to rebuild, repair or replace such other property herein described as has been damaged or destroyed, but not exceeding eighteen (18) calendar months, whichever is the greater length of time.

D. CONDITIONS APPLICABLE TO THIS SECTION

If the Named Insured could reduce the loss resulting from the interruption of business:

1. by complete or partial resumption of operation of the property whether or not such property be lost or damaged, or;
2. by making use of merchandise or other property at the Named Insured's location or elsewhere;

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

E. DEFINITIONS

1. GROSS EARNINGS

“Gross Earnings” is defined as the sum of:

- a. total net sales and;
- b. other earnings derived from the operation of the business
less the cost of;
- c. merchandise sold including packaging materials and;
- d. materials and supplies consumed directly in supplying the service(s) sold by the Named Insured, and;
- e. service(s) purchased from outside (not employees of the Named Insured) for resale that does not continue under contract.

No other cost shall be deducted in determining gross earnings.

In determining gross earnings, due consideration shall be given to the experience of the business before the date of loss or damage and the probable experience thereafter, had no loss occurred.

In the event that Real and/or Personal Property that does not normally produce an income, sustains damage covered under this Policy, the actual recovery under this Policy shall be the continuing fixed charges and expenses directly attributable to such non-productive property.

2. MERCHANDISE

Shall be understood to mean, goods kept for sale by the Named Insured, which are not the products of manufacturing operations conducted by the Named Insured.

3. EXTRA EXPENSE

The term “extra expense”, whenever used in this Policy, is defined as the excess (if any) of the total cost incurred during the period of restoration chargeable to the operation of the Named Insured’s business over and above the total cost that would normally have been incurred to conduct the business during the same period had no damage or destruction occurred. Any salvage value of property obtained for temporary use during the period of restoration, which remains after the resumption of normal operations, shall be taken into consideration in the adjustment of any loss hereunder.

4. RENTAL VALUE

The term “rental value” is defined as the sum of:

- a. the total anticipated gross rental income from tenant occupancy as furnished and equipped by the Named Insured, and;

- b. the amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be obligations of the Named Insured, and;
- c. the fair rental value of any portion of said property which is occupied by the Named Insured, and;
- d. any amount in excess of a., b. and c. (above) which is an obligation due under the terms and conditions of any revenue bond, certificate of participation or other financial instrument.

In determining rental value, due consideration shall be given to the experience before the date of loss or damage and the probable experience thereafter had no loss occurred.

5. PERIOD OF RESTORATION

The period during which business interruption and or rental interruption applies will begin on the date direct physical loss occurs and interrupts normal business operations and ends on the date that the damaged property should have been repaired, rebuilt or replaced with due diligence and dispatch, but not limited by the expiration of this Policy.

SECTION IV**GENERAL CONDITIONS****A. PERILS COVERED**

Subject to the terms, conditions and exclusions stated elsewhere herein, this Policy provides insurance against all risk of direct physical loss or damage occurring during the period of this Policy.

B. EXCLUSIONS

This Policy does not insure against any of the following:

1. Loss or damage caused by or resulting from moths, vermin, termites, or other insects, inherent vice, latent defect, faulty materials, error in design, faulty workmanship, wear, tear or gradual deterioration, rust, corrosion, wet or dry rot, unless physical loss or damage not otherwise excluded herein ensues and then only for such ensuing loss or damage.
2. Physical loss or damage by settling, cracking, shrinkage, bulging, or expansion of pavements, foundations, walls, floors, roofs or ceilings; all unless physical damage not otherwise excluded by this Policy ensues, in which event, this Policy will cover only such ensuing damage.
3. Delay or loss of markets (this exclusion shall be inapplicable to the extent inconsistent with any time element coverage provided elsewhere herein).
4. Breakdown or derangement of machinery and/or steam boiler explosion, unless physical loss or damage not otherwise excluded herein ensues and then only for such ensuing loss.
5. Loss or damage caused by or resulting from misappropriation, conversion, inventory shortage, unexplained disappearance, infidelity or any dishonest act on the part of the Named Insured, it's employees or agents or others to whom the property may be entrusted (bailees and carriers for hire excepted) or other party of interest.
6. Loss or damage caused by or resulting from electrical injury or disturbance from artificial causes to electrical appliances, devices of any kind or wiring, unless physical loss or damage not otherwise excluded herein ensues and then only for such ensuing loss. This exclusion does not apply to data processing equipment or media.
7. Loss or damage to personal property resulting from shrinkage, evaporation, loss of weight, leakage, breakage of fragile articles, marring, scratching, exposure to light or change in color, texture or flavor, unless such loss is caused directly by fire or the combating thereof, lightning, windstorm, hail, explosion, strike, riot, or civil commotion, aircraft, vehicles, breakage of pipes or apparatus, sprinkler leakage, vandalism and malicious mischief, theft, attempted theft, flood or earthquake shock (Earthquake Shock, and Flood, in the states of Alaska, or California shall only apply to locations that are scheduled for Earthquake Shock and Flood).
8. Loss or damage caused by rain, sleet or snow to personal property in the open (except in the custody of carriers or bailees for hire).
9. Loss caused directly or indirectly, by:

- a. War, hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack
 - i. by any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces; or
 - ii. by military, naval or air forces; or
 - iii. by an agent of any such government, power, authority or forces;
 - b. any weapon of war employing atomic fission or radioactive force whether in time of peace or war;
 - c. insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an occurrence, seizure or destruction under quarantine or customs regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade.
10. Nuclear reaction or nuclear radiation or radioactive contamination from any cause, all whether direct or indirect, controlled or uncontrolled, proximate or remote, or is contributed to or aggravated by a Covered Cause of Loss. However:
- a. If fire not otherwise excluded results, the Company shall be liable for the direct physical loss or damage by such resulting fire, but not including, any loss or damage due to nuclear reaction, nuclear radiation, or radioactive contamination, and
 - b. This Policy does insure against physical loss or damage caused by sudden and accidental radioactive contamination, including resultant radiation damage, from material used or stored or from processes conducted on the Named Insured premises, provided that, at the time of such loss or damage, there is neither a nuclear reactor nor any new or used nuclear fuel on the Named Insured premises.
11. As respects course of construction, the following exclusions shall apply:
- a. The cost of making good: faulty or defective workmanship, materials, construction and/or design, but this exclusion shall not apply to damage by a peril not excluded resulting from such faulty or defective workmanship, materials, construction and/or design.
 - b. The cost of non-compliance of, or delay in completion of contract.
 - c. The cost of non-compliance with contract conditions.
 - d. Contractors' equipment or tools not a part of or destined to become a part of the installation.
12. Loss or damage caused by Earthquake Shock unless a limit is shown on the Declarations for Earthquake Shock this exclusion will apply.
13. Loss or damage caused by Flood unless a limit is shown on the Declarations for Flood this exclusion will apply.
14. Loss, damage, cost, claim or expense, whether preventative, remedial or otherwise, directly or indirectly arising out of or relating to:

- a. the recognition, interpretation, calculation, comparison, differentiation, sequencing or processing of data involving one or more dates or times, by any computer system, hardware, program or software, or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the Named Insured or not; or
- b. any change, alteration, correction or modification involving one or more dates or times, to any such computer system, hardware, program or software, or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the Named Insured or not.

Except as provided in the next paragraph, this Electronic Date Recognition Clause shall apply regardless of any other cause or event that contributes concurrently or in any sequence to the loss, damage, cost, claim or expense.

If direct physical loss or damage not otherwise excluded by this Policy results, then subject to all its terms and conditions, this Policy shall be liable only for such resulting loss or damage. Such resulting loss or damage shall not include physical loss or damage to data resulting directly from a) or b) above, nor the cost, claim or expense, whether preventative, remedial, or otherwise, arising out of or relating to any change, alteration, correction or modification relating to the ability of any damaged computer system, hardware, program or software, or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment to recognize, interpret, calculate, compare, differentiate sequence or process any data involving one or more dates or times.

15. 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 Insured establishes is a direct result of a Covered Loss not otherwise excluded by the Policy, provided that such fungus, mold(s), mildew or yeast loss or damage is reported to the Company within twelve months from the expiration date of the Policy. Notwithstanding Section IV, Item T., Other Insurance, coverage provided under this paragraph shall apply as primary. Nothing herein contained shall be held to waive, vary, alter or extend any condition or provision of the Policy other than as above stated.

16. Loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with the actual or threatened malicious use of pathogenic or poisonous

biological or chemical materials regardless of any other cause or event contributing concurrently or in any other sequence thereto.

17. The following additional exclusions apply to animals covered under this Policy:
- a. Death of any animal(s) from natural causes.
 - b. Death of any animal(s) that dies from an unknown cause unless:
 - i. upon the death of such animal a post-mortem examination conducted on the animal by a licensed veterinarian, and if
 - ii. the veterinarian's post-mortem report shows the cause of death to clearly fall within the coverages of this Policy.
 - c. Death of any animal(s) as a result of surgical operation, including inoculation, unless the necessity for same arises from a loss otherwise covered by this Policy.
 - d. The death or destruction of any animal(s) caused by, resulting from, or made necessary by physical injury caused by or resulting from the activities of the injured animal or other animals unless such death or destruction is the result of a loss otherwise covered by this Policy.
 - e. The death of any animal(s) caused directly or indirectly by the neglect or abuse of the Named Insured, his agent, employees or bailees (carriers for hire excepted) unless such death is a result of a loss otherwise covered by this Policy.
 - f. The loss by death of any animal(s) as a result of parturition or abortion.
 - g. Loss resulting from depreciation in value caused by any animal(s) covered hereunder becoming unfit for or incapable of filling the function or duties for which it is kept, employed or intended unless such depreciation is a result of a loss otherwise covered by this Policy.
 - h. Loss by destruction of any animal(s) on the order of the federal or any state government, or otherwise as a result of having contracted or been exposed to any contagious or communicable disease.
 - i. The removal or disposal of the remains of any animal(s) or the expense thereof unless such removal or disposal is the result of a loss otherwise covered by this Policy.
 - j. The loss of any animal(s) that has been unnerved (the term "unnerved" to be considered as meaning the operation of neurotomy for lameness).
 - k. Any claim consequent upon delay, deterioration, or loss of use or loss of market arising from an event covered by this Policy.
18. Loss, damage, costs or expenses in connection with any kind or description of seepage and/or pollution and/or contamination, direct or indirect, arising from any cause whatsoever, except as provided in Section II Property Damage, B. Extension of Coverage, 21. Accidental Contamination.

Nevertheless, if fire is not excluded from this Policy and a fire arises directly or Indirectly from seepage and/or pollution and/or contamination, any loss or damage covered under this Policy arising directly from that fire shall (subject to the terms, conditions and limitations of the Policy) be covered.

However, if the covered property is the subject of direct physical loss or damage for which the Company has paid or agreed to pay, then this Policy (subject to its terms, conditions and limitations) insures against direct physical loss or damage to the property covered hereunder caused by resulting seepage and/or pollution and/or contamination.

The Named Insured shall give notice to the Company of intent to claim NO LATER THAN TWELVE (12) MONTHS AFTER THE DATE OF THE ORIGINAL PHYSICAL LOSS OR DAMAGE.

Notwithstanding the provisions of the preceding exclusions or any provision respecting seepage and/or pollution and/or contamination, and/or debris removal and/or cost of clean up in the Policy, in the event of direct physical loss or damage to the property covered hereunder, this Policy (subject otherwise to its terms, conditions and limitations, including but not limited to any applicable deductible) also insures, within the sum covered:

- (a) expenses reasonably incurred in removal of debris of the property hereunder destroyed or damaged from the premises of the Named Insured; and/or;
- (b) cost of clean up at the premises of the Named Insured made necessary as a result of such direct physical loss or damage;

PROVIDED that this Policy does not insure against the costs of decontamination or removal of water, soil or any other substance on or under such premises.

19. Authorities Exclusion:

Fines, penalties or cost incurred or sustained by the Named Insured or imposed on the Named Insured at the order of any Government Agency, Court or other Authority, in connection with any kind or description of environmental impairment including seepage or pollution or contamination from any cause.

20. The following exclusion applies to Terrorism:

Any act of terrorism. An act of terrorism means an act, including but not limited to the use of the force or violence and/or the threat thereof, 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 purpose including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This Policy 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 the paragraph above.

If the Company allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the Named Insured.

In the event any portion of this exclusion is found to be invalid or unenforceable, the remainder shall remain in full force and effect. All other terms and conditions remain unaltered.

21. Lack of the following services:

- a. incoming electricity, fuel, gas, water, steam or refrigeration;
- b. outgoing sewerage; or
- c. incoming or outgoing telephone or similar services;

However, the above do not apply to OFF PREMISES SERVICE INTERRUPTION.

C. STATUTES

If any of the articles of this Policy conflict with the laws or statutes of any jurisdictions in which this Policy applies this Policy is amended to conform to such laws or statutes.

D. TERRITORIAL LIMITS

This Policy insures Real and Personal Property within the United States of America. Personal Property is extended to Worldwide coverage. The coverage provided by this clause for Personal Property is sub-limited to USD as per Declaration Page.

E. REINSTATEMENT

Any reduction in the amount insured hereunder due to payment of any loss or losses shall be automatically reinstated for the balance of the term of this contract except as respects to the perils of Earthquake Shock and Flood.

F. FREE ON BOARD (F.O.B.) SHIPMENTS

The Company shall be liable for the interest of the Named Insured at sole option of the Named Insured, the interest of the consignee in merchandise, which has been sold by the Named Insured under terms of F.O.B. point of origin or other terms usually regarded as terminating shippers' responsibility short of point of delivery.

G. BREACH OF CONDITIONS

If any breach of a clause, condition or warranty of this Policy shall occur prior to a loss affected thereby under this Policy, such breach shall not void the Policy nor avail the Company to avoid liability unless such breach shall exist at the time of such loss under this contract or Policy, and be a contributing factor to the loss for which claim is presented hereunder, it being understood that such breach of clause or condition is applicable only to the property affected thereby. Notwithstanding the foregoing, if the Named Insured establishes that the breach, whether contributory or not, occurred without its knowledge or permission or beyond its control, such breach shall not prevent the Named Insured from recovering under this Policy.

H. PERMITS AND PRIVILEGES

Anything in the printed conditions of this Policy to the contrary notwithstanding, permission is hereby granted:

1. to maintain present hazards and hazards which are consistent with the current operation of insured facilities;
2. to make additions, alterations, extensions, improvements and repairs, to delete, demolish, construct and reconstruct, and also to include all materials, equipment and supplies incidental to the foregoing operations of the property covered hereunder, while in, on and/or about the premises or adjacent thereto;
3. for such use of the premises as usual and/or incidental to the business as conducted therein and to keep and use all articles and materials usual and/or incidental to said business in such quantities as the exigencies of the business require;

4. to be or become vacant or unoccupied. If a building becomes vacant or unoccupied, notice is to be given to the Company prior to the one-hundred twentieth (120th) consecutive day of vacancy or lack of occupancy. The giving, or failure to give such notice will not constitute a condition precedent to the Company's liability, but the Named Insured shall make a reasonable effort to comply with such requirement.

This Policy shall not be prejudiced by:

1. any error in stating the name, number, street, or location of any building(s) and contents covered hereunder, or any error or omission involving the name or title of the Named Insured;
2. any act or neglect of the owner of the building, if the Named Insured hereunder is not the owner, or of any occupant of the within described premises other than the Named Insured, when such act or neglect is not within the control of the Named Insured, named herein; or
3. by failure of the Named Insured to comply with any of the warranties or conditions endorsed hereon in any portion of the premises over which the Named Insured has no control.

I. PROTECTIVE SAFEGUARDS

The Named Insured shall exercise due diligence in maintaining in complete working order all protective safeguard equipment and services.

J. NO BENEFIT TO BAILEE

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

K. NOTICE OF LOSS

In the event of loss or damage insured against under this Policy, the Named Insured shall give notice thereof to ALLIANT INSURANCE SERVICES, INC., 100 Pine Street, 11th Floor, San Francisco, CA 94111-1073. TEL NO. (877) 725-7695, FAX NO. (415) 403-1466 of such loss. Such notice is to be made as soon as practicable upon knowledge within the risk management or finance division of the insured that a loss has occurred.

L. ARBITRATION OF VALUE

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

M. PROOF OF LOSS

The Named Insured shall render a signed and sworn proof of loss as soon as practical after the occurrence of a loss, stating the time, place and cause of loss, the interest of the Named Insured and of all others in the property, the value thereof and the amount of loss or damage thereto.

N. SETTLEMENT OF LOSS

All adjusted claims shall be paid or made good to the Named Insured within thirty (30) days after presentation and acceptance of satisfactory proof of interest and loss at the office of the Company. No loss shall be paid or made good if the Named Insured has collected the same from others.

O. SUBROGATION

In the event of any loss payment under this Policy, the Company, shall be subrogated to all the Named Insured's rights of recovery thereof against any person or organization and the Named Insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights.

As respects subrogation it is agreed that, after expenses incurred in subrogation are deducted, the Named Insured and the Company shall share proportionately to the extent of their respective interests as determined by the amount of their net loss. Any amount thus found to be due to either party from the other shall be paid promptly.

Notwithstanding the above wording, the Named Insured has the right to enter into an agreement that releases or waives the Named Insured's right to recovery against third parties responsible for the loss if made before the loss occurred.

P. CANCELLATION

This Policy may be cancelled by the Named Insured at any time by written notice or surrender of this Policy. This Policy may also be cancelled by or on behalf of the Company by delivering to the Named Insured or by mailing to the Named Insured, by registered, certified or other first class mail at the Named Insured's address as shown in this Policy, written notice, not less than ninety (90) days prior to the effective date of cancellation. The mailing of such notice as aforesaid shall be sufficient proof and this Policy shall terminate at the date and hour specified in such notice. Notwithstanding what has been stated above, however, should this Policy be cancelled for non-payment of assessment, the Company shall only be required to give the Named Insured ten (10) days notice.

If this insurance in total shall be cancelled by the Named Insured, the Company shall retain the customary short rate proportion of the premium hereon. If the Company elects to cancel coverage mid-term, then such cancellation shall be handled on a pro-rata basis without short rate penalty.

In the event of cancellation the aggregate retention and specific limit amount shall be applied pro rata with the balance, if any, to be paid to the Named Insured.

Payment or tender of any unearned premium by the Company shall not be condition precedent to the effectiveness of cancellation but such payment shall be made forthwith.

Cancellation shall not affect coverage on any shipment in transit on date of cancellation. Coverage will continue in full force until such property is safely delivered and accepted at place of final destination.

It is understood and agreed that if the Named Insured cancels this Policy, the Policy is subject to 25% minimum earned premium regardless of the length of time coverage is in force.

Q. ABANDONMENT

There shall be no abandonment to the Company of any property.

R. ASSIGNMENT

Assignment or transfer of this Policy shall not be valid except with the written consent of the Company.

S. SALVAGE

When, in connection with any loss hereunder, any salvage is received prior or subsequent to the payment of such loss, the loss shall be figured on the basis on which it would have been settled had the amount of salvage been known at the time the loss was originally determined. The salvage value will be deducted from the claim or returned to the Company.

T. OTHER INSURANCE

Permission is hereby granted to the Named Insured to carry more specific insurance on any property covered under this Policy. This Policy shall not attach or become insurance upon any property which at the time of loss is more specifically described and covered under any other policy form until the liability of such other insurance has first been exhausted and shall then cover only the excess of value of such property over and above the amount payable under such other insurance, whether collectible or not. This Policy, subject to its conditions and limitations, shall attach and become insurance upon such property as respects any peril not covered by such other insurance and not otherwise excluded herein.

In the event of a loss that is covered by other insurance, wherein this Policy is excess of any amount paid by such other insurer, the other insurance shall be applied to the deductible amount stated elsewhere. Should the amount paid by such other insurance exceed these deductibles, no further deductibles shall be applied under this Policy.

U. EXCESS INSURANCE

Permission is granted for the Named Insured to maintain excess insurance over the limit of liability set forth in this Policy without prejudice to this Policy and the existence of such insurance, if any, shall not reduce any liability under this Policy. Also it is understood and agreed as respects earthquake shock or flood, that in the event of reduction or exhaustion of the aggregate limits of liability under the underlying Policy(s) by reason of loss(es) hereunder, this Policy shall:

1. in the event of reduction, pay out excess of the reduced underlying limit and;
2. in the event of exhaustion, continue in force as the underlying Policy.

V. RIGHT TO REVIEW RECORDS FOLLOWING AN INSURED LOSS

The Named Insured as often as may be reasonably required, shall submit and so far as within their power, cause all other persons interested in the property or employees to submit to examination under oath by any person named by the Company relative to any and all matters in connection with a claim, and produce for examination all books of account, bills, invoices and other vouchers or certified copies thereof if originals be lost, at such reasonable time and place as may be designated by the Company or their representatives and shall permit extracts and copies thereof to be made.

W. CONCEALMENT AND FRAUD

This entire Policy shall be void, if whether before or after a loss, the Named Insured has willfully concealed or misrepresented any material facts or circumstance concerning this Policy of the subject thereof, or the interest of the Named Insured therein, or in case of any fraud or false swearing by the Named Insured relating thereto.

X. FULL WAIVER

The terms and conditions of this form and any approved endorsements supersede any policy jacket that may be attached hereto.

Y. SUIT AGAINST COMPANY

No suit, action or proceeding for the recovery of any claim under this Policy shall be sustainable in any court of law or equity unless the Named Insured shall have complied with all the requirements of this Policy, nor unless the suit is commenced within twelve (12) months after the date that the Company has made its final offer of settlement or denial of the loss. However, that if under the laws of the jurisdiction in which the property is located such limitation is invalid, then any such claims shall be void unless such action, suit or proceedings be commenced within the shortest limit of time permitted by the laws of such jurisdiction.

Z. JOINT LOSS ADJUSTMENT – BOILER & MACHINERY

In the event of damage to or destruction of property, at a location designated in this Policy and also designated in a boiler and machinery insurance policy, and there is a disagreement between the Company and the Named Insured with respect to:

- (i) Whether such damage or destruction was caused by a peril covered against by this Policy or by an accident covered against by such boiler and machinery insurance policy(ies) or;
- (ii) The extent of participation of this Policy and of such boiler and machinery insurance policy in a loss that is covered against, partially or wholly, by one or all of said policy(ies).

The Company shall, upon written request of the Named Insured, pay to the Named Insured one-half of the amount of the loss which is in disagreement, but in no event more than the Company would have paid if there had been no boiler and machinery insurance policy(ies) in effect, subject to the following conditions:

- (i) The amount of loss which is in disagreement after making provisions for any undisputed claims payable under the said policy(ies) and after the amount of the loss is agreed by the Named Insured and the Boiler and Machinery Insurer and the Company is limited to the minimum amount remaining payable under either the boiler and machinery insurance policy(ies).
- (ii) The boiler and machinery insurer(s) shall simultaneously pay to the Named Insured, one-half of the said amount, which is in disagreement.
- (iii) The payments by the Company and acceptance of the same by the Named Insured signify the agreement of the Company to submit to and proceed with arbitration within ninety (90) days of such payments:

The arbitrators shall be three (3) in number, one of whom shall be appointed by the boiler insurer(s) and one of whom shall be appointed by the Company hereon and the third appointed by consent of the other two, and the decision by the arbitrators shall be binding on the insurer(s) and the Named Insured and that judgment upon such award may be entered in any court of competent jurisdiction.

(iv) The Named Insured agrees to cooperate in connection with such arbitration but not to intervene therein.

(v) This agreement shall be null and void unless the Policy of the boiler and machinery Insurer is similarly endorsed.

In no event shall an Insurer be obligated to pay more than their total single limit.

AA. JOINT LOSS ADJUSTMENT – EXCESS PROPERTY

In the event of damage to or destruction of property at a location designated in this Policy and also designated in an excess insurance policy(ies) and if there is disagreement between the insurers with respect to:

- (1) whether such damage or destruction was caused by a single event or by multiple events or;
- (2) the extent of participation of this Policy and any excess insurance policy in a loss covered against partially or wholly, by one of said Policy or policy(ies).

The Company shall, upon written request of the Named Insured, pay to the Named Insured one-half of the amount of the loss which is in disagreement, but in no event more than the Company would have paid if there had been no excess insurance or policy(ies) in effect, subject to the following conditions:

- (1) the amount of loss which is in disagreement after making provisions for any undisputed claims payable under the said policy(ies) and after the amount of the loss is agreed by the Named Insured and the Company is limited to the minimum amount remaining payable under either the primary insurance policy or excess insurance policy(ies);
- (2) the excess insurers shall simultaneously pay to the Named Insured one-half of the said amount which is in disagreement, and;
- (3) the payments by the Company hereunder and acceptance of the same by the Named Insured signify the agreement of the Company to submit to and proceed with arbitration within ninety (90) days of such payments.

The arbitrators shall be three (3) in number, one of whom shall be appointed by the excess insurer(s) and one of whom shall be appointed by the Company and the third appointed by consent of the other two, and the decision by the arbitrators shall be binding on the Company and the Named Insured, and that judgment upon such award may be entered in any court of competent jurisdiction.

- (4) The Named Insured agrees to cooperate in connection with such arbitration but not to intervene therein.

AB. LENDER'S LOSS PAYABLE

The following provisions (or equivalent) apply as required by “mortgages” and “lenders” to whom certificates of coverage have been issued.

1. Loss or damage, if any, under this Policy, shall be paid to the Payee named on the first page of this Policy, its successors and assigns, hereinafter referred to as “the Lender”, in whatever form or capacity its interests may appear and whether said interest be vested in said Lender in its individual or in its disclosed or undisclosed fiduciary or representative capacity, or otherwise, or vested in a nominee or trustee of said Lender.
2. The insurance under this Policy, or any rider or endorsement attached thereto, as to the interest only of the Lender, its successors and assigns, shall not be invalidated nor suspended:
 - (a) by any error, omission, or change respecting the ownership, description, possession, or location of the subject of the insurance or the interest therein, or the title thereto;
 - (b) by the commencement of foreclosure proceedings or the giving of notice of sale of any of the property covered by this Policy by virtue of any mortgage or trust deed;
 - (c) by any breach of warranty, act, omission, neglect, or non-compliance with any of the provisions of this Policy, including any and all riders now or hereafter attached thereto, by the Named Insured, the borrower, mortgagor, trustor, vendee, owner, tenant, warehouseman, custodian, occupant, or by the agents of either or any of them or by the happening of any event permitted by them or either of them, or their agents, or which they failed to prevent, whether occurring before or after the attachment of this endorsement, or whether before or after a loss, which under the provisions of this Policy of insurance or of any rider or endorsement attached thereto would invalidate or suspend the insurance as to the Named Insured, excluding here from, however, any acts or omissions of the Lender while exercising active control and management of the property.
3. In the event of failure of the Named Insured to pay any premium or additional premium which shall be or become due under the terms of this Policy or on account of any change in occupancy or increase in hazard not permitted by this Policy, the Company agrees to give written notice to the Lender of such non-payment of premium after sixty (60) days from and within one hundred and twenty (120) days after due date of such premium and it is a condition of the continuance of the rights of the Lender hereunder that the Lender when so notified in writing by this Company of the failure of the Named Insured to pay such premium shall pay or cause to be paid the premium due within ten (10) days following receipt of the Company's demand in writing therefore. If the Lender shall decline to pay said premium or additional premium, the rights of the Lender under this Lender's Loss Payable Endorsement shall not be terminated before ten (10) days after receipt of said written notice by the Lender.
4. Whenever the Company shall pay to the Lender any sum for loss or damage under this Policy and shall claim that as to the Named Insured no liability therefore exists, the Company, at its option, may pay to the Lender the whole principal sum and interest and other indebtedness due or to become due from the Named Insured, whether secured or unsecured, (with refund of all interest not accrued), and the Company, to the extent of such payment, shall thereupon receive a full assignment and transfer, without recourse, of the debt and all rights and securities held as collateral thereto.

5. If there be any other insurance upon the within described property, the Company shall be liable under this Policy as to the Lender for the proportion of such loss or damage that the sum hereby insured bears to the entire insurance of similar character on said property under policies held by, payable to and expressly consented to by the Lender. Any Contribution Clause included in any Fallen Building Clause Waiver or any Extended Coverage Endorsement attached to this contract of insurance is hereby nullified, and also any Contribution Clause in any other endorsement or rider attached to this contract of insurance is hereby nullified except Contribution Clauses for the compliance with which the Named Insured has received reduction in the rate charged or has received extension of the coverage to include hazards other than fire and compliance with such Contribution Clause is made a part of the consideration for insuring such other hazards. The Lender upon the payment to it of the full amount of its claim, will subrogate the Company (pro rata with all other insurers contributing to said payment) to all of the Lender's rights of contribution under said other insurance.
6. The Company reserves the right to cancel this Policy at any time, as provided by its terms, but in such case this Policy shall continue in force for the benefit of the Lender for ten (10) days after written notice of such cancellation is received by the Lender and shall then cease.
7. This Policy shall remain in full force and effect as to the interest of the Lender for a period of ten (10) days after its expiration unless an acceptable policy in renewal thereof with loss there under payable to the Lender in accordance with the terms of this Lender's Loss Payable Endorsement, shall have been issued by some insurance company and accepted by the Lender.
8. Should legal title to and beneficial ownership of any of the property covered under this Policy become vested in the Lender or its agents, insurance under this Policy shall continue for the term thereof for the benefit of the Lender but, in such event, any privileges granted by this Lender's Loss Payable Endorsement which are not also granted the Named Insured under the terms and conditions of this Policy and/or under other riders or endorsements attached thereto shall not apply to the insurance hereunder as respects such property.
9. All notices herein provided to be given by the Company to the Lender in connection with this Policy and this Lender's Loss Payable Endorsement shall be mailed to or delivered to the Lender at its office or branch described on the first page of the Policy.

Approved: Board of Fire Underwriters of the Pacific; California Bankers' Association – Committee on Insurance

AC. SEVERAL LIABILITY NOTICE

The subscribing insurers' obligations under contracts of insurance to which they subscribe are several, not joint and are limited solely to the extent of their individual subscriptions. The subscribing insurers are not responsible for the subscription of any co-subscribing insurer who for any reason does not satisfy all or part of its obligations.

AD. LOSS PAYABLE PROVISIONS

A. LOSS PAYABLE

For covered property in which both insured and a Loss Payee have an insurable interest, the Company will:

1. Adjust losses with the Named Insured, and;

2. Pay any claim for loss or their damage jointly to the Named Insured and the Loss Payee, as interests may appear.

B. LENDER'S LOSS PAYABLE

1. The Loss Payee is a creditor, including a mortgage holder or trustee, whose interest in Covered Property is established by such written instruments as:
 - a. Warehouse receipts;
 - b. A contract for deed;
 - c. Bills of lading;
 - d. Financing statements or;
 - e. Mortgages, deeds of trust or security agreements.

2. For Covered Property in which both the Named Insured and a Loss Payee have an insurable interest:
 - a. The Company will pay for covered loss or damage to each Loss Payee in their order of precedence, as interests may appear.
 - b. The Loss Payee has the right to receive loss payment even if the Loss Payee has started foreclosure or similar action on the Covered Property.
 - c. If the Company deny the Named Insured claim because of the insured act or because the Named Insured have failed to comply with the terms of the Coverage Part, the Loss Payee will still have the right to receive loss payment if the Loss Payee:
 - (1) Pays any premium due under this Coverage Part at the Company's request if the Named Insured have failed to do so;
 - (2) Submits a signed, sworn proof of loss within ninety (90) days after receiving notice from the Company of the Named Insured failure to do so, and;
 - (3) Has notified the Company of any change in ownership, occupancy or substantial change in risk known to the Loss Payee.

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

- d. If the Company pays the Loss Payee for any loss or damage and deny payment to the Named Insured because of the Named Insured acts or because the Named Insured have failed to comply with the terms of this Coverage Part:
 - (1) The Loss Payee's rights will be transferred to the Company to the extent of the amount the Company pays and;
 - (2) The Loss Payee's rights to recover the full amount of the Loss Payee's claim will not be impaired.

At the Company's option, the Company may pay to the Loss Payee the whole principal on the debt plus any accrued interest. In this event, the Named Insured will pay the insureds' remaining debt to the Company

3. If the Company cancels this Policy, the Company will give written notice to the Loss Payee at least:
 - a. Ten (10) days before the effective date of cancellation if the Company cancels for the insured non-payment of premium or;

- b. Thirty (30) days before the effective date of cancellation if the Company cancels for any other reason.

4. If the Company elects not to renew this Policy, the Company will give written notice to the Loss Payee at least ten (10) days before the expiration date of this Policy.

C. CONTRACT OF SALE

1. The Loss Payee is a person or organization the Named Insured have entered a contract with for the sale of Covered Property.
2. For Covered Property in which both the Named Insured and the Loss Payee have an insurable interest the Company will:
 - a. Adjust losses with the Named Insured and;
 - b. Pay any claim for loss or damage jointly to the Named Insured and the Loss Payee, as interests may appear.
3. The following is added to the OTHER INSURANCE Condition:

For Covered Property that is the subject of a contract of sale, the word “the Insured” includes the Loss Payee.

AE. ELECTRONIC DATA

A. ELECTRONIC DATA EXCLUSION

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

- 1) This Policy does not insure 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 program, 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 Policy, subject to all its terms, conditions and exclusions, will cover physical damage occurring during the Policy period to property insured by this Policy directly caused by such listed peril.

Listed Perils:

Fire, Explosion

B. ELECTRONIC DATA PROCESSING MEDIA VALUATION

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

Should electronic data processing media insured by this Policy suffer physical loss or damage insured by this Policy, 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 USD10,000,000 any one loss, incurred by the Named Insured 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 Policy does not insure any amount pertaining to the value of such ELECTRONIC DATA to the Named Insured or any other party, even if such ELECTRONIC DATA cannot be recreated, gathered or assembled.

AF. LOSS ADJUSTMENT SERVICES

McLarens Young, International, 180 Montgomery Street, Suite 2100, San Francisco, California 94104-4231 is hereby authorized to represent the Company in the investigation and adjustment of any loss or damage under this Policy at the expense of the Company and without regard to the amount of loss or damage and/or applicable deductible if any.

However, the Company reserves the right to utilize other adjusting firms at its discretion.

AG. SERVICE OF SUIT CLAUSE (USA) APPLICABLE TO EXCESS CARRIERS

It is agreed that in the event of the failure of the Underwriters hereon to pay any amount claimed to be due hereunder, the Underwriters hereon, at the request of the Named Insured (or Reinsured), will submit to the jurisdiction of a Court of competent jurisdiction within the United States. Nothing in this Clause constitutes or should be understood to constitute a waiver of Underwriters' rights to commence an action in any Court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another Court as permitted by the laws of the United States or of any State in the United States. It is further agreed that service of process in such suit may be made upon:

1. Lloyd's America Inc., Attention: Legal Department, 280 Park Avenue, East Tower, 25th Floor, New York, NY 10017 in respect of Insurers identified in Security Details section as "Lloyd's Stamp:" followed by 4 digits.

Mendes and Mount, 750 Seventh Avenue, New York, NY 10019-6829 are the nominee in respect of any non-Lloyd's participation on this Contract.

Note FLWAService Corp, c/o Foley and Lardner LLP, 555 California Street, Suite 1700, San Francisco, CA 94104-1520 are the nominee for CA (applicable to all markets except as noted below)

2. Counsel, Legal Department, Lexington Insurance Company, 99 High Street, Boston, Massachusetts, 02110 (applicable to Lexington Insurance Company)
3. XL Catlin Insurance Company UK Limited, LIRMA C7509: Sarah Mims, XL Global Services Inc., 505 Eagleview Boulevard, Exton, PA 19341

and that in any suit instituted against any one of them upon this contract, Underwriters will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

The above-named are authorized and directed to accept service of process on behalf of Underwriters in any such suit and/or upon the request of the Insured (or Reinsured) to give a written undertaking to

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefore, Underwriters hereon hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor or successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Insured (or Reinsured) or any beneficiary hereunder arising out of this contract of insurance (or reinsurance), and hereby designate the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

NMA1998 (amended)

AH. DEFINITIONS

1. OCCURRENCE

Each occurrence is defined as a loss, incident or series of losses or incidents not otherwise excluded by this Policy and arising out of a single event or originating cause and includes all resultant or concomitant insured losses. When the term applies to loss or losses from earthquake shock, flood and/or windstorm, the following provisions shall apply:

a. Windstorm

Each loss by windstorm shall constitute a single claim hereunder; provided, if more than one windstorm shall occur within any period of seventy-two (72) hours during the term of this Policy, such windstorm shall be deemed to be a single windstorm within the meaning thereof. The Named Insured may elect the moment from which each of the aforesaid periods of seventy-two (72) hours shall be deemed to have commenced but no two such seventy-two (72) hour periods shall overlap. The Company shall not be liable for any loss occurring before the effective date and time of the Policy. The Company will be liable for any losses occurring for a period of up to seventy-two (72) hours after the expiration of this Policy provided that the first windstorm loss or damage within that seventy-two (72) hours occurs prior to the date and time of expiration of this Policy.

In the event of there being a difference of opinion between the Named Insured and the Company as to whether or not all windstorm losses sustained by the Named Insured during an elected period of seventy-two (72) hours arose out of, or was caused by a single atmospheric disturbance, the stated opinion of the National Weather Service or comparable Authority in any other country or locality shall govern as to whether or not a single atmospheric disturbance continued throughout the period at the location(s) involved.

b. Flood

Each loss by flood shall constitute a single loss hereunder.

1. If any flood occurs within a period of the continued rising or overflow of any river(s) or stream(s) and the subsidence of same within the banks of such river(s) or stream(s) or;
2. If any flood results from any tidal wave or series of tidal waves caused by any one disturbance;

such flood shall be deemed to be a single occurrence within the meaning of this Policy.

Should any time period referred to above extend beyond the expiration date of this Policy and commence prior to expiration, the Company shall pay all such flood losses occurring during such period as if such period fell entirely within the term of this Policy.

The Company shall not be liable, however, for any loss caused by any flood occurring before the effective date and time of this Policy or commencing after the expiration date and time of this Policy.

Flood shall mean a general condition of partial or complete inundation of normally dry land area from:

1. overflow of inland or tidal water;
2. unusual and rapid accumulation or run off of surface waters from any natural source.

Flood shall also mean mudslide or mudflow, which is a river or flow of liquid mud caused by flooding as defined in 1. or 2. above.

The definition of flood does not include ensuing loss or damage by fire, explosion, or sprinkler leakage.

c. Flood Zone A and V

Flood zones A and V as referenced in this Policy is defined by FEMA as being inclusive of all 100 year high risk flood areas. A one-hundred-year flood is a flood event that has a 1% probability of occurring in any given year.

d. Earthquake Shock

With respect to the peril of earthquake shock, any and all losses from this cause within a one hundred sixty-eight (168) hour period shall be deemed to be one loss. The Named Insured may elect the moment from which each of the aforesaid periods of one hundred sixty eight (168) hours shall be deemed to have commenced but no two such one hundred sixty eight (168) hour periods shall overlap.

The Company shall not be liable for any loss caused by an earthquake shock occurring before the effective date and time of this Policy. The Company will be liable for any losses occurring for a period of up to one hundred sixty eight (168) hours after the expiration of this Policy provided that the first earthquake shock loss or damage within that one hundred sixty eight (168) hours occurs prior to the date and time of the expiration of this Policy.

In the event of there being a difference of opinion between the Named Insured and the Company as to whether or not all earthquake shock losses sustained by the Named Insured during an elected period of one hundred sixty eight (168) hours arose out of, or were caused by a single earthquake shock, the stated opinion of the National Earthquake Information Center of the United States Department of the Interior or comparable Authority in any other country or locality shall govern as to whether or not a single earthquake shock continued throughout the period at the locations involved.

The term earthquake shock is defined as: earth movement meaning natural faulting of land masses, but not including subsidence, landslide, rock slide, earth rising, earth

sinking, earth shifting or settling unless as a direct result of such earth movement. The definition of earthquake shock does not include ensuing loss or damage by fire, explosion or sprinkler leakage. Further Earthquake Sprinkler Leakage is covered outside of the “Earthquake Shock” definition and subject to the basic peril deductible.

2. PERSONAL PROPERTY OF OTHERS

Means, any property (other than real property) belonging to others for which a Named Insured has assumed liability. This includes but is not limited to:

- Articles of Clothing
- Jewelry
- Sound Equipment
- Fine Arts (up to the sub-limit of unscheduled fine arts)
- EDP Media & Hardware
- Valuable Papers
- Portable Electronic Equipment
- Employee Tools

3. IMPROVEMENTS AND BETTERMENTS

Means, additions or changes made by a Named Insured / lessee at their own expense to a building they are occupying that enhance the building’s value.

4. VALUABLE PAPERS AND RECORDS

Means, all inscribed, printed, or written; documents, manuscripts or records; including but not limited to abstracts, books, deeds, drawing, films, maps, or mortgages. Valuable Papers are not money, securities, stamps or converted data program or instructions used in the Named Insured’s data processing operations including the materials on which data is recorded.

5. TIER I WINDSTORM COUNTIES

State	Tier I Counties, Parishes or Independent Cities
Alabama	Baldwin, Mobile
Connecticut	Fairfield, Middlesex, New Haven, New London
Delaware	Entire State, All Counties
Florida	Entire State, All Counties
Georgia	Bryan, Camden, Chatham, Glynn, Liberty, McIntosh,
Hawaii	Entire State, All Counties
Louisiana	Assumption, Calcasieu, Cameron, Iberia, Jefferson, Lafourche, Livingston, Orleans, Plaquemines, St. Bernard, St. Charles, St. James, St. John the Baptist, St. Mary, St. Tammany, Tangipahoa, Terrebonne, Vermilion
Maine	Cumberland, Hancock, Knox, Lincoln, Sagadahoc, Waldo, Washington, York
Maryland	Anne Arundel, Baltimore, Baltimore City, Calvert, Cecil, Dorchester, Harford, Kent, Queen Anne’s, St. Mary’s, Somerset, Talbot, Wicomico, Worcester

State	Tier I Counties, Parishes or Independent Cities Cont.
Massachusetts	Barnstable, Bristol, Dukes, Essex, Middlesex, Nantucket, Norfolk, Plymouth, Suffolk
Mississippi	Hancock, Harrison, Jackson
New Hampshire	Rockingham, Strafford
New Jersey	Atlantic, Burlington, Cape May, Cumberland, Middlesex, Monmouth, Ocean, Salem, Union
New York	Bronx, Kings, Nassau, New York, Queens, Richmond, Suffolk
North Carolina	Beaufort, Bertie, Brunswick, Camden, Carteret, Chowan, Columbus, Craven, Currituck, Dare, Hyde, Jones, New Hanover, Onslow, Pamlico, Pasquotank, Pender, Perquimans, Tyrell, Washington
Rhode Island	Entire State, All Counties
South Carolina	Beaufort, Berkley, Charleston, Colleton, Georgetown, Horry, Jasper
Texas	Aransas, Brazoria, Calhoun, Cameron, Chambers, Galveston, Harris (entire County), Jackson, Jefferson, Kenedy, Kleberg, Liberty, Matagorda, Newton, Nueces, Orange, Refugio, San Patricio, Victoria, Willacy
Virginia	Accomack, Charles City, Chesapeake City, Gloucester, Hampton City, Isle of Wight, James City, Lancaster, Mathews, Middlesex, New Kent, Newport News, Norfolk City, Northampton, Northumberland, Poquoson City, Portsmouth City, Prince George, Suffolk City, Sussex, Surry, Virginia Beach City, Westmoreland, Williamsburg City, York

6. TIER 2 WINDSTROM COUNTIES

State	Tier II Counties, Parishes or Independent Cities
Georgia	Brantley, Charlton, Effingham, Long, Wayne
Louisiana	Acadia, Ascension, East Baton Rouge, Iberville, Jefferson Davis, Lafayette, St. Martin (North), Washington, West Baton Rouge
Mississippi	George, Pearl River, Stone
North Carolina	Bladen, Duplin, Gates, Hertford, Lenoir, Martin, Pitt
South Carolina	Florence, Marion, Williamsburg
Texas	Bee, Brooks, Fort Bend, Goliad, Hardin, Hidalgo, Jasper, Jim Wells, Wharton

AI. ADDITIONAL INSURED'S / LOSS PAYEES

It is hereby understood and agreed that the interest of Additional Insured's and/or Loss Payees is automatically included, as per schedule held on file with Alliant Insurance Services, Inc.

FINE ARTS

A. COVERAGE

This Policy insures against all risks of direct physical loss of or damage except as hereafter excluded occurring during the policy period to fine arts, which are the property of the Named Insured or the property of others in the custody or control of the Named Insured while on exhibition or otherwise within the limits of the United States.

If any of the property covered by this Section is also covered under any other provisions of the Policy of which this Section is made a part, those provisions are hereby amended to exclude such property, the intent being that the coverage under this Section is the sole coverage on such property.

1. PROPERTY COVERED

Objects of art of every kind and description, and property incidental thereto, which are the property of the Named Insured, or the property of others in the custody and control of the Named Insured, or in transit at the Named Insured's risk, and property in which the Named Insured shall have a fractional ownership interest which are owned by or have been leased, loaned, rented or otherwise made available to the Named Insured. "Property" shall mean paintings, drawings, etchings, prints, rare books, manuscripts, rugs, tapestries, furniture, pictures, bronzes, potteries, porcelains, marbles statuary and all other bonafide works of art and other objects of rarity, historic value, cultural interest or artistic merit, which are part of the collections of the Named Insured, or in the care, custody or control of the Named Insured, and their frames, glazing and shadow boxes.

2. "WALL TO WALL" ("NAIL TO NAIL") COVERAGE

This Section covers the Named Insured's property on a "Wall to Wall" ("Nail to Nail") basis, or domicile to domicile basis, as applicable, from the time said property is removed from its normal repository incidental to shipment until returned thereto or other point designated by the owner or owner's agent prior to return shipment, including while in transit to or from points of consolidation or deconsolidation, packing, repacking or unpacking, while at such locations during such processes or awaiting shipment.

Coverage shall terminate upon arrival of the covered property at the final destination designated by the owner or owner's agent, or upon expiration of this Policy, whichever may occur first, except that expiration of this Policy shall not prejudice coverage of any risk then in transit.

B. EXCLUSIONS

1. Loss or damage occasioned by: wear and tear, gradual deterioration, insects, vermin, inherent vice or damage sustained due to and resulting from any repairing, restoration or retouching process;
2. Loss or damage caused by or resulting from:
 - a. War, hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack;

- i. by any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces or;
 - ii. by military, naval or air forces; or
 - iii. by an agent of any such government, power, authority or forces;
 - b. Any weapon of war employing atomic fission or radioactive force whether in time of peace or war;
 - c. Insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an occurrence, seizure or destruction under quarantine or customs regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade.
3. Nuclear reaction or nuclear radiation or radioactive contamination from any cause, all whether direct or indirect, controlled or uncontrolled, proximate or remote, or is contributed to or aggravated by a Covered Cause of Loss. However:
 - a. If fire not otherwise excluded results, the Company shall be liable for the direct physical loss or damage by such resulting fire, but not including, any loss or damage due to nuclear reaction, nuclear radiation, or radioactive contamination, and
 - b. This Policy does insure against physical loss or damage caused by sudden and accidental radioactive contamination, including resultant radiation damage, from material used or stored or from processes conducted on the Named Insured premises, provided that, at the time of such loss or damage, there is neither a nuclear reactor nor any new or used nuclear fuel on the Named Insured premises.
4. Any dishonest, fraudulent or criminal act by the Named Insured, a partner therein or an officer, director employee or trustee thereof, whether acting alone or in collusion with others.

For the purpose of this exclusion an act of vandalism or malicious damage by an employee shall not constitute a dishonest, fraudulent or criminal act.

C. LOSS PAYMENT BASIS / VALUATION

The valuation of each article of property covered by this Section shall be determined as follows:

- a. Property of the Named Insured shall be covered for and valued at the current fair market value of each article indicated on the books and records of the Named Insured prior to loss, according to the Named Insured's valuation of each object covered.
- b. Property of others loaned to the Named Insured and for which the Named Insured may be legally liable, or which the Named Insured has been instructed to insure, shall be covered for and valued at the amount agreed upon for each article by the Named Insured and owner(s) as recorded on the books and records of the Named Insured prior to loss.
- c. Otherwise, in the absence of recorded current fair market values or agreed values for each article covered, the Company shall not be liable beyond the fair market value of the property at the time any loss or damage occurs. Said value shall be ascertained by the Named Insured and the Company or, if they differ, then the amount of value or loss shall be determined as provided in the following appraisal clause.

D. SPECIAL CONDITIONS

1. **Misrepresentation and Fraud:** This entire Section shall be void if, whether before or after a loss, the Named Insured has concealed or misrepresented any material fact or circumstance concerning this Policy or the subject thereof, or the interest of the Named Insured therein, or in case of any fraud or false swearing by the Named Insured relating thereto.
2. **Notice of Loss:** The Named Insured shall as soon as practicable report in writing to the Company or its agent every loss, damage or occurrence which may give rise to a claim under this Section and shall also file with the Company or its agent within ninety (90) days from the date of discovery of such loss, damage or occurrence, a detailed sworn proof of loss.
3. **Examination under Oath:** The Named Insured, as often as may be reasonably required, shall exhibit to any person designated by the Company all that remains of any property herein described, and shall submit, and insofar as is within its power cause its employees, Named Insured and others to submit to examination under oath by any person named by the Company and subscribe the same; and, as often as may be reasonably required, shall produce for examination all writings, books of account, bills, invoices and other vouchers, or certified copies thereof if originals be lost, at such reasonable time and place as may be designated by the Company or its representative and shall permit extracts and copies thereof to be made. No such examination under oath or examination of books or documents, nor any act of the Named Insured or any of its employees or representatives in connection with the investigation of any loss or claim hereunder, shall be deemed a waiver of any defense which the Named Insured might otherwise have with respect to any loss or claim, but all such examinations and acts shall be deemed to have been made or done without prejudice to the Company's liability.
4. **Settlement of Loss:** All adjusted claims shall be paid or made good to the Named Insured within sixty (60) days after presentation and acceptance of satisfactory proof of interest and loss at the office of the Company. No loss shall be paid or made good if the Named Insured has collected the same from others.
5. **No Benefit to Bailee:** This Section shall in no way inure directly or indirectly to the benefit of any carrier or other bailee.
6. **Subrogation or Loan:** If in the event of loss or damage the Named Insured shall acquire any right of action against any individual, firm or corporation for loss of, or damage to, property covered hereunder, the Named Insured will, if requested by the Company, assign and transfer such claim or right of action to the Company or, at the Company's option, execute and deliver to the Company the customary form of loan receipt upon receiving an advance of funds in respect of the loss or damage; and will subrogate the Company to, or will hold in trust for the Company, all such rights of action to the extent of the amount paid or advanced, and will permit suit to be brought in the Named Insured's name under the direction of and at the expense of the Company.
7. **Protection and Preservation of Property:** In case of actual or imminent physical loss or damage of the type insured against by this Policy, the expenses incurred by the Named Insured in taking reasonable and necessary actions for the temporary protection and preservation of property insured hereunder shall be added to the total physical loss or damage otherwise recoverable under the Policy and be subject to the applicable deductible and without increase in the limit provisions contained in this Policy.
8. **Appraisal:** If the Named Insured and the Company fail to agree as to the amount of loss, each shall on the written demand of other, made within sixty (60) days after receipt of proof of loss by the Company, select a competent and disinterested appraiser, and the appraisal shall be made at a reasonable time and place. The appraisers shall first select a competent and

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

9. **Civil Authority:** Property covered under this Section against the peril of fire is also covered against the risk of damage or destruction by Civil authority during a conflagration and for the purpose of retarding the same; provided that neither such conflagration nor such damage or destruction is caused or contributed to by a peril otherwise excluded herein.
10. **Changes:** Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this Section or stop the Named Insured from asserting any right under the terms of this Section, nor shall the terms of this Section be waived or changed except by endorsement issued to form a part of this Section.
11. **Additional Covered Party(ies):** Corporations, associations, firms, institutions, museums, persons and others who own or control collections, objects or articles who make them available to the Named Insured, and temporary borrowers or custodians (but not carriers, packers or shippers) of property covered, are additional Named Insured(s) hereunder, but only as respects coverage afforded to said Named Insured's property.
12. **Packing:** It is agreed by the Named Insured that the property covered hereunder be packed and unpacked by competent packers.
13. **Other Insurance:** This fine arts floater Section is excess coverage over any other valid and collectible insurance which may apply to any objects of art for which coverage would apply under this Policy.
14. **Pair And Set:** In the event of the total loss of any article or articles which are a part of a set, the Company agrees to pay the Named Insured the full amount of the value of such set and the Named Insured agrees to surrender the remaining article or articles of the set to the Company.

SECTION VI**CONTRACTORS EQUIPMENT****A. COVERAGE**

This Policy insures contractors equipment, whether self propelled or not, including equipment thereof while attached thereto or located thereon, such as bulldozers, drag lines, power shovels, derricks, drills, concrete mixers and other machinery of a similar nature, and not subject to motor vehicle registration.

If any of the property covered by this Section is also covered under any other provisions of the Policy of which this Section is made a part, those provisions are hereby amended to exclude such property, the intent being that the coverage under this Section is the sole coverage on such property.

B. PERILS EXCLUDED

This Section insures against all risks of direct physical loss or damage occurring during the policy period to the above described property from any external cause except as provided below.

1. Loss or damage due to wear, tear, rust, corrosion, latent defect, mechanical breakage or improper assemblage.
2. Loss or damage due to the weight of the load imposed on the machine exceeding the capacity for which such machine was designed.
3. Loss or damage to crane or derrick boom(s) and jib(s) of lattice construction while being operated unless directly caused by fire, lightning, hail, windstorm, earthquake shock, explosion, riot, riot attending a strike, civil commotion, actual physical contact with an aircraft or airborne missile including objects falling therefrom, collision with other vehicles or other contractors equipment whether or not such other equipment is covered hereunder, landslide, or upset of the unit of which it is a part (but only when and to the same extent that such other perils are covered by the Policy).
4. Loss or damage due to explosion arising from within steam boilers.
5. Loss or damage to dynamos, exciters, lamps, switches, motors or other electrical appliances or devices, including wiring, caused by lightning or other electrical currents (artificial or natural) unless fire ensues and then for the loss by fire only.
6. Loss or damage due to dishonesty of Named Insured's employees or persons to whom the Named Insured's property is entrusted.
7. Loss or damage caused by or contributed to failure of the Named Insured to keep and maintain the property in a thorough state of repair.

- a. War, hostile or warlike action in time of peace or, including action in hindering, combating or defending against an actual, impending or expected attack;
 - i. by any government or sovereign power (de jure or de facto) or by any authority maintaining using military, naval or air forces or;
 - ii. any military, naval or air forces or;
 - iii. by an agent of any such government, power, authority or forces;
 - b. any weapon of war employing atomic fission or radioactive force whether in time of peace or war;
 - c. insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an occurrence, seizure or destruction under quarantine or customs regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade;
9. Loss by nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, and whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by the peril(s) covered against in this endorsement; however, subject to the foregoing and all provisions of this Policy, direct loss by fire resulting from nuclear reaction or nuclear radiation or radioactive contamination is covered against by this Policy.

C. PROPERTY EXCLUDED

1. Automobiles, motorcycles, motor trucks, or parts thereof.
2. Buildings
3. Machinery or equipment or building materials to be installed in any building for the purpose of becoming a part thereof; nor on any property which has become a permanent part of any structure.
4. Property that is located underground.
5. Property while waterborne except while being transported on any regular ferry.
6. The storage risk of property not owned or required to be insured by the Named Insured at premises controlled or leased by the Named Insured, except where incidental to the regular or frequent use of the equipment or property.
7. Plans, blue prints, designs or specifications.

D. LOSS PAYMENT BASIS / VALUATION

On Contractors Equipment (whether self propelled or not), on or off premises, where Replacement Cost (New) values are specified, loss or damage shall be based on 100% of the Replacement Cost (New) at the time of loss. Partial losses shall be based on the cost of repairing or replacing the damaged portion, up to the fair market value of the Contractors Equipment. However, should these costs exceed the fair market value then recovery shall be based upon the Replacement Cost (New).

If the values, provided by the Named Insured, provides a valuation based on replacement cost, then recovery will be on the same basis, if replaced. If not replaced, the basis of recovery shall be actual cash value.

E. SPECIAL CONDITIONS

This section covers property only within the limits of the United States of America.
It is a condition of this Policy that all articles covered hereunder are in sound condition at the time of attachment of this Policy.

SECTION VII

ACCOUNTS RECEIVABLE

A. COVERAGE

This Policy covers the loss of or damage resulting from insured perils to the Named Insured's records of accounts receivable as defined below, occurring during the policy period.

B. EXCLUSIONS

In addition to the exclusions in the General Conditions, this coverage does not apply:

1. To loss due to any fraudulent, dishonest or criminal act by the Named Insured, a partner therein, or an officer, director, employee or trustee thereof, while working or otherwise and whether acting alone or in collusion with others.

For the purpose of this exclusion an act of vandalism or malicious damage by an employee shall not constitute a dishonest, fraudulent or criminal act.

2. To loss due to bookkeeping, accounting or billing errors or omissions.
3. To loss, the proof of which as to factual existence, is dependent upon an audit of records or an inventory computation; but this shall not preclude the use of such procedures in support of claim for loss which the Named Insured can prove through evidence wholly apart therefrom, is due solely to a risk of loss to records of accounts receivable not otherwise excluded hereunder.
4. To loss due to alteration, falsification, manipulation, concealment, destruction or disposal of records of accounts receivable 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.

C. LOSS PAYMENT BASIS / VALUATION

When there is proof that a loss covered by this Policy has occurred but the Named Insured cannot accurately establish the total amount of accounts receivable outstanding as of the date of such loss, such amount shall be based on the Named Insured's monthly statements and shall be computed as follows:

1. Determine the amount of all outstanding accounts receivable at the end of the same fiscal month in the year immediately preceding the year in which the loss occurs;
2. Calculate the percentage of increase or decrease in the average monthly total of accounts receivable for the twelve (12) months immediately preceding the month in which the loss occurs as compared with such average for the months of the preceding year;
3. The amount determined under (a) above, increased or decreased by the percentage calculated under (b) above, shall be the agreed total amount of accounts receivable as of the last day of the fiscal month in which said loss occurs;

4. The amount determined under (c) above shall be increased or decreased in conformity with the normal fluctuations in the amount of accounts receivable during the fiscal month involved, due consideration being given to the experience of the business since the last day of the last fiscal month for which statement has been rendered.

There shall be deducted from the total amount of accounts receivable, however established, the amount of such accounts evidenced by records not lost or damaged or otherwise established or collected by the Named Insured, and an amount to allow for probable bad debts which would normally have been uncollectible by the Named Insured. All unearned interest and service charges shall be deducted.

D. DEFINITIONS:

ACCOUNTS RECEIVABLE

1. All sums due to the Named Insured from customers provided the Named Insured is unable to effect collection thereof as the direct result of loss or damage to records of accounts receivable.
2. Interest charges on any loan to offset impaired collections pending repayment of such sums made uncollectible by such loss or damage.
3. Collection expense in excess of normal collection cost and made necessary because of such loss or damage.
4. Other expenses, when reasonably incurred by the Named Insured, in re-establishing records of accounts receivable following such loss or damage.

SECTION VIII**UNMANNED AIRCRAFT****A. COVERAGE**

This Policy insures against all risks of direct physical loss of or damage except as hereafter excluded occurring during the policy period to **Unmanned Aircraft**, that are usual to the Named Insured's business and that the Named Insured own or are required to insure, sustained while not **In Flight** or **In Motion** and which are not the result of fire or explosion following crash or collision while the **Unmanned Aircraft** was **In Flight** or **In Motion** that are:

1. Listed on the schedule which is a part of this Policy or which is on file with the Company;
2. Unscheduled but for an amount not to exceed the limit shown on the Declarations

If any of the property covered by this Section is also covered under any other provisions of the Policy of which this Section is made a part, those provisions are hereby amended to exclude such property, the intent being that the coverage under this Section is the sole coverage on such property.

B. PERILS EXCLUDED

This Section insures against all risks of direct physical loss or damage occurring during the policy period to **Unmanned Aircraft** from any external cause except as provided below.

1. Loss or damage due to the **Unmanned Aircraft** being **In Flight** or **In Motion** including during propulsion system startup or any time the propulsion system is operating.
2. Loss or damage due to wear, tear, rust, corrosion, latent defect, mechanical breakage, freezing or improper assemblage.
3. Loss or damage due to the weight of the load imposed on the **Unmanned Aircraft** exceeding the capacity for which such **Unmanned Aircraft** was designed.
4. Loss or damage to tires except where such loss or damage is caused by fire, theft, windstorm or vandalism or is the direct result of physical damage covered by this Policy.
5. Loss or damage to **Unmanned Aircraft** while being worked upon except for direct loss or damage caused by resulting fire or explosion.
6. Loss or damage to dynamos, exciters, lamps, switches, motors or other electrical appliances or devices, including wiring, caused by lightning or other electrical currents (artificial or natural) unless fire ensues and then for the loss by fire only.
7. Loss or damage due to conversion, embezzlement or secretion by any person or organization with legal right to possession of such **Unmanned Aircraft** under bailment, lease, conditional sale, purchase agreement, mortgage or other legal agreement that governs the use, sale or lease of the **Unmanned Aircraft**, nor for any loss or damage during or resulting therefrom.
8. Loss or damage due to dishonesty of Named Insured's employees or persons to whom the Named Insured's property is entrusted.
9. Loss or damage caused by or contributed to failure of the Named Insured to keep and maintain the property in a thorough state of repair.

- a. War, hostile or warlike action in time of peace or, including action in hindering, combating or defending against an actual, impending or expected attack,
 - i. by any government or sovereign power (de jure or de facto) or by any authority maintaining using military, naval or air forces; or
 - ii. any military, naval or air forces; or
 - iii. by an agent of any such government, power, authority or forces;
- b. any weapon of war employing atomic fission or radioactive force whether in time of peace or war;
- c. insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an occurrence, seizure or destruction under quarantine or customs regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade;

C. **PROPERTY EXCLUDED**

1. **Unmanned Aircraft** that are located in underground mines, caverns or underground storage facilities.
2. **Unmanned Aircraft** while waterborne except while being transported on any regular ferry.
3. The storage risk of **Unmanned Aircraft** not owned or required to be insured by the Named Insured at premises controlled or leased by the Named Insured, except where incidental to the regular or frequent use of the equipment or property.

D. **LOSS PAYMENT BASIS / VALUATION**

On **Unmanned Aircraft**, on or off premises, where Replacement Cost (New) values are specified, loss or damage shall be based on 100% of the Replacement Cost (New) at the time of loss. Partial losses shall be based on the cost of repairing or replacing the damaged portion, up to the fair market value of the **Unmanned Aircraft**. However, should these costs exceed the fair market value then recovery shall be based upon the Replacement Cost (New).

If the values, provided by the Named Insured, provides a valuation other than replacement cost, then recovery will be on the same basis, if replaced. If not replaced, the basis of recovery shall be actual cash value.

E. **SPECIAL CONDITIONS**

This section covers property only within the limits of the United States of America.

It is a condition of this Policy that all articles covered hereunder are in sound condition at the time of attachment of this Policy.

F. DEFINITIONS

1. UNMANNED AIRCRAFT

Means a powered aerial vehicle that does not carry a human operator, uses aerodynamic forces to provide vehicle lift, can fly autonomously or be piloted remotely, is recoverable and in some cases can carry a non-lethal payload including the propulsion system and equipment usually installed in the vehicle (1) while installed in the vehicle, (2) while temporarily removed from the vehicle and (3) while removed from the aircraft for replacement until such time as replacement by a similar item has commenced; also tools and equipment which are specially designed for the aircraft and which are ordinarily carried therein.

2. IN FLIGHT

Means, with respect to fixed wing **Unmanned Aircraft**, the time commencing with the actual take-off run or launch and continuing thereafter until it has completed its landing run; or capture; and if the **Unmanned Aircraft** is a rotorcraft, from the time the rotors start to revolve under power for the purpose of flight until they subsequently cease to revolve after landing; and if the **Unmanned Aircraft** is a balloon, while it is inflated or being inflated or deflated.

3. IN MOTION

Means while the **Unmanned Aircraft** is moving under its own power or the momentum generated therefrom or while it is **In Flight** and, if the **Unmanned Aircraft** is a rotorcraft, any time the rotors are rotating or while it is **In Flight** and, if the **Unmanned Aircraft** is a glider or balloon, any time it is being transported, towed or while it is **In Flight**.

BOILER AND MACHINERY BREAKDOWN EXTENSION

1. Perils Insured

In consideration of the premium paid and subject to the terms, conditions and Exclusions of the Policy to which this Extension is attached, and to the following terms and conditions, this Insurance is extended to cover direct damage to Covered Property caused by a Covered Cause of Loss.

2. Additional Coverage

(a) Hazardous Substance

The additional expense incurred for cleanup, repair or replacement or disposal of damaged, contaminated or polluted Covered Property as a result of an Accident, which causes property to become damaged, contaminated or polluted by a substance declared hazardous to health by an authorized governmental agency. The coverage provided by this clause is sub-limited to USD as per Declaration Page. For the purpose of this coverage “Additional expense” means any expense that would not have incurred, if no substance hazardous to health had been involved in the accident

(b) Ammonia Contamination

The loss, including salvage expense, incurred with respect to damage by ammonia contacting or permeating Covered Property under refrigeration or in process requiring refrigeration, as a result of any one Accident to one or more Objects. The coverage provided by this clause is sub-limited to USD as per Declaration Page.

(c) Water Damage

The loss, including salvage expense, with respect to Covered Property damaged by water, resulting from any one Accident. The coverage provided by this clause is sub-limited to USD as per Declaration Page.

(d) Media Coverage

The loss to all forms of electronic, magnetic and optical tapes and discs used in any electronic computer or electronic data processing equipment directly damaged by an Accident to an Object. The coverage provided by this clause is sub-limited to USD as per Declaration Page. For the purpose of this coverage, the valuation basis for “Media” is as follows:

- i. For “Media” that are mass-produced and commercially available, at the replacement cost.
- ii. For all other “Media”, at the cost of blank material for reproducing the records.

(e) Consequential Damage

The “Consequential Damage” to refrigerated and frozen goods of the Named Insured or for which the Named Insured is legally liable or under the Named Insured’s care, custody or control caused solely by an Accident to an Object. For the purpose of this coverage, “Consequential Damage” is defined as loss due to spoilage from lack of power, light, heat, steam or refrigeration, resulting from Accident. The coverage provided by this clause is sub-limited to USD as per Declaration Page.

The loss caused by an Accident to an Object that is owned, operated or controlled by a public or private entity that the Named Insured has contracted with to furnish them with electrical utility service including all direct electrical suppliers. The coverage provided by this clause is sub-limited to USD as per Declaration Page.

(g) CFC Refrigerants and Halon

The replacement of any CFC (chlorofluorocarbon) refrigerant used in refrigeration or air conditioning equipment or Halon used in a fire suppression system due to an "Accident" to an Object.

(h) Ordinance or Law

If an Accident to an Object at the Named Insured's location damages a building that is "Covered Property", the Company will pay for

- i. Loss to the Undamaged Portion of the Building, meaning loss to the undamaged portion of the building caused by enforcement of any ordinance or law that:
 - a. Requires the demolition of parts of the same building not damaged by the Accident to an Object; or
 - b. Regulates the construction or repair of buildings, or establishes zoning or land use requirements at the location of the building.
- ii. Demolition Cost meaning the cost to demolish and clear the site of undamaged parts of the building, caused by the enforcement of building, zoning, or land ordinance or use.
- iii. Increased Cost of Construction, meaning the increased cost to:
 - a. Repair or reconstruct damaged portions of the building; and
 - b. Reconstruct or remodel undamaged portions of the building whether or not demolition is required;

when the increased cost is a consequence of enforcement of building, zoning or land use ordinance or law. But the Company will only pay for this increased cost if the building is repaired, reconstructed or remodeled. Also, if the building is repaired, reconstructed or remodeled, it must be intended for similar occupancy as the current building, unless such occupancy is not permitted by zoning or land use ordinance or law.

Insurance under this section only applies with respect to ordinance or law that is in force at the time of the Accident to an Object. Insurance under this section does not apply to:

- a. Costs associated with the enforcement of any ordinance or law which requires any Named Insured or others to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to, or assess the effects of substances declared to be hazardous to health by a governmental agency; or
- b. Loss due to any ordinance or law that:

- i. The Named Insured was required to comply with before the Accident to an Object even if the building was undamaged; and
- ii. The Named Insured failed to comply with.

The coverage provided by this clause is sub-limited to USD as per Declaration Page.

3. Definition of Accident

Accident shall mean a sudden and accidental breakdown of the Object, or a part thereof, which manifests itself at the time of its occurrence by physical damage to the Object that necessitates repair or replacement of the Object or part thereof; but Accident shall not mean:

- a. depletion, deterioration, corrosion, or erosion of material;
- b. wear and tear;
- c. leakage at any valve, fitting, shaft seal, gland packing, joint or connection;
- d. the breakdown of any vacuum tube, gas tube or brush;
- e. the breakdown of any structure or foundation supporting the Object or any part thereof;
- f. the functioning of any safety device or protective device.

4. Definition of Object

Except as otherwise specifically designated herein, Object as described below shall mean any equipment or apparatus which is owned by, leased by or operated under the control of the Named Insured subject to the Exclusions and Special Provisions specified herein:

- a. Any boiler, any fired vessel, any unfired vessel subject to vacuum or internal pressure other than static pressure of contents, any refrigerating and air conditioning vessels, or any piping and its accessory equipment, but such Object shall not include:
 - i. Any boiler setting, any insulating or refractory material,
 - ii. Any sewer piping, any underground gas piping, any piping forming a part of a sprinkler system or any water piping other than
 - a. Feed water piping between any boiler and its feed pumps or injectors
 - b. Boiler condensate returning piping
- b. Any mechanical or electrical machine or electrical apparatus used for the generation, transmission or utilization of mechanical or electrical power, but Object shall not include
 1. Any structure or foundation other than a bedplate of a machine,
 2. Any vehicle, elevator, crane, hoist, power shovel or drag line, but not excluding any electrical equipment used with said machine or apparatus,
 3. Any refractory material, or
 4. Any penstock or draft tube.

5. Covered Cause of Loss

A Covered Cause of Loss is an "Accident" to an Object insured hereon. An Object must be in use or connected ready for use at the time of the Accident.

6. Covered Property

Covered Property, as used in this Extension, means any property not otherwise excluded in this Policy that:

- a. The Named Insured owns; or
- b. Is in the Named Insured's care, custody or control and for which they are legally liable

7. Special Provisions

- a. As respects any boiler, fired or unfired vessel, refrigerating system or piping, the Company shall not be liable for loss from an Accident while said Object is undergoing a hydrostatic, pneumatic or gas pressure test that exceeds manufacturers recommended limits.
- b. As respects any boiler of fired vessel, the Company shall not be liable for loss from an explosion of gas or unconsumed fuel within the furnace of such Object or within the passages from the furnace to the atmosphere, whether or not such explosion (a) is contributed to or aggravated by an Accident to any part of said Object that contains steam or water, or (b) is caused in whole or in part, directly or indirectly, by any Accident to any Object, or part thereof, nor shall the Company be liable for any loss from an Accident caused directly or indirectly by such explosion.
- c. As respects any unfired vessel which is used for the storage of gas or liquid and which is periodically filled, moved, emptied and refilled in the course of its normal service, such vessel shall be considered as "connected ready for use" within the terms of this Extension of the Policy.
- d. As respects any Object or part of an Object that is being dismantled, reassembled or is in storage, will be considered as "connected ready for use" within the terms of this Extension of the Policy.
- e. As respects any gas turbine of the internal combustion type, (a) the combustor or such Object shall not be considered to be a "furnace" as the word is used in the Definition of Accident or in Special Provision 2 above and (b) the Definition of Accident shall not mean the cracking of any part of the Turbine exposed to the production of combustion.
- f. As respects new turbine generator units, coverage shall not apply until the unit has been contractually accepted by the Named Insured, that all tests required by the contractor have been performed and satisfied and the unit has been placed in commercial operation.

8. Valuation

- a. The Company will pay the Named Insured the amount the Named Insured spends to repair or replace the property directly damaged by an Accident. The Company payment will be the smallest of:
 - 1) The Limit of Insurance;
 - 2) The cost at the time of the Accident to repair the damaged property with property of like kind, capacity, size and quality;
 - 3) The cost at the time of the Accident to replace the damaged property on the same site with other property:
 - a) Of like kind, capacity, size and quality; and

- b) Used for the same purpose
- 4) The amount the Named Insured actually spends that is necessary to repair or replace the damaged property.
- b. As respects any Object if the cost of repairing or replacing only a part of the Object is greater than:
 - 1) the cost of repairing the Object; or
 - 2) the cost of replacing the entire Object on the same site;The Company will pay only the smaller of (1) or (2). The repair parts or replacement Object must be:
 - 1) of like kind, capacity, size and quality; and
 - 2) used for the same purpose.
- c. The Company will not pay:
 - 1) if the loss or damage is to property that is obsolete or useless to the Named Insured; or
 - 2) for any extra cost if the Named Insured decides to repair or replace the damaged property with property of a better kind or quality or of larger capacity,
- d. If the Named Insured does not repair or replace the damaged property within 18 months after the date of the Accident then the Company will pay on the smaller of the:
 - 1) cost it would have taken to repair; or
 - 2) actual cash value;at the time of the “accident”.

Paragraph (d) does not apply to any time period beyond the 18 months that the Company agrees to in writing.

- e. As respects CFC (chlorofluorocarbon) refrigerant or Halon, the following valuation basis is applicable:
 - 1) If the CFC refrigerant or Halon is replaceable, the Named Insured may, at their option, elect to:
 - a) Repair or replace the damaged refrigeration equipment, air conditioning equipment or fire suppression system and replace the lost CFC refrigerant or Halon subject to it being of like kind, capacity, size and quality and used for the same purpose; or
 - b) Change the refrigeration equipment, air conditioning equipment or fire suppression system, through modification or replacement, to:
 - i. Refrigeration or air conditioning equipment that uses an approved non - CFC refrigerant; or

- ii. A fire suppression system that uses an approved non – Halon agent.

But this option is available only if the change to the equipment or system is made within 18 months after the date of the Accident or within any extended time period that the Company agrees to in writing.

If Option 1) b) above is elected, the Company will not pay more than the least of the following amounts:

- a) The Limit of Insurance;
 - b) The cost at the time of the Accident to repair the damaged refrigeration equipment, air conditioning equipment or fire suppression system, retrofit the equipment or system to accept non – CFC refrigerant or non – Halon fire suppressant, and charge the equipment or system with that refrigerant or fire suppressant;
 - c) The cost at the time of the Accident to replace the damaged refrigeration equipment, air conditioning equipment or fire suppression system with equipment or a system that is functionally equivalent and uses an approved non – CFC refrigerant or non – Halon fire suppressant;
 - d) The amount that the Named Insured actually spend that is necessary to change the refrigeration equipment, air conditioning equipment or fire suppression system, through modification or replacement, to equipment or a system that uses an approved non – CFC refrigerant or non – Halon fire suppressant; or
 - e) One hundred twenty-five percent (125%) of the amount the Company otherwise would have paid for loss to the refrigeration equipment, air conditioning equipment or fire suppression system.
- f. If the CFC refrigerant or Halon is not replaceable and:
- 1) The Named Insured repairs or replaces the damaged equipment within 18 months after the date of the Accident or within any extended time that the Company agrees to in writing, the Company will pay the least of the following amounts:
 - a) The Limit of Insurance;
 - b) The cost at the time of the Accident to repair the damaged refrigeration equipment, air conditioning equipment or fire suppression system, retrofit the equipment or system to accept non – CFC refrigerant or non – Halon fire suppressant, and charge the equipment or system with that refrigerant or fire suppressant;
 - c) The cost at the time of the Accident to replace the damaged refrigeration equipment, air conditioning equipment or fire suppression system with equipment or a system that is functionally equivalent and uses an approved non – CFC refrigerant or non – Halon fire suppressant;
 - d) The amount that the Named Insured actually spend that is necessary to change the refrigeration equipment, air conditioning equipment or fire suppression system, through modification or replacement, to equipment or a system that uses an approved non – CFC refrigerant or non – Halon fire suppressant.

- 2) If the Named Insured does not replace the damaged equipment within 18 months after the date of the Accident or within the extended time period that the Company agrees to in writing, the Company will not pay more than the lesser of:
 - a) The amount that the Company would have paid if repair or replacement of the damaged equipment had been made as determined in F 1 above; or
 - b) The actual cash value of the damaged equipment at the time of the Accident.
- g. As respects Insurance under Ordinance and Law, the most the Company will pay as a result of any one Accident for:
 - a) Loss to the Undamaged portion of the building is included in the Limit of Insurance that otherwise applies to the damaged building. But in no event will the amount the Company pay for loss to the building, including the loss in value of the undamaged portion of the building due to enforcement of an ordinance or law to which this coverage applies, exceed:
 - i. The amount that the Named Insured actually spend to repair, rebuild or replace the building, but not more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style and comparable quality of the original property insured; or
 - ii. The actual cash value of the building at the time of loss if the building is not repaired or replaced.
 - b) Demolition and Increased Cost of Construction is USD as per Declaration Page, subject to the following:
 - i. With respect to the coverage provided for Demolition Cost, the Company will not pay more than the amount the Named Insured actually spend to demolish and clear the site of the undamaged parts of the building;
 - ii. With respect to the coverage provided for Increased Cost of Construction:
 - (a) The Company will not pay for the Increased Cost of Construction:

Until the building is actually repaired or replaced at the same or another premises; and

Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed 18 months. The Company may extend this period in writing during the 18 months.
 - (b) If the building is repaired or replaced at the same location, or if the Named Insured elect to rebuild at another location, the most the Company will pay for the increased cost of construction is the increased cost of construction at the same location.
 - (c) If the ordinance or law requires relocation to another location, the most the Company will pay for the increased cost of construction is the increased cost of construction at the new location.

- h. If a claim or “suit” is brought against the Named Insured alleging that the Named Insured is liable for damage to property of another that was caused by an Accident to an Object, the Company will either:
1. Settle the claim or “suit”, or
 2. Defend the Named Insured against the “suit” but reserve the right for themselves to settle at any point.

9. Exclusions

- a. To loss:
- 1) from explosion of an Object other than:
 - a) Any steam boiler, steam piping, steam turbine, gas turbine, steam engine, or
 - b) Any machine when such loss is caused by centrifugal force or mechanical breakdown,
 - b. Nuclear reaction or radiation or radioactive contamination however caused, however this exclusion shall not apply to nuclear medicine at covered hospitals,
 - c. From fire concomitant with or following an Accident.
 - d. From an Accident caused directly or indirectly by fire
 - e. From a combustion explosion outside the Object concomitant with or following an Accident,
 - f. From an Accident caused directly or indirectly by a combustion explosion outside an Object

10. Conditions:

- a. Inspection

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

- b. Suspension

Upon the discovery of a dangerous condition with respect to any Object, Alliant Insurance Services, Inc., may immediately suspend the insurance, with respect to an Accident to said Object, by written notice mailed or delivered to the Named Insured at the address of the Named Insured stated in the Declaration Page, or at the location of the Object, as stated for it in a schedule or endorsement. The insurance so suspended may be reinstated by the Company but only by an endorsement issued to form a part of this Policy. The Named Insured shall be allowed the unearned portion of the premium paid for such suspended insurance, pro rata for the period of suspension.

- c. Notice of Accident and Adjustments

When an Accident occurs, written notice shall be given to the Company as soon as practicable. The Company shall be given like notice of any claim made on account of such Accident. The Company or their representative shall have reasonable time and opportunity to examine the property, and the Named Insured's Location of Risk, before repairs are undertaken or physical evidence of the Accident is removed, except for protection or salvage. Proof of loss shall be made in such form as the Company may require. If suit is brought against the Named Insured for loss to which this Section of the Policy is applicable, any summons or other process served upon the Named Insured shall be forwarded immediately to the Company.

d. Deductible

In the event of an Accident to an Object as insured under this Extension that is concomitant with or followed by physical loss or damage incurred under the All Risk policy that this Extension attached to, the deductible to be applied to the total loss shall be the highest applicable deductible.

**PROGRAM AND/OR NAMED INSURED AND/OR DECLARATION SPECIFIC
ENDORSEMENTS TO BE PROVIDED AFTER THE ABOVE PAGE**

ENDORSEMENT 1

CANCELLATION CLAUSE AMENDMENT DUE TO FINANCIAL STRENGTH DOWNGRADE ENDORSEMENT

It is hereby understood and agreed that Section IV, General Conditions, Clause N, Cancellation of this Policy is amended.

This endorsement modifies insurance provided by the Policy:

The Cancellation Provision, Cancellation Condition, or Cancellation Clause, whichever is applicable, is amended by adding the following paragraph to the end thereof:

Notwithstanding any other terms or conditions of this Policy to the contrary, in the event that the financial strength rating of the **Company** is downgraded to: (1) below A- by A.M. Best Co., or (2) below BBB by Standard & Poor's Ratings Services (hereinafter, the **Credit Rating Downgrade**), this Policy may be canceled by the **FIRST NAMED INSURED** by mailing prior written notice to the Company or by surrender of this Policy to the **Company**.

If this Policy is canceled by the **First Named Insured** due to such **Credit Rating Downgrade**, then the **Company** shall return the unearned pro rata proportion of the premium as of the effective date of cancellation and shall waive any minimum earned premium requirement specified herein.

The following definitions apply to this endorsement:

1. **Company** means Lexington Insurance Company.
2. **First Named Insured** means the first Named Insured as shown on the Declarations page of this Policy.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

ENDORSEMENT 2

COVERAGE TERRITORY ENDORSEMENT

This endorsement modifies insurance provided by the Policy:

The Insurer shall not be deemed to provide cover and the Insurer shall not be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose the Insurer, its parent company or its ultimate controlling entity to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union or the United States of America.

PR4225 (07/13)

ENDORSEMENT 3

WAR AND TERRORISM EXCLUSION ENDORSEMENT **(applies to locations outside the USA, its territories and possessions)**

Notwithstanding any provision to the contrary within this insurance or any endorsement thereto it is agreed that this insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss;

- (1) war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or
- (2) any act of terrorism.

For the purpose of this endorsement an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, 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 including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This endorsement 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 (1) and/or (2) above.

If the Underwriters allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the Assured.

In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

NMA2918
08/10/2001

ENDORSEMENT 4

COMMUNICABLE DISEASE EXCLUSION

1. This policy, subject to all applicable terms, conditions and exclusions, covers losses attributable to direct physical loss or physical damage occurring during the period of insurance. Consequently and notwithstanding any other provision of this policy to the contrary, this policy does not insure any loss, damage, claim, cost, expense or other sum, directly or indirectly arising out of, attributable to, or occurring concurrently or in any sequence with a Communicable Disease or the fear or threat (whether actual or perceived) of a Communicable Disease.
2. For the purposes of this endorsement, loss, damage, claim, cost, expense or other sum, includes, but is not limited to, any cost to clean-up, detoxify, remove, monitor or test:
 - 2.1. for a Communicable Disease, or
 - 2.2. any property insured hereunder that is affected by such Communicable Disease.
3. As used herein, a Communicable Disease means any disease which can be transmitted by means of any substance or agent from any organism to another organism where:
 - 3.1. the substance or agent includes, but is not limited to, a virus, bacterium, parasite or other organism or any variation thereof, whether deemed living or not, and
 - 3.2. the method of transmission, whether direct or indirect, includes but is not limited to, airborne transmission, bodily fluid transmission, transmission from or to any surface or object, solid, liquid or gas or between organisms, and
 - 3.3. the disease, substance or agent can cause or threaten damage to human health or human welfare or can cause or threaten damage to, deterioration of, loss of value of, marketability of or loss of use of property insured hereunder.
4. This endorsement applies to all coverage extensions, additional coverages, exceptions to any exclusion and other coverage grant(s).

All other terms, conditions and exclusions of the policy remain the same.

LMA5393
25 March 2020

ENDORSEMENT 5

PROPERTY CYBER AND DATA ENDORSEMENT

(This endorsement only applies to capacity placed in the Lloyd's of London market and replaces all references to Cyber coverage within the policy)

- 1 Notwithstanding any provision to the contrary within this Policy or any endorsement thereto this Policy excludes any:
 - 1.1 Cyber Loss, unless subject to the provisions of paragraph 2;
 - 1.2 loss, damage, liability, claim, cost, expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with any loss of use, reduction in functionality, repair, replacement, restoration or reproduction of any Data, including any amount pertaining to the value of such Data, unless subject to the provisions of paragraph 3;regardless of any other cause or event contributing concurrently or in any other sequence thereto.
- 2 Subject to all the terms, conditions, limitations and exclusions of this Policy or any endorsement thereto, this Policy covers physical loss or physical damage to property insured under this Policy caused by any ensuing fire or explosion which directly results from a Cyber Incident, unless that Cyber Incident is caused by, contributed to by, resulting from, arising out of or in connection with a Cyber Act including, but not limited to, any action taken in controlling, preventing, suppressing or remediating any Cyber Act.
- 3 Subject to all the terms, conditions, limitations and exclusions of this Policy or any endorsement thereto, should Data Processing Media owned or operated by the Insured suffer physical loss or physical damage insured by this Policy, then this Policy will cover the cost to repair or replace the Data Processing Media itself plus the costs of copying the Data from back-up or from originals of a previous generation. These costs will not include research and engineering nor any costs of recreating, gathering or assembling the Data. If such media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank Data Processing Media. However, this Policy excludes any amount pertaining to the value of such Data, to the Insured or any other party, even if such Data cannot be recreated, gathered or assembled.
- 4 In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.
- 5 This endorsement supersedes and, if in conflict with any other wording in the Policy or any endorsement thereto having a bearing on Cyber Loss, Data or Data Processing Media, replaces that wording.

Definitions

- 6 Cyber Loss means any loss, damage, liability, claim, cost or expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with any Cyber Act or Cyber Incident including, but not limited to, any action taken in controlling, preventing, suppressing or remediating any Cyber Act or Cyber Incident.

- 7 Cyber Act means an unauthorized, malicious or criminal act or series of related unauthorized, malicious or criminal acts, regardless of time and place, or the threat or hoax thereof involving access to, processing of, use of or operation of any Computer System.
- 8 Cyber Incident means:
 - 8.1 any error or omission or series of related errors or omissions involving access to, processing of, use of or operation of any Computer System; or
 - 8.2 any partial or total unavailability or failure or series of related partial or total unavailability or failures to access, process, use or operate any Computer System.
- 9 Computer System means:
 - 9.1 any computer, hardware, software, communications system, electronic device (including, but not limited to, smart phone, laptop, tablet, wearable device), server, cloud or microcontroller including any similar system or any configuration of the aforementioned and including any associated input, output, data storage device, networking equipment or back up facility, owned or operated by the Insured or any other party.
- 10 Data means information, facts, concepts, code or any other information of any kind that is recorded or transmitted in a form to be used, accessed, processed, transmitted or stored by a Computer System.
- 11 Data Processing Media means any property insured by this Policy on which Data can be stored but not the Data itself.

LMA5400

11 November 2019

Declarations – Uninsured/Underinsured Motorist Coverage

MEMBER COVERED: San Simeon Community Services District
111 Pico Avenue
San Simeon, California 93452-9753

Your District/Agency/City has elected to participate in the risk financing coverage programs described below as “THE PACKAGE PROGRAM” and in such other programs as are indicated herein. These DECLARATIONS together with the Memorandum, the Uninsured/Underinsured Motorist Coverage Agreement attached as **Exhibit C**, the terms and conditions of the Sixth Amended and Restated Joint Powers Agreement and Bylaws, or successor documents thereto, constitute the entire agreement concerning risk-financing coverage between the Special District Risk Management Authority and your District/Agency/City.

Please read the Sixth Amended and Restated Joint Powers Agreement and Bylaws of the Special District Risk Management Authority (hereinafter “SDRMA”), or successor documents thereto, together with the Memorandum of Coverages, hereinafter referred to as the “Memorandum” and the Uninsured/Underinsured Motorist Coverage Agreement, to ascertain all of your District's/Agency's/City's rights and obligations regarding its relationship with the Special District Risk Management Authority.

COVERAGE PERIOD: July 1, 2020 at 12:01 a.m. to July 1, 2021 at 12:01 a.m.

COVERAGE – BODILY INJURY SDRMA will pay those sums a **Covered Individual** or anyone occupying an Owned Auto, as defined in the Uninsured/Underinsured Motorist Coverage Agreement, is legally entitled to recover as Damages because of Bodily Injury from the owner or driver of an Uninsured Motor Vehicle. The term Uninsured Motor Vehicle includes Underinsured Motor Vehicles. The damages must result from Bodily Injury sustained by anyone occupying an Owned Auto. The owner's or driver's liability for these damages must result from the ownership, maintenance or use of the Uninsured Motor Vehicle. This Agreement does not apply to any persons who are entitled to workers' compensation benefits as a result of the accident.

LIMIT(S) **\$1,000,000** per accident, subject to the terms, conditions and exclusions as provided in the Memorandum, and subject further to the terms, conditions and exclusions of the Uninsured/Underinsured Motorist Coverage Agreement contained in **Exhibit C**. The maximum Uninsured/Underinsured Motorist Coverage when more than one covered individual is covered under different Memorandums of Coverage issued to different Member/Agency(s) injured in the same accident, is limited to a maximum of \$1,000,000 under all such Memorandums of Coverage.

COVERAGE – PROPERTY SDRMA will pay those sums up to \$10,000 which the Member, or any owner or operator of an Owned Auto as defined in the Coverage

Declarations – Uninsured/Underinsured Motorist Coverage

DAMAGE	Agreement, is legally entitled to recover as Property Damage (but not loss of use) from the owner or driver of an Uninsured Motor Vehicle. The Property Damage must result from actual direct physical contact between the Owned Auto and the Uninsured Motor Vehicle provided that the owner or operator of the Uninsured Motor Vehicle is identified or the Uninsured Motor Vehicle is identified by its license number.
LIMIT(S)	\$10,000 per accident, subject to the terms, conditions and exclusions as provided in the Memorandum, and subject further to the terms, conditions and exclusions of the Uninsured/Underinsured Motorist Coverage Agreement contained in <u>Exhibit C</u> .
MEMBER DEDUCTIBLE	\$0 per auto accident, Property Damage only.

Uninsured/Underinsured Motorist Coverage

Uninsured/Underinsured Motorist Coverage Agreement

Exhibit C

No. UMI-SDRMA-2020-21

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

Throughout this coverage agreement the words “you” and “your” refer to the Member shown in the Declarations. The words “we,” “us” and “our” refer to Special District Risk Management Authority.

Other words and phrases that appear in bold face type have special meaning. Please refer to Section II – Definitions.

I. Coverage

- A. We will pay all sums the **Member**, a **Covered Individual** or a **Covered Occupant** is legally entitled to recover as compensatory damages from the owner or driver of an **Uninsured Motor Vehicle**. The damages must result from **Personal Injury** sustained by the **Member**, **Covered Individual** or **Covered Occupant** caused by an **Auto Accident**. The owner's or driver's liability for these damages must result from the ownership, maintenance or use of the **Uninsured Motor Vehicle**.
- B. If this coverage agreement provides for a limit in excess of the amounts required by the applicable law where a **Covered Auto** is principally garaged, we will pay only after all liability bonds or policies have been exhausted by judgments or payments.
- C. Any judgment for damages arising out of a **Suit** brought without our written consent is not binding on us.

II. Definitions

- A. **Auto Accident** means an event involving an Uninsured Motorist/Underinsured Auto in which a **Member**, **Covered Individual** or **Covered Occupant** suffers **Personal Injury** or **Property Damage**.
- B. **Auto** means a land motor vehicle, trailer, or semi-trailer.
- C. **Bodily Injury** means physical injury, sickness, disease, disability, mental anguish, mental injury or death.
- D. **Covered Auto** means an **Owned Auto** as defined herein.

Uninsured/Underinsured Motorist Coverage

II. Definitions, continued

- E. **Covered Individual** means:
1. Those individuals who were or now are elected or appointed officials of the Member, including Members of its governing body or any other committees, trustees, boards or commissions of the Member, while acting for or on behalf of the Member.
 2. Past or present individual employees of the Member while acting for or on behalf of the Member.
 3. Any of the Members' individual volunteers while acting within the course and scope of their services or duties as volunteers.
- F. **Covered Occupant** means an individual **Occupying** a **Covered Auto**.
- G. **Damages** means monetary compensation and includes such compensation for loss of services resulting from **Personal Injury** or **Property Damage**.
- H. **Member** means the District(s), Agency(s) Cities or Entity(ies) identified in the Declarations.
- I. **Loss** means direct or accidental loss or damage.
- J. **Occupying** means in, upon, getting in, on, out or off.
- K. **Owned Auto** means an **Auto** owned by the **Member** at the commencement of the period of coverage of this Memorandum or acquired by the **Member** during the period of coverage afforded this Memorandum, provided that the **Member** shall notify SDRMA within thirty (30) days of its acquisition of ownership. **Covered Auto** also means a temporary substitute **Auto** which is used because a **Covered Auto** is out of service due to its breakdown, repair, servicing, loss or destruction.
- L. **Personal Injury** means **Bodily Injury**, sickness, disease, disability, care, loss of services, or loss of consortium.
- M. **Property Damage** means damage to or loss of use of tangible property.
- N. **Suits** means a civil proceeding in which **Damages** are alleged because of **Personal Injury** or **Property Damage**. **Suit** includes arbitration proceedings alleging such **Damages** to which you must submit or submit with our consent.

Uninsured/Underinsured Motorist Coverage

Definitions, continued

- O. **Uninsured Motor Vehicle** means a land motor vehicle or trailer:
1. For which no liability bond or policy at the time of an **Auto Accident** provides at least the amounts required by the applicable law where a **Covered Auto** is principally garaged;
 2. That is an underinsured motor vehicle. An underinsured motor vehicle is a motor vehicle or trailer for which the sum of all liability bonds or policies at the time of an **Auto Accident** provides at least the amounts required by the applicable law where a **Covered Auto** is principally garaged but that sum is less than the LIMITS OF COVERAGE provided for under this agreement;
 3. For which an insuring or bonding company denies coverage or refuses to admit coverage except conditionally or with reservation or becomes insolvent; or
 4. That is a hit-and-run vehicle and neither the driver nor owner can be identified. The vehicle must make physical contact with the **Member, Covered Individual, a Covered Auto** or a vehicle a **Covered Individual** is **Occupying**.

However, **Uninsured Motor Vehicle** does not include any vehicle:

1. Owned or operated by a self-insurer under any applicable motor vehicle law except a self-insurer who is or becomes insolvent and cannot provide the amounts required by that motor vehicle law;
2. Owned by a governmental unit or agency;
3. Designed or modified for use primarily off public roads while not on public roads.

III. Who is Covered Under this Agreement

- A. The **Member**
- B. Any **Covered Individuals**
- C. Any **Covered Occupant**

IV. Exclusions

This coverage afforded under this agreement does not apply to any of the following:

- A. Punitive or exemplary damages,
- B. Any claim settled without our written consent,
- C. The direct or indirect benefit of any insurer or self-insurer under any workers compensation, disability benefits or similar law or to the

Uninsured/Underinsured Motorist Coverage

IV. Exclusions, continued

direct benefit of the United States, a state or its political subdivisions.

- D. **Personal Injury** sustained by a **Member, Covered Individual** or **Covered Occupant** while **Occupying** or struck by any vehicle owned by the **Member** that is not a **Covered Auto**.
- E. **Personal Injury** sustained by a **Member, Covered Individual** or **Covered Occupant** while **Occupying** any vehicle leased by the **Member** under a written contract for a period of 6 months or more that is not a **Covered Auto**.
- F. Anyone using a vehicle without a reasonable belief that the person is entitled to do so.

V. Limit of Coverage

- A. Regardless of the number of **Covered Autos, Members, Covered Individuals** premiums paid, claims made or vehicles involved in the **Auto Accident** or **Covered Occupant** the most we will pay for all damages resulting from any one **Auto Accident** is the COVERAGE LIMIT shown in the Declarations.
- B. For a vehicle described in paragraph 2 of the definition of **Uninsured Motor Vehicle**, our Limit of Coverage shall be reduced by all sums paid because of **Personal Injury** by or for anyone who is legally responsible, including all sums paid or payable under this COVERAGE AGREEMENT.
- C. No one will be entitled to receive duplicate payments for the same elements of **Loss** under this Coverage Agreement.

We will not make a duplicate payment under this Coverage for any element of **Loss** for which payment has been made by or for anyone who is legally responsible.

We will not pay for any element of **Loss** if a person is entitled to receive payment for the same element of Loss under any workers' compensation, disability benefits or similar law.

VI. Conditions

- A. Duties in the event of accident, claim, suit or loss: In the event of an **Auto Accident, Claim, Suit** or **Loss** you must give SDRMA prompt notice of the **Auto Accident** or **Loss**. Include:
 - 1. How, when and where the **Accident** or **Loss** occurred;

Uninsured/Underinsured Motorist Coverage

VI. Conditions, continued

2. The **Covered Individual's** or **Covered Occupant's** name and address; and
3. To the extent possible, the names and addresses of any injured persons and witnesses.
4. Promptly notify the police if a hit-and-run driver is involved.
5. Take all reasonable steps to protect the **Covered Auto** from further damage.
6. Send us copies of the legal papers if a **Suit** is brought.

In addition, a person seeking coverage under paragraph 2 of the definition of **Uninsured Motor Vehicle** must:

1. Provide us with a copy of the complaint by personal service or certified mail if the **Member, Covered Individual** or **Covered Occupant** brings an action against the owner or operator of such Uninsured Motor Vehicle,
2. Within a reasonable time, make all pleadings and depositions available for copying by us or furnish us copies at our expense, and
3. Provide us with proof that the limits of insurance under any applicable liability bonds or policies have been exhausted by payment of judgments or settlements.

- B. Legal action against SDRMA: No legal action may be brought against SDRMA under this Coverage Agreement until there has been full compliance with all the terms of this Coverage Agreement or unless within one year from the date of the **Auto Accident**:
1. Agreement as to the amount due under this insurance has been concluded;
 2. The **Member, Covered Individual** or **Covered Occupant** has formally instituted arbitration proceedings against us; or
 3. **Suit** for **Personal Injury** has been filed against the uninsured motorist in a court of competent jurisdiction,

Written notice of the **Suit** must be given to us within a reasonable time after the **Member, Covered Individual** or **Covered Occupant** knew, or should have known, that the other motorist is uninsured. In no event will such notice be required before one year from the date of the accident. Failure of the **Member, Covered Individual** or **Covered Occupant** or his or her representative to give us such notice of the **Suit** will relieve us of our obligations under this Coverage Form only if the failure to give notice prejudices our rights.

Uninsured/Underinsured Motorist Coverage

VI. Conditions, continued

- C. Transfer of rights of recovery against others to us:
1. With respect to paragraphs 1., 3. and 4. of the definition of **Uninsured Motor Vehicle**, if we make any payment, we are entitled to recover what we paid from other parties. Any person to or for whom we make payment must transfer to us his or her rights of recovery against any other party. This person must do everything necessary to secure these rights and must do nothing that would jeopardize them.
 2. With respect to paragraph 2. of the definition of **Uninsured Motor Vehicle**, if we make any payment and the **Member, Covered Individual** or **Covered Occupant** recovers from another party, the **Member, Covered Individual** or **Covered Occupant** shall hold the proceeds in trust for us and pay us back the amount we have paid.
- D. Other insurance: If there is other applicable **Personal Injury** uninsured motorist coverage available under one or more Coverage Forms, policies or provisions of coverage:
1. Any recovery for damages may equal but not exceed the highest applicable Limit of Coverage for any one **Covered Auto** under this Coverage Agreement or any other Coverage Form or policy providing coverage on either a primary or excess basis.

In addition, if any such coverage is provided on the same basis, either primary or excess, as the coverage we provide under this coverage agreement, we will pay only our share. Our share is the proportion that our Limit of Coverage bears to the total of all applicable limits for coverage provided on the same basis.
 2. For any **Covered Auto** the Member owns, this Coverage Agreement provides primary coverage. For any **Covered Auto** the Member does not own, the coverage provided by this Coverage Agreement is excess over any other collectible **Personal Injury** uninsured motorists coverage.
- E. Arbitration
1. If we and a **Member, Covered Individual** or **Covered Occupant** disagree whether the **Member, Covered Individual** or **Covered Occupant** is legally entitled to recover damages from the owner or driver of an **Uninsured Motor Vehicle** or do not agree as to the amount of damages that are recoverable by that **Member,**



Uninsured/Underinsured Motorist Coverage

Covered Individual or **Covered Occupant**, the disagreement will be settled by a single neutral arbitrator. However, disputes concerning coverage under this coverage agreement may not be arbitrated. Either party may make a written demand for arbitration. Each party will bear the expenses of the arbitrator equally.

2. Unless both parties agree otherwise, arbitration will take place in the county in which the **Member, Covered Individual** or **Covered Occupant** is located and/or resides. Local rules of law as to arbitration procedures and evidence will apply. The decision of the arbitrator will be binding.

* * * * *

SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

Signed by: *Laura S. Gill*
Laura S. Gill, ICMA-CM, ARM, ARM-P, CSDM
Chief Executive Officer

7/1/2020
Date

Declarations – Employee and Public Officials Dishonesty Coverage

MEMBER COVERED: San Simeon Community Services District
111 Pico Avenue
San Simeon, California 93452-9753

Your District/Agency has elected to participate in the risk financing coverage programs described below as “THE PACKAGE PROGRAM” and in such other programs as are indicated herein. These DECLARATIONS together with the Memorandum, the Employee and Public Officials Dishonesty Coverage Policy attached as **Exhibit D**, the terms and conditions of the Sixth Amended and Restated Joint Powers Agreement and Bylaws, or successor documents thereto, constitute the entire agreement concerning risk-financing coverage between the Special District Risk Management Authority and your District/Agency.

Please read the Sixth Amended and Restated Joint Powers Agreement and Bylaws of the Special District Risk Management Authority (hereinafter “SDRMA”), or successor documents thereto, together with the Memorandum of Coverages, hereinafter referred to as the “Memorandum” and the policy(ies) attached as Exhibit(s) to ascertain all of your District's/Agency's rights and obligations regarding its relationship with the Special District Risk Management Authority.

COVERAGE PERIOD: July 1, 2020 at 12:01 a.m. to July 1, 2021 12:01 a.m.

III. EMPLOYEE AND PUBLIC OFFICIALS DISHONESTY PROGRAM

The company identified in **Exhibit D** will indemnify the Member for any loss of money or securities, belonging to the Member, or in which the Member has a pecuniary interest, or for which the Member is legally liable, or which is held by the Member in any capacity, whether the Member is legally liable therefore or not, which the Member shall, during the term of this Memorandum, sustain or discover that they have sustained, through larceny, theft, embezzlement, forgery, misappropriation, wrongful abstraction, willful misapplication or other fraudulent or dishonest act or acts committed by one or more of the employees, as defined, acting alone or in collusion with others.

"Employee" or "Employees": The terms "employee" or "employees" as used herein shall mean, respectively, one or more of the natural persons who on the effective date of this coverage or at any other time during the term of this coverage, are in the regular service of the Member in the ordinary course of the Member's operations, but does not mean brokers, factors, commission merchants, consignees, contractors or other agents or representatives of the same general character. It is agreed that the terms "employee" or "employees" shall also include volunteers and those officials of the Member, including members of the Board of Directors, who, whether elected or appointed, comprise the governing body of the Member.

LIMIT(S) **\$1,000,000** per loss, subject to terms, conditions and exclusions as



Declarations – Employee and Public Officials Dishonesty Coverage

provided in the excess policy contained in **Exhibit D**.

NOTE 1: AS RESPECTS EMPLOYEE DISHONESTY COVERAGE, ABOVE:
Coverage for Employee Dishonesty is furnished solely by the insurance policy(ies) referred to herein. SDRMA shall be obligated to pay only the deductible specified in the insurance policy(ies).

MEMBER DEDUCTIBLE \$0

This information is provided as a general description only, and is not intended to supersede specific policy documents. In the event of a conflict in language, the policy(ies) will be the controlling document.



Employee and Public Officials Dishonesty Coverage

Exhibit D

National Union Fire Insurance Company of Pittsburgh, PA
Policy No. 01-505-26-90 (EDC-SDRMA-2020-21)

CRIME AND FIDELITY
CR DS 04 08 07
 POLICY NUMBER:
01-505-26-90
 REPLACEMENT OF
 POLICY NUMBER:
01-583-58-64

**GOVERNMENT CRIME
 POLICY DECLARATIONS**

In Return For The Payment Of The Premium, And Subject To All The Terms And Conditions Of This Policy, We Agree With You To Provide The Insurance As Stated In This Policy.

Coverage Is Written:

Primary Excess Coindemnity Concurrent

Company Name Area: <i>National Union Fire Insurance Company of Pittsburgh, Pa.</i>	
Producer Name Area: <i>ALLIANT INSURANCE SERVICES, INC. 1301 DOVE ST SUITE 200 NEWPORT BEACH, CA 92660</i>	
Named Insured: <i>MEMBERS OF SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY (SDRMA)</i>	
(including any Employee Welfare or Benefit Plans)	
Mailing Address: <i>1112 I ST STE 300 SACRAMENTO, CA 95814-2865</i>	
Policy Period	
From:	<i>July 1, 2020</i>
To:	<i>July 1, 2021</i> 12:01 A.M. at your mailing address shown above.

Insurance Agreements	Limit of Insurance Per Occurrence	Deductible Amount Per Occurrence
1. Employee Theft - Per Loss Coverage	<i>\$1,000,000</i>	<i>\$75,000</i>
2. Employee Theft - Per Employee Coverage	<i>Not Covered</i>	<i>Not Covered</i>
3. Forgery Or Alteration	<i>\$1,000,000</i>	<i>\$75,000</i>
4. Inside The Premises - Theft Of Money And Securities	<i>\$1,000,000</i>	<i>\$75,000</i>
5. Inside The Premises - Robbery Or Safe Burglary Of Other Property	<i>\$1,000,000</i>	<i>\$75,000</i>
6. Outside The Premises	<i>\$1,000,000</i>	<i>\$75,000</i>
7. Computer Fraud	<i>\$1,000,000</i>	<i>\$75,000</i>
8. Funds Transfer Fraud	<i>\$1,000,000</i>	<i>\$75,000</i>
9. Money Orders And Counterfeit Money	<i>\$1,000,000</i>	<i>\$75,000</i>

If "Not Covered" is inserted above opposite any Insuring Agreement, such Insuring Agreement and any other reference thereto in this policy is deleted.

1520953

CRIME AND FIDELITY
CR DS 04 08 07
POLICY NUMBER:
01-505-26-90
REPLACEMENT OF
POLICY NUMBER:
01-583-58-64

**GOVERNMENT CRIME
POLICY DECLARATIONS**

Endorsements Forming Part Of This Policy When Issued:

#1, #2, #3, #4, #5, #6, #7, #8, #9, #10, #11, #12, #13, #14, #15, #16, #17, #18, #19, #20, #21, #22, #23, #24, #25, #26

Cancellation Of Prior Insurance Issued By Us:

By acceptance of this Policy you give us notice cancelling prior policy Nos. *1-583-58-64*; the cancellation to be effective at the time this Policy becomes effective.

[Empty rectangular box for additional information or notes]

Countersignature Of Authorized Representative

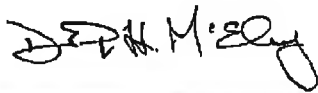
Name:

Title:

Signature:

Date:

IN WITNESS WHEREOF, the Insurer has caused this Policy to be signed by its President, Secretary and Authorized Representative. This Policy shall not be valid unless signed below at the time of issuance by an authorized representative of the insurer.



PRESIDENT



SECRETARY



AUTHORIZED REPRESENTATIVE

1520953

GOVERNMENT CRIME POLICY (DISCOVERY FORM)

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

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section F. Definitions.

A. Insuring Agreements

Coverage is provided under the following Insuring Agreements for which a Limit of Insurance is shown in the Declarations and applies to loss that you sustain resulting directly from an "occurrence" taking place at any time which is "discovered" by you during the Policy Period shown in the Declarations or during the period of time provided in the Extended Period To Discover Loss Condition E.1.i.:

1. Employee Theft - Per Loss Coverage

We will pay for loss of or damage to "money", "securities" and "other property" resulting directly from "theft" committed by an "employee", whether identified or not, acting alone or in collusion with other persons.

For the purposes of this Insuring Agreement, "theft" shall also include forgery.

2. Employee Theft - Per Employee Coverage

We will pay for loss of or damage to "money", "securities" and "other property" resulting directly from "theft" committed by each "employee", whether identified or not, acting alone or in collusion with other persons.

For the purposes of this Insuring Agreement, "theft" shall also include forgery.

3. Forgery Or Alteration

a. We will pay for loss resulting directly from "forgery" or alteration of checks, drafts, promissory notes, or similar written

promises, orders or directions to pay a sum certain in "money" that are:

(1) Made or drawn by or drawn upon you; or

(2) Made or drawn by one acting as your agent;

or that are purported to have been so made or drawn.

For the purposes of this Insuring Agreement, a substitute check as defined in the Check Clearing for the 21st Century Act shall be treated the same as the original it replaced.

b. If you are sued for refusing to pay any instrument covered in Paragraph 3.a., on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur and pay in that defense. The amount that we will pay is in addition to the Limit of Insurance applicable to this Insuring Agreement.

4. Inside The Premises - Theft Of Money And Securities

a. We will pay for loss of "money" and "securities" inside the "premises" or "banking premises":

(1) Resulting directly from "theft" committed by a person present inside such "premises" or "banking premises"; or

(2) Resulting directly from disappearance or destruction.

b. We will pay for loss from damage to the "premises" or its exterior resulting directly from an actual or attempted "theft" of "money" and "securities", if you are the owner of the "premises" or are liable for damage to it.

c. We will pay for loss of or damage to a locked 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 those containers.

5. Inside The Premises - Robbery Or Safe Burglary Of Other Property

- a. We will pay for loss of or damage to "other property":
 - (1) Inside the "premises" resulting directly from an actual or attempted "robbery" of a "custodian"; or
 - (2) Inside the "premises" in a safe or vault resulting directly from an actual or attempted "safe burglary".
- b. We will pay for loss from damage to the "premises" or its exterior resulting directly from an actual or attempted "robbery" or "safe burglary" of "other property", if you are the owner of the "premises" or are liable for damage to it.
- c. We will pay for loss of or damage to a locked safe or vault located inside the "premises" resulting directly from an actual or attempted "robbery" or "safe burglary".

6. Outside The Premises

- a. We will pay for loss of "money" and "securities" outside the "premises" in the care and custody of a "messenger" or an armored motor vehicle company resulting directly from "theft", disappearance or destruction.
- b. We will pay for loss of or damage to "other property" outside the "premises" in the care and custody of a "messenger" or an armored motor vehicle company resulting directly from an actual or attempted "robbery".

7. Computer Fraud

We will pay for loss of or damage to "money", "securities" and "other property" resulting directly from the use of any computer to fraudulently cause a transfer of that property from inside the "premises" or "banking premises":

- a. To a person (other than a "messenger") outside those "premises"; or
- b. To a place outside those "premises".

8. Funds Transfer Fraud

We will pay for loss of "funds" resulting directly from a "fraudulent

instruction" directing a financial institution to transfer, pay or deliver "funds" from your "transfer account".

9. Money Orders And Counterfeit Money

We will pay for loss resulting directly from your having accepted in good faith, in exchange for merchandise, "money" or services:

- a. Money orders issued by any post office, express company or bank that are not paid upon presentation; or
- b. "Counterfeit money" that is acquired during the regular course of business.

B. Limit Of Insurance

The most we will pay for all loss resulting directly from an "occurrence" is the applicable Limit of Insurance shown in the Declarations.

If any loss is covered under more than one Insuring Agreement or Coverage, the most we will pay for such loss shall not exceed the largest Limit of Insurance available under any one of those Insuring Agreements or Coverages.

C. Deductible

We will not pay for loss resulting directly from an "occurrence" unless the amount of loss exceeds the Deductible Amount shown in the Declarations. We will then pay the amount of loss in excess of the Deductible Amount, up to the Limit of Insurance.

D. Exclusions

1. This policy does not cover:

a. Acts Committed By You

Loss resulting from "theft" or any other dishonest act committed by you, whether acting alone or in collusion with other persons.

b. Acts Of Employees Learned Of By You Prior To The Policy Period

Loss caused by an "employee" if the "employee" had also committed "theft" or any other dishonest act prior to the effective date of this policy and you or any of your officials, not in collusion with the "employee", learned of that "theft" or dishonest act prior to the Policy Period shown in the Declarations.

c. Acts Of Officials, Employees Or Representatives

Loss resulting from "theft" or any other dishonest act committed by any of your officials, "employees" or authorized representatives:

- (1) Whether acting alone or in collusion with other persons; or
- (2) While performing services for you or otherwise;

except when covered under Insuring Agreement **A.1.** or **A.2.**

d. Confidential Information

Loss resulting from:

- (1) The unauthorized disclosure of your confidential information including, but not limited to, patents, trade secrets, processing methods or customer lists; or
- (2) The unauthorized use or disclosure of confidential information of another person or entity which is held by you including, but not limited to, financial information, personal information, credit card information or similar non-public information.

e. Governmental Action

Loss resulting from seizure or destruction of property by order of governmental authority.

f. Indirect Loss

Loss that is an indirect result of an "occurrence" covered by this policy including, but not limited to, loss resulting from:

- (1) Your inability to realize income that you would have realized had there been no loss of or damage to "money", "securities" or "other property".
- (2) Payment of damages of any type for which you are legally liable. But, we will pay compensatory damages arising directly from a loss covered under this policy.
- (3) Payment of costs, fees or other expenses you incur in establishing either the existence or the amount of loss under this policy.

g. Legal Fees, Costs And Ex-

penses

Fees, costs and expenses incurred by you which are related to any legal action, except when covered under Insuring Agreement **A.3.**

h. Nuclear Hazard

Loss or damage resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

i. Pollution

Loss or damage caused by or resulting from pollution. Pollution means the discharge, dispersal, seepage, migration, release or escape of any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

j. War And Military Action

Loss or damage resulting from:

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

2. Insuring Agreements A.1. and A.2. do not cover:

a. Bonded Employees

Loss caused by any "employee" required by law to be individually bonded.

b. Inventory Shortages

Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon:

- (1) An inventory computation; or
- (2) A profit and loss computation.

However, where you establish

wholly apart from such computations that you have sustained a loss, then you may offer your inventory records and actual physical count of inventory in support of the amount of loss claimed.

c. Trading

Loss resulting from trading, whether in your name or in a genuine or fictitious account.

d. Treasurers Or Tax Collectors

Loss caused by any treasurer or tax collector by whatever name known.

3. Insuring Agreements A.4., A.5. and A.6. do not cover:

a. Accounting Or Arithmetical Errors Or Omissions

Loss resulting from accounting or arithmetical errors or omissions.

b. Exchanges Or Purchases

Loss resulting from the giving or surrendering of property in any exchange or purchase.

c. Fire

Loss or damage resulting from fire, however caused, except:

- (1) Loss of or damage to "money" and "securities"; and
- (2) Loss from damage to a safe or vault.

d. Money Operated Devices

Loss of property contained in any money operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.

e. Motor Vehicles Or Equipment And Accessories

Loss of or damage to motor vehicles, trailers or semi-trailers or equipment and accessories attached to them.

f. Transfer Or Surrender Of Property

- (1) Loss of or damage to property after it has been transferred or surrendered to a person or place outside the "premises" or "banking premises":
 - (a) On the basis of unauthorized instructions;
 - (b) As a result of a threat to

do bodily harm to any person;

(c) As a result of a threat to do damage to any property;

(d) As a result of a threat to introduce a denial of service attack into your computer system;

(e) As a result of a threat to introduce a virus or other malicious instruction into your computer system which is designed to damage, destroy or corrupt data or computer programs stored within your computer system;

(f) As a result of a threat to contaminate, pollute or render substandard your products or goods; or

(g) As a result of a threat to disseminate, divulge or utilize:

(i) Your confidential information; or

(ii) Weaknesses in the source code within your computer system.

(2) But, this Exclusion does not apply under Insuring Agreement A.6. to loss of "money", "securities" or "other property" while outside the "premises" in the care and custody of a "messenger" if you:

(a) Had no knowledge of any threat at the time the conveyance began; or

(b) Had knowledge of a threat at the time the conveyance began, but the loss was not related to the threat.

g. Vandalism

Loss from damage to the "premises" or its exterior, or to any safe, vault, cash register, cash box, cash drawer or "other property" by vandalism or malicious mischief.

h. Voluntary Parting Of Title To Or Possession Of Property

Loss resulting from your, or anyone acting on your express

or implied authority, being induced by any dishonest act to voluntarily part with title to or possession of any property.

4. Insuring Agreement **A.7.** does not cover:

a. Credit Card Transactions

Loss resulting from the use or purported use of credit, debit, charge, access, convenience, identification, stored-value or other cards or the information contained on such cards.

b. Funds Transfer Fraud

Loss resulting from a "fraudulent instruction" directing a financial institution to transfer, pay or deliver "funds" from your "transfer account".

c. Inventory Shortages

Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon:

- (1) An inventory computation; or
- (2) A profit and loss computation.

5. Insuring Agreement **A.8.** does not cover:

COMPUTER FRAUD

Loss resulting from the use of any computer to fraudulently cause a transfer of "money", "securities" or "other property".

E. Conditions

1. Conditions Applicable To All Insuring Agreements

a. Additional Premises Or Employees

If, while this policy is in force, you establish any additional "premises" or hire additional "employees", such "premises" and "employees" shall automatically be covered under this policy. Notice to us of an increase in the number of "premises" or "employees" need not be given and no additional premium need be paid for the remainder of the Policy Period shown in the Declarations.

b. Cancellation Of Policy

- (1) The first Named Insured shown in the Declarations may cancel this policy by

mailing or delivering to us advance written notice of cancellation.

- (2) We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

- (a) 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- (b) 30 days before the effective date of cancellation if we cancel for any other reason.

- (3) We will mail or deliver our notice to the first Named Insured's last mailing address known to us.

- (4) Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.

- (5) If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.

- (6) If notice is mailed, proof of mailing will be sufficient proof of notice.

c. Changes

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

d. Concealment, Misrepresentation Or Fraud

This policy is void in any case of fraud by you as it relates to this policy at any time. It is also void if you or any other Insured, at any time, intentionally conceal or misrepresent a material fact concerning:

- (1) This policy;
- (2) The property covered under this policy;
- (3) Your interest in the property covered under this policy; or
- (4) A claim under this policy.

e. Cooperation

You must cooperate with us in all matters pertaining to this policy as stated in its terms and conditions.

f. Duties In The Event Of Loss

After you "discover" a loss or a situation that may result in loss of or damage to "money", "securities" or "other property" you must:

- (1) Notify us as soon as possible. If you have reason to believe that any loss (except for loss covered under Insuring Agreement **A.1.**, **A.2.** or **A.3.**) involves a violation of law, you must also notify the local law enforcement authorities.
- (2) Submit to examination under oath at our request and give us a signed statement of your answers.
- (3) Produce for our examination all pertinent records.
- (4) Give us a detailed, sworn proof of loss within 120 days.
- (5) Cooperate with us in the investigation and settlement of any claim.

g. Employee Benefit Plans

- (1) The employee benefit plans shown in the Declarations (hereafter referred to as Plan) are included as Insureds under Insuring Agreement **A.1.** or **A.2.**
- (2) Any payment we make for loss sustained by any Plan will be made to the Plan sustaining the loss.
- (3) The Deductible Amount applicable to Insuring Agreement **A.1.** or **A.2.** does not apply to loss sustained by any Plan.

h. Examination Of Your Books And Records

We may examine and audit your

books and records as they relate to this policy at any time during the Policy Period shown in the Declarations and up to 3 years afterward.

i. Extended Period To Discover Loss

We will pay for loss that you sustained prior to the effective date of cancellation of this policy, which is "discovered" by you no later than 60 days from the date of that cancellation.

However, this extended period to "discover" loss terminates immediately upon the effective date of any other insurance obtained by you, whether from us or another insurer, replacing in whole or in part the coverage afforded under this policy, whether or not such other insurance provides coverage for loss sustained prior to its effective date.

j. Inspections And Surveys

- (1) We have the right to:
 - (a) Make inspections and surveys at any time;
 - (b) Give you reports on the conditions we find; and
 - (c) Recommend changes.
- (2) We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
 - (a) Are safe or healthful; or
 - (b) Comply with laws, regulations, codes or standards.
- (3) Paragraphs j.(1) and j.(2) apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

k. Joint Insured

- (1) If more than one Insured is named in the Declarations, the first Named Insured will act for itself and for every other Insured for all purposes of this policy. If the first Named Insured ceases to be covered, then the next Named Insured will become the first Named Insured.
- (2) If any Insured or official of that Insured has knowledge of any information relevant to this policy, that knowledge is considered knowledge of every Insured.
- (3) An "employee" of any Insured is considered to be an "employee" of every Insured.
- (4) If this policy or any of its coverages is cancelled as to any Insured, loss sustained by that Insured is covered only if it is "discovered" by you no later than 60 days from the date of that cancellation.

However, this extended period to "discover" loss terminates immediately upon the effective date of any other insurance obtained by that Insured, whether from us or another insurer, replacing in whole or in part the coverage afforded under this policy, whether or not such other insurance provides coverage for loss sustained prior to its effective date.

- (5) We will not pay more for loss sustained by more than one Insured than the amount we would pay if all such loss had been sustained by one Insured.
- (6) Payment by us to the first Named Insured for loss sustained by any Insured, other than an employee benefit plan, shall fully release us on account of such loss.

I. Legal Action Against Us

You may not bring any legal action against us involving loss:

- (1) Unless you have complied with all the terms of this policy;
- (2) Until 90 days after you have

filed proof of loss with us; and

- (3) Unless brought within 2 years from the date you "discovered" the loss.

If any limitation in this Condition is prohibited by law, such limitation is amended so as to equal the minimum period of limitation provided by such law.

m. Liberalization

If we adopt any revision that would broaden the coverage under this policy without additional premium within 45 days prior to or during the Policy Period shown in the Declarations, the broadened coverage will immediately apply to this policy.

n. Other Insurance

If other valid and collectible insurance is available to you for loss covered under this policy, our obligations are limited as follows:

(1) Primary Insurance

When this policy is written as primary insurance, and:

- (a) You have other insurance subject to the same terms and conditions as this policy, we will pay our share of the covered loss. Our share is the proportion that the applicable Limit of Insurance shown in the Declarations bears to the total limit of all insurance covering the same loss.

- (b) You have other insurance covering the same loss other than that described in Paragraph (1)(a), we will only pay for the amount of loss that exceeds:

- (i) The Limit of Insurance and Deductible Amount of that other insurance, whether you can collect on it or not; or

- (ii) The Deductible Amount shown in the Declarations;

whichever is greater. Our payment for loss is sub-

ject to the terms and conditions of this policy.

(2) Excess Insurance

(a) When this policy is written excess over other insurance, we will only pay for the amount of loss that exceeds the Limit of Insurance and Deductible Amount of that other insurance, whether you can collect on it or not. Our payment for loss is subject to the terms and conditions of this policy.

(b) However, if loss covered under this policy is subject to a Deductible, we will reduce the Deductible Amount shown in the Declarations by the sum total of all such other insurance plus any Deductible Amount applicable to that other insurance .

o. Ownership Of Property; Interests Covered

The property covered under this policy is limited to property:

- (1) That you own or lease; or
- (2) That you hold for others whether or not you are legally liable for the loss of such property.

However, this policy is for your benefit only. It provides no rights or benefits to any other person or organization. Any claim for loss that is covered under this policy must be presented by you.

p. Policy Bridge - Discovery Replacing Loss Sustained

(1) If this policy replaces insurance that provided you with an extended period of time after cancellation in which to discover loss and which did not terminate at the time this policy became effective:

(a) We will not pay for any loss that occurred during the Policy Period of that prior insurance which is "discovered" by you during the extended period to "discover" loss, unless the amount of loss exceeds the Limit of In-

surance and Deductible Amount of that prior insurance. In that case, we will pay for the excess loss subject to the terms and conditions of this policy.

(b) However, any payment we make for the excess loss will not be greater than the difference between the Limit of Insurance and Deductible Amount of that prior insurance and the Limit of Insurance shown in the Declarations. We will not apply the Deductible Amount shown in the Declarations to this excess loss.

(2) The Other Insurance Condition E.1.n. does not apply to this Condition.

q. Premiums

The first Named Insured shown in the Declarations:

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

r. Records

You must keep records of all property covered under this policy so we can verify the amount of any loss.

s. Recoveries

(1) Any recoveries, whether effected before or after any payment under this policy, whether made by us or you, shall be applied net of the expense of such recovery:

- (a) First, to you in satisfaction of your covered loss in excess of the amount paid under this policy;
- (b) Second, to us in satisfaction of amounts paid in settlement of your claim;
- (c) Third, to you in satisfaction of any Deductible Amount; and
- (d) Fourth, to you in satisfaction of any loss not covered under this policy.

(2) Recoveries do not include any recovery:

- (a) From insurance, suretyship, reinsurance, security or indemnity taken for our benefit; or
- (b) Of original "securities" after duplicates of them have been issued.

t. Territory

This policy covers loss that you sustain resulting directly from an "occurrence" taking place within the United States of America (including its territories and possessions) and Puerto Rico.

u. Transfer Of Your Rights And Duties Under This Policy

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

v. Transfer Of Your Rights Of Recovery Against Others To Us

You must transfer to us all your rights of recovery against any person or organization for any loss you sustained and for which we have paid or settled. You must also do everything necessary to secure those rights and do nothing after loss to impair them.

w. Valuation - Settlement

(1) The value of any loss for purposes of coverage under this policy shall be determined as follows:

- (a) Loss of "money" but only up to and including its face value.
- (b) Loss of "securities" but only up to and including their value at the close of business on the day the loss was "discovered". We may, at our option:
 - (i) Pay the market value of such "securities" or replace them in kind, in which event you must assign to us all your rights, title and interest in and to those "securities"; or
 - (ii) Pay the cost of any Lost Securities Bond

required in connection with issuing duplicates of the "securities". However, we will be liable only for the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the:

- i. Market value of the "securities" at the close of business on the day the loss was "discovered"; or
 - ii. The Limit of Insurance applicable to the "securities".
- (c) Loss of or damage to "other property" or loss from damage to the "premises" or its exterior for the replacement cost of the property without deduction for depreciation. However, we will not pay more than the least of the following:
- (i) The cost to replace the lost or damaged property with property of comparable material and quality and used for the same purpose;
 - (ii) The amount you actually spend that is necessary to repair or replace the lost or damaged property; or
 - (iii) The Limit of Insurance applicable to the lost or damaged property.

With regard to Paragraphs w.(1)(c)(i) through w.(1)(c)(iii), we will not pay on a replacement cost basis for any loss or damage:

- i. Until the lost or damaged property is actually repaired or replaced; and
- ii. 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, we will pay on an actual cash value basis.

(2) Any property that we pay for or replace becomes our property.

2. Conditions Applicable To Insuring Agreements A.1. And A.2.

a. Indemnification

We will indemnify any of your officials who are required by law to give individual bonds for the faithful performance of their duties against loss through "theft" committed by "employees" who serve under them, subject to the applicable Limit of Insurance.

b. Termination As To Any Employee

This Insuring Agreement terminates as to any "employee":

(1) As soon as:

(a) You; or

(b) Any of your officials or employees authorized to manage, govern or control your "employees" not in collusion with the "employee";

learn of "theft" or any other dishonest act committed by the "employee" whether before or after becoming employed by you.

(2) On the date specified in a notice mailed to the first Named Insured. That date will be at least 30 days after the date of mailing.

We will mail or deliver our notice to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

c. Territory

We will pay for loss caused by any "employee" while temporarily outside the territory specified in the Territory Condition E.1.t. for a period of not more

than 90 consecutive days.

3. Conditions Applicable To Insuring Agreement A.3.

a. Deductible Amount

The Deductible Amount does not apply to legal expenses paid under Insuring Agreement A.3.

b. Electronic And Mechanical Signatures

We will treat signatures that are produced or reproduced electronically, mechanically or by other means the same as handwritten signatures.

c. Proof Of Loss

You must include with your proof of loss any instrument involved in that loss, or, if that is not possible, an affidavit setting forth the amount and cause of loss.

d. Territory

We will cover loss that you sustain resulting directly from an "occurrence" taking place anywhere in the world. Territory Condition E.1.t. does not apply to Insuring Agreement A.3.

4. Conditions Applicable To Insuring Agreements A.5. And A.6.

a. Armored Motor Vehicle Companies

Under Insuring Agreement A.6., we will only pay for the amount of loss you cannot recover:

(1) Under your contract with the armored motor vehicle company; and

(2) From any insurance or indemnity carried by, or for the benefit of customers of, the armored motor vehicle company.

b. Special Limit Of Insurance For Specified Property

We will only pay up to \$5,000 for any one "occurrence" of loss of or damage to manuscripts, drawings, or records of any kind, or the cost of reconstructing them or reproducing any information contained in them.

5. Conditions Applicable To Insuring Agreement A.7.

a. Special Limit Of Insurance For Specified Property

We will only pay up to \$5,000 for any one "occurrence" of loss of or damage to manuscripts, drawings, or records of any kind, or the cost of reconstructing them or reproducing any information contained in them.

b. Territory

We will cover loss that you sustain resulting directly from an "occurrence" taking place anywhere in the world. Territory Condition **E.1.t.** does not apply to Insuring Agreement **A.7.**

F. Definitions

1. "Banking premises" means the interior of that portion of any building occupied by a banking institution or similar safe depository.
2. "Counterfeit money" means an imitation of "money" that is intended to deceive and to be taken as genuine.
3. "Custodian" means you, or any "employee" while having care and custody of property inside the "premises", excluding any person while acting as a "watchperson" or janitor.
4. "Discover" or "discovered" means the time when you first become aware of facts which would cause a reasonable person to assume that a loss of a type covered by this policy has been or will be incurred, regardless of when the act or acts causing or contributing to such loss occurred, even though the exact amount or details of loss may not then be known.

"Discover" or "discovered" also means the time when you first receive notice of an actual or potential claim in which it is alleged that you are liable to a third party under circumstances which, if true, would constitute a loss under this policy.

5. "Employee":
 - a. "Employee" means:
 - (1) Any natural person:
 - (a) While in your service and for the first 30 days immediately after termination of service, unless such termination is due to "theft" or any other

dishonest act committed by the "employee";

- (b) Who you compensate directly by salary, wages or commissions; and
 - (c) Who you have the right to direct and control while performing services for you;
- (2) Any natural person who is furnished temporarily to you:
 - (a) To substitute for a permanent "employee" as defined in Paragraph a.(1), who is on leave; or
 - (b) To meet seasonal or short-term workload conditions;
while that person is subject to your direction and control and performing services for you, excluding, however, any such person while having care and custody of property outside the "premises";
 - (3) Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary employee as defined in Paragraph a.(2);
 - (4) Any natural person who is:
 - (a) A trustee, officer, employee, administrator or manager, except an administrator or manager who is an independent contractor, of any employee benefit plan; and
 - (b) An official of yours while that person is engaged in handling "funds" or "other property" of any employee benefit plan;
 - (5) Any natural person who is a former official, "employee" or trustee retained as a consultant while performing services for you; or
 - (6) 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".

- b. "Employee" does not mean any agent, independent contractor or representative of the same general character not specified in Paragraph 5.a.
- 6. "Forgery" means the signing of the name of another person or organization with intent to deceive; it does not mean a signature which consists in whole or in part of one's own name signed with or without authority, in any capacity, for any purpose.
- 7. "Fraudulent instruction" means:
 - a. An electronic, telegraphic, cable, teletype, telefacsimile or telephone instruction which purports to have been transmitted by you, but which was in fact fraudulently transmitted by someone else without your knowledge or consent;
 - b. A written instruction (other than those described in Insuring Agreement A.3.) issued by you, which was forged or altered by someone other than you without your knowledge or consent, or which purports to have been issued by you, but was in fact fraudulently issued without your knowledge or consent; or
 - c. An electronic, telegraphic, cable, teletype, telefacsimile, telephone or written instruction initially received by you which purports to have been transmitted by an "employee" but which was in fact fraudulently transmitted by someone else without your or the "employee's" knowledge or consent.
- 8. "Funds" means "money" and "securities".
- 9. "Messenger" means you or any "employee" while having care and custody of property outside the "premises".
- 10. "Money" means:
 - a. Currency, coins and bank notes in current use and having a face value; and
 - b. Travelers checks, register checks and money orders held for sale to the public.
- 11. "Occurrence" means:
 - a. Under Insuring Agreement A.1.:
 - (1) An individual act;
 - (2) The combined total of all separate acts whether or not related; or
- (3) A series of acts whether or not related; committed by an "employee" acting alone or in collusion with other persons, during the Policy Period shown in the Declarations, before such Policy Period or both.
- b. Under Insuring Agreement A.2.:
 - (1) An individual act;
 - (2) The combined total of all separate acts whether or not related; or
 - (3) A series of acts whether or not related; committed by each "employee" acting alone or in collusion with other persons, during the Policy Period shown in the Declarations, before such Policy Period or both.
- c. Under Insuring Agreement A.3.:
 - (1) An individual act;
 - (2) The combined total of all separate acts whether or not related; or
 - (3) A series of acts whether or not related; committed by a person acting alone or in collusion with other persons, involving one or more instruments, during the Policy Period shown in the Declarations, before such Policy Period or both.
- d. Under All Other Insuring Agreements:
 - (1) An individual act or event;
 - (2) The combined total of all separate acts or events whether or not related; or
 - (3) A series of acts or events whether or not related; committed by a person acting alone or in collusion with other persons, or not committed by any person, during the Policy Period shown in the Declarations, before such Policy Period or both.
- 12. "Other property" means any tangible property other than "money" and "securities" that has intrinsic value. "Other property" does not include computer programs, elec-

- tronic data or any property specifically excluded under this policy.
13. "Premises" means the interior of that portion of any building you occupy in conducting your business.
 14. "Robbery" means the unlawful taking of property from the care and custody of a person by one who has:
 - a. Caused or threatened to cause that person bodily harm; or
 - b. Committed an obviously unlawful act witnessed by that person.
 15. "Safe burglary" means the unlawful taking of:
 - a. Property from within a locked safe or vault by a person unlawfully entering the safe or vault as evidenced by marks of forcible entry upon its exterior; or
 - b. A safe or vault from inside the "premises".
 16. "Securities" means negotiable and nonnegotiable instruments or contracts representing either "money" or property and includes:
 - a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
 - b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you; but does not include "money".
 17. "Theft" means the unlawful taking of property to the deprivation of the Insured.
 18. "Transfer account" means an account maintained by you at a financial institution from which you can initiate the transfer, payment or delivery of "funds":
 - a. By means of electronic, telegraphic, cable, teletype, telefacsimile or telephone instructions communicated directly through an electronic funds transfer system; or
 - b. By means of written instructions (other than those described in Insuring Agreement A.3.) establishing the conditions under which such transfers are to be initiated by such financial institution through an electronic funds transfer system.
 19. "Watchperson" means any person you retain specifically to have care and custody of property inside the "premises" and who has no other duties.

ENDORSEMENT# 1

**CRIME AND FIDELITY
CR 02 49 09 12**

This endorsement, effective *12:01 am July 1, 2020*
policy number *01-505-26-90*
issued to *MEMBERS OF SPECIAL DISTRICT RISK MANAGEMENT
AUTHORITY (SDRMA)*

forms a part of

by *National Union Fire Insurance Company of Pittsburgh, Pa.*

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA CHANGES

This endorsement modifies insurance provided under the following:

- COMMERCIAL CRIME POLICY
- EMPLOYEE THEFT AND FORGERY POLICY
- GOVERNMENT CRIME POLICY
- GOVERNMENT EMPLOYEE THEFT AND FORGERY POLICY
- KIDNAP/RANSOM AND EXTORTION POLICY

Paragraphs **A.** and **B.** apply only to the Commercial Crime Policy, Government Crime Policy and Kidnap/Ransom And Extortion Policy.

A. Paragraphs **(2)** and **(3)** of the **Cancellation Of Policy** Condition are replaced by the following:

(2) All Policies In Effect For 60 Days Or Less

If this policy has been in effect for 60 days or less, and is not a renewal of a policy we have previously issued, we may cancel this policy by mailing or delivering to the first Named Insured, at the mailing address shown in the policy, and to the producer of record, advance written notice of cancellation, stating the reason for cancellation, at least:

- (a)** 10 days before the effective date of cancellation if we cancel for:
 - (i)** Nonpayment of premium; or
 - (ii)** Discovery of fraud by:
 - i.** Any insured or his or her representative in

obtaining this policy; or

- ii.** You or your representative in pursuing a claim under this policy.

(b) 30 days before the effective date of cancellation if we cancel for any other reason.

(3) All Policies In Effect For More Than 60 Days

(a) If this policy has been in effect for more than 60 days, or is a renewal of a policy we issued, we may cancel this policy only upon the occurrence, after the effective date of the policy, of one or more of the following:

- (i)** Nonpayment of premium, including payment due on a prior policy we issued and due during the current policy term covering the same risks.
- (ii)** Discovery of fraud or material misrepresentation by:

END 001

ENDORSEMENT# 1 (continued)

- i. Any insured or his or her representative in obtaining this policy; or laws of the state where we are domiciled; or
 - ii. You or your representative in pursuing a claim under this policy. ii Threaten our solvency.
- (iii) A judgment by a court or an administrative tribunal that you have violated a California or Federal law, having as one of its necessary elements an act which materially increases any of the risks insured against. (vii) A change by you or your representative in the activities or property of the commercial or industrial enterprise, which results in a materially added, increased or changed risk, unless the added, increased or changed risk is included in the policy.
- (iv) Discovery of willful or grossly negligent acts or omissions, or of any violations of state laws or regulations establishing safety standards, by you or your representative, which materially increase any of the risks insured against. (b) We will mail or deliver advance written notice of cancellation, stating the reason for cancellation, to the first Named Insured, at the mailing address shown in the policy, and to the producer of record, at least:
- (i) 10 days before the effective date of cancellation if we cancel for nonpayment of premium or discovery of fraud; or
 - (ii) 30 days before the effective date of cancellation if we cancel for any other reason listed in Paragraph (3)(a).
- (v) Failure by you or your representative to implement reasonable loss control requirements, agreed to by you as a condition of policy issuance, or which were conditions precedent to our use of a particular rate or rating plan, if that failure materially increases any of the risks insured against. B. The following is added and supersedes any other provision to the contrary:
- Nonrenewal**
1. Subject to the provisions of Paragraph B.2., if we elect not to renew this policy, we will mail or deliver written notice, stating the reason for nonrenewal, to the first Named Insured shown in the Declarations, and to the producer of record, at least 60 days, but not more than 120 days, before the expiration or anniversary date. We will mail or deliver our notice to the first Named Insured, and to the producer of record, at the mailing address shown in the policy.
- (vi) A determination by the Commissioner of Insurance that the:
- i. Loss of, or changes in, our reinsurance covering all or part of the risk would threaten our financial integrity or solvency; or
 - ii. Continuation of the policy coverage would:
 - i Place us in violation of California law or the

END 001

ENDORSEMENT# 1 (continued)

- 2. We are not required to send notice of nonrenewal in the following situations:
 - a. If the transfer or renewal of a policy, without any changes in terms, conditions or rates, is between us and a member of our insurance group.
 - b. If the policy has been extended for 90 days or less, provided that notice has been given in accordance with Paragraph B.1.
 - c. If you have obtained replacement coverage, or if the first Named Insured has agreed, in writing, within 60 days of the termination of the policy, to obtain that coverage.
 - d. If the policy is for a period of no more than 60 days and you are notified at the time of issuance that it will not be renewed.
 - e. If the first Named Insured requests a change in the terms or conditions or risks covered by the policy within 60 days of the end of the policy period.
 - f. If we have made a written offer to the first Named Insured, in accordance with the time frames shown in Paragraph B.1., to renew the policy under changed terms or conditions or at an increased premium rate, when the increase exceeds 25%.
- C. Under the Commercial Crime Policy, Government Crime Policy and Employee Theft And Forgery Policy, the following is added to the **Valuation - Settlement Condition**:

Actual cash value is calculated as the amount it would cost to repair or replace covered property, at the time of loss or damage, with material of like kind and quality, subject to a deduction for deterioration, depreciation and obsolescence. Actual cash value applies to valuation of covered property, regardless of whether that property has sustained partial or total loss or damage.

The actual cash value of the lost or damaged property may be significantly less than its replacement cost.



AUTHORIZED REPRESENTATIVE

END 001

ENDORSEMENT# 2

This endorsement, effective *12:01 am July 1, 2020* forms a part of
policy number *01-505-26-90*
issued to *MEMBERS OF SPECIAL DISTRICT RISK MANAGEMENT*
AUTHORITY (SDRMA)

by *National Union Fire Insurance Company of Pittsburgh, Pa.*

**NOTICE OF CLAIM
(REPORTING BY E-MAIL)**

In consideration of the premium charged, it is hereby understood and agreed as follows:

1. *Email Reporting of Claims:* In addition to the postal address set forth for any Notice of Claim Reporting under this policy, such notice may also be given in writing pursuant to the policy's other terms and conditions to the Insurer by email at the following email address:

c- claim@AIG.com

Your email must reference the policy number for this policy. The date of the Insurer's receipt of the emailed notice shall constitute the date of notice.

In addition to Notice of Claim Reporting via email, notice may also be given to the Insurer by mailing such notice to: AIG, Financial Lines Claims, P.O. Box 25947, Shawnee Mission, KS 66225 or faxing such notice to (866) 227- 1750.

2. *Definitions:* For this endorsement only, the following definitions shall apply:
 - (a) "Insurer" means the "Insurer," "Underwriter" or "Company" or other name specifically ascribed in this policy as the insurance company or underwriter for this policy.
 - (b) "Notice of Claim Reporting" means "notice of claim/circumstance," "notice of loss" or other reference in the policy designated for reporting of claims, loss or occurrences or situations that may give rise or result in loss under this policy.
 - (c) "Policy" means the policy, bond or other insurance product to which this endorsement is attached.
3. This endorsement does not apply to any Kidnap & Ransom/Extortion Coverage Section, if any, provided by this policy.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.



AUTHORIZED REPRESENTATIVE

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END 002

ENDORSEMENT# 3

This endorsement, effective at *12:01 am July 1, 2020* forms a part of
Policy number *01-505-26-90*
Issued to: *MEMBERS OF SPECIAL DISTRICT RISK MANAGEMENT
AUTHORITY (SDRMA)*

By: *National Union Fire Insurance Company of Pittsburgh, Pa.*

Product Name: *Government Crime Policy*

ECONOMIC SANCTIONS ENDORSEMENT

This endorsement modifies insurance provided under the following:

Coverage shall only be provided and payment of loss under this policy shall only be made in full compliance with enforceable United Nations economic and trade sanctions and the trade and economic sanction laws or regulations of the European Union and the United States of America, including, but not limited to, sanctions, laws and regulations administered and enforced by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC").

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.



AUTHORIZED REPRESENTATIVE

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END 003

ENDORSEMENT# 4

**CRIME AND FIDELITY
CR 25 20 08 07**
forms a part of

This endorsement, effective *12:01 am July 1, 2020*
policy number *01-505-26-90*
issued to *MEMBERS OF SPECIAL DISTRICT RISK MANAGEMENT
AUTHORITY (SDRMA)*

by *National Union Fire Insurance Company of Pittsburgh, Pa.*

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
ADD CREDIT, DEBIT OR CHARGE CARD FORGERY**

This endorsement modifies insurance provided under the following:

- COMMERCIAL CRIME COVERAGE FORM
- COMMERCIAL CRIME POLICY
- EMPLOYEE THEFT AND FORGERY POLICY
- GOVERNMENT CRIME COVERAGE FORM
- GOVERNMENT CRIME POLICY

and applies to the Forgery Or Alteration Insuring Agreement:

SCHEDULE

Limit Of Insurance	Covered Instruments
\$1,000,000	<input checked="" type="checkbox"/> Includes written instruments required in conjunction with any credit, debit or charge card issued to you or any "employee" for business purposes.
	<input type="checkbox"/> Limited to written instruments required in conjunction with any credit, debit or charge card issued to you or any "employee" for business purposes.
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

1. Covered Instruments either includes or is limited to, whichever is indicated as applicable in the Schedule, written instruments required in conjunction with any credit, debit or charge card issued to you or any "employee" for business purposes.
2. The most we will pay in any one "occurrence" is the Limit of Insurance shown in the Schedule.
3. The following exclusion is added to Section D.:
The Forgery Or Alteration Insuring Agreement does not apply to:
NON-COMPLIANCE WITH CREDIT, DEBIT OR CHARGE CARD ISSUER'S REQUIREMENTS
Loss arising from any credit, debit or charge card if you have not complied fully with the provisions, conditions or other terms under which the card was issued.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.



AUTHORIZED REPRESENTATIVE

END 004

ENDORSEMENT# 5

This endorsement, effective *12:01 am July 1, 2020* forms a part of
policy number *01-505-26-90*
issued to *MEMBERS OF SPECIAL DISTRICT RISK MANAGEMENT*
AUTHORITY (SDRMA)

by *National Union Fire Insurance Company of Pittsburgh, Pa.*

BONDED EMPLOYEES EXCLUSION DELETED

This endorsement modifies insurance provided under the following:

GOVERNMENT CRIME POLICY

In Section **D. Exclusions**, subparagraph 2., the exclusion entitled **Bonded Employees** is deleted in its entirety.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.



AUTHORIZED REPRESENTATIVE

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END 005

ENDORSEMENT# 6

**CRIME AND FIDELITY
CR 25 19 05 06**

This endorsement, effective *12:01 am July 1, 2020*
policy number *01-505-26-90*
issued to *MEMBERS OF SPECIAL DISTRICT RISK MANAGEMENT
AUTHORITY (SDRMA)*

forms a part of

by *National Union Fire Insurance Company of Pittsburgh, Pa.*

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADD FAITHFUL PERFORMANCE OF DUTY COVERAGE
FOR GOVERNMENT EMPLOYEES**

This endorsement modifies insurance provided under the following:

GOVERNMENT CRIME COVERAGE FORM
GOVERNMENT CRIME POLICY

and applies to the Insuring Agreements designated below:

SCHEDULE

Insuring Agreement		Limit Of Insurance
<input checked="" type="checkbox"/>	Employee Theft - Per Loss Coverage	\$1,000,000
<input type="checkbox"/>	Employee Theft - Per Employee Coverage	
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

1. The following is added to the Employee Theft Insuring Agreement designated above:

We will pay for loss or damage to "money", "securities" and "other property" resulting directly from the failure of any "employee" to faithfully perform his or her duties as prescribed by law, when such failure has as its direct and immediate result a loss of your covered property. The most we will pay for loss arising out of any one "occurrence" is the Limit of Insurance shown in the Schedule. That Limit, is part of, not in addition to, the Limit of Insurance shown in the Declarations.

2. The following exclusions are added to Section D.2. Exclusions:

a. Loss resulting from the failure of any entity acting as a depository for your property or property for which you are responsible.

b. Damages for which you are legally liable as a result of:

(1) The deprivation or violation of the civil rights of any person by an "employee"; or

(2) The tortious conduct of an "em-

ployee", except the conversion of property of other parties held by you in any capacity.

3. The **Indemnification** Condition is replaced by the following:

We will indemnify any of your officials who are required by law to give bonds for the faithful performance of their duties against loss through the failure of any "employee" under the supervision of that official to faithfully perform his or her duties as prescribed by law, when such failure has as its direct and immediate result a loss of your covered property.

4. Part (l) of the **Termination As To Any Employee** Condition is replaced by the following:

(1) As soon as:

(a) You; or

(b) Any official or employee authorized to manage, govern or control your "employees" learn of any act committed by the "employee" whether before or after becoming employed by you which would constitute a loss covered under the terms of the Employee

END 006

ENDORSEMENT# 6 (Continued)

Theft Insuring Agreement, as amended by this endorsement.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.



AUTHORIZED REPRESENTATIVE

END 006

ENDORSEMENT# 7

This endorsement, effective at *12:01 am July 1, 2020* forms a part of
Policy number *01-505-26-90*
Issued to: *MEMBERS OF SPECIAL DISTRICT RISK MANAGEMENT
AUTHORITY (SDRMA)*

By: *National Union Fire Insurance Company of Pittsburgh, Pa.*

**CANCELLATION AMENDATORY
(RETURN PRO RATA)**

Wherever used herein: (1) "Policy" means the policy or bond to which this endorsement or rider is made part of; (2) "Insurer" means the "Insurer," "Underwriter," "Company" or other name specifically ascribed in this Policy as the insurance company or underwriter for this Policy; (3) "Named Entity" means the "Named Entity," "Named Corporation," "Named Organization," "Named Sponsor," "Named Insured," "First Named Insured," "Insured's Representative," "Policyholder" or equivalent term stated in Item 1 of the Declarations; and (4) "Period" means the "Policy Period," "Bond Period" or equivalent term stated in the Declarations.

In consideration of the premium charged, it is hereby understood and agreed that notwithstanding anything to the contrary in any CANCELLATION or TERMINATION clause of this Policy (and any endorsement or rider amending such cancellation or termination clause, including but not limited to any state cancellation/non-renewal amendatory attached to this policy), if this Policy shall be canceled by the Named Entity, the Insurer shall return to the Named Entity the unearned pro rata proportion of the premium as of the effective date of cancellation.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.



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END 007

ENDORSEMENT# 8

This endorsement, effective *12:01 am July 1, 2020* forms a part of
policy number *01-505-26-90*
issued to *MEMBERS OF SPECIAL DISTRICT RISK MANAGEMENT*
AUTHORITY (SDRMA)

by *National Union Fire Insurance Company of Pittsburgh, Pa.*

CANCELLATION OF POLICY AMENDED

This endorsement modifies insurance provided under the following:

**COMMERCIAL CRIME POLICY
GOVERNMENT CRIME POLICY**

E. Conditions, Conditions Applicable To All Insuring Agreements, Cancellation Of Policy (2)(b) is deleted in its entirety and replaced with the following:

(b) *120* days before the effective date of cancellation if we cancel for any other reason.

Nothing herein stated shall be held to alter, vary, waive or extend any of the terms, conditions, provisions, agreements or limitations of the policy, other than as stated herein.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.



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END 008

ENDORSEMENT# 9

This endorsement, effective *12:01 am July 1, 2020* forms a part of
policy number *01-505-26-90*
issued to *MEMBERS OF SPECIAL DISTRICT RISK MANAGEMENT*
AUTHORITY (SDRMA)

by *National Union Fire Insurance Company of Pittsburgh, Pa.*

EMPLOYEE POST TERMINATION COVERAGE

This endorsement modifies insurance provided under the following:

**COMMERCIAL CRIME POLICY
GOVERNMENT CRIME POLICY**

PROVISIONS:

1. Section **F. Definitions**, "Employee", subsection a.(1)(a) is hereby deleted in its entirety and replaced with the following:
 - a. "Employee" means:
 - (1) Any natural person:
 - (a) While in your service and for the first *90* days immediately after termination of service, unless such termination is due to "theft" or any other dishonest act committed by the "employee";
2. Nothing herein contained shall be held to vary, alter, waive, or extend any of the terms, limitations, conditions, or provisions of the attached Policy other than the above stated.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.



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END 009

ENDORSEMENT# 10

**CRIME AND FIDELITY
CR 25 06 08 07**

This endorsement, effective *12:01 am July 1, 2020*
policy number *01-505-26-90*
issued to *MEMBERS OF SPECIAL DISTRICT RISK MANAGEMENT
AUTHORITY (SDRMA)*

forms a part of

by *National Union Fire Insurance Company of Pittsburgh, Pa.*

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**INCLUDE CHAIRPERSON AND MEMBERS OF
SPECIFIED COMMITTEES AS EMPLOYEES**

This endorsement modifies insurance provided under the following:

- COMMERCIAL CRIME COVERAGE FORM
- COMMERCIAL CRIME POLICY
- EMPLOYEE THEFT AND FORGERY POLICY
- GOVERNMENT CRIME COVERAGE FORM
- GOVERNMENT CRIME POLICY

SCHEDULE

Names Of Committees
<i>ATT</i>
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

The definition of "employee" is amended to include any natural person, whether or not compensated, while performing services for you as the chairperson, or a member of any committee named in the Schedule.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.



AUTHORIZED REPRESENTATIVE

END 010

ENDORSEMENT# 11

**CRIME AND FIDELITY
CR 25 41 08 07**

forms a part of

This endorsement, effective *12:01 am July 1, 2020*
policy number *01-505-26-90*
issued to *MEMBERS OF SPECIAL DISTRICT RISK MANAGEMENT
AUTHORITY (SDRMA)*

by *National Union Fire Insurance Company of Pittsburgh, Pa.*

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**INCLUDE DESIGNATED PERSONS OR CLASSES
OF PERSONS AS EMPLOYEES**

This endorsement modifies insurance provided under the following:

- COMMERCIAL CRIME COVERAGE FORM
- COMMERCIAL CRIME POLICY
- EMPLOYEE THEFT AND FORGERY POLICY
- GOVERNMENT CRIME COVERAGE FORM
- GOVERNMENT CRIME POLICY

and applies to the Employee Theft Insuring Agreement:

SCHEDULE

Persons Or Classes Of Persons
<i>Any directors or Trustees of any those named as insured</i>
<i>Any board members of any of those named as insured</i>
<i>Any elected or appointed officials</i>
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

The definition of "employee" is amended to include any natural person or group of persons named or described in the Schedule.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.



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END 011

ENDORSEMENT# 12

This endorsement, effective at 12:01AM July 01, 2020 forms a part of
 Policy number: 01-505-26-90
 Issued to: MEMBERS OF SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY (SDRMA)
 By: National Union Fire Insurance Company of Pittsburgh, Pa.

EXPENSES INCURRED TO ESTABLISH AMOUNT OF COVERED LOSS

This endorsement modifies insurance provided under the following:

- COMMERCIAL CRIME COVERAGE FORM
- COMMERCIAL CRIME POLICY
- EMPLOYEE THEFT AND FORGERY POLICY
- GOVERNMENT CRIME COVERAGE FORM
- GOVERNMENT CRIME POLICY

and applies to the Insuring Agreement(s) designated below:

A. Schedule

Costs, Fees Or Other Expenses		
Insuring Agreement	Limit of Insurance	Covered Loss
Employee Theft Insuring Agreement	\$75,000	100%
Forgery Or Alteration	\$75,000	100%
Inside The Premises - Theft Of Money And Securities	\$75,000	100%
Inside The Premises - Robbery Or Safe Burglary Of Other Property	\$75,000	100%
Outside The Premises	\$75,000	100%
Computer Fraud Insuring Agreement	\$75,000	100%
Funds Transfer Fraud Insuring Agreement	\$75,000	100%

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

B. Provisions

The following condition is added to Paragraph E. Conditions:

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ENDORSEMENT# 12 (Continued)

This endorsement, effective at 12:01AM July 01, 2020 forms a part of
Policy number: 01-505-26-90
Issued to: MEMBERS OF SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY (SDRMA)

By: National Union Fire Insurance Company of Pittsburgh, Pa.

1. We will pay for reasonable costs, fees or other expenses that you incur and pay to an independent accounting, auditing or other service used to determine the amount of loss covered under this insurance.
2. The most that we will pay for reasonable costs, fees or other expenses is limited to the lesser of the:
 - a. Limit of Insurance; or
 - b. Percentage of the Covered Loss;shown in the Schedule.
3. We will pay for reasonable costs, fees or other expenses after settlement of covered loss.
4. We will have no liability to pay any such costs, fees or other expenses if the amount of the covered loss does not exceed the Deductible Amount of the applicable Insuring Agreement.
5. The amount that we will pay is part of, not in addition to, the Limit of Insurance for the applicable Insuring Agreement.
6. Paragraph (3) of the Indirect Loss Exclusion is replaced by the following:

Payment of costs, fees or other expenses you incur in establishing the existence of loss under this insurance.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.



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END 012

ENDORSEMENT# 13

**CRIME AND FIDELITY
CR 25 08 08 07**
forms a part of

This endorsement, effective *12:01 am July 1, 2020*
policy number *01-505-26-90*
issued to *MEMBERS OF SPECIAL DISTRICT RISK MANAGEMENT
AUTHORITY (SDRMA)*

by *National Union Fire Insurance Company of Pittsburgh, Pa.*

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**INCLUDE SPECIFIED NON-COMPENSATED
OFFICERS AS EMPLOYEES**

This endorsement modifies insurance provided under the following:

- COMMERCIAL CRIME COVERAGE FORM
- COMMERCIAL CRIME POLICY
- EMPLOYEE THEFT AND FORGERY POLICY
- GOVERNMENT CRIME COVERAGE FORM
- GOVERNMENT CRIME POLICY

SCHEDULE

Names Or Titles Of Non-Compensated Officers
<i>All</i>
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

The definition of "employee" is amended to include your non-compensated officers shown in the Schedule.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.



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END 013

ENDORSEMENT# 14

**CRIME AND FIDELITY
CR 25 12 08 07**
forms a part of

This endorsement, effective *12:01 am July 1, 2020*
policy number *01-505-26-90*
issued to *MEMBERS OF SPECIAL DISTRICT RISK MANAGEMENT
AUTHORITY (SDRMA)*

by *National Union Fire Insurance Company of Pittsburgh, Pa.*

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
INCLUDE TREASURERS OR TAX COLLECTORS
AS EMPLOYEES**

This endorsement modifies insurance provided under the following:

GOVERNMENT CRIME COVERAGE FORM
GOVERNMENT CRIME POLICY

SCHEDULE

Treasurers Or Tax Collectors
<i>A17</i>
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

1. The definition of "employee" is amended to include your treasurers or tax collectors shown in the Schedule.
2. Exclusion **D.2.d. Treasurers Or Tax Collectors** is deleted.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.



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END 014

ENDORSEMENT# 15

**CRIME AND FIDELITY
CR 25 09 08 07**
forms a part of

This endorsement, effective *12:01 am July 1, 2020*
policy number *01-505-26-90*
issued to *MEMBERS OF SPECIAL DISTRICT RISK MANAGEMENT
AUTHORITY (SDRMA)*

by *National Union Fire Insurance Company of Pittsburgh, Pa.*

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INCLUDE VOLUNTEER WORKERS AS EMPLOYEES

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME COVERAGE FORM
COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY
GOVERNMENT CRIME COVERAGE FORM
GOVERNMENT CRIME POLICY

The definition of "employee" is amended to include any non-compensated natural person:

1. Other than one who is a fund solicitor, while performing services for you that are usual to the duties of an "employee"; or
2. While acting as a fund solicitor during fund raising campaigns.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.



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END 015

ENDORSEMENT# 17

This endorsement, effective at 12:01AM July 01, 2020 forms a part of
Policy number: 01-505-26-90
Issued to: MEMBERS OF SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY (SDRMA)

By: National Union Fire Insurance Company of Pittsburgh, Pa.

**IMPERSONATION FRAUD COVERAGE
(GOVERNMENT CRIME DISCOVERY FORM - PRIMARY TO OTHER INSURANCE)**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

GOVERNMENT CRIME POLICY (DISCOVERY FORM)

It is agreed that in consideration of the additional premium of \$0, the policy is hereby amended as follows:

1. Section A. Insuring Agreements is amended by adding the following Insuring Agreement to the end thereof:

IF. Impersonation Fraud Coverage

We will pay for loss of "funds" resulting directly from a "fraudulently-induced instruction" directing a financial institution to transfer, pay or deliver "funds" from your "transfer account."

2. Solely with respect to Impersonation Fraud Coverage provided by this endorsement, Section F. Definitions, is amended by adding the following at the end thereof:

"Fraudulently-induced instruction" means an electronic, telegraphic, cable, teletype, telefacsimile, telephone or written instruction communicated by you or your "employee" based upon an instruction received and relied upon by you or your "employee" which was transmitted:

- a. by a purported director, officer, partner, member, sole proprietor or other "employee" of yours - or by an individual acting in collusion with such purported director, officer, partner, member, sole proprietor or other "employee" - but which was in fact fraudulently transmitted by someone else without your or your "employee's" knowledge; or
- b. by a purported director, officer, partner, member, sole proprietor or employee of your "vendor" or "client" - or by an individual acting in collusion

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END 017

ENDORSEMENT# 17 (Continued)

This endorsement, effective at 12:01AM July 01, 2020 forms a part of
Policy number: 01-505-26-90
Issued to: MEMBERS OF SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY (SDRMA)

By: National Union Fire Insurance Company of Pittsburgh, Pa.

with such purported director, officer, partner, member, sole proprietor or employee - but which was in fact fraudulently transmitted by someone else without your or your "employee's" knowledge; provided, however, "fraudulently-induced instruction" shall not include any such instruction transmitted by an actual director, officer, partner, member, sole proprietor or employee of your "vendor" or "client" who was acting in collusion with any third party in submitting such instruction.

3. Solely for purposes of this endorsement, the following definitions are added:

"Vendor" means any person, firm, company, corporation, organization, association or other entity that provides goods or services to you pursuant to a legitimate relationship that pre-exists the loss of "funds" that is the subject of the coverage provided by this endorsement.

"Client" means any person, firm, company, corporation, organization, association or other entity to whom you provide goods or services for a fee pursuant to a legitimate written contract that pre-exists the loss of "funds" that is the subject of the coverage provided by this endorsement.

4. The Limit of Insurance for the coverage provided by this endorsement for all loss arising from an "occurrence" is \$250,000.

5. Solely with respect to coverage provided by this endorsement, the applicable per "occurrence" Deductible Amount is \$25,000.

6. Solely for purposes of this endorsement, the following exclusion shall apply:

The coverage afforded by this endorsement does not apply to any loss occurring prior to 07/01/2015.

7. It is further understood and agreed that except as provided in this endorsement, this policy does not cover loss resulting directly or indirectly from reliance by you or an "employee" upon any transfer, payment or account-related instruction transmitted by an imposter purporting to be a customer, "client," "vendor," director, officer, partner, manager, "member," sole proprietor, "employee," or agent of yours. The foregoing provision, however, shall not apply to the coverage afforded under the **Employee Theft or Forgery Or Alteration** Insuring Agreements of this policy.

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END 017

ENDORSEMENT# 17 (Continued)

This endorsement, effective at 12:01AM July 01, 2020 forms a part of
Policy number: 01-505-26-90
Issued to: MEMBERS OF SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY (SDRMA)

By: National Union Fire Insurance Company of Pittsburgh, Pa.

8. Solely with respect to coverage provided by this endorsement, the Other Insurance Condition E.1.n. is amended by deleting subparagraph (1) Primary Insurance in its entirety and replacing it with the following:

(1) Primary Insurance

When this policy is written as primary insurance, the coverage afforded hereunder shall apply as primary to that other insurance.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.



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END 017

ENDORSEMENT# 18

This endorsement, effective at *12:01 am July 1, 2020* forms a part of
Policy number *01-505-26-90*
Issued to: *MEMBERS OF SPECIAL DISTRICT RISK MANAGEMENT
AUTHORITY (SDRMA)*

By: *National Union Fire Insurance Company of Pittsburgh, Pa.*
Product Name: *Government Crime Policy*

CONDITIONS AMENDED

This endorsement modifies insurance provided under the following:

GOVERNMENT CRIME POLICY

PROVISIONS:

(1) Section E. Conditions, paragraph 1, subsection v. "Transfer Of Your Rights Of Recovery Against Others To Us" is hereby deleted in its entirety and replaced with the following:

v. Transfer Of Your Rights Of Recovery Against Others To Us

You must transfer to us all your rights of recovery against any person or entity for any loss you sustained and for which we have paid or settled. You must also do everything necessary to secure those rights and do nothing after discovery of loss to impair them; provided, however, with respect to recovery of loss resulting directly from the failure of any **employee** to faithfully perform his or her duties as prescribed by law afforded by the "**ADD FAITHFUL PERFORMANCE OF DUTY COVERAGE FOR GOVERNMENT EMPLOYEES**" ENDORSMENT," we shall have the right to recover only where the **employee's** failure to faithfully perform his or her duties as prescribed by law was due to actual fraud, corruption, actual malice, or where the **employee** or a person or entity was unjustly enriched as a result of the **employee's** failure to faithfully perform his or her duties as prescribed by law.

(2) Nothing herein contained shall be held to vary, alter, waive, or extend any of the terms, limitations, conditions, or provisions of the attached Policy other than the above stated.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.



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END 018

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ENDORSEMENT# 19

This endorsement, effective at *12:01 am July 1, 2020* forms a part of
Policy number *01-505-26-90*
Issued to: *MEMBERS OF SPECIAL DISTRICT RISK MANAGEMENT*
AUTHORITY (SDRMA)

By: *National Union Fire Insurance Company of Pittsburgh, Pa.*
Product Name: *Government Crime Policy*

THIRD PARTY COVERAGE

This endorsement modifies insurance provided under the following:

**COMMERCIAL CRIME POLICY
GOVERNMENT CRIME POLICY**

PROVISIONS

1. Clause A.1. **Employee Theft** is amended by adding the following at the end thereof:

We will pay for loss of or damage to "Client Property" arising out of your indemnification of your "Client" for any dishonest or fraudulent act(s) committed by your "employee," but only when and to the extent that you are liable for such indemnification pursuant to the terms of this policy.

2. Clause F. **Definitions** is amended by adding the following at the end thereof:

21. "Client Property" means "Money," "Securities" or "Other Property";

- (1) owned by the Client,
- (2) held by the Client in any capacity, or
- (3) for which a Client is legally liable

22. "Client," as used in this endorsement, means any person, firm, corporation or association for whom your professional services have been charged.

3. Clause E.1.o. **Ownership of Property; Interests Covered** is deleted in its entirety and replaced with the following:

The property covered under this policy is limited to property:

- (1) That you own or lease;
- (2) That you hold for others; or
- (3) That you hold in any capacity, whether or not you are legally liable, but also may be property for which you are legally liable.

Client property covered under this policy is limited to property:

- (1) owned by the Client;
- (2) held by the Client in any capacity;
- (3) for which the Client is legally liable;

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END 019

ENDORSEMENT# 19 (continued)

Provided you are legally liable for such property and it is included in your proof of loss, in which event Clauses E.1.f and E.1.h., and any other condition applicable to loss or claims with respect thereto, shall apply.

4. Clause D.1. **Exclusions** is amended by adding the following at the end thereof:

Solely with respect to Client Property, loss attributable to fraudulent, dishonest or criminal acts of any Client's proprietor, officer, director, partner or employee acting in collusion with your "employee."

5. It is further understood and agreed that with respect to the coverage afforded pursuant to this endorsement, the most we will pay under this policy for loss is the Limit of Insurance shown in the below SCHEDULE, subject to the applicable Deductible Amount below:

SCHEDULE

<u>Limit of Insurance</u>	<u>Deductible Amount</u>
\$250,000	\$25,000

The above scheduled Limit of Insurance shall be part of and not in addition to the applicable limit of insurance stated in the Declarations page as applicable to Insuring Agreement A.1. **Employee Theft** and will in no way serve to increase the Company's limit of liability as therein stated.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, limitations, conditions, or provisions of the attached policy other than as above stated.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.



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END 019

ENDORSEMENT# 20

This endorsement, effective at *12:01 am July 1, 2020* forms a part of
Policy number *01-505-26-90*
Issued to: *MEMBERS OF SPECIAL DISTRICT RISK MANAGEMENT
AUTHORITY (SDRMA)*

By: *National Union Fire Insurance Company of Pittsburgh, Pa.*
Product Name: *Government Crime Policy*

VENDOR THEFT COVERAGE ENDORSEMENT

It is agreed that:

1. Section A. Insuring Agreements is amended to include the following Insuring Agreement at the end thereof:

10. Vendor Theft

We will pay for loss or damage to "money," "securities" and "other property" resulting from "theft" committed by an identified "employee" of "your" "vendor" acting alone or in collusion with other persons.

2. Solely with respect to Insuring Agreement 10, "Limit of Insurance Per Occurrence" as stated on the Declarations Page is deleted in its entirety and replaced with the following:

Limit of Insurance \$1,000,000 for all loss arising out of Insuring Agreement 10, Vendor Theft.

3. Section F. Definitions is amended to include the following definition at the end thereof:

"Vendor" means an entity that provides a service to "you" under a written agreement which includes a requirement to provide Crime or Fidelity insurance covering "your" property in the care, custody and control of the "vendor" and its "employees." If such Crime or Fidelity insurance is valid or collectible then this Policy will respond only to that portion of loss which is excess of such requirement and no deductible shall apply. If such Crime or Fidelity insurance is not valid or collectible then this Policy will respond only to that portion of loss which is in excess of \$500,000 and no deductible shall apply. However, "vendor" does not include any financial institution, asset manager, broker, dealer or armored transport company.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.



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END 020

ENDORSEMENT# 21

This endorsement, effective at *12:01 am July 1, 2020* forms a part of
Policy number *01-505-26-90*
Issued to: *MEMBERS OF SPECIAL DISTRICT RISK MANAGEMENT
AUTHORITY (SDRMA)*

By: *National Union Fire Insurance Company of Pittsburgh, Pa.*
Product Name: *Government Crime Policy*

REVISION OF DISCOVERY AND PRIOR THEFT OR DISHONESTY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

**COMMERCIAL CRIME POLICY
GOVERNMENT CRIME POLICY**

A. Schedule*

Prior Theft or Dishonesty

Amount: \$25,000

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

PROVISIONS

1. E. Conditions, 2. **Conditions Applicable To Insuring Agreements A.1. And A.2. b. Termination As To Any Employee** (1) is deleted in its entirety and replaced with the following:

(1) As soon as:

THE RISK MANAGEMENT DEPARTMENT OR OTHER DEPARTMENT DESIGNATED TO HANDLE INSURANCE MATTERS FOR THE NAME INSURED

learns of "theft" or any other dishonest act committed by the "employee" whether before or after becoming employed by you provided that such conduct involved Loss of "Money", "Securities" or "Other property" valued at the amount specified in the schedule above or more.

2. E. Conditions, 1. **Conditions Applicable To All Insuring Agreements**, f. Duties In The Event Of Loss, is hereby modified to add the following at the end thereof:

(6) Discovery of a loss or situation that may result in loss of or damage to "money," "securities" or "other property" for the purpose of this section shall be discovery by any person in the specific departments or employment capacities of the insured:

RISK MANAGEMENT DEPARTMENT OR OTHER DEPARTMENT DESIGNATED TO HANDLE INSURANCE MATTERS FOR THE NAMED INSURED

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END 021

Page 1 of 2

ENDORSEMENT# 21 (continued)

3. In Section D. Exclusions, exclusion 1.b. **Acts of Employees Learned Of By You Prior To The Policy Period** is hereby deleted in its entirety.
4. Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, limitations, conditions or agreements of the attached policy other than as stated above.
5. This endorsement is effective as of 12:01 A.M. on standard time as specified in the policy.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.



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END 021

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ENDORSEMENT# 22

This endorsement, effective at 12:01AM July 01, 2020 forms a part of
Policy number: 01-505-26-90
Issued to: MEMBERS OF SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY (SDRMA)

By: National Union Fire Insurance Company of Pittsburgh, Pa.

INCLUDE LEASED WORKERS AS EMPLOYEES

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

This endorsement modifies insurance provided under the following:

- COMMERCIAL CRIME COVERAGE FORM
- COMMERCIAL CRIME POLICY
- EMPLOYEE THEFT AND FORGERY POLICY
- GOVERNMENT CRIME COVERAGE FORM
- GOVERNMENT CRIME POLICY

and applies to the Employee Theft Insuring Agreement:

A. Schedule*

Labor Leasing Firm
All leased employees working for a named insured
*Information required to complete this Schedule, if not shown on this endorsement, will be shown in the Declarations.

B. Provisions

The Definition of "Employee" is amended to include any natural person leased to you by a labor leasing firm shown in the Schedule, under a written agreement between you and the labor leasing firm, to perform duties related to the conduct of your business, but does not mean a person furnished to you to substitute for a permanent employee on leave, or to meet seasonal or short-term workload conditions.



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END 022

ENDORSEMENT# 23

This endorsement, effective at 12:01AM July 01, 2020 forms a part of
 Policy number: 01-505-26-90
 Issued to: MEMBERS OF SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY (SDRMA)
 By: National Union Fire Insurance Company of Pittsburgh, Pa.

RETRODATE ENDORSEMENT

This endorsement modifies insurance provided under the following:

GOVERNMENT CRIME POLICY

A. SCHEDULE

Entity	Retroactive Date 12:01 A.M. on:	Limit of Liability 1	Limit of Liability 2
All entities except for the entities that are listed below	7/1/15	\$400,000	\$1,000,000
Brooktrails Township CSD	7/1/15	\$654,000	\$1,000,000
Contra Costa Water District	7/1/15	\$1,000,000	\$1,000,000
Livermore Amador Valley Water Management	7/1/15	\$500,000	\$1,000,000
Otay Water District	7/1/15	\$1,000,000	\$1,000,000
Rosamond CSD	7/1/15	\$1,000,000	\$1,000,000
City of Santa Clarita	7/1/15	\$1,000,000	\$1,000,000
Susanville Sanitary District	7/1/15	\$1,000,000	\$1,000,000
Sutter Butte Flood Control Agency	7/1/15	\$1,000,000	\$1,000,000

B. PROVISIONS

Solely with respect to each Entity listed in the Schedule above, the first paragraph of Section A. **Insuring Agreements** is replaced by the following:

Any loss that you sustain resulting directly from an "occurrence" taking place in its entirety prior to the Retroactive Date shown in the Schedule above which is "discovered" by you during the Policy Period shown in the Declarations or during the period of time provided in the Extended Period to Discover Loss Condition shall have the Limit of Liability shown in Limit of Liability 1 of the above Schedule for the corresponding Entity.

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END 023

ENDORSEMENT# 23 (Continued)

This endorsement, effective at 12:01AM July 01, 2020 forms a part of
Policy number: 01-505-26-90
Issued to: MEMBERS OF SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY (SDRMA)

By: National Union Fire Insurance Company of Pittsburgh, Pa.

Any loss that you sustain resulting directly from an "occurrence" taking place in its entirety after the Retroactive Date shown in the Schedule above which is "discovered" by you during the Policy Period shown in the Declarations or during the period of time provided in the Extended Period to Discover Loss Condition shall have the Limit of Liability shown in Limit of Liability 2 of the above Schedule for the corresponding Entity.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.



AUTHORIZED REPRESENTATIVE

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END 023

ENDORSEMENT# 24

This endorsement, effective at 12:01AM July 01, 2020 forms a part of
Policy number: 01-505-26-90
Issued to: MEMBERS OF SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY (SDRMA)

By: National Union Fire Insurance Company of Pittsburgh, Pa.

SPECIFIC INVESTIGATION/CLAIM/LITIGATION/EVENT OR ACT EXCLUSION

It is agreed that:

We shall not be liable to make any payment for loss in connection with: (i) any of the notices, events, investigations or actions referred to in any of items listed below (hereinafter "Events"); (ii) the prosecution, adjudication, settlement, disposition, resolution or defense of: (a) any Event(s); or (b) any loss arising from any Event(s); or (iii) any loss in any way related directly or indirectly, in part or in whole, to an interrelated loss (as that term is defined below), regardless of whether or not such loss involved the same or different insureds, the same or different legal causes of action or the same or different claimants or is brought in the same or different venue or resolved in the same or different forum.

EVENT(S)

1. Blanchard Community Library (Date of loss 5/1/13)
2. Lamont Public Utility (Date of loss 2/24/14)

For the purposes of this endorsement an "interrelated loss" means any loss which is the same as, similar or related to any loss arising from any Event(s).

ALL OTHER TERMS, CONDITIONS AND EXCLUSION REMAIN UNCHANGED.



AUTHORIZED REPRESENTATIVE

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END 024

ENDORSEMENT# 26

This endorsement, effective *12:01 am July 1, 2020* forms a part of
 policy number *01-505-26-90*
 issued to *MEMBERS OF SPECIAL DISTRICT RISK MANAGEMENT*
AUTHORITY (SDRMA)

by *National Union Fire Insurance Company of Pittsburgh, Pa.*

FORMS INDEX ENDORSEMENT

The contents of the Policy is comprised of the following forms:

FORM NUMBER	EDITION DATE	FORM TITLE
CRDS04	08/07	GOVERNMENT CRIME POLICY DECLARATIONS
CR0026	05/06	GOVERNMENT CRIME POLICY (DISCOVERY FORM)
CR 02 49	09/12	CALIFORNIA CHANGES
99758	08/08	NOTICE OF CLAIM (REPORTING BY E-MAIL)
119679	09/15	ECONOMIC SANCTIONS ENDORSEMENT
CR2520	08/07	ADD CREDIT, DEBIT OR CHARGE CARD FORGERY
95419	08/07	BONDED EMPLOYEES EXCLUSION DELETED
CR2519	05/06	ADD FAITHFUL PERFORMANCE OF DUTY COVERAGE FOR GOVERNMENT EMPLOYEES
101036	04/09	CANCELLATION AMENDATORY (RETURN PRO RATA)
95420	08/07	CANCELLATION OF POLICY AMENDED
95428	08/07	EMPLOYEE POST TERMINATION COVERAGE
CR2506	08/07	INCLUDE CHAIRPERSON AND MEMBERS OF SPECIFIED COMMITTEES AS EMPLOYEES
CR2541	08/07	INCLUDE DESIGNATED PERSONS OR CLASSES OF PERSONS AS EMPLOYEES
132819	05/19	EXPENSES INCURRED TO ESTABLISH AMOUNT OF COVERED LOSS
CR2508	08/07	INCLUDE SPECIFIED NON COMPENSATED OFFICERS AS EMPLOYEES
CR2512	08/07	INCLUDE TREASURER OR TAX COLLECTORS AS EMPLOYEES
CR2509	08/07	INCLUDE VOLUNTEER WORKERS AS EMPLOYEES
CR2502	05/06	INCLUDE DESIGNATED AGENTS AS EMPLOYEES
136082	03/20	IMPERSONATION FRAUD COVERAGE GOVERNMENT CRIME DISCOVERY FORM - PRIMARY TO OTHER INSURANCE
120021	05/15	CONDITIONS AMENDED (SUBROGATION)
116982	05/15	THIRD PARTY COVERAGE

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END 026

ENDORSEMENT# 26

This endorsement, effective *12:01 am July 1, 2020* forms a part of
policy number *01-505-26-90*
issued to *MEMBERS OF SPECIAL DISTRICT RISK MANAGEMENT*
AUTHORITY (SDRMA)

by *National Union Fire Insurance Company of Pittsburgh, Pa.*

FORMS INDEX ENDORSEMENT

The contents of the Policy is comprised of the following forms:

FORM NUMBER	EDITION DATE	FORM TITLE
116981	05/15	VENDOR THEFT COVERAGE ENDORSEMENT
120022	05/15	REVISION OF DISCOVERY AND PRIOR THEFT OR DISHONESTY
CR 25 05	03/00	INCLUDE LEASED WORKERS AS EMPLOYEES
MNSCPT		RETRODATE ENDORSEMENT
MNSCPT		SPECIFIC INVESTIGATION/CLAIM/LITIGATION/EVENT OR ACT EXCLUSION
MNSCPT		ADDITIONAL NAMED INSURED
78859	10/01	FORMS INDEX ENDORSEMENT

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.



AUTHORIZED REPRESENTATIVE

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END 026

Declarations – Personal Liability Coverage – Board Members/Directors

MEMBER COVERED: San Simeon Community Services District
111 Pico Avenue
San Simeon, California 93452-9753

Your District/Agency/City has elected to participate in the risk financing coverage programs described below as “THE PACKAGE PROGRAM” and in such other programs as are indicated herein. These DECLARATIONS together with the Memorandum, the Personal Liability Coverage for Board Members And Directors Agreement attached as **Exhibit E**, the terms and conditions of the Sixth Amended and Restated Joint Powers Agreement and Bylaws, or successor documents thereto, constitute the entire agreement concerning risk-financing coverage between the Special District Risk Management Authority and your District/Agency/City.

Please read the Sixth Amended and Restated Joint Powers Agreement and Bylaws of the Special District Risk Management Authority (hereinafter “SDRMA”), or successor documents thereto, together with the Memorandum of Coverages, hereinafter referred to as Memorandum and the Personal Liability for Board Members/Directors Coverage Agreement, to ascertain all of your District's/Agency's/City's rights and obligations regarding its relationship with the Special District Risk Management Authority.

COVERAGE PERIOD: July 1, 2020 at 12:01 a.m. to July 1, 2021 at 12:01 a.m.

**IV. PERSONAL LIABILITY
COVERAGE FOR BOARD
MEMBERS/DIRECTORS**

SDRMA agrees to pay on behalf of the elected or appointed Board Members/Directors of the Member those sums which the elected or appointed Board Member/Director of the Member shall become legally obligated to pay as damages for any claim or claims for Personal Injury to a third party, to which this coverage applies.

This agreement is subject to all of the terms, conditions, definitions, endorsements, exclusions, and provisions of Personal Liability for Board Members/Directors Coverage Agreement contained in **Exhibit E**.

LIMIT(S)

\$500,000 each Occurrence, with an annual aggregate of \$500,000 per each elected/appointed board member or director of SDRMA's Member Agency(s)/ District(s)/City(ies) to which this coverage applies, subject to the terms, conditions and exclusions as provided in the Supplemental Memorandum, and subject further to the terms, conditions, deductibles (\$500 per occurrence) and exclusions of the Personal Liability Board Members/Directors Coverage Agreement contained in **Exhibit E**.*

Provided, however, that SDRMA's liability under all supplemental coverage memorandums affording coverage to all SDRMA members during the memorandum period shall not exceed the collective

Declarations – Personal Liability Coverage – Board Members/Directors

aggregate amount of **\$8,500,000.**

MEMBER DEDUCTIBLE **\$500** per occurrence

This information is provided as a general description only, and is not intended to supersede specific policy documents. In the event of a conflict in language, the policy(ies) will be the controlling document.

Personal Liability Coverage for Board Members/Directors

Personal Liability for Board Members/Directors Coverage Agreement Exhibit E No. LCA-SDRMA-2020-21

Agreement

We will provide the Risk Financing described in this Memorandum. In return you will pay the assessment, if any, and comply with all Memorandum conditions.

I. Definitions

Throughout this Memorandum "you" and "your" mean the **Member** shown on the Declarations. "We", "us" and "our" mean Special District Risk Management Authority (hereinafter SDRMA). In addition, certain words appearing in bold face type are defined as follows:

- A. **Aircraft** means any device used or designed for flight including self-propelled missiles and spacecraft, except model or hobby aircraft not used or designed to carry people or cargo.
- B. **Annual Aggregate Limit** means the total amount we will pay for all the **Occurrences** which happen in each 12-month period, beginning with the inception date of this Memorandum, regardless of the number of such **Occurrences**.
- C. **Bodily Injury** means bodily harm, sickness or disease, including care, loss of services and death resulting from that injury.
- D. **Business** means any full or part-time trade, profession or occupation, but shall not include activities pertaining to a **Covered Individual's** pursuit of or holding of an elected public office for the named **Member**.
- E. **Business Property** means property pertaining to or intended for use in business.
- F. **Collective Aggregate Stop Loss Limit** means the total amount **SDRMA** will pay for all **Occurrences** under all Supplemental Coverage Memorandums affording coverage to all **SDRMA Members** during the Memorandum Period.
- G. **Covered Individual(s)** means a person duly elected or appointed to and holding an elected or appointed director or board member position in any district/agency which is a **Member** of SDRMA.

Personal Liability Coverage for Board Members/Directors

I. Definitions, continued

- H. **Member** means the District, agency or entity identified in the Declarations of which the **Covered Individual** is a duly elected or appointed director or board member.
- I. **Motor Vehicle** means:
1. A motorized land vehicle, including a trailer, semi-trailer or motorized bicycle, designed for travel on public roads.
 2. Any vehicle while being towed or carried on a vehicle described in I.1.
 3. Any other motorized land vehicle designed for recreational use off public roads.
- None of the following is a Motor Vehicle:
1. A motorized golf cart while on the golf course and used for golfing purposes.
 2. A motorized land vehicle, not subject to motor vehicle registration, used only on a covered individual location.
 3. Any watercraft or camp, home or utility trailer not being towed or carried on a vehicle described in I1.
- J. **Nuclear Hazard** means nuclear reaction, radiation, radioactive contamination, or any result of these. This includes the negligent, defective or improper design, construction or maintenance of a nuclear facility, or any other act or omission which results in a nuclear hazard.
- K. **Occurrence** means an offense which results, during the Memorandum period, in personal injury. Repeated or continuous exposure to the same general conditions is considered to be one occurrence.
- L. **Personal Injury** means:
1. **Bodily Injury**, mental anguish or mental injury;
 2. False arrest, false imprisonment, wrongful detention, or malicious prosecution;
 3. Wrongful entry into, or eviction of any person from, a room, dwelling or premises that a person occupies, or other invasion of the right of private occupancy by or on behalf of its owner, landlord or lessor;

Personal Liability Coverage for Board Members/Directors

I. Definitions, continued

4. A publication, including a publication placed on the internet or on similar electronic means of communication or an utterance that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
5. A publication, including a publication placed on the internet or on similar electronic means of communication or utterance that violates a person's right of privacy;
6. Assault and battery, not committed by or at the direction of, or with the consent of the **Covered Individual**. However, this limitation does not apply if committed or directed for the purpose of protecting persons from injury or death, or property from damage;

Parts 4 and 5 above do not apply to advertising, publishing, broadcasting or telecasting done by or for the **Member**.

M. **Property Damage** means physical injury to or destruction of tangible property covered by this Memorandum and resulting loss of use.

N. **Residence Premises** means the one or two-family dwelling and separate structures or that part of any other building where the **Covered Individual** resides. **Residence Premises** includes the grounds on which the dwelling and separate structures are located.

II. Liability Coverages

Coverage - Personal Liability:

We will pay those damages which a **Covered Individual** becomes legally obligated to pay because of **Personal Injury** resulting from an **Occurrence** to which this coverage applies.

With attorneys of our choice, we will defend a **Covered Individual** against any covered claim or suit. We will also pay:

- A. All costs we incur in the settlement of a claim or defense of a suit with attorneys of our choice.
- B. Assessments on bonds required in a suit we defend, but not for bond amounts greater than the Personal Liability limit of liability. We are not obligated to apply for or furnish a bond.

Personal Liability Coverage for Board Members/Directors

II. Liability Coverages, continued

- C. Reasonable expenses incurred by a **Covered Individual** at our request to help us investigate or defend a claim or suit. These include loss of earnings (but not other income) of up to \$60 per day.
- D. Interest after entry of judgment on any amount that does not exceed our limit of liability.

All defense costs we incur in the defense of any claim or suit are included within the limits of risk financing stated in the Declarations. We are not obligated to pay any costs, including attorneys' fees, of any claim or suit where you select an attorney not chosen by us because there is a dispute between you and us over coverage. We may investigate and settle any claim or suit that we consider proper. Our obligation to defend any claim or suit ends once we have paid our limit of liability in damages, defense costs or both.

III. Exclusions

This coverage does not apply to and SDRMA shall have no duty to defend with respect to:

- A. Liability of a **Covered Individual** assumed under any contract or agreement relating to a **Business** of a **Covered Individual**.
- B. Liability of any Person or organization other than a **Covered Individual** assumed under any contract or agreement, whether **Business** or non-business.
- C. Liability under any agreement between a **Covered Individual** and a corporation or association of property owners.
- D. **Personal Injury** expected or intended by the **Covered Individual**.
- E. **Personal Injury** caused by a violation of penal law or ordinance committed by or with the knowledge or consent of any covered individual.
- F. **Personal Injury** to any resident of the **Residence Premises**.
- G. Any loss, cost, or expense resulting from the clean-up, detoxification, or treatment of any site used by you or any **Person** acting on your behalf for the disposal, storage, handling, processing or treatment of waste.

Personal Liability Coverage for Board Members/Directors

III. Exclusions, continued

- H. Liability which arises from or during the course of **Business** pursuits of a **Covered Individual**.
- I. Liability which results from the rendering or failure to render business or professional services.
- J. Liability which is either:
 - 1. Caused intentionally by or at the direction of a **Covered Individual**; or
 - 2. Results from any occurrence caused by an intentional act of any covered individual where the results are reasonably foreseeable.
- K. Liability of any **Covered Individual** arising out of home care services provided to any person on a regular basis by or at the direction of:
 - 1. Any **Covered Individual**;
 - 2. Any employee of the **Covered Individual**;
 - 3. Any other person actually or apparently acting on behalf of any **Covered Individual**.Regular basis means more than 20 hours per week.
- L. Liability which results from a **Covered Individual** transmitting a communicable (including sexually transmitted) disease.
- M. Liability which results from an existing condition on a location owned by or rented to a **Covered Individual**.
- N. Liability which results from the ownership, maintenance, use, loading or unloading of:
 - 1. Aircraft
 - 2. Motor vehicles
 - 3. Jet skis and jet sleds or
 - 4. Any other watercraft owned or rented to a **Covered Individual** and which:
 - a. has more than 50 horsepower inboard or inboard-outdrive motor power; or
 - b. is powered by one or more outboard motors with more than 25 total horsepower; or
 - c. is a sailing vessel 26 feet or more in length.

Exclusions G3, and G4, do not apply while jet skis, jet sleds or watercraft are stored.

Personal Liability Coverage for Board Members/Directors

III. Exclusions, continued

- O. Liability which results from the entrustment of any **Aircraft, Motor Vehicles**, jet skis, or jet sleds to any **Person**. Entrustment means the permission you give to any person other than you to use any personal **Aircraft, Motor Vehicles**, jet skis, or jet sleds owned or controlled by you.
- P. Liability which results from the entrustment of watercraft described in G4, above.
- Q. Liability which is caused directly or indirectly by war, including undeclared war, civil war, insurrection, rebellion, revolution, or warlike act by military personnel. Discharge of a nuclear weapon, whether or not accidental, is deemed a warlike act.
- R. Liability which arises out of the sale or transfer of real property including but not limited to the following:
 - 1. Known or unknown property or structural defects;
 - 2. Known or hidden defects in the plumbing, heating, and electrical systems;
 - 3. Known or unknown soil conditions or drainage problems;
 - 4. Concealment or misrepresentation of any known defects.

IV. Conditions

- A. Limit of **Risk Financing**. The Limit of liability shown in the Declarations for Personal Liability is the **Annual Aggregate Limit**. This is the most we will pay in each 12-month period regardless of the number of:
 - 1. **Covered Individuals**;
 - 2. Claims made or suits brought; or
 - 3. **Persons** or organizations making claims or bring suits.

The **Annual Aggregate Limit** will be reinstated at each annual or anniversary date of this Memorandum.

However, in no event will SDRMA's liability under all Supplemental Coverage Memorandums issued to all SDRMA Members during the Memorandum Period exceed the "Collective Aggregate Stop Loss" shown in the Declarations.

- B. Separate Financing. This Risk Financing applies separately to each **Covered Individual**. This Condition does not increase our limit of liability for any one 12-month period.

Personal Liability Coverage for Board Members/Directors

IV. Conditions, continued

- C. Duties After Loss. In case of an **Occurrence** the **Covered Individual** will perform the following duties:
1. Give written notice to us or our agent as soon as possible stating:
 - a. the number and name of the **Covered Individual**.
 - b. the time, place and circumstances of the **Occurrence**.
 - c. names and addresses of claimants and witnesses.
 2. Promptly send us any legal papers received relating to a claim or suit.
 3. Cooperate with and assist us in any matter relating to a claim or suit.
 4. Under *Damage to Property of Others Coverage*, send us a sworn statement of loss within 60 days of the loss. Also, exhibit any damaged property which is within the **Covered Individual's** control.
 5. The **Covered Individual** will not, except at the **Covered Individual's** own cost, voluntarily make any payment, assume any obligation or incur any expense except First Aid Expenses.
- D. Suit Against Us. We may not be sued unless there has been full compliance with the terms of this Memorandum. No one has any right to make us a party to a suit to determine the liability of a **Person** we insure. We may not be sued under Personal Liability Coverage until the obligation of the **Covered Individual** has been determined by final judgment or agreement signed by us.
- E. Bankruptcy of a **Covered Individual**. Bankruptcy or insolvency of a **Covered Individual** will not relieve us of our duties under this Memorandum.
- F. Other Risk Financing - Personal Liability. This Risk Financing is excess over any other valid and collectible Risk Financing and/or other insurance. But if other Risk Financing is specifically written as excess coverage over this Memorandum, the limit of this Memorandum applies first.
- G. Entire Contract. This Memorandum, the Declarations and any endorsements include all the agreements between you and us relating to this Risk Financing.

Personal Liability Coverage for Board Members/Directors

IV. Conditions, continued

- H. Memorandum Period. This Memorandum applies only to loss for **Personal Injury** which occurs during the Memorandum period as shown in the Declarations.
- I. Concealment of Fraud. This entire Memorandum is void if any **Covered Individual** has knowingly and willfully concealed or misrepresented any material fact or circumstance relating to this Risk Financing before or after the loss.
- J. Coverage Changes. We may change this Memorandum or replace it to conform to coverage currently in use. If we broaden coverages without charge during or within 60 days prior to the Memorandum period, the broadened coverage will apply immediately. If we restrict any coverages, these restrictions will not apply until the next renewal date. The change or new Memorandum will be delivered to you or mailed to you at your mailing address shown on the Declarations at least 30 days before its effective date. No other change or waiver in this Memorandum is valid except by endorsement, new Declarations, or new Memorandum issued by us. If an assessment adjustment is necessary, we will make the adjustment as of the effective date of the change.
- K. Cancellation.
1. You may cancel this Memorandum by:
 - a. Returning it to us, or
 - b. Notifying us in writing when cancellation is to take effect.
 2. We may cancel this Memorandum by mailing or delivering written notice to you, or your representative. Such notice will be mailed or delivered to the last address known to us. The mailing of it will be sufficient proof of notice.
 3. We may cancel this Memorandum for the following reasons:
 - a. Non-payment of assessment, whether payable to us or our agent. We may cancel at any time by notifying you at least 10 days before the date cancellation takes effect.
 - b. Any reason, when this Memorandum has been in effect for less than 60 days and is not a renewal with us. We shall notify you at least 10 days before the date cancellation takes effect.

Personal Liability Coverage for Board Members/Directors

IV. Conditions, continued

If the Memorandum period is longer than one year and has been in effect for 60 days or more we may cancel at the anniversary date for any reason. We will notify the **Member** at least 30 days before the cancellation takes effect.

4. If this Memorandum has been in effect for 60 days or more, or at anytime if it is a renewal with us, we may cancel only for one or more of the following reasons:
 - a. A **Covered Individual** has been convicted of a crime having as one of its necessary elements an act increasing any hazard covered under this Memorandum.
 - b. Discovery of fraud or material misrepresentation by the **Covered Individual** or the **Covered Individual's** representative in either obtaining this Memorandum or pursuing a claim under this Memorandum.
 - c. Discovery of grossly negligent acts or omissions by the **Covered Individual's** representative which substantially increases any of the hazards covered under this Memorandum.

We will notify you in writing at least 30 days before the cancellation takes effect.

- L. Return of Assessment. Cancellation of or changes in this Memorandum may result in an assessment refund. If so, we will send it to you within 30 days after cancellation or change takes effect.
 1. If you cancel this Memorandum, we will return the short rate unused share of the assessment.
 2. If we cancel this Memorandum, we will return the pro-rated unused share of the assessment.
- M. Non-Renewal. We may elect:
 1. Not to renew this Memorandum; or
 2. To condition its renewal on a reduction of limits or a reduction or elimination of coverages.

We may do so by delivering to you or mailing to you at your mailing address shown in the Declarations, written notice at least 30 days before the expiration date of this Memorandum. The mailing of it will be sufficient proof of notice.

Personal Liability Coverage for Board Members/Directors

IV. Conditions, continued

If this Memorandum is written for a period of less than one year we agree not to refuse to renew except at the end of an annual period beginning with the original or renewal effective date.

- N. Assignment. Your interest in this Memorandum may not be transferred to another person without our written consent. If you should die, we cover:
1. Any member of your household who is a **Covered Individual** at the time of your death, but only while a resident of the **Residence Premises**.
 2. Your legal representative, but only with respect to your premises covered under the Memorandum at the time of death.
 3. Any **Person** having proper custody of your **Covered Individual** property until a legal representative is appointed.
- O. Subrogation. A **Covered Individual** may waive in writing before a loss all rights of recovery against any **Person**. If not waived, we may require an assignment of rights of recovery for a loss to the extent that payment is made by us.
- If we seek an assignment, a **Covered Individual** will help us to secure these rights and do nothing to impair them.
- P. Conflict of Terms. If there are tenants of this Memorandum which conflict with laws of the state where issued, the terms are amended to conform to such laws.
- Q. Memorandum Fees. If you pay a Memorandum Fee it is not fully earned when the Memorandum is issued. It is not part of the assessment. It is not returnable. However, you may apply it as a credit toward Memorandum fees required for other Risk Financing accepted by us.
- R. Other Risk Financing. This Memorandum shall not apply to any claim for which coverage or defense is provided under any other Special District Risk Management Authority coverage.
- S. Deductible.
1. Our obligation under LIABILITY COVERAGES of this Memorandum to pay damages on behalf of the **Covered**



Personal Liability Coverage for Board Members/Directors

IV. Conditions, continued

Individual applies only to the amount of damages in excess of any deductible amount stated in the Declarations.

2. The deductible amount stated in the Declarations applies to all damages sustained by any person or organization as the result of any one claim.
3. The deductible amount stated in the Declarations applies to each claim and includes loss payments and adjustment, investigative and legal fees and costs, whether or not loss payment is involved.
4. The terms of this Risk Financing, including those with respect to a. our rights and duty to defend any claims seeking damages, and b. your duties in the event of a potential or actual claim apply irrespective of the application of the deductible amount.
5. We may pay any part or all of the deductible amount to effect settlement of any claim and upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount as has been paid by us.

* * * * *

SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

Signed by: *Laura S. Gill*
Laura S. Gill, ICMA-CM, ARM, ARM-P, CSDM
Chief Executive Officer

July 1, 2020
Date

Declarations – Cyber Coverage

MEMBER COVERED: San Simeon Community Services District
111 Pico Avenue
San Simeon, California 93452-9753

Your District/Agency/City has elected to participate in the risk financing coverage programs described below as “THE PACKAGE PROGRAM” and in such other programs as are indicated herein. These DECLARATIONS together with the Memorandum, the Beazley Information Security & Privacy Insurance With Electronic Media Liability Coverage Policy attached as **Exhibit F**, the terms and conditions of the Sixth Amended and Restated Joint Powers Agreement and Bylaws, or successor documents thereto, constitute the entire agreement concerning risk-financing coverage between the Special District Risk Management Authority and your District/Agency/City.

Please read the Sixth Amended and Restated Joint Powers Agreement and Bylaws of the Special District Risk Management Authority (hereinafter “SDRMA”), or successor documents thereto, together with the Memorandum of Coverages, hereinafter referred to as the “Memorandum,” to ascertain all of your District's/Agency's/City's rights and obligations regarding its relationship with the Special District Risk Management Authority.

COVERAGE PERIOD: July 1, 2020 at 12:01 a.m. to July 1, 2021 at 12:01 a.m.

RETROACTIVE DATE See Item 7 of **Exhibit F**.

**COVERAGE(S)
LIMITS** Subject to NOTE 1 below

\$ 2,000,000 Annual Aggregate Limit of Liability for each Insured/Member for Information Security & Privacy Liability. Each Member of a JPA will have a \$2,000,000 Limit Each (Aggregate for all coverages combined, including Claim Expenses) but sub-limited to:

\$ 500,000 Annual Policy Aggregate Limit of Liability for each Insured/Member Privacy Notification Costs coverage. Limit is \$1,000,000 if Beazley vendor services are used.

\$ 2,000,000 Annual Aggregate Limit of Liability for each Insured/Member for Claims Expenses and Penalties for Regulatory Defense and Penalties

PCI Fines and Penalties coverage added with sublimit of \$2,000,000.

\$ 2,000,000 Annual Aggregate Limit of Liability for each

Declarations – Cyber Coverage

Insured/Member for or all Damages and Claims Expenses for Website Media Content Liability (Occurrence Based)

- \$ 2,000,000 Policy Aggregate Sublimit of Liability for each Insured/Member for Cyber Extortion Loss.
 - \$ 2,000,000 Policy Aggregate Sublimit of Liability for each Insured/Member for Business Interruption Loss Resulting from Security Breach
 - \$ 2,000,000 Policy Aggregate Sublimit of Liability for each Insured/Member for Data Recovery Costs
 - \$ 750,000 Dependent Business Loss resulting from Security Failure Sublimit
- NOTE 1:**
- \$ 500,000 Annual Aggregate Limit of Liability for each Insured/Member for Business Interruption Loss resulting from System Failure.
 - \$ 100,000 Annual Aggregate Limit of Liability for each Insured/Member for Dependent Business Interruption Loss resulting from Dependent System Failure.

**COVERAGE
ENDORSEMENT(S):**

Each of the above limits of liability are subject to an Annual Policy and Program Aggregate Limit of Liability aggregate limit of \$25,000,000 for all SDRMA members combined, as well as all members of a number of other pools other than SDRMA.

- \$75,000 Policy Aggregate Sublimit of Liability applicable to all loss under Insuring Agreement FI – Fraudulent Instruction. To indemnify the Named Insured for, in excess of the application Retention, resulting directly from an Insured having transferred, paid, or delivered any Money or Securities as a direct result of Fraudulent Instructions
- \$75,000 Policy Aggregate Sublimit of Liability applicable to all loss under Insuring Agreement TF – Telecommunications Fraud. To Indemnify the Insured Organization for any Telecommunications Fraud Loss, in excess of the applicable Retention, incurred by the Insured during the Policy Period
- \$75,000 Annual Aggregate Limit of Liability for each Insured/Member for Funds Transfer Fraud.
- \$75,000 Annual Aggregate Limit of Liability for each Insured/Member for Computer Hardware Replacement



Declarations – Cyber Coverage

Costs.

\$50,000

Policy Aggregate Sublimit of Liability for all Consequential Reputational Loss. To indemnify the Named Insured for Consequential Reputational Loss, in excess of the applicable Retention, incurred by the Insured Organization during the Notification Period as a direct result of an incident for which Notification Services are provided pursuant to Insuring Agreement B.3.

MEMBER DEDUCTIBLES

\$ 50,000

(a) per Claim under Insuring Clause A, (b) per incident under Insuring Clause B, plus 20% for public relations consulting fee coverage and 20% for the costs of a Credit File Monitoring Program, (c) per claim under Insuring Clause C, (d) per one or more acts in the course of covered media activities under Insuring Clause D, (e) per extortion threat under Insuring Clause E, (f) per Data Protection Loss under Insuring Clause F and (g) per business interruption loss under Insuring Clause G.

Insuring Clause G: Waiting period – eight (8) hours.

NOTE 2: AS CYBER COVERAGE, ABOVE: CYBER COVERAGE is furnished solely by the insurance policy(ies) referred to herein. With the exception of the difference in the deductibles between those stated above and those stated in **Exhibit F**, SDRMA shall not be responsible for the deductibles in the Cyber Liability Program.

This information is provided as a general description only, and is not intended to supersede specific policy documents. In the event of a conflict in language, the policy(ies) will be the controlling document.

048530-000000 6909728.1

Cyber Coverage

Exhibit F

Lloyds' of London Beazley Syndicate #2623-623
(Beazley Information Security & Privacy Insurance With
Electronic Media Liability Coverage)
Policy No. PH2033938

SUMMARY OF CYBER INSURANCE CHANGES

THE FOLLOWING ITEMS ARE BOUND CHANGES FOR THE 2020-2021 POLICY PERIOD

Coverage	2019-2020	2020-2021 Bound Changes
Claims Preparation Costs for Reputation Loss Claims Only	N/A	\$50,000
Cryptojacking	N/A	\$25,000
Reinstatement Option	125% of Total Annual Program Premium	Not offered
Reputation Loss	Consequential reputational loss coverage for Data Breach and Security Breach	Expanded to include additional perils, replaced consequential reputational loss coverage



**ALLIANT INSURANCE SERVICES, INC.
ALLIANT PROPERTY INSURANCE PROGRAM (APIP)
CYBER INSURANCE EVIDENCE ATTACHMENT
CORE COVERAGE**

TYPE OF COVERAGE: Information Security & Privacy Insurance with Electronic Media Liability Coverage

PROGRAM: Alliant Property Insurance Program (APIP) inclusive of Public Entity Property Insurance Program (PEPIP), and Hospital All Risk Property Program (HARPP)

NAMED INSURED: Any member(s), entity(ies), agency(ies), organization(s), enterprise(s) and/or individual(s), attaching to each Declaration insured under the ALLIANT PROPERTY INSURANCE PROGRAM (APIP), inclusive of PUBLIC ENTITY PROPERTY INSURANCE PROGRAM (PEPIP) and HOSPITAL ALL RISK PROPERTY PROGRAM (HARPP) as their respective rights and interests may appear which now exist or which hereafter may be created or acquired and which are owned, financially controlled or actively managed by the herein named interest, all jointly, severally or in any combination of their interests, for account of whom it may concern (all hereinafter referred to as Member(s) / Entity(ies)).

DECLARATION: Various Declarations as on file with Insurer

POLICY PERIOD: July 1, 2020 to July 1, 2021

POLICY #: PH2033938

TERRITORY: WORLD-WIDE

RETROACTIVE DATE: APIP/PEPIP
For new members – the retro active date will be the date of addition
July 1, 2019 For existing members included on the July 1, 2019/20 policy
July 1, 2018 For existing members included on the July 1, 2018/19 policy
July 1, 2017 For existing members included on the July 1, 2017/18 policy
July 1, 2016 For existing members included on the July 1, 2016/17 policy
July 1, 2015 For existing members included on the July 1, 2015/16 policy
July 1, 2014 For existing members included on the July 1, 2014/15 policy
July 1, 2013 For existing members included on the July 1, 2013/14 policy
July 1, 2012 For existing members included on the July 1, 2012/13 policy
July 1, 2011 For existing members included on the July 1, 2011/12 policy
July 1, 2010 For existing members included on the July 1, 2010/11 policy

CSU
July 1, 2008 California State University and CSU Auxiliary Organizations

INSURER: Lloyd’s of London - Beazley Syndicate:
Syndicates 2623 - 623 - 100%

COVERAGES & LIMITS: Ai. \$ 25,000,000 **Annual Policy and Program Aggregate Limit of Liability** (subject to policy exclusions) for all Insureds/Members combined (Aggregate for all coverage's combined, including Claims Expenses), subject to the following limits and sub-limits as noted.

Aii. \$ 2,000,000 **Insured/Member Annual Aggregate Limit of Liability** (subject to policy exclusions) for each Insured/Member, within the Annual Policy and Program Aggregate Limit of Liability (Aggregate for all coverages combined, including Claim Expenses) subject to the following limits and sub-limits as noted.

BREACH RESPONSE

Breach Response Costs: \$ 500,000 **Aggregate Limit of Liability** for each Insured/Member (Limit is increased to \$1,000,000 if Beazley Nominated Services Providers are used)

FIRST PARTY LOSS

Business Interruption Loss Resulting from Security Breach: \$ 2,000,000 **Aggregate Limit of Liability** for each Insured/Member

Business Interruption Loss Resulting from System Failure: \$ 500,000 **Aggregate Limit of Liability** for each Insured/Member

Dependent Business Loss Resulting from Security Breach: \$ 750,000 **Aggregate Limit of Liability** for each Insured/Member

Dependent Business Loss Resulting from System Failure: \$ 100,000 **Aggregate Limit of Liability** for each Insured/Member

Cyber Extortion Loss: \$ 2,000,000 **Aggregate Limit of Liability** for each Insured/Member

Data Recovery Costs: \$ 2,000,000 **Aggregate Limit of Liability** for each Insured/Member

LIABILITY

Data & Network Liability: \$ 2,000,000 **Aggregate Limit of Liability** for each Insured/Member for all Damages and Claims Expenses

Regulatory Defense & Penalties: \$ 2,000,000 **Aggregate Limit of Liability** for each Insured/Member

Payment Card Liabilities & Costs: \$ 2,000,000 **Aggregate Limit of Liability** for each Insured/Member

Media Liability: \$ 2,000,000 **Aggregate Limit of Liability** for each Insured/Member for all Damages and Claims Expenses

eCRIME

Fraudulent Instruction:	\$	75,000	Aggregate Limit of Liability for each Insured/Member
Funds Transfer Fraud:	\$	75,000	Aggregate Limit of Liability for each Insured/Member
Telephone Fraud:	\$	75,000	Aggregate Limit of Liability for each Insured/Member

CRIMINAL REWARD

Criminal Reward:	\$	25,000	Aggregate Limit of Liability for each Insured/Member
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**COVERAGE
ENDORSEMENT(S)**

Reputation Loss:	\$	50,000	Aggregate Limit of Liability for each Insured/Member
Claims Preparation Costs for Reputation Loss Claims Only:	\$	50,000	Aggregate Limit of Liability for each Insured/Member
Computer Hardware Replacement Costs:	\$	75,000	Aggregate Limit of Liability for each Insured/Member
Invoice Manipulation:	\$	100,000	Aggregate Limit of Liability for each Insured/Member
Cryptojacking:	\$	25,000	Aggregate Limit of Liability for each Insured/Member
RETENTION:	\$	25,000	CSU Auxiliary Organizations only
	\$	50,000	Per Claim or Incident for each Insured/Member with TIV up to \$500,000,000 at the time of policy inception
			8 Hour waiting period for Dependent/Business Interruption Loss
	\$	100,000	Per Claim or Incident for each Insured/Member with TIV greater than \$500,000,000 at the time of policy inception
			8 Hour waiting period for Dependent/Business Interruption Loss

**Each Insured/Member with TIVs below \$262,500,000 will have the option to buy-down the retention from \$50,000 to \$5,000 with an additional premium of \$2,500 per Insured/Member. JPAs/Pools and members with larger TIVs may request a quote for a retention buy down option, quotes will be provided on a case by case basis.*

NOTICES:

Policy coverage of this policy provides coverage on a claims made and reported basis; except as otherwise provided, coverage under noted coverage schedule applies only to claims first made against the Insured/Member and reported to underwriters during the policy period. Claims expenses shall reduce the applicable limit of liability and are subject to the applicable retention.

This is a shared limit policy among the Named Insureds. The per Insured/Member policy limits are on a per claim or incident for each Insured/Member basis, sub-limits listed are aggregated per Insured/Member and are within the total Insured/Member aggregate limit. In the event of a claim/incident with multiple Insureds/Members exhausting the program aggregate limit provided by the Insurer to Insureds/Members, payment to all Insureds/Members for the claim/incident will be determined by the Insurer. Where coverages are aggregated, sub-limit and limits apply to all Insureds/Members for the entire Policy Period unless specifically stated otherwise. The policy aggregate limit is not a per Insured/Member maximum limit.

EXTENDED REPORTING PERIOD:

For Named Insured - To be determined at the time of election (additional premium will apply)

SPECIFIC COVERAGE PROVISIONS:

A. Breach Response indemnifies the Insured/Member for Breach Response Costs incurred by the Insured/Member because of an actual or reasonably suspected Data Breach or Security Breach that the Insured first discovers during the Policy Period.

B. First Party Loss

Business Interruption Loss indemnifies the Insured/Member for a Business Interruption Loss sustained as a result of a Security Breach or System Failure that the Insured first discovers during the Policy Period.

Dependent Business Interruption Loss indemnifies the Insured/Member for a Dependent Business Interruption Loss sustained as a result of a Security Breach or a System Failure that the Insured first discover during the Policy Period.

Cyber Extortion Loss indemnifies the Insured/Member for a Cyber Extortion Loss incurred as a result of an Extortion Threat first made against the Insured/Member during the Policy Period.

Data Recovery Costs indemnifies the Insured/Member for Data Recovery Costs incurred as a direct result of a Security Breach or System Failure that the Insured first discovers during the Policy Period.

SPECIFIC COVERAGE PROVISIONS: cont

C. Liability

Data & Network Liability pays Damages and Claims Expenses, which the Insured is legally obligated to pay because of any Claim first made against any Insured during the Policy Period for a Data Breach, a Security Breach, the Insured's failure to disclose a Data Breach or Security Breach, or failure of the Insured to comply with the part of a Privacy Policy that specifically is related to disclosure, access or procedures related to Personally Identifiable Information.

Regulatory Defense & Penalties pays Penalties and Claims Expenses, which the Insured is legally obligated to pay because of a Regulatory Proceeding first made against any Insured during the Policy Period for a Data Breach or a Security Breach.

Payment Card Liabilities & Costs indemnifies the Insured/Member for PCI Fines, Expenses and Costs which it is legally obligated to pay because of a Claim first made against any Insured during the Policy Period.

Media Liability pays Damages and Claims Expenses, which the Insured is legally obligated to pay because of any Claim first made against any Insured during the Policy Period for electronic Media Liability.

D. eCrime indemnifies the Insured/Member for any direct financial loss sustained resulting from:

- *Fraudulent Instruction*
- *Funds Transfer Fraud*
- *Telephone Fraud*

That the Insured first discovers during the Policy Period.

E. Criminal Reward indemnifies the Insured/Member for Criminal Reward Funds.

Reputational Loss indemnifies the Insured Organization for Reputation Loss that the Insured Organization sustains solely as a result of an Adverse Media Event that occurs during the Policy Period, concerning: a Data Breach, Security Breach, or Extortion Threat that the Insured first discovers during the Policy Period

Computer Hardware Replacement Costs is part of the Extra Expense coverage, which includes reasonable and necessary expenses incurred by the Insured Organization to replace computers or any associated devices or equipment operated by, and either owned by or leased to, the Insured Organization that are unable to function as intended due to corruption or destruction of software or firmware directly resulting from a Security Breach.

Invoice Manipulation indemnifies the Insured Organization for Direct Net Loss resulting directly from the Insured Organization's inability to collect Payment for any goods, products or services after such goods, products or services have been transferred to a third party, as a result of Invoice Manipulation that the Insured first discovers during the Policy Period. Invoice Manipulation means the release or distribution of any fraudulent invoice or fraudulent payment instruction to a third party as a direct result of a Security Breach or a Data Breach.

Cryptojacking indemnifies the Insured Organization for any direct financial loss sustained resulting from Cryptojacking that the Insured first discovers during the Policy Period. Cryptojacking means the Unauthorized Access or Use of Computer Systems to mine for Digital Currency that directly results in additional costs incurred by the Insured Organization for electricity, natural gas, oil, or internet.

Coverage Endorsement(s)

EXCLUSIONS:
(Including but not limited to)

Coverage does not apply to any claim or loss from:

- Bodily Injury or Property Damage
- Trade Practices and Antitrust
- Gathering or Distribution of Information
- Prior Known Acts & Prior Noticed Claims
- Racketeering, Benefit Plans, Employment Liability & Discrimination
- Sale or Ownership of Securities & Violation of Securities Laws
- Criminal, Intentional or Fraudulent Acts
- Patent, Software Copyright, Misappropriation of Information
- Governmental Actions
- Other Insureds & Related Enterprises
- Trading Losses, Loss of Money & Discounts
- Media-Related Exposures – Contractual liability or obligation
- Nuclear Incident
- Radioactive Contamination
- First Party Loss – with respects: 1. seizure, nationalization, confiscation, or destruction of property or data by order of any governmental or public authority; 2. costs or expenses incurred by the Insured to identify or remediate software program errors or vulnerabilities or update, replace, restore, assemble, reproduce, recollect or enhance data or Computer Systems to a level beyond that which existed prior to a Security Breach, System Failure, Dependent Security Breach, Dependent System Failure or Extortion Threat; 3. failure or malfunction of satellites or of power, utility, mechanical or telecommunications (including internet) infrastructure or services that are not under the Insured Organization's direct operational control; or 4. fire, flood, earthquake, volcanic eruption, explosion, lightning, wind, hail, tidal wave, landslide, act of God or other physical event.

- | | |
|-------------------------|--|
| NOTICE OF CLAIM: | <ul style="list-style-type: none">• IMMEDIATE NOTICE must be made to Beazley NY of all potential claims and circumstances (assistance, and cooperation clause applies)• Claim notification under this policy is to:
Beazley Group
Attn: TMB Claims Group
1270 Avenue of the Americas
New York, NY 10020
tmbclaims@beazley.com |
|-------------------------|--|

NOTICE OF CANCELLATION: 10 days for non-payment of premium

CYBER COST: Cost is included in Total Property Premium
Premium is pro-rata as of July 1, 2020

OTHER SERVICES Unlimited Access to Beazley Breach Solutions website

BROKER: ALLIANT INSURANCE SERVICES, INC.

License No. 0C36861

NOTES:

- **Coverage outlined in this Evidence Attachment is subject to the terms and conditions set forth in the policy.**
- **Please refer to Policy for specific terms, conditions and exclusions.**
- **Change in Total Insurable Values will result in adjustment in premium.**



SDRMA CYBER FIRST NOTICE OF LOSS FORM

SEND TO: Special District Risk Management Authority (SDRMA)
BY MAIL: 1112 I Street, Suite 300, Sacramento, CA 95814
BY FAX: (916) 231-4111
BY EMAIL: dyokota@sdrma.org
CC: dpeña@sdrma.org

Today's Date: _____

Insured's Name & Contact Information

Insured's Name: _____ Point of Contact: _____

Address: _____

Phone #: _____

Broker/Agent's Name & Contact Information

Company Name: SDRMA Point of Contact: Debbie Yokota - Claims Manager

Phone #: 800-537-7790

Policy Information

Policy Number: _____ Policy Period: _____

Limits of Liability: _____ per _____ agg Self-Insured Retention/Deductible _____

Loss Information

Date of Incident/Claim: _____ Location: _____

Description of Loss: _____

Please list all attached or enclosed documentation: (check if none provided) _____

Name of Person Completing This Form: _____

Signature: _____

Declarations – Pollution Liability Coverage

MEMBER COVERED: San Simeon Community Services District
111 Pico Avenue
San Simeon, California 93452-9753

Your District/Agency/City has elected to participate in the risk financing coverage programs described below as “THE PACKAGE PROGRAM” and in such other programs as are indicated herein. These DECLARATIONS together with the Memorandum, the Public/Educational Entity Pollution Liability Insurance Policy attached as **Exhibit G**, the terms and conditions of the Sixth Amended and Restated Joint Powers Agreement and Bylaws, or successor documents thereto, constitute the entire agreement concerning risk-financing coverage between the Special District Risk Management Authority and your District/Agency/City.

Please read the Sixth Amended and Restated Joint Powers Agreement and Bylaws of the Special District Risk Management Authority (hereinafter “SDRMA”), or successor documents thereto, together with the Memorandum of Coverages, hereinafter referred to as the “Memorandum” and the policy attached as **Exhibit G** to ascertain all of your District's/Agency's/City's rights and obligations regarding its relationship with the Special District Risk Management Authority and the insurers issuing the policies as part of “THE PACKAGE PROGRAM.”

COVERAGE PERIOD: July 1, 2020 at 12:01 a.m. to July 1, 2021 at 12:01 a.m.

COVERAGE(S)

LIMITS

- \$ 1,000,000 Blanket Limit per Pollution Condition, during the coverage period, to which this insurance applies, subject to terms, conditions and exclusions as provided in the policy contained in **Exhibit G**, subject to both the per pool aggregate limit shown below and subject to the aggregate limit for all pollution conditions and the total policy aggregate limit.
- \$ 25,000,000 Aggregate Limit for All “Pollution Conditions”, all pools in addition to SDRMA.
- \$ 25,000,000 Total Policy Aggregate Limit, all pools in addition to SDRMA
- \$ 2,000,000 Per Aggregate Limit for each SDRMA Member.
- \$ 2,000,000 Per Aggregate limit for all SDRMA Members
- \$ 2,000,000 Per Pollution Condition or Indoor Environmental



Declarations – Pollution Liability Coverage

Condition (including mold, fungi and legionella)

The maximum limit of liability for all Damages shall not exceed the highest limit of any of the applicable limits. Upon satisfaction of any one of the applicable limits, no further coverage is afforded.

Defense Costs and Expenses are an additional \$100,000 outside the per member limit and within the overall policy aggregate limit.

Blanket Limit includes the following sub-limits:

- \$ 500,000 Per Named Insured that is a K-12 School District Per Pollution Incident Microbial Matter Sub-limit*
- \$ 500,000 Per Named Insured Aggregate that is a K-12 School District for Microbial Matter*
- \$ 100,000 Per Named Insured Per Pollution Incident Dedicated Legal Defense Sub-limit*
- \$ 250,000 Per Named Insured Crisis Management Response Costs Sub-limit
- \$ 500,000 Per Named Insured Crisis Management Response Costs Aggregate
- \$ 50,000 Per Named Insured Crisis Management Loss Sub-limit

*Note: the above sub-limits payable under this coverage do not increase and are not in addition to the applicable limit of liability, with the exception of the Dedicated Legal Defense and Crisis Management sublimits and aggregate, which are in addition to the limits of liability.

SPECIFIC COVERAGE PROVISIONS

Please refer to the Specific Coverage Provisions under the attached Exhibit G for explanatory descriptions of specific coverages and claims.

EXCLUSIONS

Please refer to the exclusions as per the terms of the attached Exhibit G.

MEMBER RETENTION

- \$ 150,000 Per Pollution Incident retention except for specific retentions below



Declarations – Pollution Liability Coverage

	\$ 450,000	Per Named Insured Aggregate retention applicable to all Pollution Incidents except for specific retentions below
SPECIFIC RETENTION	\$ 50,000	Per Named Insured maintenance retention applicable to all Pollution Incidents except for specific retentions below
	5 days	Waiting Period for Business Interruption
Other Insurance	\$ 250,000	Per Named Insured retention applicable to microbial matter for K-12 school districts only – does not erode the Aggregate retention
	\$ 750,000	Underground Storage Tanks Specific – does not erode the Aggregate retention

The insurance afforded by this Policy shall apply as primary to any other valid, collectible insurance, with the exception of the following: policies specifically written to be in excess of this policy, the AIP Property policy, any standalone pollution policy, losses due to or associated with products pollution, any tank fund, or any loss arising in whole or in part to microbial matter or legionella pneumophila.

NOTE 1: AS POLLUTION LIABILITY COVERAGE, ABOVE: POLLUTION LIABILITY COVERAGE is furnished solely by the insurance policy(ies) referred to herein.

This information is provided as a general description only, and is not intended to supersede specific policy documents. In the event of a conflict in language, the policy(ies) will be the controlling document.

6919180.1

Pollution Liability Coverage

Exhibit G

Interstate Fire and Casualty Insurance Company
Policy No. USL00885220

**ALLIANT PROPERTY INSURANCE PROGRAM – POLLUTION LIABILITY
SUMMARY OF BOUND CHANGES**

THE FOLLOWING ITEMS ARE BOUND CHANGES FOR THE 2020-2021 POLICY TERM

Coverage	2019-2020	2020-2021 Bound Changes
Pollution Liability Policy Term	July 1, 2019 to July 1, 2019	July 1, 2020 to July 1, 2021
Sub-limits:	\$ 500,000 Per Named Insured that is a K-12 School District Per Pollution Incident Microbial Matter Sublimit*	\$ 500,000 Per Named Insured that is a K-12 School District Per Pollution Incident Microbial Matter Sublimit*
	\$ 500,000 Per Named Insured Aggregate that is a K-12 School District for Microbial Matter*	\$ 500,000 Per Named Insured Aggregate that is a K-12 School District for Microbial Matter*
	\$ 100,000 Per Named Insured Per Pollution Incident Dedicated Legal Defense Sublimit*	\$ 100,000 Per Named Insured Per Pollution Incident Dedicated Legal Defense Sublimit*
	\$ 250,000 Per Named Insured Crisis Management Response Costs Sub-limit	\$ 250,000 Per Named Insured Crisis Management Response Costs Sublimit
	\$ 50,000 Per Named Insured Crisis Management Loss Sublimit	\$ 50,000 Per Named Insured Crisis Management Loss Sublimit
	*Note: the above sub-limits payable under this coverage do not increase and are not in addition to the applicable limit of liability, with the exception of the Crisis Management sublimits, which are in addition to the limits of liability.	*Note: the above sub-limits payable under this coverage do not increase and are not in addition to the applicable limit of liability, with the exception of the Dedicated Legal Defense sublimit and the Crisis Management sublimits, which are in addition to the limits of liability.

ALLIANT PROPERTY INSURANCE PROGRAM – POLLUTION LIABILITY

SUMMARY OF BOUND CHANGES

THE FOLLOWING ITEMS ARE BOUND CHANGES FOR THE 2020-2021 POLICY TERM

Coverage	2019-2020	2020-2021 Bound Changes
Retention:	\$ 100,000 Per Pollution Incident retention except for specific retentions below	\$ 150,000 Per Pollution Incident retention except for specific retentions below
	\$ 300,000 Per Named Insured Aggregate retention applicable to all Pollution Incidents except for specific retentions below	\$ 450,000 Per Named Insured Aggregate retention applicable to all Pollution Incidents except for specific retentions below
	\$ 50,000 Per Named Insured maintenance retention applicable to all Pollution Incidents except for specific retentions below	\$ 50,000 Per Named Insured maintenance retention applicable to all Pollution Incidents except for specific retentions below
	5 days Waiting Period for Business Interruption	5 days Waiting Period for Business Interruption
Defense Costs and Expenses	Defense Costs and Expenses are within the Limits of Liability.	Defense Costs and Expenses are an additional \$100,000 outside the per member limit and within the overall policy aggregate limit.
Exclusions:	<i>Not Excluded</i>	Virus and Communicable Disease
	<i>Not Excluded</i>	Perfluoroalkyl and Polyfluoroalkyl Substances (PFAS) and Related Chemicals or Products

ALLIANT INSURANCE SERVICES, INC. ALLIANT PROPERTY INSURANCE PROGRAM (APIP)

POLLUTION LIABILITY EVIDENCE ATTACHMENT

TYPE OF INSURANCE: Insurance Reinsurance

TYPE OF COVERAGE: Claims Made and Reported Pollution Liability

PROGRAM: **Alliant Property Insurance Program (APIP)**

NAMED INSURED: Any member(s), entity(ies), agency(ies), organization(s), enterprise(s), pool(s), Joint Powers Authority(ies) and/or individual(s) attached to each Declaration insured as per Named Insured Schedule on file with Insurer, listed below.

POLICY PERIOD: July 1, 2020 to July 1, 2021

POLICY #: USL00885220

RETROACTIVE DATE: July 1, 2011 for existing insureds included on the 2011-2012 policy at inception; For all other insureds the retroactive date is the date of addition to the Program.

COMPANY: Interstate Fire & Casualty Insurance Company

A.M. BEST INSURANCE RATING: A+, Superior, Financial Category XV
(\$2 Billion or greater)
Effective September 5, 2019

STANDARD & POORS RATING: AA (Very Strong) as of December 2, 2019

ADMITTED STATUS: Non-Admitted in all states

INSURED'S OWN SITES: Per the following SOVs submitted and on file with carrier:

1. PEPiP DEC 1 – SOVs
2. PEPiP DEC 2 – SOVs
3. PEPiP DEC 3 – SOVs
4. PEPiP DEC 4 – SOVs
5. PEPiP DEC 5 – SOVs
6. PEPiP DEC 11 – SOVs
7. PEPiP DEC 12 – SOVs
8. PEPiP DEC 14 – SOVs
9. PEPiP DEC 19 – SOVs
10. PEPiP DEC 23 – SOVs
11. PEPiP DEC 24 – SOVs
12. PEPiP DEC 25 – SOVs
13. PEPiP DEC 26 – SOVs
14. PEPiP DEC 27 – SOVs
15. PEPiP DEC 28 – SOVs
16. PEPiP DEC 29 – SOVs
17. PEPiP DEC 30 – SOVs
18. PEPiP DEC 32 – SOVs (Excludes SPIP, except as endorsed)
19. PEPiP DEC 33 – SOVs
20. PEPiP DEC 34 – SOVs
21. PEPiP DEC 35 – SOVs

**INSURED’S OWN SITES:
CONTINUED**

Covered locations include any real property owned, managed, leased, maintained or operated by the Insured at policy inception. Covered locations also include any subsurface potable water, wastewater or storm water pipes that are located within a one thousand (1,000) foot radius of such covered location as of policy inception.

COVERAGES & LIMITS:

\$25,000,000 Policy Program Aggregate (all insureds combined)
\$ 2,000,000 Per Pollution Condition or Indoor Environmental Condition
\$ 2,000,000 Per Named Insured Aggregate
\$ 2,000,000 Per JPA / Pool Aggregate

SUBLIMITS:

\$ 500,000 Per Named Insured that is a K-12 School District Per Pollution Incident Microbial Matter Sublimit*
 \$ 500,000 Per Named Insured Aggregate that is a K-12 School District for Microbial Matter*
 \$ 100,000 Per Named Insured Per Pollution Incident Dedicated Legal Defense Sublimit*
 \$ 250,000 Per Named Insured Crisis Management Response Costs Sublimit*
 \$ 500,000 Per Named Insured Crisis Management Response Costs Aggregate Sublimit*
 \$ 50,000 Per Named Insured Crisis Management Loss Sublimit

*Note: the above sub-limits payable under this coverage do not increase and are not in addition to the applicable limit of liability, with the exception of the Dedicated Legal Defense and Crisis Management sublimits, which are in addition to the limits of liability.

EXTENDED REPORTING PERIOD:

For First Named Insured - To be determined at the time of election (additional premium can apply); Ninety (90) day basic extended reporting period available without additional premium

SPECIFIC COVERAGE PROVISIONS:

CLAIMS MADE AND REPORTED

Coverage A – Own Site Clean-up Costs:
 Coverage for claims for clean-up costs resulting from a pollution condition on or under the insured’s own site that first commenced on or after the retro date, provided that the claim is first made and reported during the policy period and is legally obligated to pay for cleanup costs.

Coverage B – Off-Site Clean-Up Costs:
 Coverage for third-party claims resulting from a pollution condition migrating from or through and beyond the boundaries of the Insured’s own site that first commenced on or after the retro date, provided that the claim is first made and reported during the policy period and is legally obligated to pay for cleanup costs.

Coverage C – Third-Party Claims for Bodily Injury or Property Damage:
 Coverage for third-party claims for bodily injury or property damage resulting from a pollution condition on, under or migrating from or through and beyond the boundaries of the Insured’s own site that first commenced on or after the retro date, provided that the claim is first made and reported during the policy period and is legally obligated to pay.

**SPECIFIC COVERAGE
PROVISIONS (cont.):**

Coverage D – Emergency Response Costs: Coverage for emergency response costs incurred by or on behalf of the Insured in response to a pollution condition on, under or migrating from or through and beyond the boundaries of an Insured's own site or arising from transportation or resulting from a covered operation, provided that the emergency response costs be incurred within one hundred sixty-eight (168) hours of the commencement of such pollution condition, and reported to the Insurer within fourteen (14) days of commencement of such a pollution condition.

Coverage E – Transportation: Coverage for third-party claims for bodily injury, property damage, or clean-up costs resulting from a pollution condition caused by transportation that first commenced on or after the retro date, provided that the claim is first made and reported to the Insurer during the policy period and is legally obligated to pay.

Coverage F – Non-Owned Locations: Coverage for third-party claims for bodily injury, property damage, or clean-up costs resulting from a pollution condition on, under or migrating from any non-owned location that first commenced on or after the retro date, provided that the claim is first made and reported to the Insurer during the policy period and is legally obligated to pay.

Coverage G – Covered Operations: Coverage for third-party claims for bodily injury, property damage, or clean-up costs resulting from a pollution condition caused by covered operations on or after the retro date, provided that the claim is first made and reported to the Insurer during the policy period and is legally obligated to pay. Covered operations are defined as any operations within the capacity of a public entity which are performed by or on behalf of a named insured outside the physical boundaries of a covered location. Covered operations do not include Transportation.

Coverage H – Business Interruption: Coverage for the Insured's business interruption expense and extra expense during the interruption period, caused directly by a pollution condition on or under the Insured's own site, on or after the retro date, provided such pollution condition results in clean-up costs covered under this policy, and the first-party claim is made and reported to the Insurer during the policy period.

Coverage I – Cyber Events: Coverage for third-party claims for bodily injury, property damage or clean-up costs resulting from a pollution condition arising from a cyber event, provided that the claim is first made and reported to the Insurer during the policy period.

A Cyber Event is defined as any unauthorized processing of data by an Insured; any breach of laws and infringement of regulations pertaining to the maintenance, or protection of data; and any network security failure in any system or device leased, owned, operated or lost by or which is made available or accessible to the Insured for the purpose of processing data. Insured must take reasonable precautions to prevent or cease any activity which may result in a claim, and take all reasonable steps to observe and comply with all statutory or local authority laws obligations and requirements.

**SPECIFIC COVERAGE
PROVISIONS (cont.):**

Coverage for crisis management response costs (including medical expenses, funeral expenses, psychological counseling, travel expenses temporary living expenses, expenses to secure the scene of a crisis management event) included, provided that the costs have been pre-approved by the insurer and are associated with damages that would be covered by this policy.

Supplemental coverage for Products Pollution is included for potable, reclaimed and recycled water processed at any covered location that is also a potable water or wastewater treatment plant. This coverage covers third-party claims arising out of product pollution, provided the claim is first made and reported during the policy period. The Insured's product must have been manufactured, sold, handled or distributed on or after the retro date and the clean-up costs, bodily injury or property damage must be unexpected and unintended from the standpoint of the Insured. Coverage of lead contamination of potable water is excluded.

All Named Insureds scheduled on this policy have the same rights as the First Named Insured (except for those rights specifically reserved to the first named insured); this includes any member of a pool or Joint Powers Authority specifically scheduled onto this policy.

Automatic Acquisition – Coverage for mid-term transactions for values that are less than \$25,000,000 shall be added as a covered location, upon the closing date of such acquisition, or the effective date of such lease, management, operation or maintenance right or obligation, respectively, for no additional premium, automatically.

Property valued at more than \$25,000,000 but less than \$100,000,000, purchased, leased or otherwise acquired by the Insured needs to be reported to the Insurer within 180 days, along with two (2) years of currently valued property loss runs and shall be added as a covered location upon the closing date of such acquisition for an additional premium.

Property valued at more than \$100,000,000, purchased, leased or otherwise acquired by the Insured needs to be reported to the Insurer immediately, along with two (2) years of currently valued property loss runs. Additional premium applies. For acquired locations that have underground storage tanks, the Insured must determine that all operational underground storage tanks are in material compliance with all applicable environmental laws and regulations and must obtain the most recent tank tightness testing or leak detection data conducted within sixty (60) days prior to the effective date that the Insured acquires or leases the subject location.

Illicit Abandonment is included in the definition of pollution condition.

Microbial matter and legionella pneumophila is included in the definition of Pollutant. Microbial matter is defined as mold, mildew and fungi, whether or not such microbial matter is living.

Defense Costs and Expenses are an additional \$100,000 outside the per member limit and within the overall policy aggregate limit.

**SPECIFIC COVERAGE
PROVISIONS (cont.):**

The insurance afforded by this Policy shall apply as primary to any other valid, collectible insurance, with the exception of the following: policies specifically written to be in excess of this policy, the APIP Property policy, any standalone pollution policy, losses due to or associated with products pollution, any tank fund, or any loss arising in whole or in part to microbial matter or legionella pneumophila.

Blanket Underground Storage Tank coverage included, with a self-insured retention of \$750,000. **Note: Does not meet financial assurance requirements.**

Loss covered pursuant to any state storage tank fund, state administered insurance program or restoration funding for any underground storage tank(s) whose owners qualify for reimbursement, or any self-insurance fund established for the purpose of funding clean-up costs for pollution conditions from any underground storage tank(s), shall be considered primary insurance, to which the coverage afforded pursuant to this policy shall apply in excess. Under such primary insurance policy shall erode the \$750,000 per pollution condition self-insured retention.

Blanket Coverage included for Non-Owned Locations. Includes any transfer, storage, treatment or disposal facilities which are used by the Insured, but not owned or operated by the Insured, provided that:

- The waste materials are generated from the Insured's own site, transportation, or covered operations;
- The transfer, storage, treatment or disposal facility is properly licensed and permitted to accept and dispose of such waste and has not filed for bankruptcy as of the date of the transfer, storage, treatment or disposal of such waste;
- The transfer, storage, treatment or disposal facility is not listed or proposed to be listed on the Federal National Priorities List, or any equivalent state or local list as of policy inception.

EXCLUSIONS (including but not limited to cont.):

Coverage does not apply to any claim or loss from:

- Asbestos and Lead Based Paint. *This exclusion does not apply to claims for bodily injury or property damage, or clean-up costs for the remediation of soil, surface water, or groundwater, or clean-up costs that arise out of the inadvertent disturbance of asbestos or asbestos containing materials or lead-based paint.*
- Contractual Liability – *Does not apply liability that the Insured would have had in the absence of the contract or agreement, or the contract or agreement is an insured contract.*
- Employer Liability
- Criminal fines, penalties or assessments
- Internal Expenses – *Does not apply internal expenses incurred in response to emergency response costs, or pursuant to environmental laws that require immediate remediation of a pollution condition.*
- Insured vs. Insured
- Intentional Noncompliance - *does not apply to noncompliance based upon the Insured's good faith reliance upon the written advice of qualified outside counsel received in advance of such noncompliance, or the insured's reasonable response to mitigate a pollution condition or loss, provided that such circumstances are reported in writing to the Insurer within three (3) days of commencement.*
- Prior Knowledge / Non-Disclosure
- Known Claims
- Landfills, Recycling Facilities, or Oil and/or Gas Producing or Refining Facilities
- Ports – *Defined as an Insured's own site on the coast or any other body of water where ships or watercraft can dock and transfer cargo to or from land and engages in the business of importing/exporting of goods.*
- Airports – *Defined as an Insured's own site whereby enplanement occurs and/or cargo is moved for a fee and the following operations are conducted: storage, transportation and dispensing of fuel and/or de-icing solutions.*

EXCLUSIONS (including but not limited to cont.):

Coverage does not apply to any claim or loss from:

- Change in Intended Use or Operation – *Loss arising from a material change in use or operations. For purposes of determining whether a change is material, any change in use that results in more stringent remediation standards than those imposed on the insured’s own site at the effective date of the period of insurance shall be considered material. This exclusion does not apply to covered operations that are performed with respect to uses and operations that are within the capacity of a public entity.*
- Professional Liability
- Regulatory Compliance – *Does not apply to any such non-compliance that occurs subsequent to release from a covered underground storage tank.*
- Cyber Event - *Does not apply to losses covered by the Cyber Event coverage in this policy.*
- Work Product
- Sewage Backup - *Does not apply to an Insured’s own site.*
- Nuclear fuel, assemblies and components
- Offshore operations
- Property Damage to Conveyances - *does not apply to loss or claims arising from the Insured’s negligence*
- Workers Compensation
- Lead Contaminated Water
- War
- Virus and Communicable Disease
- Perfluoroalkyl and Polyfluoroalkyl Substances (PFAS) and Related Chemicals or Products

RETENTION:

- \$150,000 Per Pollution Incident retention except for specific retentions below
- \$450,000 Per Named Insured Aggregate retention applicable to all Pollution Incidents except for specific retentions below
- \$ 50,000 Per Named Insured maintenance retention applicable to all Pollution Incidents except for specific retentions below
- 5 Days Waiting Period for Business Interruption

SPECIFIC RETENTION:

- \$250,000 Per Named Insured retention applicable to microbial matter for K-12 school districts only – *does not erode the Aggregate retention*
- \$750,000 Underground Storage Tanks Specific – *does not erode the Aggregate retention*

CLAIMS REPORTING NOTICE

PLEASE NOTE THAT POLLUTION LIABILITY POLICIES CONTAIN EXTREMELY STRICT CLAIM REPORTING PROCEDURES. Below please find your policy specific claim reporting requirements - Please make sure you understand these obligations. Contact your Alliant Service Team with any questions.

THIS IS A CLAIMS MADE POLICY

This claims-made policy contains a requirement stating that this policy applies only to any claim first made against the Insured and reported to the insurer during the policy period or applicable extended reporting period. Claims must be submitted to the insurer during the policy period, or applicable extended reporting period, as required pursuant to the Claims/Loss Notification Clause within the policy in order for coverage to apply. Late reporting or failure to report pursuant to the policy’s requirements could result in a disclaimer of coverage by the insurer.

LOSS REPORTING REQUIREMENTS:

Written notice of any claim or pollution condition, within seven (7) days of discovery for pollution conditions requiring immediate emergency response. Concurrently, please send to:

- 1) Allianz Global Corporate & Specialty
 Attn: FNOL Claims Unit
 1 Progress Point Parkway, 2nd Floor
 O’Fallon, MO 63368
 In emergency, call: (800) 558-1606
 Fax: (800) 323-6450
 Email: NewLoss@agcs.allianz.com
 Online Claims Reporting form available at:
www.agcs.allianz.com/global-offices/united-states

- 3) Akbar Sharif
 Alliant Insurance Services, Inc.
 1301 Dove Street, Suite 200
 Newport Beach, CA 92660
 949-260-5088
 415-403-1466 – fax
Akbar.Sharif@alliant.com

NOTICE OF CANCELLATION:

90 days except 10 days for non-payment of premium

REINSTATEMENT PROVISIONS:

Not Provided.

POLLUTION LIABILITY COST:

25% Earned Premium at Inception – Deemed fully 100% earned in the event of a claim or loss.

BROKER:

ALLIANT INSURANCE SERVICES, INC.
License No. 0C36861

NOTES:

- Coverage outlined in this Evidence Attachment is subject to the terms and conditions set forth in the policy.
- Please refer to the Policy for specific terms, conditions and exclusions.
- Change in Total Insurable Values result in adjustment in premium.



SDRMA ENVIRONMENTAL RISK FIRST NOTICE OF LOSS FORM

SEND TO: Special District Risk Management Authority (SDRMA)
BY MAIL: 1112 I Street, Suite 300, Sacramento, CA 95814
BY FAX: (916) 231-4111
BY EMAIL: dyokota@sdrma.org
CC: dpeña@sdrma.org

Today's Date: _____

Notice of: (check all that apply)

- Pollution Incident Potential Claim Other _____
- Third-Party Claim Litigation Initiated

Insured's Name & Contact Information

Company Name: _____ **Point of Contact:** _____

Address: _____

Phone #: _____

Broker/Agent's Name & Contact Information

Company Name: SDRMA **Point of Contact:** Debbie Yokota

Address: see above _____

Phone #: 1-800-537-7790

Policy Information

Policy Number: _____ **Policy Period:** _____

Limits of Liability: _____ per _____ **agg Self-Insured Retention/Deductible** _____

Loss Information

Date of Incident/Claim: _____ **Location:** _____

Claimant Name/Address: _____

Description of Loss: _____

Please list all attached or enclosed documentation: (check if none provided) _____

Name of Person Completing This Form: _____ **Signature:** _____



Special Terms and Endorsements

Your agency's special endorsements are included behind this cover page. If your agency has no special endorsements then there will be no additional pages behind this cover page. If you believe your agency should have an endorsement included in this section, please contact Member Services at memberplus@sdrma.org or call 800.537.7790.

Special District Risk Management Authority



Property Inventory for Program Year 2020-21

San Simeon Community Services District

Item	Description	Address	Square Feet	Building Value	Contents Value	Under Construction	BIRI	BIRI Coverage	Net Premium	Effective Date	Termination Date
3	Beach Access Stairs	Pico Avenue	14,000	\$88,382	\$0				\$181		
6	Beach Access Walkway	San Simeon Avenue	200	\$27,356	\$0				\$56		
13	Reverse osmosis unit	111 Pico Avenue	2,400	\$184,129	\$420,886				\$1,241		
21	Bldg. #1 - Area #140	1 & 2 Balboa Ave.	504	\$33,669	\$90,926				\$256		
30	Bldg. #1 - Area #410	111 Pico Ave.	350	\$10,048	\$14,540				\$50		
34	Well Field - #310	6	100	\$4,735	\$9,979				\$30		
51	Reservoir	Pico Ave Hill	0	\$0	\$3,756				\$8		
54	Property in the open at Area #110 & Area #120	1 & 2 Balboa Ave.	0	\$0	\$85,459				\$175		
63	Bldg. #3 - Area #150	1 & 2 Balboa Ave.	450	\$20,991	\$30,046				\$105		
Totals				\$369,310	\$655,592						

This is a listing of your currently scheduled items with SDRMA

Special District Risk Management Authority



Vehicle Inventory for Program Year 2020-21

San Simeon Community Services District There are no active ID cards to display for the selected Policy.

Item	VIN	Year	Make / Model	Type	GVW	Value	Comp / Coll Limits	AL Net Premium	APD Comp Gross Premium	APD Coll Gross Premium	Effective Date	Termination Date
N/A / N/A												
Totals												

This is a listing of your currently scheduled items with SDRMA

California Vehicle Insurance Card



There are no active ID cards to display for the selected Policy.

California Vehicle Insurance Card



There are no active ID cards to display for the selected Policy.

Special District Risk Management Authority



Mobile/Contractors Equipment Inventory for Program Year 2020-21

San Simeon Community Services District

Item	Serial Number	Description	Original Value	Actual Cash Value	Net Premium	Effective Date	Termination Date
Totals							

This is a listing of your currently scheduled items with SDRMA

Special District Risk Management Authority



Trailer Inventory for Program Year 2020-21

San Simeon Community Services District

Item	ID Number	Year	Make / Model	GVW	Value	Deductible	Gross Premium	Effective Date	Termination Date
						\$250			
				Total					

This is a listing of your currently scheduled items with SDRMA



Coverage Documents

Outside Policies Purchased Through SDRMA

Your agency's Outside Policies are listed separately in this section. If your agency has no Outside Policies then there will be no Outside Policy documents after this page. If you believe your agency should have an Outside Policy listed, please contact Member Services at Memberplus@sdrma.org or 800.537.7790.



GREEN SHEET MATERIALS – August 20, 2021

Item 3.C. Authorization to solicit/advertise a RFP to update the Water Master Plan and to solicit/ advertise a RFP for an Instream Flow Study.

Enc: Original RFP
RFP Instream Flow Management Plan Updated RFP
Urban Water Management Plan Updated RFP

Item 3.C. Green Sheet Materials

Original RFP

San Simeon Community Services District



111 Pico Avenue, San Simeon, California 93452
(805) 927-4778 Fax (805) 927-0399

REQUEST FOR PROPOSAL PREPARATION OF AN ADDENDUM TO THE DISTRICT MASTER PLAN BASED ON THE REQUIREMENTS OF URBAN WATER MANAGEMENT PLANS

The San Simeon Community Service District (the “District”) is making a Request for Proposal (RFPs) from qualified engineering consulting firms to prepare an Addendum to the existing District Master Plan, based on the requirements of Urban Water Management Plans.

The following subjects are discussed in this Request for Proposal to assist statement preparation.

- I. Background
- II. Introduction and Objectives
- III. Existing Information
- IV. Timing
- V. Scope of Work
- VI. Submittal Procedures and Deadline
- VII. Evaluation Criteria
- VIII. Consultant Services Agreement
- IX. Required Insurance
- X. Acceptance or Rejection of Proposal
- XI. Equal Opportunity Clause
- XII. Equal Opportunity Employment Compliance
- XIII. Legal Responsibilities
- XIV. Discrepancies and Misunderstandings
- XV. Proper Licensing Requirements
- XVI. Non-Collusion Affidavit
- XVII. Exhibits

I. Background:

The San Simeon Community Services District is a disadvantaged community providing several municipal services to the community. The District water service is considered a small community water system and does not meet the status of an Urban Water Supplier pursuant to Water Code Section 10617. As a result, the District is not required to prepare and Urban Water Management Plan and is exempt from various requirements mandated on Urban Water Suppliers. Nevertheless, the

District is requesting proposals from qualified Consultants to prepare an update to the District's Master Plan (2018) based on certain requirements for Urban Water Management Plans (UWMP Standards) for the purpose of obtaining a determination of water that is available for new development.

The District, formed in 1961, covers approximately 100 acres located on the North Coast of San Luis Obispo County, approximately 35 miles north of the City of San Luis Obispo. The District owns the community water system that serves approximately 199 residential and 10 non-residential customers. The current average annual water production is approximately 80-acre feet per year ("AFY"). Of that amount, residential water customers utilize approximately 16 AFY (20 %) and non-residential customers utilize approximately 64 AFY (80 %). The District has a water rights license issued by the State Water Board to extract 140 AFY from Pico Creek wells subject to conditions identified in the license.

II. Introduction and Objectives:

As a Small Water System, and not an Urban Water Supplier, the District is not mandated to prepare an Urban Water Management Plan because it does not have 3,000 customers nor does it deliver more than 3,000 AFY of water to customers. As a result, the District's current Master Plan (2018) focuses primarily on technical details needed for the sizing and design of District infrastructure. Information in the Master Plan includes existing demands, projected growth, projected demands, fire flow requirements, the existing system, hydraulic modelling, and proposed improvements.

The District's Master Plan does not include information required in Urban Water Management Plans identified in the Urban Water Management Plan Guidebook 2020 prepared by the California Department of Water Resources (DWR) on water supply reliability, drought risk assessment, water shortage contingency plans, and demand management measures. Instead, the District has adopted a water conservation ordinance that includes water shortage levels and demand management measures. In addition to the Master Plan and water conservation ordinance, a 2014 study on the Pico Creek groundwater basin provides information on the District's source of supply and changes in water availability and water quality based on differing conditions including droughts, tides and other influences on Pico creek and its small coastal basin.

The Primary Objective: Determining Water Supply Availability for New Development

The District's objective in preparing the addendum is to obtain a determination of "Water Supply Availability" for new development. In 1986, the District adopted an ordinance prohibiting the issuance of new water will-serve letters (moratorium).

Since the District established the water moratorium, the nature and extent of water conservation, water use efficiencies, implementation of water quality facilities, and an updated water license issued by the State Water Resources Control Board provide significant and substantial evidence indicating that repealing, or more likely, modifying the moratorium should be considered because objective evidence compels a conclusion that water is now available for new development.

The Board of Director's direction to obtain proposals for preparing the update to the District's Master Plan was approved on February 9, 2021. The agenda item is attached as Exhibit A.

Water production in 1986 and 1987 were 149.5 acre feet and 148.8 acre feet, respectively, exceeding the District's water rights permit. Subsequent District and community efforts led to successful conservation and water use efficiencies that have reduced annual production to approximately 80 AFY. The District

is seeking an update to its Master Plan, utilizing standards established pursuant to the California Water Code for Urban Water Management Plans, to determine the amount of water that is now available for new development.

Underlying Assumptions

It is important for the consultant to understand that the District is seeking a “determination” of water supply availability from qualified professionals as opposed to a “recommendation.” Water Code section 350 et seq. provides statutory requirements associated with repealing or modifying the District’s moratorium, and the District’s premise is that doing so is a non-discretionary decision.

In seeking proposals, the District’s position is that the determination of water supply availability should be made by a qualified professional based on requirements of Urban Water Management Plans since those requirements are established by statutes incorporated in the State of California Water Code and reflect an objective approach for a non-discretionary determination to rescind a moratorium which also exists pursuant to provisions of the Water Code.

The District recognizes that the consultant may identify assumptions where District guidance may be desired by the consultant. While the District will preclude the possible need for guidance to the consultant, the District’s preference on any such assumptions is for the consultant to prepare a sensitivity analysis on those assumptions and for the consultant to make a conservative determination of water supply availability when considering those assumptions as a whole.

The Plan Approach

The District is seeking a cost-effective approach to updating its Master Plan. The update to the Master Plan does not necessarily need to be formatted based on the Urban Water Management Plan Guidebook 2020 prepared by the California Department of Water Resources (DWR). The guidebook itself includes a disclaimer that it is a voluntary option prepared by DWR so that complying with the Water Code is simpler for Urban Water Suppliers.

The consultant has options in its proposal to update the District’s Master Plan. The consultant may choose a) to prepare an addendum to the 2018 Master Plan, b) to prepare the equivalent of an Urban Water Management Plan for the District, c) to prepare technical memorandums that address requirements of Urban Water Management Plans with a concluding report on water supply availability for new development, or d) the consultant may propose an alternative approach, that the consultant deems to be the most cost effective, to meet the District’s objective. The consultant may also base its proposal on 1) the most cost-effective approach deemed feasible by the consultant with 2) an option to prepare the equivalent of an Urban Water Management Plan. The consultant’s proposal must clearly state that the requirements of California Water Code sections 10610-10656 and 10608 are being followed for the Master Plan update.

III. Existing Information

The following is a list of the District’s existing information, which can be located at www.sansimeoncsd.org:

- San Simeon CSD Master Plan (2018)
- Pico Creek Groundwater Availability Study (2014)
- SSCSD Water Conservation Plan (2016)
- Water Usage Calculations (2014)
- Water Wait List Reconciliation (2020)
- Water License issued by the State Water Board (2012)
- Water Treatment Capabilities
- North Coast Area Plan (Revised October 5, 2018)

The addendum to the Master Plan will not include a review of environmental issues, or limitations on the District's rights to use its source of supply pursuant to its water license, if any, that may be imposed by state or federal agencies with applicable regulatory jurisdiction. Consideration of any legal requirements associated with the California Environmental Quality Act, the California Coastal Act and other state and federal laws and regulations are separated from the scope of work because it is the District's intent at this time to have a "Baseline" determination of its water supply availability while separately evaluating requirements associated with possible public trust and environmental issues.

San Simeon CSD Master Plan (2018)

The District's Master Plan was most recently updated in 2018 by Phoenix Engineering, Inc. (Santa Paula, Ca). The plan was prepared with "the intent of recommending improvements to SSCSD's potable water system" and other District infrastructure. It utilized water meter data from 2012-2017.

The consultant is expected to be familiar with the Master Plan and the proposal should include a) general information needed for the proposed scope of work and b) a task in the project schedule for coordinating detailed information needed. The consultant should be aware that a component of demand is for residential units with part-time occupancy, and potential increases in demand should be considered for increases in occupancy percentages.

Pico Creek Groundwater Availability Study (2014)

The "Groundwater Availability Study, Pico Creek Valley Groundwater Basin, 2014 Update" dated September 2014, was prepared by Cleath-Harris Geologists, Inc. (San Luis Obispo, Ca). Consultants can anticipate that Cleath-Harris will be available to confer on the groundwater availability study. The consultant is expected to be familiar with the Groundwater Availability Study and to be able to explain the relationship of significant data in the groundwater report to the Master Plan update and determinations of water supply availability.

The District anticipates that the existing reverse osmosis (RO) system will need to be operated in certain circumstances. The consultant is expected to illustrate how water quality information in the groundwater report relates to RO operations at the various water shortage levels incorporated in the Water Shortage Contingency Plan that is developed as part of the proposed scope of work.

The proposal should also include a task on the schedule to confer with the District and with Cleath-Harris on whether additional hydrogeological investigations and/or analysis is needed for the consultant to complete the proposed scope of work.

SSCSD Water Conservation Plan

On December 14, 2016, the District adopted Ordinance No. 117, which includes three (3) stages of water shortages. The consultant is expected to provide a recommendation at the Preliminary Review Milestone (subsequently described) on whether it would be appropriate for the Water Shortage Contingency Plan to be based on Six Standard Water Shortage Levels or based on the District's existing shortage levels with a crosswalk that clearly translates the Supplier's Water Shortage Levels to those mandated by the statute for Urban Water Suppliers.

Water Usage Calculations

Water usage calculations were prepared by Phoenix Engineering, Inc. The consultant should become familiar with the existing water usage calculations and provide explanations of differences that may exist between those calculations and similar calculations developed by the consultant and used in the determination of water availability (i.e. – differences in data periods and in methodologies, if any).

Water Wait List Reconciliation

The reconciliation is dated September 28, 2020 and illustrates the existing wait list for water will-serve letters. It includes some preliminary estimates on whether sufficient water is available for properties on the wait list. The consultant should consider it informational only as it is provided as examples of expected increases in demand based on existing land use designations.

Water License (State Water Board)

The water license issued to the District provides annual limits of 140-acre feet per year and a maximum diversion rate of 0.27 cubic feet per second with other provisions allowing diversion of greater quantities over shorter periods of time while adhering to seven (7) day limitations. The consultant is expected to illustrate the relationship between maximum diversion rates, peak demands, and other factors resulting in the determination of water availability.

Water Treatment Capabilities

The District installed a reverse-osmosis system in 2016 with approximately 300 gallon per minute flow capacity rate. As described in the Pico Groundwater Basin Availability Study, the water quality of the District's source of supply becomes subject to tidal influences with corresponding increases in salinity. The consultant is expected to generally describe the operations of the reverse-osmosis system at the various water shortage levels.

North Coast Area Plan

The North Coast Area Plan is part of the County of San Luis Obispo Local Coastal Plan. The North Coast Planning Area extends from the Monterey/San Luis Obispo County Line on the north, to Point Estero on the south, and inland generally to the main ridge of the Santa Lucia range. The planning area includes the communities of Cambria and San Simeon Acres. This report describes county land use policies for the North Coast Planning Area, including regulations which are also adopted as part of the Land Use Ordinances and Local Coastal Program.

This Area Plan allocates land use throughout the planning area by land use categories. The land use categories determine the varieties of land use that may be established on a parcel of land, as well as defining their allowable density and intensity.

IV. Timing

Time is of the essence with respect to this contract. The District intends to consider adoption of the addendum to the Master Plan based on the same noticing and process requirements established for Urban Water Management Plans.

In addition, the consultant is expected to propose a milestone (the “Preliminary Review Milestone”) to update the Board of Directors on overall work progress, to provide recommendations on water shortage levels, and to review critical factors associated with water availability determinations. The consultant proposal shall include the following for the Preliminary Review Milestone:

- A presentation at a public meeting of the Board of Directors with special emphasis on water shortage levels and critical factors associated with water availability determinations.
- Coordination with the District on public notices to help engage community members and other stakeholders on development of the Master Plan update.

V. Scope of Work:

Qualifications

A statement of the consultant’s qualifications, as described below, are to be submitted with the Consultant’s name, address, telephone number, and email address. The statement of qualifications (SOQ) shall be concise, well-organized and demonstrate the Consultant’s qualifications and experience relating to the proposed project. SOQs shall be submitted in hard copy and in .pdf format. At minimum, SOQs shall include the following information:

- Cover Letter: The Consultant’s legal name, address, telephone number, email address, and designated contact person for the remainder of the selection process.

Statements identifying the overall qualifications of the members of the consultant’s team, including relevant experience and other evidence of the Consultant’s ability to meet the requirements of Urban Water Management Plans and the District’s objective for a water availability determination.

- Statement of Qualifications: Brief description of the consultant’s firm, the type of organization (partnership, corporation, etc.) and a listing of the proposed project personnel, including personnel experience and resumes for prime consultants and sub-consultants, if any. Emphasis should be given to highlighting work completed for relatively small public agencies.

Description of consultant and sub-consultant experience with preparation of an UWMP. Please include names, current telephone numbers, and email addresses of references for existing and past public agency clients.

- Project Communications: Description of how consultant will approach coordination with District staff and preparation of materials for public review and community presentations.

Proposed staffing plan/organizational chart illustrating who will serve in the roles of Contract Manager, Project Manager, and Subject Matter Experts. The Contract Manager is responsible for direct communications with the GES General Manager on periodic progress addendums and conflict resolution, if needed. The Project Manager is responsible for day-to-day communications and overall management of the scope, schedule, and budget. The Project Manager is responsible for maintaining consistent communication with the District's project manager.

Other information that will assist District in understanding the consultant's approach to communications and public outreach.

Proposals

Proposals, as described below, are to be submitted in sealed envelopes clearly marked with the consultant's name, address, telephone number, and email address. The envelope shall be clearly identified as the "MASTER PLAN UPDATE." Proposals shall be submitted in hard copy and in .pdf format. At minimum, proposals shall include the following information:

Project Understanding and Approach: This section should demonstrate the consultant's understanding of the project, how the work will be organized, and anticipated key issues to be addressed. This section should include:

- Description of consultant's overall approach to the project, such as an outline work plan that describes how the consultant will organize the project.
- Description of those areas which are most likely to include challenges, and discuss how consultant's approach will help resolve those conflicts or prevent them in advance.
- Other information that will assist District in selecting the most qualified consultant.

Fee Estimates and Rates: The project proposal should include hourly rates, estimated hours by work task, and estimated cost by each phase of work, as defined by the consultant.

VI. Submittal Procedures and Deadline:

Statements of Qualifications and Proposals are to be submitted to the District on or before **2:00 p.m.** on **October 14, 2021**, with the fee estimate and rates in a separate envelope. Responses to this RFP received after the stated deadline will not be accepted. The time of delivery shall be definitively determined by the time-stamping clock located in the San Simeon Community Services District Office at 111 Pico Avenue, San Simeon, CA 93452. It is the proposer's sole responsibility to see that its SOQ and Proposal are received in proper time, and proposers assume all risks arising out of the means of

delivery. Any submittal received after the deadline will be returned to the proposer unopened. Submittals are to be addressed to:

District Office
 San Simeon Community Services District
 111 Pico Avenue
 San Simeon, CA 93452

All responses must be completed as required, signed by an officer of the firm who is authorized to enter into a binding agreement with the District on behalf of the company, and must be received at the place and time designated above.

Inquiries and Addenda

For inquiries regarding this SOQ/RFP, please contact the, Charles Grace, via electronic mail at cgrace@graceenviro.com, no later than **4:00 PM on September 9, 2021**. Inquiries received after that date will be disregarded. Please include the following in the subject line of the email: “Inquiry Re: Master Plan Update Proposal.” Telephonic inquiries will not be taken.

The District reserves the right to issue revisions to the RFP and the deadline for submittal. The District reserves the right to reject all proposals.

Anticipated SOQ/RFP Schedule

Milestone (Estimates)	Date
RFP Issued	8/11/2021
Deadline for Clarifications/Inquiries	9/9/2021
Deadline to Submit Statements of Qualifications & Proposals	10/14/2021
Interviews (if Desired by District)	11/10/2021
District Selection of Consultant	11/10/2021
Certificate of Insurance & Contract Execution	12/1/2021
Notice to Proceed	12/1/2021

VII. Evaluation Criteria

Evaluation of each SOQ and Proposal will be performed by a committee of individuals to be selected by the District. The submissions will be scored and ranked based on the selection committee’s evaluation of content and completeness. In the event of close scoring, a shortlist interview may be performed. All selected firms will be contacted with specific information as to location and time of the interviews. Evaluation and review will focus on the following criteria:

Organization. Does the firm offer the breadth and quality of services required by the Scope of Services? Does the firm’s organizational structure show sufficient depth/capacity for its present and additional

workload? Do the consultant's qualifications illustrate the ability to promote efficient communications and public outreach?

Project Understanding/Project Approach. Does the firm's proposal adequately demonstrate understanding and experience in completing the Scope of Services? Does the consultant have experience in conducting the data analysis and calculations required for Urban Water Management Plans? This understanding can be demonstrated in various manners, including, but not limited to, the firm's successful completion of UWMPs for other agencies.

Experience. Does the SOQ demonstrate expertise and professional qualifications with similar work? What are the qualifications of the firm and the individuals assigned to perform the work?

Project Schedule. Is the project schedule thorough and realistic? The District will review and rank consultants based on the submitted documents and will subsequently review fee estimates and rates. Final consultant selection will be at the District's discretion and may include revisions to the Proposed Scope of Services.

VIII. Consultant Services Agreement

The District will identify the firm that best meets the needs of the District and enter contract negotiations with that highest ranked firm. Contracts must be executed within 30 days of offer (or other agreed to time frame, on a case by case basis), or negotiations will be terminated and the offer to contract will be rescinded. Should the District fail to reach agreement with the top ranked firm, the District may enter negotiations with the next highest rated firm and so on. District Staff will make a recommendation to the District's Board of Directors for the award of the Consultant Services Agreement to the firm that best furthers the District's objectives.

IX. Required Insurance:

1. Worker's Compensation insurance in accordance with the statutory coverage required by the State of Washington and Employers Liability insurance with limits not less than \$1,000,000 and, where applicable, insurance in compliance with any other statutory obligations, whether State or Federal, pertaining to the compensation of injured employees assigned to the work.
2. Commercial General Liability with limits not less than \$1,000,000 per Occurrence and \$2,000,000 Aggregate for Bodily Injury and Property Damage, including coverage for Premises and Operations Liability, Products and Completed Operations Liability, Contractual Liability, Broad Form Property Damage Liability and Personal Injury Liability.
3. Commercial Automobile Liability on all owned, non-owned, hired and rented vehicles with limits of liability of not less than \$1,000,000 Combined Single Limit for Bodily Injury and Property Damage per each accident or loss.
4. Umbrella/Excess Liability insurance coverage of not less than \$1,000,000 per occurrence and annual aggregate providing coverage in excess of General Liability, Auto Liability, and Employers Liability.

5. Professional Liability insurance with limits of not less than \$1,000,000 per claim and \$1,000,000 aggregate.

Each policy of insurance required by this section shall provide for no less than 30-days advance notice to the District prior to cancellation.

In addition, the District, its officers, employees, and volunteers shall be named as “Additional Insured” by all contractors and subcontractors and a “Waiver of Subrogation” shall be included in favor of the District.

The insurance shall be placed with insurers with a Best’s rating of at least VII. Certificates of insurance, including all of these requirements, are required prior to signature of the contract.

X. Acceptance or Rejection of Proposal

The District reserves the right to accept or reject any and all SOQs and Proposals. The District also reserves the right to waive any informality or irregularity in any proposal or as deemed to be in its best interest. Additionally, the District may, for any reason, decide not to award an agreement as a result of this RFP or cancel the RFP process. The District shall not be obligated to respond to any proposal submitted, nor be legally bound in any manner by the submission of the proposal. The District reserves the right to negotiate project deliverables and associated costs.

XI. Equal Opportunity Clause

Consultants shall ensure against discrimination in employment practices based on State and Federal laws and regulations. The District hereby ensures that minority business enterprises will be afforded full opportunity to submit SOQs in response to this notice and will not be discriminated against based on requirements of State and Federal laws and regulations.

XII. Equal Opportunity Employment Compliance

Consultant shall certify that it has sought out and considered minority business enterprises for those portions of the work to be subcontracted and has fully documented such actions that said documentation is open to inspection, and that said action will remain in effect for the life of any contract awarded hereunder.

Furthermore, consultant shall certify that all steps will be taken to meet all equal employment opportunity requirements of the contract documents. Consultant shall certify that in all previous contracts or subcontracts, all reports which may have been due under the requirements of any agency, State, or Federal equal employment opportunity orders have been satisfactorily filed, and that no such reports are currently outstanding.

XIII. Legal Responsibilities

All SOQs must be submitted, filed, made, and executed in accordance with State and Federal laws relating to SOQs for contracts of this nature whether the same or expressly referred to herein or not. Any company submitting a proposal will by such action thereby agree to each and all terms, conditions, provision, and requirements set forth, contemplated, and referred to in the RFP, and other contract documents, and to full compliance therewith.

XIV. Discrepancies and Misunderstandings

Consultants must satisfy themselves by personal examination of the work site, specifications, and other contract documents and by any other means as they may believe necessary, as to the actual physical conditions, requirements, and difficulties under which the work must be performed. No consultant will at any time after submission of a proposal make any claim or assertion that there was any misunderstanding or lack of information regarding the nature or amount of work necessary for the satisfactory completion of the job. Any errors, omissions, or discrepancies called to the attention of the District will be clarified by the District in writing to all Proposers prior to the submission of SOQs.

XV. Proposer Licensing Requirements

Any consultant or sub-consultant who is not licensed in accordance with the provisions of the State Business and Professional Code or who fails to maintain a required license will be considered to have created a material breach of contract.

XVI. Non-Collusion Affidavit

Proposer shall declare that the only persons or parties interested in its proposal as principals are those named therein; that no officer, agent, or employee of the District is personally interested, directly or indirectly, in its proposal; and that its proposal is in all respects fair and without collusion or fraud.

XVII. Exhibits

- A. Sample District Contract

Item 3.C. Green Sheet Materials

RFP Instream Flow Management Plan Updated RFP

San Simeon Community Services District



111 Pico Avenue, San Simeon, California 93452
(805) 927-4778 Fax (805) 927-0399
admin@sansimeoncsd.org

REQUEST FOR PROPOSAL PREPARATION OF AN INSTREAM FLOW MANAGEMENT PLAN AS PART OF THE ADDENDUM TO THE DISTRICT MASTER PLAN

The San Simeon Community Service District (the “District”) is making a Request for Proposal (RFPs) from qualified engineering consulting firms to prepare an Instream Flow Management Plan as part of the District’s existing efforts to prepare an Addendum to the existing District Master Plan, based on the requirements of Urban Water Management Plans.

The following subjects are discussed in this Request for Proposal to assist statement preparation.

- I. Background
- II. Introduction and Objectives
- III. Existing Information
- IV. Timing
- V. Scope of Work
- VI. Submittal Procedures and Deadline
- VII. Evaluation Criteria
- VIII. Consultant Services Agreement
- IX. Required Insurance
- X. Acceptance or Rejection of Proposal
- XI. Equal Opportunity Clause
- XII. Equal Opportunity Employment Compliance
- XIII. Legal Responsibilities
- XIV. Discrepancies and Misunderstandings
- XV. Proper Licensing Requirements
- XVI. Non-Collusion Affidavit
- XVII. Exhibits

I. Background:

The San Simeon Community Services District is a disadvantaged community providing several municipal services to the community. The District water service is considered a small community water system and does not meet the status of an Urban Water Supplier pursuant to Water Code

Section 10617. As a result, the District is not required to prepare and Urban Water Management Plan and is exempt from various requirements mandated on Urban Water Suppliers. The District is currently working on the preparation of an update to the District's Master Plan (2018) based on certain requirements for Urban Water Management Plans (UWMP Standards) for the purpose of obtaining a determination of water that is available for new development. This RFP includes a request for proposals to prepare an Instream Flow Management Plan for inclusion in the District's Addendum to their 2018 Master Plan.

The District, formed in 1961, covers approximately 100 acres located on the North Coast of San Luis Obispo County, approximately 35 miles north of the City of San Luis Obispo. The District owns the community water system that serves approximately 199 residential and 10 non-residential customers. The current average annual water production is approximately 80-acre feet per year ("AFY"). Of that amount, residential water customers utilize approximately 16 AFY (20 %) and non-residential customers utilize approximately 64 AFY (80 %). The District has a water rights license issued by the State Water Board to extract 140 AFY from Pico Creek wells subject to conditions identified in the license.

II. Introduction and Objectives:

As a Small Water System, and not an Urban Water Supplier, the District is not mandated to prepare an Urban Water Management Plan because it does not have 3,000 customers nor does it deliver more than 3,000 AFY of water to customers. As a result, the District's current Master Plan (2018) focuses primarily on technical details needed for the sizing and design of District infrastructure. Information in the Master Plan includes existing demands, projected growth, projected demands, fire flow requirements, the existing system, hydraulic modelling, and proposed improvements.

The District's Master Plan does not include information required in Urban Water Management Plans identified in the Urban Water Management Plan Guidebook 2020 prepared by the California Department of Water Resources (DWR) on water supply reliability, drought risk assessment, water shortage contingency plans, and demand management measures. Instead, the District has adopted a water conservation ordinance that includes water shortage levels and demand management measures. In addition to the Master Plan and water conservation ordinance, a 2014 study on the Pico Creek groundwater basin provides information on the District's source of supply and changes in water availability and water quality based on differing conditions including droughts, tides and other influences on Pico creek and its small coastal basin.

In 1986, the District adopted an ordinance prohibiting the issuance of new water will-serve letters (moratorium).

Since the District established the water moratorium, the nature and extent of water conservation, water use efficiencies, implementation of water quality facilities, and an updated water license issued by the State Water Resources Control Board provide significant and substantial evidence indicating that repealing, or more likely, modifying the moratorium should be considered because objective evidence compels a conclusion that water is now available for new development.

Water production in 1986 and 1987 were 149.5 acre feet and 148.8 acre feet, respectively, exceeding the District's water rights permit. Subsequent District and community efforts led to successful conservation and water use efficiencies that have reduced annual production to approximately 80 AFY. The District is seeking an update to its Master Plan, utilizing standards established pursuant to the California Water

Code for Urban Water Management Plans, to determine the amount of water that is now available for new development.

Primary Objective: Instream Flow Management Study

The SSCSD is requesting that the preparation of the Addendum to the District Master Plan include an Instream Flow Management Study and execute the study within Pico Creek. The main goal of this study shall be to provide a collaborative work plan to guide the collection and analysis of high-quality science that is robust, credible, transparent, and relevant. In addition, the SSCSD intends the study to satisfy the recommendations stated within the North Coast Area Plan as provided in the County of San Luis Obispo General Plan.

This task includes development of an Instream Flow Management Study for Pico Creek that meets the standards of the California Department of Fish and Wildlife (“CDFW”) to identify instream flow criteria. This includes preparation of a technical report summarizing the results of the Instream Flow Management Study that will include a monitoring plan for long-term sustainable environmental stewardship. The study shall be developed in full compliance with the CDFW Instream Flow Program and consistent with the Instream Flow Incremental Methodology. In preparing the study, the Consultant shall review and consider historical documents and data, including but not limited to, previous special species and habitat studies for the study area and other documents and data relevant to the project.

III. Existing Information

The following is a list of the District’s existing information, which can be located at www.sansimeoncsd.org:

- San Simeon CSD Master Plan (2018)
- Pico Creek Groundwater Availability Study (2014)
- SSCSD Water Conservation Plan (2016)
- Water Usage Calculations (2014)
- Water Wait List Reconciliation (2020)
- Water License issued by the State Water Board (2012)
- Water Treatment Capabilities
- North Coast Area Plan (Revised October 5, 2018)

San Simeon CSD Master Plan (2018)

The District’s Master Plan was most recently updated in 2018 by Phoenix Engineering, Inc. (Santa Paula, Ca). The plan was prepared with “the intent of recommending improvements to SSCSD’s potable water system” and other District infrastructure. It utilized water meter data from 2012-2017.

Pico Creek Groundwater Availability Study (2014)

The “Groundwater Availability Study, Pico Creek Valley Groundwater Basin, 2014 Update” dated September 2014, was prepared by Cleath-Harris Geologists, Inc. (San Luis Obispo, Ca). Consultants can anticipate that Cleath-Harris will be available to confer on the groundwater availability study.

SSCSD Water Conservation Plan

On December 14, 2016, the District adopted Ordinance No. 117, which includes three (3) stages of water shortages.

Water Usage Calculations

Water usage calculations were prepared by Phoenix Engineering, Inc. The consultant should become familiar with the existing water usage calculations and provide explanations of differences that may exist between those calculations and similar calculations developed by the consultant and used in the determination of water availability (i.e. – differences in data periods and in methodologies, if any).

Water Wait List Reconciliation

The reconciliation is dated September 28, 2020 and illustrates the existing wait list for water will-serve letters. It includes some preliminary estimates on whether sufficient water is available for properties on the wait list. The consultant should consider it informational only as it is provided as examples of expected increases in demand based on existing land use designations.

Water License (State Water Board)

The water license issued to the District provides annual limits of 140-acre feet per year and a maximum diversion rate of 0.27 cubic feet per second with other provisions allowing diversion of greater quantities over shorter periods of time while adhering to seven (7) day limitations.

Water Treatment Capabilities

The District installed a reverse-osmosis system in 2016 with approximately 300 gallon per minute flow capacity rate. As described in the Pico Groundwater Basin Availability Study, the water quality of the District's source of supply becomes subject to tidal influences with corresponding increases in salinity.

North Coast Area Plan

The North Coast Area Plan is part of the County of San Luis Obispo Local Coastal Plan. The North Coast Planning Area extends from the Monterey/San Luis Obispo County Line on the north, to Point Estero on the south, and inland generally to the main ridge of the Santa Lucia range. The planning area includes the communities of Cambria and San Simeon Acres. This report describes county land use policies for the North Coast Planning Area, including regulations which are also adopted as part of the Land Use Ordinances and Local Coastal Program.

This Area Plan allocates land use throughout the planning area by land use categories. The land use categories determine the varieties of land use that may be established on a parcel of land, as well as defining their allowable density and intensity.

IV. Timing

Time is of the essence with respect to this contract. The consultant is expected to propose a milestone (the "Preliminary Review Milestone") to update the Board of Directors on overall work progress, to be coordinated with the District's efforts on the preparation of the Addendum to the Master Plan.

V. Scope of Work:

Qualifications

A statement of the consultant's qualifications, as described below, are to be submitted with the Consultant's name, address, telephone number, and email address. The statement of qualifications (SOQ) shall be concise, well-organized and demonstrate the Consultant's qualifications and experience relating to the proposed project. SOQs shall be submitted in hard copy and in .pdf format. At minimum, SOQs shall include the following information:

- Cover Letter: The Consultant's legal name, address, telephone number, email address, and designated contact person for the remainder of the selection process.

Statements identifying the overall qualifications of the members of the consultant's team, including relevant experience and other evidence of the Consultant's ability to meet the requirements of Instream Flow Management Plans.

- Statement of Qualifications: Brief description of the consultant's firm, the type of organization (partnership, corporation, etc.) and a listing of the proposed project personnel, including personnel experience and resumes for prime consultants and sub-consultants, if any. Emphasis should be given to highlighting work completed for relatively small public agencies.

Description of consultant and sub-consultant experience with preparation of an Instream Flow Management Plan. Please include names, current telephone numbers, and email addresses of references for existing and past public agency clients.

- Project Communications: Description of how consultant will approach coordination with District staff and preparation of materials for public review and community presentations.

Proposed staffing plan/organizational chart illustrating who will serve in the roles of Contract Manager, Project Manager, and Subject Matter Experts. The Contract Manager is responsible for direct communications with the GES General Manager on periodic progress and any questions or issues that arise, if needed. The Project Manager is responsible for day-to-day communications and overall management of the scope, schedule, and budget. The Project Manager is responsible for maintaining consistent communication with the District's project manager.

Other information that will assist District in understanding the consultant's approach to communications and public outreach.

Proposals

Proposals, as described below, are to be submitted in sealed envelopes clearly marked with the consultant's name, address, telephone number, and email address. The envelope shall be clearly

identified as the “INSTREAM FLOW MANAGEMENT PLAN.” Proposals shall be submitted in hard copy and in .pdf format. At minimum, proposals shall include the following information:

Project Understanding and Approach: This section should demonstrate the consultant’s understanding of the project, how the work will be organized, and anticipated key issues to be addressed. This section should include:

- Description of consultant’s overall approach to the project, such as an outline work plan that describes how the consultant will organize the project.
- Description of those areas which are most likely to include challenges, and discuss how consultant’s approach will help resolve those conflicts or prevent them in advance.
- Other information that will assist District in selecting the most qualified consultant.

Fee Estimates and Rates: The project proposal should include hourly rates, estimated hours by work task, and estimated cost by each phase of work, as defined by the consultant.

VI. Submittal Procedures and Deadline:

Statements of Qualifications and Proposals are to be submitted to the District on or before **2:00 p.m.** on **October 14, 2021**, with the fee estimate and rates in a separate envelope. Responses to this RFP received after the stated deadline will not be accepted. The time of delivery shall be definitively determined by the time-stamping clock located in the San Simeon Community Services District Office at 111 Pico Avenue, San Simeon, CA 93452. It is the proposer’s sole responsibility to see that its SOQ and Proposal are received in proper time, and proposers assume all risks arising out of the means of delivery. Any submittal received after the deadline will be returned to the proposer unopened. Submittals are to be addressed to:

District Office
San Simeon Community Services District
111 Pico Avenue
San Simeon, CA 93452

All responses must be completed as required, signed by an officer of the firm who is authorized to enter into a binding agreement with the District on behalf of the company, and must be received at the place and time designated above.

Inquiries and Addenda

For inquiries regarding this SOQ/RFP, please contact the, Charles Grace, via electronic mail at cgrace@graceenviro.com, no later than **4:00 PM** on **September 9, 2021**. Inquiries received after that date will be disregarded. Please include the following in the subject line of the email: “Inquiry Re: Instream Flow Management Plan Proposal.” Telephonic inquiries will not be taken.

The District reserves the right to issue revisions to the RFP and the deadline for submittal. The District reserves the right to reject all proposals.

Anticipated SOQ/RFP Schedule

Milestone (Estimates)	Date
RFP Issued	8/11/2021
Deadline for Clarifications/Inquiries	9/9/2021
Deadline to Submit Statements of Qualifications & Proposals	10/14/2021
Interviews (if Desired by District)	11/10/2021
District Selection of Consultant	11/10/2021
Certificate of Insurance & Contract Execution	12/1/2021
Notice to Proceed	12/1/2021

VII. Evaluation Criteria

Evaluation of each SOQ and Proposal will be performed by a committee of individuals to be selected by the District. The submissions will be scored and ranked based on the selection committee's evaluation of content and completeness. In the event of close scoring, a shortlist interview may be performed. All selected firms will be contacted with specific information as to location and time of the interviews. Evaluation and review will focus on the following criteria:

Organization. Does the firm offer the breadth and quality of services required by the Scope of Services? Does the firm's organizational structure show sufficient depth/capacity for its present and additional workload? Do the consultant's qualifications illustrate the ability to promote efficient communications and public outreach?

Project Understanding/Project Approach. Does the firm's proposal adequately demonstrate understanding and experience in completing the Scope of Services? Does the consultant have experience in conducting the data analysis and calculations required for Instream Flow Management Plans? This understanding can be demonstrated in various manners, including, but not limited to, the firm's successful completion of similar plans for other agencies.

Experience. Does the SOQ demonstrate expertise and professional qualifications with similar work? What are the qualifications of the firm and the individuals assigned to perform the work?

Project Schedule. Is the project schedule thorough and realistic? The District will review and rank consultants based on the submitted documents and will subsequently review fee estimates and rates. Final consultant selection will be at the District's discretion and may include revisions to the Proposed Scope of Services.

VIII. Consultant Services Agreement

The District will identify the firm that best meets the needs of the District and enter contract negotiations with that highest ranked firm. Contracts must be executed within 30 days of offer (or other agreed to time frame, on a case by case basis), or negotiations will be terminated and the offer to contract will be rescinded. Should the District fail to reach agreement with the top ranked firm, the District may enter negotiations with the next highest rated firm and so on. District Staff will make a recommendation to the District's Board of Directors for the award of the Consultant Services Agreement to the firm that best furthers the District's objectives.

IX. Required Insurance:

1. Worker's Compensation insurance in accordance with the statutory coverage required by the State of Washington and Employers Liability insurance with limits not less than \$1,000,000 and, where applicable, insurance in compliance with any other statutory obligations, whether State or Federal, pertaining to the compensation of injured employees assigned to the work.
2. Commercial General Liability with limits not less than \$1,000,000 per Occurrence and \$2,000,000 Aggregate for Bodily Injury and Property Damage, including coverage for Premises and Operations Liability, Products and Completed Operations Liability, Contractual Liability, Broad Form Property Damage Liability and Personal Injury Liability.
3. Commercial Automobile Liability on all owned, non-owned, hired and rented vehicles with limits of liability of not less than \$1,000,000 Combined Single Limit for Bodily Injury and Property Damage per each accident or loss.
4. Umbrella/Excess Liability insurance coverage of not less than \$1,000,000 per occurrence and annual aggregate providing coverage in excess of General Liability, Auto Liability, and Employers Liability.
5. Professional Liability insurance with limits of not less than \$1,000,000 per claim and \$1,000,000 aggregate.

Each policy of insurance required by this section shall provide for no less than 30-days advance notice to the District prior to cancellation.

In addition, the District, its officers, employees, and volunteers shall be named as "Additional Insured" by all contractors and subcontractors and a "Waiver of Subrogation" shall be included in favor of the District.

The insurance shall be placed with insurers with a Best's rating of at least VII. Certificates of insurance, including all of these requirements, are required prior to signature of the contract.

X. Acceptance or Rejection of Proposal

The District reserves the right to accept or reject any and all SOQs and Proposals. The District also reserves the right to waive any informality or irregularity in any proposal or as deemed to be in its best interest. Additionally, the District may, for any reason, decide not to award an agreement as a result of this RFP or cancel the RFP process. The District shall not be obligated to respond to any proposal submitted, nor be legally bound in any manner by the submission of the proposal. The District reserves the right to negotiate project deliverables and associated costs.

XI. Equal Opportunity Clause

Consultants shall ensure against discrimination in employment practices based on State and Federal laws and regulations. The District hereby ensures that minority business enterprises will be afforded full opportunity to submit SOQs in response to this notice and will not be discriminated against based on requirements of State and Federal laws and regulations.

XII. Equal Opportunity Employment Compliance

Consultant shall certify that it has sought out and considered minority business enterprises for those portions of the work to be subcontracted and has fully documented such actions that said documentation is open to inspection, and that said action will remain in effect for the life of any contract awarded hereunder.

Furthermore, consultant shall certify that all steps will be taken to meet all equal employment opportunity requirements of the contract documents. Consultant shall certify that in all previous contracts or subcontracts, all reports which may have been due under the requirements of any agency, State, or Federal equal employment opportunity orders have been satisfactorily filed, and that no such reports are currently outstanding.

XIII. Legal Responsibilities

All SOQs must be submitted, filed, made, and executed in accordance with State and Federal laws relating to SOQs for contracts of this nature whether the same or expressly referred to herein or not. Any company submitting a proposal will by such action thereby agree to each and all terms, conditions, provision, and requirements set forth, contemplated, and referred to in the RFP, and other contract documents, and to full compliance therewith.

XIV. Discrepancies and Misunderstandings

Consultants must satisfy themselves by personal examination of the work site, specifications, and other contract documents and by any other means as they may believe necessary, as to the actual physical conditions, requirements, and difficulties under which the work must be performed. No consultant will at any time after submission of a proposal make any claim or assertion that there was any misunderstanding or lack of information regarding the nature or amount of work necessary for the satisfactory completion of the job. Any errors, omissions, or discrepancies called to the attention of the District will be clarified by the District in writing to all Proposers prior to the submission of SOQs.

XV. Proposer Licensing Requirements

Any consultant or sub-consultant who is not licensed in accordance with the provisions of the State Business and Professional Code or who fails to maintain a required license will be considered to have created a material breach of contract.

XVI. Non-Collusion Affidavit

Proposer shall declare that the only persons or parties interested in its proposal as principals are those named therein; that no officer, agent, or employee of the District is personally interested, directly or indirectly, in its proposal; and that its proposal is in all respects fair and without collusion or fraud.

XVII. Exhibits

- A. Sample District Contract

Item 3.C. Green Sheet Materials
Urban Water Management Plan Updated RFP

San Simeon Community Services District



111 Pico Avenue, San Simeon, California 93452
(805) 927-4778 Fax (805) 927-0399

REQUEST FOR PROPOSAL PREPARATION OF AN ADDENDUM TO THE DISTRICT MASTER PLAN BASED ON THE REQUIREMENTS OF URBAN WATER MANAGEMENT PLANS

The San Simeon Community Service District (the “District”) is making a Request for Proposal (RFPs) from qualified engineering consulting firms to prepare an Addendum to the existing District Master Plan, based on the requirements of Urban Water Management Plans.

The following subjects are discussed in this Request for Proposal to assist statement preparation.

- I. Background
- II. Introduction and Objectives
- III. Existing Information
- IV. Timing
- V. Scope of Work
- VI. Submittal Procedures and Deadline
- VII. Evaluation Criteria
- VIII. Consultant Services Agreement
- IX. Required Insurance
- X. Acceptance or Rejection of Proposal
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- XIII. Legal Responsibilities
- XIV. Discrepancies and Misunderstandings
- XV. Proper Licensing Requirements
- XVI. Non-Collusion Affidavit
- XVII. Exhibits

I. Background:

The San Simeon Community Services District is a disadvantaged community providing several municipal services to the community. The District water service is considered a small community water system and does not meet the status of an Urban Water Supplier pursuant to Water Code Section 10617. As a result, the District is not required to prepare and Urban Water Management Plan and is exempt from various requirements mandated on Urban Water Suppliers. Nevertheless, the District is requesting proposals from qualified Consultants to prepare an update to the District’s Master Plan (2018) based on certain requirements for Urban Water Management Plans (UWMP Standards) for the purpose of obtaining a determination of water that is available for new development.

The District, formed in 1961, covers approximately 100 acres located on the North Coast of San Luis Obispo County, approximately 35 miles north of the City of San Luis Obispo. The District owns the community water system that serves approximately 199 residential and 10 non-residential customers. The current average annual water production is approximately 80-acre feet per year (“AFY”). Of that amount, residential water customers utilize approximately 16 AFY (20 %) and non-residential customers utilize approximately 64 AFY (80 %). The District has a water rights license issued by the State Water Board to extract 140 AFY from Pico Creek wells subject to conditions identified in the license.

II. Introduction and Objectives:

As a Small Water System, and not an Urban Water Supplier, the District is not mandated to prepare an Urban Water Management Plan because it does not have 3,000 customers nor does it deliver more than 3,000 AFY of water to customers. As a result, the District’s current Master Plan (2018) focuses primarily on technical details needed for the sizing and design of District infrastructure. Information in the Master Plan includes existing demands, projected growth, projected demands, fire flow requirements, the existing system, hydraulic modelling, and proposed improvements.

The District’s Master Plan does not include information required in Urban Water Management Plans identified in the Urban Water Management Plan Guidebook 2020 prepared by the California Department of Water Resources (DWR) on water supply reliability, drought risk assessment, water shortage contingency plans, and demand management measures. Instead, the District has adopted a water conservation ordinance that includes water shortage levels and demand management measures. In addition to the Master Plan and water conservation ordinance, a 2014 study on the Pico Creek groundwater basin provides information on the District’s source of supply and changes in water availability and water quality based on differing conditions including droughts, tides and other influences on Pico creek and its small coastal basin.

The Primary Objective: Determining Water Supply Availability for New Development

The District’s objective in preparing the addendum is to obtain a determination of “Water Supply Availability” for new development. In 1986, the District adopted an ordinance prohibiting the issuance of new water will-serve letters (moratorium).

Since the District established the water moratorium, the nature and extent of water conservation, water use efficiencies, implementation of water quality facilities, and an updated water license issued by the State Water Resources Control Board provide significant and substantial evidence indicating that repealing, or more likely, modifying the moratorium should be considered because objective evidence compels a conclusion that water is now available for new development.

The Board of Director’s direction to obtain proposals for preparing the update to the District’s Master Plan was approved on February 9, 2021. The agenda item is attached as Exhibit A.

Water production in 1986 and 1987 were 149.5 acre feet and 148.8 acre feet, respectively, exceeding the District’s water rights permit. Subsequent District and community efforts led to successful conservation and water use efficiencies that have reduced annual production to approximately 80 AFY. The District is seeking an update to its Master Plan, utilizing standards established pursuant to the California Water Code for Urban Water Management Plans, to determine the amount of water that is now available for new development.

Instream Flow Management Study

The SSCSD is requesting that the proposed Addendum to the District Master Plan include an Instream Flow Management Study and execute the study within Pico Creek. The main goal of this study shall be to provide a collaborative work plan to guide the collection and analysis of high-quality science that is robust, credible, transparent, and relevant. In addition, the SSCSD intends the study to satisfy the recommendations stated within the North Coast Area Plan.

This task includes development of an Instream Flow Management Study for Pico Creek that meets the standards of the California Department of Fish and Wildlife (“CDFW”) to identify instream flow criteria. This includes preparation of a technical report summarizing the results of the Instream Flow Management Study that will include a monitoring plan for long-term sustainable environmental stewardship. The study shall be developed in full compliance with the CDFW Instream Flow Program and consistent with the Instream Flow Incremental Methodology. In preparing the study, the Consultant shall review and consider historical documents and data, including but not limited to, previous special species and habitat studies for the study area and other documents and data relevant to the project.

Underlying Assumptions

It is important for the consultant to understand that the District is seeking a “determination” of water supply availability from qualified professionals as opposed to a “recommendation.” Water Code section 350 et seq. provides statutory requirements associated with repealing or modifying the District’s moratorium, and the District’s premise is that doing so is a non-discretionary decision.

In seeking proposals, the District’s position is that the determination of water supply availability should be made by a qualified professional based on requirements of Urban Water Management Plans since those requirements are established by statutes incorporated in the State of California Water Code and reflect an objective approach for a non-discretionary determination to rescind a moratorium which also exists pursuant to provisions of the Water Code.

The District recognizes that the consultant may identify assumptions where District guidance may be desired by the consultant. While the District will preclude the possible need for guidance to the consultant, the District’s preference on any such assumptions is for the consultant to prepare a sensitivity analysis on those assumptions and for the consultant to make a conservative determination of water supply availability when considering those assumptions as a whole.

The Plan Approach

The District is seeking a cost-effective approach to updating its Master Plan. The update to the Master Plan does not necessarily need to be formatted based on the Urban Water Management Plan Guidebook 2020 prepared by the California Department of Water Resources (DWR). The guidebook itself includes a disclaimer that it is a voluntary option prepared by DWR so that complying with the Water Code is simpler for Urban Water Suppliers.

The consultant has options in its proposal to update the District’s Master Plan. The consultant may choose a) to prepare an addendum to the 2018 Master Plan, b) to prepare the equivalent of an Urban Water Management Plan for the District, c) to prepare technical memorandums that address requirements of Urban Water Management Plans with a concluding report on water supply availability for new development, or d) the consultant may propose an alternative approach, that the consultant deems to be the most cost effective, to meet the District’s objective. The consultant may also base its proposal on 1) the most cost-effective approach deemed feasible by the consultant with 2) an option to

prepare the equivalent of an Urban Water Management Plan. The consultant's proposal must clearly state that the requirements of California Water Code sections 10610-10656 and 10608 are being followed for the Master Plan update.

III. Existing Information

The following is a list of the District's existing information, which can be located at www.sansimeoncsd.org:

- San Simeon CSD Master Plan (2018)
- Pico Creek Groundwater Availability Study (2014)
- SSCSD Water Conservation Plan (2016)
- Water Usage Calculations (2014)
- Water Wait List Reconciliation (2020)
- Water License issued by the State Water Board (2012)
- Water Treatment Capabilities
- North Coast Area Plan (Revised October 5, 2018)

The addendum to the Master Plan will not include a review of environmental issues, or limitations on the District's rights to use its source of supply pursuant to its water license, if any, that may be imposed by state or federal agencies with applicable regulatory jurisdiction. Consideration of any legal requirements associated with the California Environmental Quality Act, the California Coastal Act and other state and federal laws and regulations are separated from the scope of work because it is the District's intent at this time to have a "Baseline" determination of its water supply availability while separately evaluating requirements associated with possible public trust and environmental issues.

San Simeon CSD Master Plan (2018)

The District's Master Plan was most recently updated in 2018 by Phoenix Engineering, Inc. (Santa Paula, Ca). The plan was prepared with "the intent of recommending improvements to SSCSD's potable water system" and other District infrastructure. It utilized water meter data from 2012-2017.

The consultant is expected to be familiar with the Master Plan and the proposal should include a) general information needed for the proposed scope of work and b) a task in the project schedule for coordinating detailed information needed. The consultant should be aware that a component of demand is for residential units with part-time occupancy, and potential increases in demand should be considered for increases in occupancy percentages.

Pico Creek Groundwater Availability Study (2014)

The "Groundwater Availability Study, Pico Creek Valley Groundwater Basin, 2014 Update" dated September 2014, was prepared by Cleath-Harris Geologists, Inc. (San Luis Obispo, Ca). Consultants can anticipate that Cleath-Harris will be available to confer on the groundwater availability study. The consultant is expected to be familiar with the Groundwater Availability Study and to be able to explain the relationship of significant data in the groundwater report to the Master Plan update and determinations of water supply availability.

The District anticipates that the existing reverse osmosis (RO) system will need to be operated in certain circumstances. The consultant is expected to illustrate how water quality information in the

groundwater report relates to RO operations at the various water shortage levels incorporated in the Water Shortage Contingency Plan that is developed as part of the proposed scope of work.

The proposal should also include a task on the schedule to confer with the District and with Cleath-Harris on whether additional hydrogeological investigations and/or analysis is needed for the consultant to complete the proposed scope of work.

SSCSD Water Conservation Plan

On December 14, 2016, the District adopted Ordinance No. 117, which includes three (3) stages of water shortages. The consultant is expected to provide a recommendation at the Preliminary Review Milestone (subsequently described) on whether it would be appropriate for the Water Shortage Contingency Plan to be based on Six Standard Water Shortage Levels or based on the District's existing shortage levels with a crosswalk that clearly translates the Supplier's Water Shortage Levels to those mandated by the statute for Urban Water Suppliers.

Water Usage Calculations

Water usage calculations were prepared by Phoenix Engineering, Inc. The consultant should become familiar with the existing water usage calculations and provide explanations of differences that may exist between those calculations and similar calculations developed by the consultant and used in the determination of water availability (i.e. – differences in data periods and in methodologies, if any).

Water Wait List Reconciliation

The reconciliation is dated September 28, 2020 and illustrates the existing wait list for water will-serve letters. It includes some preliminary estimates on whether sufficient water is available for properties on the wait list. The consultant should consider it informational only as it is provided as examples of expected increases in demand based on existing land use designations.

Water License (State Water Board)

The water license issued to the District provides annual limits of 140-acre feet per year and a maximum diversion rate of 0.27 cubic feet per second with other provisions allowing diversion of greater quantities over shorter periods of time while adhering to seven (7) day limitations. The consultant is expected to illustrate the relationship between maximum diversion rates, peak demands, and other factors resulting in the determination of water availability.

Water Treatment Capabilities

The District installed a reverse-osmosis system in 2016 with approximately 300 gallon per minute flow capacity rate. As described in the Pico Groundwater Basin Availability Study, the water quality of the District's source of supply becomes subject to tidal influences with corresponding increases in salinity. The consultant is expected to generally describe the operations of the reverse-osmosis system at the various water shortage levels.

North Coast Area Plan

The North Coast Area Plan is part of the County of San Luis Obispo Local Coastal Plan. The North Coast Planning Area extends from the Monterey/San Luis Obispo County Line on the north, to Point

Estero on the south, and inland generally to the main ridge of the Santa Lucia range. The planning area includes the communities of Cambria and San Simeon Acres. This report describes county land use policies for the North Coast Planning Area, including regulations which are also adopted as part of the Land Use Ordinances and Local Coastal Program.

This Area Plan allocates land use throughout the planning area by land use categories. The land use categories determine the varieties of land use that may be established on a parcel of land, as well as defining their allowable density and intensity.

IV. Timing

Time is of the essence with respect to this contract. The District intends to consider adoption of the addendum to the Master Plan based on the same noticing and process requirements established for Urban Water Management Plans.

In addition, the consultant is expected to propose a milestone (the “Preliminary Review Milestone”) to update the Board of Directors on overall work progress, to provide recommendations on water shortage levels, and to review critical factors associated with water availability determinations. The consultant proposal shall include the following for the Preliminary Review Milestone:

- A presentation at a public meeting of the Board of Directors with special emphasis on water shortage levels and critical factors associated with water availability determinations.
- Coordination with the District on public notices to help engage community members and other stakeholders on development of the Master Plan update.

V. Scope of Work:

Qualifications

A statement of the consultant’s qualifications, as described below, are to be submitted with the Consultant’s name, address, telephone number, and email address. The statement of qualifications (SOQ) shall be concise, well-organized and demonstrate the Consultant’s qualifications and experience relating to the proposed project. SOQs shall be submitted in hard copy and in .pdf format. At minimum, SOQs shall include the following information:

- Cover Letter: The Consultant’s legal name, address, telephone number, email address, and designated contact person for the remainder of the selection process.

Statements identifying the overall qualifications of the members of the consultant’s team, including relevant experience and other evidence of the Consultant’s ability to meet the requirements of Urban Water Management Plans and the District’s objective for a water availability determination.

- Statement of Qualifications: Brief description of the consultant’s firm, the type of organization (partnership, corporation, etc.) and a listing of the proposed project personnel, including personnel experience and resumes for prime consultants and sub-consultants, if any. Emphasis should be given to highlighting work completed for relatively small public agencies.

Description of consultant and sub-consultant experience with preparation of an UWMP. Please include names, current telephone numbers, and email addresses of references for existing and past public agency clients.

- Project Communications: Description of how consultant will approach coordination with District staff and preparation of materials for public review and community presentations.

Proposed staffing plan/organizational chart illustrating who will serve in the roles of Contract Manager, Project Manager, and Subject Matter Experts. The Contract Manager is responsible for direct communications with the District's General Manager on periodic progress addendums and conflict resolution, if needed. The Project Manager is responsible for day-to-day communications and overall management of the scope, schedule, and budget. The Project Manager is responsible for maintaining consistent communication with the District's project manager.

Other information that will assist District in understanding the consultant's approach to communications and public outreach.

Proposals

Proposals, as described below, are to be submitted in sealed envelopes clearly marked with the consultant's name, address, telephone number, and email address. The envelope shall be clearly identified as the "MASTER PLAN UPDATE." Proposals shall be submitted in hard copy and in .pdf format. At minimum, proposals shall include the following information:

Project Understanding and Approach: This section should demonstrate the consultant's understanding of the project, how the work will be organized, and anticipated key issues to be addressed. This section should include:

- Description of consultant's overall approach to the project, such as an outline work plan that describes how the consultant will organize the project.
- Description of those areas which are most likely to include challenges, and discuss how consultant's approach will help resolve those conflicts or prevent them in advance.
- Other information that will assist District in selecting the most qualified consultant.

Fee Estimates and Rates: The project proposal should include hourly rates, estimated hours by work task, and estimated cost by each phase of work, as defined by the consultant.

VI. Submittal Procedures and Deadline:

Statements of Qualifications and Proposals are to be submitted to the District on or before **2:00 p.m.** on **June 24, 2021**, with the fee estimate and rates in a separate envelope. Responses to this RFP received after the stated deadline will not be accepted. The time of delivery shall be definitively determined by the time-stamping clock located in the San Simeon Community Services District Office at 111 Pico Avenue, San Simeon, CA 93452. It is the proposer's sole responsibility to see that its SOQ and Proposal are received in proper time, and proposers assume all risks arising out of the means of delivery. Any

submittal received after the deadline will be returned to the proposer unopened. Submittals are to be addressed to:

District Office
 San Simeon Community Services District
 111 Pico Avenue
 San Simeon, CA 93452

All responses must be completed as required, signed by an officer of the firm who is authorized to enter into a binding agreement with the District on behalf of the company, and must be received at the place and time designated above.

Inquiries and Addenda

For inquiries regarding this SOQ/RFP, please contact the, Charles Grace, via electronic mail at cgrace@graceenviro.com, no later than **4:00 PM on June 10, 2021**. Inquiries received after that date will be disregarded. Please include the following in the subject line of the email: “Inquiry Re: Master Plan Update Proposal.” Telephonic inquiries will not be taken.

The District reserves the right to issue revisions to the RFP and the deadline for submittal. The District reserves the right to reject all proposals.

Anticipated SOQ/RFP Schedule

Milestone (Estimates)	Date
RFP Issued	5/27/2021
Deadline for Clarifications/Inquiries	6/10/2021
Deadline to Submit Statements of Qualifications & Proposals	6/24/2021
Interviews (if Desired by District)	7/5-8/2021
District Selection of Consultant	7/8/2021
Certificate of Insurance & Contract Execution	7/15/2021
Notice to Proceed	7/22/2021

VII. Evaluation Criteria

Evaluation of each SOQ and Proposal will be performed by a committee of individuals to be selected by the District. The submissions will be scored and ranked based on the selection committee’s evaluation of content and completeness. In the event of close scoring, a shortlist interview may be performed. All selected firms will be contacted with specific information as to location and time of the interviews. Evaluation and review will focus on the following criteria:

Organization. Does the firm offer the breadth and quality of services required by the Scope of Services? Does the firm’s organizational structure show sufficient depth/capacity for its present and additional workload? Do the consultant’s qualifications illustrate the ability to promote efficient communications and public outreach?

Project Understanding/Project Approach. Does the firm's proposal adequately demonstrate understanding and experience in completing the Scope of Services? Does the consultant have experience in conducting the data analysis and calculations required for Urban Water Management Plans? This understanding can be demonstrated in various manners, including, but not limited to, the firm's successful completion of UWMPs for other agencies.

Experience. Does the SOQ demonstrate expertise and professional qualifications with similar work? What are the qualifications of the firm and the individuals assigned to perform the work?

Project Schedule. Is the project schedule thorough and realistic? The District will review and rank consultants based on the submitted documents and will subsequently review fee estimates and rates. Final consultant selection will be at the District's discretion and may include revisions to the Proposed Scope of Services.

VIII. Consultant Services Agreement

The District will identify the firm that best meets the needs of the District and enter contract negotiations with that highest ranked firm. Contracts must be executed within 30 days of offer (or other agreed to time frame, on a case by case basis), or negotiations will be terminated and the offer to contract will be rescinded. Should the District fail to reach agreement with the top ranked firm, the District may enter negotiations with the next highest rated firm and so on. District Staff will make a recommendation to the District's Board of Directors for the award of the Consultant Services Agreement to the firm that best furthers the District's objectives.

IX. Required Insurance:

1. Worker's Compensation insurance in accordance with the statutory coverage required by the State of Washington and Employers Liability insurance with limits not less than \$1,000,000 and, where applicable, insurance in compliance with any other statutory obligations, whether State or Federal, pertaining to the compensation of injured employees assigned to the work.
2. Commercial General Liability with limits not less than \$1,000,000 per Occurrence and \$2,000,000 Aggregate for Bodily Injury and Property Damage, including coverage for Premises and Operations Liability, Products and Completed Operations Liability, Contractual Liability, Broad Form Property Damage Liability and Personal Injury Liability.
3. Commercial Automobile Liability on all owned, non-owned, hired and rented vehicles with limits of liability of not less than \$1,000,000 Combined Single Limit for Bodily Injury and Property Damage per each accident or loss.
4. Umbrella/Excess Liability insurance coverage of not less than \$1,000,000 per occurrence and annual aggregate providing coverage in excess of General Liability, Auto Liability, and Employers Liability.
5. Professional Liability insurance with limits of not less than \$1,000,000 per claim and \$1,000,000 aggregate.

Each policy of insurance required by this section shall provide for no less than 30-days advance notice to the District prior to cancellation.

In addition, the District, its officers, employees, and volunteers shall be named as “Additional Insured” by all contractors and subcontractors and a “Waiver of Subrogation” shall be included in favor of the District.

The insurance shall be placed with insurers with a Best’s rating of at least VII. Certificates of insurance, including all of these requirements, are required prior to signature of the contract.

X. Acceptance or Rejection of Proposal

The District reserves the right to accept or reject any and all SOQs and Proposals. The District also reserves the right to waive any informality or irregularity in any proposal or as deemed to be in its best interest. Additionally, the District may, for any reason, decide not to award an agreement as a result of this RFP or cancel the RFP process. The District shall not be obligated to respond to any proposal submitted, nor be legally bound in any manner by the submission of the proposal. The District reserves the right to negotiate project deliverables and associated costs.

XI. Equal Opportunity Clause

Consultants shall ensure against discrimination in employment practices based on State and Federal laws and regulations. The District hereby ensures that minority business enterprises will be afforded full opportunity to submit SOQs in response to this notice and will not be discriminated against based on requirements of State and Federal laws and regulations.

XII. Equal Opportunity Employment Compliance

Consultant shall certify that it has sought out and considered minority business enterprises for those portions of the work to be subcontracted and has fully documented such actions that said documentation is open to inspection, and that said action will remain in effect for the life of any contract awarded hereunder.

Furthermore, consultant shall certify that all steps will be taken to meet all equal employment opportunity requirements of the contract documents. Consultant shall certify that in all previous contracts or subcontracts, all reports which may have been due under the requirements of any agency, State, or Federal equal employment opportunity orders have been satisfactorily filed, and that no such reports are currently outstanding.

XIII. Legal Responsibilities

All SOQs must be submitted, filed, made, and executed in accordance with State and Federal laws relating to SOQs for contracts of this nature whether the same or expressly referred to herein or not. Any company submitting a proposal will by such action thereby agree to each and all terms, conditions, provision, and requirements set forth, contemplated, and referred to in the RFP, and other contract documents, and to full compliance therewith.

XIV. Discrepancies and Misunderstandings

Consultants must satisfy themselves by personal examination of the work site, specifications, and other contract documents and by any other means as they may believe necessary, as to the actual physical conditions, requirements, and difficulties under which the work must be performed. No consultant will at any time after submission of a proposal make any claim or assertion that there was any misunderstanding or lack of information regarding the nature or amount of work necessary for the

satisfactory completion of the job. Any errors, omissions, or discrepancies called to the attention of the District will be clarified by the District in writing to all Proposers prior to the submission of SOQs.

XV. Proposer Licensing Requirements

Any consultant or sub-consultant who is not licensed in accordance with the provisions of the State Business and Professional Code or who fails to maintain a required license will be considered to have created a material breach of contract.

XVI. Non-Collusion Affidavit

Proposer shall declare that the only persons or parties interested in its proposal as principals are those named therein; that no officer, agent, or employee of the District is personally interested, directly or indirectly, in its proposal; and that its proposal is in all respects fair and without collusion or fraud.

XVII. Exhibits

- A. February 9, 2021 Agenda Item