
THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

■ **Exclusion of Certain Computer Related Losses**

This endorsement modifies insurance provided by the following policies:

CONDOMINIUM POLICY
COOPERATIVE APARTMENT POLICY
HOMEOWNERS ASSOCIATION POLICY
OFFICE CONDOMINIUM POLICY

(i) The following is added to III. PROPERTY CAUSES OF LOSS, EXCLUSIONS AND LIMITATIONS SECTION, B. EXCLUSIONS:

A. We will not pay for loss or damage caused directly or indirectly by the following:

1. The failure, malfunction or inadequacy of:

a. Any of the following, whether belonging to any insured or to others:

- (1) Computer hardware, including microprocessors;
- (2) Computer application software;
- (3) Computer operating systems and related software;
- (4) Computer networks;
- (5) Microprocessors (computer chips) not part of any computer system; or
- (6) Any other computerized or electronic equipment or components; or

b. Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph A.1.a. above;

due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times.

2. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph A.1. above.

Loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage.

B. If an excluded Cause of Loss as described in Paragraph A. above results in a "Specified Cause of Loss" we will pay only for the loss or damage caused by such "Specified Cause of Loss".

C. We will not pay for repair, replacement or modification of any items in Paragraphs A.1.a. and A.1.b. above to correct any deficiencies or change any features.

(ii) The following is added to XI. GENERAL LIABILITY EXCLUSIONS SECTION and XVI. EXCESS LIABILITY EXCLUSIONS SECTION:

This insurance does not apply to "bodily injury", "property damage" or "personal injury" and "advertising injury" arising directly or indirectly out of:

1. Any actual or alleged failure, malfunction or inadequacy of:
 - a. Any of the following, whether belonging to any insured or to others:
 - (1) Computer hardware, including microprocessors;
 - (2) Computer application software;
 - (3) Computer operating systems and related software;
 - (4) Computer networks;
 - (5) Microprocessors (computer chips) not part of any computer system; or
 - (6) Any other computerized or electronic equipment or components; or
 - b. Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph 1.a. above;

due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times.
2. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph 1. above.

(iii) The following is added to XXII. DIRECTORS AND OFFICERS LIABILITY EXCLUSIONS SECTION:

This insurance does not apply to any claim or "suit" arising directly or indirectly out of:

1. Any actual or alleged failure, malfunction or inadequacy of:
 - a. Any of the following, whether belonging to any insured or to others:
 - (1) Computer hardware, including microprocessors;
 - (2) Computer application software;
 - (3) Computer operating systems and related software;
 - (4) Computer networks;
 - (5) Microprocessors (computer chips) not part of any computer system; or
 - (6) Any other computerized or electronic equipment or components; or
 - b. Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph 1.a. above;

due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times.
2. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph 1. above.

Environmental Impairment Liability Coverage Part

Claims Made

Throughout this policy, the words, "you" and "your" refer to the named insured shown in the "Declarations". "we", "us" and "our" refer to the company providing this insurance. Other words and phrases that appear in quotation marks have special meanings. Refer to XXVIII. DEFINITIONS SECTION of the policy.

The word "insured" means any person or organization qualifying as such under III. ENVIRONMENTAL IMPAIRMENT LIABILITY WHO IS AN INSURED SECTION.

This Environmental Impairment Liability Coverage Part along with XXVII. COMMON POLICY CONDITIONS SECTION and XXVIII. DEFINITIONS SECTION of the policy contain all our obligations regarding this coverage. We have no other obligation unless the policy, that this Environmental Impairment Liability Coverage Part is part of, is amended accordingly.

I. ENVIRONMENTAL IMPAIRMENT LIABILITY COVERAGE SECTION

A. ENVIRONMENTAL IMPAIRMENT LIABILITY

We shall pay on behalf of the insured for "loss" such insured becomes legally obligated to pay as the result of "claims" first made against the insured during the "policy period". Insurance is provided by this Environmental Impairment Liability Coverage Part for any "claim" made or brought in the "coverage territory" and:

1. Arising out of "pollution conditions" on, at, under or emanating from the locations(s) stated in the "Declarations"; and,
2. Reported to us in accordance with VI.C. ENVIRONMENTAL IMPAIRMENT LIABILITY CONDITIONS SECTION; and,
3. Reported to us during the "policy period" or extended reporting period, if exercised, in accordance with V. ENVIRONMENTAL LIABILITY EXTENDED REPORTING PERIOD SECTION.

B. DEFENSE AND PAYMENT

1. Even if the allegations are groundless, false or fraudulent, we will have the right and duty to defend against any "claim" or "suit".
2. "Defense costs" are subject to the following:
 - a. We may investigate any "claim" or "suit" at our discretion.
 - b. Our right and duty to defend ends when we have used up the limit of insurance in the payment of "loss".
 - c. Subject to I.B.3., we may, at our option, give you our consent to defend any "claim" or "suit".

- d. Subject to I.B.3., no "defense costs" will be incurred or settlements made without our consent, which will not be unreasonably withheld. We will not be liable for any settlements or "defense costs" to which we have not consented in writing.
3. Subject to the following, if the limits of insurance stated in the "Declarations" has been or soon will be exhausted, we will transfer to you control of any existing defense:
 - a. We will notify you in writing as soon as reasonably possible. We will advise you that our duty to defend either has terminated or is about to terminate subject to the payment of the limit of insurance. We will advise you that we will no longer handle the defense of any "claim" reported to us after the date we provide this notice.
 - b. We will take immediate and appropriate steps to transfer control to you of any existing defense at the time of or prior to exhaustion of the limit of insurance. You will agree to reimburse us for any reasonable costs we incur in connection with the transfer of the defense.
 - c. We will take appropriate steps necessary to defend the "claim" during the transfer of the defense and to attempt to avoid any unfavorable legal action provided that the insured cooperates with the transfer.
 - d. The exhaustion of the limit of insurance by the payment of "loss" will not be

Environmental Impairment Liability Coverage Part

Claims Made

affected by our failure to comply with any of the provisions of this section.

"insured contract(s)", if any, stated in the "Insured Contracts" Schedule.

II. ENVIRONMENTAL IMPAIRMENT LIABILITY EXCLUSIONS SECTION

This insurance does not apply to "loss" arising out of any of the following:

A. KNOWN CONDITIONS

"Pollution conditions" existing prior to the inception of this policy that are known to any insured and that were not disclosed to us in writing in the application or related materials prior to the inception of this policy.

B. MULTIPLE DAMAGES/FINES/PENALTIES

Civil, administrative or criminal fines or penalties, assessments, punitive, exemplary or multiplied damages. However, this exclusion does not apply to punitive, exemplary or multiplied damages where insurance coverage is allowable by law.

C. "EMPLOYERS LIABILITY" "Bodily injury" to:

1. An "employee" of the insured arising out of and in the course of:
 - a. Employment by the insured; or
 - b. Performing duties related to the conduct of the insured's business; or
2. The spouse, child, parent, brother or sister of that "employee" as a consequence of subparagraph 1. above.

This exclusion applies:

1. Whether the insured may be liable as an employer or in any other capacity; and,
2. To any obligation to share damages with or repay someone else who must pay damages because of the injury.

D. WORKERS' COMPENSATION AND SIMILAR LAWS

Any obligation of the insured under a workers compensation, disability benefits or unemployment compensation law or any similar law.

E. CONTRACTUAL LIABILITY

Liability of others assumed by any insured under any contract or agreement unless the liability would exist in the absence of a contract or agreement. This exclusion does not apply to

F. INSURED'S PROPERTY/BAILEE LIABILITY

"Property damage" to property owned, leased or operated by or in the care, custody or control of any insured, even if such "property damage" is incurred to avoid or mitigate "loss" which may be covered under this policy.

G. VEHICLES

The ownership, maintenance, use, operation, loading or unloading of any automobile, aircraft, watercraft, rolling stock or all transportation, including any cargo carried thereby, beyond the legal boundaries of locations shown in the "Declarations".

H. DIVESTED PROPERTY

"Pollution conditions" on, at, under or emanating from the locations shown in the "Declarations" where the actual discharge, dispersal, release, seepage, migration or escape of "pollution conditions" begins subsequent to the time such locations are sold, given away or abandoned by the first named insured or condemned.

I. NUCLEAR HAZARD

1. Under any liability coverage, to "bodily injury", "property damage" or "remediation expense":
 - a. With respect to which an insured under this policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability 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 limits of liability; or,
 - b. Resulting from the "hazardous properties" of "nuclear material" and with respect to which:
 - (1) Any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any amendment to that Act; or,
 - (2) The insured is or, had this policy not been issued, would be entitled to

Environmental Impairment Liability Coverage Part

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whether or not salaried, and any of your members acting at the direction of your board of directors on your behalf in a voluntary capacity;

3. The estate of any insured in 2. above who is deceased; and
4. Legal representatives or assigns of any insured in 1. or 2. above who is insolvent, incompetent or bankrupt.
5. Any person, other than your "employee", or any organization while acting as your real estate manager.

B. None of the following is an insured:

Your builder, developer or sponsor or any person or organization affiliated with your builder, developer or sponsor in any capacity.

IV. ENVIRONMENTAL IMPAIRMENT LIABILITY LIMITS OF INSURANCE SECTION

A. The limits of insurance shown in the "Declarations" and the provisions of this section determine the most we will pay for damages regardless of the number of:

1. insureds and additional insureds;
2. "claims" made or "suits" brought; or
3. persons or organizations making "claims" or bringing "suits".

B. LIMITS OF INSURANCE ARE SUBJECT TO THE FOLLOWING:

1. The each "policy year" limit is the most we will pay for all damages because of "loss" covered by this Environmental Impairment Liability Coverage Part.
2. Subject to 1. above:
 - a. the each "loss" limit is the most we will pay for damages because of all "loss" arising out of the same or related "pollution conditions" at any one location; and,
 - b. all "loss" from one or more "claims" arising out of the same or related "pollution conditions" and reported to us, in writing, over more than one "policy period" shall be considered a single "loss". Such "loss"

will be subject to the limits of insurance in effect at the time of the first reported "pollution conditions" will apply.

3. The insured's retained limit in effect at the time the "claim" is first reported shall be deducted from the amount of each "loss". You must bear the retained limit and you are not permitted to insure it without our written consent.
4. We shall pay for "loss" only in excess of such retained limit up to the applicable limits of insurance. We may pay any part or all of the insured's retained limit to settle a "claim" or "suit" and you agree to promptly reimburse us for the part of the retained limit paid by us.

V. ENVIRONMENTAL IMPAIRMENT LIABILITY EXTENDED REPORTING PERIOD SECTION

We will provide an Automatic Extended Reporting Period as described in V.A. below and, if you purchase it, an Optional Extended Reporting Period described in V.B. in the event of any "termination of coverage".

A. AUTOMATIC EXTENDED REPORTING PERIOD

1. The Automatic Extended Reporting Period starts at the end of the "policy period" and lasts for 60 days. This extension is subject to the other provisions of this policy and applies to "claims" first made against the insured during the 60 days immediately following the end of the "policy period".
2. The Automatic Extended Reporting Period is provided without additional charge.
3. The Automatic Extended Reporting Period applies only if no subsequent insurance you purchase applies to the claim, or would apply but for the exhaustion of its limit of insurance.
4. The Automatic Extended Reporting Period may not be canceled.

B. OPTIONAL EXTENDED REPORTING PERIOD

1. If you purchase the Optional Extended Reporting Period, it will start immediately at the end of the "policy period", whether the policy is cancelled or nonrenewed by either you or us. The Automatic Extended Reporting Period is merged into the Optional Extended