

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

■ Tennessee Changes - Amendatory Endorsement

This endorsement modifies insurance provided under the following:

CONDOMINIUM POLICY
COOPERATIVE APARTMENT POLICY
HOMEOWNERS ASSOCIATION POLICY
OFFICE CONDOMINIUM POLICY

XXVII. COMMON POLICY CONDITIONS SECTION is amended as follows:

(i) A. CANCELLATION 2. is deleted and replaced by the following:

2.a. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

- (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- (2) 30 days before the effective date of cancellation if we cancel for any other reason.

2.b. CANCELLATION OF POLICIES IN EFFECT FOR 60 DAYS OR MORE

If this policy has been in effect for 60 days or more, or if this policy is a renewal of a policy issued by us, we may cancel only for one or more of the following reasons:

- (1) Nonpayment of premium, including any additional premium calculated in accordance with our current rating manual, justified by a physical change in the insured property or a change in its occupancy or use;
- (2) Conviction of the first Named Insured of a crime increasing any hazard insured against;
- (3) Discovery of fraud or material misrepresentation on the part of either of the following:
 - (a) You or your representative in obtaining this insurance; or
 - (b) You in pursuing a claim under this policy;
- (4) Failure to comply with written loss control recommendations;

- (5) Material change in the risk which increases the risk of loss after insurance coverage has been issued or renewed;
- (6) Determination by the insurance commissioner that the continuation of the policy would jeopardize our solvency or would place us in violation of the insurance laws of Tennessee or any other state;
- (7) Violation or breach by the insured of any policy terms or conditions; or
- (8) Other reasons that are approved by the insurance commissioner.

Notice of cancellation will state the reason for cancellation.

(ii) A. CANCELLATION 5. is deleted and replaced by the following:

5. If this policy is cancelled, we will send the first Named Insured any premium refund due.

The refund will be pro rata if:

- a. We cancel; or
- b. The policy is cancelled at the request of a premium finance company that has financed this policy under a premium finance agreement.

The refund may be less than pro rata if the first Named Insured cancels the policy.

The cancellation will be effective even if we have not made or offered a refund.

(iii) B. NONRENEWAL 2. and 3. are deleted and replaced by the following:

2. If we decide not to renew this policy, we will mail or deliver written notice of nonrenewal to the first

Named Insured and agent, at least 60 days before the expiration date unless:

- a. We have offered to issue a renewal policy; or
 - b. You have obtained replacement coverage or has agreed in writing to obtain replacement coverage.
3. Any notice of nonrenewal will be mailed or delivered to the first Named Insured's and agent's addresses shown in the policy.

(iv) The following is added to F. PREMIUMS:

Whenever an insurance policy which is financed with a premium finance company is cancelled, the insurer shall return, within 30 days after the effective date of the cancellation, whatever gross unearned premiums are due under the insurance policy directly to the premium finance company for the account of the first Named Insured.

As respects the Environmental Impairment Liability Coverage Part and Employee Benefits Liability Coverage Part, the defined term "Loss" is amended by the addition of the following: "Loss" includes punitive, multiplied, or exemplary damages.

Environmental Impairment Liability Coverage Part

Claims Made

indemnity from the United States of America or any of its agencies under any agreement entered into by the United States of America or any of its agencies with any person or organization.

2. Under any liability coverage, to "bodily injury" or "property damage" resulting from "hazardous properties" of "nuclear material", if:

- a. The "nuclear material":

- (1) Is at any "nuclear facility" owned by or operated by or on behalf of an insured; or,
- (2) Has been discharged or dispersed from such facility; or,

- b. The "nuclear material" is contained in the "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an insured; or,

- c. The "bodily injury" or "property damage" arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility". However, if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion, II. H.2.C. applies only to "property damage" to such "nuclear facility" and any property on its premises.

J. PRODUCTS LIABILITY

Goods or products manufactured, sold, handled, distributed, altered or repaired by the insured or by others trading under the insured's name including, with regard to such goods or products, any container, any failure to warn and any reliance on a representation or warranty made at any time. However, this exclusion applies only if the "pollution conditions" occur away from the locations owned, operated or leased by the insured and after physical possession of such has been relinquished to others.

K. INTENTIONAL ACTS

"Pollution conditions" that result from intentional noncompliance by any insured with any statute, regulation, ordinance, administrative complaint, notice, letter or instruction by any governmental agency or representative.

L. HOSTILE ACTS

Any consequence, whether direct or indirect, of war, invasion, act of foreign enemy, hostilities (whether or not war be declared), civil war, rebellion, revolution or insurrection.

M. ROT, MOLD, MILDEW OR OTHER FUNGI

Based upon or arising out of the exposure to, required removal or abatement of rot, mold, or mildew or other fungi, regardless of whether such rot, mold, or mildew or other fungi, ensues from any cause or condition or, at, under or emanating from or to the "premises," including but not limited to any such cause or condition involving the presence, discharge or infiltration of moisture, vapor, water or any other liquid, or any damage related to any of these.

N. UNDERGROUND STORAGE TANKS

The past or current existence of any underground storage tank (USTs) and associated piping on, at or under any location listed in the Location Schedule, but only if the existence of the UST is known to any insured. This exclusion does not apply to any UST described in the Underground Storage Tanks and Associated Piping Schedule.

O. "UNITS" AND PRIVATE STORAGE AREAS

"Pollution conditions" in, at or emanating from "units" or private storage areas regardless of where the "bodily injury" or "property damage" occurs.

However, this exclusion does not apply to the "defense costs" provided under I.B.2. DEFENSE AND PAYMENT.

III. ENVIRONMENTAL IMPAIRMENT LIABILITY WHO IS AN INSURED SECTION

A. Each of the following is an insured:

1. You and any "subsidiary" named in the "Declarations";
2. Any person who has been, now is or shall become a duly elected or appointed director or trustee, a duly elected or appointed officer, an "employee", or committee member,

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■ Cap on Losses from "Certified Acts of Terrorism"

This endorsement modifies insurance provided by the following policies:

CONDOMINIUM POLICY
COOPERATIVE APARTMENT POLICY
HOMEOWNERS ASSOCIATION POLICY
OFFICE CONDOMINIUM POLICY

A. The following is applicable to the PROPERTY COVERAGE PART:

1. CAP ON CERTIFIED TERRORISM LOSSES

With respect to any one or more "certified acts of terrorism" under the federal Terrorism Risk Insurance Act of 2002, we will not pay any amounts for which we are not responsible under the terms of that Act (including subsequent action of Congress pursuant to the Act) due to the application of any clause which results in a cap on our liability for payments for terrorism losses.

2. APPLICATION OF OTHER EXCLUSIONS

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Property Coverage Part, such as losses excluded by the III.B.1.d. NUCLEAR HAZARD exclusion, III.B.1.e. "WAR" AND MILITARY ACTION exclusion or III.B.2.e. POLLUTION exclusion.

B. The following is applicable to the LIABILITY COVERAGE PART, DIRECTORS AND OFFICERS LIABILITY COVERAGE PART, EMPLOYEE BENEFITS LIABILITY COVERAGE PART and ENVIRONMENTAL IMPAIRMENT LIABILITY COVERAGE PART:

CAP ON CERTIFIED TERRORISM LOSSES

With respect to any one or more "certified acts of terrorism" under the federal Terrorism Risk Insurance Act of 2002, we will not pay any amounts for which we are not responsible under the terms of that Act (including subsequent action of Congress pursuant to the Act) due to the application of any clause which results in a cap on our liability for payments for terrorism losses.

C. The following definition is added to XXVIII. DEFINITIONS SECTION:

(i) "Certified act of terrorism" (PROPERTY, LIABILITY, DIRECTORS AND OFFICERS, EMPLOYEE BENEFITS LIABILITY, ENVIRONMENTAL IMPAIRMENT LIABILITY) means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act of 2002. The criteria contained in that Act for a "certified act of terrorism" include the following:

1. The act resulted in aggregate losses in excess of \$5 million; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

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

■ Disclosure Pursuant to Terrorism Risk Insurance Act

This endorsement modifies insurance provided by the following policies:

CONDOMINIUM POLICY
COOPERATIVE APARTMENT POLICY
HOMEOWNERS ASSOCIATION POLICY
OFFICE CONDOMINIUM POLICY

This policy includes coverage for Certified Acts of Terrorism. Please refer to the applicable charge below.

SCHEDULE

			<u>PREMIUM</u>
Terrorism (<u>Certified Acts</u>)			
Federal share of terrorism losses (Refer to Paragraph B. in this endorsement.)	85%	Year: 2007	\$904

A. DISCLOSURE OF PREMIUM

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

B. DISCLOSURE OF FEDERAL PARTICIPATION IN PAYMENT OF TERRORISM LOSSES

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. For losses occurring in 2006, the federal share equals 90% of that portion of the amount of such insured losses that exceeds the applicable insurer retention. For losses occurring in 2007, the federal share equals 85% of that portion of the amount of such insured losses that exceeds the applicable insurer retention. If the federal program is extended beyond 2007, the applicable percentage is shown in the Schedule of this endorsement or in the policy Declarations.