

Environmental Impairment Liability Coverage Part

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Reporting Period and is not in addition to this period.

2. The cost for the Optional Extended Reporting Period is shown in the "Declarations." We will notify you in writing, within 30 days of the end of the "policy period", of any provisions of the Optional Extended Reporting Period unless we cancel for nonpayment of premium or fraudulent activities of an insured. You may not construe our quotation of different terms and conditions as a nonrenewal.
3. We will only provide the Optional Extended Reporting Period upon your request, unless the policy is canceled for nonpayment of premium or fraudulent activities of an insured.
4. We will provide the Optional Extended Reporting Period if the first Named Insured makes a written request to us for it which we receive within 30 days after the end of the "policy period".
5. The Optional Extended Reporting Period will not take effect unless the additional premium is paid when due. If that premium is paid when due, the Optional Extended Reporting Period may not be canceled.

C. Extended Reporting Periods are subject to the following conditions:

1. A "claim" first made during the Extended Reporting Period will be deemed to have been made on the last day of the "policy period", provided that the "claim" is for "loss" from "pollution conditions" which took place before the end of the "policy period" but not before any applicable retroactive date.

Extended Reporting Periods do not extend the "policy period" or change the scope of coverage provided.

2. Extended Reporting Periods do not reinstate or increase the limits of liability applicable to any "claim" to which this Environmental Impairment Liability Coverage Part applies.
3. If this Environmental Impairment Liability Coverage Part is canceled and you elect to purchase the Optional Extended Reporting Period Endorsement:

- a. Any return premium due you for the cancellation will be credited to the premium due for the Optional Extended Reporting Period Endorsement; and
- b. Any additional premium due us for the period the policy was in force must be fully paid before any payments can be applied to the premium due for the Optional Extended Reporting Period Endorsement.

VI. ENVIRONMENTAL IMPAIRMENT LIABILITY CONDITIONS SECTION

The Environmental Impairment Liability Coverage Part is subject to the following conditions.

A. LEGAL ACTION AGAINST US

1. No person or organization has a right under this Environmental Impairment Liability Coverage Part:
 - a. To join us as a party or otherwise bring us into a "suit" against any insured; or
 - b. To sue us on this Environmental Impairment Liability Coverage Part unless all of its terms have been fully complied with.
2. A person or organization may sue us to recover on an "agreed settlement" or on a final judgment against an insured obtained after an actual trial; but we will not be liable for "loss" or "defense costs" that are not payable under the terms of this Environmental Impairment Liability Coverage Part or that are in excess of the applicable limit of insurance.

B. BANKRUPTCY

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligation under this Environmental Impairment Liability Coverage Part.

C. DUTIES IN THE EVENT OF "CLAIM" OR "SUIT" **Failure to perform these duties will impair your rights under this Environmental Impairment Liability Coverage Part.**

1. You must see to it that we are notified as soon as practicable of any "loss", "claim" or "suit". To the extent possible, notice should include:

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- a. How, when and where the "loss", "claim" or "suit" came about;
 - b. The names and addresses of any persons involved; and
 - c. The nature of any resulting harm or damages.
2. In the event of oral notification, you agree to furnish a written report as soon as practicable.
3. If a "claim" is made against or received by an insured, you must:
 - a. Immediately record the specifics of the "claim" and the date received;
 - b. Notify us as soon as practicable; and
 - c. Provide written notice of the "claim".
4. You and any other involved insured must:
 - a. Immediately send us copies of any demands, notices, summonses, or legal papers received in connection with the "claim" or "suit";
 - b. Authorize us to obtain records and other information;
 - c. Cooperate with us in the investigation, settlement, or defense of the "claim" or "suit"; and
 - d. Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of "loss" to which this insurance may apply.
5. No insureds will, except at their own cost, voluntarily make a payment, assume any obligation, admit liability, or incur any expense without our consent. This provision does not apply to emergency response costs. Emergency response costs are any reasonable costs that need to be incurred immediately where any delay in response would cause significant harm to human health or the environment.

D. REPRESENTATIONS AND SEVERABILITY

1. In granting coverage under this Environmental Impairment Liability Coverage Part to any one of the insureds, we have relied upon the declarations and statements in the written application for coverage. Declarations and statements are the basis of coverage and will be considered as incorporated in and

constituting part of the Environmental Impairment Liability Coverage Part.

2. The written application for coverage will be construed as a separate application for coverage by each of the insureds.
3. Except with respect to the limits of insurance, and any rights or duties specifically assigned to the first Named Insured, this insurance applies:
 - a. As if each Named Insured were the only Named Insured; and
 - b. Separately to each insured against whom "claim" is made or "suit" is brought.

E. NEWLY CREATED OR ACQUIRED "SUBSIDIARIES"

1. If any "subsidiary", created or acquired by the Named Insured after the inception of this Environmental Impairment Liability Coverage Part, qualifies as a not-for-profit organization under the provision of the Internal Revenue Code and would have been included as an insured under ENVIRONMENTAL IMPAIRMENT LIABILITY WHO IS AN INSURED SECTION, such "subsidiary" will be included subject to:
 - a. The giving of written notice of such creation or acquisition to us as soon as practical, but in no event more than 120 days following such creation or acquisition; and
 - b. The giving of any underwriting information and the payment of any additional premium required by us.
2. If any "subsidiary", created or acquired by the Named Insured after the inception of this policy, does not qualify as a not-for-profit organization under the provisions of the Internal Revenue Code, such "subsidiary" will not be included until the insured has:
 - a. Given written notice of such creation or acquisition together with any underwriting information which may be required; and
 - b. Received written approval from us and paid any additional premium required.

F. CONSOLIDATION OR MERGER

In the event that the Named Insured acquires by merger, or consolidates with, or is merged into or

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acquired by any other organization after the inception of this policy, immediate written notice thereof will be given to us together with such information as we may require. You will pay any additional premium required by us.

G. OTHER INSURANCE

Subject to IV. ENVIRONMENTAL IMPAIRMENT LIABILITY LIMITS OF INSURANCE SECTION, this insurance will be in excess of the retained limit stated in the "Declarations" and any other valid and collectible insurance available to the insured whether such other insurance is stated to be primary, pro-rata, contributory, excess, contingent or otherwise, unless such other insurance is written only as specific excess insurance over the limits of insurance.

VII. ENVIRONMENTAL IMPAIRMENT LIABILITY ADDITIONAL CHANGES

The policy this Environmental Impairment Liability Coverage Part is attached to is changed as follows:

A. The following defined terms of XXVIII.

DEFINITIONS SECTION of the policy are amended to also apply to the Environmental Impairment Liability Coverage Part:

- 3. "Agreed settlement";
- 10. "By-product material";
- 19. "Declarations";
- 23. "Employee";
- 25. "Employers Liability";
- 30. "Hazardous properties";
- 37. "Leased worker";
- 48. "Nuclear facility";
- 49. "Nuclear material";
- 50. "Nuclear reactor";
- 58. "Policy period";
- 59. "Policy year";
- 60. "Pollutants";
- 71. "Source material";
- 72. "Special nuclear material";
- 74. "Spent fuel";
- 75. "Subsidiary(ies)";
- 77. "Suit(s)";
- 79. "Temporary worker";
- 86. "Unit"; and
- 91. "Waste".

B. The following defined terms are added to XXVIII. DEFINITIONS SECTION of the policy:

- 1. "Bodily Injury" (ENVIRONMENTAL IMPAIRMENT LIABILITY) means bodily injury, sickness, disease, mental anguish or shock sustained by any person, including death resulting therefrom, caused by "pollution conditions".
- 2. "Claims" (ENVIRONMENTAL IMPAIRMENT LIABILITY):
 - a. means the assertion of a legal right alleging liability or responsibility on the part of the insured, arising out of "pollution conditions", and shall include but not be limited to lawsuits or petitions filed against the insured; and,
 - b. includes "remediation expense" resulting from "pollution conditions" which are:
 - 1. first discovered by any "insured"; and,
 - 2. reported to us,during the "policy period" or applicable extended reporting period.
- 3. "Coverage territory" (ENVIRONMENTAL IMPAIRMENT LIABILITY) means the United States and its territories and possessions.
- 4. "Defense Costs" (ENVIRONMENTAL IMPAIRMENT LIABILITY) means legal costs, charges and expenses, including expert fees, incurred in the investigation, adjustment, settlement and defense of "claims".
- 5. "Insured Contract(s)" (ENVIRONMENTAL IMPAIRMENT LIABILITY) means any contract designated in the Schedule of "Insured Contracts".
- 6. "Loss" (ENVIRONMENTAL IMPAIRMENT LIABILITY) means monetary judgment, award or settlement of compensatory damages arising from:
 - a. "bodily injury";
 - b. "property damage";
 - c. "remediation expense"; and,
 - d. "defense costs".
- 7. "Pollution Conditions" (ENVIRONMENTAL IMPAIRMENT LIABILITY) means the discharge, dispersal, release, migration or escape of smoke, vapors, soot, fumes, acids, alkalis, electromagnetic fields, toxic chemicals,

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liquids or gases, waste materials, including medical, infectious and pathological wastes, or other irritants, contaminants or "pollutants" into or upon land or structures, the atmosphere or any watercourse or body of water including groundwater.

8. "Property Damage" (ENVIRONMENTAL IMPAIRMENT LIABILITY) means:
- a. Physical injury to or destruction of tangible property, including the personal property of third parties, including the loss of use thereof; or,
 - b. Loss of use of such property that has not been physically injured or destroyed; or,
 - c. Diminished third party property value.
9. "Remediation Expense" (ENVIRONMENTAL IMPAIRMENT LIABILITY) means expenses incurred for or in connection with the investigation, monitoring, removal, disposal, treatment or neutralization of "pollution conditions" to the extent required by any Federal, State or Local Laws, Regulations or Statutes enacted to address "pollution conditions".

However, "remediation expense" does not include any expense incurred for or in connection with the investigation, monitoring, removal, disposal, treatment or neutralization of either lead paint, asbestos or both at any premises you own, operate or occupy.

10. "Termination of coverage" (ENVIRONMENTAL IMPAIRMENT LIABILITY) means cancellation or nonrenewal of the Environmental Impairment Liability Coverage Part by either party.

Earthquake and "Volcanic Eruption" Coverage Part

Throughout this coverage part, 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 word and phrases that appear in quotation marks have special meanings.

The Property Coverage Part, XXVII. COMMON POLICY CONDITIONS SECTION and XXVIII. DEFINITIONS SECTION of the policy together with this Earthquake and "Volcanic Eruption" Coverage Part contain all our obligations regarding this coverage. We have no other obligation unless the policy, that this Earthquake and "Volcanic Eruption" Coverage Part is part of, is amended accordingly.

I. EARTHQUAKE AND "VOLCANIC ERUPTION" COVERAGE SECTION

When a limit of insurance is shown in the "declarations" for Earthquake and "Volcanic Eruption," we shall pay for loss or damage caused by earthquake or "volcanic eruption." The limit of insurance shown in the "declarations" for Earthquake and "Volcanic Eruption" includes any amount we also pay for resulting loss or damage covered under II.G. ORDINANCE OR LAW COVERAGE, 1. COVERAGE FOR LOSS TO THE UNDAMAGED PORTION OF THE BUILDING under the Property Coverage Part.

II. EARTHQUAKE AND "VOLCANIC ERUPTION" PROPERTY NOT COVERED SECTION

In addition to I.D. PROPERTY NOT COVERED of the Property Coverage Part, with respect to the Earthquake and "Volcanic Eruption", "covered property" does not include:

- A. The cost of excavations, grading, backfilling or filling.
- B. The cost of restoring or remediating land.

III. EARTHQUAKE AND "VOLCANIC ERUPTION" EXCLUSIONS AND LIMITATIONS SECTION

In addition to all the exclusions contained in III.B. EXCLUSIONS of the Property Coverage Part, the following provisions are added:

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

- 1. Any earthquake or "volcanic eruption" that begins before the inception of this insurance.
- 2. Tidal wave or tsunami, even if attributable to an earthquake or "volcanic eruption."
- 3. Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires. However, if artificially generated electrical current results in fire, we will pay for the loss or damage caused by that fire.

IV. EARTHQUAKE AND "VOLCANIC ERUPTION" CONDITION SECTION

In addition to all the conditions contained in VI. PROPERTY CONDITIONS SECTION of the Property Coverage Part, the following provisions are added:

- A. The following is added to K. DEDUCTIBLE:

3. Percentage Deductible

If the "declarations" show that a percentage deductible applies for Earthquake and "Volcanic Eruption," such deductible shall apply separately to each of the following:

- a. Each building or structure for which coverage is provided under I.A.1. **BUILDINGS AND STRUCTURES;**
- b. Community Personal Property for which coverage is provided under I.A.3. **COMMUNITY PERSONAL PROPERTY** and is contained within buildings or structures covered under I.A.1. **BUILDINGS AND STRUCTURES;** and
- c. Community Personal Property for which coverage is provided under I.A.3. **COMMUNITY PERSONAL PROPERTY** and is in the open.

The sum we subtract from any of a. through c. above will be a percentage of its replacement cost value. The applicable percentage deductible is shown in the "declarations". The calculation of the deductible is illustrated in the following **EXAMPLE.**

EXAMPLE:

When: The replacement cost value of a Building, Structure or Community Personal Property is \$100,000,

- The deductible is 5% and
- The amount of earthquake loss or damage is \$20,000

Then:

Step 1: $\$100,000 \times 5\% = \$5,000$

Step 2: $\$20,000 - \$5,000 = \$15,000$, the deductible.

- B. The following is added to U. POLICY PERIOD: All earthquake shocks or "volcanic eruptions" that occur within any 168 hour period will constitute a single earthquake or "volcanic eruption."

The expiration of this policy will not reduce the 168 hour period.