



Member of the QBE Insurance Group

Condominium Policy

■ Declarations

POLICY PERIOD

FROM: 09/25/2014 TO: 09/25/2015

12:01 A.M. Standard Time at your mailing address

POLICY NUMBER:

CAU224213-1

ANNUAL PREMIUM:

\$32,415.00

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE STATED IN THIS POLICY.

NAMED INSURED

The Gardens at Heritage Green Condominium Association, Inc.

MAILING ADDRESS

**800 Callaway Court
Chattanooga, TN 37421 - 0000**

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**Robins Insurance Agency
Post Office Box 150437
30 Burton Hills Blvd., Suite 300
Nashville, TN 37215**

COUNTERSIGNED

(DATE)

BY

(AUTHORIZED REPRESENTATIVE)



Community Association Underwriters of America, Inc.

2 Caufield Place, Newtown, PA 18940

■ Declarations

Coverage is provided for one hundred one one and two-story frame condominium buildings containing one hundred twenty nine residential units. The premises is located at 1006 Callaway Court; 1008 Callaway Court; 1014 Callaway Court; 1016 Callaway Court; 1022 Callaway Court; 1024 Callaway Court; 1030 Callaway Court; 1032 Callaway Court; 1038 Callaway Court; 1040 Callaway Court; 1046 Callaway Court; 1048 Callaway Court; 1054 Callaway Court; 1056 Callaway Court; 113 Callaway Court; 125 Callaway Court; 137 Callaway Court; 149 Callaway Court; 161 Callaway Court; 173 Callaway Court; 179 Callaway Court; 208 Callaway Court; 224 Callaway Court; 236 Callaway Court; 252 Callaway Court; 268 Callaway Court; 284 Callaway Court; 305, 313, 321 Callaway Court; 307 Callaway Court; 319 Callaway Court; 329, 337, 343 Callaway Court; 331 Callaway Court; 353 Callaway Court; 355 Callaway Court; 367 Callaway Court; 408 Callaway Court; 412 Callaway Court; 414 Callaway Court; 416 Callaway Court; 426 Callaway Court; 428 Callaway Court; 442 Callaway Court; 444 Callaway Court; 454 Callaway Court; 460 Callaway Court; 466 Callaway Court; 472 Callaway Court; 507, 515, 523 Callaway Court; 509, 517, 525 Callaway Court; 531, 539, 547 Callaway Court; 533, 541, 549 Callaway Court; 555, 563, 571 Callaway Court; 557 Callaway Court; 579, 587, 595 Callaway Court; 608 Callaway Court; 610 Callaway Court; 622 Callaway Court; 624 Callaway Court; 636 Callaway Court; 638 Callaway Court; 648 Callaway Court; 652 Callaway Court; 664 Callaway Court; 668 Callaway Court; 678 Callaway Court; 682 Callaway Court; 709, 715, 723 Callaway Court; 721, 729, 737 Callaway Court; 731, 739, 747 Callaway Court; 745, 753, 761 Callaway Court; 755, 763 Callaway Court; 769, 775, 787 Callaway Court; 771, 779 Callaway Court; 804 Callaway Court; 806 Callaway Court; 812 Callaway Court; 814 Callaway Court; 820 Callaway Court; 822 Callaway Court; 828 Callaway Court; 830 Callaway Court; 836 Callaway Court; 838 Callaway Court; 844 Callaway Court; 846 Callaway Court; 852 Callaway Court; 854 Callaway Court; 860 Callaway Court; 868 Callaway Court; 907 Callaway Court; 909 Callaway Court; 915 Callaway Court; 917 Callaway Court; 923 Callaway Court; 925 Callaway Court; 931 Callaway Court; 933 Callaway Court; 939 Callaway Court; 941 Callaway Court; 947 Callaway Court; 949 Callaway Court, Chattanooga, Hamilton County, TN 37421.

INSURANCE TRUSTEE

Property Coverage

■ Declarations

(#) WHERE SHOWN ON THE DECLARATIONS REFERS TO POLICY PAGE NUMBERS

VALUATION (15)

A/C	MEANS ACTUAL COST (15)	G/R/C	MEANS GUARANTEED REPLACEMENT COST (15)
A/C/V	MEANS ACTUAL CASH VALUE (15)	I/R/C	MEANS INCREASED REPLACEMENT COST (15)
A/L/S	MEANS ACTUAL LOSS SUSTAINED (15)	M/V	MEANS MARKET VALUE (16)
A/V	MEANS APPRAISED VALUE (16)	R/C	MEANS REPLACEMENT COST (15)
F/V	MEANS FACE VALUE (16)		

PROPERTY DIRECT COVERAGES DECLARATIONS

COVERAGE	LIMIT OF INSURANCE	VALUATION	DEDUCTIBLE
BUILDINGS AND STRUCTURES (1) BUILDINGS (1)	Guaranteed Replacement Cost	G/R/C	\$2,500
STRUCTURES (1)	Guaranteed Replacement Cost	G/R/C	\$2,500
"UNITS" (1) ORIGINAL SPECIFICATIONS (1)	Guaranteed Replacement Cost	G/R/C	\$2,500
ADDITIONAL INSTALLATIONS (1)	NONE		
COMMUNITY PERSONAL PROPERTY (1)	Guaranteed Replacement Cost	G/R/C	\$2,500
STRUCTURAL GLASS AND SIGNS (2)	Guaranteed Replacement Cost	G/R/C	\$250
BRIDGES, BULKHEADS, DOCKS, PIERS, RETAINING WALLS, WHARVES (2)	\$10,000	R/C	\$500
SATELLITE DISHES AND ANTENNAS (2)	\$10,000	R/C	\$500
NATURAL PROPERTY (2) Maximum per tree, plant, shrub or lawn	\$10,000 \$500	R/C R/C	\$0 \$0
NEWLY ACQUIRED OR CONSTRUCTED PROPERTY (2)			
NEWLY ACQUIRED BUILDINGS AND STRUCTURES (2)	\$250,000	R/C	\$2,500
NEWLY CONSTRUCTED BUILDINGS AND STRUCTURES (2)	\$250,000	R/C	\$2,500

Property Coverage

■ Declarations

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A/L/S	MEANS ACTUAL LOSS SUSTAINED (15)	M/V	MEANS MARKET VALUE (16)
A/V	MEANS APPRAISED VALUE (16)	R/C	MEANS REPLACEMENT COST (15)
F/V	MEANS FACE VALUE (16)		

PROPERTY DIRECT COVERAGES DECLARATIONS

COVERAGE	LIMIT OF INSURANCE	VALUATION	DEDUCTIBLE
NEWLY ACQUIRED COMMUNITY PERSONAL PROPERTY (2)	\$250,000	R/C	\$2,500
"MONEY" AND "SECURITIES" (2)	\$15,000	F/V, M/V	\$0
COMPUTER EQUIPMENT, "MEDIA" AND SUPPLIES (3)	\$25,000	R/C	\$500
PAPERS, RECEIVABLES AND RECORDS (3)	\$10,000	A/C	\$0
"FINE ARTS" (3)	\$15,000	A/V	\$500
"PERSONAL EFFECTS" (3)			
Per Person	\$5,000	A/C/V	\$0
Per Occurrence	\$15,000	A/C/V	\$0
PERSONAL PROPERTY OF OTHERS (3)			
Per Person	\$5,000	A/C/V	\$0
Per Occurrence	\$15,000	A/C/V	\$0
ELEVATOR COLLISION (3)	\$100,000	R/C	\$0
OFF "PREMISES" (3)	\$25,000	R/C	\$2,500
IN TRANSIT (3)	\$25,000	R/C	\$2,500
"RATABLE LIMIT" (56)	\$21,850,000		

Property Coverage

■ Declarations

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A/V	MEANS APPRAISED VALUE (16)	R/C	MEANS REPLACEMENT COST (15)
F/V	MEANS FACE VALUE (16)		

PROPERTY CONSEQUENTIAL COVERAGE DECLARATIONS

COVERAGE	LIMIT OF INSURANCE	VALUATION	DEDUCTIBLE
MAINTENANCE FEES AND ASSESSMENTS (4)	FULL	A/L/S	\$0
COMMUNITY INCOME (4)	FULL	A/L/S	\$0
EXTRA EXPENSE (4)	FULL	A/C	\$0
ACCOUNTS RECEIVABLE EXPENSES (4)	FULL	A/L/S	\$0
"MEDIA" COSTS (4)	\$25,000	A/C	\$0
"VALUABLE PAPERS AND RECORDS" COSTS (4)	\$25,000	A/C	\$0
ORDINANCE OR LAW COVERAGE (4)			
COVERAGE FOR LOSS TO THE UNDAMAGED PORTION OF THE BUILDING (5)	Guaranteed Replacement Cost	G/R/C	\$2,500
DEMOLITION COST COVERAGE (5)	\$250,000	A/C	\$2,500
INCREASED COST OF CONSTRUCTION COVERAGE (5)	\$250,000	I/R/C	\$2,500
INCREASED PERIOD OF RESTORATION COVERAGE (5)	FULL	A/L/S, A/C	\$0
REMOVAL COVERAGES (5)			
DEBRIS REMOVAL (5)	\$250,000	A/C	\$0
PROPERTY REMOVAL (5)	\$250,000	R/C	\$0
REMOVAL OF FALLEN TREES (5)	\$10,000	R/C	\$0
Maximum per tree, plant, shrub or lawn	\$500	R/C	\$0

Property Coverage

■ Declarations

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A/V	MEANS APPRAISED VALUE (16)	R/C	MEANS REPLACEMENT COST (15)
F/V	MEANS FACE VALUE (16)		

PROPERTY ADDITIONAL CAUSES OF LOSS COVERAGE DECLARATIONS

COVERAGE	LIMIT OF INSURANCE	VALUATION	DEDUCTIBLE
WORLDWIDE CRIME COVERAGES (10)			
“EMPLOYEE DISHONESTY” (10)	FULL	A/L/S	\$0
“COMPUTER FRAUD” (10)	\$50,000	A/C	\$0
“DEPOSITORS FORGERY” (11)	\$50,000	A/C	\$0

PROPERTY SUPPLEMENTARY PAYMENTS DECLARATIONS

COVERAGE	LIMIT OF INSURANCE	VALUATION	DEDUCTIBLE
ARSON, VANDALISM, AND DELIBERATE AND MALICIOUS ACTS REWARD (11)	\$5,000	10% of Paid Claim	\$0
FIRE DEPARTMENT SERVICE CHARGES (11)	\$10,000	A/C	\$0
FIRE EXTINGUISHER RECHARGE (11)	\$1,000	A/C	\$0
“POLLUTANT” CLEAN UP AND REMOVAL (11)	\$25,000 Per 12 month Period	A/C	\$0

EARTHQUAKE AND “VOLCANIC ERUPTION” DECLARATIONS

(#) WHERE SHOWN ON THE DECLARATIONS REFERS TO EARTHQUAKE AND “VOLCANIC ERUPTION” COVERAGE PART PAGE NUMBERS

COVERAGE	LIMIT OF INSURANCE	VALUATION	DEDUCTIBLE
EARTHQUAKE AND “VOLCANIC ERUPTION” (1)	No Coverage		

Liability Coverage

■ Declarations

(#) WHERE SHOWN ON THE DECLARATIONS REFERS TO POLICY PAGE NUMBERS

COVERAGE	LIMIT OF INSURANCE	TYPE OF LIMIT
"BODILY INJURY" AND "PROPERTY DAMAGE" (20)	\$2,000,000	"OCCURRENCE"
"PERSONAL INJURY" AND "ADVERTISING INJURY" (20)	\$2,000,000	"OFFENSE"
"HIRED AUTO" AND "NONOWNED AUTO" (20)	\$2,000,000	"OCCURRENCE"
PROPERTY DAMAGE LEGAL LIABILITY - REAL PROPERTY (21)	\$1,000,000	"OCCURRENCE"
GARAGE AND PARKING AREA LEGAL LIABILITY (21)	DEDUCTIBLE	
Comprehensive Coverage (21)	\$500	\$25,000
Collision Coverage (21)	\$500	\$25,000
MEDICAL PAYMENTS (21)	\$5,000	"OCCURRENCE"
PRODUCTS/COMPLETED OPERATIONS (36)	\$2,000,000	AGGREGATE
"EMPLOYERS LIABILITY" (36) Coverage is provided on excess basis only	\$2,000,000	AGGREGATE

SCHEDULE OF "UNDERLYING INSURANCE"

UNDERLYING INSURER	EFFECTIVE DATES	POLICY NUMBER	LIMITS OF INSURANCE
"EMPLOYERS LIABILITY"			Bodily Injury by Accident Each Accident
			Bodily Injury by Disease Policy Limit Each Employee
"AUTO"			Bodily Injury Each Person Each Accident
			Property Damage Each Accident
"OWNED AUTO"			Each Accident
"HIRED AUTO"			Each Accident
"NONOWNED AUTO"			Combined Single Limit Each Accident
OTHER			General Aggregate Products - Completed Operations Aggregate Personal and Advertising Injury Each Occurrence

Directors & Officers Liability Coverage

■ Declarations

(#) WHERE SHOWN ON THE DECLARATIONS REFERS TO POLICY PAGE NUMBERS

THIS COVERAGE PART PROVIDES CLAIMS MADE COVERAGE

COVERAGE

LIMIT OF INSURANCE

ERRORS AND OMISSIONS INSURANCE (38)

EACH "LOSS" (38)

\$2,000,000

EACH "POLICY YEAR" (42)

\$2,000,000

RETAINED LIMIT (42)

NONE

RETROACTIVE DATE (38)

This insurance does not apply to "loss" from "wrongful acts" which took place before the Retroactive Date, if any, shown below:

RETROACTIVE DATE:

NONE

(Enter Date or "None" if no Retroactive Date applies)

OPTIONAL EXTENDED REPORTING PERIOD (42)

The premium for the Optional Extended Reporting Period is: **\$997**

Environmental Impairment Liability Coverage

■ Declarations

(#) WHERE SHOWN ON THE DECLARATIONS REFERS TO ENVIRONMENTAL IMPAIRMENT LIABILITY COVERAGE PART PAGE NUMBERS

THIS COVERAGE PART PROVIDES CLAIMS MADE COVERAGE

COVERAGE

LIMIT OF INSURANCE

ENVIRONMENTAL IMPAIRMENT LIABILITY INSURANCE (1)

EACH "LOSS" (7) **\$500,000**

EACH "POLICY YEAR" (6) **\$500,000**

RETAINED LIMIT (4)
(Applicable to each "loss") **\$5,000**

RETROACTIVE DATE (5)

This insurance does not apply to "loss" which takes place before the Retroactive Date, if any, shown below:

RETROACTIVE DATE: NONE

(Enter Date or "None" if no Retroactive Date applies)

OPTIONAL EXTENDED REPORTING PERIOD: one year from the expiration date of the "policy period" (4)

The premium for the Optional Extended Reporting Period is: **\$531**

OTHER SCHEDULES & ENDORSEMENTS:

NOTICE

Any emergency arising out of "pollution conditions" covered by this Coverage Part should be reported immediately to the On Call 24 hour hotline at 1-800-823-7351, administered by XL Specialty Claims, a division of the XL Insurance companies.

■ Declarations

(#) WHERE SHOWN ON THE DECLARATIONS REFERS TO POLICY PAGE NUMBERS

FORM NUMBER	FORM TITLE	EDITION DATE
CAU 1000	Condominium Policy	07/01
CAU 1101	Signature Page	12/12
CAU 1130	Employee Dishonesty - Property Manager	07/01
CAU 1180	Property Manager Directors and Officers	07/01
CAU 1243	Tennessee Changes - Amendatory Endorsement	11/01
CAU 1925	Conditional Exclusion of Terrorism	01/12
CAU 1930	Cap on Losses from "Certified Acts of Terrorism"	03/08
CAU 1985	Disclosure Pursuant To Terrorism Risk Insurance Act	01/12
CAU 1999	Exclusion of Certain Computer Related Losses	07/01
CAU 2200	Environmental Impairment Liability Coverage Part	07/01

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This signature page replaces the Signature Page which is a part of the following policies:

CAU 1000 – Condominium Association Insurance Policy
CAU 1010 – Cooperative Apartment Insurance Policy
CAU 1020 – Homeowners Association Insurance Policy
CAU 1030 – Office Condominium Association Insurance Policy

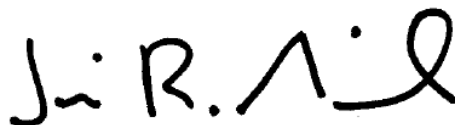
SIGNATURE PAGE

YOUR COMPLETE POLICY CONSISTS OF THE POLICY JACKET WITH THE COVERAGE FORM, DECLARATIONS AND ENDORSEMENTS, IF ANY.

In Witness Whereof, QBE Insurance Corporation has caused this policy to be executed and attested, and, if required by state law, this policy shall not be valid unless countersigned by a duly authorized representative of QBE Insurance Corporation.



Bob James
President



Jose Ramon Gonzalez
Secretary

QBE INSURANCE CORPORATION
A Stock Company

Home Office
c/o CT Corporation System
116 Pine Street, Suite 320
Harrisburg, Pennsylvania 17101

Administrative Office
88 Pine Street
Wall Street Plaza
New York, New York 10005

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

■ **Employee Dishonesty - Property Manager**

This endorsement modifies insurance provided by the Property Coverage Part of the following:

CONDOMINIUM POLICY
COOPERATIVE APARTMENT POLICY
HOMEOWNERS ASSOCIATION POLICY
OFFICE CONDOMINIUM POLICY

Definition 15. "Covered Employee" (PROPERTY) of XXVIII. DEFINITIONS SECTION is replaced by:

15. **"Covered Employee"** (PROPERTY) means:

- a. Any natural person:
 - (1) While in your service (and for 30 days after termination of service); and
 - (2) Whom you compensate directly by salary, wages or commissions; and
 - (3) Whom you have the right to direct and control while performing services for you; or
- b. Any natural person employed by an employment contractor while that person is subject to your direction and control and performing services for you. However, any such person is excluded while having care and custody of property outside the "premises."
- c. Any natural person who is a duly elected or appointed director, trustee, officer, committee volunteer or member, whether salaried or not, and any other person acting on behalf or at the direction of an officer or board of directors of your Association with the exception of the developer when acting in a capacity as the developer.
- d. Any natural person or any organization while acting as your real estate manager.

But covered employee does not include any employee, director, officer, board member, or real estate manager immediately upon discovery by you or any of your officers and directors not in collusion with the employee, director, officer, board member, or real estate manager of any dishonest act committed by that employee, director, officer, board member, or real estate manager, whether before or after being hired or appointed by you.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

■ **Property Manager Directors and Officers**

This endorsement modifies insurance provided by the Directors and Officers Liability Coverage Part under the following:

CONDOMINIUM POLICY
COOPERATIVE APARTMENT POLICY
HOMEOWNERS ASSOCIATION POLICY
OFFICE CONDOMINIUM POLICY

The following is added to A., XXIII. DIRECTORS AND OFFICERS LIABILITY WHO IS AN INSURED SECTION:

Any person or organization acting as real estate property manager for the Named Insured while performing real estate management duties for the Named Insured, but only with respect to liability for "wrongful acts" committed at the express direction of the Named Insured. However, your real estate property manager is not an insured for claims or "suits" brought against them by you.

B.2. under XXIII. DIRECTORS AND OFFICERS LIABILITY WHO IS AN INSURED SECTION is hereby deleted.

■ 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.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

■ **Conditional Exclusion of Terrorism (Relating to Disposition of Federal Terrorism Risk Insurance Act)**

This endorsement modifies insurance provided by the following policies:

CONDOMINIUM POLICY
COOPERATIVE APARTMENT POLICY
HOMEOWNERS ASSOCIATION POLICY
OFFICE CONDOMINIUM POLICY

A. Applicability of the Provisions of this Endorsement

1. The provisions of this endorsement become applicable commencing on the date when any one or more of the following first occurs. But if your policy (meaning the policy period in which this endorsement applies) begins after such date, then the provisions of this endorsement become applicable on the date your policy begins.
 - a. The federal Terrorism Risk Insurance Program (“Program”), established by the Terrorism Risk Insurance Act, has terminated with respect to the type of insurance provided under these Coverage Forms, Coverage Parts or Policy; or
 - b. A renewal, extension or replacement of the Program has become effective without a requirement to make terrorism coverage available to you and with revisions that:
 - (1) Increase our statutory percentage deductible under the Program for terrorism losses. (That deductible determines the amount of all certified terrorism losses we must pay in a calendar year, before the federal government shares in subsequent payment of certified terrorism losses.); or
 - (2) Decrease the federal government’s statutory percentage share in potential terrorism losses above such deductible; or
 - (3) Redefine terrorism or make insurance coverage for terrorism subject to provisions or requirements that differ from those that apply to other types of events or occurrences under this policy.
2. If the provisions of this endorsement become applicable, such provisions:
 - a. Supersede any terrorism endorsement already endorsed to this policy that addresses “certified acts of terrorism”, but only with respect to loss or damage from an incident(s) of terrorism (however defined) that occurs on or after the date when the provisions of this endorsement become applicable; and
 - b. Remain applicable unless we notify you of changes in these provisions, in response to federal law.
3. If the provisions of this endorsement do NOT become applicable, any terrorism endorsement already endorsed to this policy that addresses “certified acts of terrorism” will continue in effect unless we notify you of changes to that endorsement in response to federal law.

B. The following is added to the Property Coverage Part, III. B. EXCLUSIONS:

4. TERRORISM

We will not pay for loss or damage caused directly or indirectly by “terrorism”. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. But this exclusion applies only when one or more of the following are attributed to an incident of “terrorism”:

- a. The “terrorism” is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or

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- b. Radioactive material is released, and it appears that one purpose of the “terrorism” was to release such material; or
- c. The “terrorism” is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
- d. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the “terrorism” was to release such materials; or
- e. The total of insured damage to all types of property in the United States, its territories and possessions, Puerto Rico and Canada exceeds \$25,000,000. In determining whether the \$25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the “terrorism” and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions. Multiple incidents of “terrorism” which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the threshold is exceeded.

With respect to this Item 1.e., the immediately preceding paragraph describes the threshold used to measure the magnitude of an incident of “terrorism” and the circumstances in which the threshold will apply, for the purpose of determining whether this Exclusion will apply to that incident. When the Exclusion applies to an incident of “terrorism”, there is no coverage under this Coverage Form.

5. 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 or III.B.2.e. POLLUTION exclusion.

C. Applicable to the LIABILITY COVERAGE PART, DIRECTORS AND OFFICERS LIABILITY COVERAGE PART, EMPLOYEE BENEFITS LIABILITY COVERAGE PART and ENVIRONMENTAL IMPAIRMENT LIABILITY COVERAGE PART, the following exclusion:

- Is added to XI. GENERAL LIABILITY EXCLUSIONS SECTION;
- Is added to XVI. EXCESS LIABILITY EXCLUSIONS SECTION;
- Is added to XXII. DIRECTORS AND OFFICERS LIABILITY EXCLUSIONS SECTION;
- Is added to II. EMPLOYEE BENEFITS LIABILITY EXCLUSIONS SECTION;
- Is added to II. ENVIRONMENTAL IMPAIRMENT LIABILITY EXCLUSIONS SECTION:

TERRORISM

“Bodily injury,” “property damage,” “personal injury,” “advertising injury” or “loss” arising, or caused directly or indirectly by “terrorism”, including action in hindering or defending against an actual or expected incident of “terrorism”. Any injury or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to such injury or damage. But this exclusion applies only when one or more of the following are attributed to an incident of “terrorism”:

- a. The “terrorism” is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or
- b. Radioactive material is released, and it appears that one purpose of the “terrorism” was to release such material; or
- c. The “terrorism” is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or

- d. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the “terrorism” was to release such materials; or
- e. The total of insured damage to all types of property exceeds \$25,000,000. In determining whether the \$25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the “terrorism” and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions; or
- f. Fifty or more persons sustain death or serious physical injury. For the purposes of this provision, serious physical injury means:
 - (1) Physical injury that involves a substantial risk of death; or
 - (2) Protracted and obvious physical disfigurement; or
 - (3) Protracted loss of or impairment of the function of a bodily member or organ.

Multiple incidents of “terrorism” which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the thresholds in Paragraph **e.** or **f.** are exceeded.

With respect to this Exclusion, Paragraphs **e.** and **f.** describe the threshold used to measure the magnitude of an incident of “terrorism” and the circumstances in which the threshold will apply, for the purpose of determining whether this Exclusion will apply to that incident. When the Exclusion applies to an incident of “terrorism”, there is no coverage under these Coverage Parts.

In the event of any incident of “terrorism” that is not subject to this Exclusion, coverage does not apply to loss or damage that is otherwise excluded under these Coverage Parts, such as losses excluded by the “WAR” exclusion, HOSTILE ACTS exclusion, NUCLEAR ENERGY exclusion, NUCLEAR HAZARD exclusion or the POLLUTION exclusion.

D. The following definitions are added to XXVIII. DEFINITIONS SECTION:

- (i) **“Terrorism”** (PROPERTY, LIABILITY, DIRECTORS AND OFFICERS, EMPLOYEE BENEFITS LIABILITY, ENVIRONMENTAL IMPAIRMENT LIABILITY) means activities against persons, organizations or property of any nature:
 - a. That involve the following or preparation for the following:
 - (1) Use or threat of force or violence; or
 - (2) Commission or threat of a dangerous act; or
 - (3) Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and
 - b. When one or both of the following applies:
 - (1) The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or
 - (2) It appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

■ **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 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:

1. CAP ON CERTIFIED TERRORISM LOSSES

With respect to any one or more "certified acts of terrorism" under the federal Terrorism Risk Insurance Act, 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 these Coverage Parts, such as losses excluded by the "WAR" exclusion, HOSTILE ACTS exclusion, NUCLEAR ENERGY exclusion, NUCLEAR HAZARD exclusion or the POLLUTION exclusion.

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

(i) **"Certified act of terrorism"** (PROPERTY, LIABILITY, DIRECTORS AND OFFICERS, EMPLOYEE BENEFITS LIABILITY, and 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. The criteria contained in that Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; 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, 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.

- D. If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

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

Terrorism (<u>Certified Acts</u>)	<u>PREMIUM</u> \$944
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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. The federal share equals 85% of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

C. CAP ON INSURER PARTICIPATION IN PAYMENT OF TERRORISM LOSSES

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

D. ADDITIONAL OR RETURN PREMIUM

The premium for certified acts of terrorism coverage is calculated based in part on the federal participation in payment of terrorism losses as set forth in the Terrorism Risk Insurance Act. The federal program established by the Act is scheduled to terminate December 31, 2014, unless extended by the federal government. If the federal program terminates or if the level or terms of federal participation change, the estimated premium shown in the Schedule may not be appropriate.

If this policy contains a Conditional Exclusion, continuation of coverage for certified acts of terrorism, or termination of such coverage, will be determined upon disposition of the federal program, subject to the terms and conditions of the Conditional Exclusion. If this policy does not contain a Conditional Exclusion, coverage for certified acts of terrorism will continue. In either case, when disposition of the federal program

is determined, we will recalculate the premium shown in the Schedule and will charge additional premium or refund excess premium, if indicated.

If we notify you of an additional premium charge, the additional premium will be due as specified in such notice.

■ **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 location(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

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,

Environmental Impairment Liability Coverage Part

Claims Made

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

Environmental Impairment Liability Coverage Part

Claims Made

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:

Environmental Impairment Liability Coverage Part

Claims Made

- 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.

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.

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

F. CONSOLIDATION OR MERGER

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

Environmental Impairment Liability Coverage Part

Claims Made

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,

Claims Made

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.

COMMUNITY ASSOCIATION UNDERWRITERS RENEWAL INVOICE

PRODUCER NAME & ADDRESS

Robins Insurance Agency
Post Office Box 150437
30 Burton Hills Blvd., Suite 300
Nashville, TN 37215

INSURED NAME AND MAILING ADDRESS

The Gardens at Heritage Green Condominium
Association, Inc.
800 Callaway Court
Chattanooga, TN 37421 - 0000

S7

ACCOUNT #

32778

POLICY #

CAU224213-1

INSURANCE COMPANY

QBE

LINE OF BUSINESS

CPKGE

INVOICE DATE

09/23/2014

THE INSURED HAS THE OPTION OF PAYING THE POLICY PREMIUM OF \$32,415.00 IN FULL BY 10/25/2014 OR CHOOSING OUR INSTALLMENT PAYMENT PLAN. IF THE INSURED CHOOSES TO BE BILLED IN INSTALLMENTS, A FIRST PAYMENT OF \$10,807.00 IS DUE BY 10/25/2014. THERE WILL BE AN INSTALLMENT CHARGE OF \$7.00 PER INSTALLMENT.

INSTALLMENT SCHEDULE

INSTALLMENT	DUE DATE	INSTALLMENT AMOUNT	INSTALLMENT CHARGE	TOTAL INSTALLMENT
DOWN PAYMENT	10/25/2014	\$10,807.00	\$0.00	\$10,807.00
1.	11/25/2014	\$2,701.00	\$7.00	\$2,708.00
2.	12/25/2014	\$2,701.00	\$7.00	\$2,708.00
3.	01/25/2015	\$2,701.00	\$7.00	\$2,708.00
4.	02/25/2015	\$2,701.00	\$7.00	\$2,708.00
5.	03/25/2015	\$2,701.00	\$7.00	\$2,708.00
6.	04/25/2015	\$2,701.00	\$7.00	\$2,708.00
7.	05/25/2015	\$2,701.00	\$7.00	\$2,708.00
8.	06/25/2015	\$2,701.00	\$7.00	\$2,708.00
		\$32,415.00	\$56.00	\$32,471.00

NOTE: THIS INVOICE DOES NOT REFLECT ANY PAYMENTS ALREADY MADE. THIS INSTALLMENT SCHEDULE IS SUBJECT TO CHANGE IN THE EVENT OF AN ENDORSEMENT OR REVISION TO THE POLICY.

REMINDER: PAYMENT IS DUE WITHIN 30 DAYS OF THE POLICY EFFECTIVE DATE.

PLEASE MAKE CHECKS PAYABLE TO COMMUNITY ASSOCIATION UNDERWRITERS.
REMIT THE TOTAL PREMIUM AMOUNT.

If you have any questions, please call (800) 228-1930.

ACCOUNT #

32778

**QBE
POLICY #**

CAU224213-1

**EFFECTIVE
DATE**

09/25/2014

**EXPIRATION
DATE**

09/25/2015

PREMIUM

\$32,415.00

**STATE
FEE**

\$0.00

**TOTAL
PREMIUM**

\$32,415.00

INSURED NAME AND MAILING ADDRESS

**The Gardens at Heritage Green Condominium
Association, Inc.
800 Callaway Court
Chattanooga, TN 37421 - 0000**

PLEASE MAKE CHECK PAYABLE TO:
Community Association Underwriters

PLEASE MAIL CHECK TO:
Community Association Underwriters
P.O. Box 1100
Newtown, PA 18940