

THE STATE OF SOUTH CAROLINA
In The Court of Appeals

APPEAL FROM CHESTERFIELD COUNTY
Court of Common Pleas

The Honorable Paul M. Burch, Circuit Court Judge

Case No. 2013-001321

Auto-Owners Insurance Company, ...Appellant.

v.

Elouise Woody Benjamin, Melvin Benjamin, Joshua Lee Cail, Naida L. Singleton and Pee Dee Heating and Cooling Specialists, Inc., Defendants,

Of Whom Elouise Woody Benjamin and Melvin Benjamin are the Respondents

RECORD ON APPEAL

VOL. I

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STATE OF SOUTH CAROLINA

COUNTY OF MARLBORO

Elouise Woody Benjamin and Melvin
Benjamin,

Plaintiffs,

Vs.

Joshua Lee Cail, Naida L. Singleton and Pee
Dee Heating and Cooling Specialists, Inc.,

Defendants.

IN THE COURT OF COMMON PLEAS
FOURTH JUDICIAL CIRCUIT
C/A # 2008-CP-34-181

SECOND AMENDED SUMMONS
FOR RELIEF

(Jury Trial Requested)

TO DEFENDANTS ABOVE-NAMED:

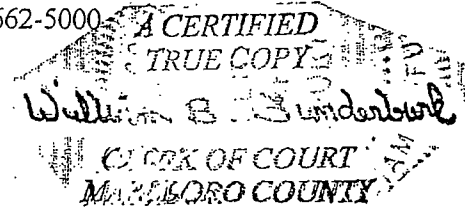
YOU ARE HEREBY SUMMONED and required to answer the Complaint in this action, a copy of which is herewith served upon you, and to serve a copy of your Answer to said Complaint on the subscriber at 170 Courthouse Square, Post Office Box 1770, Florence, South Carolina, 29503-1770 within thirty (30) days from the service hereof, exclusive of the date of such service, and in case of the failure to do so, judgment by default will be rendered against you for the relief demanded in the Complaint.

Florence, SC

November 10, 2009


JAMES C. RUSHTON, III,
Attorney for Plaintiffs

THE HYMAN LAW FIRM, LLP
170 Courthouse Square
Post Office Box 1770
Florence, SC 29503-1770
(843) 662-5000



STATE OF SOUTH CAROLINA

COUNTY OF MARLBORO

Elouise Woody Benjamin and Melvin Benjamin,

Plaintiffs,

Vs.

Joshua Lee Cail, Naida L. Singleton and Pee Dee Heating and Cooling Specialists, Inc.,

Defendants.

IN THE COURT OF COMMON PLEAS
FOURTH JUDICIAL CIRCUIT
C/A # 2008-CP-34-181

SECOND AMENDED COMPLAINT
(Jury Trial Requested)

FILED
2009 NOV 13 PM 1 57
WILLIAM B. FUNDERBURK
CLERK OF COURT
MARLBORO COUNTY, S.C.

The Plaintiffs, complaining of the Defendants allege:

FOR A FIRST CAUSE OF ACTION

1. That the Plaintiffs are residents and citizens of the County of Darlington, State of South Carolina.
2. That the Plaintiffs are informed and believe that the Defendant, Joshua Lee Cail, is a resident and citizen of the County of Chesterfield, State of South Carolina.
3. That the Plaintiffs are informed and believe that the Defendant, Naida L. Singleton, is a resident and citizen of the County of Marlboro, State of South Carolina.
4. That the Plaintiffs are informed and believe that the Defendant, Pee Dee Heating and Cooling Specialists, Inc., is a corporation organized and existing under the laws of one of the states of the United States and owns property, employs agents and transacts business in Chesterfield County, South Carolina.

A CERTIFIED
TRUE COPY
William B. Funderburk
CLERK OF COURT
MARLBORO COUNTY

5. That at all times hereinafter mentioned, the Defendant, Mr. Joshua Lee Cail, was acting in his individual capacity or as the agent, servant and employee of the Defendant, Naida L. Singleton and Pee Dee Heating and Cooling Specialists, Inc.
6. That heretofore, on or about April 7, 2008, the Plaintiff, Elouise Woody Benjamin, was traveling North on U.S. Highway 15 when the Defendant, Joshua Lee Cail crossed the center line and hit the Plaintiff; that as a result of the collision the Plaintiff was injured and damaged as more specifically hereinafter set forth.
7. That the injuries and damages sustained by the Plaintiff, Elouise Woody Benjamin, were caused and occasioned by the willful, wanton, reckless, careless, negligent and unlawful conduct on the part of the Defendant in one or more of the following particulars, to-wit:
 - (a) In operating a motor vehicle upon the public streets and highways of the State of South Carolina while under the medical conditions that could influence the operation of a motor vehicle;
 - (b) In driving a vehicle in an unsafe condition upon the roadways of the State of South Carolina;
 - (c) In driving a vehicle at an excessive rate of speed, too fast for the conditions then and there existing;
 - (d) In failing to yield the right of way to the Plaintiff;
 - (e) In failing to keep a proper lookout;
 - (f) In failing to maintain proper control over the vehicle which the Defendant was driving;
 - (g) In driving a motor vehicle in a dangerous and improper manner without regard for the rights of others on said road;

- (h) In failing to avoid colliding with Plaintiff's vehicle after having ample opportunity to do so, thus failing to exercise the doctrine of last clear chance;
- (i) In driving said vehicle into and against the Plaintiff's vehicle;
- (j) In failing to give any warning or signal to the Plaintiff that Defendant was about to collide with the vehicle of the Plaintiff;
- (k) In operating a motor vehicle on the wrong side of the roadway;
- (l) In changing lanes improperly; and
- (m) In turning unlawfully.

All of the above being in violation of the laws of the State of South Carolina.

8. That as a direct and proximate cause of said negligence, wantonness, recklessness and unlawfulness on the part of the Defendant, the Plaintiff, Elouise Woody Benjamin, was thrown violently in and about Plaintiff's automobile; that the Plaintiff was greatly and severely injured in and about Plaintiff's head, neck, arms, body, back, limbs and other parts of the Plaintiff's body; that Plaintiff was rendered sick, sore, lame, disabled, bruised and shocked thereby and continues so to be; that all of such injuries have caused Plaintiff extreme and excruciating pain continuously to this date and the Plaintiff will suffer such pain in the future; that as a direct and proximate result of the negligence of the Defendant as aforementioned the Plaintiff suffered severe bruises, lacerations and contusions and great pain and suffering.
9. That as a direct and proximate cause of said negligence, wantonness, recklessness, and unlawfulness on the part of the Defendant:
- (a) The Plaintiff was committed to the hospital and will be required to enter the hospital in the future for long and extensive periods of time;

-
- (b) The Plaintiff was confined to the care and treatment of skilled physicians and nurses; that Plaintiff is presently being treated by such persons and will continue to receive treatment from them in the future; that Plaintiff has expended large sums of money for such treatment and will be obligated to expend even more money in the future for such care and treatment;
- (c) The Plaintiff was hindered and prevented, and in the future will be hindered and prevented from transacting and attending to Plaintiff's necessary and lawful affairs since the date of the collision and loss and was deprived of divers gains, profits, salaries, pleasures, advantages, and earning capacity and ability which Plaintiff would have otherwise derived and acquired;
- (d) The Plaintiff was in the past, present and will continue in the future to be put to great expense for medicine and drugs;
- (e) The Plaintiff has expended large sums of money in the past and present for transportation to and from the doctor's office and hospitals and will continue to have such expenses in the future for consultations and treatment;
- (f) The Plaintiff's previous good health has been permanently impaired.
- (g) The Plaintiff has suffered a loss of wages and in the future will suffer a loss of wages due to the injuries received.

All of the above being in violation of the statutory and common laws of South Carolina.

10. That as a direct and proximate result of the negligence, wantonness, recklessness, carelessness and unlawfulness on the part of the Defendant:

- (a) The Plaintiff's automobile was extensively damaged;

- (b) It will be necessary for the Plaintiff to incur expenses for the repair of the automobile or replacement of the automobile;
 - (c) The Plaintiff will be without the use of the automobile during the time that it is undergoing repairs if it can be repaired;
 - (d) The Plaintiff's automobile will greatly depreciate in value due to its wrecked condition.
11. As a result of her injuries, the Plaintiff, Elouise Woody Benjamin, is informed and believes that she is entitled to an award of actual and punitive damages.

**FOR A SECOND CAUSE OF ACTION
(Negligent Entrustment as to Defendants, Naida L. Singleton and
Pee Dee Heating and Cooling Specialists, Inc.)**

12. The allegations of the First Cause of Action are re-alleged as if fully set forth hereafter.
13. That the Defendants, Naida L. Singleton and Pee Dee Heating and Cooling Specialists, Inc., were negligent in entrusting possession and use of a vehicle to Joshua Lee Cail. They were negligent, wanton, reckless, and unlawful in the entrustment of the vehicle in one or more of the following particulars:
- (a) In failing to adequately check the driving records of Joshua Lee Cail when they knew or should have known that he was not a proper person to be entrusted with the use and possession of their automobile;
 - (b) In taking proper steps to discover the status of the driver's license issued to Joshua Lee Cail;
 - (c) In failing to immediately recover the vehicle from Joshua Lee Cail when the Defendants, Naida L. Singleton and Pee Dee Heating and Cooling Specialists, Inc., learned that the license of Joshua Lee Cail had been suspended;

-
- (d) In allowing Joshua Lee Cail to remain in possession and use of their vehicle after they learned that his driver's license had been suspended; and
- (e) In continuing to allow Joshua Lee Cail to operate their vehicle after learning that his driver's license had been suspended.
14. As a direct and proximate cause of said negligence, wantonness, recklessness, and unlawfulness on the part of the Defendants, Naida L. Singleton and Pee Dee Heating and Cooling Specialists, Inc., the Plaintiff, Elouise Woody Benjamin, was injured as set forth in the First Cause of Action and is entitled to an award of actual and punitive damages against the Defendants, Naida L. Singleton and Pee Dee Heating and Cooling Specialists, Inc.

FOR A THIRD CAUSE OF ACTION
(Negligent Hiring/Retention as to Defendant, Pee Dee Heating and Cooling Specialists, Inc.)

15. The allegations of the First and Second Causes of Action are re-alleged as if fully set forth hereafter.
16. That the Defendant, Pee Dee Heating and Cooling Specialists, Inc., was negligent in hiring and retaining Joshua Lee Cail as an employee. It was negligent, wanton, reckless, and unlawful in hiring and retaining Joshua Lee Cail in one or more of the following particulars:
- (a) In failing to adequately check the driving records of Joshua Lee Cail when it should have known that he was not a proper person to be entrusted with the use and possession of its automobile due to the fact that his license was under suspension;
- (b) In failing to take proper steps to discover the status of the driver's license issued to Joshua Lee Cail;
- (c) In allowing Joshua Lee Cail to operate its vehicle on the public highways of the State of South Carolina when his license was suspended;

-
- (d) In failing to discover Joshua Lee Cail had two previous suspensions for controlled substance violations;
 - (e) In allowing a suspended driver to operate its vehicle on the public highways of the State of South Carolina;
 - (f) In hiring and retaining an employee whose duties required him to operate the vehicle owned by the Defendant, Pee Dee Heating and Cooling Specialists, Inc.; and
 - (g) In failing in its duties to the public traveling the public highways of the State of South Carolina by hiring and retaining an unlicensed/incompetent driver to operate its vehicle on the highways.
17. As a direct and proximate cause of said negligence, wantonness, recklessness, and unlawfulness on the part of the Defendant, Pee Dee Heating and Cooling Specialists, Inc., the Plaintiff, Elouise Woody Benjamin, was injured as set forth in the First Cause of Action and is entitled to an award of actual and punitive damages against the Defendants, Naida L. Singleton and Pee Dee Heating and Cooling Specialists, Inc.

FOR A FOURTH CAUSE OF ACTION
(Loss of Consortium as to Plaintiff, Melvin Benjamin)

18. The allegations of the First, Second, and Third Causes of Action are re-alleged as if fully set forth hereafter.
19. That at all times hereinafter mentioned, the Plaintiff, Melvin Benjamin, was lawfully married to the Plaintiff, Elouise Woody Benjamin.
20. That as a result of the bodily injuries suffered by the Plaintiff, Elouise Woody Benjamin, the Plaintiff, Melvin Benjamin, has been deprived of her companionship, love, society, and care, and, as a result, has suffered actual damages.

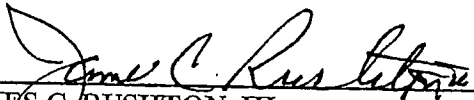
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21. That the Plaintiff, Melvin Benjamin, is entitled to an award of actual damages plus an award of punitive damages from the Defendants in an amount to be determined by a jury, plus the cost of this action.

WHEREFORE, the Plaintiffs pray as follows:

- a) That the Court inquire into the matters and things set forth herein;
- b) That the Plaintiff, Elouise Woody Benjamin, be granted an award of actual and punitive damages against the Defendants in an amount to be determined by a jury, plus the cost of this action;
- c) That the Plaintiff, Melvin Benjamin, be granted an award of actual and punitive damages from the Defendants in an amount to be determined by a jury, plus the cost of this action; and,
- d) That the court grants such other and further relief as may be deemed just and proper.

Florence, SC

November 10, 2009


JAMES C. RUSHTON, III,
Attorney for Plaintiffs

THE HYMAN LAW FIRM, LLP
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Florence, SC 29503-1770
(843) 662-5000

COUNTY OF

Auto-Owners Insurance Company,

CIVIL ACTION COVERSHEET

Plaintiff(s)

FILED
CLERK OF COURT

2008-CP - 13-

497

vs.

08 DE 19 A 9:36.8

Elouise Woody Benjamin, Melvin Benjamin, et al. ^{CHES} _(BOOK) MYRTLE BEACH COUNTY, SC

Defendant(s)

(Please Print)

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NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for the use of the Clerk of Court for the purpose of docketing. It must be filled out completely, signed, and dated. A copy of this cover sheet must be served on the defendant(s) along with the Summons and Complaint.

DOCKETING INFORMATION (Check all that apply)

*If Action is Judgment/Settlement do not complete

- ☐ JURY TRIAL demanded in complaint. ☒ NON-JURY TRIAL demanded in complaint.
☐ This case is subject to ARBITRATION pursuant to the Court Annexed Alternative Dispute Resolution Rules.
☐ This case is subject to MEDIATION pursuant to the Court Annexed Alternative Dispute Resolution Rules.
☐ This case is exempt from ADR. (Proof of ADR/Exemption Attached)

NATURE OF ACTION (Check One Box Below)

Contracts ☐ Constructions (100) ☐ Debt Collection (110) ☐ Employment (120) ☐ General (130) ☐ Breach of Contract (140) ☐ Other (199)	Torts - Professional Malpractice ☐ Dental Malpractice (200) ☐ Legal Malpractice (210) ☐ Medical Malpractice (220) ☐ Notice/ File Med Mal (230) ☐ Other (299)	Torts - Personal Injury ☐ Assault/Slander/Libel (300) ☐ Conversion (310) ☐ Motor Vehicle Accident (320) ☐ Premises Liability (330) ☐ Products Liability (340) ☐ Personal Injury (350) ☐ Wrongful Death (360) ☐ Other (399)	Real Property ☐ Claim & Delivery (400) ☐ Condemnation (410) ☐ Foreclosure (420) ☐ Mechanic's Lien (430) ☐ Partition (440) ☐ Possession (450) ☐ Building Code Violation (460) ☐ Other (499)
-
Inmate Petitions ☐ PCR (500) ☐ Mandamus (520) ☐ Habeas Corpus (530) ☐ Other (599)	Judgments/Settlements ☐ Death Settlement (700) ☐ Foreign Judgment (710) ☐ Magistrate's Judgment (720) ☐ Minor Settlement (730) ☐ Transcript Judgment (740) ☒ Lis Pendens (750) ☒ Other (799)	Administrative Law/Relief ☐ Reinstate Driver's License (800) ☐ Judicial Review (810) ☐ Relief (820) ☐ Permanent Injunction (830) ☐ Forfeiture-Petition (840) ☐ Forfeiture-Consent Order (850) ☐ Other (899)	Appeals ☐ Arbitration (900) ☐ Magistrate-Civil (910) ☐ Magistrate-Criminal (920) ☐ Municipal (930) ☐ Probate Court (940) ☐ SCDOT (950) ☐ Worker's Comp (960) ☐ Zoning Board (970) ☐ Administrative Law Judge (980) ☐ Public Service Commission (990) ☐ Employment Security Comm (991) ☐ Other (999)
-
Special/Complex/Other ☐ Environmental (600) ☐ Automobile Arb. (610) ☐ Medical (620) ☐ Other (699)	☐ Pharmaceuticals (630) ☐ Unfair Trade Practices (640) ☐ Out-of State Depositions (650) ☐ Sexual Predator (510)

Submitting Party Signature:

Date:

12/18/08

Note: Frivolous civil proceedings may be subject to sanctions pursuant to SCRCP, Rule 11, and the South Carolina Frivolous Civil Proceedings Sanctions Act, S.C. Code Ann. §15-36-10 et. seq.

A True Copy Attest

CLERK OF COURT C.P. & G.S.
CHESTERFIELD COUNTY, SC

FC MANDATED ADR COUNTIES ONLY
Allendale, Anderson, Beaufort, Colleton, Florence, Greenville,
Hampton, Horry, Jasper, Lexington, Pickens (Family Court Only), and Richland

SUPREME COURT RULES REQUIRE THE SUBMISSION OF ALL CIVIL CASES TO AN ALTERNATIVE DISPUTE RESOLUTION PROCESS, UNLESS OTHERWISE EXEMPT.

You are required to take the following action(s):

1. The parties shall select a neutral and file a "Proof of ADR" form on or by the 210th day of the filing of this action. If the parties have not selected a neutral within 210 days, the Clerk of Court shall then appoint a primary and secondary mediator from the current roster on a rotating basis from among those mediators agreeing to accept cases in the county in which the action has been filed.
2. The initial ADR conference must be held within 300 days after the filing of the action.
3. Pre-suit medical malpractice mediations required by S.C. Code §15-79-125 shall be held not later than 120 days after all defendants are served with the "Notice of Intent to File Suit" or as the court directs. (Medical malpractice mediation is mandatory statewide.)
4. Cases are exempt from ADR only upon the following grounds:
 - a. Special proceeding, or actions seeking extraordinary relief such as mandamus, habeas corpus, or prohibition;
 - b. Requests for temporary relief;
 - c. Appeals
 - d. Post Conviction relief matters;
 - e. Contempt of Court proceedings;
 - f. Forfeiture proceedings brought by governmental entities;
 - g. Mortgage foreclosures; and
 - h. Cases that have been previously subjected to an ADR conference, unless otherwise required by Rule 3 or by statute.
5. In cases not subject to ADR, the Chief Judge for Administrative Purposes, upon the motion of the court or of any party, may order a case to mediation.
6. Motion of a party to be exempt from payment of neutral fees due to indigency should be filed with the Court within ten (10) days after the ADR conference has been concluded.

**Please Note: You must comply with the Supreme Court Rules regarding ADR.
Failure to do so may affect your case or may result in sanctions.**

STATE OF SOUTH CAROLINA,

IN THE COURT OF COMMON PLEAS

COUNTY OF CHESTERFIELD

Auto-Owners Insurance Company,

Plaintiff,

vs.

Elouise Woody Benjamin, Melvin
Benjamin, et al.

Defendant.)

SUMMONS

FILED
CLERK OF COURT

08 DE 19 A 9:37.0

FILE NO. 2008-CP-13
CHESTERFIELD COUNTY, SC
BOOK _____ PAGE _____

TO THE DEFENDANT ABOVE-NAMED:

YOU ARE HEREBY SUMMONED and required to answer the complaint herein, a copy of which is herewith served upon you, and to serve a copy of your answer to this complaint upon the subscriber, at the address shown below, within thirty (30) days after service hereof, exclusive of the day of such service, and if you fail to answer the complaint, judgment by default will be rendered against you for the relief demanded in the complaint.

Myrtle Beach, South Carolina

Dated: December 18, 2008

Address:

Dominic Starr

Plaintiff/Attorney for Plaintiff

Dominic A. Starr, Esquire

Nelson Mullins Riley & Scarborough LLP

P.O. Box 3939

Myrtle Beach, SC 29578-3939

A True Copy Attest

Faye J. Sellers

CLERK OF COURT C.P. & G.S.
CHESTERFIELD COUNTY, SC

STATE OF SOUTH CAROLINA)

COUNTY OF CHESTERFIELD)

IN THE COURT OF COMMON PLEAS

FOURTH JUDICIAL CIRCUIT

Auto-Owners Insurance Company,

Civil Action No. 08 DE 19 A 9 37.2

Plaintiff,

CHESTERFIELD COUNTY, SC
BOOK PAGE

vs.

COMPLAINT

(Declaratory Judgment: Insurance
Coverage)

Elouise Woody Benjamin, Melvin
Benjamin, Joshua Lee Cail, Naida L.
Singleton, and Pee Dee Heating and
Cooling Specialists, Inc.,

Defendants.

Auto-Owners Insurance Company ("Auto-Owners") sets forth its
complaint for a declaratory judgment regarding insurance coverage as follows:

PARTIES AND JURISDICTION

1. Auto-Owners is an insurance company organized under the laws
of the state of Michigan with its principal place of business in the state of Michigan and
it is admitted and authorized to sell insurance in the state of South Carolina.

2. Elouise Woody Benjamin ("Elouise Benjamin") and Melvin
Benjamin are residents of Darlington County, South Carolina.

3. Upon information and belief, Joshua Lee Cail ("Cail") is a
resident of Chesterfield County, South Carolina.

4. Naida L. Singleton is a resident of South Carolina, county
unknown to Auto-Owners.

5. Upon information and belief, Pee Dee Heating and Cooling
Specialists, Inc. ("Pee Dee Heating and Cooling") is a corporation organized and

A True Copy Attest

Jaye T. Sellers

CLERK OF COURT C.P. & G.S.
CHESTERFIELD COUNTY, SC

existing under the laws of South Carolina and owns property, employs agents, and transacts business in Chesterfield County, South Carolina.

6. The motor vehicle accident giving rise to this matter occurred in Darlington County, South Carolina.

7. Venue is proper in this county pursuant to S.C. Code Ann. § 15-7-30.

8. This court has subject matter jurisdiction over this action and personal jurisdiction over the parties.

9. This action is brought pursuant to the South Carolina Uniform Declaratory Judgments Act, S.C. Code Ann. §§ 15-53-10 et seq.

FACTUAL ALLEGATIONS

10. On February 14, 2008, Auto-Owners issued to Pee Dee Heating and Cooling (sometimes hereinafter referred to as "the Company") automobile liability policy number 44-381-843-00 ("the Policy") covering several automobiles used by the Company and its employees in the conduct of the Company's business.

11. The Policy covered a 2004 Toyota Tacoma truck, vehicle identification number 5TEVL52N94Z464705 ("the Truck"), owned by Naida Singleton.

12. Naida Singleton and her husband, Brett Singleton, are the owners of Pee Dee Heating and Cooling.

13. Cail was an employee of the Company, hired in early 2008. At the time of his hiring, Cail presented a Georgia driver's license and was later given the Truck to drive for business purposes only.

14. On Friday, April 4, 2008, Brett Singleton discovered that the driver's license that Cail had presented at hiring was under suspension.

15. Immediately after learning that the license was suspended, Brett Singleton confronted Cail about the suspended license and instructed Cail not to drive the Truck. Brett specifically instructed Cail not to drive the Truck over the weekend and not to drive it to work Monday morning. Brett informed Cail that he would pick Cail up at Cail's house on Monday morning to drive him to work.

16. On Monday morning, April 7, 2008, while driving the Truck in direct contravention of Brett Singleton's instructions, Cail was involved in a motor vehicle accident with Elouise Benjamin. Upon information and belief, Cail was traveling north on U.S. Highway 15 in Darlington County when he crossed the center line and collided head-on with Elouise Benjamin's vehicle, who had been traveling south on U.S. Highway 15.

17. On May 15, 2008, Elouise Benjamin and Melvin Benjamin (sometimes hereinafter collectively referred to as "the Benjamins") filed a lawsuit in the Court of Common Pleas in Marlboro County, South Carolina, for alleged injuries and damages resulting from the aforesaid accident entitled Elouise Woody Benjamin and Melvin Benjamin, Plaintiffs, v. Joshua Lee Cail, Naida L. Singleton, and Pee Dee Heating and Cooling Specialists, Inc., Defendants, Civil Action No. 08-34-181. A copy of the complaint filed in that action is attached hereto as Exhibit A, and by this reference incorporated herein.

18. In the above-referenced lawsuit, the Benjamins allege that the injuries and damages sustained by them were caused and occasioned by the willful,

wanton, reckless, careless, negligent, and unlawful conduct on the part of the at-fault driver, Cail.

19. The Benjamins further allege that at the time of the accident, Cail was acting in his individual capacity or as the agent, servant, and employee of Naida Singleton and Pee Dee Heating and Cooling.

20. Auto-Owners has provided Pee Dee Heating and Cooling and Naida Singleton a defense to the lawsuit, but Auto-Owners reserves to itself all rights under the Policy, and without waiving any of such rights, until the controversy between the parties with regard to insurance coverage can be determined in this declaratory judgment action.

FOR A FIRST CAUSE OF ACTION
(Declaratory Judgment)

21. Auto-Owners incorporates by reference the allegations of Paragraphs 1 through 20 above as if set forth verbatim herein.

22. Pursuant to S.C. Code Ann. §§ 15-53-10 et seq., Auto-Owners seeks a declaration that the Policy does not furnish insurance coverage to Pee Dee Heating and Cooling, Naida Singleton, or Cail with reference to the above-mentioned lawsuit pending in Marlboro County, South Carolina and that Auto-Owners has no duty to defend or indemnify Pee Dee Heating and Cooling, Naida Singleton, or Cail in that action.

23. An actual, justiciable controversy exists as to whether the Policy provides coverage to Pee Dee Heating and Cooling, Naida Singleton, or Cail with reference to the above-mentioned lawsuit.

24. For liability coverage, the Policy provides, in pertinent part:

We [Auto-Owners] will pay damages for **bodily injury** and **property damage** for which you become legally responsible because of or arising out of the ownership, maintenance, or use of **your automobile**. . . . We will pay such damages:

- (1) on **your** behalf;
- (2) on behalf of any **relative** using **your automobile** . . . ;
- (3) on behalf of any person using **your automobile** . . . with **your** permission or that of a **relative**; and
- (4) on behalf any person or organization legally responsible for the use of **your automobile** . . . when used by **you**, a **relative**, or with **your** permission or that of a **relative**.

25. Under the Policy, "you" or "your" is defined as the first named insured shown in the Declarations.

26. "Your automobile" is defined as the automobile described in the Policy's Declarations.

27. The Policy further provides that Auto-Owners "will settle or defend, as [it considers] appropriate, any claim or suit for damages covered by this policy."

28. Pee Dee Heating and Cooling is the first, and the only, named insured shown in the Policy's Declarations.

29. At the time of the accident, the alleged at-fault driver, Cail, was operating the Truck, which qualifies as a covered automobile, pursuant to the Policy. However, Auto-Owners is not obligated to pay damages for this claim because Cail was not a permissive user of the Truck, and neither Pee Dee Heating and Cooling nor Naida Singleton is legally responsible for the damages arising out of this case.

30. At the time of the accident, Cail was not acting as an agent, servant, or employee of Pee Dee Heating and Cooling or Naida Singleton.

31. Cail's conduct did not occur within the scope of his employment with Pee Dee Heating and Cooling. At the time of the accident, Cail was acting in furtherance of some independent purpose, wholly disconnected with the furtherance of Pee Dee Heating and Cooling's business.

32. No master-servant relationship, nor any agency relationship of any kind, existed between Naida Singleton and Cail.

33. At the time of the accident, Cail did not qualify as a permissive user of the Truck.

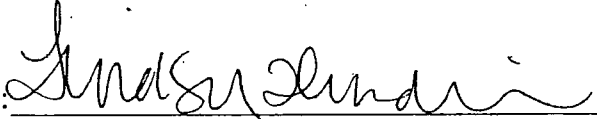
34. The Policy does not cover the Benjamins' claims or action for damages arising from this automobile accident. Therefore, Auto-Owners is not obligated to defend or indemnify Pee Dee Heating and Cooling, Naida Singleton, or Cail in the Benjamin's lawsuit against them.

WHEREFORE, Auto-Owners requests that this Court issue a declaration that:

- i. Cail did not qualify as a permissive user of the Truck at the time of the accident;
- ii. the Policy does not furnish insurance coverage to Pee Dee Heating and Cooling, Naida Singleton, or Cail with reference to the above-mentioned lawsuit of the Benjamins pending in Marlboro County, South Carolina; and
- iii. Auto-Owners has no duty to defend or indemnify Pee Dee Heating and Cooling, Naida Singleton, or Cail in that action.

Auto-Owners also respectfully requests that this Court grant such other
and further relief as it may deem just and proper.

NELSON MULLINS RILEY & SCARBOROUGH LLP

By: 

Dominic A. Starr

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Lindsey E. Hendrick

SC Bar No. 073759

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Post Office Box 3939 (29578-3939)

Myrtle Beach, SC 29577-3165

(843) 448-3500

Attorneys for Auto-Owners Insurance Company

Myrtle Beach, South Carolina

December 17, 2008

STATE OF SOUTH CAROLINA
COUNTY OF MARLBORO

Elouise Woody Benjamin and Melvin
Benjamin,

Plaintiff(s),

Vs.

Joshua Lee Cail, Naida L. Singleton and Pee
Dee Heating and Cooling Specialists, Inc.,

Defendant(s):

IN THE COURT OF COMMON PLEAS
FOURTH JUDICIAL CIRCUIT

C/A # 08-34-181

SUMMONS FOR
RELIEF

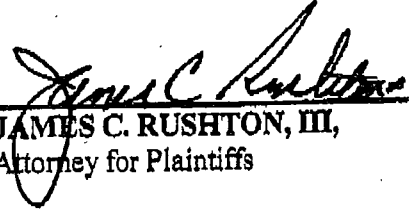
(Jury Trial Requested)

TO DEFENDANTS ABOVE-NAMED:

YOU ARE HEREBY SUMMONED and required to answer the Complaint in this action, a copy of which is herewith served upon you, and to serve a copy of your Answer to said Complaint on the subscriber at 170 Courthouse Square, Post Office Box 1770, Florence, South Carolina, 29503-1770 within thirty (30) days from the service hereof, exclusive of the day of such service and in case of the failure to do so, judgment by default will be rendered against you for the relief demanded in the Complaint.

Florence, SC

May 14, 2008


JAMES C. RUSHTON, III,
Attorney for Plaintiffs

THE HYMAN LAW FIRM, LLP
170 Courthouse Square
Post Office Box 1770
Florence, SC 29503-1770
(843) 662-5000

STATE OF SOUTH CAROLINA
COUNTY OF MARLBORO

Elouise Woody Benjamin and Melvin Benjamin,

Plaintiff(s),

Vs.

Joshua Lee Cail, Naida L. Singleton and Pee Dee Heating and Cooling Specialists, Inc.,

Defendant(s).

IN THE COURT OF COMMON PLEAS
FOURTH JUDICIAL CIRCUIT

CIA # 08-34-181

W. B. Funderburk
CLERK OF COURT
MARLBORO COUNTY

COMPLAINT
(Jury Trial Requested)

The plaintiffs, complaining of the defendants allege:

FOR A FIRST CAUSE OF ACTION

1. That the plaintiffs are residents and citizens of the County of Darlington, South Carolina.
2. That the plaintiffs are informed and believe that the defendant, Joshua Lee Cail, is a resident and citizen of the County of Chesterfield, State of South Carolina.
3. That the plaintiffs are informed and believe that the defendant, Naida L. Singleton, is a resident and citizen of the County of Marlboro, State of South Carolina.
4. That the plaintiffs are informed and believe that the defendant, Pee Dee Heating and Cooling Specialists, Inc., is a corporation organized and existing under the laws of one of the states of the United States and owns property, employs agents and transacts business in Chesterfield County, South Carolina.

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WILLIAM B. FUNDERBURK
CLERK OF COURT
MARLBORO COUNTY, S.C.

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5. That at all times hereinafter mentioned, the defendant, Mr. Joshua Lee Cail, was acting in his individual capacity or as the agent, servant and employee of the defendant, Naida L. Singleton and Pee Dee Heating and Cooling Specialists, Inc.
6. That heretofore, on or about April 7, 2008, the plaintiff, Elouise Woody Benjamin, was traveling North on U.S. Highway 15 when the defendant, Joshua Lee Cail crossed the center line and hit the plaintiff; that as a result of the collision the plaintiff was injured and damaged as more specifically hereinafter set forth.
7. That the injuries and damages sustained by the plaintiff, Elouise Woody Benjamin, were caused and occasioned by the willful, wanton, reckless, careless, negligent and unlawful conduct on the part of the defendant in one or more of the following particulars, to-wit:
- (a) In operating a motor vehicle upon the public streets and highways of the State of South Carolina while under the medical conditions that could influence the operation of a motor vehicle;
 - (b) In driving a vehicle in an unsafe condition upon the roadways of the State of South Carolina;
 - (c) In driving a vehicle at an excessive rate of speed, too fast for the conditions then and there existing;
 - (d) In failing to yield the right of way to the plaintiff;
 - (e) In failing to keep a proper lookout;
 - (f) In failing to maintain proper control over the vehicle which the defendant was driving;
 - (g) In driving a motor vehicle in a dangerous and improper manner without regard for the rights of others on said road;

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WILLIAM B. HENDERBERG
CLERK OF COURT
MARLBORO COUNTY, S.C.

- (h) In failing to avoid colliding with plaintiff's vehicle after having ample opportunity to do so, thus failing to exercise the doctrine of last clear chance;
- (i) In driving said vehicle into and against the plaintiff's vehicle;
- (j) In failing to give any warning or signal to the plaintiff that defendant was about to collide with the vehicle of the plaintiff;
- (k) In operating a motor vehicle on the wrong side of the roadway;
- (l) In changing lanes improperly; and
- (m) In turning unlawfully.

All of the above being in violation of the laws of the State of South Carolina.

8. That as a direct and proximate cause of said negligence, wantonness, recklessness and unlawfulness on the part of the defendant, the plaintiff, Elouise Woody Benjamin, was thrown violently in and about plaintiff's automobile; that the plaintiff was greatly and severely injured in and about plaintiff's head, neck, arms, body, back, limbs and other parts of the plaintiff's body; that plaintiff was rendered sick, sore, lame, disabled, bruised and shocked thereby and continues so to be; that all of such injuries have caused plaintiff extreme and excruciating pain continuously to this date and the plaintiff will suffer such pain in the future; that as a direct and proximate result of the negligence of the defendant as aforementioned the plaintiff suffered severe bruises, lacerations and contusions and great pain and suffering.
9. That as a direct and proximate cause of said negligence, wantonness, recklessness, and unlawfulness on the part of the defendant:
- (a) The plaintiff was committed to the hospital and will be required to enter the hospital in the future for long and extensive periods of time;

- (b) The plaintiff was confined to the care and treatment of skilled physicians and nurses; that plaintiff is presently being treated by such persons and will continue to receive treatment from them in the future; that plaintiff has expended large sums of money for such treatment and will be obligated to expend even more money in the future for such care and treatment;
- (c) The plaintiff was hindered and prevented, and in the future will be hindered and prevented from transacting and attending to plaintiff's necessary and lawful affairs since the date of the collision and loss and was deprived of divers gains, profits, salaries, pleasures, advantages, and earning capacity and ability which plaintiff would have otherwise derived and acquired;
- (d) The plaintiff was in the past, present and will continue in the future to be put to great expense for medicine and drugs;
- (e) The plaintiff has expended large sums of money in the past and present for transportation to and from the doctor's office and hospitals and will continue to have such expenses in the future for consultations and treatment;
- (f) The plaintiff's previous good health has been permanently impaired;
- (g) The plaintiff has suffered a loss of wages and in the future will suffer a loss of wages due to the injuries received.

All of the above being in violation of the statutory and common laws of South Carolina.

10. That as a direct and proximate result of the negligence, wantonness, recklessness, carelessness and unlawfulness on the part of the defendant:

- (a) The plaintiff's automobile was extensively damaged;

- (b) It will be necessary for the plaintiff to incur expenses for the repair of the automobile or replacement of the automobile;
- (c) The plaintiff will be without the use of the automobile during the time that it is undergoing repairs if it can be repaired;
- (d) The plaintiff's automobile will greatly depreciate in value due to its wrecked condition.

11. As a result of her injuries, the plaintiff, Elouise Woody Benjamin, is informed and believes that she is entitled to an award of actual and punitive damages.

FOR A SECOND CAUSE OF ACTION
(Loss of Consortium as to Plaintiff, Melvin Benjamin)

12. The plaintiffs reallege each and every allegation set forth in the preceding paragraphs as if set forth herein verbatim.
13. That at all times hereinafter mentioned, the plaintiff, Melvin Benjamin, was lawfully married to the plaintiff, Elouise Woody Benjamin.
14. That as a result of the bodily injuries suffered by the plaintiff, Elouise Woody Benjamin, the plaintiff, Melvin Benjamin, has been deprived of her companionship, love, society, and care, and, as a result, has suffered actual damages.
15. That the plaintiff, Melvin Benjamin, is entitled to an award of actual damages plus an award of punitive damages from the defendants in an amount to be determined by a jury, plus the cost of this action.

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WILLIAM B. FUNKERBANK
CLERK OF COURT
MARLBORO COUNTY, N.C.

WHEREFORE, the plaintiffs pray as follows:

- a) That the Court inquire into the matters and things set forth herein;
- b) That the plaintiff, Elouise Woody Benjamin, be granted an award of actual and punitive damages against the defendants in an amount to be determined by a jury, plus the cost of this action;
- c) That the plaintiff, Melvin Benjamin, be granted an award of actual and punitive damages from the defendants in an amount to be determined by a jury, plus the cost of this action; and,
- d) That the court grants such other and further relief as may be deemed just and proper.

Florence, SC

May 14, 2008


JAMES C. RUSHTON, III
Attorney for Plaintiffs

THE HYMAN LAW FIRM
170 Courthouse Square
Post Office Box 1770
Florence, SC 29503-1770
(843) 662-5000

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WILLIAM B. FUMERBURK
CLERK OF COURT
MARLBOROUGH COUNTY, S.C.

09016

STATE OF SOUTH CAROLINA
COUNTY OF CHESTERFIELD

Auto-Owners Insurance Company,

Plaintiff,

Vs.

Elouise Woody Benjamin, Melvin Benjamin,
Joshua Lee Cail, Naida L. Singleton, and Pee
Dee Heating and Cooling Specialists, Inc.,

Defendants.

IN THE COURT OF COMMON PLEAS
FOURTH JUDICIAL CIRCUIT
C/A # 2008-CP-13-497

ANSWER AND
COUNTERCLAIM
(Jury Trial Requested)

The Defendants, Elouise Woody Benjamin and Melvin Benjamin, by way of Answer to the Complaint of the Plaintiff, would allege as follows:

FOR A FIRST DEFENSE
(Answer)

1. Paragraphs 1 and 2 of the Complaint are admitted.
2. As to Paragraph 3 of the Complaint, the Defendants, Elouise Woody Benjamin and Melvin Benjamin, are without sufficient information with which to respond and therefore denies the same and demands strict proof thereof.
3. Paragraphs 4 through 9 of the Complaint are admitted.
4. Paragraphs 10, 11, and 12 of the Complaint are admitted.
5. As to Paragraph 13 of the Complaint, it is admitted that Cail was an employee of the Company, hired in 2008, that he presented a Georgia driver's license and given the truck to drive but the remaining allegations of that paragraph are denied.

6. As to Paragraph 14 of the Complaint, the Defendants, Elouise Woody Benjamin and Melvin Benjamin, are without sufficient information with which to respond and therefore denies the same and demands strict proof thereof.
7. As to Paragraph 15 of the Complaint, the Defendants, Elouise Woody Benjamin and Melvin Benjamin, are without sufficient information with which to respond and therefore denies the same and demands strict proof thereof.
8. As to Paragraph 16 of the Complaint, it is admitted that on April 7, 2008 the Defendant, Cail, was involved in a motor vehicle accident with Elouise Benjamin on U.S. Highway 15 in Darlington County when he crossed the center line and collided with the vehicle of Elouise Benjamin but the remaining allegations of that Paragraph are denied.
9. Paragraph 17 of the Complaint is admitted.
10. As to Paragraph 18 of the Complaint, reference is craved to the allegations set forth in the Complaint.
11. Paragraphs 19 and 20 of the Complaint are admitted.
12. Paragraph 21 of the Complaint requires no response but to the extent that it does the same is denied.
13. Paragraph 22 of the Complaint is denied.
14. Paragraph 23 of the Complaint is admitted.
15. As to Paragraph 24 of the Complaint, reference is craved to the language in the original policy for its meaning and interpretation.
16. As to Paragraph 25 of the Complaint, reference is craved to the language in the original policy for its meaning and interpretation.

17. As to Paragraph 26 of the Complaint, reference is craved to the language in the original policy for its meaning and interpretation.
18. As to Paragraph 27 of the Complaint, reference is craved to the language in the original policy for its meaning and interpretation.
19. Paragraph 28 of the Complaint is admitted.
20. As to Paragraph 29 of the Complaint, it is admitted that at the time of the accident, the at-fault driver, Cail, was operating the truck which qualified as a covered vehicle but the remaining allegations of that Paragraph are denied.
21. Paragraphs 30, 31, 32, 33, and 34 of the Complaint are denied.

**FOR A SECOND DEFENSE
(By Way of Counterclaim)**

22. The allegations of the defenses set forth above are re-alleged as if fully set forth hereafter.
23. The Defendants, Elouise Woody Benjamin and Melvin Benjamin, adopt the jurisdictional allegations of the Complaint for purposes of this Counterclaim.
24. The Plaintiff is liable to the Defendants, Elouise Woody Benjamin and Melvin Benjamin, due to the fact that the Defendant, Cail, was a permissive user of the truck involved in the accident and/or acting in the course of and scope of his employment.
25. The Plaintiff is liable to the Defendants, Elouise Woody Benjamin and Melvin Benjamin, for the negligent entrustment by Defendants, Pee Dee Heating and Cooling Specialists, Inc. and Naida L. Singleton, of the truck involved in the accident to Joshua Lee Cail.

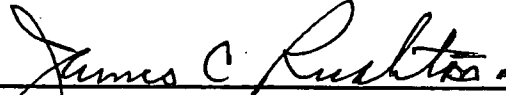
WHEREFORE, the Defendants, Elouise Woody Benjamin and Melvin Benjamin, pray as follows:

- a) That the Court inquire into the matters and things set forth herein;

- b) That the declaratory judgment action be decided in favor of the Defendants, Elouise Woody Benjamin and Melvin Benjamin, so that coverage is established; and
- c) For such other and further relieve as may be just and proper.

Florence, SC

January 8, 2009


JAMES C. RUSHTON, III,
Attorney for Defendants, Elouise Woody
Benjamin and Melvin Benjamin

THE HYMAN LAW FIRM, LLP
170 Courthouse Square
Post Office Box 1770
Florence, SC 29503-1770
(843) 662-5000

**STATE OF SOUTH CAROLINA
COUNTY OF CHESTERFIELD**

Auto-Owners Insurance Company,

Plaintiff,

Vs.

Elouise Woody Benjamin, Melvin Benjamin,
Joshua Lee Cail, Naida L. Singleton, and Pee
Dee Heating and Cooling Specialists, Inc.,

Defendants.

**IN THE COURT OF COMMON PLEAS
FOURTH JUDICIAL CIRCUIT
C/A # 2008-CP-13-497**

**CERTIFICATE OF
MAILING**

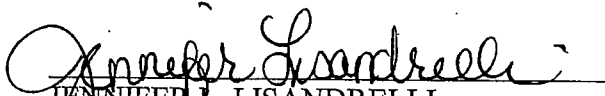
The undersigned, a Paralegal for The Hyman Law Firm, LLP, attorneys for the Defendants, Elouise Woody Benjamin and Melvin Benjamin, does hereby certify that she deposited in the United States Mail a copy of the Answer and Counterclaim of Defendants, Elouise Woody Benjamin and Melvin Benjamin dated January 8, 2009, the same being addressed to those persons whose names and addresses appear below, this being done on January 8, 2009, and that sufficient postage was affixed thereto:

Michael M. Nunn
Aiken Bridges
Attorneys at Law
Post Office Drawer 1931
Florence, SC 29503-1931

Lindsey E. Hendrick
Nelson Mullins Riley & Scarborough, L.L.P.
3751 Robert M. Grisson Parkway
Suite 300
Myrtle Beach, SC 29577-3165

Florence, SC

January 8, 2009


JENNIFER L. LISANDRELLI

STATE OF SOUTH CAROLINA
COUNTY OF CHESTERFIELD

AUTO-OWNERS INSURANCE
COMPANY,

Plaintiff,

vs.

ELOUISE WOODY BENJAMIN,
MELVIN BENJAMIN, JOSHUA LEE
CAIL, NAIDA L. SINGLETON AND PEE
DEE HEATING AND COOLING
SPECIALISTS, INC.,

Defendants.

A True Copy Attest
Jay J. Siller

CLERK OF COURT CP & GS.
CHESTERFIELD COUNTY, SC

Civil Action No. 08-CP-13-497

FILED
CLERK OF COURT

2009 JAN 21 AM 10 12

PLAINTIFF'S REPLY TO THE
COUNTERCLAIM OF DEFENDANTS
ELOUISE WOODY BENJAMIN AND
MELVIN BENJAMIN

(Jury Trial Demanded)

Plaintiff, Auto-Owners Insurance Company, by and through its undersigned counsel,
hereby replies to the Counterclaim of Elouise Woody Benjamin and Melvin Benjamin, (the
"Benjamins") and would show unto this Honorable Court as follows:

FOR A FIRST DEFENSE

1. Each and every allegation contained in the Benjamins' Answer and Counterclaim
not hereinafter specifically admitted, denied, or explained is denied.

FOR A SECOND DEFENSE AND BY WAY OF REPLY TO THE COUNTERCLAIM

2. Paragraphs 1 through 21 of the Benjamins' Answer and Counterclaim are
responsive to Plaintiff's Complaint and do not require any response herein. To the extent any
such paragraph is deemed to call for a reply from Plaintiff, the allegations contained in those
paragraphs are denied.

FOR A THIRD DEFENSE AND BY WAY OF REPLY TO THE COUNTERCLAIM

3. Answering Paragraph 22, Plaintiff reasserts all previous defenses as if set forth verbatim herein.

4. Paragraph 23 does not require a reply from Plaintiff.

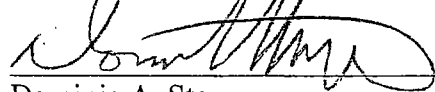
5. Paragraph 24 is denied.

6. Paragraph 25 is denied.

WHEREFORE, having fully replied to the Benjamins' Answer and Counterclaim, Plaintiff reasserts its request that this Court issue a declaration that:

- i. Defendant Cail did not qualify as a permissive user of the truck at the time at the time of the accident;
- ii. The Policy does not furnish insurance coverage to Pee Dee Heating & Cooling, Naida Singleton, or Cail, with reference to the negligence law suit filed by the Benjamins pending in Marlboro County, South Carolina; and
- iii. Auto-Owners does not have a duty to defend or indemnify Pee Dee Heating & Cooling, and Naida Singleton, or Cail in the underlying tort action.

MCANGUS GOUDELOCK & COURIE, L.L.C.



Dominic A. Starr
Post Office Box 1349
1107 48th Avenue North, Suite 210 (29577)
Myrtle Beach, SC 29578
(843) 449-6016

ATTORNEYS FOR PLAINTIFF, AUTO-
OWNERS INSURANCE COMPANY

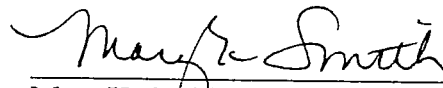
January 16, 2009

CERTIFICATE OF SERVICE

I hereby certify that I have this 20th day of January, 2009 served a copy of the foregoing Answer (Jury Trial Demanded) by mailing copies of same, postage prepaid, in the United States mail, with sufficient postage affixed as follows:

Michael M. Nunn
Aiken, Bridges, Nunn, Elliott & Tyler, P.A.
P.O. Drawer 1931
Florence, SC 29503
Attorney for Joshua Lee Cail

Joshua Lee Cail
Pro Se Defendant



Mary K. Smith
Legal Assistant to Dominic A. Starr

A TRUE COPY
JAN 21 2009
CLERK OF COURT

FILED
CLERK OF COURT
2009 JAN 21 AM 10 12

20403, 09016

State of South Carolina) In the Court of Common Pleas
County of Chesterfield) C/A # 2008-CP-13-0497

Auto-Owners Insurance Co.,)
Plaintiff,)

vs.)

Elouise Woody Benjamin,)
Melvin Benjamin, Joshua Lee)
Cail, Naida L. Singelton, and)
Pee Dee Heating and Cooling)
Specialists, Inc.,)

Defendants.)

ORDER

A True Copy Attest

Jaye J. Sellers

CLERK OF COURT C.P. & G.S.
CHESTERFIELD COUNTY, SC

2011 MAY 3 AM 9 03
FAYE L. SELLERS
CLERK OF COURT
CHESTERFIELD COUNTY, S.C.

This is a declaratory judgment action over automobile insurance coverage. The Court held a bench trial on whether the insured's employee was a permissive driver.¹ The Court finds that Trooper Brian Lee's testimony was the most credible and persuasive on this point, and that the employee was a permissive driver.

STATEMENT OF EVIDENCE PRESENTED

The Court heard testimony from Mr. Brent Singleton, President of Pee Dee Heating and Cooling Specialists, Inc.; and Trooper Brian Lee, who investigated an automobile wreck between Joshua Cail and Elouise Benjamin that occurred while

¹No party requested a jury trial.

Cail was driving a Pee Dee vehicle insured by Auto-Owners.² Singleton's deposition and the insurance policy were also admitted into evidence. The policy provides in part that Auto-Owners will pay damages "on behalf of any person using your automobile (that is not a trailer) with your permission or that of a relative." Policy, p. 2, § II1(a)(3).

In January 2008, Singleton hired Cail. Trial Tr., p. 32 ll.18-25. When Cail was hired, Singleton told him that he could drive a company truck and Cail knew that he would be driving a company truck.³ This permission included permission to take the truck home and keep it overnight. Trial Tr., p. 25 l.22 - p. 26 l.14; Depo, p. 14 l.22 - p. 15 l.15. After the hire, Singleton learned that Cail used the company truck most of the time and usually kept his personal vehicle at the shop. Depo., p. 13 ll.5-11, p. 16 ll.1-4.

Singleton testified that he never gave his employees express permission to use company trucks for personal business, yet admitted that the company lacked any written policy against such personal use and that he never told his employees to return company vehicles to the shop on weekends that they were not working. Trial Tr., p. 34 ll.11-14, p. 52 ll.11-15; Depo., p. 35 ll.21-23, p. 36 ll.8-20.

²Cail did not attend the hearing; his whereabouts are currently unknown. Trial Tr., p. 74 ll.18-23.

³Trial Tr., p. 25 ll.16-21, p. 33 ll.10-19; Depo, p.13 ll. 2-4.

Singleton also kept mileage logs from which he could determine if employees were using the vehicles for personal trips, and never fired anyone for using company vehicles for personal trips. Trial Tr., p. 34 ll.18-21, p. 35 ll.20-21.

On April 4, 2008, according to Singleton, a Pee Dee employee named Eileen told him that a competitor named Allen Polson told her that Cail's driver's license was suspended. Trial Tr., p. 26 l.23 - p. 27 l.14, p. 37 l.14 - p. 38 l. 6. Singleton said that he went to Cail's job site later that day to tell Cail privately not to drive the company truck, yet did not fire him, ask for the truck keys, or make any plans to retrieve the truck from Cail's home.⁴ Singleton further testified that nothing prevented him from retrieving the truck any time over the weekend, and that both he and his son each went to Cail's home over the weekend but did not get the truck because Singleton did not think it was that big of a deal.⁵ Singleton added that Cail's personal vehicle may have been at the shop that Friday rather than at his home. Depo., p. 23 ll.11-18.

⁴Trial Tr., p. 27 l.19 - p. 28 l.4, p. 40 l.25 - p. 41 l.6, p. 43 l.23 - p. 44 l.1, p. 44 l.24 - p. 45 l.9; Depo, p. 24 l.24 - p. 26 l.11.

⁵Trial Tr., p. 29 ll.7-15, p. 38 l.13- p. 39 l.13; Depo, p. 24 ll.14-20, p. 27 ll.5-22, p. 29 ll.2-18, p. 29 ll.19-24, p. 37 l.21 - p. 38 l.5.

On April 7, 2008, Cail was driving the Pee Dee truck back from his girlfriend's house when he was in a collision with Benjamin. Trial Tr., p. 57 l.22 – p. 58 l.2. Trooper Lee, relying on his contemporaneously-made field notes, testified that he investigated whether Cail had permission to drive the truck.⁶ Cail told him, “Brent Singleton knew I had the truck. I drive the vehicle on the weekends. The company knows that I have the vehicle and it is a take home vehicle.” Trial Tr., p. 64 ll.7-11. Trooper Lee believed Cail when Cail told the Trooper that he had permission. Trial Tr., p. 60 ll.14-16.

Later that same Monday morning, Singleton went to Cail's home and saw that Cail and the truck were gone. Trial Tr., p. 29 ll.16-25. He had his office call in the truck as stolen several hours after the wreck. Trial Tr., p. 48 ll.12-16. Trooper Lee testified that he reported the wreck to Pee Dee before Pee Dee reported the vehicle as stolen. Trial Tr., p. 58 l.20 - p. 60 l.7, p. 65 l.14 - p. 66 l.4. He explained that people typically try to avoid liability by reporting their vehicle as stolen after learning that it was in an accident. Trial Tr., p. 66 ll.1-4.

⁶Trial Tr., p. 56 ll.12-17, p. 58 ll.11-16, p. 62 ll.3-12, p. 63 ll.14-24.

Singleton lastly testified that he talked to Cail sometime after the accident and recorded Cail's admission that he lacked permission to drive the truck that weekend. Trial Tr., p. 30 l.15 - p. 31 l.9, Depo, p. 32 ll.8-12. No recording was produced.

FINDINGS OF FACT

1. At the time of the collision between Cail and Benjamin, Auto-Owners insured the Pee Dee truck that Cail was driving and promised Pee Dee that it would pay damages "on behalf of any person using your automobile (that is not a trailer) with your permission or that of a relative."
2. From January 2008 through the time of the wreck that April, Cail was employed by Pee Dee and had Pee Dee's permission to use the Pee Dee truck and keep the truck at his home overnight. Singleton knew during these months that Cail usually kept his personal vehicle at the shop and drove the company truck most of the time.
3. Pee Dee never issued a written policy against using the company vehicles for personal use and never instructed its employees to return the company vehicles to the shop over those weekends that they were not working. Pee Dee also kept mileage logs from which it could easily determine if the employees were using the vehicles for personal use.

4. Trooper Lee's account of his investigation and conclusion that Cail had permission is credible and extremely persuasive. The Trooper is disinterested in the case's outcome, testified from his contemporaneously-made field notes, and thoroughly explained why he concluded that Cail had Singleton's permission to drive the company truck when the wreck occurred.
5. Singleton's testimony that he revoked his express permission to use the truck the Friday before the wreck that Monday is less credible. Singleton failed to call as witnesses Polson, his competitor who purportedly prompted the revocation, or Eileen, the Pee Dee employee who purportedly told him that Polson told her that Cail's license was suspended. Singleton likewise did not call any witnesses to his purported confrontation with Cail that Friday or produce the recording that he said he later took of Cail.
6. Singleton's actions over that weekend are also inconsistent with his purported revocation. According to Singleton, he knew on Friday that Cail's license was suspended, that the company truck was at Cail's home, and that Cail's personal vehicle may have been at the shop. Despite knowing that the truck may be the only vehicle available to Cail over the weekend, Singleton never asked Cail for the truck keys or made any attempt to retrieve the truck.

7. The Court also finds it disturbing that Singleton waited until after his company learned that the company truck was involved in an accident before having the company report it as stolen. The Court has taken this into account in finding that Trooper Lee's testimony was more credible.

CONCLUSIONS OF LAW

1. Implied permission to use an automobile may be established from the direct evidence, all pertinent circumstances, and proper inferences to be drawn therefrom. It further involves an inference arising from a course of conduct or relationship between the parties, in which there is mutual acquiescence or lack of objection under circumstances signifying consent. *Allstate Ins. Co. v. State Farm Mut. Auto. Ins. Co.*, 260 S.C. 350, 354, 195 S.E.2d 711, 713 (1973). As the parties seeking coverage, the Benjamins have the burden of meeting this standard. *Pennell v. Foster*, 338 S.C. 9, 19, 524 S.E.2d 630, 635 (Ct.App. 1999).
2. The Court concludes from Trooper Lee's testimony that the Benjamins met their burden and that Cail had implied permission to use the company truck at the time of the wreck. In reaching this conclusion, the Court disagrees with three arguments that Auto-Owners makes.

3. Trooper Lee's account of his investigation, and the statements that Cail made to him, are admissible. Cail is a named party-Defendant. Statements that he made are admissions by a party opponent under Rule 801(d) (2), SCRE. Admissions that employees make about their authority to drive the company vehicle involved in the wreck are also admissible as part of the res geste. *See, e.g., Stevens v. Moore*, 211 S.C. 498, 46 S.E.2d 73 (1948) (citing cases). This line of authority applies in that Trooper Lee testified that he took Cail's statement shortly after the wreck while things remained "kind of chaotic." Trial Tr., p. 56 ll.5-11.
4. The Court is also unpersuaded by Auto-Owners' argument that the revocation of express permission precludes implied permission. The Court is first unconvinced because the purported revocation is uncorroborated and inconsistent with Singleton's later actions. The argument is also rebutted by the *Allstate* decision. In *Allstate*, the Supreme Court affirmed a jury verdict which found implied permission even after express permission was revoked because the vehicle was not returned on time. *Allstate Ins. Co.*, 260 S.C. at 354, 195 S.E.2d at 713.
5. The Court is also mindful that South Carolina strictly construes the scope of permission. The Court concludes, however, that Singleton gave Cail implied permission to use the truck for personal trips. Two decisions are instructive.

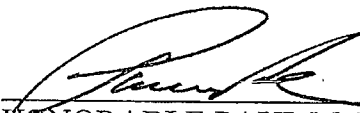
6. In *Hodges v. State Farm Mut. Auto. Ins. Co.*, 278 S.C. 225, 294 S.E.2d 47 (1982), the employee drove his employer's van after hours to a nightclub out of town. The employer testified that he allowed the employee to take the van home but instructed him to take the keys out once he reached home and not touch the van until returning to work the next day. Other evidence, however, showed that the employee regularly used the van for personal trips and that the employer would know from the van's odometer readings that it was being used for such trips. The Court held that the jury could conclude from this that the employee had implied permission to drive the van to the out-of-town nightclub.
7. The employee in *Montgomery v. Employers Mut. Liability Ins. Co.*, 247 S.C. 46, 145 S.E.2d 437 (1965), was likewise driving his employer's truck for personal reasons when the accident occurred. The evidence there showed that the employer permitted the employee to drive the vehicle home and keep it overnight and over the weekends, and that the employee customarily and openly used the truck after working hours and on Sundays. The Court held that this course of conduct, with the apparent acquiescence of the employer, supported a finding of implied consent and reversed a nonsuit for the insurance company.

8. This case is similar to *Hodges* and *Montgomery* in that Cail worked for Singleton for months before the wreck occurred. During those months, Singleton expressly allowed Cail to use the company truck and keep it at his home overnight and over the weekend. Singleton also knew over this extended time that Cail used the company truck most of the time and usually kept his personal vehicle at the shop, and could easily confirm from the mileage logs that Cail was using the truck for personal reasons. This demonstrates an extended course of conduct or relationship in which the acquiescence or lack of objection signifies consent.
9. The Court lastly observes that the policy provides that Auto-Owners will pay damages “on behalf of any person using your automobile (that is not a trailer) with your permission or that of a relative.” Unlike other policies, such as the State Farm policy at issue in *Hodges*, this language does not limit the permission required to a particular use.
10. The Court in *Pennell v. Foster*, 338 S.C. 9, 524 S.E.2d 630 (Ct.App. 1999), addressed similar policy language. In that case, the insurer argued that a teenager exceeded the scope of her permission by driving after-hours on a time restricted license. The Court of Appeals disagreed and affirmed the trial court’s finding that the teenager was a permissive driver. The Court noted that the policy covered “any person or organization to whom you’ve

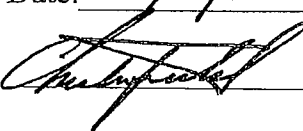
given permission to use a covered auto,” and concluded that this language did not require that the use be within the scope of permission. It only required that the person have permission to use the vehicle. *Id.* at 21, 524 S.E.2d at 636. The Court concludes that the same is true here.

11. Having found and concluded that Cail was a permissive driver, the Court further declares that coverage exists under the Pee Dee policy issued by Auto-Owners.

IT IS SO ORDERED.



HONORABLE PAUL M. BURCH
PRESIDING JUDGE

Date: 5/2/11
 , South Carolina

STATE OF SOUTH CAROLINA
COUNTY OF CHESTERFIELD

IN THE COURT OF COMMON PLEAS

AUTO-OWNERS INSURANCE
COMPANY,

Civil Action No. 08-CP-13-497

Plaintiff,

vs.

**SETTLEMENT AGREEMENT,
COVENANT NOT TO EXECUTE AND
POLICY RELEASE**

ELOUISE WOODY BENJAMIN,
MELVIN BENJAMIN, JOSHUA LEE
CAIL, NAIDA L. SINGLETON AND PEE
DEE HEATING AND COOLING
SPECIALISTS, INC.,

Defendants.

This Settlement Agreement, Covenant Not To Execute and Policy Release is entered into between Eloise Woody Benjamin and Melvin Benjamin, being of lawful age and sound mind, as covenantors and releasors, (hereinafter "the Benjamins"), Naida L. Singleton and Pee Dee Heating and Cooling Specialists, Inc., as covenantees, (hereinafter "Singleton" and "Pee Dee" respectively), and Joshua Lee Cail and Auto-Owners Insurance Company, as releasees, (hereinafter "Cail" and "Auto-Owners", respectively);

WHEREAS, Cail, employed by Pee Dee on April 7, 2008, was operating a vehicle owned by Singleton and used in the business of Pee Dee, was involved in an automobile accident with Eloise Benjamin; and

WHEREAS, Auto-Owners, issued to Singleton and Pee Dee an automobile liability policy covering the vehicle operated by Cail, with coverage in the amount of Three Hundred Thousand and 00/100 (\$300,000.00) Dollars per person under Policy No. 44-381-843-00, which was in full force and effect on the date of the aforesaid accident; and

WHEREAS, on May 15, 2008, the Benjamins filed a lawsuit in the Court of Common Pleas in Marlboro County, South Carolina, for alleged injuries and damages resulting from the aforesaid accident entitled Elouise Woody Benjamin and Melvin Benjamin, Plaintiffs v. Joshua Lee Cail, Naida L. Singleton, and Pee Dee Heating and cooling Specialists, Inc., Defendants, Civil Action No. 08-34-181 ("the Tort Action"); and

WHEREAS, on December 18, 2008, Auto-Owners filed the above-captioned declaratory judgment action; and

WHEREAS, the Benjamins, Singleton, Pee Dee and Auto-Owners have reached this Settlement Agreement, Covenant Not To Execute, and Policy Release, the terms of which are set forth below.

1. For and in consideration of the payment to Elouise Woody Benjamin of One Hundred Fifty Thousand and 00/100 (\$150,000.00) Dollars for her bodily injury, receipt and sufficiency of which is herewith acknowledged, and payment to Melvin Benjamin of One Hundred Fifty Thousand and 00/100 (\$150,000.00) Dollars for his loss of consortium, receipt and sufficiency of which is herewith acknowledged, the Benjamins, based upon the terms, conditions and reservations stated herein, hereby fully release Cail and Auto-Owners under the automobile policy and also expressly covenant not to execute any judgment that may be obtained against Singleton and/or Pee Dee in the Tort Action, or in any other pending or future action on account of, or in any way growing out of, the aforesaid automobile accident which occurred on April 7. The release and covenant further apply to, and are enforceable by, the heirs, assigns, personal representatives, past, present and future officers, directors, stockholders, attorneys, agents, servants, representatives, employees, subsidiaries, affiliates, partners, predecessors,

successors in interest, firms, corporations, associations or partnerships and assigns, and all other persons, firms or corporations with whom any of the former have been, are now or may hereafter be affiliated, whether herein named or referred to or not, of Singleton, Pee Dee and Auto-Owners.

2. As consideration for the above-referenced payment by Auto-Owners, the Benjamins further agree that the total recovery available to them will be the aggregate amount of \$300,000 from the automobile policy plus the applicable limits of the Commercial General Liability policy ("the CGL policy") issued by Auto-Owners to Pee Dee, if the CGL policy is determined to provide coverage for the claims set forth by the Benjamins in the Tort Action.

3. As further consideration for the above-referenced payment by Auto-Owners, the Benjamins, Pee Dee and Singleton agree that Auto-Owners has the right to file, and will file, a declaratory judgment action to determine whether the CGL policy provides coverage for the damages asserted by the Benjamins in the Tort Action, and that Auto-Owners reserves the right to litigate the declaratory judgment action through all possible appeals.

4. The Benjamins, Pee Dee and Singleton, as evidenced by their signatures below, as well as the signatures of their counsel, hereby acknowledge and confirm that there has been no bad faith on the part of Auto-Owners from the date of the accident on April 7, 2008, through and including the date of the execution of this agreement, and hereby release Auto-Owners from all possible claims for bad faith in the handling of these matters through and including the date of the execution of this agreement.

5. The Benjamins understand and acknowledge that Auto-Owners did not make any representation or statement or indication that the Benjamins have any claim for additional insurance benefits or that the settlement herein evidenced will not affect such a claim, or that this

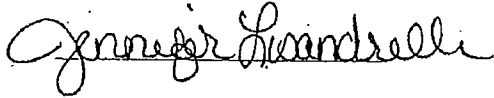
agreement will protect the Benjamins from the successful assertion by Auto-Owners or any insurance coverage carrier of any defense to the Benjamins' claim for such coverage, and the Benjamins warrant that they will not assert any claim against Pee Dee, Singleton or Auto-Owners or any person or entity representing either, solely on account of this agreement.

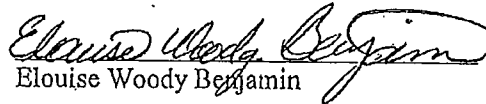
6. It is the full intent of the Benjamins, Pee Dee, Singleton, and Auto-Owners that this document is for the purpose stated and is of no benefit to third parties or a discharge of liability for the same. It is further expressly understood and agreed, that as against his heirs, assigns and personal representatives, this instrument may ultimately be pleaded as satisfaction to any claim against the personal assets of Pee Dee or Singleton, but it can in no way affect the claim of the undersigned to insurance proceeds and may not be pleaded to bar any suit to establish such liability and the amount of damages.

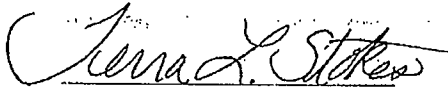
[The remainder of this page is intentionally left blank. Signature pages follow.]

The undersigned parties have consulted with their attorneys prior to the execution of this agreement and have hereunto set their hands and seals this 14th day of June, 2011.

WITNESS:



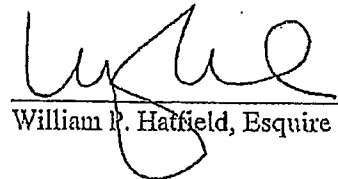

Elouise Woody Benjamin



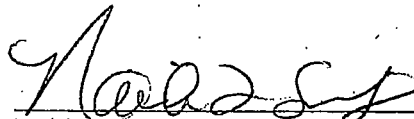

Melvin Benjamin

Affirmation of Counsel

I do hereby acknowledge that I have fully advised my clients regarding the meaning and ramifications of this Settlement Agreement, Covenant Not To Execute and Policy Release. I have fully explained that by executing this document the Benjamins are fully and finally releasing from all monetary liability Pee Dee and Singleton, related to any claim by them in connection with the accident of April 7, 2008, which resulted in bodily injury and damages to Elouise Woody Benjamin, without releasing their right to pursue other sources of insurance coverage related to this accident. The Benjamins further understand that they are fully and finally releasing Auto-Owners from any claims for bad faith that they may have had from the date of the accident of April 7, 2008, which resulted in bodily injury and damages to Elouise Woody Benjamin, through the date of execution of this document. I do hereby acknowledge that the Benjamins did read and fully understand this Settlement Agreement, Covenant Not To Execute and Policy Release, per their representations, and, further, I do hereby consent to the execution of this document.

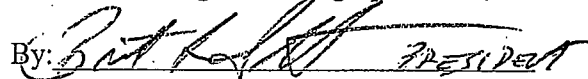

William P. Hatfield, Esquire

The undersigned parties have consulted with their attorneys prior to the execution of this agreement and have hereunto set their hands and seals this ____ day of June, 2011.



Naida L. Singleton

Pee Dee Heating & Cooling Specialists, Inc.

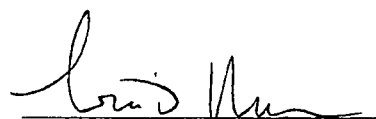
By: 

PRESIDENT

Its: _____

Affirmation of Counsel

I do hereby acknowledge that I have fully advised my clients regarding the meaning and ramifications of this Settlement Agreement, Covenant Not To Execute and Policy Release. I have fully explained that by executing this document, Pee Dee and Singleton are fully and finally releasing Auto-Owners from any claims for bad faith that they may have had from the date of the accident of April 7, 2008, which resulted in bodily injury and damages to Elouise Woody Benjamin, through the date of execution of this document. I do hereby acknowledge that Pee Dee and Singleton did read and fully understand this Settlement Agreement, Covenant Not To Execute and Policy Release, per their representations, and, further, I do hereby consent to the execution of this document.



Louis D. Nettles, Esquire

STATE OF SOUTH CAROLINA

COUNTY OF CHESTERFIELD

Auto-Owners Insurance Company

IN THE COURT OF COMMON PLEAS

CIVIL ACTION COVERSHEET

Plaintiff(s)

C/A No: 08-CP-13-497

vs.

Elouise Woody Benjamin, Melvin Benjamin,
Joshua Lee Cail, Naida L. Singleton and Pee
Dee Heating and Cooling Specialists, Inc.

Defendant(s)

(Please Print)

Submitted By: Dominic A. Starr

Address:

McAngus, Goudelock & Courie, LLC

Post Office Box 1349

Founders Centre, 2411 N. Oak Street, Suite 401 (29577)

Myrtle Beach, South Carolina 29578

SC Bar #: 60231
Telephone #: (843) 848-6001
Fax #: (843) 449-2306
Other:
E-mail: dominic.starr@mjcclaw.com

NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for the use of the Clerk of Court for the purpose of docketing. It must be filled out completely, signed, and dated. A copy of this cover sheet must be served on the defendant(s) along with the Summons and Complaint.

DOCKETING INFORMATION (Check all that apply)

**If Action is Judgment/Settlement do not complete*

- ☐ JURY TRIAL demanded in complaint. ☒ NON-JURY TRIAL demanded in complaint.
☐ This case is subject to ARBITRATION pursuant to the Court Annexed Alternative Dispute Resolution Rules.
☐ This case is subject to MEDIATION pursuant to the Court Annexed Alternative Dispute Resolution Rules.
☐ This case is exempt from ADR (Proof of ADR/Exemption Attached).

NATURE OF ACTION (Check One Box Below)

Contracts ☐ Constructions (100) ☐ Debt Collection (110) ☐ Employment (120) ☐ General (130) ☐ Breach of Contract (140) ☒ Other (199) <u>Declaratory Action</u>	Torts - Professional Malpractice ☐ Dental Malpractice (200) ☐ Legal Malpractice (210) ☐ Medical Malpractice (220) Previous Notice or Intent Case # 20____-CP-_____ ☐ Notice/File Med Mal (230) ☐ Other (299)	Torts - Personal Injury ☐ Assault/Slander/Libel (300) ☐ Conversion (310) ☐ Motor Vehicle Accident (320) ☐ Premises Liability (330) ☐ Products Liability (340) ☐ Personal Injury (350) ☐ Wrongful Death (360) ☐ Other (399)	Real Property ☐ Claim & Delivery (400) ☐ Condemnation (410) ☐ Foreclosure (420) ☐ Mechanic's Lien (430) ☐ Partition (440) ☐ Possession (450) ☐ Building Code Violation (460) ☐ Other (499)
Inmate Petitions ☐ PCR (500) ☐ Mandamus (520) ☐ Habeas Corpus (530) ☐ Other (599)	Judgments/Settlements ☐ Death Settlement (700) ☐ Foreign Judgment (710) ☐ Magistrate's Judgment (720) ☐ Minor Settlement (730) ☐ Transcript Judgment (740) ☐ Lis Pendens (750) ☐ Transfer of Structured Settlement Payment Rights Application (760) ☐ Other (799)	Administrative Law/Relief ☐ Reinstate Driver's License (800) ☐ Judicial Review (810) ☐ Relief (820) ☐ Permanent Injunction (830) ☐ Forfeiture-Petition (840) ☐ Forfeiture-Consent Order (850) ☐ Other (899)	Appeals ☐ Arbitration (900) ☐ Magistrate-Civil (910) ☐ Magistrate-Criminal (920) ☐ Municipal (930) ☐ Probate Court (940) ☐ SCDOT (950) ☐ Worker's Comp (960) ☐ Zoning Board (970) ☐ Administrative Law Judge (980) ☐ Public Service Commission (990) ☐ Employment Security Comm (991) ☐ Other (999)
Special/Complex/Other Environmental (600) Automobile Arb. (610) Medical (620) Other (699)	Pharmaceuticals (630) Unfair Trade Practices (640) Out-of-State Depositions (650) Sexual Predator (610)		

Submitting Party Signature:

Date:

July 7, 2011

FOR MANDATED ADR COUNTIES ONLY

Allendale, Anderson, Beaufort, Colleton, Florence, Greenville,
Hampton, Horry, Jasper, Lexington, Pickens (Family Court Only), and Richland

SUPREME COURT RULES REQUIRE THE SUBMISSION OF ALL CIVIL CASES TO AN ALTERNATIVE DISPUTE RESOLUTION PROCESS, UNLESS OTHERWISE EXEMPT.

You are required to take the following action(s):

1. The parties shall select a neutral and file a "Proof of ADR" form on or by the 210th day of the filing of this action. If the parties have not selected a neutral within 210 days, the Clerk of Court shall then appoint a primary and secondary mediator from the current roster on a rotating basis from among those mediators agreeing to accept cases in the county in which the action has been filed.
2. The initial ADR conference must be held within 300 days after the filing of the action.
3. Pre-suit medical malpractice mediations required by S.C. Code §15-79-125 shall be held not later than 120 days after all defendants are served with the "Notice of Intent to File Suit" or as the court directs. (Medical malpractice mediation is mandatory statewide.)
4. Cases are exempt from ADR only upon the following grounds:
 - a. Special proceeding, or actions seeking extraordinary relief such as mandamus, habeas corpus, or prohibition;
 - b. Requests for temporary relief;
 - c. Appeals
 - d. Post Conviction relief matters;
 - e. Contempt of Court proceedings;
 - f. Forfeiture proceedings brought by governmental entities;
 - g. Mortgage foreclosures; and
 - h. Cases that have been previously subjected to an ADR conference, unless otherwise required by Rule 3 or by statute.
5. In cases not subject to ADR, the Chief Judge for Administrative Purposes, upon the motion of the court or of any party, may order a case to mediation.
6. Motion of a party to be exempt from payment of neutral fees due to indigency should be filed with the Court within ten (10) days after the ADR conference has been concluded.

**Please Note: You must comply with the Supreme Court Rules regarding ADR.
Failure to do so may affect your case or may result in sanctions.**

STATE OF SOUTH CAROLINA
COUNTY OF CHESTERFIELD

IN THE COURT OF COMMON PLEAS

AUTO-OWNERS INSURANCE
COMPANY,

Civil Action No. _____

Plaintiff,

vs.

ELOUISE WOODY BENJAMIN,
MELVIN BENJAMIN, NAIDA L.
SINGLETON, JOSHUA CAIL, AND PEE
DEE HEATING AND COOLING
SPECIALISTS, INC.,

Defendants.

2011 CP 13-271
COMPLAINT
(Declaratory Judgment
Insurance Coverage)

2011 JUL 8 AM 10 30
CLERK OF COURT
CHESTERFIELD COUNTY, S.C.

Auto-Owners Insurance Company ("Auto-Owners") sets forth its complaint for a declaratory judgment regarding insurance coverage as follows:

PARTIES AND JURISDICTION

1. Auto-Owners is an insurance company organized under the laws of the state of Michigan with its principal place of business in the state of Michigan and it is admitted and authorized to sell insurance in the state of South Carolina.

2. Elouise Woody Benjamin ("Elouise Benjamin") and Melvin Benjamin are residents of Darlington County, South Carolina.

3. Naida L. Singleton is a resident of Marlboro County, South Carolina.

4. Upon information and belief, Joshua Lee Cail is a resident of Chesterfield County, South Carolina.

5. Pee Dee Heating and Cooling Specialists, Inc. ("Pee Dee") is a corporation organized and existing under the laws of South Carolina and owns property, employs agents, and transacts business in Chesterfield County, South Carolina.

6. The motor vehicle accident giving rise to this matter occurred in Darlington County, South Carolina.

7. Venue is proper in this county pursuant to S.C. Code Ann. § 15-7-30.

8. This court has subject matter jurisdiction over this action and personal jurisdiction over the parties.

9. This action is brought pursuant to the South Carolina Uniform Declaratory Judgments Act, S.C. Code Ann. §§ 15-53-10 *et seq.*

FACTUAL ALLEGATIONS

10. On April 1, 2008, Auto-Owners issued to Pee Dee a Commercial General Liability Policy number, 034616-36381843-08 ("the Policy"). A copy of the Policy is attached hereto as Exhibit "A".

11. Naida Singleton and her husband, Brett Singleton, are the owners of Pee Dee Heating and Cooling.

12. Naida Singleton owned a 2004 Toyota Tacoma truck, vehicle identification number STEVL52N94Z464705 ("the Truck"), which was used by Pee Dee for business purposes.

13. The Truck was insured by Auto-Owners automobile liability policy number 44-381-843-00.

14. Joshua Lee Cail ("Cail") was an employee of the Company, hired in early 2008. At the time of his hiring, Cail was given the Truck to drive for business purposes only.

15. On April 7, 2008, while driving the Truck, Cail was involved in a motor vehicle accident with Elouise Benjamin.

16. On May 15, 2008, Elouise Benjamin and Melvin Benjamin (collectively referred to as "the Benjamins") filed a lawsuit in the Court of Common Pleas in Marlboro County, South Carolina, for alleged injuries and damages resulting from the aforesaid accident entitled Elouise Woody Benjamin and Melvin Benjamin v. Joshua Lee Cail, Naida L. Singleton, and Pee Dee Heating and Cooling Specialists, Inc., Civil Action No. 08-34-181. A copy of the complaint filed in that action is attached hereto as Exhibit "B".

17. In the above-referenced lawsuit, the Benjamins allege that the injuries and damages sustained by them were caused and occasioned by the willful, wanton, reckless, careless, negligent, and unlawful conduct on the part of the at-fault driver, Cail.

18. The Benjamins further allege causes of action against Pee Dee for negligent entrustment and negligent hiring/retention.

19. Auto-Owners has provided Pee Dee and Naida Singleton a defense to the lawsuit, but Auto-Owners reserves to itself all rights under the Policy, and without waiving any of such rights, until the controversy between the parties with regard to insurance coverage can be determined in this declaratory judgment action.

FOR A FIRST CAUSE OF ACTION
(Declaratory Judgment)

20. Auto-Owners incorporates by reference the allegations of Paragraphs 1 through 18 above as if set forth verbatim herein.

21. Pursuant to S.C. Code Ann. §§ 15-53-10 et seq., Auto-Owners seeks a declaration that the Policy does not furnish insurance coverage to Pee Dee, or Naida Singleton, with reference to the above-mentioned lawsuit pending in Marlboro County, South Carolina and

that Auto-Owners has no duty to defend or indemnify Pee Dee, Naida Singleton, or Joshua Cail in that action.

22. An actual, justiciable controversy exists as to whether the Policy provides coverage to Pee Dee, Naida Singleton, or Cail with reference to the above-mentioned lawsuit.

23. The policy provides certain preliminary definitions: "Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy."

24. The Policy provides in the insuring agreement, in pertinent part:

Various provisions in this policy restrict coverage...

1. Insuring Agreement

a. We [Auto-Owners] will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages.

2. Exclusions

This insurance does not apply to:

* * *

g. Aircraft, Auto or Watercraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading and unloading."

This exclusion applies even if the claims against the insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

25. The Benjamins were injured in an automobile accident when Cail crossed the centerline while driving Naida Singleton's automobile and struck the Benjamins head-on while traveling on U.S. Highway 15 in Darlington County.

26. The policy in form 55300 provides in the section Who is an Insured in relevant part:

SECTION II – WHO IS AN INSURED

1. If you are designated in the Declarations as:

d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.

2. Each of the following is also an insured:

a. Your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business, or your "volunteer workers" only while performing duties related to the conduct of your business.

27. Naida Singleton qualifies as an insured under the policy by definition with respect to her duties as an officer or director of the company.

28. Joshua Cail is an insured as an "employee" of the named insured only for the acts within the scope of his employment with the named insured or while performing duties related to the conduct of the named insured's business.

29. The Benjamins' injuries arose out of the ownership, maintenance, use or entrustment of an automobile owned by Naida Singleton and driven by Cail. The ownership of the vehicle was not part of the duties of Naida Singleton and any liability for the accident as an

owner of the vehicle does not relate to her duties as an officer or director of the company. Further, Cail was not acting within the scope of his employment with the named insured at the time of the accident. Neither Singleton nor Cail are insureds by definition under the policy form 55300 with respect to this incident.

30. Further, if it is determined that Singleton or Cail are insureds under the policy, then in the event, the base policy, form 55300, excludes coverage for "bodily injury" or "property damage" when it arises out of the ownership, maintenance, use or entrustment to others of any automobile owned, operated or loaned to any insured.

31. The Policy further excludes coverage for claims of wrongdoing in the hiring and employment by the insured.

32. In addition to the aforementioned exclusion, the Policy also contains a Commercial General Liability Plus Endorsement ("Endorsement"), Form 55091 (10-08).

33. The Endorsement modifies the insurance coverage as follows:

2. HIRED AUTO AND NON-OWNED AUTO LIABILITY

Coverage for "bodily injury" and "property damage" liability under **SECTION I COVERAGES, COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY**, is extended as follows under this item, but only if you do not have any other insurance available to you which affords the same or similar coverage.

Coverage

We will pay those sums the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" arising out of the maintenance or use of an "auto":

- a. 'You' do not own;
- b. Which is not registered in 'your' name; or

- c. Which is not leased or rented to 'you' for more than ninety consecutive days and which is used in 'your' business.

34. The automobile involved in the accident with the Benjamins was not owned by the named insured and was at times used in the named insured's business, although not at the time of the accident. The coverage extended by the endorsement however clearly and unequivocally does not apply if the named insured has any similar or same insurance coverage available.

35. The automobile involved in the accident with the Benjamins was insured by Auto-Owners automobile liability policy number 44-381-843-00, which provided the exact same named insured with coverage for the vehicle in the amount of \$300,000.

36. The automobile liability policy was available to insure Pee Dee for the injuries claimed by the Singletons. In fact, the limits of that policy have been tendered to the Benjamins. The 55091 Endorsement does not cover the Benjamins' claims or action for damages arising from this automobile accident because the same or similar coverage was available to Pee Dee through the Auto-Owners automobile liability policy.

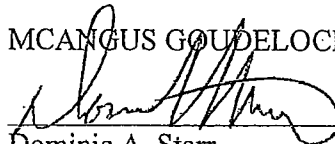
37. The Policy in its entirety does not cover the Benjamins' claims or action for damages arising from this automobile accident. Therefore, Auto-Owners is not obligated to defend or indemnify Pee Dee, Naida Singleton, or Cail in the Benjamin's lawsuit against them.

WHEREFORE, Auto-Owners requests that this Court issue a declaration that:

1. the Policy does not furnish insurance coverage to Pee Dee or Naida Singleton, with reference to the above-mentioned lawsuit pending in Marlboro County, South Carolina; and
2. Auto-Owners has no duty to defend or indemnify Pee Dee or Naida Singleton in that action.

Auto-Owners also respectfully requests that this Court grant such other and further relief as it may deem just and proper.

MCANUS GOUDELOCK & COURIE, L.L.C.



Dominic A. Starr

Joseph S. Sandefur

Post Office Box 1349

Myrtle Beach, South Carolina 29578

(843) 848-6000

ATTORNEYS FOR PLAINTIFF,
AUTO-OWNERS INSURANCE COMPANY

July 7, 2011

EXHIBIT "A"

Auto-Owners

Page 1

55040 (11/87)

Issued 02-15-2008

INSURANCE COMPANY
6101 ANACAPRI BLVD., LANSING, MI 48917-3999

TAILORED PROTECTION POLICY DECLARATIONS

AGENCY GOSNELL INSURANCE
16-0626-00 MKT TERR 081 (843) 571-5044
INSURED PEE DEE HEATING & COOLING
SPECIALTIES INC

Renewal Effective 04-01-2008

POLICY NUMBER 034616-36381843-08

ADDRESS 128 TROY DR
CHERAW, SC 29520-7103

Company
Bill

POLICY TERM	
12:01 a.m.	12:01 a.m.
04-01-2008 ^{to}	04-01-2009

In consideration of payment of the premium shown below, this policy is renewed. Please attach this
Declarations and attachments to your policy. If you have any questions, please consult with your agent.

COMMERCIAL GENERAL LIABILITY COVERAGE

LIMITS OF INSURANCE

General Aggregate	\$2,000,000
(Other Than Products-Completed Operations)	
Products-Completed Operations Aggregate	2,000,000
Personal Injury And Advertising Injury	1,000,000
Each Occurrence	1,000,000

Commercial General Liability Plus Endorsement 55091

Damage to Premises Rented to You	300,000	Any One Premises
(Fire, Lightning, Explosion, And Water Damage)		
Medical Payments	10,000	Any One Person
Hired Auto & Non-Owned Auto	1,000,000	Each Occurrence

Expanded Coverage Details See Form:

- Extended Watercraft
- Personal Injury Protection
- Broadened Supplementary Payments
- Broadened Knowledge Of Occurrence
- Additional Products-Completed Operations Aggregate

Twice the "General Aggregate Limit", shown above, is provided at no additional charge for each 12 month period in accordance with form 55300.

AUDIT TYPE: Annual Audit

FORMS THAT APPLY TO THIS COVERAGE: CG2503 (11-85) 59350 (01-06) IL0021 (11-85)
IL0249 (06-89) IL0017 (11-85) 55146 (06-04) 55189 (09-04) 55238 (06-04)
55296 (07-05) 55300 (07-05) 55202 (12-04) 55168 (12-04) 55091 (08-05)
55371 (01-07)

LOCATION OF PREMISES YOU OWN, RENT OR OCCUPY

LOC 001 BLDG 001 128 Troy Dr
Cheraw, SC 29520-7103

TERRITORY: 001 COUNTY: Chesterfield

Classification	Subline	Premium Basis	Rates	Premium
CODE 00501 Commercial General Liability Plus Endorsement Included At 7% Of The Premises Operation Premium	Prem/Op	Prem/Op Prem Inc	Inc	Inc

Auto-Owners

Page 1

55039 (11-87)

Issued 02-15-2008

INSURANCE COMPANY

TAILORED PROTECTION POLICY DECLARATIONS

6101 ANACAPRI BLVD., LANSING, MI 48917-3999

Renewal Effective 04-01-2008

AGENCY GOSNELL INSURANCE

16-0626-00

MKT TERR 081

(843) 571-5044

POLICY NUMBER 034616-36381843-08

INSURED PEE DEE HEATING & COOLING

SPECIALTIES INC

ADDRESS 128 TROY DR

CHERAW, SC 29520-7103

Company
Bill

POLICY TERM	
12:01 a.m.	12:01 a.m.
04-01-2008	to 04-01-2009

In consideration of payment of the premium shown below, this policy is renewed. Please attach this Declaration and attachments to your policy. If you have any questions, please consult with your agent.

COMMON POLICY INFORMATION

BUSINESS DESCRIPTION: Heating/Air Contract

ENTITY: Corporation

PROGRAM: Contractors Special

THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PART(S).	PREMIUM
THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.	
COMMERCIAL PROPERTY COVERAGE	\$1,301.00
MINIMUM PROPERTY PLUS PREMIUM ADJUSTMENT (CP)	39.00
COMMERCIAL GENERAL LIABILITY COVERAGE	5,851.00
COMMERCIAL INLAND MARINE COVERAGE	698.00
TOTAL	\$7,889.00
PAID IN FULL DISCOUNT	\$766.00
TOTAL POLICY PREMIUM IF PAID IN FULL	\$7,123.00

The Paid in Full Discount does not apply to fixed fees, statutory charges or minimum premiums.
The Paid in Full Discount is based on favorable loss experience for the collective group of policyholders who choose to pay their premiums in full directly to the Company.

PREMIUM SHOWN ABOVE FOR COMMERCIAL GENERAL LIABILITY COVERAGE IS AN ADVANCED PREMIUM DEPOSIT AND MAY BE SUBJECT TO AUDIT.

FORMS THAT APPLY TO ALL COVERAGE PART SHOWN ABOVE (EXCEPT GARAGE LIABILITY, DEALER'S BLANKET, COMMERCIAL AUTOMOBILE, IF APPLICABLE)
55000 (01-87) IL0017 (11-85)

A 12% CUMULATIVE MULTI-POLICY DISCOUNT APPLIES. SUPPORTING POLICIES ARE MARKED WITH:
AN (X): COMM UMB() COMM AUTO(X) WC(X) LIFE() PERSONAL() FARM()

A Merit Rating Plan Factor of 0.90 Applies.

Countersigned By: _____

H.O. LEGAL

Auto-Owners

Page 2

55198 (01-07)

Issued 02-15-2008

INSURANCE COMPANY

TAILORED PROTECTION POLICY DECLARATIONS

6101 ANACAPRI BLVD., LANSING, MI 48917-3999

Renewal Effective 04-01-2008

AGENCY GOSNELL INSURANCE

16-0626-00

MKT TERR 081

(843) 571-5044

POLICY NUMBER 034616-36381843-08

INSURED PEE DEE HEATING & COOLING
SPECIALTIES INC

ADDRESS 128 TROY DR

CHERAW, SC 29520-7103

Company
Bill

POLICY TERM	
12:01 a.m.	12:01 a.m.
04-01-2008	to 04-01-2009

In consideration of payment of the premium shown below, this policy is renewed. Please attach this Declarations and attachments to your policy. If you have any questions, please consult with your agent.

PROPERTY PLUS COVERAGE PACKAGE DECLARATION

The coverages indicated below apply separately to the location(s) and sublocation(s) designated in the Commercial Property Coverage Declarations. The corresponding limit of insurance for any one coverage applies to all covered loss:

- a. at the location designated in the Commercial Property Coverage Declarations, or
- b. away from the location designated in the Commercial Property Coverage Declarations

regardless of the number of locations or sublocations designated in the Commercial Property Coverage Declarations.

** The deductible (DED) which applies to each coverage indicated below is the same as the deductible which applies to each location and sub-location shown on the Commercial Property Coverage Declarations, unless otherwise indicated:

COVERAGE	LIMIT	DED
ARSON REWARD	\$5,000	NONE
BUSINESS INCOME & EXTRA EXPENSE	\$30,000	NONE
BUSINESS PERSONAL PROPERTY AT FAIRS OR EXHIBITIONS	\$5,000	**
BUSINESS PERSONAL PROPERTY - EXPANDED COVERAGE	UP TO 1,000 FEET	**
DEBRIS REMOVAL	\$25,000	NONE
FIRE EXTINGUISHER RECHARGE	\$2,500	NONE
GLASS BREAKAGE	\$1,000 PER PANE	**
	\$5,000 PER OCCURRENCE	
INVENTORY	UP TO 25% OF BPP LIMIT	NONE
NEWLY ACQUIRED OR CONSTRUCTED PROPERTY	\$500,000 FOR 90 DAYS	**
NEWLY ACQUIRED BUSINESS PERSONAL PROPERTY	\$500,000 FOR 90 DAYS	**
OFF-PREMISES UTILITY SERVICE CHARGE FAILURE	\$5,000	**
ORDINANCE OR LAW	\$25,000	**
OUTDOOR PROPERTY	\$5,000	**
TREES, SHRUBS OR PLANTS	\$500 PER ITEM	**
PERSONAL EFFECTS AND PROPERTY OF OTHERS	\$15,000	**
POLLUTANT CLEAN UP AND REMOVAL	\$25,000	NONE
PROPERTY IN TRANSIT	\$25,000	**

Continued on next page

H.O. LEGAL

AUTO-OWNERS INS. CO.

Page 3

55198 (01-07)
Issued 02-15-2008

AGENCY GOSNELL INSURANCE
16-0626-00 MKT TERR 081

Company POLICY NUMBER 034616-36381843-08
Bill

INSURED PEE DEE HEATING & COOLING

Term 04-01-2008 to 04-01-2009

PROPERTY PLUS COVERAGE
PACKAGE DECLARATION

COVERAGE	LIMIT	DED
PROPERTY OFF PREMISES	\$25,000	**
REFRIGERATED PRODUCTS	\$5,000	**
REKEYING OF LOCKS	\$1,000	NONE
WATER BACK-UP FROM SEWERS OR DRAINS	\$10,000	**
ACCOUNTS RECEIVABLE	\$30,000	**
SIGNS (ATTACHED AND DETACHED)	\$5,000 PER SIGN	**
ELECTRONIC DATA PROCESSING EQUIPMENT	\$10,000	**
SALESPERSON'S SAMPLES	\$10,000	**
VALUABLE PAPERS	\$30,000	**
EMPLOYEE DISHONESTY	\$10,000	**
FORGERY AND ALTERATION	\$10,000	**
MONEY AND SECURITIES	\$10,000 ON PREMISES \$10,000 OFF PREMISES	**
FIRE DEPARTMENT SERVICE CHARGE	\$2,500	NONE

FORMS THAT APPLY TO THIS COVERAGE PART:

54182 (06-00)	54205 (11-02)	54188 (06-00)	54199 (06-00)	54198 (06-00)
54190 (06-00)	54223 (06-00)	54184 (06-00)	54185 (06-00)	54206 (06-00)
54208 (06-00)	54191 (06-00)	54195 (06-00)	54197 (06-00)	54192 (06-00)
54196 (06-00)	54189 (06-00)	54183 (06-00)	54186 (06-00)	54218 (06-00)
54207 (06-00)	54217 (06-00)	54216 (06-00)	54214 (06-00)	54221 (06-00)
54220 (06-00)	54219 (06-00)	54193 (06-00)		

A.O. LEGAL

Auto-Owners

Page 1

54104 (07-87)

Issued 02-15-2008

INSURANCE COMPANY

TAILORED PROTECTION POLICY DECLARATIONS

6101 ANACAPRI BLVD., LANSING, MI 48917-3999

Renewal Effective 04-01-2008

AGENCY GOSNELL INSURANCE

16-0626-00

MKT TERR 081

(843) 571-5044

POLICY NUMBER 034616-36381843-08

INSURED PEE DEE HEATING & COOLING
SPECIALTIES INC

ADDRESS 128 TROY DR

CHERAW, SC 29520-7103

Company
Bill

POLICY TERM	
12:01 a.m.	12:01 a.m.
04-01-2008 to 04-01-2009	

In consideration of payment of the premium shown below, this policy is renewed. Please attach this
Declarations and attachments to your policy. If you have any questions, please consult with your agent.

COMMERCIAL PROPERTY COVERAGE

COVERAGES PROVIDED

INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH A LIMIT OF
INSURANCE IS SHOWN.

LOCATION 001

ADDITIONAL FORMS THIS LOCATION: None

LOC 001 BLDG 001 128 Troy Dr
Cheraw, SC 29520-7103

OCCUPIED AS: Heating/Air Contract

COVERAGE: Bldg Agreed Value & Total Amt of Ins Carried \$54,000

CAUSES OF LOSS	COINSURANCE	DEDUCTIBLE	RATE	PREMIUM
Basic Group I	80%	\$500	0.295	\$159.00
Basic Group II	80%	500	0.165	89.00
Special	80%	500	0.056	30.00
Theft	80%	500		Included

OPTIONAL COVERAGE:

Replacement Cost

Inflation Guard Factor
Building
1.055

CAUSE OF LOSS	LIMITS	DEDUCTIBLE	RATE	PREMIUM
Equipment Breakdown	Excluded			
Property Plus Coverage Package	See Dec Page	500		14.00

COVERAGE: Personal Prop. Limit of Insurance \$76,280

CAUSES OF LOSS	COINSURANCE	DEDUCTIBLE	RATE	PREMIUM
Basic Group I	80%	\$500	0.348	\$265.00
Basic Group II	80%	500	0.130	99.00
Special	80%	500	0.058	44.00
Special Including Theft	80%	500	0.287	219.00

OPTIONAL COVERAGE:

Replacement Cost

Inflation Guard Factor
Personal Property
1.023

CAUSE OF LOSS	LIMITS	DEDUCTIBLE	RATE	PREMIUM
Equipment Breakdown	Excluded			
Property Plus Coverage Package	See Dec Page	500		31.00

AUTO-OWNERS INS. CO.

Page 2

54104 (07-87)

Issued 02-15-2008

AGENCY GOSNELL INSURANCE
16-0626-00 MKT TERR 081

Company POLICY NUMBER 034616-36381843-08
Bill

INSURED PEE DEE HEATING & COOLING

Term 04-01-2008 to 04-01-2009

COMMERCIAL PROPERTY COVERAGE

ADDITIONAL FORMS THIS BUILDING: IL0249 (06-89) IL0003 (11-85) 54835 (07-06)
59350 (01-06) 54093 (03-07) CP0090 (07-88) CP0010 (10-91) CP0110 (07-88)
54082 (02-05)

SECURED INTERESTED PARTIES: See Attached Schedule

RATING INFORMATION

Territory: 130
Program: Contractors
Class Rate - Building: 0.387

County: Chesterfield
Construction: Non-Comb
PC: 04 Class Code: 0563
Class Rate - Contents: 0.458

FOREIGN TERRORISM - CERTIFIED ACTS SEE FORM 59350, 54835, 59390 \$10.00

LOCATION 001 PREMIUM \$960.00

LOCATION 002

ADDITIONAL FORMS THIS LOCATION: None

LOC 002 BLDG 001 170 Troy Dr
Cheraw, SC 29520-7103

OCCUPIED AS: One Family Dwelling

COVERAGE: Bldg Agreed Value & Total Amt of Ins Carried \$54,000

CAUSES OF LOSS	COINSURANCE	DEDUCTIBLE	RATE	PREMIUM
Basic Group I	80%	\$500	0.459	\$248.00
Basic Group II	80%	500	0.081	44.00
Special	80%	500	0.056	30.00
Theft	80%	500		Included

OPTIONAL COVERAGE:

Replacement Cost

Inflation Guard Factor
Building
1.055

CAUSE OF LOSS	LIMITS	DEDUCTIBLE	RATE	PREMIUM
Equipment Breakdown	Excluded			
Property Plus Coverage Package	See Dec Page	500		16.00

H.O. LEGAL

Auto-Owners

Page 3

54104 (07-87)

Issued 02-15-2008

INSURANCE COMPANY

6101 ANACAPRI BLVD., LANSING, MI 48917-3999

TAILORED PROTECTION POLICY DECLARATIONS

Renewal Effective 04-01-2008

AGENCY GOSNELL INSURANCE

16-0626-00

MKT TERR 081

(843) 571-5044

POLICY NUMBER 034616-36381843-08

INSURED PEE DEE HEATING & COOLING
SPECIALTIES INC

ADDRESS 128 TROY DR

CHERAW, SC 29520-7103

Company
Bill

POLICY TERM	
12:01 a.m.	12:01 a.m.
04-01-2008 to 04-01-2009	

In consideration of payment of the premium shown below, this policy is renewed. Please attach this Declarations and attachments to your policy. If you have any questions, please consult with your agent.

COMMERCIAL PROPERTY COVERAGE

ADDITIONAL FORMS THIS BUILDING: 59350 (01-06) 54835 (07-06) IL0249 (06-89)
IL0003 (11-85) 54093 (03-07) CP0090 (07-88) CP0010 (10-91) CP0110 (07-88)
54082 (02-05)

SECURED INTERESTED PARTIES: See Attached Schedule

RATING INFORMATION

Territory: 130

Program: Special

Dwelling Rate - Building: 0.579

County: Chesterfield

Construction: Frame

PC: 04

Class Code: 0196

FOREIGN TERRORISM - CERTIFIED ACTS

SEE FORM 59350, 54835, 59390

\$3.00

LOCATION 002 PREMIUM

\$341.00

H.O. LEGAL

AUTO-OWNERS INS. CO.

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59187 (07-87)
Issued 02-15-2008

AGENCY GOSNELL INSURANCE
16-0626-00 MKT TERR 081

Company POLICY NUMBER 034616-36381843-08
Bill

INSURED PEE DEE HEATING & COOLING

Term 04-01-2008 to 04-01-2009

SECURED INTERESTED PARTIES AND/OR ADDITIONAL PARTIES

Applies to Loc/Bldg(s):
001/001, 002/001
CAROLINA BANK
PO BOX 1028
DARLINGTON, SC 29540
Interest: Mortgagee

H.O. LEGAL

Auto-Owners

Page 1

55040 (11/87)

Issued 02-15-2008

INSURANCE COMPANY

6101 ANACAPRI BLVD., LANSING, MI 48917-3999

TAILORED PROTECTION POLICY DECLARATIONS

Renewal Effective 04-01-2008

AGENCY GOSNELL INSURANCE

16-0626-00

MKT TERR 081

(843) 571-5044

POLICY NUMBER 034616-36381843-08

INSURED PEE DEE HEATING & COOLING
SPECIALTIES INC

ADDRESS 128 TROY DR

CHERAW, SC 29520-7103

Company
Bill

POLICY TERM	
12:01 a.m.	12:01 a.m.
04-01-2008	to 04-01-2009

In consideration of payment of the premium shown below, this policy is renewed. Please attach this Declaration and attachments to your policy. If you have any questions, please consult with your agent.

COMMERCIAL GENERAL LIABILITY COVERAGE

LIMITS OF INSURANCE

General Aggregate	\$2,000,000
(Other Than Products-Completed Operations)	
Products-Completed Operations Aggregate	2,000,000
Personal Injury And Advertising Injury	1,000,000
Each Occurrence	1,000,000

Commercial General Liability Plus Endorsement 55091

Damage to Premises Rented to You	300,000 Any One Premises
(Fire, Lightning, Explosion, And Water Damage)	
Medical Payments	10,000 Any One Person
Hired Auto & Non-Owned Auto	1,000,000 Each Occurrence

Expanded Coverage Details See Form:

- Extended Watercraft
- Personal Injury Protection
- Broadened Supplementary Payments
- Broadened Knowledge Of Occurrence
- Additional Products-Completed Operations Aggregate

Twice the "General Aggregate Limit", shown above, is provided at no additional charge for each 12 month period in accordance with form 55300.

AUDIT TYPE: Annual Audit

FORMS THAT APPLY TO THIS COVERAGE: CG2503 (11-85) 59350 (01-06) IL0021 (11-85)
IL0249 (06-89) IL0017 (11-85) 55146 (06-04) 55189 (09-04) 55238 (06-04)
55296 (07-05) 55300 (07-05) 55202 (12-04) 55168 (12-04) 55091 (08-05)
55371 (01-07)

LOCATION OF PREMISES YOU OWN, RENT OR OCCUPY

LOC 001 BLDG 001 128 Troy Dr
Cheraw, SC 29520-7103

TERRITORY: 001 COUNTY: Chesterfield

Classification	Subline	Premium Basis	Rates	Premium
CODE 00501				
Commercial General Liability Plus	Prem/Op	Prem/Op Prem	Inc	Inc
Endorsement Included At 7% Of The		Inc		
Premises Operation Premium				

H.O. LEGAL

AUTO-OWNERS INS. CO.

Page 2

55040 (11/87)

Issued 02-15-2008

AGENCY GOSNELL INSURANCE
16-0626-00 MKT TERR 081

Company POLICY NUMBER 034616-36381843-08
Bill

INSURED PEE DEE HEATING & COOLING

Term 04-01-2008 to 04-01-2009

COMMERCIAL GENERAL LIABILITY COVERAGE

Building Or Premises - Bank	CODE 61212	Prem/Op	Area	Each 1000	
Or Office - Mercantile Or			1,800	29.610	\$53.00
Manufacturing (Lessor's Risk Only)		Prod/Comp Op	1,800	.255	\$1.00
(For-Profit)					

Heating Or Combined Heating And Air	CODE 95647	Prem/Op	Payroll	Each 1000	
Conditioning Systems Or Equipment -			139,777	20.695	\$2,893.00
Dealers Or Distributors And		Prod/Comp Op	139,777	17.482	\$2,444.00
Installation Servicing Or Repair-No					
Liquidified Petroleum Gas(Lpg)					
Equipment Sales Or Work					

Additional Interests	CODE 49950				
Managers/Lessors Of Premises		Prem/Op	139,777	2.069	\$289.00
Brett & Naida Single					

Sched Add'L Ins-Excl Prod/Cops	Prem/Op	Flat Charge	\$20.00
Total Facility			

Nest International	Prem/Op	Flat Charge	\$20.00

John Tyler Enterpris	Prem/Op	Flat Charge	\$20.00

FOREIGN TERRORISM - CERTIFIED ACTS	SEE FORM 59350, 55405, 59390	\$57.00

LOCATION 001 PREMIUM	\$5,797.00

LOCATION OF PREMISES YOU OWN, RENT OR OCCUPY

LOC 002 BLDG 001 170 Troy Dr
Cheraw, SC 29520-7103

TERRITORY: 001 COUNTY: Chesterfield

Classification	Subline	Premium Basis	Rates	Premium
Dwellings - One-Family	CODE 63010	Dwellings	Each 1	
(Lessor's Risk Only)		Prem/Op	46.641	\$47.00
		Prod/Comp Op	.400	\$1.00

Auto-Owners

Page 3

55040 (11/87)

Issued 02-15-2008

INSURANCE COMPANY

6101 ANACAPRI BLVD., LANSING, MI 48917-3999

TAILORED PROTECTION POLICY DECLARATIONS

Renewal Effective 04-01-2008

AGENCY GOSNELL INSURANCE

16-0626-00

MKT TERR 081

(843) 571-5044

POLICY NUMBER 034616-36381843-08

INSURED PEE DEE HEATING & COOLING
SPECIALTIES INC

ADDRESS 128 TROY DR

CHERAW, SC 29520-7103

Company
Bill

POLICY TERM

12:01 a.m. 12:01 a.m.

04-01-2008 to 04-01-2009

In consideration of payment of the premium shown below, this policy is renewed. Please attach this
Declarations and attachments to your policy. If you have any questions, please consult with your agent.

COMMERCIAL GENERAL LIABILITY COVERAGE

CODE 49950

Additional Interests

Managers/Lessors Of Premises

Brett & Naida Single

Prem/Op

1

4.664

\$5.00

FOREIGN TERRORISM - CERTIFIED ACTS

SEE FORM 59350, 55405, 59390

\$1.00

LOCATION 002 PREMIUM

\$54.00

Auto-Owners

Page 1

16198 (07-87)

Issued 02-15-2008

INSURANCE COMPANY

6101 ANACAPRI BLVD., LANSING, MI 48917-3999

TAILORED PROTECTION POLICY DECLARATIONS

Renewal Effective 04-01-2008

AGENCY GOSNELL INSURANCE

16-0626-00

MKT TERR 081

(843) 571-5044

POLICY NUMBER 034616-36381843-08

INSURED PEE DEE HEATING & COOLING
SPECIALTIES INC

ADDRESS 128 TROY DR

CHERAW, SC 29520-7103

Company
Bill

POLICY TERM	
12:01 a.m.	12:01 a.m.
04-01-2008	to 04-01-2009

In consideration of payment of the premium shown below, this policy is renewed. Please attach this Declarations and attachments to your policy. If you have any questions, please consult with your agent.

COMMERCIAL INLAND MARINE COVERAGE

COVERAGES PROVIDED

INSURANCE APPLIES TO COVERED PROPERTY FOR WHICH A LIMIT OF INSURANCE IS SHOWN.

FORMS THAT APPLY TO INLAND MARINE: 16080 (08-86) 59350 (01-06)

LOCATION OF PREMISES

LOC 001 BLDG 001 128 Troy Dr
Cheraw, SC 29520-7103

COVERAGE: Tools and Equipment (TE)- Actual Cash Value

Insured's Equipment - Special Form	LIMIT	DEDUCTIBLE	RATE	PREMIUM
Unscheduled items up to \$1000 each	\$20,000	\$250	variable	\$691.00

ADDITIONAL FORMS FOR THIS COVERAGE: 16010 (10-97)

RATING INFORMATION

Territory: 013

Program: Contractors

County: Chesterfield

TOTAL FOR THIS COVERAGE: \$691.00

FOREIGN TERRORISM - CERTIFIED ACTS SEE FORM 59350, 16381, 59390 \$7.00

LOCATION 001 PREMIUM \$698.00

A single deductible applies per claim. If more than one item is involved in a claim, the single highest applicable deductible amount is used.

TOOLS AND EQUIPMENT SUBTOTAL \$691.00

TOOLS AND EQUIPMENT BALANCE TO MINIMUM \$0.00

H.O. LEGAL

**COMMERCIAL GENERAL LIABILITY
55168 (12-04)**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED - MANAGERS OR LESSORS OF PREMISES

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART.

SCHEDULE

1. Designation of Premises (Part Leased to You):
LOCATIONS 1 & 2
2. Name of Person or Organization (Additional Insured):
BRETT & NAIDA SINGLETON
3. Additional Premium:

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

- A. **SECTION II - WHO IS INSURED** is amended to include as an additional insured the person or organization shown in the Schedule but only with respect to liability arising out of the ownership, maintenance or use of that part of the premises leased to you and shown in the Schedule and subject to the following additional exclusions:

This insurance does not apply to:

1. Any "occurrence" which takes place after you cease to be a tenant in that premises.
2. Structural alterations, new construction or demolition operations performed by or on behalf

of the person or organization shown in the Schedule.

- B. Under **SECTION III - LIMITS OF INSURANCE**, the following is added:

The limits of liability for the additional insured are those specified in the written contract or agreement between the insured and the manager or lessor of premises, not to exceed the limits provided in this policy. These limits are inclusive of and not in addition to the limits of insurance shown in the Declarations.

**COMMERCIAL GENERAL LIABILITY
55202 (12-04)**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED
EXCLUSION - PRODUCTS-COMPLETED OPERATIONS**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART.

SCHEDULE

Name of Person or Organization (Additional Insured):

TOTAL FACILITY INC / NEST INTERNATIONAL / JOHN TYLER ENTERPRISES INC /

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

- A. Under **SECTION I - COVERAGES, COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions**, the following exclusion is added:

2. Exclusions

This insurance does not apply to:

The Additional Insured for the "products-completed operations hazard".

- B. Under **SECTION II - WHO IS AN INSURED**, the following is added:

The person or organization shown in the above Schedule is an Additional Insured, but only with respect to liability arising out of "your work" for that insured by or for you.

- C. Under **SECTION III - LIMITS OF INSURANCE**, the following is added:

The limits of liability for the Additional Insured are those specified in the written contract or agreement between the insured and the owner, lessee or contractor, not to exceed the limits provided in this policy. These limits are inclusive of and not in addition to the limits of insurance shown in the Declarations.

- D. Under **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS, 4. Other Insurance**, the following is added:

This insurance is primary for the person or organization shown in the Schedule, but only with respect to liability arising out of "your work" for that person or organization by or for you. Other insurance available to the person or organization shown in the Schedule will apply as excess insurance and not contribute as primary insurance to the insurance provided by this endorsement.

55371 (1-07)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION - PROJECTS AND OPERATIONS COVERED BY A CONSOLIDATED (WRAP-UP) INSURANCE PROGRAM

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART.

The following exclusion is added to paragraph **SECTION I - COVERAGES, COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions:**

This insurance does not apply to:

Projects And Operations Covered By a Consolidated (Wrap-up) Insurance Program

"Bodily injury" or "property damage" arising out of your ongoing operations or completed operations including those within the "products-completed operations hazard" for which a consolidated (wrap-up) insurance program has been provided by the prime contractor/project manager or owner of the construction project in which you are involved.

This exclusion applies whether or not the consolidated (wrap-up) insurance program:

- (1) Provides coverage identical to that provided by this Coverage Part;
- (2) Has limits adequate to cover all claims; or
- (3) Remains in effect.

This exclusion shall not apply at the location described in the Schedule of this endorsement.

All other policy terms and conditions apply.

SCHEDULE

Description and Location of Projects and Operation(s):

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

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**COMMERCIAL GENERAL LIABILITY
55091 (10-08)**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**COMMERCIAL GENERAL LIABILITY PLUS
ENDORSEMENT**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART.

1. EXTENDED WATERCRAFT LIABILITY

Under **SECTION I - COVERAGES, COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY**, 2. Exclusions, g., exclusion (2) is deleted and is replaced by the following:

(2) A watercraft you do not own that is:

(a) Less than 50 feet long; and

(b) Not being used to carry persons or property for a charge;

2. HIRED AUTO AND NON-OWNED AUTO LIABILITY

Coverage for "bodily injury" and "property damage" liability provided under **SECTION I COVERAGES, COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY**, is extended as follows under this item, but only if you do not have any other insurance available to you which affords the same or similar coverage.

Coverage

We will pay those sums the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" arising out of the maintenance or use of an "auto":

a. You do not own;

b. Which is not registered in your name; or

c. Which is not leased or rented to you for more than ninety consecutive days

and which is used in your business.

Exclusions

With respect to only **HIRED AUTO AND NON-OWNED AUTO LIABILITY**, the exclusions which apply to **SECTION I - COVERAGES, COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY**, other than the Nuclear Energy Liability Exclusion

Endorsement, do not apply. The following exclusions apply to this coverage:

This coverage does not apply to:

a. "Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

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

c. (1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":

(a) That are, or are contained in any property that is:

1) Being transported or towed by, handled or prepared for placement into or upon, or taken from the "auto";

2) Otherwise in the course of transit by you or on your behalf; or

3) Being disposed of, stored, treated or processed into or upon the "auto";

(b) Before such "pollutants" or property containing "pollutants" are moved from the place they are accepted by you or anyone acting on your behalf for placement into or onto the "auto"; or

(c) After such "pollutants" or property containing "pollutants" are removed from the "auto" to where they are delivered, disposed of or abandoned by you or anyone acting in your behalf.

c. (1) (a) above does not apply to "pollutants" that are needed or result from the normal mechanical, electrical or hydraulic functioning of the "auto" or its parts, if the discharge, release, escape, seepage, migration or dispersal of such "pollutants" is directly from a part of the "auto" designed to hold, store, receive or dispose of such "pollutants" by the "auto" manufacturer.

c. (1) (b) and c. (1) (c) above do not apply, if as a direct result of maintenance or use of the "auto", "pollutants" or property containing "pollutants" which are not in or upon the "auto", are upset, overturned or damaged at any premises not owned by or leased to you. The discharge, release, escape, seepage, migration or dispersal of the "pollutants" must be directly caused by such upset, overturn or damage.

(2) Any loss, cost or expense arising out of any:

(a) Request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants"; or

(b) Claim or "suit" by or on behalf of a governmental authority for damages because

of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of "pollutants".

d. "Bodily injury" or "property damage" however caused, arising directly or indirectly, out of:

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

e. "Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

- (1) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. However, if the insurance under this policy does not apply to the liability of the insured, it also does not apply to such liability assumed by the insured under an "insured contract".
- (2) That the insured would have in the absence of the contract or agreement.

f. "Property damage" to:

- (1) Property owned or being transported by, or rented or loaned to any insured; or
- (2) Property in the care, custody or control of any insured

other than "property damage" to a residence or a private garage by a private passenger "auto" covered by this coverage.

g. "Bodily injury" to:

- (1) An "employee" of the insured arising out of and in the course of employment by the insured; or
- (2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (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.

This exclusion does not apply to:

- (1) Liability assumed by the insured under an "insured contract".
- (2) "Bodily injury" to any "employee" of the insured arising out of and in the course of his domestic employment by the insured unless benefits for such injury are in whole or in part either payable or required to be provided under any workers compensation law.

Who Is An Insured

With respect to only this coverage, **SECTION II - WHO IS AN INSURED**, is deleted and replaced by the following:

SECTION II - WHO IS AN INSURED

Each of the following is an insured with respect to this coverage:

- a. You.
- b. Your partners if you are designated in the Declarations as a partnership or a joint venture.
- c. Your members if you are designated in the Declarations as a limited liability company.
- d. Your "executive officers" if you are designated in the Declarations as an organization other than a partnership, joint venture or limited liability company.
- e. Any person using the "auto" and any person or organization legally responsible for the use of an "auto" not owned by such person or organization, provided the actual use is with your permission.

None of the following is an insured:

- a. Any person engaged in the business of his or her employer with respect to "bodily injury" to any co-"employee" of such person injured in the course of employment.
- b. Any person using the "auto" and any person other than you, legally responsible for its use with respect to an "auto" owned or registered in the name of:
 - (1) Such person; or
 - (2) Any partner or "executive officer" of yours or a member of his or her household; or
 - (3) Any "employee" or agent of yours who is granted an operating allowance of any sort for the use of such "auto".
- c. Any person while employed in or otherwise engaged in duties in connection with an "auto business", other than an "auto business" you operate.
- d. The owner or lessee (of whom you are a sublessee) of a hired "auto" or the owner of an "auto" you do not own or which is not registered in your name which is used in your business or any agent or employee of any such owner or lessee.

e. Any person or organization with respect to the conduct of any current or past partnership or joint venture that is not shown as a Named Insured in the Declarations.

Additional Definitions

The following definition applies to only this coverage:

"Auto business" means the business or occupation of selling, repairing, servicing, storing or parking "autos".

Limits of Insurance

With respect to only this coverage, **SECTION III - LIMITS OF INSURANCE**, is deleted and replaced by the following:

SECTION III - LIMITS OF INSURANCE

a. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:

- (1) Insureds;
- (2) Claims made or "suits" brought; or
- (3) Persons or organizations making claims or bringing "suits".

b. We will pay damages for "bodily injury" or "property damage" up to the limits of liability stated in the Declarations for this coverage. Such damages shall be paid as follows:

(1) When Hired Auto and Non-Owned Auto Each Occurrence Limit is shown in the Declarations, such limit is the total amount of coverage and the most we will pay for all damages because of or arising out of all "bodily injury" and "property damage" in any one "occurrence".

(2) When Bodily Injury Hired Auto and Non-Owned Auto Each Occurrence Limit and Property Damage Hired Auto and Non-Owned Auto Each Occurrence Limit are shown in the Declarations:

(a) The limit shown for Bodily Injury Hired Auto and Non-Owned Auto Each Occurrence is the total amount of coverage and the most we will pay for all damages because of or arising out of all "bodily injury" in any one "occurrence".

(b) The limit shown for Property Damage Hired Auto and Non-Owned Auto Each Occurrence is the total amount of coverage and the most we will pay for all damages because of or arising out of all "property damage" in any one "occurrence".

3. BROADENED SUPPLEMENTARY PAYMENTS

Under **SECTION I - COVERAGES, COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY, COVERAGE B. PERSONAL INJURY AND ADVERTISING**

INJURY LIABILITY and SUPPLEMENTARY PAYMENTS - COVERAGES A AND B:

Paragraph 4., the amount we will pay for the actual loss of earnings is increased from \$250 per day to \$400 per day.

4. ADDITIONAL PRODUCTS-COMPLETED OPERATIONS AGGREGATE LIMIT

If the endorsement, EXCLUSION - PRODUCTS COMPLETED OPERATIONS HAZARD, CG 21 04, is not attached to this policy, then the following is added to **SECTION III - LIMITS OF INSURANCE**:

Commencing with the effective date of this policy, we will provide one additional Products-Completed Operations Aggregate Limit, for each annual period, equal to the amount of the Products-Completed Operations Aggregate Limit shown in the Declarations. The maximum Products-Completed Operations Aggregate Limit for any annual period will be no more than two times the original Products-Completed Operations Aggregate Limit.

5. PERSONAL INJURY EXTENSION

a. If the endorsement EXCLUSION - PERSONAL INJURY AND ADVERTISING INJURY, 55350, is attached to this policy, then this provision, 5. PERSONAL INJURY EXTENSION, does not apply.

b. If the endorsement EXCLUSION - PERSONAL INJURY AND ADVERTISING INJURY, 55350, is not attached to this policy, then under **SECTION V - DEFINITIONS**, 15. "Personal injury" is deleted and replaced by the following:

15. "Personal injury" means, other than "bodily injury", arising out of one or more of the following offenses:

- a. False arrest, detention or imprisonment;
- b. Malicious prosecution;
- c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies by or on behalf of its owner, landlord or lessor;
- d. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
- e. Oral or written publication of material that violates a person's right of privacy; or
- f. Discrimination, humiliation, sexual harassment and any violation of civil rights caused by such discrimination, humiliation or sexual harassment.

6. BROADENED KNOWLEDGE OF OCCURRENCE

Under **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**, 2. Duties In The Event Of Occurrence, Offense, Claim Or Suit, the following paragraph is added:

Paragraphs a. and b. of this condition will not serve to deny any claim for failure to provide us with notice as soon as practicable after an "occurrence" or an offense which may result in a claim:

- a. If the notice of a new claim is given to your "employee"; and
- b. That "employee" fails to provide us with notice as soon as practicable.

This exception shall not apply:

- a. To you; or
- b. To any officer, director, partner, risk manager or insurance manager of yours.

7. DAMAGE TO PREMISES RENTED TO YOU

Under **SECTION I - COVERAGES, COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY**, the last paragraph is deleted and replaced by the following:

Exclusions c. through n. do not apply to damage by fire, lightning, explosion, smoke or water damage to premises rented to you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to this coverage as described in **7. DAMAGE TO PREMISES RENTED TO YOU, a. Limits of Insurance.**

The following additional exclusions apply to "property damage" arising out of Water Damage to premises rented to you or temporarily occupied by you with permission of the owner:

(1) "Property damage" to:

- (a) The interior of the premises caused by or resulting from rain or snow, whether driven by wind or not; or
- (b) Heating, air conditioning, plumbing or fire protection systems, or other equipment or appliances.

(2) "Property damage" caused by or resulting from any of the following:

- (a) Mechanical breakdown, including bursting or rupture caused by centrifugal force;
- (b) Cracking, settling, expansion or shrinking;
- (c) Smoke or smog;
- (d) Birds, insects, rodents or other animals;
- (e) Wear and tear;
- (f) Corrosion, rust, decay, fungus, deterioration, hidden or latent defect or any quality in property that causes such property to destroy or damage itself; or
- (g) Water that flows or leaks from any heating, air conditioning, plumbing or fire

protection system caused by or resulting from freezing, unless:

- 1) You make a reasonable effort to maintain heat in the building or structure; or
 - 2) You drain the equipment and shut off the water supply if the heat is not maintained.
- (3) "Property damage" caused directly or indirectly by any of the following:
- (a) Water that backs up from a drain or sewer;
 - (b) Mud flow or mudslide;
 - (c) Volcanic eruption, explosion or effusion;
 - (d) Any earth movement, such as earthquake, landslide, mine subsidence, earth sinking, earth rising or earth shifting;
 - (e) Regardless of the cause, flood, surface water, waves, tides, tidal waves, storm surge, overflow of any body of water, or their spray, all whether wind driven or not;
 - (f) Water under the ground surface pressing on, or seeping or flowing through:
 - 1) Walls, foundations, floors or paved surfaces;
 - 2) Basements, whether paved or not; or
 - 3) Doors, windows or other openings.
- (4) "Property damage" for which the insured is obligated to pay as damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of this contract or agreement.

a. Limits of Insurance

With respect to this coverage only, under **SECTION III - LIMITS OF INSURANCE**, paragraph 6. is deleted and replaced by the following:

6. The most we will pay under Coverage A for damages because of "property damage" to premises rented to you or temporarily occupied by you with permission of the owner arising out of or caused by fire, lightning, explosion, smoke and water damage is the amount shown in the Declarations under Damage to Premises Rented to You.

b. Under SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS, 4. Other Insurance, paragraph b., the word fire is amended to include fire, lightning, explosion, smoke or water damage.

8. BLANKET ADDITIONAL INSURED - LESSOR OF LEASED EQUIPMENT

a. SECTION II - WHO IS AN INSURED is amended to include as an additional insured any

person or organization with whom you have agreed:

(1) In a written contract or agreement, executed prior to loss, to name as an additional insured; or

(2) In an oral contract or agreement, executed prior to loss, to name as an additional insured only if a Certificate of Insurance was issued prior to loss indicating that the person or organization was an additional insured

but only with respect to liability for:

(1) "Bodily injury";

(2) "Property damage";

(3) "Personal injury"; or

(4) "Advertising injury"

caused in whole or in part, by your maintenance, operation or use of equipment leased to you by such person or organization.

b. With respect to the insurance afforded to an additional insured, this insurance does not apply to any "occurrence" which takes place after the equipment lease expires.

c. The following is added to **SECTION III - LIMITS OF INSURANCE:**

The Limits of Insurance for the additional insured are those specified in the written contract or agreement between the insured and the lessor, not to exceed the limits provided in this policy. These limits are inclusive of and not in addition to the Limits of Insurance shown in the Declarations.

9. BLANKET ADDITIONAL INSURED - MANAGERS OR LESSORS OF PREMISES

a. **SECTION II - WHO IS AN INSURED** is amended to include as an additional insured any person or organization with whom you have agreed:

(1) In a written contract or agreement, executed prior to loss, to name as an additional insured; or

(2) In an oral contract or agreement, executed prior to loss, to name as an additional insured only if a Certificate of Insurance was issued prior to loss indicating that the person or organization was an additional insured

but only with respect to liability arising out of the ownership, maintenance or use of that part of the premises leased to you.

b. This provision is subject to the following additional exclusions, applicable to this provision only:

- (1) Any "occurrence" which takes place after you cease to be a tenant in that premises.
- (2) Structural alterations, new constructions or demolition operations performed by or on behalf of the additional insured.

c. The following is added to **SECTION III - LIMITS OF INSURANCE:**

The Limits of Insurance for the additional insured are those specified in the written contract or agreement between the insured and the manager or lessor of the premises, not to exceed the limits provided in this policy. These limits are inclusive of and not in addition to the Limits of Insurance shown in the Declarations.

10. NEWLY FORMED OR ACQUIRED ORGANIZATIONS

Under **SECTION II - WHO IS AN INSURED**, Paragraph 4. is deleted and replaced by the following:

4. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:

- a. Coverage under this provision is afforded only until the 180th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
- b. Coverage A does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
- c. Coverage B does not apply to "personal injury" or "advertising injury" arising out of an offense committed before you acquired or formed the organization.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

11. BLANKET WAIVER OF SUBROGATION

The following is added to **SECTION IV - COM-MERCIAL GENERAL LIABILITY CONDITIONS, 8. Transfer Of Rights of Recovery Against Others To Us.**

When you have agreed to waive your right of subrogation in a written contract, executed prior to loss, with any person or organization, we waive any right to recovery we may have against such person or organization because of payments we make for injury or damage arising out of your ongoing operations or "your work" done under a contract with that person or organization and included in the "products-completed operations hazard".

All other policy terms and conditions apply.

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COMMERCIAL GENERAL LIABILITY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the company providing this insurance.

The word "insured" means any person or organization qualifying as such under Section II - Who Is An Insured.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section V - Definitions.

SECTION I - COVERAGES

COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY

1. Insuring Agreement

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. We may at our discretion investigate any claim or "occurrence" and settle any claim or "suit" that may result. But:

(1) The amount we will pay for damages is limited as described in Section III - Limits of Insurance; and

(2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverage A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments - Coverages A and B.

b. This insurance applies to "bodily injury" and "property damage" only if:

(1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";

(2) The "bodily injury" or "property damage" occurs during the policy period; and

(3) Prior to the policy period, no insured listed under Paragraph 1. of Section II - Who Is An Insured and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or

resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.

c. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph 1. of Section II - Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:

(1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;

(2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or

(3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.

d. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

2. Exclusions

This insurance does not apply to:

a. Expected Or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

b. Contractual Liability

"Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

(1) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. However, if the insurance under this policy does not apply to the liability of the insured, it also does not apply to such liability assumed by the insured under an "insured contract".

(2) That the insured would have in the absence of the contract or agreement.

c. Liquor Liability

"Bodily injury" or "property damage" for which any insured may be held liable by reason of:

(1) Causing or contributing to the intoxication of any person;

(2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or

(3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages.

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. Employer's Liability

"Bodily injury" to:

(1) An "employee" of the insured arising out of and in the course of employment by the insured; or

(2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (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.

This exclusion does not apply to liability assumed by the insured under an "insured contract".

f. Pollution

(1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":

(a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. However, this subparagraph does not apply to:

(i) "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot produced by or originating from equipment that is used to heat, cool or dehumidify the building, or equipment that is used to heat water for personal use by the building's occupants or their guests;

(ii) "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location

has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured; other than that additional insured; or

(iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";

(b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;

(c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for:

(i) Any insured; or

(ii) Any person or organization for whom you may be legally responsible;

(d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:

(i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;

(ii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or

(iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire"; or

(e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of,

"pollutants".

(2) Any loss, cost or expense arising out of any:

(a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or

(b) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

However, this paragraph does not apply to liability for damages because of covered "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or "suit" by or on behalf of a governmental authority.

g. Aircraft, Auto Or Watercraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading and unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This exclusion does not apply to:

(1) A watercraft while ashore on premises you own or rent;

(2) A watercraft you do not own that is:

(a) Less than 26 feet long; and

(b) Not being used to carry persons or property for a charge;

(3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;

(4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or

(5) "Bodily injury" or "property damage" arising out of the operation of any of the equipment listed in paragraph f.(2) or f.(3) of the definition of "mobile equipment".

h. Mobile Equipment

"Bodily injury" or "property damage" arising out of:

- (1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or
- (2) The use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition, or stunting activity.

i. War

"Bodily injury" or "property damage", however caused, arising, directly or indirectly, out of:

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

j. Damage To Property

"Property damage" to:

- (1) Property you own, rent, occupy or use, including any cost or expense incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;

- (2) Property that any of your:

- (a) "Employees";
- (b) "Volunteer workers";
- (c) Partners or members (if you are a partnership or joint venture); or
- (d) Members (if you are a limited liability company)

own, rent, occupy or use. However, this exclusion j.(2), shall not apply to your liability for damage to such property;

- (3) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
- (4) Property loaned to you;
- (5) Personal property in the care, custody or control of, or over which physical control is

being exercised for any purpose by any insured;

(6) That particular part of real property on which any insured or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations; or

(7) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraphs (1), (2), (4) and (5) of this exclusion do not apply to "property damage" (other than damage by fire) to premises, including the contents of such premises, rented to you for a period of seven or fewer consecutive days. A separate limit of insurance applies to Damage To Premises Rented To You as described in Section III - Limits Of Insurance.

Paragraph (3) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs (4), (5), (6) and (7) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph (7) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".

k. Damage To Your Product

"Property damage" to "your product" arising out of it or any part of it.

l. Damage To Your Work

"Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard".

m. Damage To Impaired Property Or Property Not Physically Injured

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

(1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or

(2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

n. Recall Of Products, Work Or Impaired Property

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use,

withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- (1) "Your product";
- (2) "Your work"; or
- (3) "Impaired property"

if such product, work or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

g. Personal Injury And Advertising Injury

"Bodily injury" arising out of "personal injury" or "advertising injury".

p. Employment-Related Practices

"Bodily injury" to:

- (1) A person arising out of any:
 - (a) Refusal to employ a person;
 - (b) Termination of a person's employment;
 - (c) Employment-related practice, policy, act or omission, including but not limited to coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at a person; or
 - (d) Criminal or civil action brought against a person by or at the direction of the insured directly or indirectly related to any offense described in (a), (b), or (c) above; or
- (2) Anyone as a consequence of "bodily injury" to a person at whom any of the employment-related practices described in Paragraphs (a), (b), (c), or (d) above is directed.

This exclusion applies:

- (1) Whether the insured may be liable as an employer or in any other capacity;
- (2) Whether the offense is alleged to arise out of the employment during the course or scope of employment, outside the course or scope of employment or after termination of employment;
- (3) Whether directly or indirectly related to a person's prospective, current or past employment; and
- (4) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

q. Asbestos

Any claim, "suit", action or proceeding against any insured arising out of the discharge, dispersal, release, escape or inhalation of any asbestos-related particles, dust, irritants, contaminants, "pollutants", toxic elements or materials.

r. Communicable Disease

"Bodily Injury" arising out of or resulting from the transmission of any communicable disease by any insured.

s. Silica Or Silica-Related Dust

Any claim, "suit", action or proceeding against any insured arising out of the discharge, dispersal, release, escape or inhalation of any "silica" or "silica-related dust".

Exclusions c. through n. do not apply to damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to this coverage as described in Section III - Limits Of Insurance.

COVERAGE B. PERSONAL INJURY AND ADVERTISING INJURY LIABILITY**1. Insuring Agreement**

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "personal injury" or "advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. We may at our discretion investigate any claim or offense and settle any claim or "suit" that may result. But:

(1) The amount we will pay for damages is limited as described in Section III - Limits Of Insurance; and

(2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverage A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments - Coverages A and B.

b. This insurance applies to "personal injury" and "advertising injury" only if:

(1) The "personal injury" or "advertising injury" is caused by an offense arising out of your business; and

(2) The offense causing the "personal injury" or "advertising injury" was committed in the "coverage territory" during the policy period.

2. Exclusions

This insurance does not apply to "personal injury" or "advertising injury":

a. Knowing Violation Of Rights Of Another Or Expected Or Intended Injury

(1) Caused by or at the direction of any insured with the knowledge that the act would violate the rights of another and would inflict "personal injury" or "advertising injury"; or

(2) Expected or intended by any insured. This exclusion a.(2), does not apply to "personal injury".

b. Material Published With Knowledge Of Falsity

Arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity.

c. Material Published Prior To Policy Period

Arising out of oral or written publication of material whose first publication took place before the beginning of the policy period.

d. Criminal Acts

Arising out of a criminal act or violation of a penal statute or ordinance committed by or at the direction of the insured.

e. Contractual Liability

For which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

f. Breach of Contract

Arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement".

g. Quality Or Performance Of Goods - Failure To Conform To Statements Or Representations

Arising out of the failure of goods, products or services to conform with any statement or representation of quality or performance made in your "advertisement".

h. Wrong Description Of Prices

Arising out of the wrong description of the price of goods, products or services.

i. Infringement Of Copyright, Patent, Trademark Or Trade Secret

Arising out of the infringement of copyright, patent, "trademark", trade secret or other intellectual property rights.

However, this exclusion does not apply to infringement, in your "advertisement" of

copyright, "trade dress" or slogan.

j. Insureds In Media And Internet Type Businesses

Committed by an insured whose business is:

- (1) Advertising, broadcasting, publishing or telecasting;
- (2) Designing or determining content of websites for others; or
- (3) An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs 15. a., b. and c. of "personal injury" under Section V - Definitions.

For the purposes of j.(1) of this exclusion, the placing of frames, borders, links, or advertising, for you or others anywhere on the Internet, is not by itself, considered the business of advertising, broadcasting, publishing or telecasting.

k. Electronic Chatrooms Or Bulletin Boards

Arising out of an electronic chatroom or bulletin board the insured hosts, owns, or over which the insured exercises control for any purpose.

l. Unauthorized Use Of Another's Name Or Product

Arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatag, or any other similar tactics to mislead another's potential customers.

m. Pollution

(1) Arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

(2) For any loss, cost or expense arising out of any:

(a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or

(b) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

n. Employment-Related Practices

(1) Arising out of any:

(a) Refusal to employ a person;

(b) Termination of a person's employment;

(c) Employment-related practice, policy, act or omission, including but not limited to coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at a person; or

(d) Criminal or civil action brought against a person by or at the direction of the insured directly or indirectly related to any offense described in (a), (b), or (c) above; or

(2) To anyone as a consequence of "personal injury" or "advertising injury" to a person at whom any of the employment-related practices described in Paragraphs (a), (b), (c), or (d) above is directed.

This exclusion applies:

(1) Whether the insured may be liable as an employer or in any other capacity;

(2) Whether the offense is alleged to arise out of the employment during the course or scope of employment, outside the course or scope of employment or after termination of employment;

(3) Whether directly or indirectly related to a person's prospective, current or past employment; and

(4) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

o. Asbestos

For any claim, "suit", action or proceeding against any insured arising out of the discharge, dispersal, release, escape or inhalation of any asbestos-related particles, dust, irritants, contaminants, "pollutants", toxic elements or materials.

p. Communicable Disease

Arising out of or resulting from the transmission of any communicable disease by any insured.

q. War

However, caused, arising directly or indirectly, out of:

(1) War, including undeclared or civil war;

(2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

(3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental

authority in hindering or defending against any of these.

r. Silica Or Silica-Related Dust

Any claim, "suit", action or proceeding against any insured arising out of the discharge, dispersal, release, escape or inhalation of any "silica" or "silica-related dust".

COVERAGE C. MEDICAL PAYMENTS

1. Insuring Agreement

a. We will pay medical expenses as described below for "bodily injury" caused by an accident:

- (1) On premises you own or rent;
- (2) On ways next to premises you own or rent; or
- (3) Because of your operations;

provided that:

- (1) The accident takes place in the "coverage territory" and during the policy period;
- (2) The expenses are incurred and reported to us within one year of the date of the accident; and
- (3) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

b. We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance. We will pay reasonable expenses for:

- (1) First aid administered at the time of an accident;
- (2) Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and
- (3) Necessary ambulance, hospital, professional nursing and funeral services.

2. Exclusions

We will not pay expenses for "bodily injury":

a. Any Insured

To any insured, except "volunteer workers".

b. Hired Person

To a person hired to do work for or on behalf of any insured or a tenant of any insured.

c. Injury On Normally Occupied Premises

To a person injured on that part of premises you own or rent that the person normally occupies.

d. Workers Compensation And Similar Laws

To a person, whether or not an "employee" of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers compensation or disability benefit law or a similar law.

e. Athletics Activities

To a person injured while practicing, instructing or participating in any physical exercises or games, sports or athletics contests.

f. Products-Completed Operations Hazard

Included within the "products-completed operations hazard".

g. Coverage A Exclusions

Excluded under Coverage A.

h. Asbestos

For any claim, "suit", action or proceeding against any insured arising out of the discharge, dispersal, release, escape or inhalation of any asbestos related particle, dust, irritant, contaminant, pollutant, toxic element or material.

i. Communicable Disease

Arising out of or resulting from the transmission of any communicable disease by any insured.

SUPPLEMENTARY PAYMENTS - COVERAGES A AND B

If Coverage A or B apply, we will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:

1. All expenses we incur.
2. Up to \$2000 for premiums on bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We have no obligation to apply for or furnish these bonds.
3. Premiums on appeal bonds or bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We have no obligation to apply for or furnish these bonds.
4. All reasonable expenses incurred by the insured at our request including actual loss of earnings up to

\$250 a day because of time off from work.

5. All costs taxed against the insured in the "suit".
6. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.
7. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

SECTION II - WHO IS AN INSURED

1. If you are designated in the Declarations as:

- a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
- b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
- c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
- d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.
- e. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.

2. Each of the following is also an insured:

- a. Your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business, or your "volunteer workers" only while performing duties related to the conduct of your business. However, none of these "employees" or "volunteer workers" are insureds for "bodily injury", "personal injury" or "advertising injury":

(1) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;

- (2) To the spouse, child, parent, brother or sister of that co-"employee" or "volunteer worker" as a consequence of Paragraph (1) above;
 - (3) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraphs (1) or (2) above; or
 - (4) Arising out of his or her providing or failing to provide professional health care services.
- b. Any person (other than your "employee" or "volunteer worker"), or any organization while acting as your real estate manager.
 - c. Any person or organization having proper temporary custody of your property if you die, but only:
 - (1) With respect to liability arising out of the maintenance or use of that property; and
 - (2) Until your legal representative has been appointed.
 - d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.
3. With respect to "mobile equipment" registered in your name under any motor vehicle registration law, any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:
- a. "Bodily injury" to a co-"employee" of the person driving the equipment; or
 - b. "Property damage" to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.
4. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:
- a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
 - b. Coverage A does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
 - c. Coverage B does not apply to "personal injury" or "advertising injury" arising out of an offense committed before you acquired or formed the organization.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

SECTION III - LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:

- a. Insureds;
- b. Claims made or "suits" brought; or
- c. Persons or organizations making claims or bringing "suits".

2. The General Aggregate Limit is the most we will pay for the sum of:

- a. Medical expenses under Coverage C;
- b. Damages under Coverage A, except damages because of "bodily injury" or "property damage" included in the "products completed operations hazard"; and
- c. Damages under Coverage B.

3. The Products-Completed Operations Aggregate Limit is the most we will pay under Coverage A for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard".

4. Subject to 2. above, the Personal Injury and Advertising Injury Limit is the most we will pay under Coverage B for the sum of all damages because of all "personal injury" and all "advertising injury" sustained by any one person or organization.

5. Subject to 2. or 3. above, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of:

- a. Damages under Coverage A; and
- b. Medical expenses under Coverage C

because of all "bodily injury" and "property damage" arising out of any one "occurrence".

6. The Damage To Premises Rented To You Limit is the most we will pay under Coverage A for damages because of "property damage" to any one premises, while rented to you, or in the case of damage by fire, while rented to you or temporarily occupied by you with permission of the owner.

7. Subject to 5. above, the Medical Expense Limit is the most we will pay under Coverage C for all medical expenses because of "bodily injury" sustained by any one person.

8. Beginning with the effective date of this policy, we will provide twice the General Aggregate Limit (other than Products-Completed Operations), shown in the Declarations.

If this policy is written for more than one 12 month period, the General Aggregate Limit for each 12 month period shall never exceed twice the General Aggregate Limit shown in the Declarations. The General Aggregate Limit applies separately to each 12 month period starting with the beginning of the policy period shown in the Declarations.

The Limits of Insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS

1. Bankruptcy

Bankruptcy or insolvency of the insured or the insured's estate will not relieve us of our obligations under this Coverage Part.

2. Duties In The Event Of Occurrence, Offense, Claim Or Suit

a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:

- (1) How, when and where the "occurrence" or offense took place;
- (2) The names and addresses of any injured persons and witnesses; and
- (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.

b. If any claim is made or "suit" is brought against any insured, you must:

- (1) Immediately record the specifics of any claim or "suit" and the date received; and
- (2) Notify us as soon as practicable.

You must see to it that we receive written notice of any claim or "suit" as soon as practicable.

c. You and any other involved insured must:

- (1) Immediately send us copies of any correspondence, demands, notices, summonses or papers in connection with any claim or "suit";
- (2) Authorize us to obtain records and other information;
- (3) Cooperate with us in the investigation or settlement of any claim or defense of any "suit"; and
- (4) 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 injury or damage to which this insurance may also apply.

d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

3. Legal Action Against Us

No person or organization has a right under this Coverage Part:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us on this Coverage Part unless all of its terms have been fully complied with.

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 damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

4. Other Insurance

If other valid and collectible insurance is available to the insured for a loss we cover under Coverage A or B of this Coverage Part, our obligations are limited as follows:

a. Primary Insurance

This insurance is primary except when b. below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in c. below.

b. Excess Insurance

This insurance is excess over:

(1) Any of the other insurance, whether primary, excess, contingent or on any other basis:

(a) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";

(b) That is Fire insurance for premises rented to you or temporarily occupied by you with permission of the owner;

(c) That is insurance purchased by you to cover your liability as a tenant for "property damage" to premises rented to you or temporarily occupied by you with permission of the owner; or

(d) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion g. of Section I - Coverage A - Bodily Injury And Property Damage Liability.

(2) Any other primary insurance available to an insured, other than an additional insured, covering liability for damages arising out of the premises or operations, or the products and completed operations, for which you have been added as an additional insured by attachment of an endorsement.

When this insurance is excess, we will have no duty under Coverage A or B to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

- (1) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
- (2) The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

c. Method Of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

5. Premium Audit

- a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.
- b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit and retrospective premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.
- c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

6. Representations

By accepting this policy, you agree:

- a. The statements in the Declarations are accurate and complete;
- b. Those statements are based upon representations you made to us; and
- c. We have issued this policy in reliance upon your representations.

7. Separation Of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part 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.

8. Transfer Of Rights Of Recovery Against Others To Us

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

9. Motor Vehicle Laws

We will provide coverage:

- a. Up to the minimum required limits; and
- b. Subject to all the terms and conditions of the policy

to comply with any motor vehicle insurance law to the extent such law applies to the "mobile equipment" covered by this Coverage Part.

However, this coverage only applies in the absence of any other applicable insurance.

SECTION V - DEFINITIONS

1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:

- a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and
- b. Regarding web-sites, only that part of a web-site that is about your goods, products or services for the purpose of attracting customers or supporters is considered an advertisement.

2. "Advertising injury" means injury arising out of one or more of the following offenses:

- a. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services in your "advertisement";
- b. Oral or written publication, in any manner, of material that violates a person's right of privacy in your "advertisement";
- c. The use of another's advertising idea in your "advertisement"; or

- d. Infringing upon another's copyright, "trade dress" or slogan in your "advertisement".
3. "Auto" means a land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment. But "auto" does not include "mobile equipment".
4. "Bodily injury" means bodily injury, bodily sickness or bodily disease sustained by a person, including death resulting from any of these at any time.
5. "Coverage territory" means:
- a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
 - b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in a. above; or
 - c. All other parts of the world if the injury or damage arises out of:
 - (1) Goods or products made or sold by you in the territory described in a. above;
 - (2) The activities of a person whose home is in the territory described in a. above, but is away for a short time on your business; or
 - (3) "Personal injury" or "advertising injury" offenses that take place through the Internet or similar electronic means of communication
- provided the insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in a. above or in a settlement we agree to.
6. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
7. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.
8. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.
9. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:
- a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
 - b. You have failed to fulfill the terms of a contract or agreement
- if such property can be restored to use by:
- a. The repair, replacement, adjustment or removal of "your product" or "your work"; or
 - b. Your fulfilling the terms of the contract or agreement.

10. "Insured contract" means:

- a.** A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
- b.** A sidetrack agreement;
- c.** Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
- d.** An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
- e.** An elevator maintenance agreement; or
- f.** That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

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

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

11. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".

12. "Loading or unloading" means the handling of property:

- a.** After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";

b. While it is in or on an aircraft, watercraft or "auto"; or

c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered

but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".

13. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:

a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;

b. Vehicles maintained for use solely on or next to premises you own or rent;

c. Vehicles that travel on crawler treads;

d. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:

(1) Power cranes, shovels, loaders, diggers or drills; or

(2) Road construction or resurfacing equipment such as graders, scrapers or rollers;

e. Vehicles not described in a., b., c., or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:

(1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or

(2) Cherry pickers and similar devices used to raise or lower workers; or

f. Vehicles not described in a., b., c., or d. above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

(1) Equipment designed primarily for:

(a) Snow removal;

(b) Road maintenance, but not construction or resurfacing; or

(c) Street cleaning;

(2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; or

(3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

14. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

15. "Personal injury" means other than "bodily injury" arising out of one or more of the following offenses:

- a. False arrest, detention or imprisonment;
- b. Malicious prosecution;
- c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
- d. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or
- e. Oral or written publication, in any manner, of material that violates a person's right of privacy.

16. "Pollutants" mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

17. "Products-completed operations hazard":

a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:

- (1) Products that are still in your physical possession; or
- (2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:
 - (a) When all of the work called for in your contract has been completed.
 - (b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.
 - (c) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

b. Does not include "bodily injury" or "property damage" arising out of:

- (1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured;
- (2) The existence of tools, uninstalled equipment or abandoned or unused materials; or
- (3) Products or operations for which the classification, shown in the Declarations, states that products-completed operations are included.

18. "Property damage" means:

- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
- b. Loss of use of tangible property that is not physically injured. All such loss shall be deemed to occur at the time of the "occurrence" that caused it.

For the purposes of this insurance, electronic data is not tangible property.

As used in this definition, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

19. "Silica" means silicon dioxide (occurring in crystalline, amorphous and impure forms), silica particles, silica dust or silica compounds.

20. "Silica-related dust" means a mixture or combination of silica and other dust or particles.

21. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage", "personal injury" or "advertising injury" to which this insurance applies are alleged. "Suit" includes:

- a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
- b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

22. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

23. "Trademark" means any registered or unregistered word, name, symbol, sign, device or any combination thereof used to identify or distinguish a person's or organization's goods, products or services from those of others and to indicate or identify the origin or source of such goods, products or services, even if the origin or source is unknown. "Trademark" includes registered "trade dress" and "trade dress" which is used with or incorporates any "trademark".

24. "Trade dress" means the unregistered and nonfunctional distinctive packaging, appearance, image, design, color scheme or shape or combination thereof used to identify or distinguish a person's or organization's goods, products or services from those of others and to indicate or identify the origin or

source of such goods, products or services, even if the source is unknown. "Trade dress" does not include:

- a. Registered "trade dress";
- b. "Trademark"; or
- c. "Trade dress" which is used with or incorporates any "trademark".

25. "Volunteer worker" means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.

26. "Your product":

a. Means:

(1) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:

(a) You;

(b) Others trading under your name; or

(c) A person or organization whose business or assets you have acquired; and

(2) Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

b. Includes:

(1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and

(2) The providing of or failure to provide warnings or instructions.

c. Does not include vending machines or other property rented to or located for the use of others but not sold.

27. "Your work":

a. Means:

(1) Work or operations performed by you or on your behalf; and

(2) Materials, parts or equipment furnished in connection with such work or operations.

b. Includes:

(1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and

(2) The providing of or failure to provide warnings or instructions.

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EXHIBIT “B”

STATE OF SOUTH CAROLINA
COUNTY OF MARLBORO

Elouise Woody Benjamin and Melvin
Benjamin,

Plaintiffs,

Vs.

Joshua Lee Cail, Naida L. Singleton and Pee
Dee Heating and Cooling Specialists, Inc.,

Defendants.

IN THE COURT OF COMMON PLEAS
FOURTH JUDICIAL CIRCUIT
C/A # 2008-CP-34-181

SECOND AMENDED SUMMONS
FOR RELIEF

(Jury Trial Requested)

TO DEFENDANTS ABOVE-NAMED:

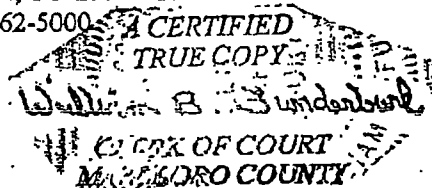
YOU ARE HEREBY SUMMONED and required to answer the Complaint in this action, a copy of which is herewith served upon you, and to serve a copy of your Answer to said Complaint on the subscriber at 170 Courthouse Square, Post Office Box 1770, Florence, South Carolina, 29503-1770 within thirty (30) days from the service hereof, exclusive of the date of such service, and in case of the failure to do so, judgment by default will be rendered against you for the relief demanded in the Complaint.

Florence, SC

November 10, 2009


JAMES C. RUSHTON, III,
Attorney for Plaintiffs

THE HYMAN LAW FIRM, LLP
170 Courthouse Square
Post Office Box 1770
Florence, SC 29503-1770
(843) 662-5000



STATE OF SOUTH CAROLINA

COUNTY OF MARLBORO

Elouise Woody Benjamin and Melvin
Benjamin,

Plaintiffs,

Vs.

Joshua Lee Cail, Naida L. Singleton and Pee
Dee Heating and Cooling Specialists, Inc.,

Defendants.

IN THE COURT OF COMMON PLEAS
FOURTH JUDICIAL CIRCUIT
C/A # 2008-CP-34-181

SECOND AMENDED COMPLAINT
(Jury Trial Requested)

2009 NOV 13 PM 1 57
WILLIAM B. FUNDERBURK
CLERK OF COURT
MARLBORO COUNTY, S.C.

FILED

The Plaintiffs, complaining of the Defendants allege:

FOR A FIRST CAUSE OF ACTION

1. That the Plaintiffs are residents and citizens of the County of Darlington, State of South Carolina.
2. That the Plaintiffs are informed and believe that the Defendant, Joshua Lee Cail, is a resident and citizen of the County of Chesterfield, State of South Carolina.
3. That the Plaintiffs are informed and believe that the Defendant, Naida L. Singleton, is a resident and citizen of the County of Marlboro, State of South Carolina.
4. That the Plaintiffs are informed and believe that the Defendant, Pee Dee Heating and Cooling Specialists, Inc., is a corporation organized and existing under the laws of one of the states of the United States and owns property, employs agents and transacts business in Chesterfield County, South Carolina.

A CERTIFIED
TRUE COPY
William B. Funderburk
CLERK OF COURT
MARLBORO COUNTY

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5. That at all times hereinafter mentioned, the Defendant, Mr. Joshua Lee Cail, was acting in his individual capacity or as the agent, servant and employee of the Defendant, Naida L. Singleton and Pee Dee Heating and Cooling Specialists, Inc.
6. That heretofore, on or about April 7, 2008, the Plaintiff, Elouise Woody Benjamin, was traveling North on U.S. Highway 15, when the Defendant, Joshua Lee Cail crossed the center line and hit the Plaintiff; that as a result of the collision the Plaintiff was injured and damaged as more specifically hereinafter set forth.
7. That the injuries and damages sustained by the Plaintiff, Elouise Woody Benjamin, were caused and occasioned by the willful, wanton, reckless, careless, negligent and unlawful conduct on the part of the Defendant in one or more of the following particulars, to-wit:
 - (a) In operating a motor vehicle upon the public streets and highways of the State of South Carolina while under the medical conditions that could influence the operation of a motor vehicle;
 - (b) In driving a vehicle in an unsafe condition upon the roadways of the State of South Carolina;
 - (c) In driving a vehicle at an excessive rate of speed, too fast for the conditions then and there existing;
 - (d) In failing to yield the right of way to the Plaintiff;
 - (e) In failing to keep a proper lookout;
 - (f) In failing to maintain proper control over the vehicle which the Defendant was driving;
 - (g) In driving a motor vehicle in a dangerous and improper manner without regard for the rights of others on said road;

- (h) In failing to avoid colliding with Plaintiff's vehicle after having ample opportunity to do so, thus failing to exercise the doctrine of last clear chance;
- (i) In driving said vehicle into and against the Plaintiff's vehicle;
- (j) In failing to give any warning or signal to the Plaintiff that Defendant was about to collide with the vehicle of the Plaintiff;
- (k) In operating a motor vehicle on the wrong side of the roadway;
- (l) In changing lanes improperly; and
- (m) In turning unlawfully.

All of the above being in violation of the laws of the State of South Carolina.

8. That as a direct and proximate cause of said negligence, wantonness, recklessness and unlawfulness on the part of the Defendant, the Plaintiff, Elouise Woody Benjamin, was thrown violently in and about Plaintiff's automobile; that the Plaintiff was greatly and severely injured in and about Plaintiff's head, neck, arms, body, back, limbs and other parts of the Plaintiff's body; that Plaintiff was rendered sick, sore, lame, disabled, bruised and shocked thereby and continues so to be; that all of such injuries have caused Plaintiff extreme and excruciating pain continuously to this date and the Plaintiff will suffer such pain in the future; that as a direct and proximate result of the negligence of the Defendant as aforementioned the Plaintiff suffered severe bruises, lacerations and contusions and great pain and suffering.
9. That as a direct and proximate cause of said negligence, wantonness, recklessness, and unlawfulness on the part of the Defendant:
- (a) The Plaintiff was committed to the hospital and will be required to enter the hospital in the future for long and extensive periods of time;

- (b) The Plaintiff was confined to the care and treatment of skilled physicians and nurses; that Plaintiff is presently being treated by such persons and will continue to receive treatment from them in the future; that Plaintiff has expended large sums of money for such treatment and will be obligated to expend even more money in the future for such care and treatment;
- (c) The Plaintiff was hindered and prevented, and in the future will be hindered and prevented from transacting and attending to Plaintiff's necessary and lawful affairs since the date of the collision and loss and was deprived of divers gains, profits, salaries, pleasures, advantages, and earning capacity and ability which Plaintiff would have otherwise derived and acquired;
- (d) The Plaintiff was in the past, present and will continue in the future to be put to great expense for medicine and drugs;
- (e) The Plaintiff has expended large sums of money in the past and present for transportation to and from the doctor's office and hospitals and will continue to have such expenses in the future for consultations and treatment;
- (f) The Plaintiff's previous good health has been permanently impaired.
- (g) The Plaintiff has suffered a loss of wages and in the future will suffer a loss of wages due to the injuries received.

All of the above being in violation of the statutory and common laws of South Carolina.

10. That as a direct and proximate result of the negligence, wantonness, recklessness, carelessness and unlawfulness on the part of the Defendant:

- (a) The Plaintiff's automobile was extensively damaged;

- (b) It will be necessary for the Plaintiff to incur expenses for the repair of the automobile or replacement of the automobile;
 - (c) The Plaintiff will be without the use of the automobile during the time that it is undergoing repairs if it can be repaired;
 - (d) The Plaintiff's automobile will greatly depreciate in value due to its wrecked condition.
11. As a result of her injuries, the Plaintiff, Elouise Woody Benjamin, is informed and believes that she is entitled to an award of actual and punitive damages.

FOR A SECOND CAUSE OF ACTION
(Negligent Entrustment as to Defendants, Naida L. Singleton and
Pee Dee Heating and Cooling Specialists, Inc.)

12. The allegations of the First Cause of Action are re-alleged as if fully set forth hereafter.
13. That the Defendants, Naida L. Singleton and Pee Dee Heating and Cooling Specialists, Inc., were negligent in entrusting possession and use of a vehicle to Joshua Lee Cail. They were negligent, wanton, reckless, and unlawful in the entrustment of the vehicle in one or more of the following particulars:
- (a) In failing to adequately check the driving records of Joshua Lee Cail when they knew or should have known that he was not a proper person to be entrusted with the use and possession of their automobile;
 - (b) In taking proper steps to discover the status of the driver's license issued to Joshua Lee Cail;
 - (c) In failing to immediately recover the vehicle from Joshua Lee Cail when the Defendants, Naida L. Singleton and Pee Dee Heating and Cooling Specialists, Inc., learned that the license of Joshua Lee Cail had been suspended;

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- (d) In allowing Joshua Lee Cail to remain in possession and use of their vehicle after they learned that his driver's license had been suspended; and
- (e) In continuing to allow Joshua Lee Cail to operate their vehicle after learning that his driver's license had been suspended.

14. As a direct and proximate cause of said negligence, wantonness, recklessness, and unlawfulness on the part of the Defendants, Naida L. Singleton and Pee Dee Heating and Cooling Specialists, Inc., the Plaintiff, Elouise Woody Benjamin, was injured as set forth in the First Cause of Action and is entitled to an award of actual and punitive damages against the Defendants, Naida L. Singleton and Pee Dee Heating and Cooling Specialists, Inc.

FOR A THIRD CAUSE OF ACTION
(Negligent Hiring/Retention as to Defendant, Pee Dee Heating and Cooling Specialists, Inc.)

15. The allegations of the First and Second Causes of Action are re-alleged as if fully set forth hereafter.
16. That the Defendant, Pee Dee Heating and Cooling Specialists, Inc., was negligent in hiring and retaining Joshua Lee Cail as an employee. It was negligent, wanton, reckless, and unlawful in hiring and retaining Joshua Lee Cail in one or more of the following particulars:
- (a) In failing to adequately check the driving records of Joshua Lee Cail when it should have known that he was not a proper person to be entrusted with the use and possession of its automobile due to the fact that his license was under suspension;
 - (b) In failing to take proper steps to discover the status of the driver's license issued to Joshua Lee Cail;
 - (c) In allowing Joshua Lee Cail to operate its vehicle on the public highways of the State of South Carolina when his license was suspended;

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- (d) In failing to discover Joshua Lee Cail had two previous suspensions for controlled substance violations;
 - (e) In allowing a suspended driver to operate its vehicle on the public highways of the State of South Carolina;
 - (f) In hiring and retaining an employee whose duties required him to operate the vehicle owned by the Defendant, Pee Dee Heating and Cooling Specialists, Inc.; and
 - (g) In failing in its duties to the public traveling the public highways of the State of South Carolina by hiring and retaining an unlicensed/incompetent driver to operate its vehicle on the highways.
17. As a direct and proximate cause of said negligence, wantonness, recklessness, and unlawfulness on the part of the Defendant, Pee Dee Heating and Cooling Specialists, Inc., the Plaintiff, Elouise Woody Benjamin, was injured as set forth in the First Cause of Action and is entitled to an award of actual and punitive damages against the Defendants, Naida L. Singleton and Pee Dee Heating and Cooling Specialists, Inc.

FOR A FOURTH CAUSE OF ACTION
(Loss of Consortium as to Plaintiff, Melvin Benjamin)

18. The allegations of the First, Second, and Third Causes of Action are re-alleged as if fully set forth hereafter.
19. That at all times hereinafter mentioned, the Plaintiff, Melvin Benjamin, was lawfully married to the Plaintiff, Elouise Woody Benjamin.
20. That as a result of the bodily injuries suffered by the Plaintiff, Elouise Woody Benjamin, the Plaintiff, Melvin Benjamin, has been deprived of her companionship, love, society, and care, and, as a result, has suffered actual damages.

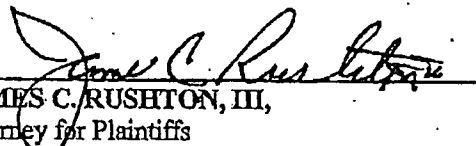
21. That the Plaintiff, Melvin Benjamin, is entitled to an award of actual damages plus an award of punitive damages from the Defendants in an amount to be determined by a jury, plus the cost of this action.

WHEREFORE, the Plaintiffs pray as follows:

- a) That the Court inquire into the matters and things set forth herein;
- b) That the Plaintiff, Elouise Woody Benjamin, be granted an award of actual and punitive damages against the Defendants in an amount to be determined by a jury, plus the cost of this action;
- c) That the Plaintiff, Melvin Benjamin, be granted an award of actual and punitive damages from the Defendants in an amount to be determined by a jury, plus the cost of this action; and,
- d) That the court grants such other and further relief as may be deemed just and proper.

Florence, SC

November 10, 2009


JAMES C. RUSHTON, III,
Attorney for Plaintiffs

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Post Office Box 1770
Florence, SC 29503-1770
(843) 662-5000

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STATE OF SOUTH CAROLINA

COUNTY OF CHESTERFIELD

Auto-Owners Insurance Company,

Plaintiff

vs.

Elouise Woody Benjamin, Melvin Benjamin, Joshua
Lee Cail, Naida L. Singleton, and Pee Dee Heating
and Cooling Specialists, Inc.,

Defendants

IN THE COURT OF COMMON PLEAS

CIVIL ACTION COVERSHEET

2011-CP-13-271

(Please Print)

Submitted By: William P. Hatfield, Esquire

Address: Post Office Box 1770, Florence, SC 29503-1770

SC Bar #: 2840

Telephone #: (843) 662-5000

Fax #: (843) 678-9273

Other:

E-mail: wphatfield@hymanlawfirm.com

NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for the use of the Clerk of Court for the purpose of docketing. It must be filled out completely, signed, and dated. A copy of this cover sheet must be served on the defendant(s) along with the Summons and Complaint.

DOCKETING INFORMATION (Check all that apply)

- WPA* **COUNTERCLAIM** If Action is Judgment/Settlement do not complete
- ☒ JURY TRIAL demanded in complaint. ☐ NON-JURY TRIAL demanded in complaint.
- ☐ This case is subject to ARBITRATION pursuant to the Court Annexed Alternative Dispute Resolution Rules.
- ☐ This case is subject to MEDIATION pursuant to the Court Annexed Alternative Dispute Resolution Rules.
- ☐ This case is exempt from ADR. (Proof of ADR/Exemption Attached)

NATURE OF ACTION (Check One Box Below)

Contracts ☐ Constructions (100) ☐ Debt Collection (110) ☐ Employment (120) ☐ General (130) ☐ Breach of Contract (140) ☒ Other (199) Declaratory Action	Torts - Professional Malpractice ☐ Dental Malpractice (200) ☐ Legal Malpractice (210) ☐ Medical Malpractice (220) Previous Notice of Intent Case # 20 ____ -CP- ____ - ☐ Notice/ File Med Mal (230) ☐ Other (299)	Torts - Personal Injury ☐ Assault/Slander/Libel (300) ☐ Conversion (310) ☐ Motor Vehicle Accident (320) ☐ Premises Liability (330) ☐ Products Liability (340) ☐ Personal Injury (350) ☐ Wrongful Death (360) ☐ Other (399)	Real Property ☐ Claim & Delivery (400) ☐ Condemnation (410) ☐ Foreclosure (420) ☐ Mechanic's Lien (430) ☐ Partition (440) ☐ Possession (450) ☐ Building Code Violation (460) ☐ Other (499)
Inmate Petitions ☐ PCR (500) ☐ Mandamus (520) ☐ Habeas Corpus (530) ☐ Other (599)	Judgments/Settlements ☐ Death Settlement (700) ☐ Foreign Judgment (710) ☐ Magistrate's Judgment (720) ☐ Minor Settlement (730) ☐ Transcript Judgment (740) ☐ Lis Pendens (750) ☐ Transfer of Structured Settlement Payment Rights Application (760) ☐ Other (799)	Administrative Law/Relief ☐ Reinstate Driver's License (800) ☐ Judicial Review (810) ☐ Relief (820) ☐ Permanent Injunction (830) ☐ Forfeiture-Petition (840) ☐ Forfeiture-Consent Order (850) ☐ Other (899)	Appeals ☐ Arbitration (900) ☐ Magistrate-Civil (910) ☐ Magistrate-Criminal (920) ☐ Municipal (930) ☐ Probate Court (940) ☐ SCDOT (950) ☐ Worker's Comp (960) ☐ Zoning Board (970) ☐ Public Service Commission (990) ☐ Employment Security Comm (991) ☐ Other (999)
Special/Complex /Other ☐ Environmental (600) ☐ Automobile Arb. (610) ☐ Medical (620) ☐ Other (699)			
☐ Pharmaceuticals (630) ☐ Unfair Trade Practices (640) ☐ Out-of-State Depositions (650) ☐ Motion to Quash Subpoena in an Out-of-County Action (660) ☐ Sexual Predator (510)			

130

Submitting Party Signature: _____

Date: July 28, 2011

Note: Frivolous civil proceedings may be subject to sanctions pursuant to SCRCF, Rule 11, and the South Carolina Frivolous Civil Proceedings Sanctions Act, S.C. Code Ann. §15-36-10 et. seq.

STATE OF SOUTH CAROLINA

COUNTY OF CHESTERFIELD

Auto-Owners Insurance Company,

Plaintiff,

Vs.

Elouise Woody Benjamin, Melvin
Benjamin, Joshua Lee Cail, Naida L.
Singleton, and Pee Dee Heating and
Cooling Specialists, Inc.,

Defendants.

IN THE COURT OF COMMON PLEAS

FOURTH JUDICIAL CIRCUIT

C/A # 2011-CP-13-271

SUMMONS FOR

RELIEF

(As to Counterclaim)

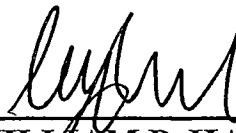
(Jury Trial Requested)

TO THE PLAINTIFF ABOVE-NAMED:

YOU ARE HEREBY SUMMONED and required to reply to the Counterclaim in this action, a copy of which is herewith served upon you, and to serve a copy of your Reply to said Counterclaim on the subscriber at 170 Courthouse Square, Post Office Box 1770, Florence, South Carolina, 29503-1770 within thirty (30) days from the service hereof, exclusive of the date of such service; and if you fail to reply to the Counterclaim within the time aforesaid, Defendant will apply to the Court for the relief demanded in the Counterclaim.

Florence, South Carolina

July 28, 2011



WILLIAM P. HATFIELD,

Attorney for Defendants

SC Bar No. 2840

THE HYMAN LAW FIRM, LLP

170 Courthouse Square

Post Office Box 1770

Florence, SC 29503-1770

(843) 662-5000

wphatfield@hymanlawfirm.com

STATE OF SOUTH CAROLINA
COUNTY OF CHESTERFIELD

Auto-Owners Insurance Company,

Plaintiff,

Vs.

Elouise Woody Benjamin, Melvin
Benjamin, Joshua Lee Cail, Naida L.
Singleton, and Pee Dee Heating and
Cooling Specialists, Inc.,

Defendants.

IN THE COURT OF COMMON PLEAS
FOURTH JUDICIAL CIRCUIT
C/A # 2011-CP-13-271

**ANSWER AND
COUNTERCLAIM
(Jury Trial Requested)**

The Defendants, Elouise Woody Benjamin and Melvin Benjamin, responding to the Complaint, allege:

FOR A FIRST DEFENSE
(Answer)

1. That each and every allegation contained in the Complaint is denied unless otherwise admitted, qualified or explained.
2. That the Defendants admit the allegations contained in paragraphs one, two, three, four, five, six, seven, eight, and nine of the Complaint.
3. That the Defendants deny the allegations of paragraphs ten and eleven of the Complaint and demands strict proof thereof.
4. That the Defendants deny the allegations of paragraph twelve of the Complaint and demands strict proof thereof and would further allege upon

information and belief that the insured vehicle was leased to the individual Defendant, Naida Singleton, or Pee Dee Heating and Cooling Specialists, Inc.

5. That the Defendants deny the allegations contained in paragraph thirteen of the Complaint and demands strict proof thereof.
6. That the Defendants admit so much of the allegations of paragraph fourteen of the Complaint as allege that Joshua Lee Cail was an employee of the Company and the remaining allegations of paragraph fourteen are denied and the Defendants demand strict proof thereof.
7. That the Defendants admit the allegations of paragraphs fifteen, sixteen, seventeen and eighteen of the Complaint.
8. That the Defendants admit so much of the allegations of paragraph nineteen of the Complaint which allege that Auto-Owners has provided Pee Dee Heating and Cooling Specialists, Inc., and Naida Singleton a defense to the lawsuit, but the remaining allegations of paragraph nineteen are denied and the Defendants demand strict proof thereof.
9. That no response is needed to paragraph twenty of the Complaint.
10. That the Defendants admit so much of the allegations of paragraph twenty-one of the Complaint that this action is brought pursuant to SC Code Ann. § 15-53-10 et seq., seeking a declaratory judgment; that Defendants deny that Auto-Owners is entitled to relief sought in this action.

11. That the Defendants admit the allegations of paragraph twenty-two of the Complaint.
12. That the Defendants admit the allegations of paragraph twenty-three and twenty-four of the Complaint but crave reference to the actual language, terms and conditions of the subject policy.
13. That the Defendants admit the allegations of paragraph twenty-five of the Complaint.
14. That the Defendants admit so much of the allegations of paragraph twenty-six of the Complaint but crave reference to the actual language, terms and conditions of the subject policy.
15. That the Defendants admit the allegations of paragraph twenty-seven of the Complaint.
16. That the Defendants admit so much of the allegations of paragraph twenty-eight of the Complaint which allege that Joshua Cail is an insured as an "employee" of the named insured but the remaining allegations of paragraph twenty-eight are denied.
17. That the Defendants deny the allegations of paragraphs twenty-nine, thirty and thirty-one of the Complaint and demands strict proof thereof.

18. That the Defendants admit the allegations of paragraph thirty-three of the Complaint and crave reference to the actual language, terms and conditions of the subject policy.
19. That the Defendants deny the allegations of paragraphs thirty-four, thirty-five, thirty-six and thirty-seven of the Complaint and demands strict proof thereof.

FOR A SECOND DEFENSE
(By Way of Counterclaim)

23. That the allegations set forth above are re-alleged as if fully set forth herein.
24. That the Defendants, Eloise Woody Benjamin and Melvin Benjamin, adopt the jurisdiction allegations of the Complaint for purposes of this counterclaim.
25. That the subject policy affords coverage to Joshua Lee Cail, Naida L. Singleton and Pee Dee Heating and Cooling Specialists, Inc., as insureds under the policy by virtue of provisions related to Hired Auto and Non-Owned Auto Liability provisions as well as a provision set forth in Section I Coverage A involving Bodily Injury and Property Damage Liability.
26. That the Defendants are informed and believe that coverage is afforded them under Coverage C Medical Payments because the accidental injury suffered by Eloise Woody Benjamin was as a result of the operations of the Defendant insured's business operations.

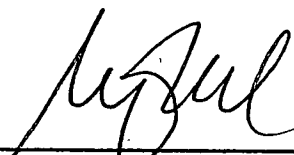
27. That the Defendants are further informed and believes that coverage is afforded them under the subject policy by virtue of Section IV-Commercial General Liability Conditions, subsection 4(b).

WHEREFORE, having answered the Plaintiff's Complaint, the Defendants, Elouise Woody Benjamin and Melvin Benjamin, pray as follows:

- (a) That the court inquire into the matters and things set forth herein;
- (b) That the declaratory judgment action be decided in favor of the Defendants, Elouise Woody Benjamin and Melvin Benjamin, so that coverage under the aforementioned policy is established;
- (c) For a right to trial by jury on all factual allegations;
- (d) For such other and further relief as may be just and proper.

Florence, South Carolina

July 28, 2011



WILLIAM P. HATFIELD,
Attorney for Defendants
SC Bar No. 2840
THE HYMAN LAW FIRM, LLP
170 Courthouse Square
Post Office Box 1770
Florence, SC 29503-1770
(843) 662-5000
wphatfield@hymanlawfirm.com

STATE OF SOUTH CAROLINA
COUNTY OF CHESTERFIELD

Auto-Owners Insurance Company,
Plaintiff,

Vs.

Elouise Woody Benjamin, Melvin
Benjamin, Joshua Lee Cail, Naida L.
Singleton, and Pee Dee Heating and
Cooling Specialists, Inc.,

Defendants.

IN THE COURT OF COMMON PLEAS
FOURTH JUDICIAL CIRCUIT
C/A # 2011-CP-13-271

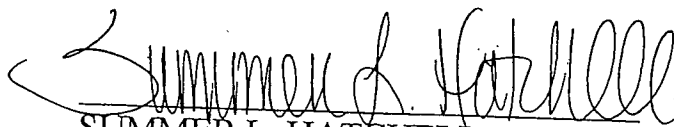
**CERTIFICATE OF
MAILING**

The undersigned, a Legal Secretary for The Hyman Law Firm, LLP, attorneys
for the Defendants, Elouise Woody Benjamin and Melvin Benjamin, does hereby
certify that she deposited in the United States Mail a copy of the Civil Action
Coversheet, Summons for Relief and Answer and Counterclaim dated July 28, 2011,
the same being addressed to those persons whose names and addresses appear below,
this being done on August 1, 2011, and that sufficient postage was affixed thereto:

Dominic A. Starr, Esquire
McAngus, Goudelock & Courie, L.L.C.
Post Office Box 1349
Myrtle Beach, SC 29578-1349

Florence, SC

August 1, 2011


SUMMER L. HATCHELL

STATE OF SOUTH CAROLINA

COUNTY OF CHESTERFIELD

AUTO-OWNERS INSURANCE
COMPANY,

Plaintiff,

vs.

ELOUISE WOODY BENJAMIN,
MELVIN BENJAMIN, JOSHUA LEE
CAIL, NAIDA L. SINGLETON AND PEE
DEE HEATING AND COOLING
SPECIALISTS, INC.,

Defendants.

IN THE COURT OF COMMON PLEAS

Civil Action No. 2013-271

PLAINTIFF'S REPLY TO THE
COUNTERCLAIM OF DEFENDANTS
ELOUISE WOODY BENJAMIN AND

MELVIN BENJAMIN
A True Copy

Jaye J. Sellers
CLERK OF COURT C.P. & G.S.
CHESTERFIELD COUNTY, SC

2013 AUG 15 PM 9 11
FAYE L. SELLERS
CLERK OF COURT
CHESTERFIELD COUNTY, SC

Plaintiff, Auto-Owners Insurance Company, by and through its undersigned counsel, hereby replies to the Counterclaim of Elouise Woody Benjamin and Melvin Benjamin, (the "Benjamins") and would show unto this Honorable Court as follows:

FOR A FIRST DEFENSE

1. Each and every allegation contained in the Benjamins' Answer and Counterclaim not hereinafter specifically admitted, denied, or explained is denied.

FOR A SECOND DEFENSE AND BY WAY OF REPLY TO THE COUNTERCLAIM

2. Paragraphs 1 through 19 of the Benjamins' Answer and Counterclaim are responsive to Plaintiff's Complaint and do not require any response herein. To the extent any such paragraph is deemed to call for a reply from Plaintiff, the allegations contained in those paragraphs are denied.

3. The Benjamins' Answer and Counterclaim does not contain paragraphs numbered 20-22.

FOR A THIRD DEFENSE AND BY WAY OF REPLY TO THE COUNTERCLAIM

4. Answering Paragraph 23, Plaintiff reasserts all previous defenses as if set forth verbatim herein.

5. Paragraph 24 does not require a reply from Plaintiff.

6. Denies Paragraph 25.

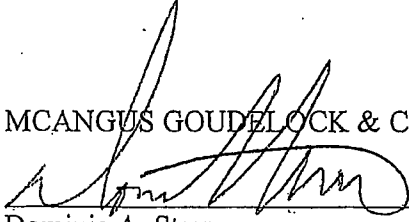
7. Denies Paragraph 26.

8. Denies Paragraph 27.

WHEREFORE, having fully replied to the Benjamins' Answer and Counterclaim, Plaintiff reasserts its request that this Court issue a declaration that:

1. The Policy does not furnish insurance coverage to Pee Dee or Naida Singleton with reference to the lawsuit pending in Marlboro County, having Civil Action No. 08-34-181.
2. Auto-Owners has no duty to defend or indemnify Pee Dee or Naida Singleton in that action.

MCANGUS GOUDELOCK & COURIE, L.L.C.



Dominic A. Starr
Post Office Box 1349
Founders Centre, 2411 N. Oak St, Suite 401 (29577)
Myrtle Beach, South Carolina 29578
(843) 848-6000

ATTORNEYS FOR PLAINTIFF,
AUTO-OWNERS INSURANCE COMPANY

August 11, 2011

CERTIFICATE OF SERVICE

I hereby certify that I have this 12 day of August, 2011 served a copy of Plaintiff's Memorandum In Support of Motion to Alter or Amend Judgment by mailing copies of same, postage prepaid, in the United States mail, with sufficient postage affixed as follows:

William P. Hatfield, Esquire
The Hyman Law Firm, LLP
170 Courthouse Square
Post Office Box 1770
Florence, South Carolina 29503-1770

A True Copy Attested

Jaye L. Sellers

CLERK OF COURT C.P. & G.S.
CHESTERFIELD COUNTY, SC

J. Rufus Bratton, Esquire
Aiken Bridges Elliott Tyler & Saleeby, P.A.
Post Office Drawer 1931
Florence, South Carolina 29503

E. Glenn Elliott, Esquire
Aiken Bridges Elliott Tyler & Saleeby, P.A.
Post Office Drawer 1931
Florence, South Carolina 29503

Connie P. Starr

Connie P. Starr
Paralegal to Dominic A. Starr

2011 AUG 15 AM 9 17

FAYE L. SELLERS
CLERK OF COURT
CHESTERFIELD COUNTY, SC

STATE OF SOUTH CAROLINA

COUNTY OF CHESTERFIELD

Auto-Owners Insurance Company

Plaintiff(s)

vs.

Elouise Woody Benjamin, Melvin Benjamin, Joshua Lee
Cail, Naida L. Singleton and Pee Dee Heating and
Cooling Specialists, Inc.

Defendant(s)

20103-09016
IN THE COURT OF COMMON PLEAS *Scanned*

MOTION AND ORDER INFORMATION FORM
AND COVER SHEET

C/A No: 2011-CP-13-271

FEE-PAID

Plaintiff's Attorney:

Dominic A. Starr Bar No. 60231

Address: McAngus, Goudelock & Courie, LLC

Post Office Box 1349

Founders Centre, 2411 N. Oak Street, Suite 401 (29577)

Myrtle Beach, South Carolina 29578

(843) 848-6000

Direct Number: (843) 848-6001 Fax: »(843) 449-2306
e-mail: dominic.starr@mgclaw.com other:

Defendant's Attorney:

William P. Hatfield, Esquire

The Hyman Law Firm, LLP

PO Box 1770

Florence, SC 29503

☒ MOTION HEARING REQUESTED (attach written motion and complete SECTIONS I and III)

☐ FORM MOTION, NO HEARING REQUESTED (complete SECTIONS II and III)

☐ PROPOSED ORDER/CONSENT ORDER (complete SECTIONS II and III)

SECTION I: Hearing Information

Nature of Motion: Motion for Summary Judgment

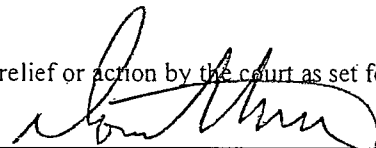
Estimated Time Needed: Court Reporter Needed: ☐ YES / ☐ NO

SECTION II: Motion/Order Type

☒ Written motion attached

☐ Form Motion/Order

I hereby move for relief or action by the court as set forth in the attached proposed order.


Signature of Attorney for ☒ Plaintiff / ☐ Defendant

3/23/12
Date submitted

SECTION III: Motion Fee

☒ PAID - AMOUNT: \$25.00

☐ EXEMPT:

(check reason)

☐ Rule to Show Cause in Child or Spousal Support

☐ Domestic Abuse or Abuse and Neglect

☐ Indigent Status ☐ State Agency v. Indigent Party

☐ Sexually Violent Predator Act ☐ Post-Conviction Relief

☐ Motion for Stay in Bankruptcy

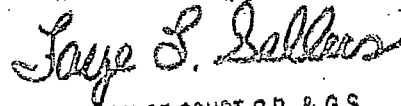
☐ Motion for Publication ☐ Motion for Execution (Rule 69, SCRCP)

☐ Proposed order submitted at request of the court; or,
reduced to writing from motion made in open court per judge's instructions

Name of Court Reporter:

☐ Other:

A True Copy, Attest



CLERK OF COURT C.P. & G.S.
CHESTERFIELD COUNTY, SC

JUDGE'S SECTION

☐ Motion Fee to be paid upon filing of the attached order.

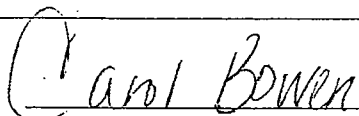
☐ Other:

JUDGE

CODE: Date:

CLERK'S VERIFICATION

Collected by:



Date Filed:

141

☒ MOTION FEE COLLECTED: 25.00

☐ CONTESTED - AMOUNT DUE:

2012 MAR 28 AM 9 07
FAYE L. SELLERS
CLERK OF COURT
CHESTERFIELD COUNTY, S.C.

STATE OF SOUTH CAROLINA
COUNTY OF CHESTERFIELD

IN THE COURT OF COMMON PLEAS

AUTO-OWNERS INSURANCE
COMPANY,

Civil Action No. 2011-CP-13-271

Plaintiff,

vs.

ELOUISE WOODY BENJAMIN,
MELVIN BENJAMIN, JOSHUA LEE
CAIL, NAIDA L. SINGLETON AND PEE
DEE HEATING AND COOLING
SPECIALISTS, INC.,

Defendants.

FEE PAID

**PLAINTIFF'S MOTION FOR
SUMMARY JUDGMENT**

A True Copy, Attest

Jaye S. Sellers

CLERK OF COURT C.P. & G.S.
CHESTERFIELD COUNTY, SC

FILED
CLERK OF COURT
CHESTERFIELD COUNTY, S.C.

2012 MAR 28 AM 9 07

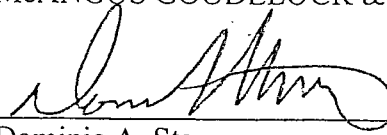
TO: WILLIAM P. HATFIELD, ATTORNEY FOR DEFENDANTS ELOUISE WOODY
BENJAMIN AND MELVIN BENJAMIN:

The Plaintiff, Auto-Owners Insurance Company, hereby moves the Court for an Order granting it summary judgment in the above-referenced case on the grounds that there exists no genuine issue of material fact and that the Plaintiff, Auto-Owners Insurance Company is entitled to judgment as a matter of law. Specifically, there is no evidence of any negligence by Plaintiff.

This motion will be based on the South Carolina Rules of Civil Procedure, common and statutory law of South Carolina, affidavits, depositions and any other evidence which may be admissible by the Court.

[Signature appears on the following page]

McANGUS GOUDELOCK & COURIE, L.L.C.



Dominic A. Starr

Post Office Box 1349

Founders Centre, 2411 N. Oak St, Suite 401 (29577)

Myrtle Beach, South Carolina 29578

(843) 848-6000

ATTORNEYS FOR PLAINTIFF, AUTO-OWNERS
INSURANCE COMPANY

March 23, 2012

STATE OF SOUTH CAROLINA
COUNTY OF CHESTERFIELD

IN THE COURT OF COMMON PLEAS

AUTO-OWNERS INSURANCE
COMPANY,

Civil Action No. 2011-CP-13-271

Plaintiff,

vs.

PLAINTIFF'S MEMORANDUM IN
SUPPORT OF SUMMARY
JUDGMENT

ELOUISE WOODY BENJAMIN,
MELVIN BENJAMIN, JOSHUA LEE
CAIL, NAIDA L. SINGLETON AND PEE
DEE HEATING AND COOLING
SPECIALISTS, INC.,

Defendants.

A True Copy. Attest
Faye L. Sellers
CLERK OF COURT C.P. & G.S.
CHESTERFIELD COUNTY, S.C.

2012 MAR 28 AM 9 07
FAYE L. SELLERS
CLERK OF COURT
CHESTERFIELD COUNTY, S.C.

Auto-Owners is entitled to summary judgment because Defendants cannot show that the CGL Policy at issue in this Declaratory Judgment Action is ambiguous. The plain language of the CGL Policy does not provide coverage to Pee Dee Heating and Cooling Specialists, Inc., Naida Singleton, or Joshua Lee Cail for the injuries complained of by the Benjamins in their lawsuit.

FACTUAL BACKGROUND

On April 1, 2008, Auto-Owners Insurance Company ("Auto-Owners") issued to Pee Dee Heating and Cooling Specialists, Inc. ("Pee Dee") a Commercial General Liability Policy having policy number: 034616-36381843-08 ("CGL Policy") (attached as Exhibit "A"). Auto-Owners also issued Pee Dee an automobile liability policy having policy number 44-381-843-00 ("Auto Policy") which covered several vehicles used by Pee Dee and its employees. On April 4, 2008, one of Pee Dee's employees, Joshua Lee Cail ("Cail") was involved in an automobile accident with Elouise Woody Benjamin and Melvin Benjamin ("the Benjamins") while driving a vehicle

owned by Naida Singleton ("Singleton") and used by Pee Dee for business purposes.

On May 15, 2008, the Benjamins filed a lawsuit in the Court of Common Pleas in Marlboro County, South Carolina, for alleged injuries and damages resulting from the accident with Cail, in an action entitled Elouise Woody Benjamin and Melvin Benjamin, Plaintiffs, v. Joshua Lee Cail, Naida L. Singleton, and Pee Dee Heating and Cooling Specialists, Inc., Defendants, Civil Action No. 08-34-181. Auto-Owners filed for declaratory relief seeking a declaration by the Court that the Auto Policy did not provide coverage to Cail because, at the time of the accident, Cail was not a permissive user as required in the policy language. Auto-Owners and the Benjamins entered into a Settlement Agreement, Covenant Not to Execute, and Policy Release ("Agreement") on June 14, 2011. The Agreement provided that Auto-Owners would pay the Auto Policy limits of \$300,000 to the Benjamins in return for a covenant not to execute against Naida Singleton and Pee Dee and a release as to Cail. As further stated in the Agreement, Auto-Owners specifically reserved the right to file a declaratory judgment action to determine whether the CGL Policy provided coverage for the damages asserted by the Benjamins in the tort action.

On July 7, 2011, Auto-Owners filed for declaratory relief pursuant to the south Carolina Uniform Declaratory Judgment Act, S.C. Code Ann. §§ 15-53-10 et seq., which is the subject of this motion.

CASE LAW

The South Carolina Supreme Court has held that "[w]here the language of a contract is free from ambiguity, its construction is for the Court." Charleston & Western Carolina Ry. Co. v. Joyce, 231 S.C. 493, 503 (1957) (citing Batesburg Cotton Oil Co. v. Southern Ry. Co., 103 S.C. 494, 88 S.E. 360 (1916); Huntley v. Sullivan, 170 S.C. 391, 170 S.E. 664 (1933);

Stackhouse v. Pure Oil Co., 176 S.C. 318, 180 S.E. 188 (1935)). The Supreme Court has explained:

[I]n cases where there is no ambiguity, contracts of insurance, like other contracts, must be construed according to the terms which the parties have used, to be taken and understood in their plain, ordinary and popular sense. If the intention of the parties is clear, the Courts have no authority to change the contract in any particular and have no power to interpolate into the agreement between the insurer and the insured, a condition or stipulation not contemplated either by the law or by the contract between the parties.

Kingman v. Nationwide Mut. Ins. Co., 243 S.C. 405, 411 (1964) (citations omitted).

Furthermore, insurers may limit their liabilities and impose conditions upon their obligations, so long as they do not contravene a statutory inhibition or violate public policy. Kingman, 243 S.C. at 405. An insurance contract is read as a whole document so that "one may not, by pointing out a single sentence or clause, create an ambiguity." Yarborough v. Phoenix Mut. Life Ins. Co., 266 S.C. 584, 592, (1976). If the contract's language is clear and unambiguous, the language alone, understood in its plain, ordinary, and popular sense, determines the contract's force and effect. Schulmeyer v. State Farm Fire & Cas. Co., 353 S.C. 491, 495 (2003).

ANALYSIS

The CGL Policy provides coverage subject to two restrictions. Both the Aircraft, Auto or Watercraft Exclusion and the Hired Auto and Non-Owned Auto Endorsement limit Auto-Owners' obligations and liabilities to Pee Dee, Singleton, and Cail for the injuries complained of by the Benjamins. Therefore, the CGL Policy provides no coverage for this accident and Auto-Owners owes no duty to defend or indemnify Cail, Singleton or Pee Dee.

1. Aircraft, Auto or Watercraft Exclusion

The CGL Policy excludes coverage for bodily injury arising out of the ownership, maintenance, use or entrustment of automobiles. The provision excludes:

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any ... auto... owned or operated by or rented or loaned to any insured¹. Use includes operation and "loading and unloading."

This exclusion applies even if the claims against the insured alleges negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved, the ownership, maintenance, use or entrustment to others of any ... "auto" ... that is owned or operated by or rented or loaned to any insured.

The Benjamins were injured when Cail crossed the centerline while driving Singleton's automobile and struck the Benjamins head-on while traveling on U.S. Highway 15 in Darlington County. (Pl. Comp. ¶7). The clear and unambiguous intention of the Auto Exclusion is to exclude coverage for bodily injury arising out of the use of automobiles owned, used, or maintained by Singleton and Pee Dee. Further, the Auto Exclusion applies to the Benjamins' claims against Pee Dee and Singleton for negligent entrustment and negligent hiring/retention. Therefore, because of the Auto Exclusion, Auto-Owners has no duty to defend or indemnify Pee Dee, Singleton, or Cail for the Benjamins' claims for negligence, negligent entrustment or negligent hiring/retention with regard to Singleton's automobile.

2. Hired Auto and Non-Owned Auto Liability

In addition to the Auto Exclusion, the GCL Policy also contains a Commercial General Liability Plus Endorsement ("Endorsement"). The Endorsement modifies the insurance coverage as follows:

HIRED AUTO AND NON-OWNED AUTO LIABILITY

Coverage for "bodily injury" and "property damage" liability under **SECTION I COVERAGES, COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY**, is extended as follows under this item, but only if you do not have any other insurance available to you which affords the same or similar coverage.

¹ Insureds under the CGL Policy include Pee Dee, Brett and Naida Singleton.

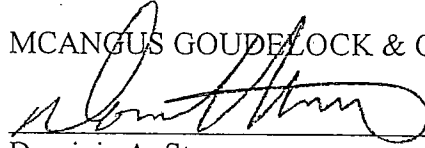
(Emphasis added.) On May 2, 2011, the Honorable Paul M. Burch ruled that, at the time of the accident with the Benjamins, Cail was a permissive use of the automobile owned by Singleton. (Judge Burch's Order is attached as "Exhibit B"). The Court further ruled the Auto Policy insured Pee Dee, Singleton, and Cail and provided coverage for the Benjamins' injuries in the amount of \$300,000. Auto-Owners tendered the Auto Policy's full limits to the Benjamins as detailed in the Agreement. The coverage extended by the Endorsement to the CGL Policy clearly and unequivocally does not apply if the named insured has any similar insurance coverage available. Here, not only was other insurance coverage available, it has already been paid by Auto-Owners to the Benjamins. Therefore, Auto-Owners has no duty to defend or indemnify Pee Dee, Singleton, or Cail for injury suffered by the Benjamins as a result of the accident.

CONCLUSION

Because Defendants cannot show the CGL Policy is ambiguous, it is for this Court to interpret the contract language. The plain language of the CGL Policy, including its exclusions and endorsements, when read as a whole shows Auto-Owners has no duty to defend or indemnify Pee Dee, Naida Singleton, or Cail for the injury suffered by the Benjamins. Therefore, Auto-Owners is entitled to summary judgment and a declaration that the CGL Policy does not provide coverage for the Benjamins' injuries.

[Signature appears on the following page]

MCANGUS GOUDELOCK & COURIE, L.L.C.



Dominic A. Starr

Joseph S. Sandefur

Post Office Box 1349

Founders Centre, 2411 N. Oak St, Suite 401 (29577)

Myrtle Beach, South Carolina 29578

(843) 848-6000

ATTORNEYS FOR PLAINTIFF, AUTO-OWNERS
INSURANCE COMPANY

March 23, 2012

CERTIFICATE OF SERVICE

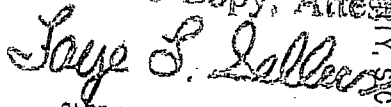
I hereby certify that I have this 27th day of March, 2012 served a copy of the foregoing Motion for Summary Judgment by mailing copies of same, postage prepaid, in the United States mail, with sufficient postage affixed as follows:

William P. Hatfield, Esquire
The Hyman Law Firm, LLP
Post Office Box 1770
Florence, South Carolina 29503-1770


Mary K. Smith
Legal Assistant to Dominic A. Starr

CLERK OF COURT
CHESTERFIELD COUNTY, SC
FAYE L. SELLERS

2012 MAR 28 AM 9 07

A True Copy, Attest

CLERK OF COURT C.P. & G.S.
CHESTERFIELD COUNTY, SC

STATE OF SOUTH CAROLINA

COUNTY OF CHESTERFIELD

Auto-Owners Insurance Company,

Plaintiff,

vs.

Elouise Woody Benjamin, Melvin Benjamin,
Joshua Lee Cail, Naida L. Singleton, and Pee Dee
Heating and Cooling Specialists, Inc.,

Defendant.

IN THE COURT OF COMMON PLEAS

FOURTH JUDICIAL CIRCUIT

CASE NO.: 2011-CP-13-271

**MOTION AND ORDER INFORMATION
FORM AND COVERSHEET**

Plaintiff's Attorney:

Dominic A. Starr, Bar No. _____

Address: Post Office Box 1349, Myrtle Beach, SC
29578

Phone: (843) 848-6000 Fax (843) 449-2306

E-mail: dominic.starr@mgclaw.com Other: _____

Defendant's Attorney:

William P. Hatfield, Bar No. 2840

Address: Post Office Box 1770, Florence, SC 29503

Phone: (843) 662-5000 Fax (843) 678-9273

E-mail: wphatfield@hymanlawfirm.com Other: _____

☒ **MOTION HEARING REQUESTED** (attach written motion and complete **SECTIONS I and III**)

☐ **FORM MOTION; NO HEARING REQUESTED** (complete **SECTIONS II and III**)

☐ **PROPOSED ORDER/CONSENT ORDER** (complete **SECTIONS II and III**)

SECTION I: Hearing Information

Nature of Motion: Summary Judgment

Estimated Time Needed: 30 minnutes

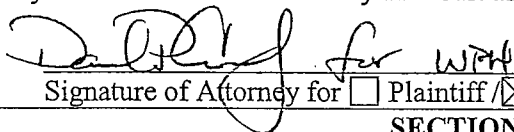
Court Reporter Needed: ☒ **YES** / ☐ **NO**

SECTION II: Motion/Order Type

☒ Written motion attached

☐ Form Motion/Order

I hereby move for relief or action by the court as set forth in the attached proposed order.


Signature of Attorney for ☐ Plaintiff / ☒ Defendants

11-2-12
Date submitted

SECTION III: Motion Fee

☒ **PAID – AMOUNT: \$25.00**

☐ **EXEMPT:**

(check reason)

☐ Rule to Show Cause in Child or Spousal Support

☐ Domestic Abuse or Abuse and Neglect

☐ Indigent Status ☐ State Agency v. Indigent Party

☐ Sexually Violent Predator Act ☐ Post-Conviction Relief

☐ Motion for Stay in Bankruptcy

☐ Motion for Publication ☐ Motion for Execution (Rule 69, SCRCP)

☐ Proposed order submitted at request of the court; or,
reduced to writing from motion made in open court per judge's instructions

Name of Court Reporter: _____

☐ Other: _____

JUDGE'S SECTION

☐ Motion Fee to be paid upon filing of the attached
order.

☐ Other: _____

JUDGE CODE _____

Date: _____

CLERK'S VERIFICATION

Collected by: _____

Date Filed: _____

☐ **MOTION FEE COLLECTED: \$** _____

☐ **CONTESTED – AMOUNT DUE: \$** _____

**STATE OF SOUTH CAROLINA
COUNTY OF CHESTERFIELD**

Auto-Owners Insurance Company,

Plaintiff,

Vs.

Elouise Woody Benjamin, Melvin Benjamin,
Joshua Lee Cail, Naida L. Singleton, and Pee
Dee Heating and Cooling Specialists, Inc.,

Defendants.

**IN THE COURT OF COMMON PLEAS
FOURTH JUDICIAL CIRCUIT
C/A # 2011-CP-13-271**

**DEFENDANTS, ELOUISE WOODY
BENJAMIN AND MELVIN BENJAMIN'S,
NOTICE AND MOTION
FOR SUMMARY JUDGMENT**

TO: DOMINIC A. STARR, ATTORNEY FOR THE PLAINTIFF:

YOU WILL PLEASE TAKE NOTICE that the undersigned attorney, appearing on behalf of the Defendants in the above entitled action, will move before the Presiding Judge of the Court of Common Pleas for the Fourth Judicial Circuit at his chambers in the Chesterfield County Courthouse, Chesterfield, SC, on the tenth (10th) day after service hereof, or as soon thereafter as counsel may be heard, as follows:

That the Defendants be granted a summary judgment pursuant to SCRCP 56 as on the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law.

Pursuant to Rule 11(a), South Carolina Rules of Civil Procedure, Defendants' counsel certifies that consultation with opposing counsel concerning this motion would serve no useful purpose or could not be timely held.

Florence, SC

November 1, 2012


WILLIAM P. HATFIELD,
Attorney for Defendants
SC Bar No. 2840

THE HYMAN LAW FIRM, LLP
170 Courthouse Square
Post Office Box 1770
Florence, SC 29503-1770
(843) 662-5000
wphatfield@hymanlawfirm.com

STATE OF SOUTH CAROLINA

COUNTY OF CHESTERFIELD

Auto-Owners Insurance Company,

Plaintiff,

Vs.

Elouise Woody Benjamin, Melvin Benjamin,
Joshua Lee Cail, Naida L. Singleton, and Pee
Dee Heating and Cooling Specialists, Inc.,

Defendants.

IN THE COURT OF COMMON PLEAS

FOURTH JUDICIAL CIRCUIT

C/A # 2011-CP-13-271

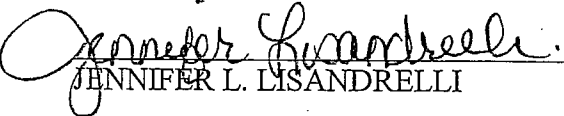
**CERTIFICATE OF
MAILING**

The undersigned, a Paralegal for The Hyman Law Firm, LLP, attorneys for the Defendants, does hereby certify that she deposited in the United States Mail a copy of the Defendants, Elouise Woody Benjamin and Melvin Benjamin's, Notice and Motion for Summary Judgment dated November 2, 2012, the same being addressed to those persons whose names and addresses appear below, this being done on November 2, 2012, and that sufficient postage was affixed thereto:

Dominic A. Starr, Esquire
McAngus, Goudelock & Courie, L.L.C.
Post Office Box 1349
Myrtle Beach, SC 29578-1349

Florence, SC

November 2, 2012


JENNIFER L. LISANDRELLI

STATE OF SOUTH CAROLINA
COUNTY OF CHESTERFIELD

Auto-Owners Insurance Company,

Plaintiff,

Vs.

Elouise Woody Benjamin, Melvin
Benjamin, Joshua Lee Cail, Naida L.
Singleton, and Pee Dee Heating and
Cooling Specialists, Inc.,

Defendants.

IN THE COURT OF COMMON PLEAS
FOURTH JUDICIAL CIRCUIT
C/A # 2011-CP-13-271

RESPONSE IN OPPOSITION TO
PLAINTIFF'S MOTION FOR
SUMMARY JUDGMENT

FILED
CLERK OF COURT, CP & GS
CHESTERFIELD COUNTY, SC

2013 JAN 25 PM 12:02
FAYE L. SELLERS
CLERK OF COURT
CHESTERFIELD COUNTY, SC

Despite Auto-Owners Insurance Company's (Auto-Owners) assertions to the contrary, Pee Dee Heating and Cooling Specialists ("Pee Dee") did not have same or similar coverage to the coverage provided in the Commercial General Liability policy ("CGL Policy"). This is so regardless of whether the contract is found to be ambiguous. However, the South Carolina Court of Appeals has already held the word "similar" to be ambiguous in the context of insurance policies. South Carolina Farm Bureau Mut. Ins. Co. v. Courtney, 342 S.C. 271, 536 S.E.2d 689 (Ct. App. 2000). Accordingly, the policy should be analyzed as one containing a patent ambiguity. In this light, Pee Dee's auto policy clearly does not provide same or similar coverage as the CGL Policy; therefore, Auto-Owner's motion for summary judgment should be denied.

NATURE OF THE CASE AND PROCEDURAL POSTURE

This is a declaratory judgment action brought by Auto-Owners pursuant to the South Carolina Uniform Declaratory Judgments Act, S.C. Code Ann. §§ 15-53-10 et. seq. This is the second declaratory judgment action arising out of the underlying lawsuit, Benjamin v. Cail, 2008-CP-34-181. On May 3, 2011, this court entered an order in the first declaratory judgment resolving coverage in favor of the insured. In a nonjury trial, the court was asked to determine whether Joshua Cail was a permissive user of Pee Dee's vehicle. (Ex. "A"). This court held Cail was a permissive user, and therefore Pee Dee's automobile policy did provide coverage for the accident between Cail and Elouise Benjamin. Auto-Owners filed a motion to amend. Thereafter, the parties reached a settlement agreement regarding issues related to the Auto Policy. In the current declaratory judgment, the court is asked to determine whether Pee Dee's CGL Policy provided coverage for the accident between Cail and Elouise Benjamin.

STATEMENT OF FACTS

On April 7, 2008, Ms. Benjamin was travelling North on Highway 15 when Joshua Cail crossed the center line and crashed into Ms. Benjamin's vehicle. Cail's driver's license was suspended at the time he crashed into Ms. Benjamin. Cail worked for Pee Dee and was provided the use of a 2004 Toyota Tacoma through his employment. Cail was driving the Toyota Tacoma when he crashed into Ms.

Benjamin. This court determined in the first declaratory judgment action that Cail was a permissive user of the vehicle. Total medical expenses incurred by Elouise Benjamin are in excess of \$500,000.

DISCUSSION

Elouise Woody Benjamin and Melvin Benjamin, (collectively “the Benjamins”), challenge the framework under which Auto-Owners contends this issue should be analyzed. The policy language is unquestionably ambiguous. This is supported by South Carolina caselaw. Accordingly, the policy must be interpreted and applied pursuant to the rules of contractual interpretation of ambiguous insurance contracts promulgated by the South Carolina Supreme Court.

I. Insurance Policy Interpretation

It is well settled that “[i]nsurance policies are subject to the general rules of contract construction.” Century Indem. Co. v. Golden Hills Builders, Inc., 348 S.C. 559, 565, 561 S.E.2d 355, 358 (2002). “If the contract’s language is clear and unambiguous, the language alone, understood in its plain, ordinary, and popular sense, determines the contract’s force and effect.” Beaufort County School District v. United Nat’l Ins. Co., 392 S.C. 506, 516, 709 S.E.2d 85, 90 (Ct. App. 2011) (citing Schulmeyer v. State Farm Fire & Cas. Co., 353 S.C. 491, 495 579, S.E.2d 132, 134 (2003). “*However*, an insurance contract which is ‘in any respect ambiguous or capable of two meanings must be construed in favor of the insured.’”

Id. (quoting Reynolds v. Wabash Life Ins. Co., 251 S.C. 165, 168, 161 S.E.2d 168, 169 (1968)). See also Quinn v. State Farm Mut. Auto. Ins. Co., 238 S.C. 301, 304, 120 S.E.2d 15, 16 (1961) (noting that “where the words of a policy are ambiguous, or where they are capable of two reasonable interpretations, that construction will be adopted which is most favorable to the insured.”).

Furthermore, “[T]he law strictly construes insurance policies against the drafter and in favor of coverage for the insured. General Acc. Ins. co. v. Safeco Ins. Co., 314 S.C. 63, 72, 443 S.E.2d 813, 818 (Ct. App. 1994). South Carolina caselaw also explains, “Insurance policy exclusions are construed most strongly against the insurance company, which also bears the burden of establishing the exclusion’s applicability.” Owners Ins. Co. v. Clayton, 364 S.C. 555, 560, 614 S.E.2d 611, 614. (2005).

II. South Carolina Caselaw Has Unequivocally Held “Similar” to be Ambiguous

Rarely can a case be found as on point as the Courtney case is to the issue of contractual ambiguity in the instant litigation. South Carolina Farm Bureau Mut. Ins. Co. v. Courtney, 342 S.C. 271, 536 S.E.2d 689 (Ct. App. 2000). In Courtney, the South Carolina Court of Appeals held that “the term ‘similar’ is ambiguous.” Id. at 275, 691. Moreover, the court explained that “similar” was not “defined in the policy itself and creates uncertainty as to its precise meaning.”

Mr. Courtney owned a Saturn and a Camaro. Id. at 273, 690. Farm Bureau insured both, and each policy contained underinsured motorist coverage up to \$100,000 per person. The Camaro was wrecked in September 1997, but Farm Bureau did not issue a notice of cancellation or refund unearned premiums. Id. Ms. Courtney purchased a pick-up truck and insured it with Unisun. Id. Then, on October 27, 1997, Mr. Courtney was severely injured while driving the Saturn. Id.

Farm Bureau refused to stack UIM coverage from the Camaro, arguing that the Unisun policy automatically terminated the Farm Bureau policy. Id. The automatic termination clause stated, “If you obtain other insurance on your covered auto, any similar insurance provided by this policy will terminate as to that auto on the effective date of the other insurance.” Id.

The trial court held “the phrase ‘any similar insurance,’ as employed in the Farm Bureau policy, was ambiguous.” Id. at 275, 691. The trial court then construed the term in favor of the named insured and “found that the Farm Bureau and Unisun policies did not afford similar insurance because of the ‘*vast difference*’ in coverage between the two.” Id. (emphasis added). Farm Bureau appealed, arguing “the two policies ‘share sufficient characteristics in common’ because they both provide first-person liability insurance” Id.

The appellate court held, “Initially, we agree with the trial court that the term ‘similar’ is ambiguous. It is not defined in the policy itself and creates uncertainty

as to its precise meaning.” Id. In reaching this conclusion, the South Carolina Court of Appeals cited to Motors Ins. Corp. v. Bodi, 770 F.Supp. 547, 550 (E.D. Cal. 1991), which stated, “It is difficult to imagine being called upon to interpret a more imprecise term. This inherent vagueness fully justifies the conclusion that the term ‘similar’ is ambiguous.” Id.

Finally, the Supreme Court of South Carolina granted a writ of certiorari in this case. South Carolina Farm Bureau Mut. Ins. Co. v. Courtney, 349 S.C. 366, 563 S.E.2d 648 (2002). The South Carolina Supreme Court used this case as an opportunity to make clear “an automatic termination clause allowing unilateral cancellation by an insurer is invalid under our statutory scheme.” Id. at 369-70, 650. But while the decision was affirmed on alternate grounds, the South Carolina Supreme Court stated clearly, “[W]e agree with the Court of Appeals’ construction of the policy” Moreover, the Court explained that “similar insurance” was not defined in the policy, and that “any ambiguity in an insurance policy must be construed liberally in favor of the insured.” Thus, each level of our court system has spoken on the issue currently before this court, and at each level, the court determined “similar” was ambiguous.

III. Pee Dee Heating and Cooling Did Not Have Other Insurance Which Afforded the Same or Similar Coverage.

Auto-Owners argues other insurance coverage was available and has already been paid; therefore Auto-Owners has no duty to indemnify. (Pl. Memo in Supp. Mot. Summ. J., p. 5). Quoting the “other insurance” language without reference to the requirement that it provide “same or similar coverage” misconstrues the endorsement. This is not merely an “other insurance” provision. As the last clause of the endorsement reads in its entirety, coverage is extended, “but only if you do not have any other insurance available to you which affords *the same or similar coverage.*” (emphasis added).

The Benjamins contend, even without the favorable inferences resulting from the ambiguity, the Auto Policy does not provide similar coverage as the CGL Policy. Nevertheless, an ambiguity is present. In Courtney, the court held that “‘similar’ insurance as used in Farm Bureau’s automatic termination clause cannot be held to mean simply sharing common characteristics, particularly in light of this state’s policy of construing insurance policies in favor of coverage for the insured.” Courtney, 342 S.C. at 279, 536 S.E.2d at 692. Correspondingly, construing the CGL Policy in favor of coverage for the insured, “similar” cannot mean merely sharing common characteristics.

The Auto Policy, which this court concluded did cover the damages suffered by the Benjamins, does not provide “same or similar coverage” as the CGL Policy. First, the amount of coverage available under the CGL Policy is vastly in excess of the coverage available under the “Auto Policy.” With one million dollars in coverage, the CGL policy exceeds the Auto Policy’s coverage by seven hundred thousand dollars. (Ex. A, AOI 001) (Ex. B). Simply stated, an insurance policy which provides coverage of \$300,000 does not afford similar coverage to an insurance policy which provides a million dollars in coverage.

The magnitude of the difference in coverage alone is sufficient to find the policies do not provide similar coverage. This is supported by South Carolina caselaw. In Courtney, the South Carolina Court of Appeals, in interpreting an automatic termination clause, stated, “[A]t least three courts interpreting identical language have held policies differing in the amount of coverage provided are not ‘similar’ insurance as contemplated by the parties.” Id. at 276, 691-92. The two policies at issue in Courtney differed in coverage by \$85,000.00. The court stated, “Where, as here, a second, subsequent automobile insurance policy differs in both the amount of coverage and the kind of coverage provided, the policies will not be held to be ‘similar’ insurance as contemplated in an automatic termination provision.” Id. at 279, 693. The decision upheld the trial court’s finding “that the

Farm Bureau and Unisun policies did not afford similar insurance because of the ‘vast difference’ in coverage between the two.” Id. at 275, 691.

Noting that, at the time, South Carolina had no caselaw on point, the South Carolina Court of Appeals looked to decisions from other jurisdictions. The court explained that Employers Mut. Cas. Co. v. Martin, 671 A.2d 798 (R.I. 1996), “the court specifically found the ‘disparity in coverage’ between the policies precluded any interpretation that they represented similar insurance as intended by the policy language. Courtney, 342 S.C. at 277, 536 S.E.2d at 692. In Courtney, the court next quoted Motors Ins. Corp. v. Bodie, 770 F.Supp. 547 (E.D. Cal. 1991), stating, “[T]he court declared that ‘[t]his difference [in coverage] is likely to be the most important and significant difference in the eyes of the insured.’” Id.

Because the policies at issue in the case differ in coverage by \$700,000.00, the policies do not provide similar coverage. This, however, is far from the only difference. “[I]n order to determine whether the two are sufficiently alike to be deemed similar, the policies must be examined as a whole.” Courtney, 342 S.C. at 276, 536 S.E.2d at 691. Looking at the contracts as a whole, one can see a multitude of differences between the Auto Policy and the CGL policy. In its broadest sense, the CGL policy insures against bodily injury, personal injury, property damage, and advertising injury. (Ex. A, AOI 001). It covers liability risk that arises out of Pee Dee’s operations or business activities, or at Pee Dee’s

location of business. Endorsements to this particular CGL policy expanded coverage to include damage to rented premises, hired auto and non-owned auto coverage, extended watercraft, and several other areas. (Ex. A, AOI 001). The "Auto Policy" covers exactly what the name implies: bodily injury and property damage the insured's automobile causes. The CGL Policy seeks to protect against injuries arising out of the business where the Auto Policy seeks to protect against liability caused by the insured's vehicle. Accordingly, the coverage provided by a CGL Policy is clearly different from the coverage obtained from an Auto Policy.

Additionally, the specifics of the policies evince a dissimilarity between the auto and the CGL policies. This particular Auto Policy also included \$300,000 in uninsured and \$300,000 in underinsured motorist coverage. (Ex. "B"). The CGL Policy is not an Auto Policy and provides no uninsured or underinsured motorist coverage. In fact, the coverage available under the CGL Policy for automobile related injuries is only available through the Form 55091 (10-08) Endorsement. The CGL Policy contains an exclusion for any "'bodily injury' or 'property damage' arising out of the ownership, maintenance, use or entrustment to others of any . . . 'auto' owned or operated by or rented or loaned to any insured." (Ex. A, AOI 030). Only through the endorsement does coverage extend to the situation at hand. Contrast this language with the coverage extended under the Auto Policy, which provides, "We will pay damages for bodily injury and property damage for

which you become legally responsible because of or arising out of the ownership, maintenance or use of your automobile" (Ex. "C"). Thus, the exclusions become as important as the coverage sections in determining whether the two policies provide same or similar coverage. A review of the two policies and their respective exclusions and endorsements makes clear the coverage available under the Auto Policy is vastly different from the coverage provided by the CGL Policy. Therefore, the CGL Policy does in fact extend coverage in this case, and Auto Owners' motion for summary judgment should be denied.

CONCLUSION

For the foregoing reasons, Elouise Woody Benjamin and Melvin Benjamin respectfully request the court deny Auto-Owners' motion for summary judgment.

Respectfully submitted,

Florence, SC

January 22, 2013



WILLIAM P. HATFIELD,
Attorney for Defendants, Elouise Woody
Benjamin and Melvin Benjamin
SC Bar No. 2840

THE HYMAN LAW FIRM, LLP
170 Courthouse Square
Post Office Box 1770
Florence, SC 29503-1770
(843) 662-5000
wphatfield@hymanlawfirm.com

State of South Carolina) In the Court of Common Pleas
County of Chesterfield) C/A # 2008-CP-13-0497

Auto-Owners Insurance Co.,)
Plaintiff,)

vs.)

Elouise Woody Benjamin,)
Melvin Benjamin, Joshua Lee)
Cail, Naida L. Singelton, and)
Pee Dee Heating and Cooling)
Specialists, Inc.,)

Defendants.)

ORDER

A True Copy Attest

Jaye S. Sellers
CLERK OF COURT C.P. & G.S.
CHESTERFIELD COUNTY, SC

2011 MAY 3 AM 9 03
FAYE L. SELLERS
CLERK OF COURT
CHESTERFIELD COUNTY, S.C.

This is a declaratory judgment action over automobile insurance coverage. The Court held a bench trial on whether the insured's employee was a permissive driver.¹ The Court finds that Trooper Brian Lee's testimony was the most credible and persuasive on this point, and that the employee was a permissive driver.

STATEMENT OF EVIDENCE PRESENTED

The Court heard testimony from Mr. Brent Singleton, President of Pee Dee Heating and Cooling Specialists, Inc.; and Trooper Brian Lee, who investigated an automobile wreck between Joshua Cail and Elouise Benjamin that occurred while

¹No party requested a jury trial.



Cail was driving a Pee Dee vehicle insured by Auto-Owners.² Singleton's deposition and the insurance policy were also admitted into evidence. The policy provides in part that Auto-Owners will pay damages "on behalf of any person using your automobile (that is not a trailer) with your permission or that of a relative." Policy, p. 2, § II1(a)(3).

In January 2008, Singleton hired Cail. Trial Tr., p. 32 ll.18-25. When Cail was hired, Singleton told him that he could drive a company truck and Cail knew that he would be driving a company truck.³ This permission included permission to take the truck home and keep it overnight. Trial Tr., p. 25 l.22 - p. 26 l.14; Depo, p. 14 l.22 - p. 15 l.15. After the hire, Singleton learned that Cail used the company truck most of the time and usually kept his personal vehicle at the shop. Depo., p. 13 ll.5-11, p. 16 ll.1-4.

Singleton testified that he never gave his employees express permission to use company trucks for personal business, yet admitted that the company lacked any written policy against such personal use and that he never told his employees to return company vehicles to the shop on weekends that they were not working. Trial Tr., p. 34 ll.11-14, p. 52 ll.11-15; Depo., p. 35 ll.21-23, p. 36 ll.8-20.

²Cail did not attend the hearing; his whereabouts are currently unknown. Trial Tr., p. 74 ll.18-23.

³Trial Tr., p. 25 ll.16-21, p. 33 ll.10-19; Depo, p.13 ll. 2-4.

Singleton also kept mileage logs from which he could determine if employees were using the vehicles for personal trips, and never fired anyone for using company vehicles for personal trips. Trial Tr., p. 34 ll.18-21, p. 35 ll.20-21.

On April 4, 2008, according to Singleton, a Pee Dee employee named Eileen told him that a competitor named Allen Polson told her that Cail's driver's license was suspended. Trial Tr., p. 26 l.23 - p. 27 l.14, p. 37 l.14 - p. 38 l. 6. Singleton said that he went to Cail's job site later that day to tell Cail privately not to drive the company truck, yet did not fire him, ask for the truck keys, or make any plans to retrieve the truck from Cail's home.⁴ Singleton further testified that nothing prevented him from retrieving the truck any time over the weekend, and that both he and his son each went to Cail's home over the weekend but did not get the truck because Singleton did not think it was that big of a deal.⁵ Singleton added that Cail's personal vehicle may have been at the shop that Friday rather than at his home. Depo., p. 23 ll.11-18.

⁴Trial Tr., p. 27 l.19 - p. 28 l.4, p. 40 l.25 - p. 41 l.6, p. 43 l.23 - p. 44 l.1, p. 44 l.24 - p. 45 l.9; Depo, p. 24 l.24 - p. 26 l.11.

⁵Trial Tr., p. 29 ll.7-15, p. 38 l.13- p. 39 l.13; Depo, p. 24 ll.14-20, p. 27 ll.5-22, p. 29 ll.2-18, p. 29 ll.19-24, p. 37 l.21 - p. 38 l.5.

On April 7, 2008, Cail was driving the Pee Dee truck back from his girlfriend's house when he was in a collision with Benjamin. Trial Tr., p. 57 l.22 – p. 58 l.2. Trooper Lee, relying on his contemporaneously-made field notes, testified that he investigated whether Cail had permission to drive the truck.⁶ Cail told him, "Brent Singleton knew I had the truck. I drive the vehicle on the weekends. The company knows that I have the vehicle and it is a take home vehicle," Trial Tr., p. 64 ll.7-11. Trooper Lee believed Cail when Cail told the Trooper that he had permission. Trial Tr., p. 60 ll.14-16.

Later that same Monday morning, Singleton went to Cail's home and saw that Cail and the truck were gone. Trial Tr., p. 29 ll.16-25. He had his office call in the truck as stolen several hours after the wreck. Trial Tr., p. 48 ll.12-16. Trooper Lee testified that he reported the wreck to Pee Dee before Pee Dee reported the vehicle as stolen. Trial Tr., p. 58 l.20 - p. 60 l.7, p. 65 l.14 - p. 66 l.4. He explained that people typically try to avoid liability by reporting their vehicle as stolen after learning that it was in an accident. Trial Tr., p. 66 ll.1-4.

⁶Trial Tr., p. 56 ll.12-17, p. 58 ll.11-16, p. 62 ll.3-12, p. 63 ll.14-24.

Singleton lastly testified that he talked to Cail sometime after the accident and recorded Cail's admission that he lacked permission to drive the truck that weekend. Trial Tr., p. 30 l.15 - p. 31 l.9, Depo, p. 32 ll.8-12. No recording was produced.

FINDINGS OF FACT

1. At the time of the collision between Cail and Benjamin, Auto-Owners insured the Pee Dee truck that Cail was driving and promised Pee Dee that it would pay damages "on behalf of any person using your automobile (that is not a trailer) with your permission or that of a relative."
2. From January 2008 through the time of the wreck that April, Cail was employed by Pee Dee and had Pee Dee's permission to use the Pee Dee truck and keep the truck at his home overnight. Singleton knew during these months that Cail usually kept his personal vehicle at the shop and drove the company truck most of the time.
3. Pee Dee never issued a written policy against using the company vehicles for personal use and never instructed its employees to return the company vehicles to the shop over those weekends that they were not working. Pee Dee also kept mileage logs from which it could easily determine if the employees were using the vehicles for personal use.

4. Trooper Lee's account of his investigation and conclusion that Cail had permission is credible and extremely persuasive. The Trooper is disinterested in the case's outcome, testified from his contemporaneously-made field notes, and thoroughly explained why he concluded that Cail had Singleton's permission to drive the company truck when the wreck occurred.
5. Singleton's testimony that he revoked his express permission to use the truck the Friday before the wreck that Monday is less credible. Singleton failed to call as witnesses Polson, his competitor who purportedly prompted the revocation, or Eileen, the Pee Dee employee who purportedly told him that Polson told her that Cail's license was suspended. Singleton likewise did not call any witnesses to his purported confrontation with Cail that Friday or produce the recording that he said he later took of Cail.
6. Singleton's actions over that weekend are also inconsistent with his purported revocation. According to Singleton, he knew on Friday that Cail's license was suspended, that the company truck was at Cail's home, and that Cail's personal vehicle may have been at the shop. Despite knowing that the truck may be the only vehicle available to Cail over the weekend, Singleton never asked Cail for the truck keys or made any attempt to retrieve the truck.

7. The Court also finds it disturbing that Singleton waited until after his company learned that the company truck was involved in an accident before having the company report it as stolen. The Court has taken this into account in finding that Trooper Lee's testimony was more credible.

CONCLUSIONS OF LAW

1. Implied permission to use an automobile may be established from the direct evidence, all pertinent circumstances, and proper inferences to be drawn therefrom. It further involves an inference arising from a course of conduct or relationship between the parties, in which there is mutual acquiescence or lack of objection under circumstances signifying consent. *Allstate Ins. Co. v. State Farm Mut. Auto. Ins. Co.*, 260 S.C. 350, 354, 195 S.E.2d 711, 713 (1973). As the parties seeking coverage, the Benjamins have the burden of meeting this standard. *Pennell v. Foster*, 338 S.C. 9, 19, 524 S.E.2d 630, 635 (Ct.App. 1999).
2. The Court concludes from Trooper Lee's testimony that the Benjamins met their burden and that Cail had implied permission to use the company truck at the time of the wreck. In reaching this conclusion, the Court disagrees with three arguments that Auto-Owners makes.

3. Trooper Lee's account of his investigation, and the statements that Cail made to him, are admissible. Cail is a named party-Defendant. Statements that he made are admissions by a party opponent under Rule 801(d) (2), SCRE. Admissions that employees make about their authority to drive the company vehicle involved in the wreck are also admissible as part of the res geste. *See, e.g., Stevens v. Moore*, 211 S.C. 498, 46 S.E.2d 73 (1948) (citing cases). This line of authority applies in that Trooper Lee testified that he took Cail's statement shortly after the wreck while things remained "kind of chaotic." Trial Tr., p. 56 ll.5-11.
4. The Court is also unpersuaded by Auto-Owners' argument that the revocation of express permission precludes implied permission. The Court is first unconvinced because the purported revocation is uncorroborated and inconsistent with Singleton's later actions. The argument is also rebutted by the *Allstate* decision. In *Allstate*, the Supreme Court affirmed a jury verdict which found implied permission even after express permission was revoked because the vehicle was not returned on time. *Allstate Ins. Co.*, 260 S.C. at 354, 195 S.E.2d at 713.
5. The Court is also mindful that South Carolina strictly construes the scope of permission. The Court concludes, however, that Singleton gave Cail implied permission to use the truck for personal trips. Two decisions are instructive.

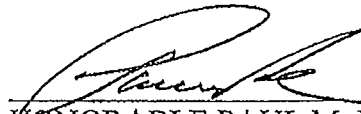
6. In *Hodges v. State Farm Mut. Auto. Ins. Co.*, 278 S.C. 225, 294 S.E.2d 47 (1982), the employee drove his employer's van after hours to a nightclub out of town. The employer testified that he allowed the employee to take the van home but instructed him to take the keys out once he reached home and not touch the van until returning to work the next day. Other evidence, however, showed that the employee regularly used the van for personal trips and that the employer would know from the van's odometer readings that it was being used for such trips. The Court held that the jury could conclude from this that the employee had implied permission to drive the van to the out-of-town nightclub.
7. The employee in *Montgomery v. Employers Mut. Liability Ins. Co.*, 247 S.C. 46, 145 S.E.2d 437 (1965), was likewise driving his employer's truck for personal reasons when the accident occurred. The evidence there showed that the employer permitted the employee to drive the vehicle home and keep it overnight and over the weekends, and that the employee customarily and openly used the truck after working hours and on Sundays. The Court held that this course of conduct, with the apparent acquiescence of the employer, supported a finding of implied consent and reversed a nonsuit for the insurance company.

8. This case is similar to *Hodges* and *Montgomery* in that Cail worked for Singleton for months before the wreck occurred. During those months, Singleton expressly allowed Cail to use the company truck and keep it at his home overnight and over the weekend. Singleton also knew over this extended time that Cail used the company truck most of the time and usually kept his personal vehicle at the shop, and could easily confirm from the mileage logs that Cail was using the truck for personal reasons. This demonstrates an extended course of conduct or relationship in which the acquiescence or lack of objection signifies consent.
9. The Court lastly observes that the policy provides that Auto-Owners will pay damages "on behalf of any person using your automobile (that is not a trailer) with your permission or that of a relative." Unlike other policies, such as the State Farm policy at issue in *Hodges*, this language does not limit the permission required to a particular use.
10. The Court in *Pennell v. Foster*, 338 S.C. 9, 524 S.E.2d 630 (Ct.App. 1999), addressed similar policy language. In that case, the insurer argued that a teenager exceeded the scope of her permission by driving after-hours on a time restricted license. The Court of Appeals disagreed and affirmed the trial court's finding that the teenager was a permissive driver. The Court noted that the policy covered "any person or organization to whom you've

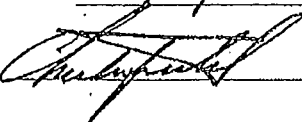
given permission to use a covered auto," and concluded that this language did not require that the use be within the scope of permission. It only required that the person have permission to use the vehicle. *Id.* at 21, 524 S.E.2d at 636. The Court concludes that the same is true here.

11. Having found and concluded that Cail was a permissive driver, the Court further declares that coverage exists under the Pee Dee policy issued by Auto-Owners.

IT IS SO ORDERED.



HONORABLE PAUL M. BURCH
PRESIDING JUDGE

Date: 5/2/11
 _____, South Carolina

Auto-Owners

INSURANCE COMPANY
6101 ANACAPRI BLVD., LANSING, MI 48917-3999

AGENCY GOSNELL INSURANCE
16-0626-00. MKT TERR 081 (843) 571-5044

INSURED PEE DEE HEATING & COOLING
SPECIALTIES INC

ADDRESS 128 TROY DR
CHERAW SC 29520-7103

Issued 06-03-2008

AUTOMOBILE POLICY DECLARATIONS

Endorsement Effective 04-01-2008

POLICY NUMBER 44-381-843-00

Company Use 36-02-SC-0304

Company Bill	POLICY TERM 12:01 a.m. to 12:01 a.m. 04-01-2008 to 04-01-2009

FOR COMPANY/AGENCY USE ONLY

Billing Type	Company Bill - MONTHLY
Billing Account Number	006612927
Insured Copy Mailed To	Agency
Trailback Date	05-09-2008
User ID	E010515
Reinsurance Dec Copy	No

BRANCH KEYED ENTRY



AGENCY 16-0626-00

POLICY 44-381-843-00

13845 (10-06)

GOSNELL INSURANCE
PO BOX 31059
CHARLESTON SC 29417

06-03-2008



P.O. BOX 30680, LANSING, MICHIGAN 48909-8160 • 517-323-1200
AUTO-OWNERS INSURANCE COMPANY
AUTO-OWNERS LIFE INSURANCE COMPANY
HOME-OWNERS INSURANCE COMPANY
OWNERS INSURANCE COMPANY
PROPERTY-OWNERS INSURANCE COMPANY
SOUTHERN-OWNERS INSURANCE COMPANY

PEE DEE HEATING & COOLING
SPECIALTIES INC
128 TROY DR
CHERAW SC 29520-7103

Thank you for allowing Auto-Owners to handle your Insurance needs.

Auto-Owners Insurance Group is financially sound with sufficient reserves to be ranked among the leaders in the industry for financial security. Our A++ (Superior) rating by the A.M. Best Company signifies that we have the financial strength to provide the Insurance protection you need.

Feel free to contact your independent Auto-Owners agent with questions you may have about any of your Insurance needs. Your agency's phone number is (843) 571-5044.

Auto-Owners Insurance - The "No Problem" People ®

***** THIS IS NOT A BILL. *****
IF ADDITIONAL PREMIUM IS OWED, A BILL WILL BE MAILED SEPARATELY. PLEASE
PAY ANY UNPAID BILLS.

~ Serving Our Policyholders and Agents for More Than 90 Years ~

Auto-Owners

Issued 06-03-2008

INSURANCE COMPANY
6101 ANACAPRI BLVD., LANSING, MI 48917-3999

AGENCY GOSNELL INSURANCE
16-0626-00 MKT TERR 081 (843) 571-5044

INSURED PEE DEE HEATING & COOLING
SPECIALTIES INC

ADDRESS 128 TROY DR
CHERAW SC 29520-7103

Endorsement Effective 04-01-2008

POLICY NUMBER 44-381-843-00

Company Use 36-02-SC-0304

Company Bill	POLICY TERM	
	12:01 a.m.	12:01 a.m.
	to	
	04-01-2008	04-01-2009

AUTOMOBILE POLICY DESCRIPTION OF CHANGES EFFECTIVE 04-01-2008 (See Declarations Attached)

CHANGED INSUREDS NAME OR ADDRESS

DELETED DRIVER: JOSHUA BRIGMAN

TOTAL POLICY PREMIUM	TERM	ALL ITEMS
	\$7,936.56	
		No Charge

Auto-Owners

Page 1

19020 (10-80)
Issued 06-03-2008

INSURANCE COMPANY
6101 ANACAPRI BLVD., LANSING, MI 48917-3999

AGENCY GOSNELL INSURANCE
16-0626-00 MKT TERR 081 (843) 571-5044

INSURED PEE DEE HEATING & COOLING
SPECIALTIES INC

ADDRESS 128 TROY DR
CHERAW SC 29520-7103

AUTOMOBILE POLICY DECLARATIONS

Endorsement Effective 04-01-2008

POLICY NUMBER 44-381-843-00

Company Use 36-02-SC-0304

Company
Bill

POLICY TERM	
12:01 a.m.	12:01 a.m.
to	
04-01-2008	04-01-2009

This policy is hereby amended in consideration of the additional or return premium shown below.

DESCRIPTION OF ITEM INSURED	AGE	SYMBOL/COST	TERRITORY	CLASS/PG
Hired Automobiles			013 Chesterfield County, SC	SPL
COVERAGES	LIMITS		PREMIUM	CHANGE
Combined Liability	\$ 300,000 ea occ		\$43.56	
Comprehensive	A.C.V. \$ 100 ded per covered "auto"		11.50	
Collision	A.C.V. \$ 250 ded per covered "auto"		21.00	
TERRORISM COVERAGE			.38	
		TOTAL	\$76.44	No Charge

Additional Forms For This Item: 79520 (12-02) 79521 (03-99) 79539 (03-99)

PREMIUM BASIS: Estimated cost of hire - liability \$ If Any (Subject to audit)
Estimated cost of hire - physical damage \$ If Any (Subject to audit)

130

Employers Non-Ownership Liab.			013 Chesterfield County, SC	SPL
COVERAGES	LIMITS		PREMIUM	CHANGE
Combined Liability	\$ 300,000 ea occ		\$33.77	
TERRORISM COVERAGE			.17	
		TOTAL	\$33.94	No Charge

Additional Forms For This Item: 79503 (03-99) 79539 (03-99)

130

I certify that this policy was assembled from
available records as a representation of coverage
that was in effect for the policy period shown.

Brandi Holly

Date 10/17/2008

AUTO-OWNERS INS. CO.

Page 2

19020 (10-80)
Issued 06-03-2008

AGENCY GOSNELL INSURANCE
16-0626-00 MKT TERR 081

Company POLICY NUMBER 44-381-843-00
Bill Company Use 36-02-SC-0304

INSURED PEE DEE HEATING & COOLING

Term 04-01-2008 to 04-01-2009

1. 1996 FORD E250 VAN
VIN: 1FTFE24V1THB23481
Item Changed

9

013

6CA

Chesterfield County, SC

COVERAGES	LIMITS	PREMIUM	CHANGE
Combined Liability	\$ 300,000 ea occ	\$605.37	
Combined Uninsured	\$ 300,000 ea occ	45.13	
Motorist BI & PD			
Combined Underinsured	\$ 300,000 ea occ	42.80	
Motorist BI & PD			
Comprehensive	A.C.V. - \$ 500 ded Full Glass	157.68	
Collision	A.C.V. - \$ 500 ded	205.09	
Road Trouble Service	\$ 75 ea occ	4.79	
Additional Expense	\$ 30/Day, \$ 900 Maximum	35.91	
TERRORISM COVERAGE		5.48	

TOTAL \$1,102.25 No Charge

Interested Parties: None

Additional Forms For This Item: 79206 (06-92) 79306 (07-05) 79310 (07-05)
79322 (03-98) 79321 (03-98) 79537 (06-92) 79539 (03-99) 79939 (03-05)

PREMIUM BASIS: Radius of operation - within a 100 mile radius.
USE CLASS (00360): Heating/Air Conditioning.
A 5% discount has been applied to automobiles used in contracting business.
Fleet Factor Applies.

130

0025001

2. 2004 TOYT TACOMA BASE/LTD/SR5
VIN: STEVL52N94Z464705
Item Changed

11-36-0

013

052

Chesterfield County, SC

COVERAGES	LIMITS	PREMIUM	CHANGE
Combined Liability	\$ 300,000 ea occ	\$752.50	
Combined Uninsured	\$ 300,000 ea occ	81.48	
Motorist BI & PD			
Combined Underinsured	\$ 300,000 ea occ	116.76	
Motorist BI & PD			
Comprehensive	A.C.V. - \$ 500 ded	298.46	
Collision	A.C.V. - \$ 500 ded	388.65	
Road Trouble Service	\$ 75 ea occ	6.72	
Additional Expense	\$ 30/Day, \$ 900 Maximum	35.28	
TERRORISM COVERAGE		8.40	

TOTAL \$1,688.25 No Charge

Interested Parties: See Attached Schedule

Additional Forms For This Item: 79206 (06-92) 79306 (07-05) 79310 (07-05)
79322 (03-98) 79321 (03-98) 79536 (07-94) 79537 (06-92) 79539 (03-99)
79939 (03-05)

PREMIUM BASIS: Automobile is principally used for business duties by a 39 year old operator.
Fleet Factor Applies.
5% ABS Discount applies to BI, PD, and Coll premiums.
30% Air Bag Discount applies to PA premium.
Standard Rates apply.

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Auto-Owners

Page 3

19020 (10-80)
Issued 06-03-2008INSURANCE COMPANY
6101 ANACAPRI BLVD., LANSING, MI 48917-3999

AUTOMOBILE POLICY DECLARATIONS

AGENCY GOSNELL INSURANCE
16-0626-00 MKT TERR 081 (843) 571-5044

Endorsement Effective 04-01-2008

POLICY NUMBER 44-381-843-00

INSURED PEE DEE HEATING & COOLING
SPECIALTIES INC

Company Use 36-02-SC-0304

ADDRESS 128 TROY DR

Company
Bill

POLICY TERM	
12:01 a.m.	12:01 a.m.
to	
04-01-2008	04-01-2009

CHERAW SC 29520-7103

This policy is hereby amended in consideration of the additional or return premium shown below.

DESCRIPTION OF ITEM INSURED	AGE	SYMBOL/COST	TERRITORY	CLASS/PG
3. 2006 CHEV EXPRESS G3500 BS/LS VIN: 1GCFB15XX61143221 Item Changed	3		013 Chesterfield County, SC	6CA
COVERAGES	LIMITS		PREMIUM	CHANGE
Combined Liability	\$ 300,000 ea occ		\$605.37	
Combined Uninsured	\$ 300,000 ea occ		45.13	
Motorist BI & PD				
Combined Underinsured	\$ 300,000 ea occ		42.80	
Motorist BI & PD				
Comprehensive	A.C.V. - \$ 500 ded Full Glass		218.33	
Collision	A.C.V. - \$ 500 ded		284.09	
Road Trouble Service	\$ 75 ea occ		4.79	
Additional Expense	\$ 30/Day, \$ 900 Maximum		35.91	
TERRORISM COVERAGE			6.18	
TOTAL			\$1,242.60	No Charge

Interested Parties: See Attached Schedule

Additional Forms For This Item:	79206 (06-92)	79306 (07-05)	79310 (07-05)
79322 (03-98)	79321 (03-98)	79537 (06-92)	79539 (03-99)
			79939 (03-05)

PREMIUM BASIS: Radius of operation - within a 100 mile radius.

USE CLASS (00360): Heating/Air Conditioning.

A 5% discount has been applied to automobiles used in contracting business.

Fleet Factor Applies.

130

0026001

AUTO-OWNERS INS. CO.

Page 4

19020 (10-80)
Issued 06-03-2008

AGENCY GOSNELL INSURANCE
16-0626-00 MKT TERR 081

Company POLICY NUMBER 44-381-843-00
Bill Company Use 36-02-SC-0304

INSURED PEE DEE HEATING & COOLING

Term 04-01-2008 to 04-01-2009

4. 2006 CHEV EXPRESS G3500 BS/LS
VIN: 1GCF615X861196158
Item Changed

3

013
Chesterfield County, SC 6CA

COVERAGES	LIMITS	PREMIUM	CHANGE
Combined Liability	\$ 300,000 ea occ	\$605.37	
Combined Uninsured	\$ 300,000 ea occ	45.13	
Motorist BI & PD			
Combined Underinsured	\$ 300,000 ea occ	42.80	
Motorist BI & PD			
Comprehensive	A.C.V. - \$ 500 ded Full Glass	218.33	
Collision	A.C.V. - \$ 500 ded	284.09	
Road Trouble Service	\$ 75 ea occ	4.79	
Additional Expense	\$ 30/Day, \$ 900 Maximum	35.91	
TERRORISM COVERAGE		6.18	

TOTAL \$1,242.60

No Charge

Interested Parties: See Attached Schedule

Additional Forms For This Item: 79206 (06-92) 79306 (07-05) 79310 (07-05)
79322 (03-98) 79321 (03-98) 79537 (06-92) 79539 (03-99) 79939 (03-05)

PREMIUM BASIS: Radius of operation - within a 100 mile radius.
USE CLASS (00360): Heating/Air Conditioning.
A 5% discount has been applied to automobiles used in contracting business.
Fleet Factor Applies.

130

0026001

5. 2007 CHEV CLASSIC SILVERADO 3500
VIN: 1GBHC33U77F133389
Item Changed

2

013
Chesterfield County, SC 6CA

COVERAGES	LIMITS	PREMIUM	CHANGE
Combined Liability	\$ 300,000 ea occ	\$605.37	
Combined Uninsured	\$ 300,000 ea occ	45.13	
Motorist BI & PD			
Combined Underinsured	\$ 300,000 ea occ	42.80	
Motorist BI & PD			
Comprehensive	A.C.V. - \$ 500 ded Full Glass	257.75	
Collision	A.C.V. - \$ 500 ded	309.62	
Road Trouble Service	\$ 75 ea occ	4.79	
Additional Expense	\$ 30/Day, \$ 900 Maximum	35.91	
TERRORISM COVERAGE		6.51	

TOTAL \$1,307.88

No Charge

Interested Parties: See Attached Schedule

Additional Forms For This Item: 79206 (06-92) 79306 (07-05) 79310 (07-05)
79322 (03-98) 79321 (03-98) 79537 (06-92) 79539 (03-99) 79939 (03-05)

PREMIUM BASIS: Radius of operation - within a 100 mile radius.
USE CLASS (00360): Heating/Air Conditioning.
A 5% discount has been applied to automobiles used in contracting business.
Fleet Factor Applies.

130

0032100

Auto-Owners

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19020 (10-80)
Issued 06-03-2008

INSURANCE COMPANY
6101 ANACAPRI BLVD., LANSING, MI 48917-3999

AGENCY GOSNELL INSURANCE
16-0626-00 MKT TERR 081 (843) 571-5044

INSURED PEE DEE HEATING & COOLING
SPECIALTIES INC

ADDRESS 128 TROY DR
CHERAW SC 29520-7103

AUTOMOBILE POLICY DECLARATIONS

Endorsement Effective 04-01-2008

POLICY NUMBER 44-381-843-00

Company Use 36-02-SC-0304

Company Bill	POLICY TERM	
	12:01 a.m.	12:01 a.m.
	04-01-2008	to 04-01-2009

This policy is hereby amended in consideration of the additional or return premium shown below.

DESCRIPTION OF ITEM INSURED	AGE	SYMBOL/COST	TERRITORY	CLASS/PG
6. 2007 CHEV EXPRESS VAN VIN: 1GBJG31U971126112 Item Changed	2		013 Chesterfield County, SC	6CA
COVERAGES	LIMITS		PREMIUM	CHANGE
Combined Liability	\$ 300,000	ea occ	\$605.37	
Combined Uninsured	\$ 300,000	ea occ	45.13	
Motorist BI & PD				
Combined Underinsured	\$ 300,000	ea occ	42.80	
Motorist BI & PD				
Comprehensive	A.C.V. -	\$ 500 ded Full Glass	218.33	
Collision	A.C.V. -	\$ 500 ded	284.09	
Road Trouble Service	\$ 75	ea occ	4.79	
Additional Expense	\$ 30/Day, \$ 900 Maximum		35.91	
TERRORISM COVERAGE			6.18	
TOTAL			\$1,242.60	No Charge

Interested Parties: See Attached Schedule

Additional Forms For This Item: 79206 (06-92) 79306 (07-05) 79310 (07-05)
79322 (03-98) 79321 (03-98) 79537 (06-92) 79539 (03-99) 79939 (03-05)

PREMIUM BASIS: Radius of operation - within a 100 mile radius.
USE CLASS (00360): Heating/Air Conditioning.
A 5% discount has been applied to automobiles used in contracting business.
Fleet Factor Applies:

130 0025040

Totals by coverage

COVERAGES	PREMIUM	CHANGE
Combined Liability	\$3,856.68	
Combined Uninsured	307.13	
Motorist BI & PD		
Combined Underinsured	330.76	
Motorist BI & PD		
Comprehensive	1,380.38	
Collision	1,776.63	
Road Trouble Service	30.67	
Additional Expense	214.83	
TERRORISM COVERAGE	39.48	

AUTO-OWNERS INS. CO.

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19020 (10-80)
Issued 06-03-2008

AGENCY GOSNELL INSURANCE
16-0626-00 MKT TERR 081

Company POLICY NUMBER 44-381-843-00
Bill Company Use 36-02-SC-0304

INSURED PEE DEE HEATING & COOLING

Term 04-01-2008 to 04-01-2009

TOTAL POLICY PREMIUM	TERM	ALL ITEMS
	\$7,936.56	
		No Charge

Forms That Apply To All Items: 79001 (03-99) 79702 (04-98) 79517 (01-07)
79524 (06-92) 79540 (03-99) 79419 (03-99) 79100 (02-07) 89009 (07-06)
89058 (04-07)

A 16% Cumulative Multi-Policy Discount applies. Supporting policies are marked with an (X):
Comm Umb() Comm Prop/Comm Liab(X) WC(X) Life() Personal() Farm().

Countersigned By: _____

Auto-Owners

Page 7

19020 (10-80)
Issued 06-03-2008

INSURANCE COMPANY
6101 ANACAPRI BLVD., LANSING, MI 48917-3999

AGENCY GOSNELL INSURANCE
16-0626-00 MKT TERR 081 (843) 571-5044

INSURED PEE DEE HEATING & COOLING
SPECIALTIES INC

ADDRESS 128 TROY DR
CHERAW SC 29520-7103

AUTOMOBILE POLICY DECLARATIONS

Endorsement Effective 04-01-2008

POLICY NUMBER 44-381-843-00

Company Use 36-02-SC-0304

Company
Bill

POLICY TERM	
12:01 a.m.	12:01 a.m.
to	
04-01-2008	04-01-2009

This policy is hereby amended in consideration of the additional or return premium shown below.

SCHEDULE OF INTERESTED PARTIES

Applies to item(s): 0002

WORLD OMNI FINANCIAL CORPORATION
6150 OMNI PARK DRIVE
MOBILE AL 36609
Interest: Lienholder

SIP ID: AL028448

Applies to item(s): 0003

WACHOVIA BANK NA
PO BOX 50010
ROANOKE VA 24022-5010
Interest: Lienholder

SIP ID: VA016109

Applies to item(s): 0003, 0004

BRETT SINGLETON
128 TROY DR
CHERAW SC 29520-7103
Interest: Lessor

SIP ID: SC042494

Applies to item(s): 0004

NETBANK
PO BOX 3240
SAINT JOSEPH MO 64503-0240
Interest: Lienholder

SIP ID: MO020849

Applies to item(s): 0005

GMAC
PO BOX 9101
COCKEYSVILLE MD 21030
Interest: Lienholder

SIP ID: MD033976

AUTO-OWNERS INS. CO.

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19020 (10-80)
Issued 06-03-2008

AGENCY GOSNELL INSURANCE
16-0626-00 MKT TERR 081

Company POLICY NUMBER 44-381-843-00
Bill Company Use 36-02-SC-0304

INSURED PEE DEE HEATING & COOLING

Term 04-01-2008 to 04-01-2009

Applies to item(s): 0006

FIRST CITIZENS BANK
PO BOX 26592
RALEIGH NC 27611-6592
Interest: Lienholder

SIP ID: NC030147



South Carolina
**OFFER OF OPTIONAL ADDITIONAL UNINSURED AND
 UNDERINSURED AUTOMOBILE INSURANCE COVERAGES**

I. EXPLANATION OF COVERAGES. Please read this form carefully.

AUTOMOBILE LIABILITY INSURANCE

Automobile liability insurance coverage pays others for the damages for which you are legally responsible. These are two types of coverage: (1) bodily injury coverage which pays people upon whom your motor vehicle inflicts bodily injury; and (2) property damage coverage which pays people for damage your automobile causes to their motor vehicles or property. To drive your automobile in this State, you must have insurance for bodily injury in limits of at least \$25,000 for each person and \$50,000 for two or more people whom you may injure in any single accident. You must also have at least \$25,000 in property damage insurance for each accident you may cause. These limits can be described as \$25,000/\$50,000/\$25,000. You have the right to buy additional limits of automobile liability insurance. You must pay a higher premium for these increased limits of protection.

This State's laws also require that you must be offered "uninsured motorist coverage" and "underinsured motorist coverage." You must pay an additional premium for each of these coverages.

UNINSURED MOTORIST COVERAGE

Uninsured motorist coverage compensates you, or other person insured under your policy, for amounts that you may be legally entitled to collect as damages from an owner or operator of an uninsured motor vehicle. An uninsured motor vehicle is a motor vehicle which either has no liability insurance coverage or is operated by a hit-and-run driver. By law, your automobile insurance must provide uninsured motorist coverage in limits of at least \$25,000/\$50,000/\$25,000. You have the right to buy additional uninsured motorist coverage in various limits, up to and including the limits for the liability coverage you carry under your automobile policy. Some of the more commonly sold additional limits, together with the additional premiums which you will be charged, are shown on this form. If you are interested in other limits which are not shown on this form, then fill in those limits. If we market those limits in this State, your agent will fill in the amount of increased premium. Uninsured motorist coverages have a \$200 deductible for property damage claims.

UNDERINSURED MOTORIST COVERAGE

Underinsured motorist coverage compensates you, or other persons insured under your policy, including passengers within your motor vehicle, for amounts which may be legally collected as damages from an owner or operator of an at-fault underinsured motor vehicle. An underinsured motor vehicle is a motor vehicle that is covered by some form of liability insurance which is not sufficient to fully compensate you for your damages. You have a right to buy any coverage limits up to and including the limits of liability coverage you carry under your automobile policy. Some of the more commonly sold limits, together with the additional premiums you will be charged, are shown on this form. If you are interested in other limits which are not shown on this form, then fill in those limits. If we provide those limits in this State, your agent will fill in the amount of increased premium.

If you reject either of these coverages and you are involved in an automobile accident, this form may be used by us as evidence against you to deny your claim for additional uninsured motorist coverage or your claim for underinsured motorist coverage.

If you do not complete this form and return it to Auto-Owners Insurance Company or your insurance agent within 30 days from your receipt of it, the law requires that additional uninsured motorist coverage and underinsured motorist coverage must be automatically added on to your automobile insurance policy at the same limits as the automobile liability insurance which you purchased. You will be required to pay additional premium for each of these two coverages. If you do not pay that additional premium, your entire automobile insurance policy may then be cancelled.

In the future, if you wish to increase or to decrease your limits of additional uninsured or underinsured motorist coverage, you must contact either your Insurance agent or Auto-Owners Insurance Company. You will not be presented with another copy of this form.

If you have any questions, you should contact your Insurance agent or Auto-Owners Insurance Company who must answer any questions you may have or contact the State of South Carolina Department of Insurance at:

Office of Consumer Services
South Carolina Department of Insurance
Post Office Box 100105
Columbia, South Carolina 29202-3105
(803) 737-6180
(800) 768-3467
E-Mail Address: CnsmMail@dol.state.sc.us

SCDI FORM NUMBER 2006
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Please complete BOTH sides of this form and return it to your Insurance agent for Auto-Owners Insurance Company
WITHIN 30 DAYS FROM YOUR RECEIPT OF IT.

II. OFFER OF ADDITIONAL UNINSURED MOTORIST COVERAGE

Limits of Coverage Amount of Increased Premium

(These increased premium charges must be filled-in by
your insurance agent prior to your decision and signature.)

\$50,000/\$100,000/\$25,000
\$100,000/\$300,000/\$25,000
\$250,000/\$500,000/\$50,000
\$75,000
\$100,000
\$250,000
\$300,000
\$500,000

Do you wish to purchase additional uninsured motorist coverage? Yes ☐ No ☐
If your answer is "yes", then specify the limits which you desire. These limits cannot exceed your automobile
insurance liability limits. I select _____ / _____ / _____.

Signature _____

Today's Date _____

IMPORTANT: Both sides of document must be completed.

III. OFFER OF UNDERINSURED MOTORIST COVERAGE

Limits of Coverage

Amount of Increased Premium

(These increased premium charges must be filled-in by your insurance agent prior to your decision and signatures.)

\$50,000/\$100,000/\$25,000
\$100,000/\$300,000/\$25,000
\$250,000/\$500,000/\$50,000
\$75,000
\$100,000
\$250,000
\$300,000
\$500,000

Do you wish to purchase additional underinsured motorist coverage? Yes ___ No ___

If your answer is "yes", then specify the limits which you desire. These limits cannot exceed your automobile insurance liability limits. I select ____ / ____ / ____.

Signature _____

Today's Date _____

IV. APPLICANT'S ACKNOWLEDGEMENT

I hereby acknowledge that I have read, or have had read to me, the above explanations and offers of additional underinsured motorist coverage and underinsured motorist coverage. I have indicated whether or not I wish to purchase each coverage in the spaces provided. I further understand that the above explanations of these coverages are intended only to be brief descriptions of coverages, and that payment of benefits under any of these coverages is subject both to the terms and conditions of my automobile insurance policy and to the State of South Carolina's laws.

Type or Print Your Name: _____

Your Signature: _____

Today's Date: _____

Your Address: _____

Policy Number: _____
(If known)

IMPORTANT: Both sides of document must be completed.

South Carolina
AMENDMENT OF DEDUCTIBLE - SAFETY GLASS
Automobile Policy

79206 (6-82)

It is agreed:

A deductible stated in the Declarations for Comprehensive Coverage or Collision Coverage does not apply to loss of or damage to the safety glass of **your automobile**.

All other policy terms and conditions apply.

South Carolina
UNDERINSURED MOTORIST COVERAGE
Automobile Policy

79306 (7-05)

It is agreed:

1. DEFINITIONS

The following definitions apply in addition to those contained in **SECTION I - DEFINITIONS** of the policy.

- a. **Occupying** means being in or on an **automobile** as a passenger or operator, or being engaged in the immediate acts of entering, boarding or alighting from an **automobile**.
- b. **Underinsured automobile** means an **automobile** to which a liability bond or liability insurance policy applies at the time of the **occurrence**:
 - (1) with limits of liability at least equal to or greater than the limits required by the South Carolina Motor Vehicle Financial Responsibility Act; and
 - (2) such limits of liability are less than the amount of damages the injured person is legally entitled to recover for **bodily injury** or **property damage**.

Underinsured automobile does not include an **automobile**:

- (1) owned or leased by, furnished to or available for regular use of **you** or anyone living with **you**;
- (2) owned by the state of South Carolina or any of its political subdivisions when operated by a person with proper authorization;
- (3) operated on rails or crawler treads;
- (4) located for use as a residence or premises;
- (5) that is designed mainly for use off public roads except while actually on public roads; or
- (6) that is an **uninsured automobile**. By this we mean an **automobile**:
 - (a) to which no **bodily injury** or **property damage** liability insurance policy applies:
 - 1) at the time of the **occurrence**; or
 - 2) in at least the minimum amounts required by South Carolina Motor Vehicle Responsibility Act.
 - (b) for which there is no bond or deposit of cash or securities in lieu of **bodily injury** and **property damage** liability insurance policy.
 - (c) insured by a company that is declared insolvent, or is in delinquency proceedings, suspension, or receivership or is proven unable fully to respond to a judgment.

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(d) insured by a company that has successfully issued a denial of coverage.

(e) that is a hit and run automobile. By this we mean an automobile whose owner or operator is unknown:

1) which causes **bodily injury** by actual physical contact with the injured person or the automobile the injured person is occupying; or

2) which causes **property damage** by actual physical contact with property of yours or a relative.

Actual physical contact is not necessary if the **occurrence** was witnessed by a person other than the owner or operator of the insured automobile and such person signs an affidavit attesting to the truth of the facts of the **occurrence** contained in the affidavit.

2. COVERAGE

a. We will pay damages any person is legally entitled to recover from the owner or operator of an **underinsured automobile** for:

(1) **bodily injury** sustained while occupying an automobile which is covered by **SECTION II - LIABILITY COVERAGE** of the policy; and

(2) **property damage** to your automobile and to property of yours or a relative.

b. If the first named insured in the Declarations is an individual, this coverage is extended as follows:

(1) We will pay compensatory damages you are legally entitled to recover from the owner or operator of any **underinsured automobile** for **bodily injury** you sustain:

(a) when you are not occupying an automobile that is covered by **SECTION II - LIABILITY COVERAGE** of the policy; or

(b) when occupying an automobile you do not own which is not covered by **SECTION II - LIABILITY COVERAGE** of the policy.

(2) The coverage extended in 2.b.(1) above is also afforded to a relative who does not own an automobile.

c. The **bodily injury** and **property damage** must be accidental and arise out of the ownership, maintenance or use of the **underinsured automobile**.

d. Whether an injured person is legally entitled to recover damages and the amount of the damages shall be determined by agreement between the injured person and us.

3. EXCLUSIONS

Underinsured Motorist Coverage does not apply:

a. to any person injured while occupying or injured by any automobile which is owned or leased by such person injured if such automobile:

(1) is designed primarily for use on public roads;

- (2) is required to be registered and licensed prior to its use on public roads; and
- (3) is not insured for Underinsured Motorist Coverage by the policy.
- b. to directly or indirectly benefit an insurer or self-insurer under any workers compensation law.
- c. to directly or indirectly benefit any insurer of property.
- d. to damage to property for which the owner has been compensated by other property or physical damage insurance.
- e. to the first \$200 of the amount of all **property damage** in any one **occurrence**.

4. LIMIT OF LIABILITY

a. Our limit of liability for Underinsured Motorist Coverage shall not exceed the lowest of the following:

(1) the amount by which the damages for **bodily injury** or **property damage** exceed the total limits of all liability bonds and liability insurance policies available to the owner or operator of the **underinsured automobile** at the time of the **occurrence**; or

(2) the Limits of Liability stated in the Declarations for Underinsured Motorist Coverage as follows:

(a) We will pay damages for **bodily injury** up to the limit of liability stated in the Declarations as follows:

- 1) The limit stated for "each person" is the amount of coverage and the most we will pay for all damages because of or arising out of **bodily injury** to one person in any one **occurrence**.
- 2) The limit stated for "each occurrence" is the total amount of coverage and the most we will pay, subject to 4.a.(2)(a)1) above, for all damages because of or arising out of **bodily injury** to two or more persons in any one **occurrence**.

However, if the first named insured in the Declarations is an individual and the policy insures more than one **your automobile** for this coverage, our limit of liability for injury to only **you** and **your relative** is as follows:

1) if **you** or a **relative** is injured while **occupying your automobile**:

- a) the "each person" limit of liability shall be the sum of the "each person" limit of liability applying to such **automobile** and that portion of the "each person" limit of liability that applies to each additional **your automobile** that does not exceed the limit required by the South Carolina Motor Vehicle Financial Responsibility Act.
- b) the "each occurrence" limit of liability shall be the sum of the "each occurrence" limit of liability applying to such **automobile** and that portion of the "each occurrence" limit of liability that applies to each additional **your automobile** that does exceed the limit required by the South Carolina Motor Vehicle Financial Responsibility Act.

2) If **you** or a **relative** is injured while not **occupying an automobile**:

- a) the "each person" limit of liability shall be the sum of the highest "each person" limit of liability applicable to any one **your automobile** and that portion of the "each person" limit of

liability . . . applies to each additional **your automobile** that does not exceed the limit required by the South Carolina Motor Vehicle Financial Responsibility Act.

b) the "each occurrence" limit of liability shall be the sum of the highest "each occurrence" limit of liability applicable to any one **your automobile** and that portion of the "each occurrence" limit of liability that applies to each additional **your automobile** that does not exceed the limit required by the South Carolina Motor Vehicle Financial Responsibility Act.

3) If **you** or a **relative** is injured while **occupying** an **automobile** not owned by **you** or a **relative** the limit of liability shall be the highest "each person" and "each occurrence" limit of liability applicable to any one **your automobile**.

(b) We will pay damages for **property damage** up to the limit of liability stated in the Declarations which is the amount of coverage and the most we will pay for all claims of one or more persons or organizations in any one **occurrence**.

b. No Limit of Liability Is Increased because of the number of:

- (1) **automobiles** shown in the Declarations, except as provided in 4.a. above;
- (2) premiums charged in the Declarations;
- (3) claims made or suits brought;
- (4) persons injured; or
- (5) **automobiles** involved in the **occurrence**.

c. The amount we pay will not duplicate any amounts paid or payable for the same **bodily injury**:

- (1) under **SECTION II - LIABILITY COVERAGE** of the policy;
- (2) under any workers compensation, disability benefits or similar law; or
- (3) by or on behalf of any person or organization who may be legally responsible for the **bodily injury**.

d. With respect to any limit stated in the Declarations that exceeds the limit required by the South Carolina Motor Vehicle Financial Responsibility Act, the injured person is protected only to the extent such limit:

- (1) applies to the **automobile** involved in the **occurrence**; or
- (2) applies to any one **your automobile**, if none of them were involved in the **occurrence**.

5. OTHER UNDERINSURED MOTORIST COVERAGE

- a. If this coverage and other underinsured motorist coverage applies on a primary basis, we will pay **our** share. **Our** share shall be the ratio of **our** limit of liability to the total of all limits which apply on a primary basis.
- b. If this coverage and other underinsured motorist coverage applies on an excess basis, we will pay **our** share. **Our** share shall be the ratio of **our** limit of liability to the total of all limits which apply on an excess basis.

- c. The coverage applicable to automobiles you do not own shall apply as excess over any other coverage that applies. If there is other coverage, such coverage shall first be exhausted. Total damages payable shall not exceed the limit of liability of the applicable policy with the highest limit.

6. CONDITIONS

The following conditions apply in addition to those contained in **SECTION VI - GENERAL CONDITIONS** of the policy.

a. TIME LIMITATION FOR ACTIONS AGAINST US

Any person seeking Underinsured Motorist Coverage must:

- (1) present a claim for damages according to the terms and conditions of the policy; and
- (2) conform with any applicable statute of limitations applying to **bodily injury** claims in the state in which the accident occurred.

b. ARBITRATION

- (1) If we and a person entitled to Underinsured Motorist Coverage under this endorsement do not agree:

- (a) that the person is entitled to recover damages; or
- (b) to the amount of those damages

the matter may be arbitrated provided both we and the injured person agree to arbitration. If so, each party will select an arbitrator. The two arbitrators will select a third. If they cannot agree within 30 days, either may request that a judge of a court having jurisdiction make the selection.

- (2) Each party will pay its own arbitrator and share equally all other expenses of arbitration.
- (3) Arbitration will take place in the county and state in which the person entitled to coverage lives. Local rules of procedure and evidence will apply.
- (4) A decision by any two of the arbitrators will be binding and may be enforced by either party in a court of competent jurisdiction.

All other policy terms and conditions apply.

South Carolina
UNINSURED MOTORIST COVERAGE
Automobile Policy

79310 (7-05)

It is agreed:

1. DEFINITIONS

The following definitions apply in addition to those contained in **SECTION I - DEFINITIONS** of the policy.

a. **Occupying** means being in or on an **automobile** as a passenger or operator, or being engaged in the immediate acts of entering, boarding or alighting from an **automobile**.

b. **Uninsured automobile** means an **automobile**:

(1) to which no **bodily injury** and **property damage** liability insurance policy applies;

(a) at the time of the **occurrence**; or

(b) in at least the minimum amounts required by South Carolina Motor Vehicle Financial Responsibility Act.

(2) for which there is no bond or deposit of cash or securities in lieu of **bodily injury** and **property damage** liability insurance policy.

(3) insured by a company that is declared insolvent, or is in delinquency proceedings, suspension, or receivership or is proven unable fully to respond to a judgment.

(4) insured by a company that has successfully issued a denial of coverage.

(5) that is a hit and run **automobile**. By this we mean an **automobile** whose owner or operator is unknown:

(a) which causes **bodily injury** by actual physical contact with the injured person or the **automobile** the injured person is **occupying**; or

(b) which causes **property damage** by actual physical contact with property of yours or a relative.

Actual physical contact is not necessary if the **occurrence** was witnessed by a person other than the owner or operator of the insured **automobile** and such person signs an affidavit attesting to the truth of the facts of the **occurrence** contained in the affidavit.

An **occurrence** involving a hit and run **automobile** must be reported to the appropriate police authority within a reasonable time after the **occurrence**. You must not be negligent in failing to determine the identity of the other **automobile** and the operator of that **automobile** at the time of the **occurrence**.

Uninsured automobile does not include an **automobile**:

(1) owned or leased by, furnished to or available for regular use of you or anyone living with you;

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- (2) owned by the state of South Carolina or any of its political subdivisions when operated by a person with proper authorization;
- (3) operated on rails or crawler treads;
- (4) located for use as a residence or premises;
- (5) that is designed mainly for use off public roads except while actually on public roads; or
- (6) that is an underinsured automobile. An underinsured automobile is an automobile to which a liability bond or a liability insurance policy applies at the time of the occurrence:
 - (a) with limits of liability at least equal to or greater than the limits required by the South Carolina Motor Vehicle Financial Responsibility Act; and
 - (b) such limits of liability are less than the amount of damages the injured person is legally entitled to recover for bodily injury or property damage.

2. COVERAGE

- a. We will pay damages any person is legally entitled to recover from the owner or operator of an **uninsured automobile** for:
 - (1) **bodily injury** sustained while occupying an automobile that is covered by **SECTION II - LIABILITY COVERAGE** of the policy; and
 - (2) **property damage** to your automobile and to property of yours or a relative.
- b. If the first named insured in the Declarations is an individual, this coverage is extended as follows:
 - (1) We will pay compensatory damages you are legally entitled to recover from the owner or operator of any **uninsured automobile** for **bodily injury** you sustain:
 - (a) when you are not occupying an automobile that is covered by **SECTION II - LIABILITY COVERAGE** of the policy; or
 - (b) when occupying an automobile you do not own which is not covered by **SECTION II - LIABILITY COVERAGE** of the policy.
 - (2) The coverage extended in 2.b.(1) above is also afforded to a **relative** who does not own an automobile.
- c. The **bodily injury** and **property damage** must be accidental and arise out of the ownership, maintenance or use of the **uninsured automobile**.
- d. Whether an injured person is legally entitled to recover damages and the amount of the damages shall be determined by agreement between the injured person and us. We will not be bound by any judgments for damages obtained or settlements made without our written consent.

3. EXCLUSIONS

Uninsured Motorist Coverage does not apply:

- a. to any person injured while **occupying** or injured by any **automobile** which is owned or leased by such person injured if such **automobile**:
 - (1) is designed primarily for use on public roads;
 - (2) is required to be registered and licensed prior to its use on public roads; and
 - (3) is not insured for Underinsured Motorist Coverage by the policy.
- b. to any person who settles the **bodily injury** or **property damage** claim without our written consent.
- c. to directly or indirectly benefit an insurer or self-insurer under any workers compensation, disability benefits or similar law.
- d. to the first \$200 of the total amount of all **property damage** in any one **occurrence**.
- e. to directly or indirectly benefit any insurer of property.
- f. to damage to property for which the owner has been compensated by other property or physical damage insurance.

4. LIMIT OF LIABILITY

a. We will pay damages for **bodily injury** up to the limit of liability stated in the Declarations as follows:

- (1) The limit stated for "each person" is the amount of coverage and the most we will pay for all damages because of or arising out of **bodily injury** to one person in any one **occurrence**.
- (2) The limit stated for "each occurrence" is the total amount of coverage and the most we will pay, subject to 4.a.(1) above, for all damages because of or arising out of **bodily injury** to two or more persons in any one **occurrence**.

However, if the first named insured in the Declarations is an individual and the policy insures more than one **your automobile** for this coverage, our limit of liability for injury to only **you** and **your relative** is as follows:

(1) If **you** or a **relative** is injured while **occupying your automobile**:

- (a) the "each person" limit of liability shall be the sum of the "each person" limit of liability applying to such **automobile** and that portion of the "each person" limit of liability that applies to each additional **your automobile** that does not exceed the limit required by the South Carolina Motor Vehicle Financial Responsibility Act.
- (b) the "each occurrence" limit of liability shall be the sum of the "each occurrence" limit of liability applying to such **automobile** and that portion of the "each occurrence" limit of liability that applies to each additional **your automobile** that does not exceed the limit required by the South Carolina Motor Vehicle Financial Responsibility Act.

- (2) If you or a relative is injured while not occupying an automobile:
- (a) the "each person" limit of liability shall be the sum of the highest "each person" limit of liability applicable to any one **your automobile** and that portion of the "each person" limit of liability that applies to each additional **your automobile** that does not exceed the limit required by the South Carolina Motor Vehicle Financial Responsibility Act.
 - (b) the "each occurrence" limit of liability shall be the sum of the highest "each occurrence" limit of liability applicable to any one **your automobile** and that portion of the "each occurrence" limit of liability that applies to each additional **your automobile** that does not exceed the limit required by the South Carolina Motor Vehicle Financial Responsibility Act.
- (3) If you or a relative is injured while occupying an automobile not owned by you or a relative the limit of liability shall be the highest "each person" and "each occurrence" limit of liability applicable to any one **your automobile**.
- b. We will pay damages for **property damage** up to the limit of liability stated in the Declarations which is the amount of coverage and the most we will pay for all claims of one or more persons or organizations in any one **occurrence**.
- c. No Limit of Liability is increased because of the number of:
- (1) **automobiles** shown in the Declarations, except as provided in 4.a. above;
 - (2) premiums charged in the Declarations;
 - (3) claims made or suits brought;
 - (4) persons injured; or
 - (5) **automobiles** involved in the **occurrence**.
- d. The amount we pay will not duplicate any amounts paid or payable for the same **bodily injury**:
- (1) under **SECTION II - LIABILITY COVERAGE** of the policy;
 - (2) under any workers compensation, disability benefits or similar law; or
 - (3) by or on behalf of any person or organization who may be legally responsible for the **bodily injury**.
- e. With respect to any limit stated in the Declarations that exceeds the limit required by the South Carolina Motor Vehicle Financial Responsibility Act, the injured person is protected only to the extent such limit:
- (1) applies to the **automobile** involved in the **occurrence**; or
 - (2) applies to any one **your automobile**, if none of them were involved in the **occurrence**.

5. OTHER UNINSURED MOTORIST COVERAGE

- a. If this coverage and other uninsured motorist coverage applies on a primary basis, we will pay our share. Our share will be the ratio of our limit of liability to the total of all limits which apply on a primary basis.
- b. If this coverage and other uninsured motorist coverage applies on an excess basis, we will pay our share. Our share shall be the ratio of our limit of liability to the total of all limits which apply on an excess basis.
- c. The coverage applicable to automobiles you do not own shall apply as excess over any other coverage that applies. If there is other coverage, such coverage shall first be exhausted. Total damages payable shall not exceed the limit of liability of the applicable policy with the highest limit.

6. CONDITIONS

The following conditions apply in addition to those contained in **SECTION VI - GENERAL CONDITIONS** of the policy.

a. TIME LIMITATION FOR ACTIONS AGAINST US

Any person seeking Uninsured Motorist Coverage must:

- (1) present a claim for damages according to the terms and conditions of the policy; and
- (2) conform with any applicable statute of limitations applying to **bodily injury** claims in the state in which the accident occurred.

b. ARBITRATION

- (1) If we and a person entitled to Uninsured Motorist Coverage under this endorsement do not agree:

- (a) that the person is entitled to recover damages; or
- (b) to the amount of those damages

the matter may be arbitrated provided both we and the injured person agree to arbitration. If so, each party will select an arbitrator. The two arbitrators will select a third. If they cannot agree within 30 days, either may request that a judge of a court having jurisdiction make the selection.

- (2) Each party will pay its own arbitrator and share equally all other expenses of arbitration.
- (3) Arbitration will take place in the county and state in which the person entitled to coverage lives. Local rules of procedure and evidence will apply.
- (4) A decision by any two of the arbitrators will be binding and may be enforced by either party in a court of competent jurisdiction.

All other policy terms and conditions apply.

COMBINED LIMIT UNDERINSURED MOTORIST**Automobile Policy**

It is agreed:

When "Combined Underinsured Motorist" is shown under coverages in the Declarations, Paragraph 4. LIMIT OF LIABILITY of the UNDERINSURED MOTORIST COVERAGE endorsement is deleted and replaced by the following:

4. LIMIT OF LIABILITY

a. Our limit of liability for Underinsured Motorist Coverage shall not exceed the lowest of the following:

- (1) The amount by which the damages for all **bodily injury** and all **property damage** exceed the total limits of all liability bonds and policies available to the owner or operator of the **underinsured automobile** at the time of the **occurrence**; or
- (2) The Limit of Liability stated in the Declarations for Underinsured Motorist Coverage. The Limit of Liability is the amount of coverage and the most we will pay for all damages because of or arising out of all **bodily injury** and all **property damage** in any one **occurrence**.

However, if the first named insured in the Declarations is an individual and the policy insures more than one **your automobile** for this coverage, our limit of liability for injury to only **you** and **your relative** is as follows:

- (a) If **you** or a **relative** is injured while occupying or getting into or out of a **your automobile**, the limit of liability shall be the sum of the limit of liability applying to such **automobile** and that portion of the limit of liability that applies to each additional **your automobile** that does not exceed the limit required by the South Carolina Motor Vehicle Financial Responsibility Act.
- (b) If **you** or a **relative** is injured while not occupying or not getting into or out of an **automobile**, the limit of liability shall be the sum of the highest limit of liability applicable to any one **your automobile** and that portion of the limit of liability that applies to each additional **your automobile** that does not exceed the limit required by the South Carolina Motor Vehicle Financial Responsibility Act.
- (c) If **you** or a **relative** is injured while occupying or getting into or out of an **automobile** not owned by **you** or a **relative** the limit of liability shall be the highest limit of liability applicable to any one **your automobile**.

b. No Limit of Liability is increased because of the number of:

- (1) **automobiles** shown in the Declarations, except as provided in 4.a. above;
- (2) premiums charged in the Declarations;
- (3) claims made or suits brought;
- (4) persons injured; or
- (5) **automobiles** involved in the **occurrence**.

- c. The amount we pay will not duplicate any amounts paid or payable for the same **bodily injury**:
- (1) under **SECTION II - LIABILITY COVERAGE** of the policy;
 - (2) under any workers compensation, disability benefits or similar law; or
 - (3) by or on behalf of any person or organization who may be legally responsible for the **bodily injury**.
- d. With respect to any limit stated in the Declarations that exceeds the limit required by the South Carolina Motor Vehicle Financial Responsibility Act, the injured person is protected only to the extent such limit:
- (1) applies to the **automobile** involved in the **occurrence**; or
 - (2) applies to any one **your automobile**, if none of them were involved in the **occurrence**.
- All other policy terms and conditions apply.

South Carolina
COMBINED LIMIT UNINSURED MOTORIST
Automobile Policy

78322 (3-98)

It is agreed:

When "Combined Uninsured Motorist" is shown under Coverages in the Declarations, paragraph 4. LIMIT OF LIABILITY of the UNINSURED MOTORIST COVERAGE endorsement is deleted and replaced by the following:

4. LIMIT OF LIABILITY

- a. The Limit of Liability stated in the Declarations for Uninsured Motorist Coverage is the amount of coverage and the most we will pay for all damages because of or arising out of all **bodily injury** and all **property damage** in any one **occurrence**.

However, if the first named insured in the Declarations is an individual and the policy insures more than one **your automobile** for this coverage, our limit of liability for injury to only **you** and **your relative** is as follows:

- (1) If **you** or a **relative** is injured while occupying or getting into or out of a **your automobile**, the limit of liability shall be the sum of the limit of liability applying to such **automobile** and that portion of the limit of liability that applies to each additional **your automobile** that does not exceed the limit required by the South Carolina Motor Vehicle Financial Responsibility Act.
- (2) If **you** or a **relative** is injured while not occupying or not getting into or out of an **automobile**, the limit of liability shall be the sum of the highest limit of liability applicable to any one **your automobile** and that portion of the limit of liability that applies to each additional **your automobile** that does not exceed the limit required by the South Carolina Motor Vehicle Financial Responsibility Act.
- (3) If **you** or a **relative** is injured while occupying or getting into or out of an **automobile** not owned by **you** or a **relative** the limit of liability shall be the highest limit of liability applicable to any one **your automobile**.

- b. No Limit of Liability is increased because of the number of:

- (1) **automobiles** shown in the Declarations, except as provided in 4.a. above;
- (2) premiums charged in the Declarations;
- (3) claims made or suits brought;
- (4) persons injured; or
- (5) **automobiles** involved in the **occurrence**.

- c. The amount we pay will not duplicate any amounts paid or payable for the same **bodily injury**:

- (1) under **SECTION II - LIABILITY COVERAGE** of the policy;
- (2) under any workers compensation, disability benefits or similar law; or
- (3) by or on behalf of any person or organization who may be legally responsible for the **bodily injury**.

- d. With respect to any limit stated in the Declarations that exceeds the limit required by the South Carolina Motor Vehicle Financial Responsibility Act, the injured person is protected only to the extent such limit:

- (1) applies to the **automobile** involved in the **occurrence**; or
- (2) applies to any one **your automobile**, if none of them were involved in the **occurrence**.

All other policy terms and conditions apply.

AMENDMENT OF TRAILER LIABILITY COVERAGE
Automobile Policy

79419 (3-99)

It is agreed:

Under **SECTION II - LIABILITY COVERAGE, 1. COVERAGE**, paragraph **b. Trailers** is deleted and replaced by the following:

b. Trailers

- (1) The Liability Coverage provided by this policy for your **automobile** (that is not a **trailer**) or provided for any other **automobile** (that is not a **trailer**) extends:
 - (a) to any **trailer** connected to or accidentally disconnected from such **automobile**. This coverage includes the **trailer** owner.
 - (b) to any non-motorized farm machine or farm wagon while connected to or accidentally disconnected from such **automobile**. This coverage includes the non-motorized farm machine or farm wagon owner. No coverage applies to the operation or to the loading or unloading of the non-motorized farm machine or the farm wagon.
- (2) The Liability Coverage provided by this policy to your **automobile** (that is not a **trailer**) also extends:
 - (a) to any **trailer** not maintained or used for commercial purposes:
 - 1) which is owned by **you**.
 - 2) if **you** are an individual:
 - a) which is owned by a **relative** who also owns an **automobile** (that is not a **trailer**) scheduled in the Declarations; or
 - b) which is owned by a **relative** who does not own an **automobile** other than the **trailer**.
 - 3) which is owned by any other individual who owns an **automobile** (that is not a **trailer**) which is scheduled in the Declarations or a relative of such individual who does not own an **automobile** other than the **trailer**. As used in only this subparagraph 3), **relative** means a person who resides with such individual and who is related to that individual by blood, marriage or adoption including a ward or foster child who resides with the individual.
 - 4) which is not owned by an individual or organization described in 1, 2) or 3) above while the trailer is in the care, custody or control of such individual or organization.

Coverage is extended only when such **trailer**:

- 1) is not connected to an **automobile**. This coverage applies only to an individual or organization described in 1), 2), or 3) above for liability for ownership or use of the **trailer**.
 - 2) is connected to an **automobile** (that is not a **trailer**) to which Liability Coverage is not provided by this policy. This coverage applies to only the **trailer** owner's liability arising from use of the **trailer** by an individual or organization other than the **trailer** owner. No coverage applies to the owner or operator of the **automobile** or to the owner of a **trailer** described in 4) above.
- (b) to any **trailer** maintained or used for commercial purposes:
- 1) which is owned by **you**; or
 - 2) which is owned by any other insured named in the Declarations, other than an additional insured.
 - 3) which is not owned by an individual or organization described in 1) or 2) above while the **trailer** is in the care, custody or control of such individual or organization.

Coverage is extended only when such trailer:

- 1) is not connected to an **automobile**. This coverage applies only to an individual or organization described in 1) or 2) above for liability for ownership or use of the **trailer**.
- 2) is connected to an **automobile** (that is not a **trailer**) to which Liability Coverage is not provided by this policy. This coverage applies to only to the **trailer** owner's liability arising from use of the **trailer** by an individual or organization other than the **trailer** owner. No coverage applies to the owner or operator of the **automobile** or the owner of a **trailer** described in 3) above.

(3) Trailer Premium

The premium for this coverage is based upon the **trailer** exposure **you** tell **us** **you** have at the beginning of each policy term. The total premium for this coverage shall be computed when **we** determine **your** actual **trailer** exposure at the end of each policy term based upon the rules and rates in effect at inception of that policy term.

All other policy terms and conditions apply.

EMPLOYERS' NONOWNERSHIP LIABILITY
Automobile Policy

79503 (3-99)

It is agreed:

1. COVERAGE

- a. **SECTION II - LIABILITY COVERAGE** extends to:
 - (1) a **private passenger automobile** or motorcycle:
 - (a) **you** do not own or hire;
 - (b) while used by any person in **your** business; and
 - (2) a commercial **automobile** (that is not a trailer);
 - (a) **you** do not own or hire;
 - (b) while infrequently or occasionally used by **your** employee in **your** business.
- b. This coverage extension applies only to:
 - (1) **you**; and
 - (2) **your** executive officers and partners, if **you** are a corporation or partnership.

2. EXCLUSIONS

This coverage extension does not apply:

- a. to any **automobile** or motorcycle **you** own or hire;
- b. to any **automobile** or motorcycle **you** operate, if **you** are an individual; or
- c. to **your** executive officers and partners for any **automobile** they own.
- d. to any **automobile** covered by any other provision or extension of the policy.

3. OTHER INSURANCE

This extension of coverage is excess of any other available insurance.

All other policy terms and conditions apply.

**AMENDATORY ENDORSEMENT - MOBILE SPECIAL EQUIPMENT
and ROAD CONSTRUCTION, MAINTENANCE AND SPECIAL
EQUIPMENT
Automobile Policy**

It is agreed:

1. DEFINITIONS

Under **SECTION I - DEFINITIONS**, the following definitions are added:

a. **Road construction, maintenance and special equipment** means any of the following types of automobiles, whether self-propelled or not:

- (1) one that travels on crawler treads;
- (2) one designed primarily for use off public roads;
- (3) one maintained for use solely on or next to premises you own, rent or lease;
- (4) forklift;
- (5) farm machinery;
- (6) bulldozer;
- (7) crane;
- (8) power shovel, steam shovel or gas shovel;
- (9) ditch or trench digger;
- (10) loader;
- (11) digger;
- (12) drill;
- (13) road grader;
- (14) road scraper;
- (15) road roller;
- (16) road oiler;
- (17) asphalt spreader;
- (18) tar spreader;
- (19) concrete mixer;
- (20) fertilizer spreader or applicator;
- (21) platform lift;
- (22) snow plow;
- (23) one maintained primarily to provide mobility to permanently attached equipment such as:
 - a) cherry pickers and similar devices to raise and lower workers;
 - b) tree or other spraying equipment;
 - c) air compressors;
 - d) pumps;
 - e) generators;
 - f) welding equipment;
 - g) lighting equipment;
 - h) building cleaning equipment;
 - i) well drilling equipment;
 - j) geophysical exploration equipment;
 - k) septic tank cleaning equipment;
 - l) vacuum cleaning equipment;
 - m) sandblasting equipment; or
- (24) any similar equipment.

b. **Mobile special equipment** means self-propelled road construction, maintenance and special equipment that:

- (1) is owned by you;
- (2) is not scheduled in the Declarations for Liability coverage;
- (3) is being operated on a public roadway at the time of the occurrence; and
- (4) is subject to a financial responsibility or compulsory insurance law at the time of the occurrence.

2. **SECTION II - LIABILITY COVERAGE** is amended as follows:

a. **SECTION II - LIABILITY COVERAGE** is extended to mobile special equipment.

b. The following provision is added to 1. **COVERAGE**, c. **Other Automobiles Covered**:

to any road construction, maintenance and special equipment:

- (1) which is not self-propelled; and
- (2) while towed by your automobile

provided that your automobile is insured for Liability Coverage by the policy.

c. The following exclusions are added to 2. **EXCLUSIONS**:

(1) to any occurrence arising out of the operation, maintenance or use of any road construction, maintenance and special equipment. This exclusion does not apply if the operation is solely for the purpose of locomotion on a public roadway at the time of the occurrence if the road construction, maintenance and special equipment is insured for Liability Coverage by the policy.

(2) to any occurrence arising out of the operation, maintenance or use of any mobile special equipment not being operated on a public roadway at the time of the occurrence.

(3) to any occurrence covered by insurance provided by any other policy, form or endorsement.

d. Under 4. **LIMIT OF INSURANCE**, the following provision is added:

The limit of liability applicable to mobile special equipment shall not exceed the highest limit of liability stated in the Declarations for any one of your automobiles as applied according to **SECTION II - LIABILITY COVERAGE**, 4. **LIMIT OF LIABILITY** of the policy.

e. 5. **FINANCIAL RESPONSIBILITY AND COMPULSORY INSURANCE LAWS** is deleted and replaced by the following as it applies mobile special equipment only.

5. **FINANCIAL RESPONSIBILITY AND COMPULSORY INSURANCE LAWS**

While mobile special equipment is subject to laws of another state or Canada, we will:

- a. Increase the Limit of Liability for Liability Coverage to comply with the minimum requirements of a financial responsibility or compulsory insurance law of the jurisdiction where the mobile special equipment is being operated; and
- b. afford the minimum amounts for the types of mandatory coverages required by the jurisdiction where the mobile special equipment is being operated.

f. Under 6. **OTHER INSURANCE**, the following provision is added:

Coverage provided for road construction, maintenance and special equipment and mobile special equipment shall apply only if no other insurance applies.

All other policy terms and conditions apply.

HIRED AUTOMOBILE PHYSICAL DAMAGE COVERAGE
Automobile Policy

79520 (12-02)

It is agreed:

1. **SECTION III - DAMAGE TO YOUR AUTOMOBILE; 1. COVERAGES, c. Comprehensive Coverage and d. Collision Coverage** extend to an automobile you hire, lease or borrow or which is hired, leased or borrowed on your behalf with your expressed permission for use in your business except an automobile owned by:
 - a. you;
 - b. your executive officers or partners; or
 - c. a household member of 1.a. and 1.b. above.
2. **SECTION III - DAMAGE TO YOUR AUTOMOBILE, 1. COVERAGES, f. Other Automobiles Covered; and 3. COVERAGE EXTENSIONS** are deleted.
3. **SECTION III - DAMAGE TO YOUR AUTOMOBILE, 4. LIMIT OF LIABILITY** is deleted and replaced by:
 4. **LIMIT OF LIABILITY**
 - a. We will pay no more than the lowest of the following:
 - (1) the actual cash value of stolen or damaged property; or
 - (2) the necessary cost to repair or replace the property or damaged parts with material of the same kind and quality.In no event will we pay more than \$200,000 per automobile.
 - b. The Comprehensive Coverage and Collision Coverage deductibles stated in the Declarations apply separately to each automobile covered by this insurance.
4. The following conditions apply in addition to those contained in **SECTION VI - GENERAL CONDITIONS** of the policy.
 - a. **Premium**
 - (1) The premium stated in the Declarations for this coverage is provisional. We shall compute the earned premium for each policy term on the basis of the total cost you incur to hire automobiles during that term. We shall use the rate for this coverage in effect on the inception date of the term.
 - (2) Additional premium will be charged or a refund made, whichever is appropriate. However, we shall retain the minimum premium for this coverage extension.
 - b. **Examination of Your Books and Records**

We may examine and audit your books and records to determine the premium for this coverage extension at any time:

- (1) during the policy term; and
- (2) within one year after expiration of this insurance.

c. OTHER INSURANCE

This coverage extension is excess over any other insurance available to **you** or the owner of the **automobile**. However, if such other insurance is subject to a deductible greater than the deductible which applies to this coverage, we will pay the difference between the two deductibles.

d. SETTLEMENT

We may adjust the claim under this coverage with either **you** or the owner of the **automobile you** hire, lease or borrow, whomever we choose.

All other policy terms and conditions apply.

HIRED AUTOMOBILE LIABILITY COVERAGE
Automobile Policy

79521 (3-99)

It is agreed:

1. **SECTION II - LIABILITY COVERAGE; 1. COVERAGE; a. Liability Coverage - Bodily Injury and Property Damage** extends to an **automobile** (that is not a trailer) you hire, lease or borrow or which is hired, leased or borrowed on your behalf with your expressed permission for use in your business. This coverage extension does not apply to:
 - a. any **automobile** (that is not a trailer):
 - (1) you own;
 - (2) owned by your executive officers or partners; or
 - (3) you lease while such **automobile** (that is not a trailer):
 - (a) is leased to you in writing in accordance with a written agreement in which the lessor holds you harmless; and
 - (b) is used pursuant to operating rights (permits) granted to you by a public authority.
 - b. the owner of an **automobile** (that is not a trailer) you hire, lease or borrow or the owner's agents or employees.
 - c. a lessee from whom you sublease an **automobile** (that is not a trailer) or the lessee's agents or employees.
 - d. any **automobile** that is covered by any other provision or extension of the policy.
2. The following conditions apply in addition to those contained in **SECTION VI - GENERAL CONDITIONS** of the policy.
 - a. **Premium Determination**
 - (1) The premium stated in the Declarations for this coverage extension is provisional. We shall compute the earned premium for each policy term on the basis of the total cost you incur to hire **automobiles** (that are not trailers) during that term. We shall use the rate for the coverage in effect on the inception date of the term.
 - (2) Additional premium will be charged or a refund made, whichever is appropriate. However, we shall retain the minimum premium for this coverage extension.
 - b. **Examination of Your Books and Records**

We may examine and audit your books and records to determine the premium for this coverage at any time:

 - (1) during the policy term, and
 - (2) within one year after the expiration of this insurance.
 - c. **Other Insurance**

This coverage extension is excess of any other available insurance.

All other terms and conditions of the policy apply.

POLLUTION LIABILITY EXCLUSION
Automobile Policy

79524 (6-92)

It is agreed:

SECTION II - LIABILITY COVERAGE does not apply to:

1. **Bodily injury or property damage** resulting from the actual, alleged or threatened discharge, release, escape, seepage, migration, or dispersal of **pollutants**:
 - a. that are, or are contained in any property that is:
 - (1) being transported or towed by, handled or prepared for placement into or upon, or taken from the **automobile**;
 - (2) otherwise in the course of transit by you or on your behalf; or
 - (3) being disposed of, stored, treated or processed into or upon the **automobile**;
 - b. before such **pollutants** or property containing **pollutants** are moved from the place they are accepted by you or anyone acting on your behalf for placement into or onto the **automobile**; or
 - c. after such **pollutants** or property containing **pollutants** are removed from the **automobile** to where they are delivered, disposed of or abandoned by you or anyone acting in your behalf.
 - 1.a. above does not apply to **pollutants** that are needed or result from the normal mechanical, electrical or hydraulic functioning of the **automobile** or its parts, if the discharge, release, escape, seepage, migration or dispersal of such **pollutants** is directly from a part of the **automobile** designed to hold, store, receive or dispose of such **pollutants** by the **automobile** manufacturer.
 - 1.b. and 1.c. above do not apply, if as a direct result of the maintenance or use of the **automobile**, **pollutants** or property containing **pollutants** which are not in or upon the **automobile**, are upset, overturned or damaged at any premises not owned by or leased to you. The discharge, release, escape, seepage, migration or dispersal of the **pollutants** must be directly caused by such upset, overturn or damage.
2. Any loss, cost or expense arising out of any:
 - a. request, demand or order that you or anyone else test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of **pollutants**; or
 - b. claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of **pollutants**.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, liquids, gases and waste. Waste materials include materials to be recycled, reconditioned or reclaimed.

All other policy terms and conditions apply.

LOSS OF USE - RENTAL FEE REIMBURSEMENT
Automobile Policy

79538 (7-94)

It is agreed:

1. COVERAGE

If **your automobile** is a **private passenger automobile** insured for Comprehensive Coverage and Collision Coverage by the policy; and

- a. those coverages extend to a **private passenger automobile** you rent from a licensed rental automobile agency; and
- b. that rental **automobile** sustains loss or damage covered by the policy;

we will reimburse you for payment of the daily or weekly rental fee that would have been paid if the rental **automobile** had not sustained loss or damage.

2. CONDITIONS

The following conditions apply in addition to those contained in **SECTION VI - GENERAL CONDITIONS** of the policy.

- a. You must be required by the rental agreement to continue payment of the daily or weekly rental fee when loss or damage to the rental **automobile**:
 - 1) prevents rental of that **automobile** to others; and
 - 2) the loss or damage is covered by the policy.
- b. You must report the **occurrence** that results in the rental **automobile** being unavailable for use to us as soon as practicable.
- c. We will provide this coverage for a period beginning the day following the **occurrence** and ending, regardless of the policy expiration date, at the earliest of the following:
 - 1) the day repairs to the rental **automobile** are completed;
 - 2) the day we make payment for replacement of the rental **automobile**; or
 - 3) thirty (30) days after the date coverage begins.

However, coverage will not exceed a period longer than that required to repair or replace the rental **automobile**, exercising due diligence and dispatch.

- d. You must submit proper receipts to us for all expenses claimed under this coverage.
- e. If you are covered by your employer's insurance policy, then the Company writing your employer's insurance policy has primary responsibility to pay claims arising from the use of the rented vehicle. The coverage provided by this endorsement shall be excess over any coverage provided by your employer's policy.

All other policy terms and conditions apply.

ADDITIONAL EXPENSE COVERAGE
Automobile Policy

79537 (6-82)

It is agreed:

SECTION III - DAMAGE TO YOUR AUTOMOBILE, 3. COVERAGE EXTENSIONS, b. Loss of Use By Theft is deleted and replaced by the following:

b. Loss Of Use

(1) If Comprehensive Coverage or Collision Coverage, provided by this policy, apply to loss of or damage to **your automobile**, we will reimburse **you** for the actual amount paid for necessary additional transportation expenses subject to the following:

(a) If **your automobile** is stolen, we will reimburse **you** for expenses incurred during the period:

- 1) beginning 48 hours after **you** report the theft to **us** and the police; and
- 2) ending, regardless of the policy expiration date, on the day:
 - a) **your automobile** is returned; or
 - b) **we** offer to pay for its loss.

(b) If **we** determine **your automobile** is a constructive total loss by reason other than theft, we will reimburse **you** for expenses incurred during the period:

- 1) beginning the day the **occurrence** is reported to **us**; and
- 2) ending, regardless of the policy expiration date, on the day **we** offer to pay for its loss.

(c) If **your automobile** sustains other covered loss or damage, we will reimburse **you** for expenses incurred during the period:

- 1) beginning the day **your automobile** becomes unavailable for use, provided **you** have reported the loss or damage to **us**; and
- 2) ending, regardless of the policy expiration date, on the day repairs are completed.

However, **we** will not reimburse expenses for a period longer than that required to repair **your automobile** exercising due diligence and dispatch.

(d) **Our** reimbursement will not exceed the:

- 1) per day limit; and
- 2) total limit for any one **occurrence**;

stated in the Declarations for this coverage.

(2) **We** will reimburse **you** for reasonable expenses, other than transportation expenses, incurred during a period of 24 hours following the covered **occurrence** in which **your automobile** was accidentally damaged. These expenses must be unavoidably incurred as a direct result of that damage. They may include but are not limited to food and lodging.

(3) **You** must submit proper receipts to **us** for all expenses claimed under b.(1) and b.(2) above.

(4) Application of a Comprehensive Coverage or Collision Coverage deductible does not affect this coverage.

All other policy terms and conditions apply.

COMBINED LIMIT OF LIABILITY
Automobile Policy

It is agreed:

Under **SECTION II - LIABILITY COVERAGE, 4. LIMIT OF LIABILITY** is deleted and replaced by the following:

LIMIT OF LIABILITY

We will pay damages for **bodily injury** or **property damage** up to the limit of liability stated in the Declarations for this coverage. Such damages shall be paid as follows:

- a. The limit stated for "each occurrence" is the total amount of coverage and the most we will pay for damages because of or arising out of all **bodily injury** and **property damages** in any one **occurrence**.
- b. Subject to the provisions of a. above, the limit of liability applicable to a **trailer**, non-motorized farm machine or farm wagon which is connected to an **automobile** covered by this policy shall be the limit of liability stated in the Declarations for this coverage as it applies to such **automobile**. The **automobile** and connected **trailer**, non-motorized farm machine or farm wagon are considered one **automobile** and do not increase the limit of liability.
- c. The limit of liability applicable to a **trailer** covered by this policy:

(1) which is not connected to an **automobile**; or

(2) which is connected to an **automobile** not covered by this policy;

shall be the limit liability applicable to **your automobile**. If this policy covers more than one of **your automobiles**, the highest limit of liability applicable to any one such **automobile** shall apply.

- d. The limit of liability for this coverage may not be added to the limits for the same or similar coverage applying to other **automobiles** insured by this policy to determine the amount of coverage available for any one occurrence regardless of the number of:

(1) **automobiles** shown in the Declarations;

(2) premiums charged in the Declarations or premiums paid;

(3) claims presented or suits brought;

(4) persons injured; or

(5) **automobiles** involved in the **occurrence**.

All other policy terms and conditions apply.

NEWLY ACQUIRED AUTOMOBILE COVERAGE
Automobile Policy

79540 (3-99)

It is agreed:

1. COVERAGE

Provided all **automobiles** you own that are licensed for use on public roadways, except any that are out of service because of mechanical breakdown or damage sustained in an accident, are scheduled in the Declarations on the inception date of the current policy term:

- a. we will extend the following coverages to any additional **automobile** (that is not a **trailer**) which you acquire during the policy term:

- (1) Liability Coverage;
- (2) \$100 Deductible Comprehensive Coverage;
- (3) \$250 Deductible Collision Coverage;
- (4) Uninsured Motorist Coverage and Underinsured Motorist Coverage; and
- (5) Automobile Medical Payments or any mandatory no-fault insurance coverages.

- b. we will extend the following coverages to any additional **trailers** which you acquire during the policy term:

- (1) \$100 Deductible Comprehensive Coverage; and
- (2) \$250 Deductible Collision Coverage.

These coverages shall apply as they are provided by the policy for the **automobiles** which are scheduled in the Declarations. Coverage shall apply only for the remainder of the policy term. However, with regard to comprehensive and collision coverages:

- a. we shall extend only those coverages (regardless of deductible) common to all of your **automobiles** scheduled in the Declarations.
- b. you may at any time during the first 30 days after you take possession of the **automobile**, purchase the broadest coverages applicable to any one **automobile** scheduled in the Declarations.

2. CONDITIONS

The following conditions apply to this coverage extension in addition to those contained in **SECTION VI - GENERAL CONDITIONS** of the policy.

- a. If a claim is made under the terms of this coverage extension, you shall be charged the appropriate premium for the **automobile** involved in the loss. The premium charge shall be made from the date you took possession of the **automobile** through the end of the current policy term.
 - b. We may examine and audit your books and records to determine the premium for this coverage at any time:
 - (1) during the policy term; and
 - (2) within one year after the expiration of this insurance.
 - c. You shall report all additional **automobiles** to us within 30 days following the expiration of each policy term.
 - d. We shall compute the actual earned premium for each policy term on a pro-rata basis determined by the number of additional **automobiles** you acquire during such policy term.
- 3. Under **SECTION II-LIABILITY COVERAGE, 1. COVERAGES c. Other Automobiles Covered**, subparagraph (2)(b) is deleted.
 - 4. Under **SECTION III-DAMAGE TO YOUR AUTOMOBILE, 1. COVERAGES, f. Other Automobiles Covered**, subparagraph (2)(b) is deleted.

All other policy terms and conditions apply.

South Carolina
POLICY CANCELLATION AND NONRENEWAL
Automobile Policy

79702 (4-98)

1. DEFINITIONS

The following definition applies to the provisions of this endorsement.

Small commercial risk means:

- a. garage risks including nonmotor vehicle insurance when written in combination with automobile liability coverage;
- b. ambulance risks;
- c. commercial risks which have a load capacity less than ten thousand pounds and are not required to have a mandatory filing by a governmental authority other than an SR-22;
- d. church buses used by a church to transport adults or children to and from services and in activities incidental to church functions, so long as a mandatory filing by any governmental authority other than an SR-22 is not required; and
- e. privately owned school buses used to carry school children and students, their parents or guardians, members of the faculty, school board members, nurses, doctors, and dentists, as well as guests in connection with any school activity and operations incidental thereto, including games, outings, and similar road trips, so long as a mandatory filing by any governmental authority other than an SR-22 is not required.

Small commercial risk does not include pulpwood trucks or dump trucks.

2. The following conditions apply in addition to those contained in SECTION VI - GENERAL CONDITIONS of the policy.

a. CANCELLATION

- (1) If this policy covers a **small commercial risk**, has been in effect 60 days or less and is not a renewal:
 - (a) the policy may be canceled only if:
 - 1) a check or bank draft tendered by **you** for payment of premium is returned unpaid for insufficient funds or other reason by **your** financial institution; or
 - 2) **you** produce satisfactory proof from the Department of Highways and Public Transportation that **you** have sold or otherwise disposed of **your automobile** or surrendered its tags and registration.
 - (b) **we** may cancel this policy by mailing or delivering written notice stating the reason for cancellation to **you** at the address shown in the Declarations at least 15 days prior to the effective date of the cancellation. However, **we** shall cancel this policy only for:
 - 1) nonpayment of premium; or
 - 2) suspension or revocation of:
 - a) **your** driver's license; or
 - b) the driver's license of any other operator who either:
 - i) lives in **your** household; or
 - ii) customarily operates **your automobile**.
- (2) If this policy covers only **automobiles** other than **small commercial risks**, has been in effect 60 days or less and is not a renewal:

(a) the policy may be canceled only if:

- 1) a check or bank draft tendered by **you** for payment of premium is returned unpaid for insufficient funds or other reason by **your** financial institution; or
- 2) **you** produce satisfactory proof from the department that **you** have sold or otherwise disposed of **your** automobile or surrendered its tags and registration.

(b) we may cancel this policy by mailing or delivering written notice stating the reason for cancellation to **you** at the address shown in the Declarations:

- 1) at least 10 days prior to the effective date when cancellation is for nonpayment of premium; or
- 2) at least 30 days prior to the effective date when cancellation is for other than nonpayment of premium.

However, if this policy has been in effect for 90 days or more, we may cancel for only one or more of the following reasons:

- 1) material misrepresentation of fact, if known to **us**, would have caused **us** not to issue the policy;
- 2) substantial change in the risk insured, except to the extent that we should reasonably have foreseen the change or contemplated the risk in writing the policy;
- 3) substantial breaches of contractual duties, conditions or warranties by **you**; or
- 4) loss of **our** reinsurance covering all or a significant portion of the particular policy insured or where continuation of the policy would imperil **our** solvency or place **us** in violation of the insurance laws of South Carolina.

b. NONRENEWAL

- (1) If this policy covers a **small commercial risk**, we may nonrenew this policy for any reason specified in Part A, Section III of South Carolina Regulation 69-13 (1988) by mailing or delivering written notice stating the reason for nonrenewal to **you** at the address shown in the Declarations at least 15 days prior to the expiration of the policy.
- (2) If this policy covers only **automobiles** other than **small commercial risks**, we may nonrenew this policy by mailing or delivering written notice stating the reason for nonrenewal to **you** at the address shown in the Declarations at least 30 days prior to the expiration of the policy.

All other policy terms and conditions apply.

**SECTION III - DAMAGE TO YOUR AUTOMOBILE AMENDATORY
ENDORSEMENT**
Automobile Policy

It is agreed:

1. Under **SECTION III - DAMAGE TO YOUR AUTOMOBILE**, 1. COVERAGES a., b., c. and d. are deleted and replaced by the following:

1. COVERAGES

a. Fire Coverage

We will pay for direct physical damage to **your automobile** and its **equipment** caused by:

- (1) fire or lightning.
- (2) smoke or smudge because of a sudden, unusual or faulty operation of any fixed heating equipment where **your automobile** is stored.
- (3) windstorm, hail, earthquake, explosion, external discharge or leakage of water. We cover damage resulting from the stranding, sinking, burning, collision or derailment of any equipment being used to transport **your automobile** on land or water. We will also pay for general average and salvage charges for which you may be legally responsible.

b. Theft Coverage

We will pay for direct physical loss of or direct physical damage to **your automobile** and its **equipment** caused by theft, larceny, robbery or pilferage. We cover your loss when you are tricked into giving **your automobile** to another person.

c. Comprehensive Coverage

We will pay for direct physical loss of or direct physical damage to **your automobile** and its **equipment** from any cause except upset or collision with another object or with a vehicle to which it is attached.

We will also pay for:

- (1) glass breakage from any cause including upset or collision;
- (2) damage caused by missiles or falling objects; and
- (3) damage caused by collision with an animal or bird.

When a deductible is indicated in the Declarations for this coverage, we will reduce our payment by that amount.

d. Collision Coverage

We will pay for direct physical damage to **your automobile** and its **equipment** caused by accidental collision with another object or by accidental upset.

When a deductible is indicated in the Declarations for this coverage, we will reduce our payment by that amount. If **your automobile** is a **private passenger automobile**, the deductible does not always apply. The deductible shall not apply:

(1) In a collision with another automobile:

(a) we insure and which **you** do not own, rent or have in **your** care, custody or control; or

(b) whose owner or operator has been identified; and

1) is legally responsible for the entire amount of the damage; and

2) is covered by a **property damage** liability policy or bond;

but only if the damage exceeds the deductible amount.

(2) to **your** legally parked **private passenger automobile** in the event it is accidentally struck by another of **your private passenger automobiles**, provided Collision Coverage applies to both such **automobiles**.

2. Under SECTION III - DAMAGE TO YOUR AUTOMOBILE, 2. EXCLUSIONS, the following exclusion is added:

any real or perceived reduction in market value of **your automobile** after it has been repaired as compared to the real or perceived market value of **your automobile** prior to such loss or damage.

All other policy terms and conditions apply.

EXCLUSION OF NUCLEAR, BIOLOGICAL OR CHEMICAL TERRORISM

Automobile Policy

It is agreed:

- A. Under **SECTION I - DEFINITIONS**, the following definition is added:

Terrorism means activities against persons, organizations or property of any nature:

1. That involve the following or preparation for the following:
 - a. Use or threat of force or violence; or
 - b. Commission or threat of a dangerous act; or
 - c. Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and
2. When one or both of the following applies:
 - a. The effect is to intimidate or coerce a government or the civilian population or any segments thereof, or to disrupt any segment of the economy; or
 - b. It appears that the intent is to intimidate or coerce a government or the civilian population, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

- B. Under **SECTION II - LIABILITY COVERAGE, 2. EXCLUSIONS**, the following exclusion is added:

Liability Coverage does not apply to any person or organization for **bodily injury or property damage** caused directly or indirectly by **terrorism**, including action in hindering or defending against an actual or expected incident of **terrorism**. All

bodily injury or property damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to such injury or damage. This exclusion applies only when one or more of the following are attributed to an incident of **terrorism**:

1. 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;
2. Radioactive material is released, and it appears that one purpose of the **terrorism** was to release such material;
3. The **terrorism** is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
4. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the **terrorism** was to release such materials.

- C. Under **SECTION III - DAMAGE TO YOUR AUTOMOBILE, 2. EXCLUSIONS**, the following exclusion is added:

Fire, Theft, Comprehensive and Collision Coverages do not apply to loss of or damage to any **automobile** caused directly or indirectly by **terrorism**, including action in hindering or defending against an actual or expected incident of **terrorism**. Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage. This exclusion applies only when one or more of the following are attributed to an incident of **terrorism**:

1. 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;
 2. Radioactive material is released, and it appears that one purpose of the **terrorism** was to release such material;
 3. The **terrorism** is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
 4. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the **terrorism** was to release such materials.
- D. 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, regardless of whether this endorsement was in effect during the entirety of that time period or not.
- All other policy terms and conditions apply.

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AMENDATORY ENDORSEMENT
SECTION II - LIABILITY COVERAGE
Automobile Policy

It is agreed:

Under **SECTION II - LIABILITY COVERAGE, 2. EXCLUSIONS, 1.** is deleted and replaced by the following:

1. to any person or organization for damage to property or an **automobile** owned by, rented to or in the care, custody or control of that person or organization. This exclusion does not apply to **property damage** to a residence or private garage, caused by a **private passenger automobile**, when the residence or private garage is rented to or is in the care, custody or control of that person or organization.

All other policy terms and conditions apply.

Page 1 of 1

This policy is a legal contract between you and us. Your policy includes the Declarations, any listed forms and any form issued to endorse the policy. The policy contains all agreements existing between you and us or any of our agents.

READ YOUR POLICY CAREFULLY. This cover sheet provides only a brief outline of some of the important features of your policy. The policy itself sets forth, in detail, the rights and obligations of both you and your insurance company. **IT IS THEREFORE IMPORTANT THAT YOU READ YOUR POLICY.**

A QUICK GUIDE TO YOUR POLICY

The DECLARATIONS contain:

- YOUR NAME
- POLICY TERM
- YOUR AUTOMOBILE
- COVERAGES
- LIMITS OF LIABILITY
- ENDORSEMENTS THAT APPLY

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INSURING AGREEMENT

The attached Declarations describe the **automobile(s)** we insure and the Coverages and Limits of Liability for which **you** have paid a premium. We agree to insure the described **automobile(s)** for those Coverages and Limits of Liability subject to the terms and conditions of this policy. In return **you** must pay the premium and comply with all the terms and conditions of this policy.

SECTION I - DEFINITIONS

To understand this policy, **you** must understand the meaning of the following words. These words appear in **bold face type** whenever used in this policy and endorsements attached to this policy.

1. **Automobile** means a **private passenger automobile**, a truck, truck tractor, **trailer**, **farm implement** or other land motor vehicle.
2. **Bodily injury** means physical injury, sickness or disease sustained by a person including resulting death of that person.
3. **Equipment** means an apparatus or device permanently attached to or installed in **your automobile**. **Equipment** includes an apparatus or device specifically for use with **your automobile**.
4. **Farm implement** means motorized self-propelled farm machinery.
5. **Insured contract** means:
 - a. a lease of premises;
 - b. a sidetrack agreement;
 - c. an easement or license agreement in connection with vehicle or pedestrian private railroad crossings at grade;
 - d. any other easement agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
 - e. an indemnification of a municipality as required by ordinance, except in connection with work for a municipality; or
 - f. that part of any other contract or agreement pertaining to **your** business under which **you** assume the tort liability of another to pay damages because of **bodily injury** or **property damage** to a third person or organization, if the contract or agreement is made before the **bodily injury** or **property damage** occurs. Tort liability means liability that would be imposed by law in the absence of any contract or agreement.
6. **An insured contract** does not include that part of any contract or agreement:
 - a. that pertains to the loan, lease or rental of an **automobile to you**; or
 - b. that holds a person or organization engaged in the business of transporting property for hire harmless for **your** use of **your automobile** over a route or territory that person or organization is authorized to serve by public authority.
7. **Occurrence** means an accident that results in **bodily injury** or **property damage** and includes, as one **occurrence**, all continuous or repeated exposure to substantially the same generally harmful conditions.
8. **Private passenger automobile** means:
 - a. a passenger or station wagon type **automobile** with four or more wheels;
 - b. pickup or van type **automobile** with a gross weight of 15,000 pounds or less which is not used in the business of carrying passengers for hire; or
 - c. a motorhome.
9. **Property damage** means damage to or destruction of tangible property including resulting loss of use of that property.
10. **Relative** means a person who resides with **you** and who is related to **you** by blood, marriage or

adoption. **Relative** includes ward or foster child who resides with you.

10. **Suit** means a civil court proceeding in which damages because of **bodily injury** or **property damage** to which this Insurance applies are alleged.

11. **Trailer** means a vehicle which is designed to be connected to and towed by an **automobile**.

12. **You or your** means the first named Insured shown in the Declarations and if an individual, **your** spouse who resides in the same household.

13. **Your automobile** means the automobile described in the Declarations.

14. **We, us or our** means the Company providing this Insurance.

SECTION II - LIABILITY COVERAGE

1. COVERAGE

a. Liability Coverage - Bodily Injury and Property Damage

We will pay damages for **bodily injury** and **property damage** for which **you** become legally responsible because of or arising out of the ownership, maintenance or use of **your automobile** (that is not a trailer) as an **automobile**. We will pay such damages:

- (1) on **your** behalf;
- (2) on behalf of any **relative** using **your automobile** (that is not a trailer);
- (3) on behalf of any person using **your automobile** (that is not a trailer) with **your** permission or that of a **relative**; and
- (4) on behalf of any person or organization legally responsible for the use of **your automobile** (that is not a trailer) when used by **you**, a **relative**, or with **your** permission or that of a **relative**.

We will settle or defend, as we consider appropriate, any claim or **suit** for damages covered by this policy. We will do this at **our** expense, using attorneys of **our** choice. This agreement to settle or defend claims or **suits** ends when we have paid the limit of **our** liability.

b. Trailers

(1) The Liability Coverage provided by this policy for **your automobile** (that is not a trailer) or provided for any other **automobile** (that is not a trailer) extends:

- (a) to any **trailer** connected to or accidentally disconnected from such **automobile**. This coverage includes the **trailer** owner.
- (b) to any non-motorized farm machine or farm wagon while connected to or accidentally disconnected from such **automobile**. This coverage includes the non-motorized farm machine or farm wagon owner. No coverage applies to the operation or to the loading or unloading of the non-motorized farm machine or the farm wagon.

(2) The Liability Coverage provided by this policy for **your automobile** (that is not a trailer) also extends to any **trailer** not maintained or used for commercial purposes:

- (a) which is owned by **you**.
- (b) which is owned by a **relative** who also owns an **automobile** (that is not a trailer) scheduled in the Declarations.
- (c) which is owned by a **relative** who does not own an **automobile** other than the trailer.
- (d) which is not owned by an individual described in (a), (b) or (c) above while

the trailer is in the care, custody or control of such individual.

Coverage is extended only when such trailer:

(a) is not connected to an automobile. This coverage applies to only **your** liability or **your relative's** liability arising from the ownership or use of the trailer.

(b) is connected to an automobile (that is not a trailer) for which Liability Coverage is not provided by this policy. This coverage applies to only **your** liability or **your relative's** liability arising from use of the trailer by a person or organization other than **you** or **your relative**. No coverage applies to the owner or operator of the automobile or to the owner of a trailer described in (d) above.

c. Other Automobiles Covered

The Liability Coverage provided for **your automobile** also applies to certain other automobiles. It applies:

(1) to an automobile you do not own which is temporarily used as a substitute for **your automobile**. **Your automobile** must be out of use because of breakdown, repair, servicing, loss or destruction. The owner of the substitute automobile is not covered.

(2) to an automobile of the same type which you acquire after the inception date of the current policy term if:

(a) it replaces **your automobile**. You must report the replacement automobile to us no later than the expiration date of the policy term during which the automobile was acquired; or

(b) it is an additional automobile and we insure all automobiles you already own provided you:

1) report the additional automobiles to us within 30 days of delivery; and

2) pay any required additional premiums.

This extension does not apply if you have other liability insurance that applies to the automobile you acquire.

2. EXCLUSIONS

Liability Coverage does not apply:

a. to any person for bodily injury or property damage arising out of or resulting from an intentional act of that person.

b. to any person operating or employed by an automobile garage, repair shop, sales agency, service station or public parking place. This exclusion does not apply to:

(1) you;

(2) a relative; or

(3) any person associated with or employed by you;

while using your automobile in such business.

c. to any automobile while used as a public or livery conveyance. This exclusion does not apply to car pooling on a share the expense basis.

d. to any automobile while:

(1) preparing for;

(2) practicing for; or

(3) participating in;

any prearranged racing, speed or demolition contest.

- e. to any person or organization with respect to the loading or unloading of **your automobile**. We will cover **you** or **your employee** or a lessee or borrower of **your automobile** or that person's employee.
- f. to any person or organization (or that person's or organization's agents, employees or contractors) subject to the security requirements of any motor carrier law or regulation because of transporting property for **you** or for others. This exclusion does not apply to **you**.
 - (1) assumed under a contract or agreement that is an **insured contract**;
 - (2) would have in the absence of a contract or agreement; or
 - (3) assumed in a **private passenger automobile** lease or rental agreement, provided **you** are an individual.
- h. to any person or organization for damage to property that person or organization is transporting. This exclusion does not apply to liability **you** have assumed under a sidetrack agreement.
- i. to any person or organization for damage to property or an **automobile** owned by, rented to or in the care, custody or control of that person or organization.
- j. to any expenses that would be payable under any workers compensation law, unemployment compensation or disability benefits law or under any similar law.
- k. to any person not employed by **you** for **bodily injury** to an employee who is injured on the job except:
 - (1) **bodily injury** to a domestic employee when workers compensation benefits are not required or available; or
 - (2) when such liability is assumed by **you** under an **insured contract**.
- l. to **your employee** for claims brought against him or her by another of **your employees** injured on the job.
- m. to any person or organization for **bodily injury** to:
 - (1) an employee of that person or organization; or
 - (2) a spouse, child, parent, brother or sister of the employee which results from the injury to the employee;

when that injury arises out of and in the course of employment by that person or organization. This exclusion applies:

 - (1) whether a claim is made against such person or organization as employer or otherwise; and
 - (2) to any obligation to share damages with or repay another who must pay damages because of the injury.

This exclusion does not apply to liability **you** have assumed under an **insured contract**.
- n. to **bodily injury** or **property damage** for which insurance is available under any nuclear energy liability policy. This exclusion applies even if the nuclear energy liability policy limits of liability are exhausted.
- o. to **bodily injury** or **property damage** for which financial responsibility or liability insurance is required to be maintained under the Atomic Energy Act of 1954, as amended, or for which governmental indemnity is available.
- p. to liability for **bodily injury** or **property damage** caused by war, whether declared or not declared, insurrection or any of their consequences whether or not assumed under a contract or agreement.

3. COVERAGE EXTENSIONS

In addition to our limit of liability, we will also pay:

- a. premiums on appeal bonds in any suit we defend. We will not apply for or furnish such bonds.
- b. premiums on bonds to release attachments, but only for bond amounts that do not exceed the applicable limit of liability. We will not apply for or furnish such bonds.
- c. premiums on bail bonds required because of an accident or related traffic law violation, involving **your automobile** during the policy period. We will not apply for or furnish such bonds. Our maximum payment is \$250 per occurrence.
- d. interest on damages owed by **you** because of a judgment in a suit we defend and accruing:
 - (1) after the judgment, and until we pay, offer or deposit in court, the amount for which we are liable under this policy; or
 - (2) before the judgment, where owed by law, but only on that part of the judgment we pay.
- e. expenses **you**, a relative or a person using **your automobile** with **your** permission, incur for first aid to others at the time of an occurrence covered by this policy.
- f. all costs charged against **you** in a suit we defend and all reasonable expenses incurred at our request including actual loss of earnings up to \$100 per day.

4. LIMIT OF LIABILITY

We will pay damages for **bodily injury** or **property damage** up to the limit of liability stated in the Declarations for this coverage. Such damages shall be paid as follows:

a. For **bodily injury**:

- (1) The limit stated for "each person" is the amount of coverage and the most we will pay for all damages because of or arising

out of **bodily injury** to one person in any one occurrence.

- (2) The limit stated for "each occurrence" is the total amount of coverage and the most we will pay, subject to a.(1) above, for all damages because of or arising out of **bodily injury** to two or more persons in any one occurrence.

- b. For **property damage**, the limit stated is the amount of coverage and most we will pay for all **property damage** in any one occurrence.

- c. The limit of liability applicable to a **trailer**, non-motorized farm machine or farm wagon which is connected to an **automobile** covered by this policy shall be the limit of liability applicable to such **automobile**. The **automobile** and connected **trailer**, non-motorized farm machine or farm wagon are considered one **automobile** and do not increase the limit of liability.

- d. The limit of liability applicable to a **trailer** covered by this policy:

- (1) which is not connected to an **automobile**; or

- (2) which is connected to an **automobile** not covered by this policy;

shall be the limit of liability applicable to **your automobile**. If this policy covers more than one of **your automobiles**, the highest limit of liability applicable to any one such **automobile** shall apply.

- e. The limit of liability for this coverage may not be added to the limits for the same or similar coverage applying to other **automobiles insured** by this policy to determine the amount of coverage available for any one occurrence regardless of the number of:

- (1) **automobiles** shown in the Declarations;

- (2) premiums charged in the Declarations or premiums paid;

(3) claims presented or suits brought;

(4) persons injured; or

(5) automobiles involved in the occurrence.

5. FINANCIAL RESPONSIBILITY AND COMPULSORY INSURANCE LAWS

While **your automobile** is subject to laws of another state or Canada, we will:

- a. Increase the Limit of Liability for Liability Coverage to comply with the minimum requirements of a financial responsibility or compulsory insurance law of the jurisdiction where **your automobile** is being operated; and
- b. afford the minimum amounts for the types of mandatory coverages required by the jurisdiction where **your automobile** is being operated.

This provision does not apply to any limits required by any law governing motor carriers of property or passengers.

We will not duplicate payments available under this or any other insurance for the same elements of loss.

6. OTHER INSURANCE

Except as stated below, the Liability Coverage provided by this policy for **your automobile** shall be primary and with regard to any other **automobile** to which it applies, coverage shall be excess of any other applicable **automobile** liability insurance.

- a. When this insurance is primary and there is other **automobile** liability insurance which is stated to be applicable on an excess or contingent basis, **our** liability shall not be reduced by the existence of such insurance.
- b. When both this insurance and other insurance apply on the same basis, whether primary, excess or contingent, we shall be liable for only **our** share. **Our** share shall be the ratio of the amount of this insurance to the total amount of all collectible **automobile** liability insurance.
- c. Subject to a. and b. above, this coverage shall be primary when any trailer is connected to **your automobile** (that is not a trailer).
- d. Subject to b. above, this coverage shall be excess when any trailer is connected to an **automobile** (that is not a trailer), except **your automobile** (that is not a trailer).

SECTION III - DAMAGE TO YOUR AUTOMOBILE

1. COVERAGES

a. Fire Coverage

We will pay for loss of or damage to **your automobile** and its equipment caused by:

- (1) fire or lightning.
- (2) smoke or smudge because of a sudden, unusual or faulty operation of any fixed heating equipment where **your automobile** is stored.
- (3) windstorm, hail, earthquake, explosion, external discharge or leakage of water.

We cover damage resulting from the stranding, sinking, burning, collision or derailment of any equipment being used to transport **your automobile** on land or water. We will also pay for general average and salvage charges for which **you** may be legally responsible.

b. Theft Coverage

We will pay for loss of or damage to **your automobile** and its equipment caused by theft, larceny, robbery or pilferage. We cover **your** loss when **you** are tricked into giving **your automobile** to another person.

c. Comprehensive Coverage

We will pay for loss of or damage to **your automobile** and its **equipment** from any cause except upset or collision with another object or with a vehicle to which it is attached.

We will also pay for:

- (1) glass breakage from any cause including upset or collision;
- (2) damage caused by missiles or falling objects; and
- (3) damage caused by collision with an animal or bird.

When a deductible is indicated in the Declarations for this coverage, we will reduce our payment by that amount.

d. Collision Coverage

We will pay for loss or damage to **your automobile** and its **equipment** caused by accidental collision with another object or by accidental upset.

When a deductible is indicated in the Declarations for this coverage, we will reduce our payment by that amount. If **your automobile** is a **private passenger automobile**, the deductible does not always apply. The deductible shall not apply:

- (1) In a collision with another automobile:
 - (a) we insure and which you do not own, rent or have in your care, custody or control; or
 - (b) whose owner or operator has been identified; and
 - 1) is legally responsible for the entire amount of the damage; and
 - 2) is covered by a **property damage** liability policy or bond;

only if the damage exceeds the deductible amount.

- (2) to **your** legally parked **private passenger automobile** in the event it is accidentally struck by another of **your private passenger automobiles**, provided Collision Coverage applies to both such automobiles.

e. Road Trouble Service

We will reimburse you up to the amount stated in the Declarations for this coverage in any one emergency:

- (1) for towing **your automobile** to the nearest available garage; and
- (2) for the cost of labor performed on **your automobile** at the place of the emergency.

f. Other Automobiles Covered

The Damage To Your Automobile Coverages provided for **your automobile** also apply to certain other automobiles. They apply:

- (1) to an automobile you do not own which is temporarily used as a substitute for **your automobile**. **Your automobile** must be out of use because of breakdown, repair, servicing, loss or destruction.
- (2) to an automobile of the same type which you acquire after the inception date of the current policy term subject to the following:
 - (a) If the automobile replaces **your automobile**, we will apply only those coverages that apply to the **automobile** being replaced. You must report the replacement **automobile** to us no later than the expiration date of the policy term during which the **automobile** was acquired.
 - (b) If the **automobile** is an additional **automobile** and we insure all **automobiles** you already own, we will apply only those coverages which are com-

mon to all of your automobiles we insure provided you:

- 1) report the additional automobile to us within 30 days after you take possession; and
- 2) pay any required additional premiums.

You may, at any time during the first 30 days after you take possession of the automobile, purchase the broadest coverages applicable to any one automobile scheduled in the Declarations.

These extensions do not apply when there is other insurance covering your interest or the interest of the owner. However, paragraph f.(1) above applies if you are legally liable.

2. EXCLUSIONS

Fire, Theft, Comprehensive and Collision Coverages do not apply to:

- a. loss of or damage to your automobile because of confiscation or destruction by any civil or governmental authorities because of illegal activities engaged in by:

- (1) you; or
- (2) a relative.

This exclusion does not apply to a loss payee's interest in your automobile.

- b. loss of or damage to your automobile because of or arising out of your intentional act or an intentional act committed at your direction or with your knowledge. This exclusion does not apply to a loss payee's interest in your automobile.
- c. conversion, embezzlement or secretion by any person lawfully having your automobile under a sale, lease or similar agreement.
- d. any automobile while:

- (1) preparing for;
- (2) practicing for; or
- (3) participating in;

any prearranged racing, speed or demolition contest.

- e. loss of use, except as provided in Coverage Extensions.
- f. wear and tear, freezing, mechanical or electrical breakdown, other than burning of wiring, unless this damage follows and results from other loss or damage covered by this policy.
- g. tires, unless the loss or damage is caused by:

- (1) fire;
- (2) theft; or
- (3) malicious mischief; or

is part of other damage covered by this policy.

- h. a stereo tape or disc player:
 - (1) that is not attached to your automobile; and
 - (2) is not receiving its power from your automobile's electrical system.

- i. stereo tapes, cassettes, discs or cartridges or related items.
- j. any caddy, case or container designed for storing or carrying stereo tapes, cassettes, discs or cartridges.
- k. unless described in the Declarations and a premium charged:
 - (1) a camper body; or
 - (2) a pickup cover with built-in cooking and sleeping equipment.

- l. A citizens-band radio, mobile or cellular telephone, television or other similar device for sending or receiving communications, including related items. However, these devices are covered if:

- (1) standard or optional equipment from the manufacturer of **your automobile** for that make, model and model year;
- (2) permanently installed in the dash or console opening designed for such equipment; or
- (3) described in the Declarations and a premium charged.

- m. a radio, stereo, stereo tape deck, compact disc player or other similar device designed for the reproduction of sound, including related items. However these devices are covered if:

- (1) standard or optional equipment for the manufacturer of **your automobile** for that make, model and model year; or
- (2) permanently installed in **your automobile**.

Our liability under m.(2) above shall not exceed \$1000 unless a greater amount is shown in the Declarations and a premium charged.

- n. Any device designed or used to detect or locate radar or any other speed measuring or calculating apparatus.

- o. radioactive contamination.

- p. loss caused by:

- (1) declared or undeclared war or insurrection; or
- (2) explosion of a nuclear weapon or its consequences.

3. COVERAGE EXTENSIONS

a. Trailers

The Damage To Your Automobile Coverages provided to **your automobile** extend to certain trailers you do not own. The trailer must:

- (1) be designed for use with a **private passenger automobile**;
- (2) used with **your private passenger automobile**; and
- (3) be other than a **trailer** of the home, office, store, display, or passenger type.

Our limit of liability for all loss and damage under this coverage extension is \$500 in any one occurrence.

b. Loss Of Use By Theft

Under Theft Coverage or Comprehensive Coverage, we will reimburse **you** for transportation expenses if **your private passenger automobile** is stolen. We will pay up to \$20 per day but not more than \$600 in one occurrence. We will pay such expenses incurred beginning 48 hours after **you** report the theft to us and to the police and ending when **your automobile** is returned to use or we pay for its loss.

c. Transportation Cost

Under the coverages for Damage To Your Automobile we will reimburse **you** for expenses **you** incur for transportation from where **your automobile** was disabled to **your** home or intended destination. The maximum payment is \$25 for each occurrence.

d. Personal Property

If **your automobile** is a **private passenger automobile**, we will extend the Comprehensive Coverage and the Collision Coverage that apply to **your automobile** to loss of or damage to personal property contained in or on **your automobile**. This coverage extension is subject to the following:

- (1) The personal property must be owned by **you**, a **relative**, or **your employee**.

- (2) Comprehensive Coverage is extended only for loss or damage because of:

- (a) fire;
- (b) lightning;
- (c) theft or attempted theft.

Unless the entire **automobile** is stolen, there must be visible signs of someone breaking into the **automobile** for (2)(c) above to apply.

- (3) This coverage extension does not apply to:

- (a) stereo tapes, cassettes, discs or cartridges or related items.
- (b) a citizens-band radio, mobile or cellular telephone, television or other similar device for sending or receiving communications, including related items.
- (c) a radio, stereo, stereo tape deck, compact disc player or other similar device designed for the reproduction of sound, including related items.
- (d) property used in a business, trade or profession.
- (e) money or jewelry.
- (f) any device designed or used to detect or locate radar or any other speed measuring or calculating apparatus.
- (g) property specifically insured.

- (4) Our limit of liability for all loss or damage under this coverage extension is \$200 in any one **occurrence**.

4. LIMIT OF LIABILITY

- a. We will pay no more than the lowest of the following:

- (1) the actual cash value of stolen or damaged property;
- (2) the necessary cost, at local prices, to repair or replace the property or damaged parts with material of similar kind and quality; or
- (3) the Limit of Liability stated in the Declarations.

- b. We will, at our option, replace your **automobile** with a new one of equal value or pay you your original purchase price if:

- (1) your **automobile** is a private passenger **automobile**;
- (2) you purchased it new;
- (3) we determine the loss or damage can not be repaired; and
- (4) the loss or damage occurs within 90 days of the purchase date.

- c. Your **automobile** may have been altered, remodeled, converted or modified so that its value is substantially increased over that of a standard **automobile** of the same make and model. In that case, we will pay only a proportional share of any loss or damage. We will pay the proportion that the value of a standard **automobile** bears to the value of your **automobile**. This applies only when alteration, remodeling, conversion or modification affects the amount of the loss. It does not apply when an additional premium is charged based on the increased value.

- d. If a loss can be paid under either Comprehensive or Collision Coverage, payment will be made under the coverage that pays you the most.

SECTION IV - INDIVIDUAL NAMED INSURED

If the first named **insured** in the Declarations is an individual and the **automobile** described in the Declarations is a **private passenger automobile** the following extensions of coverage apply.

1. LIABILITY COVERAGE - BODILY INJURY AND PROPERTY DAMAGE

a. The Liability Coverage provided for **your automobile** (that is not a trailer) also applies to an **automobile** (that is not a trailer) not:

- (1) owned by or furnished or available for regular use to **you** or anyone living with **you**. However, we will cover **your liability** for **your** use of an **automobile** (that is not a trailer) owned by or furnished for the regular use of a **relative**.
- (2) used in an **automobile** garage repair shop, sales agency, service station or public parking business **you** own or operate.

b. We extend this coverage only:

- (1) to **you**;
- (2) to **relatives** who do not own an **automobile** (that is not a trailer); and
- (3) to anyone legally responsible for the use of the **automobile** (that is not a trailer) by the persons in (1) and (2) above.

c. We do not cover:

- (1) the owner of the **automobile** (that is not a trailer).
- (2) an **automobile** used in **your** business or occupation or that of a **relative**, unless it is:
 - (a) a **private passenger automobile**; and

(b) used by **you**, such **relative** or the chauffeur or household employee of either.

(3) **you** or a **relative** using an **automobile** (that is not a trailer) without a reasonable belief of permission to do so.

2. DAMAGE TO YOUR AUTOMOBILE

a. The Damage to Your Automobile Coverages provided for **your automobile** also apply to an **automobile** not:

- (1) owned by or furnished or available for regular use to **you** or anyone living with **you**.
- (2) used in an **automobile** garage, repair shop, sales agency, service station or public parking business **you** own or operate.

b. We extend this coverage only:

- (1) to **you**; and
- (2) to **relatives** who do not own an **automobile**.

c. We do not cover an **automobile** used in **your** business or occupation or that of a **relative** unless it is:

- (1) a **private passenger automobile**; and
- (2) used by **you**, such **relative**, or the chauffeur or household employee of either.

d. These extensions do not apply when there is other insurance covering **your** interest or the interest of the owner. However, they do apply if **you** are legally liable.

SECTION V - WHAT YOU MUST DO AFTER AN ACCIDENT OR LOSS

1. NOTIFY US PROMPTLY

a. **You** and any person seeking coverage under this policy must notify **us** promptly as to how, when and where the accident happened. **We**

must have the names and addresses of any injured person and of any witnesses. Notice and documentation of loss must be given if we require it. Any loss or damage caused by theft, larceny, robbery, pilferage or trickery must be promptly reported to the police.

- b. If claim is made or suit is brought against you or any person entitled to coverage, we must be advised promptly. All papers in connection with claims or suits must be sent to us without delay.

- c. Under Uninsured Motorist Coverage and/or Underinsured Motorist Coverage, any person making claim must:

- (1) give us written notice and documentation of loss;
- (2) submit to examinations by physicians we select as often as we require; and
- (3) authorize us to obtain medical reports and other pertinent records.

We must be given copies of the legal papers if suit is brought against any person believed to be legally responsible.

2. ASSIST AND COOPERATE

- a. You and any person seeking coverage under this policy must cooperate with us in the in-

vestigation, settlement or defense of any claim or suit. This includes submitting to a statement under oath and giving us access to any documents which we request.

- b. When a claim is made for damage to your automobile, you must let us examine the vehicle before repairs are made or evidence of loss removed.
- c. Following damage to your automobile, every reasonable effort must be made to protect the vehicle against further loss. We will pay the reasonable expenses incurred to do this.

3. PRESERVE OUR RIGHT TO RECOVER PAYMENTS

- a. If we make a payment under this policy and the person to or for whom payment is made has a right to recover damages from another, we will be entitled to that right. That person shall do everything necessary to transfer that right to us and shall do nothing to prejudice it.
- b. The person to or for whom payment is made under Uninsured Motorist Coverage and/or Underinsured Motorist Coverage must hold in trust for us his rights of recovery against any legally liable person. He must do all that is proper to secure such rights and must do nothing to prejudice them. He must take any required action in his name to recover damages and reimburse us out of any proceeds to the extent of our payment.

SECTION VI - GENERAL CONDITIONS

1. POLICY PERIOD AND TERRITORY

This policy applies only to accidents and losses which happen during the policy period as shown in the Declarations. They must take place within the United States of America, its territories or possessions, Canada or Mexico or between their ports.

2. CHANGES

- a. This policy contains all the agreements between you and us or any of our agents relating to this insurance. The terms of this policy

may not be changed except by written endorsement issued by us.

- b. We may adjust your premium during the policy term because of changes in the factors that were used to determine such premium. These factors include but are not limited to:

- (1) the principal place of garaging your automobile;
- (2) coverages, limits of liability and deductibles;

(3) the type, make and model of your automobile and its use;

(4) the operators of your automobile.

Premium adjustments will be made at the time of such changes or when we become aware of the changes, if later. We will use the governing rules and rates in effect on the inception date of the policy term.

3. FRAUD

We will not cover any person seeking coverage under this policy who has made fraudulent statements or engaged in fraudulent conduct with respect to procurement of this policy or to any occurrence for which coverage is sought.

4. LEGAL ACTION AGAINST US

- a. No legal action may be brought against us until there has been full compliance with all the terms of this policy. Further, under the Liability Coverage no legal action may be brought until we agree a person entitled to coverage has an obligation to pay or until the amount of that obligation has been determined by judgement after trial. No one has any right under this policy to bring us into any action to determine the liability of any person we have agreed to protect.
- b. Bankruptcy or insolvency of any person we have agreed to protect will not relieve us of any obligation under the terms of this policy.

5. SEVERABILITY

Except as to our limit of liability, the coverage provided by this policy applies separately to each

person against whom claim is made or suit is brought.

6. DUPLICATION OF COVERAGE

- a. If this policy and any other policy or form of coverage provided by us or a company affiliated with us, provide coverage for the same loss or damage, our maximum limit of liability under all the policies or forms of coverage shall not exceed the highest limit of liability under any single policy or form of coverage applicable to the loss or damage.
- b. This condition does not apply to any policy or form of coverage issued by us or a company affiliated with us to specifically provide excess insurance over this policy.

7. ASSIGNMENT

No interest in this policy may be assigned without our written consent. But, if you should die within the policy term, the policy will cover as though named in the Declarations:

- a. your spouse, if you are an individual;
- b. your legal representative but only with respect to his legal responsibility for the maintenance or use of your automobile; and
- c. any person having proper temporary custody of your automobile until a legal representative is appointed;

provided we are given written notice of your death within 60 days. This requirement does not apply with regard to your spouse.

GOSNELL INSURANCE
PO BOX 31059
CHARLESTON, SC 29417

02-15-2008

Your agency's phone number is (843) 571-5044



P.O. BOX 30660, LANSING, MICHIGAN 48909-8160 • 517-323-1200
AUTO-OWNERS INSURANCE COMPANY
AUTO-OWNERS LIFE INSURANCE COMPANY
HOME-OWNERS INSURANCE COMPANY
OWNERS INSURANCE COMPANY
PROPERTY-OWNERS INSURANCE COMPANY
SOUTHERN-OWNERS INSURANCE COMPANY

PEE DEE HEATING & COOLING
SPECIALTIES INC
128 TROY DR
CHERAW, SC 29520-7103

Thank you for allowing Auto-Owners to handle your insurance needs.

Auto-Owners Insurance Group is financially sound with sufficient reserves to be ranked among the leaders in the industry for financial security. Our A++ (Superior) rating by the A.M. Best Company signifies that we have the financial strength to provide the insurance protection you need.

If your policy is an audited policy, the billing of the audit premium will be included in your regular premium billing account. This premium is due in full upon billing and failure to pay as billed may result in the cancellation of all policies on the billing account. If you have questions on your audit or about your insurance needs, please contact your agent at the telephone number shown at the top of this letter.

Auto-Owners Insurance - The "No Problem" People ®

Pay your premium in full, by the due date, and you will receive a discount as shown below:

Total Policy Premium	\$7,889.00
Paid In Full Discount	\$766.00
Total Policy Premium If Paid In Full	\$7,123.00

***** THIS IS NOT A BILL. *****

IF ADDITIONAL PREMIUM IS OWED, A BILL WILL BE MAILED SEPARATELY. PLEASE PAY ANY UNPAID BILLS.

~ Serving Our Policyholders and Agents for More Than 90 Years ~



Auto-Owners

Page 1

55039 (11-87)

Issued 02-15-2008

INSURANCE COMPANY
6101 ANACAPRI BLVD., LANSING, MI 48917-3999

TAILORED PROTECTION POLICY DECLARATIONS

Renewal Effective 04-01-2008

AGENCY GOSNELL INSURANCE
16-0626-00 MKT TERR 081 (843) 571-5044

POLICY NUMBER 034616-36381843-08

INSURED PEE DEE HEATING & COOLING
SPECIALTIES INC

ADDRESS 128 TROY DR

CHERAW, SC 29520-7103

Company
Bill

POLICY TERM	
12:01 a.m.	12:01 a.m.
04-01-2008	to 04-01-2009

In consideration of payment of the premium shown below, this policy is renewed. Please attach this Declarations and attachments to your policy. If you have any questions, please consult with your agent.

COMMON POLICY INFORMATION

BUSINESS DESCRIPTION: Heating/Air Contract

ENTITY: Corporation

PROGRAM: Contractors Special

THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PART(S).	PREMIUM
THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.	
COMMERCIAL PROPERTY COVERAGE	\$1,301.00
MINIMUM PROPERTY PLUS PREMIUM ADJUSTMENT (CP)	39.00
COMMERCIAL GENERAL LIABILITY COVERAGE	5,851.00
COMMERCIAL INLAND MARINE COVERAGE	698.00
TOTAL	\$7,889.00
PAID IN FULL DISCOUNT	\$766.00
TOTAL POLICY PREMIUM IF PAID IN FULL	\$7,123.00

The Paid in Full Discount does not apply to fixed fees, statutory charges or minimum premiums.
The Paid in Full Discount is based on favorable loss experience for the collective group of policyholders who choose to pay their premiums in full directly to the Company.

PREMIUM SHOWN ABOVE FOR COMMERCIAL GENERAL LIABILITY COVERAGE IS AN ADVANCED PREMIUM DEPOSIT AND MAY BE SUBJECT TO AUDIT.

FORMS THAT APPLY TO ALL COVERAGE PART SHOWN ABOVE (EXCEPT GARAGE LIABILITY, DEALER'S BLANKET, COMMERCIAL AUTOMOBILE, IF APPLICABLE)
55000 (01-87) IL0017 (11-85)

A 12% CUMULATIVE MULTI-POLICY DISCOUNT APPLIES. SUPPORTING POLICIES ARE MARKED WITH AN (X): COMM UMB() COMM AUTO(X) WC(X) LIFE() PERSONAL() FARM()

A Merit Rating Plan Factor of 0.90 Applies.

Countersigned By: _____

I certify that this policy was assembled from available records as a representation of coverage that was in effect for the policy period shown.

Date _____

2/25/11

Auto-Owners

Page 2

55198 (01-07)

Issued 02-15-2008

INSURANCE COMPANY

6101 ANACAPRI BLVD., LANSING, MI 48917-3999

TAILORED PROTECTION POLICY DECLARATIONS

Renewal Effective 04-01-2008

AGENCY GOSNELL INSURANCE
16-0626-00

MKT TERR 081

(843) 571-5044

POLICY NUMBER 034616-36381843-08

INSURED PEE DEE HEATING & COOLING
SPECIALTIES INC

ADDRESS 128 TROY DR

CHERAW, SC 29520-7103

Company
Bill

POLICY TERM	
12:01 a.m.	12:01 a.m.
to	
04-01-2008	04-01-2009

In consideration of payment of the premium shown below, this policy is renewed. Please attach this Declarations and attachments to your policy. If you have any questions, please consult with your agent.

PROPERTY PLUS COVERAGE PACKAGE DECLARATION

The coverages indicated below apply separately to the location(s) and sublocation(s) designated in the Commercial Property Coverage Declarations. The corresponding limit of insurance for any one coverage applies to all covered loss:

- at the location designated in the Commercial Property Coverage Declarations, or
- away from the location designated in the Commercial Property Coverage Declarations

regardless of the number of locations or sublocations designated in the Commercial Property Coverage Declarations.

** The deductible (DED) which applies to each coverage indicated below is the same as the deductible which applies to each location and sub-location shown on the Commercial Property Coverage Declarations, unless otherwise indicated:

COVERAGE	LIMIT	DED
ARSON REWARD	\$5,000	NONE
BUSINESS INCOME & EXTRA EXPENSE	\$30,000	NONE
BUSINESS PERSONAL PROPERTY AT FAIRS OR EXHIBITIONS	\$5,000	**
BUSINESS PERSONAL PROPERTY - EXPANDED COVERAGE	UP TO 1,000 FEET	**
DEBRIS REMOVAL	\$25,000	NONE
FIRE EXTINGUISHER RECHARGE	\$2,500	NONE
GLASS BREAKAGE	\$1,000 PER PANE	**
	\$5,000 PER OCCURRENCE	
INVENTORY	UP TO 25% OF BPP LIMIT	NONE
NEWLY ACQUIRED OR CONSTRUCTED PROPERTY	\$500,000 FOR 90 DAYS	**
NEWLY ACQUIRED BUSINESS PERSONAL PROPERTY	\$500,000 FOR 90 DAYS	**
OFF-PREMISES UTILITY SERVICE CHARGE FAILURE	\$5,000	**
ORDINANCE OR LAW	\$25,000	**
OUTDOOR PROPERTY	\$5,000	**
TREES, SHRUBS OR PLANTS	\$500 PER ITEM	**
PERSONAL EFFECTS AND PROPERTY OF OTHERS	\$15,000	**
POLLUTANT CLEAN UP AND REMOVAL	\$25,000	NONE
PROPERTY IN TRANSIT	\$25,000	**

Continued on next page

AUTO-OWNERS INS. CO.

AGENCY GOSNELL INSURANCE
16-0626-00 MKT TERR 081Company POLICY NUMBER 034616-36381843-08
Bill

INSURED PEE DEE HEATING & COOLING

Term 04-01-2008 to 04-01-2009

PROPERTY PLUS COVERAGE
PACKAGE DECLARATION

COVERAGE	LIMIT	DED
PROPERTY OFF PREMISES	\$25,000	**
REFRIGERATED PRODUCTS	\$5,000	**
REKEYING OF LOCKS	\$1,000	NONE
WATER BACK-UP FROM SEWERS OR DRAINS	\$10,000	**
ACCOUNTS RECEIVABLE	\$30,000	**
SIGNS (ATTACHED AND DETACHED)	\$5,000 PER SIGN	**
ELECTRONIC DATA PROCESSING EQUIPMENT	\$10,000	**
SALESPERSON'S SAMPLES	\$10,000	**
VALUABLE PAPERS	\$30,000	**
EMPLOYEE DISHONESTY	\$10,000	**
FORGERY AND ALTERATION	\$10,000	**
MONEY AND SECURITIES	\$10,000 ON PREMISES \$10,000 OFF PREMISES	**
FIRE DEPARTMENT SERVICE CHARGE	\$2,500	NONE

FORMS THAT APPLY TO THIS COVERAGE PART:

54182 (06-00)	54205 (11-02)	54188 (06-00)	54199 (06-00)	54198 (06-00)
54190 (06-00)	54223 (06-00)	54184 (06-00)	54185 (06-00)	54206 (06-00)
54208 (06-00)	54191 (06-00)	54195 (06-00)	54197 (06-00)	54192 (06-00)
54196 (06-00)	54189 (06-00)	54183 (06-00)	54186 (06-00)	54218 (06-00)
54207 (06-00)	54217 (06-00)	54216 (06-00)	54214 (06-00)	54221 (06-00)
54220 (06-00)	54219 (06-00)	54193 (06-00)		

Auto-Owners

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54104 (07-87)

Issued 02-15-2008

TAILORED PROTECTION POLICY DECLARATIONS

INSURANCE COMPANY

6101 ANACAPRI BLVD., LANSING, MI 48917-3999

Renewal Effective 04-01-2008

AGENCY GOSNELL INSURANCE

16-0626-00

MKT TERR 081

(843) 571-5044

POLICY NUMBER 034616-36381843-08

INSURED PEE DEE HEATING & COOLING
SPECIALTIES INCCompany
Bill

POLICY TERM	
12:01 a.m.	12:01 a.m.
04-01-2008	to 04-01-2009

ADDRESS 128 TROY DR

CHERAW, SC 29520-7103

In consideration of payment of the premium shown below, this policy is renewed. Please attach this Declaration and attachments to your policy. If you have any questions, please consult with your agent.

COMMERCIAL PROPERTY COVERAGE**COVERAGES PROVIDED**

INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH A LIMIT OF INSURANCE IS SHOWN.

LOCATION 001

ADDITIONAL FORMS THIS LOCATION: None

LOC 001 BLDG 001 128 Troy Dr
Cheraw, SC 29520-7103

OCCUPIED AS: Heating/Air Contract

COVERAGE: Bldg Agreed Value & Total Amt of Ins Carried

\$54,000

CAUSES OF LOSS	COINSURANCE	DEDUCTIBLE	RATE	PREMIUM
Basic Group I	80%	\$500	0.295	\$159.00
Basic Group II	80%	500	0.165	89.00
Special	80%	500	0.056	30.00
Theft	80%	500		Included

OPTIONAL COVERAGE:

Replacement Cost

Inflation Guard Factor
Building
1.055

CAUSE OF LOSS	LIMITS	DEDUCTIBLE	RATE	PREMIUM
Equipment Breakdown	Excluded	500		14.00
Property Plus Coverage Package	See Dec Page			

COVERAGE: Personal Prop.

Limit of Insurance

\$76,280

CAUSES OF LOSS	COINSURANCE	DEDUCTIBLE	RATE	PREMIUM
Basic Group I	80%	\$500	0.348	\$265.00
Basic Group II	80%	500	0.130	99.00
Special	80%	500	0.058	44.00
Special Including Theft	80%	500	0.287	219.00

OPTIONAL COVERAGE:

Replacement Cost

Inflation Guard Factor
Personal Property
1.023

CAUSE OF LOSS	LIMITS	DEDUCTIBLE	RATE	PREMIUM
Equipment Breakdown	Excluded	500		31.00
Property Plus Coverage Package	See Dec Page			

AUTO-OWNERS INS. CO.

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54104 (07-87)

Issued 02-15-2008

AGENCY GOSNELL INSURANCE
16-0626-00 MKT TERR 081

Company POLICY NUMBER 034616-36381843-08
Bill

INSURED PEE DEE HEATING & COOLING

Term 04-01-2008 to 04-01-2009

COMMERCIAL PROPERTY COVERAGE

ADDITIONAL FORMS THIS BUILDING: IL0249 (06-89) IL0003 (11-85) 54835 (07-06)
59350 (01-06) 54093 (03-07) CP0090 (07-88) CP0010 (10-91) CP0110 (07-88)
54082 (02-05)

SECURED INTERESTED PARTIES: See Attached Schedule

RATING INFORMATION

Territory: 130
Program: Contractors
Class Rate - Building: 0.387

County: Chesterfield
Construction: Non-Comb
PC: 04 Class Code: 0563
Class Rate - Contents: 0.458

FOREIGN TERRORISM - CERTIFIED ACTS SEE FORM 59350, 54835, 59390 \$10.00

LOCATION 001 PREMIUM \$960.00

LOCATION 002

ADDITIONAL FORMS THIS LOCATION: None

LOC 002 BLDG 001 170 Troy Dr
Cheraw, SC 29520-7103

OCCUPIED AS: One Family Dwelling

COVERAGE: Bldg Agreed Value & Total Amt of Ins Carried \$54,000

CAUSES OF LOSS	COINSURANCE	DEDUCTIBLE	RATE	PREMIUM
Basic Group I	80%	\$500	0.459	\$248.00
Basic Group II	80%	500	0.081	44.00
Special	80%	500	0.056	30.00
Theft	80%	500		Included

OPTIONAL COVERAGE:

Replacement Cost

Inflation Guard Factor
Building
1.055

CAUSE OF LOSS	LIMITS	DEDUCTIBLE	RATE	PREMIUM
Equipment Breakdown	Excluded			
Property Plus Coverage Package	See Dec Page	500		16.00

Auto-Owners

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54104 (07-87)

Issued 02-15-2008

INSURANCE COMPANY

6101 ANACAPRI BLVD., LANSING, MI 48917-3999

TAILORED PROTECTION POLICY DECLARATIONS

Renewal Effective 04-01-2008

AGENCY GOSNELL INSURANCE
16-0626-00

MKT TERR 081

(843) 571-5044

POLICY NUMBER 034616-36381843-08

INSURED PEE DEE HEATING & COOLING
SPECIALTIES INC

ADDRESS 128 TROY DR

CHERAW, SC 29520-7103

Company
Bill

POLICY TERM	
12:01 a.m.	12:01 a.m.
04-01-2008	to 04-01-2009

In consideration of payment of the premium shown below, this policy is renewed. Please attach this
Declarations and attachments to your policy. If you have any questions, please consult with your agent.

COMMERCIAL PROPERTY COVERAGE

ADDITIONAL FORMS THIS BUILDING: 59350 (01-06) 54835 (07-06) IL0249 (06-89)
IL0003 (11-85) 54093 (03-07) CP0090 (07-88) CP0010 (10-91) CP0110 (07-88)
54082 (02-05)

SECURED INTERESTED PARTIES: See Attached Schedule

RATING INFORMATION

Territory: 130
Program: Special
Dwelling Rate - Building: 0.579

County: Chesterfield
Construction: Frame
PC: 04 Class Code: 0196

FOREIGN TERRORISM - CERTIFIED ACTS SEE FORM 59350, 54835, 59390

\$3.00

LOCATION 002 PREMIUM

\$341.00

AUTO-OWNERS INS. CO.

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59187 (07-87)

Issued 02-15-2008

AGENCY GOSNELL INSURANCE
16-0626-00 MKT TERR 081

Company POLICY NUMBER 034616-36381843-08
Bill

INSURED PEE DEE HEATING & COOLING

Term 04-01-2008 to 04-01-2009

SECURED INTERESTED PARTIES AND/OR ADDITIONAL PARTIES

Applies to Loc/Bldg(s):

001/001, 002/001

CAROLINA BANK

PO BOX 1028

DARLINGTON, SC 29540

Interest: Mortgagee

Auto-Owners

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55040 (11/87)

Issued 02-15-2008

INSURANCE COMPANY
6101 ANACAPRI BLVD., LANSING, MI 48917-3999

TAILORED PROTECTION POLICY DECLARATIONS

Renewal Effective 04-01-2008

AGENCY GOSNELL INSURANCE
16-0626-00 MKT TERR 081 (843) 571-5044

POLICY NUMBER 034616-36381843-08

INSURED PEE DEE HEATING & COOLING
SPECIALTIES INC

ADDRESS 128 TROY DR

CHERAW, SC 29520-7103

Company
Bill

POLICY TERM	
12:01 a.m.	12:01 a.m.
04-01-2008 to 04-01-2009	

In consideration of payment of the premium shown below, this policy is renewed. Please attach this Declaration and attachments to your policy. If you have any questions, please consult with your agent.

COMMERCIAL GENERAL LIABILITY COVERAGE

LIMITS OF INSURANCE

General Aggregate	\$2,000,000
(Other Than Products-Completed Operations)	
Products-Completed Operations Aggregate	2,000,000
Personal Injury And Advertising Injury	1,000,000
Each Occurrence	1,000,000

Commercial General Liability Plus Endorsement 55091

Damage to Premises Rented to You	300,000 Any One Premises
(Fire, Lightning, Explosion, And Water Damage)	
Medical Payments	10,000 Any One Person*
Hired Auto & Non-Owned Auto	1,000,000 Each Occurrence

Expanded Coverage Details See Form:
Extended Watercraft
Personal Injury Protection
Broadened Supplementary Payments
Broadened Knowledge Of Occurrence
Additional Products-Completed Operations Aggregate

Twice the "General Aggregate Limit", shown above, is provided at no additional charge for each 12 month period in accordance with form 55300.

AUDIT TYPE: Annual Audit

FORMS THAT APPLY TO THIS COVERAGE: CG2503 (11-85) 59350 (01-06) IL0021 (11-85)
IL0249 (06-89) IL0017 (11-85) 55146 (06-04) 55189 (09-04) 55238 (06-04)
55296 (07-05) 55300 (07-05) 55202 (12-04) 55168 (12-04) 55091 (08-05)
55371 (01-07)

LOCATION OF PREMISES YOU OWN, RENT OR OCCUPY

LOC 001 BLDG 001 128 Troy Dr
Cheraw, SC 29520-7103

TERRITORY: 001 COUNTY: Chesterfield

Classification	Subline	Premium Basis	Rates	Premium
CODE 00501		Prem/Op Prem		
Commercial General Liability Plus	Prem/Op	Inc	Inc	Inc
Endorsement Included At 7% Of The				
Premises Operation Premium				

AUTO-OWNERS INS. CO.

Page 2

55040 (11/87)

Issued 02-15-2008

AGENCY GOSNELL INSURANCE
16-0626-00 MKT TERR 081

Company POLICY NUMBER 034616-36381843-08
Bill

INSURED PEE DEE HEATING & COOLING

Term 04-01-2008 to 04-01-2009

COMMERCIAL GENERAL LIABILITY COVERAGE

CODE 61212		Area	Each 1000	
Building Or Premises - Bank	Prem/Op	1,800	29.610	\$53.00
Or Office - Mercantile Or	Prod/Comp Op	1,800	.255	\$1.00
Manufacturing (Lessor's Risk Only)				
(For-Profit)				

CODE 95647		Payroll	Each 1000	
Heating Or Combined Heating And Air	Prem/Op	139,777	20.695	\$2,893.00
Conditioning Systems Or Equipment -	Prod/Comp Op	139,777	17.482	\$2,444.00
Dealers Or Distributors And				
Installation Servicing Or Repair-No				
Liquified Petroleum Gas(lpg)				
Equipment Sales Or Work				

CODE 49950				
Additional Interests				
Managers/Lessors Of Premises	Prem/Op	139,777	2.069	\$289.00
Brett & Naida Single				

Sched Add'l Ins-Excl Prod/Cops	Prem/Op	Flat Charge		\$20.00
Total Facility				

Nest International	Prem/Op	Flat Charge		\$20.00

John Tyler Enterpris	Prem/Op	Flat Charge		\$20.00

FOREIGN TERRORISM - CERTIFIED ACTS	SEE FORM 59350, 55405, 59390	\$57.00

LOCATION 001 PREMIUM	\$5,797.00

LOCATION OF PREMISES YOU OWN, RENT OR OCCUPY

LOC 002 BLDG 001 170 Troy Dr
Cheraw, SC 29520-7103

TERRITORY: 001 COUNTY: Chesterfield

Classification	Subline	Premium Basis	Rates	Premium
CODE 63010		Dwellings	Each 1	
Dwellings - One-Family	Prem/Op	1	46.641	\$47.00
(Lessor's Risk Only)	Prod/Comp Op	1	.400	\$1.00

Auto-Owners

Page 3

55040 (11/87)

Issued 02-15-2008

INSURANCE COMPANY

6101 ANACAPRI BLVD., LANSING, MI 48917-3999

TAILORED PROTECTION POLICY DECLARATIONS

Renewal Effective 04-01-2008

AGENCY GOSNELL INSURANCE

16-0626-00

MKT TERR 081

(843) 571-5044

POLICY NUMBER 034616-36381843-08

INSURED PEE DEE HEATING & COOLING

SPECIALTIES INC

ADDRESS 128 TROY DR

CHERAW, SC 29520-7103

Company
Bill

POLICY TERM	
12:01 a.m.	12:01 a.m.
04-01-2008	to 04-01-2009

In consideration of payment of the premium shown below, this policy is renewed. Please attach this
Declarations and attachments to your policy. If you have any questions, please consult with your agent.

COMMERCIAL GENERAL LIABILITY COVERAGE

CODE 49950

Additional Interests
Managers/Lessors Of Premises
Brett & Naida Single

Prem/Op

1

4.664

\$5.00

FOREIGN TERRORISM - CERTIFIED ACTS

SEE FORM 59350, 55405, 59390

\$1.00

LOCATION 002 PREMIUM

\$54.00

Auto-Owners

Page 1

16198 (07-87)
Issued 02-15-2008INSURANCE COMPANY
6101 ANACAPRI BLVD., LANSING, MI 48917-3999

TAILORED PROTECTION POLICY DECLARATIONS

Renewal Effective 04-01-2008

AGENCY GOSNELL INSURANCE
16-0626-00 MKT TERR 081 (843) 571-5044

POLICY NUMBER 034616-36381843-08

INSURED PEE DEE HEATING & COOLING
SPECIALTIES INC

ADDRESS 128 TROY DR

CHERAW, SC 29520-7103

Company
Bill

POLICY TERM	
12:01 a.m.	12:01 a.m.
04-01-2008	to 04-01-2009

In consideration of payment of the premium shown below, this policy is renewed. Please attach this Declaration and attachments to your policy. If you have any questions, please consult with your agent.

COMMERCIAL INLAND MARINE COVERAGE

COVERAGES PROVIDED

INSURANCE APPLIES TO COVERED PROPERTY FOR WHICH A LIMIT OF INSURANCE IS SHOWN.

FORMS THAT APPLY TO INLAND MARINE: 16080 (08-86) 59350 (01-06)

LOCATION OF PREMISES

LOC 001 BLDG 001 128 Troy Dr
Cheraw, SC 29520-7103

COVERAGE: Tools and Equipment (TE)- Actual Cash Value

Insured's Equipment - Special Form	LIMIT	DEDUCTIBLE	RATE	PREMIUM
Unscheduled items up to \$1000 each	\$20,000	\$250	variable	\$691.00

ADDITIONAL FORMS FOR THIS COVERAGE: 16010 (10-97)

RATING INFORMATION

Territory: 013
Program: Contractors

County: Chesterfield

TOTAL FOR THIS COVERAGE: \$691.00

FOREIGN TERRORISM - CERTIFIED ACTS SEE FORM 59350, 16381, 59390 \$7.00

LOCATION 001 PREMIUM \$698.00

A single deductible applies per claim. If more than one item is involved in a claim, the single highest applicable deductible amount is used.

TOOLS AND EQUIPMENT SUBTOTAL \$691.00

TOOLS AND EQUIPMENT BALANCE TO MINIMUM \$0.00

COMMERCIAL GENERAL LIABILITY
55168 (12-04)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED - MANAGERS OR LESSORS OF
PREMISES**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART.

SCHEDULE

1. Designation of Premises (Part Leased to You):
LOCATIONS 1 & 2
2. Name of Person or Organization (Additional Insured):
BRETT & NAIDA SINGLETON
3. Additional Premium:

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

- A. **SECTION II - WHO IS INSURED** is amended to include as an additional insured the person or organization shown in the Schedule but only with respect to liability arising out of the ownership, maintenance or use of that part of the premises leased to you and shown in the Schedule and subject to the following additional exclusions:

This insurance does not apply to:

1. Any "occurrence" which takes place after you cease to be a tenant in that premises.
2. Structural alterations, new construction or demolition operations performed by or on behalf

of the person or organization shown in the Schedule.

- B. Under **SECTION III - LIMITS OF INSURANCE**, the following is added:

The limits of liability for the additional insured are those specified in the written contract or agreement between the insured and the manager or lessor of premises, not to exceed the limits provided in this policy. These limits are inclusive of and not in addition to the limits of insurance shown in the Declarations.

COMMERCIAL GENERAL LIABILITY
55202 (12-04)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED
EXCLUSION - PRODUCTS-COMPLETED OPERATIONS

This endorsement modifies Insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART.

SCHEDULE

Name of Person or Organization (Additional Insured):

TOTAL FACILITY INC / NEST INTERNATIONAL / JOHN TYLER ENTERPRISES INC /

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

- A. Under SECTION I - COVERAGES, COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions, the following exclusion is added:

2. Exclusions

This Insurance does not apply to:

The Additional Insured for the "products-completed operations hazard".

- B. Under SECTION II - WHO IS AN INSURED, the following is added:

The person or organization shown in the above Schedule is an Additional Insured, but only with respect to liability arising out of "your work" for that insured by or for you.

- C. Under SECTION III - LIMITS OF INSURANCE, the following is added:

The limits of liability for the Additional Insured are those specified in the written contract or agreement between the insured and the owner, lessee or contractor, not to exceed the limits provided in this policy. These limits are inclusive of and not in addition to the limits of insurance shown in the Declarations.

- D. Under SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS, 4. Other Insurance, the following is added:

This insurance is primary for the person or organization shown in the Schedule, but only with respect to liability arising out of "your work" for that person or organization by or for you. Other insurance available to the person or organization shown in the Schedule will apply as excess insurance and not contribute as primary insurance to the insurance provided by this endorsement.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION - PROJECTS AND OPERATIONS COVERED BY A CONSOLIDATED (WRAP-UP) INSURANCE PROGRAM

This endorsement modifies Insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART.

The following exclusion is added to paragraph **SECTION I - COVERAGES, COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions:**

This Insurance does not apply to:

Projects And Operations Covered By a Consolidated (Wrap-up) Insurance Program

"Bodily Injury" or "property damage" arising out of your ongoing operations or completed operations including those within the "products-completed operations hazard" for which a consolidated (wrap-up) Insurance program has been provided by the prime contractor/project manager or owner of the construction project in which you are involved.

This exclusion applies whether or not the consolidated (wrap-up) Insurance program:

- (1) Provides coverage identical to that provided by this Coverage Part;
- (2) Has limits adequate to cover all claims; or
- (3) Remains in effect.

This exclusion shall not apply at the location described in the Schedule of this endorsement.

All other policy terms and conditions apply.

SCHEDULE

Description and Location of Projects and Operation(s):

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

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Page 1 of 1

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**AMENDMENT - AGGREGATE LIMITS OF INSURANCE
(PER PROJECT)**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART.

The General Aggregate Limit under LIMITS OF INSURANCE (SECTION III) applies separately to each of your projects away from premises owned by or rented to you.

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to SECTION H - DEFINITIONS.

A. COVERAGE

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

1. Covered Property

Covered Property, as used in this Coverage Part, means the following types of property for which a Limit of Insurance is shown in the Declarations:

a. **Building**, meaning the building or structure described in the Declarations, including:

- (1) Completed additions;
- (2) Permanently installed:
 - (a) Fixtures;
 - (b) Machinery; and
 - (c) Equipment;
- (3) Outdoor fixtures;
- (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:

(a) Fire extinguishing equipment;

(b) Outdoor furniture;

(c) Floor coverings; and

(d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;

(5) If not covered by other insurance:

(a) Additions under construction, alterations and repairs to the building or structure;

(b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the building or structure.

b. **Your Business Personal Property** located in or on the building described in the Declarations or in open (or in a vehicle) within 100 feet of the described premises, consisting of the following unless otherwise specified in the Declarations or on the Your Business Personal Property - Separation of Coverage form:

- (1) Furniture and fixtures;
- (2) Machinery and equipment;
- (3) "Stock;"
- (4) All other personal property owned by you and used in your business;
- (5) Labor, materials or services furnished or arranged by you on personal property of others;
- (6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
 - (a) Made a part of the building or structure you occupy but do not own; and
 - (b) You acquired or made at your expense but cannot legally remove;
- (7) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property of Others.

c. Personal Property of Others that is:

- (1) In your care, custody or control; and
- (2) Located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

However, our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

2. Property Not Covered

Covered Property does not include:

- a. Accounts, bills, currency, deeds, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;
- b. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of the buildings;
- c. Automobiles held for sale;
- d. Bridges, roadways, walks, patios or other paved surfaces;
- e. Contraband, or property in the course of illegal transportation or trade;
- f. The cost of excavations, grading, back-filling or filling;
- g. Foundations of buildings, structures, machinery or boilers if their foundations are below:
 - (1) The lowest basement floor; or
 - (2) The surface of the ground, if there is no basement;
- h. Land (including land on which the property is located), water, growing crops or lawns;
- i. Personal property while airborne or waterborne;
- j. Piling, piers, wharves or docks;
- k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- l. Retaining walls that are not part of the building described in the Declarations;
- m. Underground pipes, flues or drains;

n. The cost to research, replace or restore the information on valuable papers and records, including those which exist on electronic or magnetic media, except as provided in the Coverage Extensions;

o. Vehicles or self-propelled machines (including aircraft or watercraft) that:

(1) Are licensed for use on public roads; or

(2) Are operated principally away from the described premises.

This paragraph does not apply to:

(a) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;

(b) Vehicles or self-propelled machines, other than autos, you hold for sale; or

(c) Rowboats or canoes out of water at the described premises;

p. The following property while outside of buildings:

(1) Grain, hay, straw or other crops;

(2) Fences, radio or television antennas, including their lead-in wiring, masts or towers, signs (other than signs attached to buildings), trees, shrubs or plants (other than "stock" of trees, shrubs or plants), all except as provided in the Coverage Extensions.

3. Covered Causes Of Loss

See applicable Causes of Loss Form as shown in the Declarations.

4. Additional Coverages

a. Debris Removal

(1) We will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.

(2) The most we will pay under this Additional Coverage is 25% of:

(a) The amount we pay for the direct physical loss of or damage to Covered Property; plus

(b) The deductible in this policy applicable to that loss or damage.

But this limitation does not apply to any additional debris removal limit provided in the Limits of Insurance section.

(3) This Additional Coverage does not apply to costs to:

(a) Extract "pollutants" from land or water; or

(b) Remove, restore or replace polluted land or water.

b. Preservation of Property

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

(1) While it is being moved or while temporarily stored at another location; and

- (2) Only if the loss or damage occurs within 10 days after the property is first moved.

c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$1,000 for your liability for fire department service charges:

- (1) Assumed by contract or agreement prior to loss; or
- (2) Required by local ordinance.

No Deductible applies to this Additional Coverage.

d. Pollutant Clean Up and Removal

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage for each described premises is \$10,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy.

5. Coverage Extensions

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

If a Coinsurance percentage of 80% or more or, a Value Reporting period symbol, is shown in the Declarations, you may extend the Insurance provided by this Coverage Part as follows:

a. Newly Acquired or Constructed Property

- (1) You may extend the insurance that applies to Building to apply to:

(a) Your new buildings while being built on the described premises; and

(b) Buildings you acquire at locations, other than the described premises, intended for:

(i) Similar use as the building described in the Declarations; or

(ii) Use as a warehouse.

The most we will pay for loss or damage under this Extension is 25% of the Limit of Insurance for Building shown in the Declarations, but not more than \$250,000 at each building.

- (2) You may extend the insurance that applies to Your Business Personal Property to apply to that property at any location you acquire other than at fairs or exhibitions.

The most we will pay for loss or damage under this Extension is 10% of the Limit of Insurance for Your Business Personal Property shown in the Declarations, but not

more than \$100,000 at each building.

- (3) Insurance under this Extension for each newly acquired or constructed property will end when any of the following first occurs:

- (a) This policy expires.
- (b) 30 days expire after you acquire or begin to construct the property; or
- (c) You report values to us.

We will charge you additional premium for values reported from the date construction begins or you acquire the property.

b. Personal Effects and Property of Others

You may extend the Insurance that applies to Your Business Personal Property to apply to:

- (1) Personal effects owned by you, your officers, your partners or your employees. This extension does not apply to loss or damage by theft.
- (2) Personal property of others in your care, custody or control.

The most we will pay for loss or damage under this Extension is \$2,500 at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

c. Valuable Papers and Records - Cost of Research

You may extend the Insurance that applies to Your Business Personal Property to apply to your costs to research, replace or restore the information on lost or damaged valuable

papers and records, including those which exist on electronic or magnetic media, for which duplicates do not exist. The most we will pay under this Extension is \$1,000 at each described premises.

d. Property Off-Premises

You may extend the insurance provided by this Coverage Form to apply to your Covered Property, other than "stock", that is temporarily at a location you do not own, lease or operate. This Extension does not apply to Covered Property:

- (1) In or on a vehicle;
- (2) In the care, custody or control or your salespersons; or
- (3) At any fair or exhibition.

The most we will pay for loss or damage under this Extension is \$5,000.

e. Outdoor Property

You may extend the Insurance provided by this Coverage Form to apply to your outdoor fences, radio and television antennas, signs (other than signs attached to buildings), trees, shrubs and plants (other than "stock" of trees, shrubs or plants), including debris removal expense, caused by or resulting from any of the following cause of loss if they are Covered Causes of Loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

The most we will pay for loss or damage under this Extension is \$1,000, but not more than \$250 for any one tree, shrub or plant.

Each of these Exclusions is additional Insurance. The Additional Condition, Coinsurance, does not apply to these Exclusions.

B. EXCLUSIONS

See applicable Causes of Loss Form as shown in the Declarations.

C. LIMITS OF INSURANCE

The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

The most we will pay for loss or damage to outdoor signs attached to buildings is \$1,000 per sign in any one occurrence.

The limits applicable to the Coverage Extensions and the Fire Department Service Charge and Pollutant Clean Up and Removal Additional Coverages are in addition to the Limits of Insurance.

Payments under the following Additional Coverages will not increase the applicable Limit of Insurance:

1. Preservation of Property; or
2. Debris Removal; but if:
 - a. The sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or
 - b. The debris removal expense exceeds the amount payable under 25% limitation in the Debris Removal Additional Coverage;

we will pay up to an additional \$5,000 for each location in any one occurrence under the Debris Removal Additional Coverage.

D. DEDUCTIBLE

We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance, after any deduction required by the Coinsurance condition or the Agreed Value Optional Coverage.

E. LOSS CONDITIONS

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

3. Duties In The Event Of Loss Or Damage

a. You must see that the following are done in the event of loss or damage to Covered Property:

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage by a Covered Cause of Loss. If feasible, set the damaged property aside and in the best possible order for examination. Also keep a record of your expenses for emergency and temporary repairs, for consideration in the settlement of the claim. This will not increase the Limit of Insurance.
- (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
- (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
- (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days

after our request. We will supply you with the necessary forms.

(8) Cooperate with us in the investigation or settlement of the claim.

b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

4. Loss Payment

a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:

- (1) Pay the value of loss or damaged property;
- (2) Pay the cost of repairing or replacing the lost or damaged property;
- (3) Take all or any part of the property at an agreed or appraised value; or
- (4) Repair, rebuild or replace the property with other property of like kind and quality.

b. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.

c. We will not pay you more than your financial interest in the Covered Property.

d. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.

e. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.

f. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if:

(1) You have complied with all of the terms of this Coverage Part; and

(2) (a) We have reached agreement with you on the amount of loss; or

(b) An appraisal award has been made.

5. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

6. Vacancy

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage, we will:

a. Not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:

(1) Vandalism;

(2) Sprinkler leakage, unless you have protected the system against freezing;

(3) Building glass breakage;

(4) Water damage;

(5) Theft; or

(6) Attempted theft.

b. Reduce the amount we would otherwise pay for the loss or damage by 15%.

A building is vacant when it does not contain enough business personal property to conduct customary operations.

Buildings under construction are not considered vacant.

7. Valuation

We will determine the value of Covered Property in the event of loss or damage as follows:

a. At actual cash value as of the time of loss or damage, except as provided in b., c., d., e. and f. below.

b. If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is \$2,500 or less, we will pay the cost of building repairs or replacement.

This provision does not apply to the following even when attached to the building:

(1) Awnings or floor coverings;

(2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or

(3) Outdoor equipment or furniture.

c. "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.

d. Glass at the cost of replacement with safety glazing material if required by law.

e. Tenant's Improvements and Betterments at:

- (1) Actual cash value of the lost or damaged property if you make repairs promptly.
- (2) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
 - (a) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
 - (b) Divide the amount determined in (a) above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

- (3) Nothing if others pay for repairs or replacement.

f. Valuable Papers and Records, including those which exist on electronic or magnetic media (other than pre-packaged software programs), at the cost of:

- (1) Blank materials for reproducing the records; and
- (2) Labor to transcribe or copy the records when there is a duplicate.

F. ADDITIONAL CONDITIONS

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Coinsurance

If a Coinsurance percentage is shown in the Declarations, the following condition applies.

- a. We will not pay the full amount of any loss if the value of Covered Property at the time of loss times the Coinsurance percentage shown for it in the Declarations is greater than the Limit of Insurance for the property.

Instead, we will determine the most we will pay using the following steps:

- (1) Multiply the value of Covered Property at the time of loss by the Coinsurance percentage;
- (2) Divide the Limit of Insurance of the property by the figure determined in step (1);
- (3) Multiply the total amount of loss, before the application of any deductible by the figure determined in step (2); and
- (4) Subtract the deductible from the figure determined in step (3).

We will pay the amount determined in step (4) or the limit of insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

Example No. 1 (Underinsurance):

When:

The value of property is	250,000
The Coinsurance percentage for it is	80%
The Limit of Insurance for it is	100,000
The Deductible is	\$250
The amount of loss is	\$40,000
Step (1): $250,000 \times 80\%$	$= \$200,000$
(the minimum amount of insurance to meet your Coinsurance requirements)	
Step (2): $100,000 \div \$200,000$	$= .50$
Step (3): $\$40,000 \times .50$	$= \$20,000$
Step (4): $\$20,000 - \$250$	$= \$19,750$

We will pay no more than \$19,750. The remaining \$20,250 is not covered.

Example No. 2 (Adequate Insurance):

When:

The value of the property is	\$250,000
The Coinsurance percentage for it is	80%
The Limit of Insurance for it is	\$200,000
The Deductible is	\$250
The amount of loss is	\$40,000

Step (1): $\$250,000 \times 80\% = \$200,000$
 (the minimum amount of Insurance to meet your Coinsurance requirements)
 Step (2): $\$200,000 \div \$200,000 = 1.00$
 Step (3): $\$40,000 \times 1.00 = \$40,000$
 Step (4): $\$40,000 - \$250 = \$39,750$

We will cover the \$39,750 loss in excess of the Deductible. No penalty applies.

- b. If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies.

Example No. 3:

When:

The value of the property is:	
Bldg. at Location No. 1	\$75,000
Bldg. at Location No. 2	\$100,000
Personal Property at Location No. 2	<u>\$75,000</u>
	\$250,000

The Coinsurance percentage for it is	90%

The Limit of Insurance for Buildings and Personal Property at Location Nos. 1 and 2 is	
	\$180,000
The Deductible is	\$1,000
The amount of loss is Bldg. at Location No. 2	
	\$30,000
Personal Property at Location No. 2	
	<u>\$20,000</u>
	\$50,000

Step (1): $\$250,000 \times 90\% = \$225,000$

(the minimum amount of Insurance to meet your Coinsurance requirements and to avoid the penalty shown below)

Step (2): $\$180,000 \div \$225,000 = .80$

Step (3): $\$50,000 \times .80 = \$40,000$

Step (4): $\$40,000 - \$1,000 = \$39,000$.

We will pay no more than \$39,000. The remaining \$11,000 is not covered.

2. Mortgage Holders

- a. The term "mortgage holder" includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures to each mortgage holder shown in the Declarations in their order of precedence, as interests may appear.
- c. The mortgage holder has the right to receive loss payment even if the mortgage holder has started foreclosure or similar action on the building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgage holder will still have the right to receive loss payment if the mortgage holder:
 - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;
 - (2) Submits a signed, sworn statement of loss within 60 days after receiving notice from us of your failure to do so; and
 - (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgage holder.

All of the terms of this Coverage Part will then apply directly to the mortgage holder.

- e. If we pay the mortgage holder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

- (1) The mortgage holder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
- (2) The mortgage holder's right to recover the full amount of the mortgage holder's claim will not be impaired.

At our option, we may pay to the mortgage holder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- f. If we cancel this policy, we will give written notice to the mortgage holder at least:

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

- g. If we elect not to renew this policy, we will give written notice to the mortgage holder at least 10 days before the expiration date of this policy.

G. OPTIONAL COVERAGES

If shown in the Declarations, the following Optional Coverages apply separately to each item.

1. Agreed Value

- a. The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies.

We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.

- b. If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.

- c. The terms of this Optional Coverage apply only to loss or damage that occurs:

- (1) On or after the effective date of this Optional Coverage; and
- (2) Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

2. Inflation Guard

- a. The Limit of Insurance for property to which this Optional Coverage applied will automatically increase by the annual percentage shown in the Declarations.

- b. The amount of increase will be:

- (1) The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times
- (2) The percentage of annual increase shown in the Declarations, expressed a decimal (example: 8% is .08), times
- (3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

Example:

If:

The applicable Limit of Insurance is \$100,000

The annual percentage increase is 8%

The number of days since the beginning of the policy year (or last policy change) is 146

The amount of increase is
 $\$100,000 \times .08 \times 146 \div 365 = \$3,200$

3. Replacement Cost

a. Replacement Cost: (without deduction for depreciation) replaces Actual Cash Value in the Loss Condition, Valuation, of this Coverage Form.

b. This Optional Coverage does not apply to:

- (1) Property of others;
- (2) Contents of a residence;
- (3) Manuscripts;
- (4) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac; or

(5) "Stock," unless the Including "Stock" option is shown in the Declarations.

c. You may make a claim for loss or damage covered by this Insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the additional coverage this Optional Coverage provides if you notify us of

your intent to do so within 180 days after the loss or damage.

d. We will not pay on a replacement cost basis for any loss or damage:

(1) Until the lost or damaged property is actually repaired or replaced; and

(2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

e. We will not pay more for loss or damage on a replacement cost basis than the least of:

(1) The Limit of Insurance applicable to the lost or damaged property;

(2) The cost to replace, on the same premises, the lost or damaged property with other property:

(a) Of comparable material and quality; and

(b) Used for the same purpose; or

(3) The amount you actually spend that is necessary to repair or replace the lost or damaged property.

H. DEFINITIONS

1. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

2. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMMERCIAL PROPERTY CONDITIONS

This Coverage Part is subject to the following conditions, the Common Policy Conditions and applicable Loss Conditions and Additional Conditions in Commercial Property Coverage Forms.

A. CONCEALMENT, MISREPRESENTATION OR FRAUD

This Coverage Part is void in any case of fraud by you as it relates to this Coverage Part at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

1. This Coverage Part;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this Coverage Part.

B. CONTROL OF PROPERTY

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

C. INSURANCE UNDER TWO OR MORE COVERAGES

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

D. LEGAL ACTION AGAINST US

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all of the terms of this Coverage Part; and
2. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

E. LIBERALIZATION

If we adopt any revision that would broaden the coverage under this Coverage Part without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Part.

F. NO BENEFIT TO BAILEE

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

G. OTHER INSURANCE

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.
2. If there is other insurance covering the same loss or damage, other than that described in 1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we

will not pay more than the applicable Limit of Insurance.

H. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

1. We cover loss or damage commencing:
 - a. During the policy period shown in the Declarations; and
 - b. Within the coverage territory.
2. The coverage territory is:
 - a. The United States of America (including its territories and possessions);
 - b. Puerto Rico; and
 - c. Canada.

I. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

If any person or organization to or for whom we make payment under this Coverage Part has

rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

1. Prior to a loss to your Covered Property or Covered Income.
2. After a loss to your covered Property or Covered Income only if, at time of loss, that party is one of the following:
 - a. Someone insured by this insurance;
 - b. A business firm:
 - (1) Owned or controlled by you; or
 - (2) That owns or controls you; or
 - c. Your tenant.

This will not restrict your insurance.

POLICY NUMBER:

COMMERCIAL PROPERTY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**SOUTH CAROLINA CHANGES - VALUATION**

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
 BUILDERS' RISK COVERAGE FORM
 CONDOMINIUM ASSOCIATION COVERAGE FORM
 STANDARD PROPERTY POLICY

SCHEDULE*			
Prem. No.	Bldg. No.	Agreed Value of Buildings	Total Amount of Insurance to be Carried
A. When this endorsement is attached to the STANDARD PROPERTY POLICY CP 00 99 the term Coverage Part in this endorsement is replaced by the term Policy.			
B. The following is added to VALUATION Loss Condition:			
1. For loss or damage to buildings caused by or resulting from fire or lightning, you and we agree that:			
a. The value of buildings described in this Coverage Part; and			
b. The total amount of insurance to be carried on the buildings, including this Coverage Part;			
are the amounts shown in the Schedule.			
2. The following applies to the Builders' Risk Coverage Form, or the Builders' Risk Changes - Standard Property Policy, if applicable:			
The Agreed Value of Buildings represents the value of the building when it is completed.			

*Information required to complete this Schedule, if not shown on this endorsement will be shown in the Declarations.

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TOOLS AND EQUIPMENT FLOATER

PROPERTY COVERED

We cover the property which is:

1. described for this coverage in the Declarations; and
2. owned by:
 - a. you; or
 - b. your employees;

while the property is on the insured premise or elsewhere in the course of your business.

AMOUNT OF INSURANCE

We will not pay more than:

1. the limit of insurance stated in the Declarations for any one loss occurrence; or
2. \$1,000 ON ANY ONE ITEM UNLESS ANOTHER AMOUNT IS SPECIFICALLY SCHEDULED.

PERILS WE INSURE AGAINST

We cover risk of direct physical loss or damage, not excluded in this form, to the property covered.

EXCLUSIONS

We do not cover under this form loss or damage caused directly or indirectly by any of the following, whether or not any other cause or happening contributes concurrently or in any sequence to the loss or damage:

1. Seizure or destruction of property by order of governmental authority. But we will pay for such acts of destruction taken at the time of a fire to prevent its spread if the fire would be covered under this form.
2. Nuclear action meaning nuclear reaction, radiation, radioactive contamination, discharge of a nuclear weapon, however caused and whether controlled or uncontrolled, or any consequence of any of these. We will cover direct loss resulting from fire if caused by any of these, if fire is covered elsewhere in this form.
3. War (declared or undeclared), civil war, insurrection, rebellion or revolution.
4. Wear and tear; inherent vice; hidden or latent defect; gradual deterioration; mechanical break down; insects, vermin, rodents; depreciation; or by processing or an work on the property. We will cover direct loss from fire or explosion which is caused by any of these.
5. Corrosion, rusting, dampness of atmosphere, or extremes of temperature.

6. Misappropriation, secretion, conversion, infidelity or any dishonest act by you or others or the employees or agents of either to whom the covered property may be entrusted. This exclusion does not apply to carriers for hire.
7. Artificially generated electrical currents to electrical apparatus. We will cover loss or damage caused directly by ensuing fire or explosion.
8. The weight of a load exceeding the registered lifting or supporting capacity of any machine.
9. Strikes, lockouts, labor disturbances; riots and civil commotion; or the acts of any person or persons taking part in such occurrences or disorders.
10. Theft by an insured's employees or a person to whom the insured property is entrusted.
11. Loss or damage by an unexplainable or unaccountable cause where there is no visible evidence that the loss or damage resulted from a peril insured against.

ADDITIONAL CONDITIONS

1. Coinsurance Clause

We will pay no more than the amount of loss or damage multiplied by the ratio of the amount of insurance on the property covered to its actual cash value at the time of loss or damage.

2. Territory

This policy applies only within the continental United States and Canada.

3. Special Condition

Each item of the schedule is deemed to be separately insured.

INSURING AGREEMENT

We agree to provide insurance subject to all the terms of this coverage part. In return, you must pay the premium and comply with all the terms of this coverage part.

This insurance applies to loss which occurs during the policy period as shown in the Declarations. The coverages provided, the limits of our liability and the premiums are also shown in the Declarations.

DEFINITIONS

To understand this coverage part, you must understand what we mean when we use these words:

"You" and "Your" mean the Insured named in the Declarations.

"We", "us" and "our" mean the Company providing this insurance.

WHAT TO DO IN CASE OF LOSS

If covered loss occurs, you agree to:

(a) Give us or our agent immediate written notice. In case of theft also notify the police.	(3) actual cash value and amount of loss to the property;
(b) Protect the property from further damage, making necessary and reasonable repairs to do so and keeping records of the cost.	(4) all encumbrances on the property;
(c) Make a list of all damaged and destroyed property, showing in detail quantities, costs, actual cash value and amount of loss claimed.	(5) other policies covering the loss; and
(d) Send to us, within 60 days of our request, proof of loss signed and sworn to by the insured person, including:	(6) changes in the title, use or possession of the property.
(1) the time and cause of loss;	(e) Exhibit the damaged property to us or our representative as often as may be reasonably required.
(2) the interest of insured persons and all others in the property;	(f) Submit to examinations under oath by any person we name and sign the transcript of the examinations.
	(g) Produce for examination, with permission to copy, all books of account, bills, invoices, receipts and other vouchers as we may reasonably require.

SPECIAL CONDITIONS

ABANDONMENT We are not obligated to accept abandoned property.

APPRAISAL If you and we fail to agree on the actual cash value or amount of loss, either party may make written demand for an appraisal. Each party will select an appraiser and notify the other of the appraiser's identity within 20 days after the demand is received. The appraisers will select a competent and impartial umpire. If the appraisers are unable to agree upon an umpire within 15 days, you or we can ask a judge of a court of record having jurisdiction where the appraisal is pending to select an umpire.

The appraisers shall then appraise the loss, stating separately the actual cash value and the amount of loss to each item. If the appraisers submit a written report of an agreement to us, the amount agreed upon shall be the actual cash value or amount of loss. If they cannot agree, they will submit their differences to the umpire. A written award by two will determine the actual cash value or amount of loss.

Each party will pay the appraiser it chooses, and equally pay the umpire and all other expenses of the appraisal.

CONCEALMENT, MISREPRESENTATION OR FRAUD

This entire policy is void in any case of fraud by you or if you have intentionally concealed or misrepresented any material fact or circumstance relating to this insurance.

OUR PAYMENT OF LOSS We will pay you or make good any loss covered by this policy, unless another payee is named in the policy. We will pay within 30 days after:

- (a) We receive your proof of loss; and
- (b) The amount of loss is finally determined by an agreement between you and us, a court judgement or an appraisal award.

We will not pay or make good any loss which you have collected from others.

OTHER INSURANCE If you have other insurance covering the same loss as this insurance, we will pay only the excess over what the other insurer should

pay. We will pay the excess whether you can collect on the other insurance or not.

PAIR OR SET In case of loss of or damage to any part of a pair or set, we may:

- (a) repair or replace any part of the pair or set to restore it to its value before the loss; or
- (b) pay the difference between the actual cash value of the property before and after the loss.

PARTS In case of loss or damage to any part of property covered, consisting of several parts when complete, we shall pay only for the value of the part lost or damaged.

RIGHT TO ADJUST LOSS WITH OWNER If a loss involved property of others in your care, custody or control, we may:

- (a) settle the loss with the owners; or
- (b) defend you against any claim or suit at our cost. The expense of the defense will not reduce the limit of this insurance.

RECOVERIES Any recovery or salvage on a loss belongs to us until we recover what we have paid.

LOSS CLAUSE The amount of insurance under this policy will not be reduced except for total loss of a scheduled item. Any unearned premium that applies to such item will be refunded.

OUR RIGHT TO RECOVER PAYMENT After making payment under this policy, we will have the right to recover to the extent of our payment from anyone held responsible. You agree to do whatever is required to transfer this right to us.

SUIT AGAINST US We may not be sued unless there is full compliance with all the terms of this policy. Suit must be brought within two years after you first know of the loss or damage.

NO BENEFIT TO BAILEE This insurance will not, in any way, benefit any other person or organization who may be caring for or handling property for a fee.

VALUATION We will not pay more than the least of:

- (a) The actual cash value of the damaged property at the time any loss or damage occurs. Actual cash value may include a deduction for depreciation;
- (b) the cost to repair or replace the damaged property with like kind or quality; or
- (c) the amount of Insurance stated for the class of property.

DEDUCTIBLE Each claim for loss or damage will be adjusted separately. We will deduct the amount stated in the Declarations (or in the form that applies) from each adjusted claim.

ASSIGNMENT No interest in this policy may be assigned without our written consent. But if you are an individual named insured and die, we will cover:

- (a) your legal representative but only within the scope of his duties as such; and
- (b) anyone having proper temporary custody of your insured property, but only:
 - 1. with respect to that property; and
 - 2. until your representative is appointed.

WHEN TWO OR MORE COVERAGES APPLY

If two or more of this policy's coverages apply to the same loss or damage, we shall pay no more than the actual amount of such loss or damage.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**CONDITIONAL EXCLUSION OF TERRORISM
INVOLVING NUCLEAR, BIOLOGICAL OR CHEMICAL TERRORISM
(RELATING TO DISPOSITION OF FEDERAL TERRORISM
RISK INSURANCE EXTENSION ACT OF 2005)**

This endorsement modifies Insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART

A. Applicability Of This Endorsement

1. The provisions of this endorsement will apply if and when one of the following situations occurs:

a. The federal Terrorism Risk Insurance Program ("Program"), established by the Terrorism Risk Insurance Extension Act of 2005, terminates; or

b. The Program is renewed, extended or otherwise continued in effect:

(1) With revisions that increase insurers' statutory percentage deductible or decrease the federal government's statutory percentage share in potential terrorism losses above such deductible, or that results in a change in the level or terms or conditions of coverage; and

(2) We are not required by the Program to make terrorism coverage available to you and elect not to do so.

The Program is scheduled to terminate at the end of December 31, 2007 unless renewed, extended or otherwise continued by act of Congress.

2. When this endorsement becomes applicable in accordance with the terms of A.1.a. or A.1.b., above, it supersedes any terrorism endorsement already endorsed to this policy that addresses "certified acts of terrorism".

3. If this endorsement does NOT become applicable, then any terrorism endorsement already endorsed to this policy, that addresses "certified acts of terrorism", will remain in effect. However, if the Program is renewed, extended or otherwise continued in effect with revisions that change the level or terms or conditions of coverage, and we are required to offer you the revised coverage or to provide the revised coverage to those who previously accepted coverage under the Program, then we will take the appropriate steps in response to the federal requirements.

B. The following definition is added and applies under this endorsement wherever the term terrorism is enclosed in quotation marks.

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"Terrorism" means activities against persons, organizations or property of any nature:

1. That involve the following or preparation for the following:
 - a. Use or threat of force or violence; or
 - b. Commission or threat of a dangerous act; or
 - c. Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and
2. When one or both of the following applies:
 - a. The effect is to intimidate or coerce a government or the civilian population or any segments thereof, or to disrupt any segment of the economy; or
 - b. It appears that the intent is to intimidate or coerce a government or the civilian population, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

C. The following exclusion is added:

Exclusion Of "Terrorism"

We will not pay for loss or damage caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or ex-

pected incident of "terrorism". Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. This exclusion applies only when one or more of the following are attributed to an incident of "terrorism":

1. 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;
2. Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material;
3. The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
4. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials.

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, regardless of whether this endorsement was in effect during the entirety of that time period or not.

CAUSES OF LOSS - SPECIAL FORM

Words and phrases that appear in quotation marks have special meaning. Refer to Section F, - Definitions.

A. COVERED CAUSES OF LOSS

When Special is shown in the Declarations, Covered Causes of Loss means RISKS OF DIRECT PHYSICAL LOSS unless the loss is:

1. Excluded in Section B., Exclusions; or
2. Limited in Section C., Limitations;

that follow.

B. EXCLUSIONS

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

a. Ordinance or Law

The enforcement of any ordinance or law:

- (1) Regulating the construction, use or repair of any property; or
- (2) Requiring the tearing down of any property, including the cost of removing its debris.

b. Earth Movement

- (1) Any earth movement (other than sink-hole collapse), such as an earthquake, landslide, mine subsidence or earth sinking, rising or shifting. But if loss or damage by fire or explosion results, we will pay for that resulting loss or damage.

- (2) Volcanic eruption, explosion or effusion. But if loss or damage by fire, building glass breakage or volcanic actions results, we will pay for that resulting loss or damage.

Volcanic action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- (a) Airborne volcanic blast or airborne shock waves;
- (b) Ash, dust or particulate matter; or
- (c) Lava flow.

All volcanic eruptions that occur within any 168 hour period will constitute a single occurrence.

Volcanic action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

c. Governmental Action

Seizure or destruction of property by order of governmental authority,

But we will pay for acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Part.

d. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination however caused.

But if loss or damage by fire results, we will pay for that resulting loss or damage.

e. Off-Premises Services

The failure of power or other utility service supplied to the described premises, however caused, if the failure occurs away from the described premises.

But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.

f. War And Military Action

(1) War, including undeclared or civil war;

(2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

(3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

g. Water

(1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;

(2) Mudslide or mudflow;

(3) Water that backs up from a sewer or drain; or

(4) Water under the ground surface pressing on, or flowing or seeping through;

(a) Foundations, walls, floors or paved surfaces;

(b) Basements, whether paved or not; or

(c) Doors, windows or other openings.

But if loss or damage by fire, explosion or sprinkler leakage results, we will pay for that resulting loss or damage.

h. "Fungi", Wet Rot, Dry Rot And Bacteria

Presence, growth, proliferation, spread or any activity of "fungi", wet rot, dry rot or bacteria.

But if "fungi", wet rot, dry rot or bacteria results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion does not apply:

1. When "fungi", wet rot, dry rot or bacteria results from fire or lightning; or

2. To the extent that coverage is provided in the Limited Coverage For "Fungi", Wet Rot, Dry Rot And Bacteria with respect to loss or damage by a cause of loss other than fire or lightning.

Exclusions B.1.a. through B.1.h. apply whether or not the loss event results in widespread damage or affects a substantial area.

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

a. Artificially generated electric current, including electric arcing, that disturbs electrical devices, appliances or wires.

But if loss or damage by fire results, we will pay for that resulting loss or damage.

b. Delay, loss of use or loss of market.

- c. Smoke, vapor or gas from agricultural smudging or industrial operations.
- d. (1) Wear and tear;

(2) Rust, corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;

(3) Smog;

(4) Settling, cracking, shrinking or expansion;

(5) Insects, birds, rodents or other animals;

(6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. However, this does not apply to any resulting loss or damage caused by elevator collision;

(7) The following causes of loss to personal property:

(a) Dampness or dryness of atmosphere;

(b) Changes in or extremes of temperature; or

(c) Marring or scratching.

But if loss or damage by the "specified causes of loss" or building glass breakage results, we will pay for that resulting loss or damage.

- e. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if loss or damage by fire or combustion explosions results, we will pay for that resulting loss or damage. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

- f. Continuous or repeated seepage or leakage of water that occurs over a period of 14 days or more.

g. Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:

(1) You do your best to maintain heat in the building or structure; or

(2) You drain the equipment and shut off the supply if the heat is not maintained.

- h. Dishonest or criminal act by you, any of your partners, employees, directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:

(1) Acting alone or in collusion with others; or

(2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees; but theft by employees is not covered.

- i. Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.

- j. Rain, snow, ice or sleet to personal property in the open.

- k. Collapse, except as provided below in the Additional Coverage for Collapse. But if loss or damage by a Covered Cause of Loss results at the described premises, we will pay for that resulting loss or damage.

1. Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss." But if loss or damage by the "specified causes of loss" results, we will pay for the resulting damage caused by the "specified causes of loss."

3. We will not pay for loss or damage caused by or resulting from any of the following. But if loss or damage by a Covered Cause of Loss results, we will pay for the resulting loss or damage.

- a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in paragraph 1. above to produce the loss or damage.

- b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

- c. Faulty, inadequate or defective:

- (1) Planning, zoning, development, surveying, siting;

- (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;

- (3) Materials used in repair, construction, renovation or remodeling; or

- (4) Maintenance;

of part or all of any property on or off the described premises.

4. Special Exclusions

The following provisions apply only to the specified Coverage Forms.

- a. **Business Income (And Extra Expense) Coverage Form, Business Income (Without**

Extra Expense) Coverage Form, or Extra Expense Coverage Form

We will not pay for:

- (1) Any loss caused by or resulting from:

- (a) Damage or destruction of "finished stock;" or

- (b) The time required to reproduce "finished stock."

This exclusion does not apply to Extra Expense.

- (2) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas, including their lead-in wiring, masts or towers.

- (3) Any increase of loss caused by or resulting from:

- (a) Delay in rebuilding, repairing or replacing the property or resuming "operations," due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or

- (b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the suspension of "operations," we will cover such loss that affects your Business Income during the "period of restoration."

- (4) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration."

- (5) Any other consequential loss.

- b. **Leasehold Interest Coverage Form**

(1) Paragraph B.1.a. Ordinance or Law, does not apply to insurance under this Coverage Form.

(2) We will not pay for any loss caused by:

(a) Your cancelling the lease;

(b) The suspension, lapse or cancellation of any license; or

(c) Any other consequential loss.

c. Legal Liability Coverage Form

(1) The following Exclusions do not apply to insurance under this Coverage Form:

(a) Paragraph B.1.a., Ordinance or Law;

(b) Paragraph B.1.c., Governmental Action;

(c) Paragraph B.1.d., Nuclear Hazard;

(d) Paragraph B.1.e., Power Failure; and

(e) Paragraph B.1.f., War and Military Action.

(2) Contractual Liability

We will not defend any claim or "suit," or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement.

(3) Nuclear Hazard

We will not defend any claim or "suit," or pay any damages, loss, expense or obligation, resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

1. We will not pay for loss of or damage to:

a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.

c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:

(1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or

(2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.

d. Building materials and supplies not attached as part of the building or structure, unless held for sale by you, caused by or resulting from theft, except as provided in C.5.a. below.

e. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.

f. Gutters and downspouts caused by or resulting from weight of snow, ice or sleet.

C. LIMITATIONS

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- g. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.
2. We will not pay more for loss of or damage to glass that is part of a building or structure than \$100 for each plate, pane, multiple plate insulating unit, radiant or solar heating panel, jalousie, louver or shutter. We will not pay more than \$500 for all loss of or damage to building glass that occurs at any one time.
- This Limitation does not apply to loss or damage by the "specified causes of loss," except vandalism.
3. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:
- a. Valuable papers and records, such as books of account, manuscripts, abstracts, drawings, card index systems, film, tape, disc, drum, cell or other data processing, recording or storage media, and other records.
 - b. Animals, and then only if they are killed or their destruction is made necessary.
 - c. Fragile articles such as glassware, statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:
 - (1) Glass that is part of a building or structure;
 - (2) Containers of property held for sale; or
 - (3) Photographic or scientific instrument lenses.
 - d. Builders' machinery, tools, and equipment you own or that are entrusted to you, while away from the premises described in the Declarations, except as provided in paragraph C.5.b. below.
4. For loss or damage by theft, the following types of property are covered only up to the limits shown:
- a. \$2,500 for furs, fur garments and garments trimmed with fur.
 - b. \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
 - c. \$2,500 for patterns, dies, molds and forms.
 - d. \$250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.
5. **Builders' Risk Coverage Form Limitations**
- The following provisions apply only to the Builders' Risk Coverage Form.
- a. Limitation 1.d. is replaced by the following:
 - d. Building materials and supplies not attached as part of the building or structure caused by or resulting from theft.
 - b. Limitation 3.d. is replaced by the following:
 - d. Builders' machinery, tools and equipment you own or that are entrusted to you.
6. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage:
- a. Results in discharge of any substance from an automatic fire protection system; or

- b. Is directly caused by freezing.

D. ADDITIONAL COVERAGE - COLLAPSE

We will pay for loss or damage caused by or resulting from risks of direct physical loss involving collapse of a building or any part of a building caused only by one or more of the following:

1. The "specified causes of loss" or breakage of building glass, all only as insured against in this Coverage Part;
2. Hidden decay;
3. Hidden insect or vermin damage;
4. Weight of people and personal property;
5. Weight of rain that collects on a roof;
6. Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.

We will not pay for loss or damage to the following types of property, if otherwise covered in this Coverage Part, under items 2., 3., 4., 5. and 6. unless the loss or damage is a direct result of the collapse of a building:

outdoor radio or television antennas, including their lead-in wiring, masts or towers; awnings, gutters and downspouts; yard fixtures; outdoor swimming pools; fences; piers, wharves and docks; beach or diving platforms or appurtenances; retaining walls; walks, roadways and other paved surfaces.

Collapse does not include settling, cracking, shrinkage, bulging or expansion.

This Additional Coverage will not increase the Limits of Insurance provided in this Coverage Part.

E. LIMITED COVERAGE FOR "FUNGI", WET ROT, DRY ROT AND BACTERIA

1. The coverage described in E.2. and E.6. only applies when the "fungi", wet rot, dry rot or bacteria is the result of a "specified cause of loss" other than fire or lightning that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.
2. We will pay for loss or damage by "fungi", wet rot, dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:
 - a. Direct physical loss or damage to Covered Property caused by "fungi", wet rot, dry rot or bacteria, including the cost of removal of the "fungi", wet rot, dry rot or bacteria;
 - b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungi", wet rot, dry rot or bacteria; and
 - c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungi", wet rot, dry rot or bacteria are present.
3. The coverage described under E.2. of this Limited Coverage is limited to 10% of the building or personal property limit of insurance, whichever is greater, subject to a maximum of \$100,000 and a minimum of \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungi", wet rot, dry rot or bacteria, we will not pay more than this limit even if the "fungi", wet rot, dry rot or bacteria continues to be present or active, or recurs, in a later policy period.

4. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungi", wet rot, dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

If there is covered loss or damage to Covered Property, not caused by "fungi", wet rot, dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungi", wet rot, dry rot or bacteria causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

5. The terms of this Limited Coverage do not increase or reduce the coverage provided under Paragraph F.2. (Water Damage, Other Liquids, Powder Or Molten Material Damage) of this Causes Of Loss Form or under the Additional Coverage - Collapse.
6. The following, 6.a. or 6.b., applies only if Business Income and/or Extra Expense coverage applies to the described premises and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense coverage form.
- a. If the loss which resulted in "fungi", wet rot, dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungi", wet rot, dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 45 days. The days need not be consecutive.
- b. If a covered "suspension" of "operations" was caused by loss or damage other than "fungi", wet rot, dry rot or bacteria but remediation of "fungi", wet rot, dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 45 days. The days need not be consecutive.

F. ADDITIONAL COVERAGE EXTENSIONS

1. **Property In Transit.** This Extension applies only to your personal property to which this form applies.
- a. You may extend the Insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 100 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.
- b. Loss or damage must be caused by or result from one of the following causes of loss:
- (1) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
 - (2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the road bed.
 - (3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.
- c. The most we will pay for loss or damage under this Extension is \$1000.

This Coverage Extension is additional Insurance. The Additional Condition, Coinsurance, does not apply to the Extension.

2. **Water Damage, Other Liquids, Powder or Molten Material Damage.** If loss or damage caused by or resulting from covered water or other liquid, powder or molten material damage loss occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes

G. DEFINITIONS

1. "Fungi" means any type or form of fungus, including, but not limited to, mold, mildew, mycotoxins, spores, scents or byproducts produced or released by any type or form of fungus.

2. "Specified Causes of Loss" means the following:

Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of ice and snow, ice or sleet; water damage.

- a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:

- (1) The cost of filling sinkholes; or
- (2) Sinking or collapse of land into man-made underground cavities.

- b. Falling objects does not include loss or damage to:

- (1) Personal property in the open; or
- (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

- c. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking or cracking of any part of a system or appliance containing water or steam.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CHANGES - WATER DAMAGE EXCLUSION

This endorsement modifies Insured provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
CAUSES OF LOSS - BASIC FORM
CAUSES OF LOSS - BROAD FORM
CAUSES OF LOSS - SPECIAL FORM

Under **B. EXCLUSIONS**, **g. Water** is deleted and replaced by the following:

g. Water

- (1) Regardless of the cause, flood, surface water, waves, tides, tidal waves, storm surge, overflow of any body of water, or their spray, all whether driven by wind or not;
- (2) Mudslide or mudflow;
- (3) Water that backs up from a sewer or drain; or
- (4) Water under the ground surface pressing on, or flowing or seeping through:
 - (a) Foundations, walls, floors or paved surfaces;
 - (b) Basements, whether paved or not; or
 - (c) Doors, windows or other openings.

But if loss or damage by fire, explosion or sprinkler leakage results, we will pay for that resulting loss or damage.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

54182 (6-00)

ARSON REWARD

This endorsement modifies insurance under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM

Under A. COVERAGE, 4. Additional Coverages, the following Additional Coverage is added:

Arson Reward

We will pay for information which leads to a conviction for arson in connection with a fire loss to Covered Property insured by this policy. The most we will pay is the Limit of Insurance shown in the Declarations for ARSON REWARD regardless of the number of persons who provide information. No Deductible applies to this Additional Coverage.

All other policy terms and conditions apply.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

REKEYING OF LOCKS

This endorsement modifies insurance under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM

Under A. COVERAGE, 4. Additional Coverages, the following Additional Coverage is added:

Rekeying of Locks

We will pay reasonable necessary expenses you incur to rekey locks on doors of the building described in the Declarations, provided the keys to such locks are a part of a theft loss covered by this policy. The most we will pay is the Limit of Insurance shown in the Declarations for REKEYING OF LOCKS. No Deductible applies to this Additional Coverage.

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INVENTORY

This endorsement modifies insurance under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM

Under A. **COVERAGE**, 4. **Additional Coverages**, the following Additional Coverage is added:

Inventory

- a. The Limit of Insurance for Business Personal Property (BPP) will automatically increase by the Limit of Insurance shown in the Declarations for INVENTORY for temporary variations in Inventory.
- b. This increase will apply only if the Limit of Insurance shown for Business Personal Property in the Declarations is at least 80% of your average monthly values during the lesser of:
 - (1) The twelve months immediately preceding the date the loss or damage occurs; or
 - (2) The period of time you have been in business as of the date the loss or damage occurs.

No Deductible applies to this Additional Coverage.

All other policy terms and conditions apply.

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54185 (6-00)

NEWLY ACQUIRED OR CONSTRUCTED PROPERTY

This endorsement modifies insurance under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM

1. Under A. COVERAGE, 5. Coverage Extensions, a. Newly Acquired or Constructed Property, is deleted.
2. Under A. COVERAGE, 4. Additional Coverages, the following Additional Coverage is added:

Newly Acquired or Constructed Property

- a. We will pay for direct physical loss or damage to:

- (1) Your new buildings while being built on the described premises; and
- (2) Buildings you acquire at locations, other than the described premises, intended for:
 - (a) Similar use as the building described in the Declarations; or
 - (b) Use as a warehouse.

The most we will pay for loss or damage is the Limit of Insurance shown in the Declarations for NEWLY ACQUIRED OR CONSTRUCTED PROPERTY.

- b. We will pay for direct physical loss of or damage to Your Business Personal Property at any location you acquire other than at fairs or exhibitions.

The most we will pay for loss or damage is the Limit of Insurance shown in the Declarations for NEWLY ACQUIRED BUSINESS PERSONAL PROPERTY at each building.

- c. Coverage for each newly acquired or constructed property will end when any of the following first occurs:

- (1) This policy expires.
- (2) The number of days shown in the Declarations under:
 - (a) NEWLY ACQUIRED OR CONSTRUCTED PROPERTY - INCREASED LIMIT; or
 - (b) NEWLY ACQUIRED BUSINESS PERSONAL PROPERTY - INCREASED LIMIT;expire after you acquire or begin to construct the property.
- (3) You report values to us.

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(4) You secure other insurance for such property.

We will charge you additional premium for values reported from the date construction begins or you acquire the property.

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WATER BACK-UP FROM SEWERS OR DRAINS

This endorsement modifies insurance under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
CAUSES OF LOSS - SPECIAL FORM

1. Subject to the provisions of paragraph 2. below, under B. **EXCLUSIONS**, g. Water subparagraph (3) is deleted.
2. Under C. **LIMITATIONS** the following limitation is added:

In any one loss, we will not pay more than the Limit of Insurance shown in the Declarations under WATER BACK-UP FROM SEWERS OR DRAINS for loss of or damage to Covered Property caused by water back-up from sewers or drains. In the event that the amount of loss of or damage to Covered Property does not exceed the Limit of Insurance shown in the Declarations for WATER BACKUP FROM SEWERS OR DRAINS, you may, at your option, apply the remainder of this Limit of Insurance to your actual loss of Business Income or necessary Extra Expense, if any, subject to the terms and conditions of the Additional Coverage, Business Income and Extra Expense.

All other policy terms and conditions apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BUSINESS PERSONAL PROPERTY AT FAIRS OR EXHIBITIONS

This endorsement modifies insurance under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM

Under A. **COVERAGE**, 4. Additional Coverages, the following Additional Coverage is added:

Business Personal Property at Fairs or Exhibitions

We will pay for direct physical loss of or damage to Your Business Personal Property while it is temporarily at any fair or exhibition caused by or resulting from any Covered Cause of Loss. This Additional Coverage shall apply for a period not to exceed 15 days at any one fair or exhibition. This coverage does not apply to Covered Property in or on a vehicle.

Our payment for any one loss at any one fair or exhibition shall not exceed the Limit of Insurance shown in Declarations for BUSINESS PERSONAL PROPERTY AT FAIRS OR EXHIBITIONS. The Additional Condition, Coinsurance does not apply to this Additional Coverage.

All other policy terms and conditions apply.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

REFRIGERATED PRODUCTS

This endorsement modifies insurance under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
 CONDOMINIUM ASSOCIATION COVERAGE FORM
 CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
 CAUSES OF LOSS - SPECIAL FORM

1. Under A. COVERAGE, 4. Additional Coverages, the following Additional Coverage is added:

Refrigerated Products

We shall pay for loss of or damage to "perishable stock" caused directly by any of the following:

- (1) Mechanical breakdown of the refrigeration system; or
- (2) The interruption of electrical services to the refrigeration system caused by damage to electrical generating or transmission equipment.

You must exercise diligence in inspecting and maintaining refrigeration equipment. If interruption of electrical service or mechanical or electrical breakdown is known, you must use all reasonable means to protect the covered property from further damage.

2. Under C. LIMITS OF INSURANCE, the following limitation is added:

The most we shall pay for all loss or damage caused directly by mechanical or electrical breakdown of the refrigeration system or the interruption of electrical service to the refrigeration system caused by damage to electrical generating or transmission equipment in any one loss is the Limit of Insurance shown in the Declarations for REFRIGERATED PRODUCTS. In the event that the amount of loss of or damage to "perishable stock" does not exceed the Limit of Insurance shown in the Declarations for REFRIGERATED PRODUCTS, you may, at your option, apply the remainder of this Limit of Insurance to your actual loss of Business Income or necessary Extra Expense, if any, subject to the terms and conditions of the Additional Coverage, Business Income and Extra Expense.

3. Under the CAUSES OF LOSS - SPECIAL FORM, B. EXCLUSIONS, exclusion 2. d. (6) is deleted and replaced by the following exclusion for this endorsement only:

- (6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. However, this does not apply to any resulting loss or damage caused by elevator collision or mechanical breakdown of refrigeration systems;

4. Definitions

The following definition applies only to this Additional Coverage:

"Perishable stock" means merchandise held in storage or for sale that is refrigerated for preservation and is susceptible to loss or damage if the refrigeration fails.

All other policy terms and conditions apply.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

54190 (8-00)

FIRE EXTINGUISHER RECHARGE

This endorsement modifies insurance under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM

Under A. COVERAGE, 4. Additional Coverages, the following Additional Coverage is added:

Fire Extinguisher Recharge

We shall pay for the recharging of fire extinguishers which you own when such fire extinguishers have been discharged at a premises described in the Declarations to control a fire to which this policy applies.

The most we shall pay to recharge your fire extinguishers in any one occurrence is the Limit of Insurance shown in the Declarations for FIRE EXTINGUISHER RECHARGE.

No Deductible applies to this Additional Coverage.

All other policy terms and conditions apply.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

OUTDOOR PROPERTY

This endorsement modifies insurance under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM

1. Under A. COVERAGE, 5. Coverage Extensions, e. Outdoor Property is deleted.
2. Under A. COVERAGE, 4. Additional Coverages, the following Additional Coverage is added:

Outdoor Property

We shall pay for direct physical loss or damage to your outdoor fences, radio and television antennas, trees, shrubs and plants (other than "stock" of trees, shrubs or plants), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

Our payment for any one loss for all covered outdoor property shall not exceed the Limit of Insurance shown in the Declarations for OUTDOOR PROPERTY. Our payment for any one tree, shrub or plant (other than "stock" of trees, shrubs or plants) shall not exceed the Limit of Insurance per Item shown in the Declarations under TREES, SHRUBS OR PLANTS.

All other policy terms and conditions apply.

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PROPERTY IN TRANSIT

This endorsement modifies insurance under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
CAUSES OF LOSS - SPECIAL FORM

1. Under A. COVERAGE, 4. Additional Coverages, the following Additional Coverage is added:

Property In Transit

- a. We will pay for direct physical loss or damage to Your Business Personal Property (other than property in the care, custody or control of your salespersons) in transit more than 1000 feet from the described premises covered by or resulting from any of the following causes of loss:
 - (1) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
 - (2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the road bed.
 - (3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.
 - b. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.
 - c. Our payment for any one loss shall not exceed the Limit of Insurance shown in the Declarations for PROPERTY IN TRANSIT.
 - d. The Additional Condition, Coinsurance, does not apply to this Additional Coverage.
2. Under the CAUSES OF LOSS - SPECIAL FORM, E. ADDITIONAL COVERAGE EXTENSIONS, 1. Property In Transit is deleted.

All other policy terms and conditions apply.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FIRE DEPARTMENT SERVICE CHARGE

This endorsement modifies insurance under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM

Under A, **COVERAGE**, 4. Additional Coverages, c. Fire Department Service Charge is deleted and replaced by the following:

c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to the Limit of Insurance shown in the Declarations for FIRE DEPARTMENT SERVICE CHARGE for your liability for fire department service charges:

- (1) Assumed by contract or agreement prior to loss; or
- (2) Required by local ordinance.

No Deductible applies to this Additional Coverage.

All other policy terms and conditions apply.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

54195 (6-00)

PERSONAL EFFECTS AND PROPERTY OF OTHERS

This endorsement modifies Insurance under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM

1. Under A. **COVERAGE**, 5. Coverage Extensions, b. Personal Effects of Others is deleted.
2. Under A. **COVERAGE**, 4. Additional Coverages, the following Additional Coverage is added:

Personal Effects and Property of Others

We shall pay for direct physical loss or damage to:

- (1) Personal effects owned by you, your officers, your partners or your employees caused by or resulting from any Covered Cause of Loss except loss or damage by theft.
- (2) Personal property of others in your care, custody or control caused by or resulting from any Covered Cause of Loss.

Our payment for any one loss at any described premises shall not exceed the Limit of Insurance shown in the Declarations for PERSONAL EFFECTS AND PROPERTY OF OTHERS. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

The Additional Condition, Coinsurance does not apply to this Additional Coverage.

All other policy terms and conditions apply.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PROPERTY OFF-PREMISES

This endorsement modifies insurance under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM

1. Under A. COVERAGE, 5. Coverage Extensions, d. Property Off-Premises is deleted.
2. Under A. COVERAGE, 4. Additional Coverages, the following Additional Coverage is added:

Property Off-Premises

We shall pay for direct physical loss of or damage to your Covered Property, other than "stock":

- (1) That is temporarily at a location you do not own, lease or operate; and
- (2) Caused by or resulting from any Covered Cause of Loss.

This Coverage does not apply to Covered Property:

- (1) In or on a vehicle;
- (2) In the care, custody or control of your salespersons; or
- (3) At any fair or exhibition.

Our payment for any one loss shall not exceed the Limit of Insurance shown in the Declarations for PROPERTY OFF-PREMISES.

All other policy terms and conditions apply.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

POLLUTANT CLEAN UP AND REMOVAL

This endorsement modifies Insurance under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM

Under A. COVERAGE, 4. Additional Coverages, d. Pollutant Clean Up and Removal is deleted and replaced by the following:

d. Pollutant Clean Up and Removal

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage at each described premises for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy is the Limit of Insurance shown in the Declarations for POLLUTANT CLEAN UP AND REMOVAL.

All other policy terms and conditions apply.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DEBRIS REMOVAL

This endorsement modifies insurance under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM

Under **C. LIMITS OF INSURANCE**, the fourth paragraph is deleted and replaced by the following:

Payments under the following Additional Coverages will not increase the applicable Limit of Insurance:

1. Preservation of Property; or
2. Debris Removal; but if:
 - a. The sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or
 - b. The debris removal expense exceeds the amount payable under the 25% limitation in the Debris Removal Additional Coverage;

we will pay up to the Limit of Insurance shown in the Declarations for DEBRIS REMOVAL.

All other policy terms and conditions apply.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BUSINESS PERSONAL PROPERTY - EXPANDED COVERAGE

This endorsement modifies insurance under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM

Under A. **COVERAGE, 1. Covered Property, Your Business Personal Property**, the phrase ". . . within 100 feet of the described premises. . ." is deleted and replaced by ". . . within the distance, shown in the Declarations for BUSINESS PERSONAL PROPERTY - EXPANDED COVERAGE, from the described premises. . .".

All other policy terms and conditions apply.

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BUSINESS INCOME AND EXTRA EXPENSE

This endorsement modifies Insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
 CONDOMINIUM ASSOCIATION COVERAGE FORM
 CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM

1. The following coverages are added to A. COVERAGE, 4. Additional Coverages:

a. Business Income

Subject to the Limit of Insurance provisions of this endorsement, we will pay for the actual loss of Business Income you sustain due to the necessary suspension of your "operations" during the "period of restoration".

Business Income means the:

- (1) Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and
- (2) Continuing normal operating expenses incurred, including payroll.

b. Extra Expense

Subject to the Limit of Insurance provisions of this endorsement, we will pay necessary Extra Expense you incur during the "period of restoration".

Extra Expense means expense incurred:

- (1) To avoid or minimize the suspension of business and to continue "operations":
 - (a) At the described premises; or
 - (b) At replacement premises or at temporary locations, including:
 - 1) Relocation expenses; and
 - 2) Costs to equip and operate the replacement or temporary locations.

- (2) To minimize the suspension of business if you cannot continue "operations".

- (3) (a) To repair or replace any property; or

- (b) To research, replace or restore the lost information on damaged valuable papers and records;

to the extent it reduces the amount of loss that otherwise would have been payable under this Additional Coverage or the Additional Coverage, Business Income.

Subject to the Limit of Insurance provisions of this endorsement, we will also pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises due to direct physical loss of or damage to property, other than at the described premises, caused by or resulting from any covered Cause of Loss. This coverage will apply for a period of up to two consecutive weeks from the date of that action.

2. Limit of Insurance

The following provisions apply only to the Additional Coverages, Business Income and Extra Expense.

- a. In the event of loss or damage to Covered Property which is covered by the following Additional Coverages:

- (1) WATER BACK-UP FROM SEWERS OR DRAINS;
- (2) REFRIGERATED PRODUCTS;
- (3) OFF-PREMISES UTILITY SERVICE FAILURE;
- (4) MECHANICAL BREAKDOWN; or
- (5) ORDINANCE OR LAW;

and you sustain actual loss of Business Income due to the necessary suspension of your "operations" during the "period of restoration" or incur necessary Extra Expense during the "period of restoration", we shall not pay more than the applicable Limit of Insurance shown in the Declarations for:

- (1) WATER BACK-UP FROM SEWERS OR DRAINS;
- (2) REFRIGERATED PRODUCTS;
- (3) OFF-PREMISES UTILITY SERVICE FAILURE;
- (4) MECHANICAL BREAKDOWN; or
- (5) ORDINANCE OR LAW;

for all loss or damage including Business Income and Extra Expense.

- b. When a specific dollar amount is shown in the Declarations as the Limit of Insurance for BUSINESS INCOME AND EXTRA EXPENSE, and the loss of or damage to Covered Property is not covered by the following Additional Coverages:

- (1) WATER BACK-UP FROM SEWERS OR DRAINS;
- (2) REFRIGERATED PRODUCTS;
- (3) OFF-PREMISES UTILITY SERVICE FAILURE;
- (4) MECHANICAL BREAKDOWN; or
- (5) ORDINANCE OR LAW;

the Limit of Insurance shown in the Declarations for BUSINESS INCOME AND EXTRA EXPENSE is the most we will pay for the actual loss of Business Income you sustain due to the suspension of your "operations" during the "period of restoration" and necessary Extra Expense you incur during the "period of restoration". The suspension must be caused by direct physical loss of or damage to property at the described premises, including personal property in the open (or in a vehicle) within 100 feet caused by or resulting from any Covered Cause of Loss.

- c. When the Limit of Insurance shown in the Declarations for BUSINESS INCOME AND EXTRA EXPENSE is shown as, ACTUAL LOSS SUSTAINED, and loss of or damage to Covered Property is not covered by the following Additional Coverages:

- (1) WATER BACK-UP FROM SEWERS OR DRAINS;
- (2) REFRIGERATED PRODUCTS;
- (3) OFF-PREMISES UTILITY SERVICE FAILURE;
- (4) MECHANICAL BREAKDOWN; or
- (5) ORDINANCE OR LAW;

we will pay for the actual loss of Business Income you sustain due to the necessary suspension of your "operations" during the "period of restoration" and necessary Extra Expense you incur during the "period of restoration" that occurs within 12 consecutive months after the date of direct physical loss of or damage to property at the described premises, including personal property in the open (or in a vehicle) within 100 feet, caused by or resulting from any Covered Cause of Loss. This is an additional amount of Insurance.

3. The following conditions apply in addition to the Common Policy Conditions, Commercial Property Conditions and Commercial Property Loss Conditions.

a. Appraisal

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a Judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- (1) Pay its chosen appraiser; and
- (2) Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

b. Duties In The Event Of Loss Or Damage

If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

c. Limitation - Electronic Media and Records

We will not pay for any loss of Business Income caused by direct physical loss of or damage to Electronic Media and Records after the longer of:

- (1) 60 consecutive days from the date of direct physical loss or damage; or
- (2) The period, beginning with the date of direct physical loss or damage, necessary to repair, rebuild or replace with reasonable speed and similar quality, other property at the described premises due to loss or damage caused by the same occurrence.

Electronic Media and Records are:

- (1) Electronic data processing, recording or storage media such as films, tapes, discs, drums or cells;
- (2) Data stored on such media; or
- (3) Programming records used for electronic data processing or electronically controlled equipment.

Example No. 1:

A Covered Cause of Loss damages a computer on June 1. It takes until September 1 to replace the computer, and until October 1 to restore the data that was lost when the damage occurred. We will only pay for the Business Income loss sustained during the period June 1-September 1. Loss during the period September 2-October 1 is not covered.

Example No. 2:

A Covered Cause of Loss results in the loss of data processing programming records on August 1. The records are replaced on October 15. We will only pay for the Business Income loss sustained during the period August 1-September 29 (60 consecutive days). Loss

during the period September 30-October 15 is not covered.

d. Loss Determination

- (1) The amount of Business Income loss will be determined based on:

- (a) The Net Income of the business if no loss or damage occurred;
- (b) The likely Net Income of the business if no loss or damage occurred;
- (c) The operation expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and
- (d) Other relevant sources of information, including:

- 1) Your financial records and accounting procedures;
- 2) Bills, invoices and other vouchers; and
- 3) Deeds, liens or contracts.

- (2) The amount of Extra Expense will be determined based on:

- (a) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:

- 1) The salvage value that remains of any property bought for temporary use during the "period of restoration" once "operations" are resumed; and
- 2) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and

- (b) All necessary expenses that reduce the Business Income loss that otherwise would have been incurred.

(3) Resumption Of Operations

We will reduce the amount of your:

- (a) Business Income loss, other than Extra Expense, to the extent you can resume your "operations," in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.
- (b) Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.
- (4) If you do not resume "operations," or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

e. Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if:

- (1) You have complied with all of the terms of this Coverage Part; and
- (2) (a) We have reached agreement with you on the amount of loss; or

- (b) An appraisal award has been made.

4. The following definitions apply only to this endorsement:

"Operations" means your business activities occurring at the described premises.

"Period of Restoration" means the period of time that:

- a. Begins with the date of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and
- b. Ends on the date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality.

"Period of restoration" does not include any increased period required due to the enforcement of any law that:

- (1) Regulates the construction, use or repair, or requires the tearing down of any property; or
- (2) Regulates the prevention, control, repair, clean-up or restoration of environmental damage.

The expiration date of this policy will not cut short the "period of restoration".

All other policy terms and conditions apply.

OFF-PREMISES UTILITY SERVICE FAILURE

This endorsement modifies Insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
CAUSES OF LOSS - SPECIAL FORM

1. Under the A. COVERAGE, 4. Additional Coverages, the following Additional Coverage is added:

Off-Premises Utility Service Failure

In the event of the interruption of utility service to the described premises caused by direct physical loss of or damage to off-premises "utilities", we shall pay for loss of or damage to Covered Property at the premises described in the Declarations.

2. The most we shall pay for all loss or damage caused directly by power interruption to the described premises in any one loss is the Limit of Insurance shown in the Declarations for OFF-PREMISES UTILITY SERVICE FAILURE. In the event that the amount of loss of or damage to Covered Property does not exceed the Limit of Insurance shown in the Declarations for OFF-PREMISES UTILITY SERVICE FAILURE, you may, at your option, apply the remainder of this Limit of Insurance to your actual loss of Business Income or necessary Extra Expense, if any, subject to the terms and conditions of the Additional Coverage, Business Income and Extra Expense.
3. Under the CAUSES OF LOSS - SPECIAL FORM, B. EXCLUSIONS, exclusion 1.e. Off-Premises Services is deleted and replaced by the following exclusions for this Additional Coverage only:

e. Off-Premises Service

Loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss. This exclusion does not apply to loss of or damage to Covered Property at the premises described in the Declarations in the event of the interruption of utility service to the described premises caused by direct physical loss of or damage to off-premises "utilities".

4. Definitions

The following definitions apply only to this Additional Coverage:

- a. "Communication Supply Services", meaning property supplying communication services, including telephone, radio, microwave or television services, to the described premises, such as:
 - (1) Communication transmission lines, including optic fiber transmission lines;
 - (2) Coaxial cables; and
 - (3) Microwave radio relays except satellites.

- b. **"Power Supply Services"**, meaning the following types of property supplying electricity, steam or gas to the described premises:
- (a) Utility generating plants;
 - (b) Switching stations;
 - (c) Substations;
 - (d) Transformers; and
 - (e) Transmission lines.
- c. **"Utilities"** shall mean, "water supply services", "communication supply services" and "power supply services", which are:
- (1) Not located on a described premises; and
 - (2) Not rented, leased or owned by any insured.
- d. **"Water supply Services"**, means the following types of property supplying water to the described premises:
- (1) Pumping stations; and
 - (2) Water mains.

All other policy terms and conditions apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

54207 (6-00)

SIGNS (ATTACHED AND DETACHED)

This endorsement modifies Insurance under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM

Under A. **COVERAGE**, 4. Additional Coverages, the following Additional Coverage is added:

Signs

(1) We will pay for direct physical loss of or damage to:

(a) your signs; or

(b) signs owned by others in your care, custody or control;

caused by or resulting from any Covered Cause of Loss.

(2) Under A. **COVERAGE**, 2. **Property Not Covered**, that portion of p. (2) that reads "signs (other than signs attached to buildings)" is deleted.

(3) Under C. **LIMITS OF INSURANCE**, the second paragraph does not apply. The most we will pay for loss or damage to each sign is the Limit of Insurance shown in the Declarations for SIGNS (ATTACHED AND DETACHED). This is an additional amount of Insurance.

All other policy terms and conditions apply.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

54208 (6-00)

ORDINANCE OR LAW

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
CAUSES OF LOSS - SPECIAL FORM

A. Coverage

1. Coverage A - Coverage For Loss to the Undamaged Portion of the Building.

If a Covered Cause of Loss occurs to covered Building property and a Limit of Insurance is shown in the Declarations under ORDINANCE OR LAW, we will pay for loss to the undamaged portion of the building caused by enforcement of any ordinance or law that:

- a. Requires the demolition of parts of the same property not damaged by a Covered Cause of Loss;
- b. Regulates the construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and
- c. Is in force at the time of loss.

2. Coverage B - Demolition Cost Coverage.

If a Covered Cause of Loss occurs to covered Building property and a Limit of Insurance is shown in the Declarations under ORDINANCE OR LAW, we will pay the cost to demolish and clear the site of undamaged parts of the property caused by enforcement of building, zoning or land use ordinance or law in force at the time of loss.

3. Coverage C - Increased Cost of Construction Coverage.

If a Covered Cause of Loss occurs to covered Building property and a Limit of Insurance is shown in the Declarations under ORDINANCE OR LAW, we will pay for the increased cost to repair, rebuild or construct the property caused by enforcement of building, zoning or land use ordinance or law in force at the time of loss. If the property is repaired or rebuilt, it must be intended for similar occupancy as the current property, unless otherwise required by zoning or land use ordinance or law in force at the time of loss.

However, we will not pay for the increased cost of construction if the building is not repaired or replaced.

B. Exclusion

The following exclusion applies only to the coverage provided by this endorsement:

We will not pay under this endorsement for the costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, cleanup, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants."

C. Limit of Insurance

The most we shall pay for the total of all covered loss caused by the enforcement of any ordinance or law under Coverage A, Coverage B and Coverage C combined, is the Limit of Insurance shown in the Declarations for ORDINANCE OR LAW. Subject to this Limit of Insurance the following loss payment provisions apply:

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1. Under Coverage A - Coverage for Loss to the Undamaged Portion of the Building:
 - a. If the Replacement Cost Coverage Option applies and the property is repaired or replaced, on the same or another premises, we will not pay more for loss or damage to Covered Property caused by enforcement of an ordinance or law, than the lesser of:
 - (1) The amount you actually spend to repair, rebuild or reconstruct the building, but not for more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style and comparable quality of the original property insured; or
 - (2) The Limit of Insurance shown in the Declarations under ORDINANCE OR LAW.
 - b. If the Replacement Cost Coverage option applies and the property is not repaired or replaced or if the Replacement Cost Coverage option does not apply, we will not pay more for loss or damage to Covered Property caused by enforcement of an ordinance or law, than the lesser of:
 - (1) The actual cash value of the building at the time of loss; or
 - (2) The Limit of Insurance shown in the Declarations under ORDINANCE OR LAW.
 2. Under Coverage B - Demolition Cost Coverage we will not pay more than the lesser of the following:
 - a. The amount you actually spend to demolish and clear the site of the described premises; or
 - b. The Limit of Insurance shown in the Declarations under ORDINANCE OR LAW.
 3. Under Coverage C - Increased Cost of Construction Coverage:
 - a. We shall not pay:
 - (1) Until the property is actually repaired or replaced, at the same or another premises; and
 - (2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.
 - b. If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, we will not pay more than the lesser of:
 - (1) The increased cost of construction at the same premises; or
 - (2) The Limit of Insurance shown in the Declarations under ORDINANCE OR LAW.
 - c. If the ordinance or law requires relocation to another premises, we will not pay more than the lesser of:
 - (1) The increased cost of construction at the new premises; or
 - (2) The Limit of Insurance shown in the Declarations under ORDINANCE OR LAW.
 4. In the event that the total amount paid under Coverage A, Coverage B and Coverage C combined does not exceed the Limit of Insurance shown in the Declarations for ORDINANCE OR LAW, you may, at your option, apply the remainder of this Limit of Insurance to your actual loss of Business Income or necessary Extra Expense, if any, subject to the terms and conditions of the Additional Coverage, Business Income and Extra Expense.
- D. The terms of this endorsement apply separately to each building to which this endorsement applies.
- All other policy terms and conditions apply.

VALUABLE PAPERS

This endorsement modifies insurance under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
CAUSES OF LOSS - SPECIAL FORM

1. Under the **A. COVERAGE, 4. Additional Coverages**, the following Additional Coverage is added:

Valuable Papers

We will pay for direct physical loss of or damage to your "valuable papers and records", caused by or resulting from any Covered Cause of Loss, while such papers and records are:

1. inside a building at the described premises; or
2. being moved outside the described premises; and
3. temporarily at a premises, other than the described premises, except storage. However, we shall pay no more than 10% of the Limit of Insurance shown in the Declarations for VALUABLE PAPERS.

This coverage does not apply to property:

1. held as samples for sale or for delivery after the sale;
2. which can not be replaced with property of like kind and quality; or
3. which the trading of or transportation of is prohibited by law.

Our payment for any one loss shall not exceed the Limit of Insurance shown in the Declarations for VALUABLE PAPERS. The Additional Condition, Coinsurance, does not apply to this Additional Coverage.

The following additional definitions apply only to this Additional Coverage.

1. "Valuable Papers and Records":
 - a. means inscribed, written, or printed documents, manuscripts and records including: books, maps, films, drawings, abstracts, deeds and mortgages.
 - b. does not mean:
 - (1) "money" or "securities"; nor
 - (2) electronic recordings of any kind.
2. "Money" means:
 - a. currency, coins, bank notes, bullion; and
 - b. travelers checks, register checks and money orders held for sale to the public.
3. "Securities" means all negotiable and non-negotiable:
 - a. instruments; and
 - b. contracts;representing either "money" or other property and includes:

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- a. tokens, tickets, stamps; and
- b. revenue;

In current use, but does not include "money".

2. The following exclusions apply only to this Additional Coverage. **B. EXCLUSIONS** of the CAUSES OF LOSS - SPECIAL FORM does not apply to this Additional Coverage.

Exclusions

1. We do not cover under this form loss or damage caused directly or indirectly by any of the following, whether or not any other cause or happening contributes concurrently or in any sequence to the loss or damage:
 - a. Seizure or destruction of property by order of governmental authority. But we will pay for such acts of destruction taken at the time of a fire to prevent its spread if the fire would be covered under this form.
 - b. Nuclear reaction, radiation, radioactive contamination, discharge of a nuclear weapon, however caused and whether controlled or uncontrolled, or any consequence of any of these. We will cover direct loss resulting from fire if caused by any of these, if fire is covered elsewhere in this form.
 - c. War (declared or undeclared), civil war, insurrection, rebellion or revolution.
 - d. Wear and tear; inherent vice, hidden or latent defect; gradual deterioration; mechanical break down; insects vermin, rodents; depreciation; or by processing or any work on the property. We will cover direct loss from fire or explosion which is caused by any of these.
 - e. Corrosion, rusting, dampness of atmosphere, or extremes of temperature.
 - f. Misappropriation, secretion, conversion, infidelity or any dishonest act by you or others or the employees or agents of either to whom the covered property may be entrusted. This exclusion does not apply to carriers for hire.
 - g. Bookkeeping, accounting or errors or omissions in processing or copying, unless fire or explosion ensues and then only for direct loss caused by such fire or explosion.
 - h. Electrical or magnetic injury, disturbance or erasure of electronic recordings. We do cover loss caused by lightning.
 - i. Collapse except to the extent it is covered under **D. ADDITIONAL COVERAGE - COLLAPSE**.
 2. Except as to ensuing loss or damage not otherwise excluded, we do not cover loss or damage resulting directly or indirectly from:
 - a. Acts, omissions or decisions of any person, group, organization or governmental body.
 - b. Faulty, inadequate or defective:
 - (1) construction, reconstruction, repair, remodeling or renovation;
 - (2) materials used in construction, reconstruction, repair, remodeling or renovation;
 - (3) design, workmanship, specifications;
 - (4) siting, surveying, zoning, planning, development, grading or compaction; or
 - (5) maintenance;
- of a part or all of any property.

All other policy terms and conditions apply.

SALESPERSON'S SAMPLES

This endorsement modifies insurance under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
CAUSES OF LOSS - SPECIAL FORM

1. Under the A. **COVERAGE 4. Additional Coverages**, the following Additional Coverage is added:

Salesperson's Samples

We will pay for direct physical loss of or damage to samples of merchandise described which are:

1. owned by you while in your care, custody or control;
2. owned by you and in the care, custody or control of your salesperson and/or agents; or
3. while in transit, except by parcel post, between your premises and the salesperson and/or agent.

caused by or resulting from any Covered Cause of Loss.

This coverage does not apply to:

1. Jewelry, furs or articles consisting principally of fur;
2. Property located in or on the building described in the Declarations or in the open (or in a vehicle) within 1000 feet of the described premises;
3. Property at or on the premises of your salespersons and/or agents; or
4. Merchandise intended for sale, which may be sold and shipped by you to others, or which has been purchased by you from others.

Our payment for any one loss shall not exceed the Limit of Insurance shown in the Declarations for SALESPERSON'S SAMPLES. The Additional Condition, Coinsurance, does not apply to this Additional Coverage.

2. The following exclusions apply only to this Additional Coverage. **B. EXCLUSIONS** of the CAUSES OF LOSS - SPECIAL FORM does not apply to this Additional Coverage.

Exclusions

We do not cover under this form loss or damage caused directly or indirectly by any of the following, whether or not any other cause or happening contributes concurrently or in any sequence to the loss or damage:

1. Seizure or destruction of property by order of governmental authority. But we will pay for such acts of destruction taken at the time of a fire to prevent its spread if the fire would be covered under this form.
2. Nuclear reaction, radiation, radioactive contamination, discharge of a nuclear weapon, however caused and whether controlled or uncontrolled, or any consequence of any of these. We will cover direct loss resulting from fire if caused by any of these, if fire is covered elsewhere in this form.

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3. War (declared or undeclared), civil war, insurrection, rebellion or revolution.
 4. Wear and tear; inherent vice, hidden or latent defect; gradual deterioration; mechanical breakdown; insects vermin, rodents; depreciation; or by processing or any work on the property. We will cover direct loss from fire or explosion which is caused by any of these.
 5. Corrosion, rusting, dampness of atmosphere, or extremes of temperature.
 6. Misappropriation, secretion, conversion, infidelity or any dishonest act by you or other or the employees or agents of either to whom the covered property may be entrusted. This exclusion does not apply to carriers for hire.
 7. Artificially generated electrical currents to electrical apparatus. We will cover loss or damage caused directly by ensuing fire or explosion.
 8. Breakage, marring, scratching, tearing or denting, unless caused by: fire or lightning; aircraft; theft and/or attempted theft; cyclone, tornado or windstorm; earthquake; flood; explosion; malicious damage or collision, derailment or overturn of a transporting conveyance.
 9. Mysterious or unexplained disappearance or from shortage disclosed by taking inventory.
 10. Theft from any vehicle, unless at the time of the theft, there is actually in or upon such vehicle your salesperson, representative or a permanent employee, or a person whose sole duty it is to attend the vehicle. This exclusion shall not apply to property in the custody of a common carrier.
3. In addition to the conditions of this coverage form, the following conditions apply to this Additional Coverage. These additional conditions apply only to this Additional Coverage.

Conditions

1. PAIR OR SET

In case of loss of or damage to any part of a pair or set, we may:

- (a) repair or replace any part of the pair or set to restore it to its value before the loss; or
- (b) pay the difference between the actual cash value of the property before and after the loss.

2. PARTS

In case of loss or damage to any part of property covered, consisting of several parts when complete, we shall pay only for the value of the part lost or damaged.

All other policy terms and conditions apply.

ELECTRONIC DATA PROCESSING EQUIPMENT

This endorsement modifies insurance under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
CAUSES OF LOSS - SPECIAL FORM

Under A. COVERAGE, 4. Additional Coverages, the following Additional Coverage is added:

Electronic Data Processing Equipment

1. Covered Property

We will pay for:

- a. direct physical loss of or damage to electronic equipment, component parts of such equipment, "media" and air conditioning equipment necessary for the operation of the electronic equipment:

- (1) which you own or which is in your care, custody or control; and
- (2) while located at the premises described in the Declarations; and
- (3) caused by or resulting from any Covered Cause of Loss.

We do not cover "laptop computers".

- b. your costs to research, replace or restore information on "media" which has incurred direct physical loss or damage.

2. Exclusions

The following exclusions apply only to this Additional Coverage. B. EXCLUSIONS of the CAUSES OF LOSS - SPECIAL FORM does not apply to this Additional Coverage.

We do not cover under this Additional Coverage, loss or damage caused directly or indirectly by any of the following, whether or not any other cause or happening contributes concurrently or in any sequence to the loss or damage:

- a. Loss or damage caused by:

- (1) corrosion or rusting;
- (2) dryness or dampness of atmosphere; or
- (3) extremes of temperature;

unless directly resulting from accidental direct physical damage to the data processing system's air conditioning equipment caused by a peril not excluded.

- b. Any dishonest, fraudulent or criminal act by:

- (1) you;
- (2) your partners; or
- (3) any of your officers, directors, or trustees;

whether acting alone or in collusion with others.

- c. Loss or damage caused by data processing "media" failure, while the "media" is being run through the system. We will cover loss, damage or expense caused directly by ensuing fire or explosion.

- d. Actual work upon, installation or testing of property covered. We will cover loss caused by ensuing fire or explosion.
- e. Faulty construction or error in design of the property covered. We will cover loss, damage or expense caused directly by ensuing fire or explosion.
- f. Delay or loss of market.
- g. Loss or damage to any "laptop computer".

3. Limit of Insurance

- a. Our payment for electronic equipment, component parts of such equipment and air conditioning equipment necessary for the operation of such electronic equipment shall not exceed the Limit of Insurance shown in the Declarations for ELECTRONIC DATA PROCESSING EQUIPMENT.
- b. Our payment for "media" shall not exceed the smallest of the following:
 - (1) the actual cost to repair, replace or reproduce the "media", including your costs to research, replace or restore information;
 - (2) if the "media" is not repaired, replaced or reproduced, the value of blank "media"; or
 - (3) the Limit of Insurance shown in the Declarations for ELECTRONIC DATA PROCESSING EQUIPMENT.

The Limit of Insurance shown in the Declarations for ELECTRONIC DATA PROCESSING EQUIPMENT is the total limit of our liability for loss or damage to all Covered Property in any one occurrence at one location. With respect to Covered Property you do not own, we will pay no more than the amount for which you are legally liable.

The Additional Condition, Coinsurance does not apply to this Additional Coverage.

4. Coverage Extensions

a. Property At Newly Acquired Or Temporary Locations

We will pay for direct physical loss or damage to Covered Property caused by or resulting from any Covered Cause of Loss at:

- (1) any location you acquire for similar occupancy or warehousing purposes; or
- (2) any temporary location, other than fairs or exhibitions, you acquire for similar occupancy or warehousing purposes;

other than at the premises shown in the Declarations, but within territorial limits.

The most we will pay for loss or damage under this extension is the Limit of Insurance shown in the Declarations for ELECTRONIC DATA PROCESSING EQUIPMENT.

This coverage extension will stop:

- (1) 60 days from your acquisition or use of such property;
- (2) on the date, values at such locations are reported to us; or
- (3) on the expiration date of the policy;

whichever comes first.

Additional premium shall be due and payable for values reported from the date the property arrives at such locations.

b. Newly Acquired Property

We will pay for direct physical loss of or damage to property which you acquire of the same type as the property covered at any one location caused by or resulting from any Covered Cause of Loss.

The most we will pay for loss or damage under this extension is the Limit of Insurance shown in the Declarations for ELECTRONIC DATA PROCESSING EQUIPMENT.

This coverage will stop:

- (1) 60 days from your acquisition or use of such property;
- (2) on the date values of such property are reported to us; or
- (3) on the expiration date of the policy;

whichever occurs first.

Additional premium shall be due and payable for values reported from the date the property is acquired.

5. Additional Coverages

a. Transportation

You may apply up to \$10,000, for any one occurrence for loss of or damage to property caused by:

- (1) fire; lightning; windstorm and hail; explosion; smoke; riot and civil commotion; and vandalism and malicious mischief;
- (2) the overturning, upset, or collision of the vehicle, transporting the Insured property, with another vehicle object other than the road bed; or
- (3) theft of an entire shipping bale, case or package from a vehicle:
 - (a) while such property is in a fully enclosed and securely locked body or compartment; and
 - (b) theft results from forcible entry, evidenced by visible marks;

which occurs during transportation by motor vehicles you own, lease or operate.

We do not cover under this extension property held as samples, held for rental or sale or that you rent to others while in the care, custody or control of salespersons.

b. Business Income and Extra Expense

(1) Business Income

- (a) Subject to the Limit of Insurance provisions of this additional coverage, we will pay for the actual loss of Business Income you sustain as a direct result of the necessary suspension of your "operations" during the "period of restoration" caused by accidental direct physical loss of or damage to:

- 1) the electronic equipment or "media" covered by this Additional Coverage;
- 2) the building housing the electronic equipment or "media" that prevents access to and use of the electronic equipment or "media"; or
- 3) the air conditioning or electrical systems that are required to operate the electronic equipment, provided such damage or destruction is inside the building or outside within 100 feet of the building;

caused by the perils insured against and subject to 2. Exclusions.

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(b) We will also pay expenses you incur to reduce the covered loss. We will not pay for expenses:

- 1) you incur to extinguish a fire; or
- 2) expenses that exceed the amount by which the covered loss is reduced.

Business Income means the:

- (1) net income (Net Profit or Loss before income taxes) that would have been earned or incurred; and
- (2) continuing normal operating expenses incurred, including payroll.

(2) Extra Expense

(a) Subject to the Limit of Insurance provisions of this additional coverage, we will pay necessary Extra Expense, other than loss of Business Income, you incur to continue "normal" operations of your business following accidental direct physical loss of or damage to:

- 1) the electronic equipment or "media" covered by this Additional Coverage;
- 2) the building housing the electronic equipment or "media" that prevents access to and use of the equipment or "media"; or
- 3) the air conditioning or electrical systems that are required to operate the electronic equipment, provided such damage or destruction is inside the building or outside within 100 feet of the building;

caused by the perils insured against and subject to 2. Exclusions.

You must resume normal operation of your business as soon as practical.

(b) We will also cover the cost to repair, replace or restore:

- 1) books of accounts, abstracts, drawings;
- 2) card index systems; or
- 3) other records or data such as film, tape, disks, drum, cell or other magnetic storage or recording "media" for electronic data processing;

that have been damaged or destroyed by perils we insure against, if such cost:

- 1) exceeds the normal cost for such repair, replacement or restoration; and
- 2) was incurred to reduce loss under this endorsement.

Extra Expense means expense incurred:

- (1) To avoid or minimize the suspension of business and continue "operations":

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(a) At the described premises; or

(b) At replacement premises or at temporary locations, including:

- 1) Relocation expenses; and
- 2) Costs to equip and operate the replacement or temporary locations.
- 3) To minimize the suspension of business if you cannot continue "operations".
- 4) (a) To repair or replace any Covered Property; or

(b) To research, replace or restore the lost information on damaged valuable papers and records:

to the extent it reduces the amount of loss that otherwise would have been payable under this Additional Coverage.

(3) Coverage Extension

We extend Business Income and Extra Expense to include the actual loss or damage sustained by you which is a direct result of an interruption of the business as covered by this policy because access to the described business premises is prohibited by order of civil authority because of damage or destruction of property adjacent to the described premises by the perils insured against. Coverage applies while access is denied, but no longer than two consecutive weeks.

(4) Exclusions

The following exclusions apply to Business Income and Extra Expense provided by this Additional Coverage only, in addition to those contained in 2. Exclusions above.

- (a) We will not be liable for any increase in loss of Business Income or Extra Expense caused by any of the following, whether or not any other cause or happening contributes concurrently or in any sequence to the loss or damage:
- 1) enforcement of any local or state ordinance or law regulating construction, repair or demolition of buildings or structures;
 - 2) interference at the described premises by strikers or other persons with:
 - a) rebuilding, repairing or replacing the property; or
 - b) resumption or continuation of business; or
 - 3) the suspension, lapse, or cancellation of any lease, license, contract or order beyond the period of restoration.
- (b) We will not cover loss or damage caused directly or indirectly by any of the following, whether or not any other cause or happening contributes concurrently or in any sequence to the loss or damage:

- 1) theft of any property, which is not an integral part of a building or structure at the time of loss. We will cover direct loss that ensues from a peril not excluded in this policy. We will cover direct loss by pillage and looting which occurs during and at the immediate place of riot or civil commotion.
- 2) any other consequential or remote loss.

(5) Limit of Insurance

(a) Business Income

Subject to (c) below, we will pay only for loss of your Business Income that occurs during the "period of restoration", but not exceeding 12 consecutive months after the date of accidental direct physical loss of or damage to covered property, resulting from a Covered Cause of Loss.

(b) Extra Expense

Subject to (c) below, we will pay for necessary Extra Expense during the "period of restoration" starting with the date of damage or destruction. Payments under this coverage shall not be limited by the expiration of the policy.

- (c)** Our total payment for both Business Income and Extra Expense for any one occurrence shall not exceed \$100,000.

(6) Loss Determination

(a) The amount of Business Income loss will be determined based on:

- 1) The Net Income of the business if no loss or damage occurred;
- 2) The likely Net Income of the business if no loss or damage occurred;
- 3) The operation expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and
- 4) Other relevant sources of information, including:
 - a) Your financial records and accounting procedures;
 - b) Bills, invoices and other vouchers; and
 - c) Deeds, liens or contracts.

(b) The amount of Extra Expense will be determined based on:

- 1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:
 - a) The salvage value that remains of any property bought for temporary use during the "period of restoration" once "operations" are resumed; and
 - b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and

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- 2) All necessary expenses that reduce the Business Income loss that otherwise would have been incurred.

(c) Resumption Of Operations

We will reduce the amount of your:

- 1) Business Income loss, other than Extra Expense, to the extent you can resume your "operations," in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.
 - 2) Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.
- (d) If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

(7) Loss Payment - Business Income and Extra Expense

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if:

- (1) You have complied with all of the terms of this Coverage Part; and
- (2) (a) We have reached agreement with you on the amount of loss; or
(b) An appraisal award has been made.

6. Definitions

The following definitions apply only to this Additional Coverage:

- a. "Laptop computer" means portable data collectors, notebook (laptop) computers, subnote book computers, palmtop computers, handheld computers and portable or any similar computer. Laptop computer does not mean cellular phone, wireless phone or pager.
- b. "Media" means materials on which information is recorded such as film, magnetic tape, paper tape, disks, drums, and cards. Media includes computer software.
- c. "Normal" means the condition than would have existed had no loss occurred.
- d. "Operations" means your business activities occurring at the described premises.
- e. "Period of Restoration" means the period of time that:

- (1) Begins with the date of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and
- (2) Ends on the date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality.

"Period of restoration" does not include any increased period required due to the enforcement of any law that:

- (1) Regulates the construction, use or repair, or requires the tearing down of any property; or

(2) Regulates the prevention, control, repair, clean-up or restoration of environmental damage.

The expiration date of this policy will not cut short the "period of restoration".

All other policy terms and conditions apply.

ACCOUNTS RECEIVABLE

This endorsement modifies insurance under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
CAUSES OF LOSS - SPECIAL FORM

1. Under A. COVERAGE, 4. Additional Coverages, the following Additional Coverage is added:

Accounts Receivable

We will pay:

1. all amounts your customers owe you that you cannot collect;
2. interest charges on loans you secure to offset impaired receipts until we pay these amounts;
3. collection costs in excess of normal; and
4. other expenses you reasonably incur to re-establish your records;

which result from direct physical loss of or damage to your records of accounts receivable;

1. caused by or resulting from any Covered Cause of Loss; and
2. which occurs on the premises described in the Declarations.

Our payment for any one loss shall not exceed the Limit of Insurance shown in the Declarations for ACCOUNTS RECEIVABLE.

2. The following exclusions apply only to this Additional Coverage. B. EXCLUSIONS of the CAUSE OF LOSS - SPECIAL FORM does not apply to this Additional Coverage.

Exclusions

1. We do not cover loss caused directly or indirectly by any of the following, whether or not any cause or happening contributes concurrently or in any sequence to the loss:
 - a. Seizure or destruction of property by order of governmental authority. But we will pay for such acts of destruction taken at the time of the fire to prevent its spread if the fire would be covered under this form.
 - b. Nuclear action, meaning nuclear reaction, radiation, radioactive contamination, however caused and whether controlled or uncontrolled, or any consequence of any of these. Nuclear action includes the discharge of a nuclear weapon, even if accidental.
 - c. War (declared or undeclared), civil war, insurrection, rebellion or revolution.
 - d. Any dishonest act of:
 - (1) you or your employees;

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- (2) your authorized representatives; or
 - (3) anyone entrusted with the property;
- while working or not working and whether alone or in collusion with others.
- e. Bookkeeping, accounting or billing errors or omissions.
 - f. Falsification, alteration, concealment or destruction of records done to conceal the wrongful giving, taking or withholding of money, securities or other property. This exclusion applies only to the extent of the wrongful giving, taking or withholding.
 - g. Electrical or magnetic injury, disturbance or erasure of electronic recordings. But we do cover direct loss caused by lightning.
 - h. Voluntary parting with any property by you or anyone entrusted with it if induced to do so by any fraudulent scheme, trick, device or false pretense.
2. We will not pay for any loss that relies solely upon an audit of records on an inventory computation to prove its factual existence.
3. Except as to ensuing loss not otherwise excluded, we do not cover loss resulting directly or indirectly from:
- a. Acts or decisions of any person, group, organization or governmental body, or their failure to act or decide.
 - b. Faulty, inadequate or defective:
 - (1) construction, reconstruction, repair, remodeling or renovation;
 - (2) materials used in construction, reconstruction, repair, remodeling or renovation;
 - (3) design, workmanship, specifications;
 - (4) siting, surveying, zoning, planning, development, grading or compaction; or
 - (5) maintenance;of a part or all of any property.
4. Except as to ensuing loss not otherwise excluded, we do not cover loss resulting directly or indirectly from collapse, unless;
- a. the loss involves collapse of a building or part of a building; and
 - b. the collapse is caused by any of the following:
 - (1) hidden decay, hidden insect damage or hidden vermin damage;
 - (2) weight of people; contents, animals, equipment and/or furniture;
 - (3) defective material or defective methods used in construction, reconstruction, renovation or remodeling;
 - (4) weight of rain on a roof; or

- (5) fire; lightning, windstorm; hail, explosion, smoke; aircraft; vehicles; riot; civil commotion; vandalism; breakage of glass; falling objects; weight of ice, snow or sleet; water damage; all only as covered in this form.

3. In addition to the conditions of this coverage form, the following conditions apply to this Additional Coverage. These additional conditions apply only to this Additional Coverage.

a. **Protection of Records of Accounts Receivable**

For coverage to apply under this Additional Coverage, you must keep all records of accounts receivable in a locked safe or vault when:

- (1) you are not open for business; or
- (2) you are not using such records; or
- (3) such records are not removed from premises as permitted under the Additional Coverage, **Preservation of Property**.

b. The following is added to the Loss Payment Condition:

- (1) If you cannot accurately establish the accounts receivable outstanding as of the time of loss or damage, the following method will be used:
 - (a) Determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss or damage occurs; and
 - (b) Adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss or damage occurred or for any demonstrated variance from the average for that month.
- (2) The following will be deducted from the total amount of accounts receivable, however that amount is established:
 - (a) The amount of the accounts for which there is no loss or damage;
 - (b) The amount of the accounts that you are able to re-establish or collect;
 - (c) An amount to allow for probable bad debts that you are normally unable to collect; and
 - (d) All unearned interest and service charges.

All other policy terms and conditions apply.

MONEY AND SECURITIES

This endorsement adds crime coverage to the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM

A. COVERAGE - We will pay for loss of Covered Property resulting directly from the Covered Causes of Loss.

1. Section 1. - Inside The Premises

a. **Covered Property:** "Money" and "securities" inside the "premises" or a "banking premises".

b. **Covered Causes of Loss**

(1) "Theft"

(2) Disappearance

(3) Destruction

c. **Coverage Extensions**

(1) **Containers of Covered Property:** We will pay for loss of, and loss from damage to, a locked safe, vault, cash register, cash box or cash drawer located in the "premises" resulting directly from an actual or attempted:

(a) "Theft" of; or

(b) Unlawful entry into

those containers.

(2) **Premises Damage:** We will pay for loss from damage to the "premises" or its exterior resulting directly from an actual or attempted "theft" of Covered Property if you are the owner of the "premises" or are liable for damage to it.

2. Section 2. - Outside The Premises

a. **Covered Property:** "Money" and "securities" outside the "premises" in the care and custody of a "messenger".

b. **Covered Causes of Loss**

(1) "Theft"

(2) Disappearance

(3) Destruction

c. Coverage Extension

Conveyance Of Property By Armored Motor Vehicle Company: We will pay for loss of Covered Property resulting directly from the Covered Cause of Loss while outside the "premises" in the care and custody of an armored motor vehicle company.

But, we will pay only for the amount of loss you cannot recover:

(1) Under your contract with the armored motor vehicle company; and

(2) From any insurance or indemnity carried by, or for the benefit of customers of, the armored motor vehicle company.

The amount we pay under this Coverage Extension is part of, not in addition to the Limit of Insurance shown in the Declarations for MONEY AND SECURITIES.

B. EXCLUSIONS

We will not pay for loss as specified below:

1. **Accounting or Arithmetical Errors or Omissions:** Loss resulting from accounting or arithmetical errors or omissions.
2. **Acts Committed by You or Your Partners:** Loss resulting from any dishonest or criminal act committed by you or any of your partners whether acting alone or in collusion with other persons.
3. **Acts of Employees, Directors, Trustees or Representatives:** Loss resulting from any dishonest or criminal act committed by any of your "employees", directors, trustees or authorized representatives:
 - a. Acting alone or in collusion with other persons; or
 - b. While performing services for you or otherwise.
4. **Exchanges or Purchases:** Loss resulting from the giving or surrendering of property in any exchange or purchase.
5. **Fire:** Loss from damage to the "premises" resulting from fire, however caused.
6. **Governmental Action:** Loss resulting from seizure or destruction of property by order of governmental authority.
7. **Indirect Loss:** Loss that is an indirect result of any act or "occurrence" covered by this Insurance including, but not limited to, loss resulting from:
 - a. Your inability to realize income that you would have realized had there been no loss of, or loss from damage to, Covered Property.

- b. Payment of damages of any type for which you are legally liable. But, we will pay compensatory damages arising directly from a loss covered under this insurance.
 - c. Payment of costs, fees or other expenses you incur in establishing either the existence or the amount of loss under this insurance.
8. **Legal Expenses:** Expenses related to any legal action.
9. **Nuclear:** Loss resulting from nuclear reaction, nuclear radiation or radioactive contamination, or any related act or incident.
10. **War and Similar Actions:** Loss resulting from war, whether or not declared, warlike action, insurrection, rebellion or revolution, or any related act or incident.
11. **Money Operated Devices:** Loss of "property" contained in any money operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.
12. **Transfer or Surrender of Property**
- a. Loss of property after it has been transferred or surrendered to a person or place outside the "premises" or "banking premises":
 - (1) On the basis of unauthorized instructions; or
 - (2) As a result of a threat to do:
 - (a) Bodily harm to any person; or
 - (b) Damage to any property.
 - b. But, this exclusion does not apply under COVERAGE, Section 2, to loss of Covered Property while outside the "premises" in the care and custody of a "messenger" if you:
 - (1) Had no knowledge of any threat at the time the conveyance began; or
 - (2) Had knowledge of a threat at the time the conveyance began, but the loss was not related to the threat.
13. **Vandalism:** Loss from damage to the "premises" or its exterior or to containers of Covered Property by vandalism or malicious mischief.
14. **Voluntary Parting of Title to or Possession of Property:** Loss resulting from your, or anyone acting on your express or implied authority, being induced by any dishonest act to voluntarily part with title to or possession of any property.

C. LIMIT OF INSURANCE

The most we will pay for loss in any one "occurrence" is the Limit of Insurance shown in the Declarations for MONEY AND SECURITIES.

D. DEDUCTIBLE

We will not pay for loss in any one "occurrence" unless the amount of loss exceeds the Deductible Amount shown in the Declarations for MONEY AND SECURITIES. We will then pay the amount of loss in excess of the Deductible Amount up to the Limit of Insurance.

E. GENERAL CONDITIONS

1. **Consolidation - Merger:** If through consolidation or merger with, or purchase of assets of, some other entity:
 - a. Any additional persons become "employees"; or
 - b. You acquire the use and control of any additional "premises";any insurance afforded for "employees" or "premises" also applies to those additional "employees" and "premises", but only if you:
 - a. Give us written notice within 30 days thereafter; and
 - b. Pay us an additional premium.
2. **Discovery Period for Loss:** We will pay only for covered loss discovered no later than one year from the end of the policy period.
3. **Duties in the Event of Loss**
 - a. After you discover a loss or a situation that may result in loss of, or loss from damage to, Covered Property you must:
 - (1) Notify us as soon as possible.
 - (2) Submit to examination under oath at our request and give us a signed statement of your answers.
 - (3) Give us a detailed, sworn proof of loss within 120 days.
 - (4) Cooperate with us in the investigation and settlement of any claim.
 - b. If you have reason to believe that any loss of or loss from damage to, Covered Property involves a violation of law, you must notify the police.
4. **Joint Insured**
 - a. If more than one Insured is named in the Declarations, the first named Insured will act for itself and for every other Insured for all purposes of this Insurance. If the first named Insured ceases to be covered, then the next named Insured will become the first named Insured.
 - b. If any Insured or partner or officer of that Insured has knowledge of any information relevant to this insurance, that knowledge is considered knowledge of every Insured.
 - c. An "employee" of any Insured is considered to be an "employee" of every Insured.

- d. If this insurance or any of its coverages is canceled or terminated as to any insured, loss sustained by that insured is covered only if discovered no later than one year from the date of that cancellation or termination.
 - e. We will not pay more for loss sustained by more than one insured than the amount we should pay if all the loss had been sustained by one insured.
5. **Legal Action Against Us:** You may not bring any legal action against us involving loss:
- a. Unless you have complied with all the terms of this insurance;
 - b. Until 90 days after you have filed proof of loss with us; and
 - c. Unless brought within 2 years from the date you discover the loss.
6. **Loss Covered Under More Than One Coverage of This Insurance:** If two or more coverages of this insurance apply to the same loss, we will pay the lesser of:
- a. The actual amount of loss; or
 - b. The sum of the limits of insurance applicable to those coverages.
7. **Loss Sustained During Prior Insurance**
- a. If you, or any predecessor in interest, sustained loss during the period of any prior insurance that you or the predecessor in interest could have recovered under that insurance except that the time within which to discover loss had expired, we will pay for it under this insurance, provided:
 - (1) This insurance became effective at the time of cancellation or termination of the prior insurance; and
 - (2) The loss would have been covered by this insurance had it been in effect when the acts or events causing the loss were committed or occurred.
 - b. The insurance under this condition is part of, not in addition to, the limits of insurance and is limited to the lesser of the amount recoverable under:
 - (1) This insurance as of its effective date; or
 - (2) The prior insurance had it remained in effect.
8. **Loss Covered Under This Insurance and Prior Insurance Issued by Us or Any Affiliate:** If any loss is covered:
- a. Partly by this insurance; and
 - b. Partly by any prior canceled or terminated insurance that we or any affiliate had issued to you or any predecessor in interest;
- the most we will pay is the larger of the amount recoverable under this insurance or the prior insurance.

9. **Non-Cumulation of Limit of Insurance:** Regardless of the number of years this Insurance remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.
10. **Other Insurance:** This Insurance does not apply to loss recoverable or recovered under other Insurance or Indemnity. However, if the limit of the other Insurance or Indemnity is insufficient to cover the entire amount of the loss, this Insurance will apply to that part of the loss, other than that falling within any deductible amount, not recoverable or recovered under the other Insurance or Indemnity, but not or more than the Limit of Insurance.
11. **Ownership of Property; Interests Covered:** The property covered under this Insurance is limited to property:
- a. That you own or hold; or
 - b. For which you are legally liable.
- However, this Insurance is for your benefit only. It provides no rights or benefits to any other person or organization.
12. **Policy Period**
- a. The Policy Period is shown in the Declarations.
 - b. Subject to the Loss Sustained During Prior Insurance condition, we will pay only for loss that you sustain through acts committed or events occurring during the Policy Period.
13. **Records:** You must keep records of all Covered Property so we can verify the amount of any loss.
14. **Recoveries**
- a. Any recoveries, less the cost of obtaining them, made after settlement of loss covered by this Insurance will be distributed as follows:
 - (1) To you, until you are reimbursed for any loss that you sustain that exceeds the Limit of Insurance and the Deductible Amount, if any;
 - (2) Then to us, until we are reimbursed for the settlement made;
 - (3) Then to you, until you are reimbursed for that part of the loss equal to the Deductible Amount, if any.
 - b. Recoveries do not include any recovery:
 - (1) From Insurance, suretyship, reinsurance, security or indemnity taken for our benefit; or
 - (2) Of original "securities" after duplicates of them have been issued.
15. **Territory:** This Insurance covers only acts committed or events occurring within the United States of America, U.S. Virgin Islands, Puerto Rico, Canal Zone or Canada.
16. **Transfer of Your Rights of Recovery Against Others to Us:** You must transfer to us all your rights of recovery against any person or organization for any loss you sustained and for which we have paid or settled. You must also do everything necessary to secure those rights and do nothing after loss to impair them.

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17. Valuation - Settlement

a. Subject to the Limit of Insurance provision we will pay for:

(1) Loss of "money" but only up to and including its face value. We may, at our option, pay for loss of "money" issued by any country other than the United States of America;

(a) At face value in the "money" issued by that country; or

(b) In the United States of America dollar equivalent determined by the rate of exchange on the day the loss was discovered.

(2) Loss of "securities" but only up to and including their value at the close of business on the day the loss was discovered. We may, at our option:

(a) Pay the value of such "securities" or replace them in kind, in which event you must assign to us all your rights, title and interest in and to those "securities";

(b) Pay the cost of any Lost Securities Bond required in connection with issuing duplicates of the "securities." However, we will be liable only for the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the:

1) Value of the "securities" at the close of the business on the day the loss was discovered; or

2) Limit of Insurance.

(3) Loss of, or loss from damage to "property other than money and securities" or loss from damage to the "premises" for not more than the:

(a) Actual cash value of the property on the day the loss was discovered;

(b) Cost of repairing the property or "premises"; or

(c) Cost of replacing the property with property of like kind and quality.

We may, at our option, pay the actual cash value of the property or repair or replace it.

If we cannot agree with you upon the actual cash value or the cost of repair or replacement, the value or cost will be determined by arbitration.

b. We may, at our option, pay for loss of, or loss from damage to, property other than "money":

(1) In the "money" of the country in which the loss occurred; or

(2) In the United States of America dollar equivalent of the "money" of the country in which the loss occurred determined by the rate of exchange on the day the loss was discovered.

c. Any property that we pay for or replace becomes our property.

F. DEFINITIONS

1. "Banking Premises" means the interior of that portion of any building occupied by a banking institution or similar safe depository.
2. "Employee" means:
 - a. Any natural person:
 - (1) While in your service (and for 30 days after termination of service);
 - (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 excluding however, any such person while having care and custody of property outside the "premises".

But "employee" does not mean any:

 - (1) Agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character; or
 - (2) Director or trustee except while performing acts coming within the scope of the usual duties of an employee.
3. "Messenger" means you, any of your partners or any "employee" while having care and custody of the property outside the "premises".
4. "Money" means:
 - a. Currency, coins and bank notes in current use and having a face value; and
 - b. Travelers checks, register checks and money orders held for sale to the public.
5. "Occurrence" means an:
 - a. Act or series of related acts involving one or more persons; or
 - b. Act or event, or a series of related acts or events not involving any person.
6. "Premises" means the interior of that portion of any building you occupy in conducting your business.
7. "Property Other Than Money and Securities" means any tangible property other than "money" and "securities" that has intrinsic value but does not include any property listed in any Coverage Form as Property Not Covered.
8. "Securities" means negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes:

- a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
 - b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you; but does not include "money".
9. "Theft" means any act of stealing.
10. "Watchperson" means any person you retain specifically to have care and custody of property inside the "premises" and who has no other duties.

All other policy terms and conditions apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FORGERY OR ALTERATION

This endorsement adds Crime Coverage to the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM

A. COVERAGE

We will pay for loss involving Covered Instruments resulting directly from the Covered Causes of Loss.

1. **Covered Instruments:** Checks, drafts, promissory notes, or similar written promises, orders or directions to pay a sum certain in "money" that are:
 - a. Made or drawn by or drawn upon you;
 - b. Made or drawn by one acting as your agent; orthat are purported to have been so made or drawn.
2. **Covered Cause of Loss:** Forgery or alteration of, on or in any Covered Instrument.
3. **Coverage Extension**

Legal Expenses: If you are sued for refusing to pay any Covered Instrument on the basis that it has been forged or altered, and you have our written consent to defend the suit, we will pay for any reasonably legal expenses that you incur and pay in that defense. The amount we will pay under this extension is in addition to the Limit of Insurance applicable to this insurance.

B. EXCLUSIONS

We will not pay for loss as specified below:

1. **Acts Committed by You or Your Partners:** Loss resulting from any dishonest or criminal act committed by you or any of your partners whether acting alone or in collusion with other persons.
2. **Acts of Employees, Directors, or Trustees:** We will not pay for loss resulting from any dishonest or criminal act committed by any of your "employees", directors, or trustees:
 - a. Whether acting alone or in collusion with other persons; or
 - b. Whether while performing services for you or otherwise.
3. **Governmental Action:** Loss resulting from seizure or destruction of property by order of governmental authority.

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4. **Indirect Loss:** Loss that is an indirect result of any act or "occurrence" covered by this Insurance including, but not limited to, loss resulting from:
 - a. Your inability to realize income that you would have realized had there been no loss of, or loss from damage to, Covered Instruments.
 - b. Payment of damages of any type for which you are legally liable. But, we will pay compensatory damages arising directly from a loss covered under this Insurance.
 - c. Payment of costs, fees or other expenses you incur in establishing either the existence or the amount of loss under this Insurance.
5. **Legal Expenses:** Expenses related to any legal action.
6. **Nuclear:** Loss resulting from nuclear reaction, nuclear radiation or radioactive contamination, or any related act or incident.
7. **War and Similar Actions:** Loss resulting from war, whether or not declared, warlike action, insurrection, rebellion or revolution, or any related act or incident.

C. LIMIT OF INSURANCE

The most we will pay for loss in any one "occurrence" is the Limit of Insurance shown in the Declarations for FORGERY AND ALTERATION.

D. DEDUCTIBLE

We will not pay for loss in any one "occurrence" unless the amount of loss exceeds the Deductible Amount shown in the Declarations for FORGERY AND ALTERATION. We will then pay the amount of loss in excess of the Deductible Amount up to the Limit of Insurance. This provision does not apply to legal expenses paid under the Coverage Extension.

E. GENERAL CONDITIONS

1. **Consolidation - Merger:** If through consolidation or merger with, or purchase of assets of, some other entity:
 - a. Any additional persons become "employees"; or
 - b. You acquire the use and control of any additional "premises";any insurance afforded for "employees" or "premises" also applies to those additional "employees" and "premises", but only if you:
 - a. Give us written notice within 30 days thereafter; and
 - b. Pay us an additional premium.
2. **Discovery Period for Loss:** We will pay only for covered loss discovered no later than one year from the end of the policy period.

3. **Duties in the Event of Loss:** After you discover a loss or a situation that may result in loss of, or loss from damage to, Covered Instruments you must:
- Notify us as soon as possible.
 - Submit to examination under oath at our request and give us a signed statement of your answers.
 - Give us a detailed, sworn proof of loss within 120 days.
 - Cooperate with us in the investigation and settlement of any claim.
4. **Joint Insured**
- If more than one Insured is named in the Declarations, the first named Insured will act for itself and for every other Insured for all purposes of this insurance. If the first named Insured ceases to be covered, then the next named Insured will become the first named Insured.
 - If any Insured or partner or officer of that Insured has knowledge of any information relevant to this insurance, that knowledge is considered knowledge of every Insured.
 - An "employee" of any Insured is considered to be an "employee" of every Insured.
 - If this insurance or any of its coverages is canceled or terminated as to any Insured, loss sustained by that Insured is covered only if discovered no later than one year from the date of that cancellation or termination.
 - We will not pay more for loss sustained by more than one Insured than the amount we should pay if all the loss had been sustained by one Insured.
5. **Legal Action Against Us:** You may not bring any legal action against us involving loss:
- Unless you have complied with all the terms of this insurance;
 - Until 90 days after you have filed proof of loss with us; and
 - Unless brought within 2 years from the date you discover the loss.
6. **Loss Covered Under More Than One Coverage of This Insurance:** If two or more coverages of this insurance apply to the same loss, we will pay the lesser of:
- The actual amount of loss; or
 - The sum of the limits of insurance applicable to those coverages.
7. **Loss Sustained During Prior Insurance**
- If you, or any predecessor in interest, sustained loss during the period of any prior insurance that you or the predecessor in interest could have recovered under that insurance except that the time within which to discover loss had expired, we will pay for it under this insurance, provided:

(1) This insurance became effective at the time of cancellation or termination of the prior insurance; and

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- (2) The loss would have been covered by this insurance had it been in effect when the acts or events causing the loss were committed or occurred.
- b. The insurance under this Condition is part of, not in addition to, the Limits of Insurance and is limited to the lesser of the amount recoverable under:
- (1) This insurance as of its effective date; or
 - (2) The prior insurance had it remained in effect.
8. **Loss Covered Under This Insurance and Prior Insurance Issued by Us or Any Affiliate:** If any loss is covered:
- a. Partly by this insurance; and
 - b. Partly by any prior canceled or terminated insurance that we or any affiliate had issued to you or any predecessor in interest;
- the most we will pay is the larger of the amount recoverable under this insurance or the prior insurance.
9. **Non-Cumulation of Limit of Insurance:** Regardless of the number of years this insurance remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.
10. **Other Insurance:** This insurance does not apply to loss recoverable or recovered under other insurance or indemnity. However, if the limit of the other insurance or indemnity is insufficient to cover the entire amount of the loss, this insurance will apply to that part of the loss, other than that falling within any deductible amount, not recoverable or recovered under the other insurance or indemnity, but not more than the Limit of Insurance.
11. **Ownership of Property; Interests Covered:** The property covered under this insurance is limited to property:
- a. That you own or hold; or
 - b. For which you are legally liable.
- However, this insurance is for your benefit only. It provides no rights or benefits to any other person or organization.
12. **Policy Period**
- a. The Policy Period is shown in the Declarations.
 - b. Subject to the Loss Sustained During Prior Insurance condition, we will pay only for loss that you sustain through acts committed or events occurring during the Policy Period.
13. **Records:** You must keep records of all Covered Instruments so we can verify the amount of any loss.
14. **Recoveries**

- a. Any recoveries, less the cost of obtaining them, made after settlement of loss covered by this insurance will be distributed as follows:
 - (1) To you, until you are reimbursed for any loss that you sustain that exceeds the Limit of Insurance and the Deductible Amount, if any;
 - (2) Then to us, until we are reimbursed for the settlement made;
 - (3) Then to you, until you are reimbursed for that part of the loss equal to the Deductible Amount, if any.
 - b. Recoveries do not include any recovery:
 - (1) From insurance, suretyship, reinsurance, security or indemnity taken for our benefit; or
 - (2) Of original "securities" after duplicates of them have been issued.
- 15. Territory:** This insurance covers only acts committed or events occurring within the United States of America, U.S. Virgin Islands, Puerto Rico, Canal Zone or Canada.
- 16. Transfer of Your Rights of Recovery Against Others to Us:** You must transfer to us all your rights of recovery against any person or organization for any loss you sustained and for which we have paid or settled. You must also do everything necessary to secure those rights and do nothing after loss to impair them.
- 17. Valuation - Settlement**
- a. Subject to the Limit of Insurance provision we will pay for:
 - (1) Loss of "money" but only up to and including its face value. We may, at our option, pay for loss of "money" issued by any country other than the United States of America;
 - (a) At face value in the "money" issued by that country; or
 - (b) In the United States of America dollar equivalent determined by the rate of exchange on the day the loss was discovered.
 - (2) Loss of "securities" but only up to and including their value at the close of business on the day the loss was discovered. We may, at our option:
 - (a) Pay the value of such "securities" or replace them in kind, in which event you must assign to us all your rights, title and interest in and to those "securities";
 - (b) Pay the cost of any Lost Securities Bond required in connection with issuing duplicates of the "securities". However, we will be liable only for the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the:
 - i. Value of the "securities" at the close of the business on the day the loss was discovered; or
 - ii. Limit of Insurance.
 - (3) Loss of, or loss from damage to "property other than money and securities" or loss from damage to the "premises" for not more than the:

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(a) Actual cash value of the property on the day the loss was discovered;

(b) Cost of repairing the property or "premises"; or

(c) Cost of replacing the property with property of like kind and quality.

We may, at our option, pay the actual cash value of the property or repair or replace it.

If we cannot agree with you upon the actual cash value or the cost of repair or replacement, the value or cost will be determined by arbitration.

b. We may, at our option, pay for loss of, or loss from damage to, property other than "money:"

(1) In the "money" of the country in which the loss occurred; or

(2) In the United States of America dollar equivalent of the "money" of the country in which the loss occurred determined by the rate of exchange on the day the loss was discovered.

c. Any property that we pay for or replace becomes our property.

18. **Facsimile Signatures:** We will treat mechanically reproduced facsimile signatures the same as handwritten signatures.

19. **Proof of Loss:** You must include with your proof of loss any instrument involved in that loss, or if that is not possible, an affidavit setting forth the amount and cause of loss.

F. DEFINITIONS

1. "Employee" means:

a. Any natural person:

(1) While in your service (and for 30 days after termination of service);

(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 excluding however, any such person while having care and custody of property outside the "premises".

But "employee" does not mean any:

(1) Agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character; or

(2) Director or trustee except while performing acts coming within the scope of the usual duties of an employee.

2. "Money" means:

- a. Currency, coins and bank notes in current use and having a face value; and
- b. Travelers checks, register checks and money orders held for sale to the public.

3. "Occurrence" means all loss caused by any person or in which that person is involved, whether the loss involves one or more instruments.

4. "Property Other Than Money and Securities" means any tangible property other than "money" and "securities" that has intrinsic value but does not include any property listed in any Coverage Form and Property Not Covered.

5. "Securities" means negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes:

- a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
- b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you; but does not include "money".

All other policy terms and conditions apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EMPLOYEE DISHONESTY

This endorsement adds Crime Coverage to the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
 CONDOMINIUM ASSOCIATION COVERAGE FORM
 CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM

A. COVERAGE

We will pay for loss involving Covered Instruments resulting directly from the Covered Cause of Loss.

1. **Covered Property:** "Money", "securities", and "property other than money and securities".
2. **Covered Cause of Loss:** "Employee Dishonesty".
3. **Coverage Extension**

Employee Temporarily Outside Coverage Territory: We will pay for loss caused by any "employee" while temporarily outside the territory specified in the Territory General Condition for a period not more than 90 days. The amount we pay under this Coverage Extension is part of, not in addition to, the Limit of Insurance shown in the Declarations for EMPLOYEE DISHONESTY.

B. EXCLUSIONS

We will not pay for loss as specified below:

1. **Acts Committed by You or Your Partners:** Loss resulting from any dishonest or criminal act committed by you or any of your partners whether acting alone or in collusion with other persons.
2. **Governmental Action:** Loss resulting from seizure or destruction or property by order of governmental authority.
3. **Indirect Loss:** Loss that is an indirect result of any act or "occurrence" covered by this insurance including, but not limited to, loss resulting from:
 - a. Your inability to realize income that you would have realized had there been no loss of, or loss from damage to, Covered Property.
 - b. Payment of damages of any type for which you are legally liable. But, we will pay compensatory damages arising directly from a loss covered under this insurance.
 - c. Payment of costs, fees or other expenses you incur in establishing either the existence or the amount of loss under this insurance.
4. **Legal Expenses:** Expenses related to any legal action.
5. **Nuclear:** Loss resulting from nuclear reaction, nuclear radiation or radioactive contamination, or any related act or incident.
6. **War and Similar Actions:** Loss resulting from war, whether or not declared, warlike action, insurrection, rebellion or revolution, or any related act or incident.

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7. **Employee Cancelled Under Prior Insurance:** Loss caused by any "employee" of yours; or predecessor in interest of yours, for whom similar prior insurance has been cancelled and not reinstated since the last such cancellation.

8. **Inventory Shortages:** Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon:

- a. An inventory computation; or
- b. A profit and loss computation.

C. LIMIT OF INSURANCE

The most we will pay for loss in any one "occurrence" is the Limit of Insurance shown in the Declarations for EMPLOYEE DISHONESTY.

D. DEDUCTIBLE

1. We will not pay for loss in any one "occurrence" unless the amount of loss exceeds the Deductible Amount shown in the Declarations for EMPLOYEE DISHONESTY. We will then pay the amount of loss in excess of the Deductible Amount up to the Limit of Insurance. This provision does not apply to legal expenses paid under the Coverage Extension.

2. You must:

- a. Give us notice as soon as possible of any loss of the type insured under this Coverage Form even though it falls entirely within the Deductible Amount.
- b. Upon our request, give us a statement describing the loss.

E. GENERAL CONDITIONS

1. **Consolidation - Merger:** If through consolidation or merger with, or purchase of assets of, some other entity:

- a. Any additional persons become "employees"; or
- b. You acquire the use and control of any additional "premises";

any insurance afforded for "employees" or "premises" also applies to those additional "employees" and "premises", but only if you:

- a. Give us written notice within 30 days thereafter; and
- b. Pay us an additional premium.

2. **Discovery Period for Loss:** We will pay only for covered loss discovered no later than one year from the end of the policy period.

3. **Duties in the Event of Loss:** After you discover a loss or a situation that may result in loss of, or loss from damage to, Covered Property you must:

- a. Notify us as soon as possible.
- b. Submit to examination under oath at our request and give us a signed statement of your answers.
- c. Give us a detailed, sworn proof of loss within 120 days.

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d. Cooperate with us in the investigation and settlement of any claim.

4. Joint Insured

- a. If more than one Insured is named in the Declarations, the first named Insured will act for itself and for every other Insured for all purposes of this insurance. If the first named Insured ceases to be covered, then the next named Insured will become the first named Insured.
- b. If any Insured or partner or officer of that Insured has knowledge of any information relevant to this insurance, that knowledge is considered knowledge of every Insured.
- c. An "employee" of any Insured is considered to be an "employee" of every Insured.
- d. If this insurance or any of its coverages is canceled or terminated as to any Insured, loss sustained by that Insured is covered only if discovered no later than one year from the date of that cancellation or termination.
- e. We will not pay more for loss sustained by more than one Insured than the amount we should pay if all the loss had been sustained by one Insured.

5. Legal Action Against Us: You may not bring any legal action against us involving loss:

- a. Unless you have complied with all the terms of this insurance;
- b. Until 90 days after you have filed proof of loss with us; and
- c. Unless brought within 2 years from the date you discover the loss.

6. Loss Covered Under More Than One Coverage of This Insurance: If two or more coverages of this insurance apply to the same loss, we will pay the lesser of:

- a. The actual amount of loss; or
- b. The sum of the limits of insurance applicable to those coverages.

7. Loss Sustained During Prior Insurance

- a. If you, or any predecessor in interest, sustained loss during the period of any prior insurance that you or the predecessor in interest could have recovered under that insurance except that the time within which to discover loss had expired, we will pay for it under this insurance, provided:
 - (1) This insurance became effective at the time of cancellation or termination of the prior insurance; and
 - (2) The loss would have been covered by this insurance had it been in effect when the acts or events causing the loss were committed or occurred.
- b. The insurance under this condition is part of, not in addition to, the limits of insurance and is limited to the lesser of the amount recoverable under:
 - (1) This insurance as of its effective date; or
 - (2) The prior insurance had it remained in effect.

8. Loss Covered Under This Insurance and Prior Insurance Issued by Us or Any Affiliate: If any loss is covered:

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- a. Partly by this insurance; and
- b. Partly by any prior canceled or terminated insurance that we or any affiliate had issued to you or any predecessor in interest;

the most we will pay is the larger of the amount recoverable under this insurance or the prior insurance.

9. **Non-Cumulation of Limit of Insurance:** Regardless of the number of years this insurance remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.
10. **Other Insurance:** This insurance does not apply to loss recoverable or recovered under other insurance or indemnity. However, if the limit of the other insurance or indemnity is insufficient to cover the entire amount of the loss, this insurance will apply to that part of the loss, other than that falling within any deductible amount, not recoverable or recovered under the other insurance or indemnity, but not more than the Limit of Insurance.

11. **Ownership of Property; Interests Covered:** The property covered under this insurance is limited to property:

- a. That you own or hold; or
- b. For which you are legally liable.

However, this insurance is for your benefit only. It provides no rights or benefits to any other person or organization.

12. **Policy Period**

- a. The Policy Period is shown in the Declarations.
- b. Subject to the Loss Sustained During Prior Insurance condition, we will pay only for loss that you sustain through acts committed or events occurring during the Policy Period.

13. **Records:** You must keep records of all Covered Property so we can verify the amount of any loss.

14. **Recoveries**

- a. Any recoveries, less the cost of obtaining them, made after settlement of loss covered by this insurance will be distributed as follows:
 - (1) To you, until you are reimbursed for any loss that you sustain that exceeds the Limit of Insurance and the Deductible Amount, if any;
 - (2) Then to us, until we are reimbursed for the settlement made;
 - (3) Then to you, until you are reimbursed for that part of the loss equal to the Deductible Amount, if any.
- b. Recoveries do not include any recovery:
 - (1) From insurance, suretyship, reinsurance, security or indemnity taken for our benefit; or
 - (2) Of original "securities" after duplicates of them have been issued.

15. **Territory:** This insurance covers only acts committed or events occurring within the United States of America, U.S. Virgin Islands, Puerto Rico, Canal Zone or Canada.

16. **Transfer of Your Rights of Recovery Against Others to Us:** You must transfer to us all your rights of recovery against any person or organization for any loss you sustained and for which we have paid or settled. You must also do everything necessary to secure those rights and do nothing after loss to impair them.

17. **Valuation - Settlement**

a. Subject to the Limit of Insurance provision we will pay for:

(1) Loss of "money" but only up to and including its face value. We may, at our option, pay for loss of "money" issued by any country other than the United States of America;

(a) At face value in the "money" issued by that country; or

(b) In the United States of America dollar equivalent determined by the rate of exchange on the day the loss was discovered.

(2) Loss of "securities" but only up to and including their value at the close of business on the day the loss was discovered. We may, at our option:

(a) Pay the value of such "securities" or replace them in kind, in which event you must assign to us all your rights, title and interest in and to those "securities";

(b) Pay the cost of any Lost Securities Bond required in connection with issuing duplicates of the "securities". However, we will be liable only for the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the:

i. Value of the "securities" at the close of the business on the day the loss was discovered; or

ii. Limit of Insurance.

(3) Loss of, or loss from damage to "property other than money and securities" or loss from damage to the "premises" for not more than the:

(a) Actual cash value of the property on the day the loss was discovered;

(b) Cost of repairing the property or "premises"; or

(c) Cost of replacing the property with property of like kind and quality.

We may, at our option, pay the actual cash value of the property or repair or replace it.

If we cannot agree with you upon the actual cash value or the cost of repair or replacement, the value or cost will be determined by arbitration.

b. We may, at our option, pay for loss of, or loss from damage to, property other than "money":

(1) In the "money" of the country in which the loss occurred; or

(2) In the United States of America dollar equivalent of the "money" of the country in which the loss occurred determined by the rate of exchange on the day the loss was discovered.

c. Any property that we pay for or replace becomes our property.

18. **Cancellation As To Any Employee:** This Insurance is cancelled as to any "Employee":

a. Immediately upon discovery by:

- (1) You; or
 - (2) Any of your partners, officers or directors not in collusion with the "employee";
- of any dishonest act committed by that "employee" whether before or after becoming employed by you.
- b. On the date specified in a notice mailed to you. That date will be least 30 days after the date of mailing. The notice will be mailed to you at your last mailing address known to us.

F. DEFINITIONS

1. "Employee" means:

a. Any natural person:

- (1) While in your service (and for 30 days after termination of service);
- (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 excluding however, any such person while having care and custody of property outside the "premises".

But "employee" does not mean any:

- (1) Agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character; or
- (2) Director or trustee except while performing acts coming within the scope of the usual duties of an employee.

2. "Employee Dishonesty" in paragraph A.2. means only dishonest acts committed by an "employee", whether identified or not, acting alone or in collusion with other persons, except you or a partner, with the manifest intent to:

- (1) Cause you to sustain loss; and also
- (2) Obtain financial benefit (other than employee benefits earned in the normal course of employment, including: salaries, commissions, fees, bonuses, promotions, awards, profit sharing or pensions) for:
 - (a) The "employee"; or
 - (b) any person or organization intended by the "employee" to receive that benefit.

3. "Money" means:

- a. Currency, coins and bank notes in current use and having a face value; and
- b. Travelers checks, register checks and money orders held for sale to the public.

4. "Occurrence" means all loss caused by, or involving one or more "employees", whether the result of a single act or series of acts.

5. "Property Other Than Money and Securities" means any tangible property other than "money" and "securities" that has intrinsic value but does not include any property listed in any Coverage Form and Property Not Covered.
6. "Securities" means negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes:
 - a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
 - b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you; but does not include "money."

All other policy terms and conditions apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

54223 (6-00)

GLASS BREAKAGE

This endorsement modifies insurance under the CAUSES OF LOSS - SPECIAL FORM.

Under C. LIMITATIONS, paragraph 2. is deleted and replaced by the following:

2. We will not pay more for loss of or damage to glass that is part of a building or structure than the Limit of Insurance shown in the Declarations for GLASS BREAKAGE for each plate, pane, multiple plate insulating unit, radiant or solar heating panel, jalouse, louver or shutter. We will not pay more than the Limit of Insurance shown in the Declaration for GLASS BREAKAGE for all loss or damage to building glass that occurs at any one time.

This Limitation does not apply to loss or damage by the "specified causes of loss", except vandalism.

All other policy terms and conditions apply.

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**NOTICE TO POLICYHOLDER
FUNGI OR BACTERIA EXCLUSIONS**

Dear Policyholder:

The COMMERCIAL GENERAL LIABILITY coverage provided by this policy is amended by form number 55238 (4-02), FUNGI OR BACTERIA EXCLUSIONS. This endorsement will exclude coverage for bodily injury and property damage arising out of fungi, bacteria or mold.

This notice is for informational purposes only.

Please review this new endorsement and your policy carefully. If you have any questions concerning this exclusion, please contact your Auto-Owners Agency.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CONDITIONAL EXCLUSION OF TERRORISM INVOLVING NUCLEAR, BIOLOGICAL OR CHEMICAL TERRORISM (RELATING TO DISPOSITION OF FEDERAL TERRORISM RISK INSURANCE EXTENSION ACT OF 2005)

This endorsement modifies Insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

A. Applicability Of This Endorsement

1. The provisions of this endorsement will apply if and when one of the following situations occurs:

- a. The federal Terrorism Risk Insurance Program ("Program"), established by the Terrorism Risk Insurance Extension Act of 2005, terminates; or
- b. The Program is renewed, extended or otherwise continued in effect:
 - (1) With revisions that increase insurers' statutory percentage deductible or decrease the federal government's statutory percentage share in potential terrorism losses above such deductible, or that results in a change in the level or terms or conditions of coverage; and
 - (2) We are not required by the Program to make terrorism coverage available to you and elect not to do so.

The Program is scheduled to terminate at the end of December 31, 2007 unless renewed, extended or otherwise continued by act of Congress.

2. When this endorsement becomes applicable in accordance with the terms of A.1.a. or A.1.b., above, it supersedes any terrorism endorsement already endorsed to this policy that addresses "certified acts of terrorism".
3. If this endorsement does NOT become applicable, then any terrorism endorsement already endorsed to this policy, that addresses "certified acts of terrorism", will remain in effect. However, if the Program is renewed, extended or otherwise continued in effect with revisions that change the level or terms or conditions of coverage, and we are required to offer you the revised coverage or to provide the revised coverage to those who previously accepted coverage under the Program, then we will take the appropriate steps in response to the federal requirements.

- B. The following definition is added and applies under this endorsement wherever the term terrorism is enclosed in quotation marks.

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"Terrorism" means activities against persons, organizations or property of any nature:

1. That involve the following or preparation for the following:
 - a. Use or threat of force or violence; or
 - b. Commission or threat of a dangerous act; or
 - c. Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and
2. When one or both of the following applies:
 - a. The effect is to intimidate or coerce a government or the civilian population or any segments thereof, or to disrupt any segment of the economy; or
 - b. It appears that the intent is to intimidate or coerce a government or the civilian population, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

C. The following exclusion is added:

Exclusion Of "Terrorism"

We will not pay for loss or damage caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or ex-

pected incident of "terrorism". Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. This exclusion applies only when one or more of the following are attributed to an incident of "terrorism":

1. 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;
2. Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material;
3. The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
4. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials.

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, regardless of whether this endorsement was in effect during the entirety of that time period or not.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMMERCIAL GENERAL LIABILITY PLUS ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART.

1. EXTENDED WATERCRAFT LIABILITY

Under **SECTION I - COVERAGES, COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY**, 2. Exclusions, g. exclusion (2) is deleted and is replaced by the following:

(2) A watercraft you do not own that is:

- (a) Less than 50 feet long; and
- (b) Not being used to carry persons or property for a charge;

2. HIRED AUTO AND NON-OWNED AUTO LIABILITY

Coverage for "bodily injury" and "property damage" liability provided under **SECTION I COVERAGES, COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY**, is extended as follows under this item, but only if you do not have any other insurance available to you which affords the same or similar coverage.

Coverage

We will pay those sums the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" arising out of the maintenance or use of an "auto":

- a. You do not own;
- b. Which is not registered in your name; or

- c. Which is not leased or rented to you for more than ninety consecutive days

and which is used in your business.

Exclusions

With respect to only **HIRED AUTO AND NON-OWNED AUTO LIABILITY COVERAGE**, the exclusions which apply to **SECTION I - COVERAGES, COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY**, other than the Nuclear Energy Liability Exclusion Endorsement, do not apply. The following exclusions apply to this coverage:

This coverage does not apply to:

- a. "Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.
- b. Any obligation of the insured under a workers compensation, disability benefits or unemployment compensation law or any similar law.
- c. (1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants";

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(a) that are, or are contained in any property that is:

- 1) being transported or towed by, handled or prepared for placement into or upon, or taken from the "auto";
- 2) otherwise in the course of transit by you or on your behalf; or
- 3) being disposed of, stored, treated or processed into or upon the "auto";

(b) before such "pollutants" or property containing "pollutants" are moved from the place they are accepted by you or anyone acting on your behalf for placement into or onto the "auto"; or

(c) after such "pollutants" or property containing "pollutants" are removed from the "auto" to where they are delivered, disposed of or abandoned by you or anyone acting in your behalf.

c. (1) (a) above does not apply to "pollutants" that are needed or result from the normal mechanical, electrical or hydraulic functioning of the "auto" or its parts, if the discharge, release, escape, seepage, migration or dispersal of such "pollutants" is directly from a part of the "auto" designed to hold, store, receive or dispose of such "pollutants" by the "auto" manufacturer.

c. (1) (b) and c. (1) (c) above do not apply, if as a direct result of maintenance or use of the "auto", "pollutants" or property containing "pollutants" which are not in or upon the "auto", are upset, overturned or damaged at any premises not owned by or leased to you. The discharge, release, escape, seepage, migration or dispersal of the "pollutants" must be directly caused by such upset, overturn or damage.

(2) Any loss, cost or expense arising out of any:

(a) Request, demand or order that any Insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants"; or

(b) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of "pollutants".

d. "Bodily Injury" or "property damage" however caused, arising, directly or indirectly, out of:

(1) War, including undeclared or civil war;

(2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

(3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

e. "Bodily Injury" or "property damage" for which the Insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

(1) Assumed in a contract or agreement that is an "Insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. However, if the insurance under this policy does not apply to the liability of the Insured, it also does not apply to such liability assumed by the Insured under an "Insured contract".

(2) That the insured would have in the absence of the contract or agreement.

f. "Property damage" to:

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(1) Property owned or being transported by, or rented or loaned to any insured; or

(2) Property in the care, custody or control of any insured

other than "property damage" to a residence or a private garage by a private passenger "auto" covered by this coverage.

g. "Bodily Injury" to:

(1) An "employee" of the insured arising out of and in the course of employment by the insured; or

(2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (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.

This exclusion does not apply to:

(1) Liability assumed by the insured under an "insured contract".

(2) "Bodily Injury" to any "employee" of the insured arising out of and in the course of his domestic employment by the insured unless benefits for such injury are in whole or in part either payable or required to be provided under any workers compensation law.

Who Is An Insured

With respect to only this coverage, **SECTION II - WHO IS AN INSURED**, is deleted and replaced by the following:

SECTION II - WHO IS AN INSURED

Each of the following is an insured with respect to this coverage:

a. You.

b. Your partners if you are designated in the Declarations as a partnership or a joint venture.

c. Your members if you are designated in the Declarations as a limited liability company.

d. Your "executive officers" if you are designated in the Declarations as an organization other than a partnership, joint venture or limited liability company.

e. Any person using the "auto" and any person or organization legally responsible for the use of an "auto" not owned by such person or organization, provided the actual use is with your permission.

None of the following is an insured:

a. Any person engaged in the business of his or her employer with respect to "bodily injury" to any co-"employee" of such person injured in the course of employment.

b. Any person using the "auto" and any person other than you, legally responsible for its use with respect to an "auto" owned or registered in the name of:

(1) Such person; or

(2) Any partner or "executive officer" of yours or a member of his or her household; or

(3) Any "employee" or agent of yours who is granted an operating allowance of any sort for the use of such "auto".

c. Any person while employed in or otherwise engaged in duties in connection with an "auto business", other than an "auto business" you operate.

d. The owner or lessee (of whom you are a sublessee) of a hired "auto" or the owner of

an "auto" you do not own or which is not registered in your name which is used in your business or any agent or employee of any such owner or lessee.

- e. Any person or organization with respect to the conduct of any current or past partnership or joint venture that is not shown as a Named Insured in the Declarations.

Additional Definitions

The following definition applies to only this coverage:

"Auto business" means the business or occupation of selling, repairing, servicing, storing or parking "autos".

Limits of Insurance

With respect to only this coverage, **SECTION III - LIMITS OF INSURANCE**, is deleted and replaced by the following:

SECTION III - LIMITS OF INSURANCE

- a. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
 - (1) Insureds;
 - (2) Claims made or "suits" brought; or
 - (3) Persons or organizations making claims or bringing "suits".
- b. We will pay damages for "bodily injury" or "property damage" up to the limits of liability stated in the Declarations for this coverage. Such damages shall be paid as follows:
 - (1) When Hired Auto and Non-Owned Auto Each Occurrence Limit is shown in the Declarations, such limit is the total amount of coverage and the most we will pay for all damages because of or arising out of all "bodily injury" and "property damage" in any one "occurrence".

- (2) When Bodily Injury Hired Auto and Non-Owned Auto Each Occurrence Limit and Property Damage Hired Auto and Non-Owned Auto Each Occurrence Limit are shown in the Declarations:

- (a) The limit shown for Bodily Injury Hired Auto and Non-Owned Auto Each Occurrence is the total amount of coverage and the most we will pay for all damages because of or arising out of all "bodily injury" in any one "occurrence".
- (b) The limit shown for Property Damage Hired Auto and Non-Owned Auto Each Occurrence is the total amount of coverage and the most we will pay for all damages because of or arising out of all "property damage" in any one "occurrence".

3. BROADENED SUPPLEMENTARY PAYMENTS

Under **SECTION I - COVERAGES, COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY, COVERAGE B. PERSONAL INJURY AND ADVERTISING INJURY LIABILITY and SUPPLEMENTARY PAYMENTS - COVERAGES A AND B:**

Paragraph 4., the amount we will pay for the actual loss of earnings is increased from \$250 per day to \$400 per day.

4. ADDITIONAL PRODUCTS-COMPLETED OPERATIONS AGGREGATE LIMIT

If the endorsement, **EXCLUSION - PRODUCTS COMPLETED OPERATIONS HAZARD, CG 21 04**, is not attached to this policy, then the following is added to **SECTION III - LIMITS OF INSURANCE:**

Commencing with the effective date of this policy, we will provide one additional Products-Completed Operations Aggregate Limit, for each annual period, equal to the amount of the Products-Completed Operations Aggregate Limit shown in the Declarations. The maximum Products-Completed Operations Aggregate Limit for any annual period will be no more than two times

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the original Products-Completed Operations Aggregate Limit.

5. PERSONAL INJURY EXTENSION

a. If the endorsement EXCLUSION - PERSONAL INJURY AND ADVERTISING INJURY, 55350, is attached to this policy, then this provision, 5. PERSONAL INJURY EXTENSION COVERAGE, does not apply.

b. If the endorsement EXCLUSION - PERSONAL INJURY AND ADVERTISING INJURY, 55350, is not attached to this policy, then under SECTION V - DEFINITIONS:

SECTION V - DEFINITIONS, 15. "Personal Injury" is deleted and replaced by the following:

15. "Personal injury" means, other than "bodily injury", arising out of one or more of the following offenses:

- a. False arrest, detention or imprisonment;
- b. Malicious prosecution;
- c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies by or on behalf of its owner, landlord or lessor;
- d. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
- e. Oral or written publication of material that violates a person's right of privacy; or
- f. Discrimination and humiliation.

6. BROADENED KNOWLEDGE OF OCCURRENCE

Under SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS, 2. Duties In The Event Of

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Occurrence, Offense, Claim Or Suit, the following paragraph is added:

Paragraphs a. and b. of this condition will not serve to deny any claim for failure to provide us with notice as soon as practicable after an "occurrence" or an offense which may result in a claim:

- a. If the notice of a new claim is given to your "employee"; and
- b. That "employee" fails to provide us with notice as soon as practicable.

This exception shall not apply:

- a. To you; or
- b. To any officer, director, partner, risk manager or insurance manager of yours.

7. DAMAGE TO PREMISES RENTED TO YOU

Under SECTION I - COVERAGES, COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY, the last paragraph is deleted and replaced by the following:

Exclusions c. through n. do not apply to damage by fire, lightning, explosion or water damage to premises rented to you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to this coverage as described in 7. DAMAGE TO PREMISES RENTED TO YOU, a. Limits of Insurance.

The following additional exclusions apply to "property damage" arising out of Water Damage to premises rented to you or temporarily occupied by you with permission of the owner:

(1) "Property damage" to:

- (a) The interior of the premises caused by or resulting from rain or snow, whether driven by wind or not; or
- (b) Heating, air conditioning, plumbing or fire protection systems, or other equipment or appliances.

(2) "Property damage" caused by or resulting from any of the following:

- (a) Mechanical breakdown, including bursting or rupture caused by centrifugal force;
- (b) Cracking, settling, expansion or shrinking;
- (c) Smoke or smog;
- (d) Birds, insects, rodents or other animals;
- (e) Wear and tear;
- (f) Corrosion, rust, decay, fungus, deterioration, hidden or latent defect or any quality in property that causes such property to destroy or damage itself; or

(g) Water that flows or leaks from any heating, air conditioning, plumbing or fire protection system caused by or resulting from freezing, unless:

- 1) You make a reasonable effort to maintain heat in the building or structure; or
- 2) You drain the equipment and shut off the water supply if the heat is not maintained.

(3) "Property damage" caused directly or indirectly by any of the following:

- (a) Water that backs up from a drain or sewer;
- (b) Mud flow or mudslide;
- (c) Volcanic eruption, explosion or effusion;
- (d) Any earth movement, such as earthquake, landslide, mine subsidence, earth sinking, earth rising or earth shifting;

(e) Flood, surface water, waves, tides, tidal waves, storm surge, overflow of any body of water, or their spray, all whether wind driven or not;

(f) Water under the ground surface pressing on, or seeping or flowing through:

- 1) Walls, foundations, floors or paved surfaces;
- 2) Basements, whether paved or not; or
- 3) Doors, windows or other openings.

(4) "Property damage" for which the insured is obligated to pay as damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of this contract or agreement.

a. Limits of Insurance.

With respect to this coverage only, under **SECTION III - LIMITS OF INSURANCE**, paragraph 6, is deleted and replaced by the following:

6. The most we will pay under Coverage A for damages because of "property damage" to premises rented to you or temporarily occupied by you with permission of the owner arising out of or caused by fire, lightning, explosion and water damage is the amount shown in the Declarations under Damage to Premises Rented to You.

b. Under **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**, 4. Other Insurance, paragraph b., the word fire is amended to include fire, lightning, explosion or water damage.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

UPSET AND OVERSPRAY COVERAGE

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

It is agreed the coverage for "property damage" liability with respect to your operations is extended as follows:

1. COVERAGE

We will pay those sums which you become legally obligated to pay for "property damage" caused directly by immediate, abrupt and accidental:

- a. Upset, overturn or collision of your "mobile equipment" while transporting; or
- b. "Overspray" during your application or dispersal of "pollutants" which are intended for and normally used in your operations. The operations must be in compliance with local, state, and federal ordinances and laws.

This is not an additional amount of insurance and does not increase the limits of insurance stated in the Declarations.

2. EXCLUSIONS

- a. With regard only to the coverage provided by this endorsement, Exclusion f. of Section I - Coverage A - Bodily Injury And Property Damage Liability is deleted and replaced by the following:

f. Pollution

Any loss, cost or expense arising out of any:

- (1) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants"; or
- (2) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of "pollutants".

However, this paragraph does not apply to liability for damages because of covered "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or "suit" by or on behalf of a governmental authority.

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- b. The following exclusion is added to Paragraph 2., Exclusions of Section I - Coverage A - Bodily Injury And Property Damage Liability:

This coverage does not apply to "overspray" resulting from aerial application or dispersal of "pollutants".

3. DEDUCTIBLE

Any deductible provision of the policy which is applicable to Property Damage Liability coverage applies to this coverage extension.

4. DEFINITIONS

The following definition applies in addition to those in the policy.

"Overspray" means spray, from a device specifically designed for spray application or dispersal, that goes beyond the entire area of intended application or dispersal.

All other policy terms and conditions apply.

COMMERCIAL GENERAL LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXTERIOR FINISHING SYSTEM AND STUCCO EXCLUSION - FORM A

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

- A. Under SECTION I - COVERAGES, COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions and COVERAGE B. PERSONAL INJURY AND ADVERTISING INJURY LIABILITY, 2. Exclusions, the following exclusion is added:

Exterior Finishing System and Stucco

This insurance does not apply to any claim, "suit", action or proceeding for "bodily injury", "property damage", "personal injury" or "advertising injury" which is in any way related to or arising out of any "exterior finishing system" or exterior "stucco" application.

This exclusion does not apply to any claim, "suit", action or proceeding for "bodily injury" which occurs before completion of "your work".

"Your work" is deemed completed:

1. When all of the work called for in your contract has been completed.
2. When all of the work to be done at the site has been completed if your contract calls for work at more than one site.

3. When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

- B. The following definitions are added to SECTION V - DEFINITIONS:

"Exterior finishing system", is an exterior insulating and finishing system applied to the exterior of a structure which incorporates any synthetic stucco or material similar in substance or purpose; and which may also include: insulating board or other material; adhesive or mechanical fasteners; and the application of flashings, coatings, caulking or sealants.

"Stucco", is a material made of portland cement, sand, cement, lime, and/or plaster, or any combination thereof, applied as a hard covering for exterior walls.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FUNGI OR BACTERIA EXCLUSIONS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART.

A. Under SECTION I - COVERAGES, COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions, the following exclusions are added:

1. Bodily injury" or "property damage" arising out of, in whole or in part, the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or bacteria, whether airborne or not, on or within a building or structure, including its contents. This exclusion applies whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.
2. Any loss, cost or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person, entity or governmental authority.

These exclusions do not apply to any "fungi" or bacteria that are on, or are contained in, a good or product intended for human consumption.

B. Under SECTION I - COVERAGES, COVERAGE B. PERSONAL INJURY AND ADVERTISING INJURY LIABILITY, 2. Exclusions, the following exclusions are added:

1. Arising out of, in whole or in part, the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or bacteria, whether airborne or not, on or within a building or structure, including its contents. This exclusion applies whether any other cause, event, material or product contributed concurrently or in any sequence to such injury.
2. For any loss, cost or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person, entity or governmental authority.

C. The following definition is added to SECTION V - DEFINITIONS:

"Fungi" means any type or form of fungus, including but not limited to, any mold, mildew, mycotoxins, spores, scents or byproducts produced or released by any type or form of fungus.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
EXCLUSION - VIOLATION OF STATUTES THAT GOVERN
E-MAILS, FAX, PHONE CALLS OR OTHER METHODS OF
SENDING MATERIAL OR INFORMATION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART.

1. The following exclusion is added to **SECTION I - COVERAGES, COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions:**

Distribution Of Material In Violation Of Statutes

"Bodily Injury", or "property damage" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (1) The Telephone Consumer Protection Act (TCPA), including, any amendment of or addition to such law; or
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law; or
- (3) Any statute, ordinance or regulation, other than the TCPA or CAN-SPAM Act of 2003, that prohibits or limits the sending, transmitting, communicating or distribution of material or information.

2. The following exclusion is added to **SECTION I - COVERAGES, COVERAGE B. PERSONAL INJURY AND ADVERTISING INJURY LIABILITY, 2. Exclusions:**

Distribution Of Material In Violation Of Statutes

Arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (1) The Telephone Consumer Protection Act (TCPA), including, any amendment of or addition to such law; or
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law; or
- (3) Any statute, ordinance or regulation, other than the TCPA or CAN-SPAM Act of 2003, that prohibits or limits the sending, transmitting, communicating or distribution of material or information.

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the company providing this Insurance.

The word "insured" means any person or organization qualifying as such under Section II - Who Is An Insured.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section V - Definitions.

SECTION I - COVERAGES

COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY

1. Insuring Agreement

- a. We will pay those sums that the Insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" to which this insurance applies. We will have the right and duty to defend the Insured against any "suit" seeking those damages. We may at our discretion investigate any claim or "occurrence" and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Section III - Limits of Insurance; and
- (2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverage A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments - Coverages A and B.

- b. This insurance applies to "bodily injury" and "property damage" only if:

- (1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";
 - (2) The "bodily injury" or "property damage" occurs during the policy period; and
 - (3) Prior to the policy period, no Insured listed under Paragraph 1. of Section II - Who Is An Insured and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed Insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.
- c. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any Insured listed under Paragraph 1. of Section II - Who Is An Insured or any "employee" authorized by you

to give or receive notice of an "occurrence" or claim:

- (1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;
- (2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or
- (3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.

d. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

2. Exclusions

This insurance does not apply to:

a. Expected Or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

b. Contractual Liability

"Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

- (1) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. However, if the insurance under this policy does not apply to the liability of the insured, it also does not apply to such liability assumed by the insured under an "insured contract".

- (2) That the insured would have in the absence of the contract or agreement.

c. Liquor Liability

"Bodily injury" or "property damage" for which any insured may be held liable by reason of:

- (1) Causing or contributing to the intoxication of any person;
- (2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- (3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages.

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. Employer's Liability

"Bodily injury" to:

- (1) An "employee" of the insured arising out of and in the course of employment by the insured; or
- (2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (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.

This exclusion does not apply to liability assumed by the insured under an "insured contract".

f. Pollution

- (1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":

- (a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. However, this subparagraph does not apply to:

- (i) "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot produced by or originating from equipment that is used to heat, cool or dehumidify the building, or equipment that is used to heat water for personal use by the building's occupants or their guests;
- (ii) "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than that additional insured; or

- (iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";

- (b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;

- (c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for:

- (i) Any insured; or

- (ii) Any person or organization for whom you may be legally responsible;

- (d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:

- (i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels.

lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;

(ii) "Bodily Injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or

(iii) "Bodily Injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire"; or

(e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".

(2) Any loss, cost or expense arising out of any:

(a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or

(b) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring,

cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

However, this paragraph does not apply to liability for damages because of covered "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or "suit" by or on behalf of a governmental authority.

g. Aircraft, Auto Or Watercraft

"Bodily Injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading and unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This exclusion does not apply to:

(1) A watercraft while ashore on premises you own or rent;

(2) A watercraft you do not own that is:

(a) Less than 26 feet long; and

(b) Not being used to carry persons or property for a charge;

(3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;

- (4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or
- (5) "Bodily injury" or "property damage" arising out of the operation of any of the equipment listed in paragraph f.(2) or f.(3) of the definition of "mobile equipment".

h. Mobile Equipment

"Bodily injury" or "property damage" arising out of:

- (1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or
- (2) The use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition, or stunting activity.

i. War

"Bodily injury" or "property damage", however caused, arising, directly or indirectly, out of:

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

j. Damage To Property

"Property damage" to:

- (1) Property you own, rent, occupy or use, including any cost or expense incurred by you, or any other person, organization or

entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;

(2) Property that any of your:

- (a) "Employees";
- (b) "Volunteer workers";
- (c) Partners or members (if you are a partnership or joint venture); or
- (d) Members (if you are a limited liability company)

own, rent, occupy or use. However, this exclusion j.(2), shall not apply to your liability for damage to such property;

(3) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;

(4) Property loaned to you;

(5) Personal property in the care, custody or control of, or over which physical control is being exercised for any purpose by any insured;

(6) That particular part of real property on which any insured or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations; or

(7) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraphs (1), (2), (4) and (5) of this exclusion do not apply to "property damage" (other than damage by fire) to premises, including the contents of such premises, rented to you

for a period of seven or fewer consecutive days. A separate limit of Insurance applies to Damage To Premises Rented To You as described in Section III - Limits Of Insurance.

Paragraph (3) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs (4), (5), (6) and (7) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph (7) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".

k. Damage To Your Product

"Property damage" to "your product" arising out of it or any part of it.

l. Damage To Your Work

"Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard".

m. Damage To Impaired Property Or Property Not Physically Injured

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

- (1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or
- (2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

n. Recall Of Products, Work Or Impaired Property

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- (1) "Your product";
- (2) "Your work"; or
- (3) "Impaired property"

if such product, work or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

o. Personal Injury And Advertising Injury

"Bodily Injury" arising out of "personal injury" or "advertising injury".

p. Employment-Related Practices

"Bodily Injury" to:

- (1) A person arising out of any:
 - (a) Refusal to employ a person;
 - (b) Termination of a person's employment;
 - (c) Employment-related practice, policy, act or omission, including but not limited to coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at a person; or
 - (d) Criminal or civil action brought against a person by or at the direction of the insured directly or indirectly related to any offense described in (a), (b), or (c) above; or

- (2) Anyone as a consequence of "bodily injury" to a person at whom any of the employment-related practices described in Paragraphs (a), (b), (c), or (d) above is directed.

This exclusion applies:

- (1) Whether the insured may be liable as an employer or in any other capacity;
- (2) Whether the offense is alleged to arise out of the employment during the course or scope of employment, outside the course or scope of employment or after termination of employment;
- (3) Whether directly or indirectly related to a person's prospective, current or past employment; and
- (4) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

q. Asbestos

Any claim, "suit", action or proceeding against any insured arising out of the discharge, dispersal, release, escape or inhalation of any asbestos-related particles, dust, irritants, contaminants, "pollutants", toxic elements or materials.

r. Communicable Disease

"Bodily Injury" arising out of or resulting from the transmission of any communicable disease by any insured.

s. Silica Or Silica-Related Dust

Any claim, "suit", action or proceeding against any insured arising out of the discharge, dispersal, release, escape or inhalation of any "silica" or "silica-related dust".

Exclusions c. through n. do not apply to damage by fire to premises while rented to you or tempo-

rarily occupied by you with permission of the owner. A separate limit of insurance applies to this coverage as described in Section III - Limits Of Insurance.

COVERAGE B. PERSONAL INJURY AND ADVERTISING INJURY LIABILITY

1. Insuring Agreement

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "personal injury" or "advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. We may at our discretion investigate any claim or offense and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Section III - Limits Of Insurance; and
- (2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverage A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments - Coverages A and B.

- b. This insurance applies to "personal injury" and "advertising injury" only if:

- (1) The "personal injury" or "advertising injury" is caused by an offense arising out of your business; and
- (2) The offense causing the "personal injury" or "advertising injury" was committed in the "coverage territory" during the policy period.

2. Exclusions

This insurance does not apply to "personal injury" or "advertising injury":

a. Knowing Violation Of Rights Of Another Or Expected Or Intended Injury

(1) Caused by or at the direction of any insured with the knowledge that the act would violate the rights of another and would inflict "personal injury" or "advertising injury"; or

(2) Expected or intended by any insured. This exclusion a.(2), does not apply to "personal injury".

b. Material Published With Knowledge Of Falsity

Arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity.

c. Material Published Prior To Policy Period

Arising out of oral or written publication of material whose first publication took place before the beginning of the policy period.

d. Criminal Acts

Arising out of a criminal act or violation of a penal statute or ordinance committed by or at the direction of the insured.

e. Contractual Liability

For which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

f. Breach of Contract

Arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement".

g. Quality Or Performance Of Goods - Failure To Conform To Statements Or Representations

Arising out of the failure of goods, products or services to conform with any statement or representation of quality or performance made in your "advertisement".

h. Wrong Description Of Prices

Arising out of the wrong description of the price of goods, products or services.

i. Infringement Of Copyright, Patent, Trademark Or Trade Secret

Arising out of the infringement of copyright, patent, "trademark", trade secret or other intellectual property rights.

However, this exclusion does not apply to infringement, in your "advertisement" of copyright, "trade dress" or slogan.

j. Insureds In Media And Internet Type Businesses

Committed by an insured whose business is:

(1) Advertising, broadcasting, publishing or telecasting;

(2) Designing or determining content of websites for others; or

(3) An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs 15. a., b. and c. of "personal injury" under Section V - Definitions.

For the purposes of j.(1) of this exclusion, the placing of frames, borders, links, or advertising, for you or others anywhere on the Internet, is not by itself, considered the business of advertising, broadcasting, publishing or telecasting.

k. Electronic Chatrooms Or Bulletin Boards

Arising out of an electronic chatroom or bulletin board the Insured hosts, owns, or over which the Insured exercises control for any purpose.

l. Unauthorized Use Of Another's Name Or Product

Arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatag, or any other similar tactics to mislead another's potential customers.

m. Pollution

- (1) Arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.
- (2) For any loss, cost or expense arising out of any:
 - (a) Request, demand, order or statutory or regulatory requirement that any Insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
 - (b) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

n. Employment-Related Practices

- (1) Arising out of any:
 - (a) Refusal to employ a person;

(b) Termination of a person's employment;

(c) Employment-related practice, policy, act or omission, including but not limited to coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at a person; or

(d) Criminal or civil action brought against a person by or at the direction of the Insured directly or indirectly related to any offense described in (a), (b), or (c) above; or

(2) To anyone as a consequence of "personal injury" or "advertising injury" to a person at whom any of the employment-related practices described in Paragraphs (a), (b), (c), or (d) above is directed.

This exclusion applies:

- (1) Whether the Insured may be liable as an employer or in any other capacity;
- (2) Whether the offense is alleged to arise out of the employment during the course or scope of employment, outside the course or scope of employment or after termination of employment;
- (3) Whether directly or indirectly related to a person's prospective, current or past employment; and
- (4) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

o. Asbestos

For any claim, "suit", action or proceeding against any Insured arising out of the discharge, dispersal, release, escape or inhalation of any asbestos-related particles, dust, irritants, contaminants, "pollutants", toxic elements or materials.

p. Communicable Disease

Arising out of or resulting from the transmission of any communicable disease by any insured.

q. War

However, caused, arising directly or indirectly, out of:

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

r. Silica Or Silica-Related Dust

Any claim, "suit", action or proceeding against any insured arising out of the discharge, dispersal, release, escape or inhalation of any "silica" or "silica-related dust".

COVERAGE C. MEDICAL PAYMENTS

1. Insuring Agreement

- a. We will pay medical expenses as described below for "bodily injury" caused by an accident:

- (1) On premises you own or rent;
- (2) On ways next to premises you own or rent; or
- (3) Because of your operations;

provided that:

- (1) The accident takes place in the "coverage territory" and during the policy period;

- (2) The expenses are incurred and reported to us within one year of the date of the accident; and

- (3) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

- b. We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance. We will pay reasonable expenses for:

- (1) First aid administered at the time of an accident;
- (2) Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and
- (3) Necessary ambulance, hospital, professional nursing and funeral services.

2. Exclusions

We will not pay expenses for "bodily injury":

a. Any Insured

To any insured, except "volunteer workers".

b. Hired Person

To a person hired to do work for or on behalf of any insured or a tenant of any insured.

c. Injury On Normally Occupied Premises

To a person injured on that part of premises you own or rent that the person normally occupies.

d. Workers Compensation And Similar Laws

To a person, whether or not an "employee" of any insured, if benefits for the "bodily injury"

are payable or must be provided under a workers compensation or disability benefit law or a similar law.

e. Athletics Activities

To a person injured while practicing, instructing or participating in any physical exercises or games, sports or athletics contests.

f. Products-Completed Operations Hazard

Included within the "products-completed operations hazard".

g. Coverage A Exclusions

Excluded under Coverage A.

h. Asbestos

For any claim, "suit", action or proceeding against any insured arising out of the discharge, dispersal, release, escape or inhalation of any asbestos related particle, dust, irritant, contaminant, pollutant, toxic element or material.

i. Communicable Disease

Arising out of or resulting from the transmission of any communicable disease by any insured.

SUPPLEMENTARY PAYMENTS - COVERAGES A AND B

If Coverage A or B apply, we will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:

1. All expenses we incur.
2. Up to \$2000 for premiums on bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We have no obligation to apply for or furnish these bonds.

3. Premiums on appeal bonds or bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We have no obligation to apply for or furnish these bonds.

4. All reasonable expenses incurred by the insured at our request including actual loss of earnings up to \$250 a day because of time off from work.

5. All costs taxed against the insured in the "suit".

6. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.

7. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

SECTION II - WHO IS AN INSURED

1. If you are designated in the Declarations as:

a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.

b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.

c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.

d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to

their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.

- e. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.

2. Each of the following is also an insured:

- a. Your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business, or your "volunteer workers" only while performing duties related to the conduct of your business. However, none of these "employees" or "volunteer workers" are insureds for "bodily injury", "personal injury" or "advertising injury":

- (1) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;
- (2) To the spouse, child, parent, brother or sister of that co-"employee" or "volunteer worker" as a consequence of Paragraph (1) above;
- (3) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraphs (1) or (2) above; or
- (4) Arising out of his or her providing or failing to provide professional health care services.

- b. Any person (other than your "employee" or "volunteer worker"), or any organization while acting as your real estate manager.

- c. Any person or organization having proper temporary custody of your property if you die, but only:

- (1) With respect to liability arising out of the maintenance or use of that property; and
- (2) Until your legal representative has been appointed.

- d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.

- 3. With respect to "mobile equipment" registered in your name under any motor vehicle registration law, any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:

- a. "Bodily injury" to a co-"employee" of the person driving the equipment; or
- b. "Property damage" to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.

- 4. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:

- a. Coverage under this provision is afforded only until the 90th day after you acquire or form

the organization or the end of the policy period, whichever is earlier;

- b. Coverage A does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
- c. Coverage B does not apply to "personal injury" or "advertising injury" arising out of an offense committed before you acquired or formed the organization.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

SECTION III - LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
 - a. Insureds;
 - b. Claims made or "suits" brought; or
 - c. Persons or organizations making claims or bringing "suits".
2. The General Aggregate Limit is the most we will pay for the sum of:
 - a. Medical expenses under Coverage C;
 - b. Damages under Coverage A, except damages because of "bodily injury" or "property damage" included in the "products completed operations hazard"; and
 - c. Damages under Coverage B.
3. The Products-Completed Operations Aggregate Limit is the most we will pay under Coverage A for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard".

4. Subject to 2. above, the Personal Injury and Advertising Injury Limit is the most we will pay under Coverage B for the sum of all damages because of all "personal injury" and all "advertising injury" sustained by any one person or organization.

5. Subject to 2. or 3. above, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of:

- a. Damages under Coverage A; and
- b. Medical expenses under Coverage C

because of all "bodily injury" and "property damage" arising out of any one "occurrence".

6. The Damage To Premises Rented To You Limit is the most we will pay under Coverage A for damages because of "property damage" to any one premises, while rented to you, or in the case of damage by fire, while rented to you or temporarily occupied by you with permission of the owner.

7. Subject to 5. above, the Medical Expense Limit is the most we will pay under Coverage C for all medical expenses because of "bodily injury" sustained by any one person.

8. Beginning with the effective date of this policy, we will provide twice the General Aggregate Limit (other than Products-Completed Operations), shown in the Declarations.

If this policy is written for more than one 12 month period, the General Aggregate Limit for each 12 month period shall never exceed twice the General Aggregate Limit shown in the Declarations. The General Aggregate Limit applies separately to each 12 month period starting with the beginning of the policy period shown in the Declarations.

The Limits of Insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended af-

ter issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS

1. Bankruptcy

Bankruptcy or Insolvency of the Insured or the Insured's estate will not relieve us of our obligations under this Coverage Part.

2. Duties In The Event Of Occurrence, Offense, Claim Or Suit

a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:

- (1) How, when and where the "occurrence" or offense took place;
- (2) The names and addresses of any injured persons and witnesses; and
- (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.

b. If any claim is made or "suit" is brought against any Insured, you must:

- (1) Immediately record the specifics of any claim or "suit" and the date received; and
- (2) Notify us as soon as practicable.

You must see to it that we receive written notice of any claim or "suit" as soon as practicable.

c. You and any other involved insured must:

- (1) Immediately send us copies of any correspondence, demands, notices, summonses or papers in connection with any claim or "suit";

(2) Authorize us to obtain records and other information;

(3) Cooperate with us in the investigation or settlement of any claim or defense of any "suit"; and

(4) 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 injury or damage to which this Insurance may also apply.

d. No Insured will, except at that Insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

3. Legal Action Against Us

No person or organization has a right under this Coverage Part:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us on this Coverage Part unless all of its terms have been fully complied with.

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 damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of Insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

4. Other Insurance

If other valid and collectible insurance is available to the insured for a loss we cover under Coverage A or B of this Coverage Part, our obligations are limited as follows:

a. Primary Insurance

This Insurance is primary except when b. below applies. If this Insurance is primary, our obligations are not affected unless any of the other Insurance is also primary. Then, we will share with all that other Insurance by the method described in c. below.

b. Excess Insurance

This Insurance is excess over:

- (1) Any of the other insurance, whether primary, excess, contingent or on any other basis:
 - (a) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";
 - (b) That is Fire Insurance for premises rented to you or temporarily occupied by you with permission of the owner;
 - (c) That is insurance purchased by you to cover your liability as a tenant for "property damage" to premises rented to you or temporarily occupied by you with permission of the owner; or
 - (d) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion g. of Section I - Coverage A - Bodily Injury And Property Damage Liability.
- (2) Any other primary Insurance available to an insured, other than an additional insured, covering liability for damages arising out of the premises or operations, or the products and completed operations, for which you have been added as an additional insured by attachment of an endorsement.

When this Insurance is excess, we will have no duty under Coverage A or B to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that

"suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

When this Insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

- (1) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
- (2) The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the limits of insurance shown in the Declarations of this Coverage Part.

c. Method Of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

5. Premium Audit

- a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.
- b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period and

send notice to the first Named Insured. The due date for audit and retrospective premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.

- c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

6. Representations

By accepting this policy, you agree:

- a. The statements in the Declarations are accurate and complete;
- b. Those statements are based upon representations you made to us; and
- c. We have issued this policy in reliance upon your representations.

7. Separation Of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part 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.

8. Transfer Of Rights Of Recovery Against Others To Us

If the Insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The Insured must do nothing after loss to impair them. At our request, the Insured will bring "suit" or transfer those rights to us and help us enforce them.

9. Motor Vehicle Laws

We will provide coverage:

- a. Up to the minimum required limits; and
- b. Subject to all the terms and conditions of the policy

to comply with any motor vehicle insurance law to the extent such law applies to the "mobile equipment" covered by this Coverage Part.

However, this coverage only applies in the absence of any other applicable insurance.

SECTION V - DEFINITIONS

- 1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:

- a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and

- b. Regarding web-sites, only that part of a website that is about your goods, products or services for the purpose of attracting customers or supporters is considered an advertisement.

- 2. "Advertising Injury" means injury arising out of one or more of the following offenses:

- a. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services in your "advertisement";

- b. Oral or written publication, in any manner, of material that violates a person's right of privacy in your "advertisement";

- c. The use of another's advertising idea in your "advertisement"; or

- d. Infringing upon another's copyright, "trade dress" or slogan in your "advertisement".
3. "Auto" means a land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment. But "auto" does not include "mobile equipment".
4. "Bodily Injury" means bodily injury, bodily sickness or bodily disease sustained by a person, including death resulting from any of these at any time.
5. "Coverage territory" means:
 - a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
 - b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in a. above; or
 - c. All other parts of the world if the injury or damage arises out of:
 - (1) Goods or products made or sold by you in the territory described in a. above;
 - (2) The activities of a person whose home is in the territory described in a. above, but is away for a short time on your business; or
 - (3) "Personal Injury" or "advertising injury" offenses that take place through the Internet or similar electronic means of communication

provided the Insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in a. above or in a settlement we agree to.
6. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
7. "Executive officer" means a person holding any of

the officer positions created by your charter, constitution, by-laws or any other similar governing document.

8. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.
9. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:

- a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
- b. You have failed to fulfill the terms of a contract or agreement

if such property can be restored to use by:

- a. The repair, replacement, adjustment or removal of "your product" or "your work"; or
- b. Your fulfilling the terms of the contract or agreement.

10. "Insured contract" means:

- a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "Insured contract";
- b. A sidetrack agreement;
- c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
- d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
- e. An elevator maintenance agreement; or

- f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

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

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

11. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform

duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".

12. "Loading or unloading" means the handling of property:

- a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
- b. While it is in or on an aircraft, watercraft or "auto"; or
- c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered

but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".

13. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:

- a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
- b. Vehicles maintained for use solely on or next to premises you own or rent;
- c. Vehicles that travel on crawler treads;
- d. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
 - (1) Power cranes, shovels, loaders, diggers or drills; or
 - (2) Road construction or resurfacing equipment such as graders, scrapers or rollers;
- e. Vehicles not described in a., b., c., or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently

attached equipment of the following types:

- (1) Air compressors, pumps and generators; including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
 - (2) Cherry pickers and similar devices used to raise or lower workers; or
- f. Vehicles not described in a., b., c., or d. above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

- (1) Equipment designed primarily for:
 - (a) Snow removal;
 - (b) Road maintenance, but not construction or resurfacing; or
 - (c) Street cleaning;
 - (2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; or
 - (3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.
14. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.
15. "Personal injury" means other than "bodily injury" arising out of one or more of the following offenses:
- a. False arrest, detention or imprisonment;
 - b. Malicious prosecution;
 - c. The wrongful eviction from, wrongful entry

into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;

- d. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or
- e. Oral or written publication, in any manner, of material that violates a person's right of privacy.

16. "Pollutants" mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

17. "Products-completed operations hazard":

- a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:

- (1) Products that are still in your physical possession; or

- (2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:

- (a) When all of the work called for in your contract has been completed.

- (b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.

- (c) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

b. Does not include "bodily injury" or "property damage" arising out of:

- (1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured;
- (2) The existence of tools, uninstalled equipment or abandoned or unused materials; or
- (3) Products or operations for which the classification, shown in the Declarations, states that products-completed operations are included.

18. "Property damage" means:

- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
- b. Loss of use of tangible property that is not physically injured. All such loss shall be deemed to occur at the time of the "occurrence" that caused it.

For the purposes of this insurance, electronic data is not tangible property.

As used in this definition, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

19. "Silica" means silicon dioxide (occurring in crys-

tailline, amorphous and impure forms), silica particles, silica dust or silica compounds.

20. "Silica-related dust" means a mixture or combination of silica and other dust or particles.

21. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage", "personal injury" or "advertising injury" to which this insurance applies are alleged. "Suit" includes:

- a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
- b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

22. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

23. "Trademark" means any registered or unregistered word, name, symbol, sign, device or any combination thereof used to identify or distinguish a person's or organization's goods, products or services from those of others and to indicate or identify the origin or source of such goods, products or services, even if the origin or source is unknown. "Trademark" includes registered "trade dress" and "trade dress" which is used with or incorporates any "trademark".

24. "Trade dress" means the unregistered and non-functional distinctive packaging, appearance, image, design, color scheme or shape or combination thereof used to identify or distinguish a person's or organization's goods, products or services from those of others and to indicate or identify the origin or source of such goods, products or services, even if the source is unknown. "Trade dress" does not include:

- a. Registered "trade dress";

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- b. "Trademark"; or
 - c. "Trade dress" which is used with or incorporates any "trademark".
25. "Volunteer worker" means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.

26. "Your product":

a. Means:

- (1) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - (a) You;
 - (b) Others trading under your name; or
 - (c) A person or organization whose business or assets you have acquired; and
- (2) Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

b. Includes:

- (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and
 - (2) The providing of or failure to provide warnings or instructions.
- c. Does not include vending machines or other property rented to or located for the use of others but not sold.

27. "Your work":

a. Means:

- (1) Work or operations performed by you or on your behalf; and
- (2) Materials, parts or equipment furnished in connection with such work or operations.

b. Includes:

- (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and
- (2) The providing of or failure to provide warnings or instructions.

**NOTICE TO POLICYHOLDER
CHANGES - WATER DAMAGE EXCLUSION**

Dear Policyholder:

Your policy now contains endorsement 54093, "Changes - Water Damage Exclusion". This endorsement clarifies the water damage exclusion in the Causes of Loss Form, included in the policy. The endorsement provides, in part, that regardless of the cause, flood, surface water, waves, tides, tidal waves, storm surge, overflow of any body of water, or their spray, all whether driven by wind or not are excluded.

This notice is for informational purposes only.

Please review the new endorsement and your policy carefully. If you have questions concerning your renewal, please contact your Auto-Owners agency.

Thank you for the opportunity to provide insurance coverage for your commercial business.

NOTICE TO POLICYHOLDER

Dear Policyholder:

The COMMERCIAL GENERAL LIABILITY coverage provided by this policy is amended by form number 55371 (1-07) Exclusion - Projects and Operations Covered by a Consolidated (Wrap-Up) Insurance Program. This endorsement will exclude coverage for "bodily injury" or "property damage" arising out of your ongoing operations or completed operations including those within the "products-completed operations hazard" for which a consolidated (wrap-up) insurance program has been provided by the prime contractor/project manager or owner of the construction project in which you are involved. As a result of this exclusion, any payroll or receipts resulting from the consolidated (wrap-up) insurance program will be removed from your premium basis.

If you are involved in a consolidated (wrap-up) insurance program and wish to retain coverage on your policy, please contact your agents and we will endorse your policy to provide coverage and charge a premium for the exposure.

This is for informational purposes only.

Please review this new endorsement and your policy carefully. If you have any questions concerning this limitation, please contact your Auto-Owners Agency.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CONDITIONAL EXCLUSION OF TERRORISM INVOLVING NUCLEAR, BIOLOGICAL OR CHEMICAL TERRORISM (RELATING TO DISPOSITION OF FEDERAL TERRORISM RISK INSURANCE EXTENSION ACT OF 2005)

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART

A. Applicability Of This Endorsement

1. The provisions of this endorsement will apply if and when one of the following situations occurs:

- a. The federal Terrorism Risk Insurance Program ("Program"), established by the Terrorism Risk Insurance Extension Act of 2005, terminates; or
- b. The Program is renewed, extended or otherwise continued in effect;

- (1) With revisions that increase insurers' statutory percentage deductible or decrease the federal government's statutory percentage share in potential terrorism losses above such deductible, or that results in a change in the level or terms or conditions of coverage; and

- (2) We are not required by the Program to make terrorism coverage available to you and elect not to do so.

The Program is scheduled to terminate at the end of December 31, 2007 unless renewed, extended or otherwise continued by act of Congress.

2. When this endorsement becomes applicable in accordance with the terms of A.1.a. or A.1.b., above, it supersedes any terrorism endorsement already endorsed to this policy that addresses "certified acts of terrorism".
3. If this endorsement does NOT become applicable, then any terrorism endorsement already endorsed to this policy, that addresses "certified acts of terrorism", will remain in effect. However, if the Program is renewed, extended or otherwise continued in effect with revisions that change the level or terms or conditions of coverage, and we are required to offer you the revised coverage or to provide revised cover-

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Page 1 of 2

age to those who previously accepted coverage under the Program, then we will take the appropriate steps in response to the federal requirements.

- B. The following definition is added and applies under this endorsement wherever the term terrorism is enclosed in quotation marks.

"Terrorism" means activities against persons, organizations or property of any nature:

1. That involve the following or preparation for the following:
 - a. Use or threat of force or violence; or
 - b. Commission or threat of a dangerous act; or
 - c. Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and
2. When one or both of the following applies:
 - a. The effect is to intimidate or coerce a government or the civilian population or any segments thereof, or to disrupt any segment of the economy; or
 - b. It appears that the intent is to intimidate or coerce a government or the civilian population, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

- C. The following exclusion is added:

Exclusion Of "Terrorism"

We will not pay for "bodily injury", "property damage", "personal injury" or "advertising injury" caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident of "terrorism". All "bodily injury", "property damage", "personal injury" or "advertising injury" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to such injury or damage. This exclusion applies only when one or more of the following are attributed to an incident of "terrorism":

1. 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;
2. Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material;
3. The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
4. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials.

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, regardless of whether this endorsement was in effect during the entirety of that time period or not.

IMPORTANT INFORMATION REGARDING TERRORISM RISK INSURANCE COVERAGE

The Terrorism Risk Insurance Extension Act of 2005 was signed into law on December 22, 2005. The Act defines an act of terrorism, to mean any 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 (i) an act of terrorism; (ii) to be a violent act or an act that is dangerous to human life, property or infrastructure; (iii) to have resulted in damage within the United States or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and (iv) to have been 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.

Subject to the policy terms and conditions, this policy provides insurance coverage for acts of terrorism as defined in the Act.

Any coverage for certain commercial lines of property and casualty insurance provided by your policy for losses caused by certified acts of terrorism are partially paid by the federal government under a formula established by federal law. Under this formula, the government will reimburse us 80% of such covered losses that exceed the statutory deductible paid by us during 2006 and 85% of such covered losses that exceed the statutory deductible paid by us during 2007. You should also know that in the event aggregate insured losses exceed \$100 billion during any year the Act is in effect, then the federal government and participating United States insurers that have met their insurer deductible shall not be liable for the payment of any portion of that amount of the loss that exceeds \$100 billion. In the event that aggregate insured losses exceed \$100 billion annually, no additional claims will be paid by the federal government or insurers. This formula is currently effective through December 31, 2007.

The premium charge, if any, for this coverage is shown separately on the attached Declarations page. In the event of a certified act of terrorism, future policies also may include a government assessed terrorism loss risk-spreading premium in accordance with the provisions of the Act.

Please contact us if you would like to reject coverage for certified acts of terrorism.

NOTIFICATION OF POSSIBLE CHANGES IN COVERAGE FOR TERRORISM

Dear Policyholder:

The Terrorism Risk Insurance Extension Act of 2005 was signed into law on December 22, 2005 and will expire on December 31, 2007 unless the Federal Government extends the Act. What this means to you is the following:

1. Subject to policy terms and conditions, the enclosed policy will provide insurance coverage for certified acts of terrorism as defined in the Act only until December 31, 2007.
2. A conditional endorsement entitled, Conditional Exclusion Of Terrorism Involving Nuclear, Biological Or Chemical Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Extension Act of 2005) is enclosed. This conditional endorsement will only apply if the Act is not extended beyond December 31, 2007 or if the Act is revised to increase statutory deductibles, decrease the federal government's share in potential losses above the statutory deductibles, change the levels, terms or conditions of coverage and we are no longer required to make terrorism coverage available and elect not to do so. It will not apply if the Act is simply extended.
3. The conditional endorsement will provide coverage for an incident of terrorism pursuant to the terms and conditions of the policy only if the incident does not involve nuclear, biological or chemical material.
4. A premium charge for the conditional endorsement will be applied effective January 1, 2008. The premium will be prorated for the remainder of the policy term and is one-half of the current premium charge appearing in the Declarations for FOREIGN TERRORISM - CERTIFIED ACTS. Revised Declarations will be mailed to you after January 1, 2008.
5. If the Act is extended without any revision, the enclosed policy will continue to exclude coverage for certified acts of terrorism. The conditional endorsement will not be activated and the changes in coverage or premium referenced above will not apply.
6. If the Act is extended with revisions or is replaced, and we are required or elect to continue to offer coverage for certified acts of terrorism, we may amend this policy in accordance with the provisions of the revised Act or its replacement.

This notice is for informational purposes only.

If you have any questions concerning your policy or this notice, please contact your Auto-Owners agency.

GOOD NEWS!

Your Renewal policy qualifies for our **Paid In Full Discount!**

We have found that policyholders who choose to pay their insurance premiums in full at the inception of the policy, on a collective group basis, have fewer or smaller claims. To recognize this more favorable loss experience, we are able to provide 10% premium discount to policyholders who choose to pay their premiums in full. This discount does not apply to fixed fees, statutory charges or minimum premiums.

The enclosed policy Declarations page reflects:

- The Total policy Premium;
- The Paid In Full Discount; and
- The Total Policy Premium If Paid in Full.

Depending on your current billing plan, you will receive either a premium invoice or electronic funds transfer notice. These are mailed separately and will include a Good News notice which will provide information about how your option to pay your premium in full will display on your invoice/notice.

Should you have any questions about this discount, please contact your Auto-Owners agent for assistance.

Thank you for choosing Auto-Owners Insurance Group, the SAFE. SOUND. SECURE.® choice for all your insurance needs!

AUTO-OWNERS INSURANCE GROUP

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY.

CALCULATION OF PREMIUM

This endorsement modifies Insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
BUSINESS AUTO COVERAGE PART
COMMERCIAL CRIME COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
SPECIAL PROTECTIVE AND HIGHWAY LIABILITY POLICY - NEW YORK

The following is added:

The premium shown in the Declarations was computed based on rates in effect at the time the policy was issued. On each renewal, continuation, or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.

COMMON POLICY CONDITIONS

IL 00 17 11 85

All Coverage Parts included in this policy are subject to the following conditions.

A. CANCELLATION

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. CHANGES

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by

endorsement issued by us and made a part of this policy.

C. EXAMINATIONS OF YOUR BOOKS AND RECORDS

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

D. INSPECTIONS AND SURVEYS

We have the right but are not obligated to:

1. Make inspections and surveys at any time;
2. Give you reports on the conditions we find; and
3. Recommend changes.

Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:

1. Are safe or healthful; or
2. Comply with laws, regulations, codes or standards.

This condition applies not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

E. PREMIUMS

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and

2. Will be the payee for any return premiums we pay.

F. TRANSFER OF YOUR RIGHTS AND DUTIES UNDER THIS POLICY

Your rights and duties under this policy may not be transferred without our written consent except

In the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT (Broad Form)

This endorsement modifies Insurance provided under the following:

BUSINESSOWNERS POLICY
COMMERCIAL AUTO COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
FARM COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
SPECIAL PROTECTIVE AND HIGHWAY LIABILITY POLICY NEW YORK DEPARTMENT OF TRANSPORTATION

1. The Insurance does not apply:

A. Under any Liability Coverage, to "bodily injury" or "property damage:"

- (1) With respect to which an "insured" under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
- (2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the "insured" is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United State of America, or any agency thereof, with any person or organization.

B. Under any Medical Payments coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.

C. Under any Liability Coverage, to "bodily injury" or "property damage" resulting from the "hazardous properties" of "nuclear material," if:

- (1) The "nuclear material" (a) is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured" or (b) has been discharged or dispersed therefrom;
- (2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an "insured"; or
- (3) 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," but if such facility is located within the United States of America, its territories or

possessions or Canada, this exclusion (3) applies only to "property damage" to such "nuclear facility" and any property thereat.

2. As used in this endorsement:

"Hazardous properties" include radioactive, toxic or explosive properties;

"Nuclear material" means "source material," "Special nuclear material" or "by-product material;"

"Source material," "special nuclear material," and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof;

"Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor;"

"Waste" means any waste material (a) containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and (b) resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility."

"Nuclear facility" means:

(a) Any "nuclear reactor;"

(b) Any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing "spent fuel," or (3) handling, processing or packaging "waste;"

(c) Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the "Insured" at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;

(d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste;"

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

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

"Property damage" includes all forms of radioactive contamination of property.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SOUTH CAROLINA CHANGES - CANCELLATION AND NONRENEWAL

This endorsement modifies Insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
 COMMERCIAL CRIME COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 FARM COVERAGE PART
 LIQUOR LIABILITY COVERAGE PART
 POLLUTION LIABILITY COVERAGE PART
 PRODUCTS/COMPLETE OPERATIONS LIABILITY COVERAGE PART

A. Paragraphs 2. and 3. of CANCELLATION Common Policy Condition are replaced by the following:

2. We may cancel this policy by mailing or delivering to the first Named Insured and the agent, if any, written notice of cancellation at least:

- a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- b. 30 days before the effective date of cancellation if we cancel for any other reason.

3. We will mail or deliver our notice to the first Named Insured's and agent's last known addresses.

B. The following is added to the CANCELLATION Common Policy Condition:

7. CANCELLATION OF POLICIES IN EFFECT FOR 90 DAYS OR MORE

If this policy has been in effect for 90 days or more, or is a renewal or continuation of a policy we issued, we may cancel this policy only for one or more of the following reasons:

- a. Nonpayment of premium;
- b. Material misrepresentation of fact which, if known to us, would have caused us not to issue the policy;
- c. Substantial change in the risk assumed, except to the extent that we should reasonably have foreseen the change or contemplated the risk in writing the policy;
- d. Substantial breaches of contractual duties, conditions or warranties; or
- e. Loss of our reinsurance covering all or a significant portion of the particular policy insured, or where continuation of the policy would imperil our solvency or place us in violation of the insurance laws of South Carolina.

Prior to cancellation for reasons permitted in this item e., we will notify the Commissioner, in writing, at least sixty days prior to such cancellation and the Commissioner will, within thirty days of such notification, approve or disapprove such action.

Any notice of cancellation will state the precise reason for cancellation.

- C. The following is added and supersedes any provisions to the contrary.

NONRENEWAL

1. If we decide not to renew this policy, we will mail or deliver written notice of nonrenewal to the first Named Insured and agent, if any, at least 30 days before:
 - a. The expiration date of this policy, if the policy is written for a term of one year or less; or
 - b. An anniversary date of this policy, if the policy is written for a term of more than one year or for an indefinite term.

However, we will not refuse to renew a policy issued for a term of more than one year, until expiration of its full term, if anniversary renewal has been guaranteed by additional premium consideration.

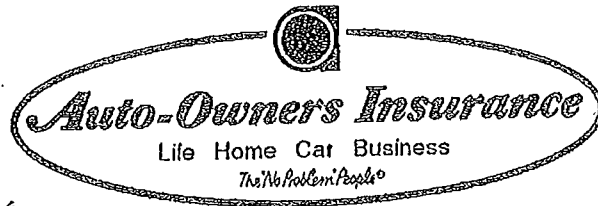
2. Any notice of nonrenewal will be mailed or delivered to the first Named Insured's and agent's last known addresses. If notice is mailed, proof of mailing will be sufficient proof of notice.
3. Any notice of nonrenewal will state the precise reason for nonrenewal.

AGENCY 16-0626-00 POLICY 034616-36381843

13563 (8-03)

GOSNELL INSURANCE
PO BOX 31059
CHARLESTON, SC 29417

09-05-2008



Your agency's phone number is (843) 571-5044

P.O. BOX 30660, LANSING, MICHIGAN 48909-8160 ♦ 517-323-1200
AUTO-OWNERS INSURANCE COMPANY
AUTO-OWNERS LIFE INSURANCE COMPANY
HOME-OWNERS INSURANCE COMPANY
OWNERS INSURANCE COMPANY
PROPERTY-OWNERS INSURANCE COMPANY
SOUTHERN-OWNERS INSURANCE COMPANY

PEE DEE HEATING & COOLING
SPECIALTIES INC
BRETT & NADIA SINGLETON
128 TROY DR
CHERAW, SC 29520-7103

Thank you for allowing Auto-Owners to handle your Insurance needs.

Auto-Owners Insurance Group is financially sound with sufficient reserves to be ranked among the leaders in the industry for financial security. Our A++ (Superior) rating by the A.M. Best Company signifies that we have the financial strength to provide the insurance protection you need.

If your policy is an audited policy, the billing of the audit premium will be included in your regular premium billing account. This premium is due in full upon billing and failure to pay as billed may result in the cancellation of all policies on the billing account. If you have questions on your audit or about your insurance needs, please contact your agent at the telephone number shown at the top of this letter.

Auto-Owners Insurance - The "No Problem" People ®

***** THIS IS NOT A BILL. *****
IF ADDITIONAL PREMIUM IS OWED, A BILL WILL BE MAILED SEPARATELY. PLEASE
PAY ANY UNPAID BILLS.

~ Serving Our Policyholders and Agents for More Than 90 Years ~

Auto-Owners

Page 1

(IL 1201 11-85)

Issued 09-05-2008

INSURANCE COMPANY
6101 ANACAPRI BLVD., LANSING, MI 48917-3999

TAILORED PROTECTION POLICY DECLARATIONS

Change Endorsement Effective 04-01-2008

AGENCY GOSNELL INSURANCE
16-0626-00 MKT TERR 081 (843) 571-5044

POLICY NUMBER 034616-36381843-08

INSURED PEE DEE HEATING & COOLING
SPECIALTIES INC
BRETT & NADIA SINGLETON
ADDRESS 128 TROY DR

Company
Bill

POLICY TERM	
12:01 a.m.	12:01 a.m.
04-01-2008	to 04-01-2009

CHERAW, SC 29520-7103

DESCRIPTION OF CHANGE

--COMMERCIAL GENERAL LIABILITY COVERAGE PART IS AMENDED AS FOLLOWS--

UPDATED CURRENT TERM WITH ACTUAL AUDIT EXPOSURES:
CLASS CODE 95647 EXPOSURE OF 154,525

TRANSACTION NUMBER: 004

ENDORSEMENT PREMIUM:

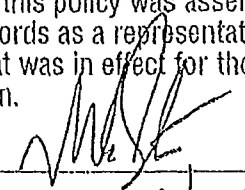
(THIS IS NOT A BILL)

\$599.00
ADDITIONAL

403

I certify that this policy was assembled from available records as a representation of coverage that was in effect for the policy period shown.

Date


2/25/11

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CONDITIONAL EXCLUSION OF TERRORISM INVOLVING NUCLEAR, BIOLOGICAL OR CHEMICAL TERRORISM (RELATING TO DISPOSITION OF FEDERAL TERRORISM RISK INSURANCE EXTENSION ACT OF 2005)

This endorsement modifies Insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART

A. Applicability Of This Endorsement

1. The provisions of this endorsement will apply if and when one of the following situations occurs:

- a. The federal Terrorism Risk Insurance Program ("Program"), established by the Terrorism Risk Insurance Extension Act of 2005, terminates; or

- b. The Program is renewed, extended or otherwise continued in effect:

- (1) With revisions that increase Insurers' statutory percentage deductible or decrease the federal government's statutory percentage share in potential terrorism losses above such deductible, or that results in a change in the level or terms or conditions of coverage; and

- (2) We are not required by the Program to make terrorism coverage available to you and elect not to do so.

The Program is scheduled to terminate at the end of December 31, 2007 unless renewed, extended or otherwise continued by act of Congress.

2. When this endorsement becomes applicable in accordance with the terms of A.1.a. or A.1.b., above, it supersedes any terrorism endorsement already endorsed to this policy that addresses "certified acts of terrorism".
3. If this endorsement does NOT become applicable, then any terrorism endorsement already endorsed to this policy, that addresses "certified acts of terrorism", will remain in effect. However, if the Program is renewed, extended or otherwise continued in effect with revisions that change the level or terms or conditions of coverage, and we are required to offer you the revised coverage or to provide revised cover-

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Page 1 of 2

age to those who previously accepted coverage under the Program, then we will take the appropriate steps in response to the federal requirements.

- B. The following definition is added and applies under this endorsement wherever the term terrorism is enclosed in quotation marks.

"Terrorism" means activities against persons, organizations or property of any nature:

1. That involve the following or preparation for the following:
 - a. Use or threat of force or violence; or
 - b. Commission or threat of a dangerous act; or
 - c. Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and
2. When one or both of the following applies:
 - a. The effect is to intimidate or coerce a government or the civilian population or any segments thereof, or to disrupt any segment of the economy; or
 - b. It appears that the intent is to intimidate or coerce a government or the civilian population, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

- C. The following exclusion is added:

Exclusion Of "Terrorism"

We will not pay for "bodily injury", "property damage", "personal injury" or "advertising injury" caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident of "terrorism". All "bodily injury", "property damage", "personal injury" or "advertising injury" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to such injury or damage. This exclusion applies only when one or more of the following are attributed to an incident of "terrorism":

1. 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;
2. Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material;
3. The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
4. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials.

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, regardless of whether this endorsement was in effect during the entirety of that time period or not.

**CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM
AND
IMPORTANT INFORMATION REGARDING TERRORISM RISK INSURANCE COVERAGE**

It is agreed:

1. With respect to any one or more certified acts of terrorism, we will not pay any amounts for which we are not responsible because of the application of any provision which results in a cap on our liability for payments for terrorism losses in accordance with the terms of the federal Terrorism Risk Insurance Act of 2002 (including ensuing Congressional actions pursuant to the Act).
2. Certified act of terrorism means any act certified by the Secretary of the Treasury, in concurrence with:
 - a. the Secretary of State; and
 - b. the Attorney General of the United Statesto be an act of terrorism as defined and in accordance with the federal Terrorism Risk Insurance Act of 2002 (including ensuing Congressional actions pursuant to the Act).
3. Under the federal Terrorism Risk Act of 2002 (including ensuing Congressional actions pursuant to the Act) a terrorist act may be certified:
 - a. if the aggregate covered commercial property and casualty insurance losses resulting from the terrorist act exceed \$5 million; and
 - b. (1) If the act of terrorism is:
 - a) a violent act; or
 - b) an act that is dangerous to human life, property or infrastructure; and
 - (2) if the act is committed:
 - a) by an individual or individuals as part of an effort to coerce the civilian population of the United States; or
 - b) to influence the policy or affect the conduct of the United States government by coercion.

All other policy terms and conditions apply.

IMPORTANT INFORMATION REGARDING TERRORISM RISK INSURANCE COVERAGE

The Terrorism Risk Insurance Act of 2002 was signed into law on November 26, 2002. The Act (including ensuing Congressional actions pursuant to the Act) defines an act of terrorism, to mean any 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 (i) an act of terrorism; (ii) to be a violent act or an act that is dangerous to human life, property or infrastructure; (iii) to have resulted in damage within the United States or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and (iv) to have been 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.

Subject to the policy terms and conditions, this policy provides insurance coverage for acts of terrorism as defined in the Act.

Any coverage for certain commercial lines of property and casualty insurance provided by your policy for losses caused by certified acts of terrorism are partially paid by the federal government under a formula established by federal law. Under this formula, the government will reimburse us for 85% of such covered losses that exceed the statutory deductible paid by us. You should also know that in the event aggregate insured losses exceed \$100 billion during any year the Act is in effect, then the federal government and participating United States insurers that have met their insurer deductible shall not be liable for the payment of any portion of that amount of the loss that exceeds \$100 billion. In the event that aggregate insured losses exceed \$100 billion annually, no additional claims will be paid by the federal government or insurers. This formula is currently effective through December 31, 2014.

The premium charge, if any, for this coverage is shown separately on the attached Declarations page. In the event of a certified act of terrorism, future policies also may include a government assessed terrorism loss risk-spreading premium in accordance with the provisions of the Act.

Please contact us if you would like to reject coverage for certified acts of terrorism.



Tailored Protection Insurance Policy

Auto-Owners Insurance Company