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THE STATE OF SOUTH CAROLINA
In The Court of Appeals

APPEAL FROM BERKELEY COUNTY
Court of Common Pleas

Roger M. Young, Sr., Circuit Court Judge

Case No. 2014-CP-08-02757

Portrait Homes – South Carolina, LLC and
Portrait Homes – Persimmon Hill, LLC; Plaintiffs,

v.

Pennsylvania National Mutual Casualty Insurance Company
and The Persimmon Hill Homeowners Association, Inc., Defendants,

AND

The Persimmon Hill Homeowners Association, Inc., Third-Party Plaintiff,

v.

Jose Castillo d/b/a JJA Framing and
JJA Construction, Inc. d/b/a JJA Framing, Third-Party Defendants,

Of which Pennsylvania National Mutual Casualty Insurance Company is the Appellant,

And

Portrait Homes – South Carolina, LLC, Portrait Homes – Persimmon Hill, LLC,
and The Persimmon Hill Homeowners Association, Inc. are the Respondents.

Appellate Case No. 2020-000735

RECORD ON APPEAL
VOLUME III OF V

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PENN NATIONAL INSURANCE

Pennsylvania National Mutual Casualty Insurance Company
P.O. Box 2361 Harrisburg, PA 17105-2361

A certified true and exact copy of policy number GL9060617

(name)

(official title)

THIS POLICY JACKET WITH THE INFORMATION PAGE, POLICY, FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETES THIS POLICY.

71 0477 05 93

000244

PLAINTIFF'S EXHIBIT 29

PENN NATIONAL INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361 • Harrisburg, PA 17105

COMMERCIAL GENERAL LIABILITY POLICY DECLARATIONS
OCCURRENCE POLICY
RENEWAL OF GL9 0601617

NON-ASSESSABLE **THIS POLICY IS SUBJECT TO A GENERAL AGGREGATE LIMIT**

POLICY NUMBER	POLICY PERIOD FROM	TO	COVERAGE IS PROVIDED IN	AGENCY	BR
GL9 0601617	12/05/07	12/05/08	PA NATIONAL MUTUAL CAS INS CO	0006751	25

NAMED INSURED AND ADDRESS	AGENCY
JJA CONSTRUCTION INC 9496 HIGHWAY 78 LOT 2 LADSON SC 29456	W LEE TAYLOR AGY-C PO BOX 30609 CHARLESTON SC 29417

POLICY PERIOD: POLICY COVERS FROM: 12:01 A.M. STANDARD TIME AT THE ADDRESS OF THE INSURED STATED ABOVE.
FORM OF BUSINESS: INDIVIDUAL BUSINESS DESCRIPTION: CARPENTRY

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

LIMITS OF INSURANCE

General Aggregate Limit (Other than products – completed operations)	$	1,000,000
Products – Completed Operations Aggregate Limit	$	1,000,000
Personal and Advertising Injury Limit – Any one person or organization	$	500,000
Each Occurrence Limit	$	500,000
Damage to Premises Rented to you Limit – Any one premises	$	100,000
Medical Expense Limit – Any one person	$	5,000

PREMIUM INFORMATION

CODE	PREMIUM BASIS	PER	RATES PREMS/OPS	RATES PRODUCTS	ADVANCE PREMIUM PREMS/OPS	ADVANCE PREMIUM PRODUCTS

SEE SUPPLEMENTAL DECLARATIONS, FORM 71-0029S

TOTAL ADVANCE PREMIUM FOR THIS COVERAGE PART $4,152.00

FORMS APPLICABLE TO THIS COVERAGE PART:

SEE ATTACHED FORMS SCHEDULE, FORM 71-1084

COMPANY USE ONLY					
RISK TYPE	RISK CLASS	TMC	SIC CODE	RENEWAL	UND. TEAM
3	2	99		N	022

COUNTERSIGNED BY: _____
Authorized Representative

THESE DECLARATIONS TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE PART COVERAGE FORM(S), AND FORMS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

71 0029 0500 ISSUED 10/11/07

Exhibit 29 Pg2

COMMERCIAL GENERAL LIABILITY SUPPLEMENTAL DECLARATIONS

POLICY NUMBER	FROM POLICY PERIOD	TO	COVERAGE IS PROVIDED IN	AGENCY	BR
GL9 0601617	12/05/07	12/05/08	PA NATIONAL MUTUAL CAS INS CO	0006751	25

PREMISES NO. 1 : 11227 EAST FIELD RD
HENDERSONVILLE NC 28078

CODE	PREMIUM BASIS	PER	RATES PREMS/OPS	RATES PRODUCTS	ADVANCE PREMIUM PREMS/OPS	ADVANCE PREMIUM PRODUCTS
91340	65,000 PAYROLL	1000	VARIOUS	VARIOUS	INCLUDED	INCLUDED

CARPENTRY - CONSTRUCTION OF RESIDENTIAL PROPERTY NOT EXCEEDING THREE STORIES IN HEIGHT

ADDITIONAL INTERESTS

Exhibit 29 Pg3

POLICY NUMBER	FROM POLICY PERIOD	TO	COVERAGE IS PROVIDED IN	AGENCY	BR
GL9 0601617	12/05/07	12/05/08	PA NATIONAL MUTUAL CAS INS CO	0006751	25

ENDORSEMENT SCHEDULE

GENERAL LIABILITY FORMS:

710442	07/96	IMPORTANT BILLING INFORMATION
710477	05/93	MULTI PURPOSE JACKET
711061	02/03	TERRORISM DISCLOSURE NOTICE
711286	01/07	IMPORTANT NOTICE
IL0017	11/98	COMMON POLICY CONDITIONS
IL0021	07/02	NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT
IL0269	07/02	NORTH CAROLINA CHANGES - CANCELLATION AND NONRENEWAL
710189	01/03	ASBESTOS ENDORSEMENT (EXCLUSION)- NC
710543	05/00	EXCLUSION-LEAD CONTAMINATION
710680	07/02	EXTENDED COVERAGE ENDORSEMENT GENERAL LIABILITY
710741	09/06	AUTOMATIC ADDITIONAL INSUREDS ONGOING OPERATIONS
710939	06/01	EXTERIOR INSULATION & FINISH SYS
711145	09/06	AUTOMATIC ADDITIONAL INSUREDS COMPLETED OPERATIONS
711146	01/05	NOTICE TO POLICYHOLDERS
711148	01/07	NOTICE TO POLICYHOLDERS
711153	01/05	PRODUCTS-COMPLETED OPERATIONS REDEFINED
711229	11/05	SILICA OR SILICA-RELATED DUST EXCLUSION
711230	11/05	POLICYHOLDER NOTICE- SILICA OR SIILICA-RELATED DUST EXCL
711233	11/05	VIOLATION OF STATUTES
711234	11/05	POLICYHOLDER NOTICE- VIOLATION OF STATUTES
CG0001	10/01	COMMERCIAL GENERAL LIABILITY COVERAGE FORM
CG0062	12/02	WAR LIABILITY EXCLUSION
CG0300	01/96	DEDUCTIBLE LIABILITY INSURANCE
CG2147	07/98	EMPLOYMENT-RELATED PRACTICES EXCLUSION
CG2150	09/89	AMENDMENT OF LIQUOR LIABILITY EXCLU
CG2161	04/98	YR 2000 COMPUTER EXCLUSION
CG2167	04/02	FUNGI OR BACTERIA EXCLUSION
CG2170	11/02	CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM
CG2176	11/02	EXCLUSION OF PUNITIVE DAMAGES RELATED TO A CERTIFIED ACT
CG2187	01/07	CONDITIONAL EXCLUSION OF TERRORISM
CG2426	07/04	AMENDMENT OF INSURED CONTRACT DEFINITION

Exhibit 29 Pg4

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DEDUCTIBLE LIABILITY INSURANCE

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

SCHEDULE

Coverage	Amount and Basis of Deductible PER CLAIM	or	PER OCCURRENCE
Bodily Injury Liability	$		$
OR			
Property Damage Liability	$		$ 500
OR			
Bodily Injury Liability and/or Property Damage Liability Combined	$		$

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

APPLICATION OF ENDORSEMENT (Enter below any limitations on the application of this endorsement. If no limitation is entered, the deductibles apply to damages for all "bodily injury" and "property damage", however caused):

A. Our obligation under the Bodily Injury Liability and Property Damage Liability Coverages to pay damages on your behalf applies only to the amount of damages in excess of any deductible amounts stated in the Schedule above as applicable to such coverages.

B. You may select a deductible amount on either a per claim or a per "occurrence" basis. Your selected deductible applies to the coverage option and to the basis of the deductible indicated by the placement of the deductible amount in the Schedule above. The deductible amount stated in the Schedule above applies as follows:

1. **PER CLAIM BASIS.** If the deductible amount indicated in the Schedule above is on a per claim basis, that deductible applies as follows:
   a. Under Bodily Injury Liability Coverage, to all damages sustained by any one person because of "bodily injury";
   b. Under Property Damage Liability Coverage, to all damages sustained by any one person because of "property damage"; or
   c. Under Bodily Injury Liability and/or Property Damage Liability Coverage Combined, to all damages sustained by any one person because of:
      (1) "Bodily injury";
      (2) "Property damage"; or
      (3) "Bodily injury" and "property damage" combined

   as the result of any one "occurrence".

   If damages are claimed for care, loss of services or death resulting at any time from "bodily injury", a separate deductible amount will be applied to each person making a claim for such damages.

   With respect to "property damage", person includes an organization.

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Exhibit 29 Pg5

2. **PER OCCURRENCE BASIS.** If the deductible amount indicated in the Schedule above is on a "per occurrence" basis, that deductible amount applies as follows:

   a. Under Bodily Injury Liability Coverage, to all damages because of "bodily injury";

   b. Under Property Damage Liability Coverage, to all damages because of "property damage"; or

   c. Under Bodily Injury Liability and/or Property Damage Liability Coverage Combined, to all damages because of:

      (1) "Bodily injury";

      (2) "Property damage"; or

      (3) "Bodily injury" and "property damage" combined

   as the result of any one "occurrence", regardless of the number of persons or organizations who sustain damages because of that "occurrence".

C. The terms of this insurance, including those with respect to:

   1. Our right and duty to defend the insured against any "suits" seeking those damages; and

   2. Your duties in the event of an "occurrence", claim, or "suit"

   apply irrespective of the application of the deductible amount.

D. We may pay any part or all of the deductible amount to effect settlement of any claim or "suit" and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount as has been paid by us.

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PENN NATIONAL INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

IMPORTANT NOTICE
BILLING INFORMATION

This policy is written on a direct bill basis. You will receive all invoices from us under separate cover.

If you have more than one commercial policy written by Penn National Insurance, they can be combined into one billing plan. If this has not been done for you, please contact your agent for details.

There will be times when changes are made to your policy. When this happens we will calculate the additional or return premium and spread the change in premium equally over the remaining installments.

You will receive a premium invoice approximately (20) twenty days prior to the due date. If your premium payment is not received by the due date shown on the invoice, we will send a Notice of Cancellation. If premium is not paid by the cancellation date all coverages will terminate. Repetitive notices of cancellation for non-payment of premium may result in your pay plan being converted to a prepaid (no installment) basis.

While it is our desire to keep our invoices simple and easy to read, questions may arise on your billings. When you have billing questions, please call us at 1-800-388-4764 extension 2441 for our Commercial Lines Automated Response Attendant (CLARA). CLARA will be able to answer all 'basic billing' questions. If more detailed information is needed, you may press the (*) star key at any time during your call which will connect you with one of our customer service representatives.

Thank you for choosing Penn National Insurance, we appreciate your business. Please let us know how we are doing.

Exhibit 29 Pg7

PENN NATIONAL INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

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

DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT

Disclosure of Federal Participation in Payment of Terrorism Losses

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals 85% of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed $100 billion in a Program Year (January 1 through December 31), the Treasury shall not make any payment for any portion of the amount of such losses that exceeds $100 billion.

Cap On Insurer Participation In Payment Of Terrorism Losses

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

DISCLOSURE OF PREMIUM
The portion of your annual premium that is attributable to coverage for acts of terrorism is $ 0.00.

Commercial Umbrella Policies Only
Coverage for certified acts of terrorism under your Commercial Umbrella Policy will be excess over any underlying policy limits regardless of whether you have accepted or rejected coverage on those policies for certified acts of terrorism.

Exhibit 29 Pg8

PENN NATIONAL
INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

IMPORTANT NOTICE

Enclosed are your renewal declarations. Please note that endorsements that are in effect as of the renewal effective date are listed on the Declaration page. We have only attached endorsements that are new to your policy and endorsements that display limits or exposures on the endorsement. For copies of any endorsement that is not attached, refer to your original policy or contact your agent.

To file a claim, contact your agent or call (800) 766-2245.

Thank you for placing your coverage with Penn National Insurance.

Exhibit 29 Pg9

COMMON POLICY CONDITIONS

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. Examination 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

1. We have the right to:
   a. Make inspections and surveys at any time;
   b. Give you reports on the conditions we find; and
   c. Recommend changes.
2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake 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:
   a. Are safe or healthful; or
   b. Comply with laws, regulations, codes or standards.
3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statues, ordinances or regulations, of boilers, pressure vessels or elevators.

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.

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Exhibit 29 Pg10

INTERLINE
IL 00 21 0702

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT

(Broad Form)

This endorsement modifies insurance provided under the following:

COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL GENERAL LIABILITY 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
PROFESSIONAL LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
UNDERGROUND STORAGE TANK POLICY

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 States 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 "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.

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Exhibit 29 Pg11

2. As used in this endorsement:

"Hazardous properties" includes 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.

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INTERLINE
IL 02 69 0702

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NORTH CAROLINA CHANGES - CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
FARM COVERAGE PART
FARM UMBRELLA LIABILITY POLICY
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
PROFESSIONAL LIABILITY COVERAGE PART

A. Paragraph 2. of the **Cancellation** Common Policy Condition is replaced by the following:

2. **Cancellation Requirements**

a. **Policies In Effect Less Than 60 Days**

If this policy has been in effect for less than 60 days, we may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

(1) 15 days before the effective date of cancellation if we cancel for nonpayment of premium; or

(2) 30 days before the effective date of cancellation if we cancel for any other reason.

b. **Policies In Effect More Than 60 Days**

If this policy has been in effect for 60 days or more, or is a renewal of a policy we issued, we may cancel this policy prior to the:

(1) Expiration of the policy term; or

(2) Anniversary date,

stated in the policy only for one or more of the following reasons:

(a) Nonpayment of premium;

(b) An act or omission by the insured or his or her representative that constitutes material misrepresentation or nondisclosure of a material fact in obtaining this policy, continuing this policy or presenting a claim under this policy;

(c) Increased hazard or material change in the risk assumed that could not have been reasonably contemplated by the parties at the time of assumption of the risk;

(d) Substantial breach of contractual duties, conditions or warranties that materially affects the insurability of the risk;

(e) A fraudulent act against us by the insured or his or her representative that materially affects the insurability of the risk;

(f) Willful failure by the insured or his or her representative to institute reasonable loss control measures that materially affect the insurability of the risk after written notice by us;

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Exhibit 29 Pg13

(g) Loss of facultative reinsurance, or loss of or substantial changes in applicable reinsurance as provided in G.S. 58-41-30;

(h) Conviction of the insured of a crime arising out of acts that materially affect the insurability of the risk;

(i) A determination by the Commissioner of Insurance that the continuation of the policy would place us in violation of the laws of North Carolina; or

(j) You fail to meet the requirements contained in our corporate charter, articles of incorporation or by-laws when we are a company organized for the sole purpose of providing members of an organization with insurance coverage in North Carolina.

We will mail or deliver written notice of cancellation to the first Named Insured at least:

(i) 15 days before the effective date of cancellation if we cancel for nonpayment of premium; or

(ii) 30 days before the effective date of cancellation if we cancel for any other reason.

c. Cancellation for nonpayment of premium will not become effective if you pay the premium amount due before the effective date of cancellation.

d. We may also cancel this policy for any reason not stated above provided we obtain your prior written consent.

B. The following provisions are added and supersede any other provisions to the contrary:

1. Nonrenewal

a. If we elect not to renew this policy, we will mail or deliver to the first Named Insured shown in the Declarations written notice of nonrenewal at least 45 days prior to the:

(1) Expiration of the policy if this policy has been written for one year or less; or

(2) Anniversary date of the policy if this policy has been written for more than one year or for an indefinite term.

b. We need not mail or deliver the notice of nonrenewal if you have:

(1) Insured property covered under this policy, under any other insurance policy;

(2) Accepted replacement coverage; or

(3) Requested or agreed to nonrenewal of this policy.

c. If notice is mailed, proof of mailing will be sufficient proof of notice.

2. The written notice of cancellation or nonrenewal will:

a. Be mailed or delivered to the first Named Insured and any designated mortgagee or loss payee at their addresses shown in the policy, or if not indicated in the policy, at their last known addresses; and

b. State the reason or reasons for cancellation or nonrenewal.

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General Liability Recipient Separator

Policy Number: GL9 0601617 05

Named Insured: JJA CONSTRUCTION INC

Exhibit 29 Pg15

PENN NATIONAL
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Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

ASBESTOS ENDORSEMENT (EXCLUSION) NORTH CAROLINA

In consideration of the premium paid and notwithstanding anything contained in this policy to the contrary, it is agreed as follows:

The coverage afforded by this policy does not apply to "bodily injury", "personal and advertising injury" or "property damage" arising out of:

1) Inhaling, ingesting or prolonged physical exposure to asbestos or goods or products containing asbestos; or

2) The use of asbestos in constructing or manufacturing any good, product or structure; or

3) The removal of asbestos from any good, product or structure; or

4) The manufacture, transportation, storage or disposal of asbestos or goods or products containing asbestos.

This coverage afforded by the policy does not apply to payment for the investigation or defense of any loss, injury or damage or any cost, fine or penalty or for any expense or claim or suit related to any of the above.

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Harrisburg, PA 17105-2361

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM.
COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY
COVERAGE B. PERSONAL AND ADVERTISING INJURY LIABILITY
COVERAGE C. MEDICAL PAYMENTS

EXCLUSION - LEAD CONTAMINATION

This insurance does not apply to:

1. "Bodily Injury", "medical payments", "property damage", or "personal and advertising injury" which would not have ocurred in whole or part but for the actual, alleged, or threatened ingestion, inhalation, absorption, dispersal, disposal, seepage, migration, release, or escape of lead in any form at any time.

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 lead; 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 lead.

Exhibit 29 Pg17

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXTENDED COVERAGE ENDORSEMENT GENERAL LIABILITY

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

I. **Amendment - Aggregate Limits of Insurance**

The General Aggregate Limit under the LIMITS OF INSURANCE (Section III) applies separately to each of your:

a. Projects away from premises owned by or rented to you;

b. "Locations" owned by or rented to you.

"Location" means premises involving the same or connecting lots, or premises whose connection is interrupted only by a street, roadway, waterway or right-of-way of a railroad.

II. **Bodily Injury Redefined**

The definition of "bodily injury" in DEFINITIONS (Section V) is replaced by the following:

"Bodily injury" means bodily injury, sickness or disease sustained by a person including mental anguish or death resulting from any of these.

III. **Mobile Equipment Redefined**

Paragraph 12.f. subparagraph (1) of DEFINITIONS (Section V) does not apply to self-propelled vehicles of less than 1000 pounds gross vehicle weight.

IV. **Broad Form Named Insured**

a. WHO IS AN INSURED (Section II) is amended to include as an insured any organization or subsidiary thereof, other than a partnership, joint venture, or limited liability corporation, which is a legally incorporated entity of which you own a financial interest of more than 50 percent of the voting stock on the effective date of this endorsement.

b. Paragraph IV.a. does not apply to injury or damage with respect to which an insured under this policy is also an insured under another policy or would be an insured under such policy but for its termination or upon the exhaustion of its limits of insurance.

c. Paragraph IV.b. does not apply to a policy written to apply specifically in excess of this policy.

V. **Newly Formed or Acquired Organizations**

In paragraph 4.a. of WHO IS AN INSURED (Section II), 90th day is changed to 180th day.

VI. **Incidental Malpractice Liability - Nurse, EMT, or Paramedic**

Paragraph 2.a.(1)(d) of WHO IS AN INSURED (Section II) is deleted and replaced by: Arising out of his or her providing or failing to provide professional health care services. However, if you have "employees" who are a nurse, emergency medical technician or paramedic, they are an insured with respect to their providing or failing to provide professional health care services to your "employees".

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VII. Duties in the Event of Occurrence, Claim or Suit Redefined

a. The requirement in Condition 2.a. of CONDITIONS (Section IV) that you must see to it that we are notified of an "occurrence" only applies when the "occurrence" or offense is known to:

(1) You, if you are an individual;

(2) A partner, if you are a partnership; or

(3) An officer of the corporation or insurance manager, if you are a corporation.

b. The requirement in Condition 2.b. of CONDITIONS (Section IV) that you must see to it that we receive notice of a claim or "suit" will not be considered breached unless the breach occurs after such claim or "suit" is know to:

(1) You, if you are an individual;

(2) A partner, if you are a partnership; or

(3) An officer of the corporation or insurance manager, if you are a corporation.

VIII. Unintentional Errors or Omissions

We will not deny coverage under this Coverage Part because of the unintentional omission of, or unintentional error in, any information provided by you. However, this provision does not affect our right to collect additional premium or exercise our right of cancellation or non-renewal.

IX. Non-Owned Watercraft

a. Exclusion g. Paragraph (2) of COVERAGE A (Section I) is deleted and replaced by the following:

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

(a) Less than 51 feet long; and

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

b. Paragraph IX.a. above applies to any person who, with your expressed or implied consent, either uses or is responsible for the use of a watercraft.

c. Paragraphs IX.a. and IX.b. above do not apply if the insured has any other insurance for "bodily injury" or "property damage" liability that would also apply to loss covered under this provision, whether the other insurance is primary, excess, contingent or on any other basis. In that case, this Provision IX does not provide any insurance.

d. Paragraph IX.c. above does not apply to a policy written to apply specifically in excess of this policy.

X. Supplementary Payments Increased Limits

In the SUPPLEMENTARY PAYMENTS - COVERAGE A and B (Section I) provision:

a. The limit for the cost of bail bonds is changed from $250 to $2000.

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THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY

AUTOMATIC ADDITIONAL INSUREDS -- OWNERS, CONTRACTORS AND SUBCONTRACTORS (ONGOING OPERATIONS)

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following provision is added to **SECTION II -WHO IS AN INSURED**

5. Any person(s) or organizations(s) (referred to below as additional insured) with whom you are required in a written contract or agreement to name as an additional insured, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:

(1) Your acts or omissions; or

(2) The acts or omissions of those acting on your behalf;

in the performance of your ongoing operations for the additional insured(s) at the location or project described in the contract or agreement.

A person's or organization's status as an additional insured under this endorsement ends when your operations for that additional insured are completed.

B. With respect to insurance afforded to these additional insureds, the following additional exclusions apply:

1. This insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" arising out of the rendering of, or the failure to render, any professional architectural, engineering or surveying services, including:

a. The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings, designs and specifications; and

b. Supervisory, inspection, architectural or engineering activities.

2. This insurance does not apply to "bodily injury" or "property damage" occurring after:

a. All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or

b. That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as part of the same project.

C. The limits of insurance applicable to the additional insured are those specified in the written contract or agreement or in the Declarations for this policy, whichever are less. These limits of insurance are inclusive of and not in addition to the limits of insurance shown in the Declarations.

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D. With respect to the coverage provided by this endorsement, **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS,** Paragraph 4. Other Insurance, Subparagraph a. Primary Insurance, is replaced by the following:

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, except;

(1) If a written contract or agreement that requires any person(s) or organization(s) to be an additional insured also requires this insurance to be primary and noncontributory, then this insurance is primary over any other insurance in which the additional insured is a Named Insured. We will not seek contribution from any other liability policy in which the additional insured is a Named Insured.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

EXTERIOR INSULATION AND FINISH SYSTEMS EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

This insurance does not apply to:

I. "Bodily injury" or "property damage" included in the "products-completed operations hazard" and arising out of "your work" caused by the actual or alleged:

A. Design, construction, fabrication, preparation, installation, application, maintenance or repair, including remodeling, service, correction, or replacement, of an exterior insulation and finish system (commonly referred to as synthetic stucco) or any part or portion thereof, or any substantially similar system which resists water penetration at its outer surface.

B. Any work or operations with respect to any exterior component, fixture or feature of any structure if an exterior insulation and finish system, or substantially similar systems are used on any part or portion of that structure.

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THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY.

AUTOMATIC ADDITIONAL INSUREDS -- OWNERS, CONTRACTORS AND SUBCONTRACTORS (COMPLETED OPERATIONS)

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following provision is added to **SECTION II - WHO IS AN INSURED:**

6. Any person(s) or organization(s) (referred to below as additional insured) with whom you are required in a written contract or agreement to name as an additional insured for the "products-completed operations hazard", but only with respect to liability for "bodily injury" or "property damage" caused, in whole or in part, by "your work", at the location or project designated and described in the contract or agreement, performed for that additional insured and included in the "products-completed operations hazard".

A person's or organization's status as an additional insured under this endorsement ends when the obligation to provide additional insured status for the "products-completed operations hazard" in the written contract or agreement ends.

B. With respect to insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to "bodily injury" or "property damage" arising out of the rendering of, or the failure to render, any professional architectural, engineering or surveying services, including:

1. The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings, designs and specifications; and

2. Supervisory, inspection, architectural or engineering activities.

C. The limits of insurance applicable to the additional insured are those specified in the written contract or agreement or in the Declarations for this policy, whichever are less. These limits of insurance are inclusive of and not in addition to the limits of insurance shown in the Declarations.

D. With respect to the coverage provided by this endorsement, **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**, Paragraph **4. Other Insurance**, Subparagraph **a. Primary Insurance**, is deleted and replaced by the following:

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, except;

(1) If a written contract or agreement that requires any person(s) or organization(s) to be an additional insured also requires this insurance to be primary and noncontributory, then this insurance is primary over any other insurance in which the additional insured is a Named Insured. We will not seek contribution from any other liability policy in which the additional insured is a Named Insured.

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GENERAL LIABILITY

NOTICE TO POLICYHOLDERS

This Notice does not form a part of your insurance contract. The Notice is designed to alert you to potential coverage changes in this policy. If there is any conflict between this Notice and the policy (including its endorsements), the provisions of the policy (including its endorsements) apply. Please read your policy, and the endorsements attached to your policy, carefully.

I. REVISIONS TO ADDITIONAL INSURED - VENDORS

CG 20 15 07 04 Additional Insured - Vendors

When this endorsement is attached to your policy, there is NO coverage for an additional insured vendor for bodily injury or property damage arising out of the sole negligence of the vendor for its own acts or omissions or those of its employees or anyone else acting on its behalf, unless the bodily injury or property damage is caused by:

1. Repackaging solely for the purpose of inspection, demonstration, testing or the substitution of parts under instruction from you, and then repackaged in the original container; or
2. Inspections, adjustments, tests or servicing that the vendor has agreed to make or normally undertake to make in the usual course of business, in connection with the distribution or sale of the products.

This may be a reduction in coverage in states where you are contractually permitted to hold harmless an additional insured for that additional insured's sole negligence or in states where courts have enabled coverage for the sole negligence of the additional insured.

II. REVISIONS TO OTHER ADDITIONAL INSURED ENDORSEMENTS

71 0741 0105	Automatic Additional Insureds - Owners, Contractors and Subcontractors (Ongoing Operations). This form replaces all CG 0131, CG 0132, CG 2009 amd CG 2010 endorsements that were attached to your expiring policy.
71 1145 0105	Automatic Additional Insureds - Owners, Contractors and Subcontractors (Completed Operations). This form replaces all CG 2037 endorsements that were attached to your expiring policy.
CG 20 07 07 04	Additional Insured - Engineers, Architects, Or Surveyors
CG 20 26 07 04	Additional Insured - Designated Person Or Organization
CG 20 28 07 04	Additional Insured - Lessor Of Leased Equipment
CG 20 31 07 04	Additional Insured - Engineers, Architects Or Surveyors
CG 20 32 07 04	Additional Insured - Engineers, Architects Or Surveyors Not Engaged By The Named Insured
CG 20 34 07 04	Additional Insured - Lessor Of Leased Equipment. Automatic Status When Required In Lease Agreement With You

When any of the above referenced endorsements shown in paragraphs I. or II. are attached to your policy, there is coverage for a person or organization that you name as an additional insured on your policy **ONLY** if the bodily injury, property damage or personal and advertising injury is caused in whole or in part by your acts or omissions or the acts or omissions of those working on your behalf.

There is NO coverage for the additional insured for bodily injury, property damage or personal and advertising injury caused entirely by any negligence that is not attributable to you or those acting on your behalf.

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This may be a reduction in coverage in states where you are contractually permitted to hold harmless an additional insured for that additional insured's sole negligence or in states where courts have enabled coverage for the sole negligence of the additional insured.

III. AMENDMENT OF INSURED CONTRACT DEFINITION

CG 24 26 07 04 Amendment Of Insured Contract Definition

When this endorsement is attached to your policy, you will no longer be provided coverage for tort liability that you assume under an insured contract unless you or someone acting on your behalf contributed in whole or in part to the bodily injury or property damage.

This may be a reduction in coverage in states where you are permitted to hold harmless a party for that party's sole negligence.

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NOTICE TO POLICYHOLDERS

POTENTIAL RESTRICTIONS OF TERRORISM COVERAGE

(General Liability and Commercial Umbrella)

This Notice has been prepared in conjunction with the **POTENTIAL** implementation of changes related to coverage of terrorism under your policy.

The Terrorism Risk Insurance Act of 2002 established a program (Terrorism Risk Insurance Program) within the Department of the Treasury, under which the federal government shares, with the insurance industry, the risk of loss from future terrorist attacks. The federal government extended this Program as of December 22, 2005, with a termination date of December 31, 2007. This Program will terminate at the end of December 31, 2007, unless extended by the federal government. Your policy will become effective (or will be renewed) while the federal Program is still in effect, but prior to a decision by the federal government on extension of the federal Program. If the federal Program terminates, or is extended with certain changes, during the term of your policy, then the treatment of terrorism under your policy will change. This Notice is being provided to you for the purpose of summarizing potential impact on your coverage. The summary is a brief synopsis of significant exclusionary provisions and limitations.

This Notice does not form a part of your insurance contract. The Notice is designed to alert you to coverage restrictions and to other provisions in certain terrorism endorsement(s) in this policy. If there is any conflict between this Notice and the policy (including its endorsements), the provisions of the policy (including its endorsements) apply.

Carefully read your policy, including the endorsements attached to your policy.

YOUR POLICY AT START OF NEW POLICY TERM

If endorsement CG 21 70 or 71 1156 is attached to your policy and endorsement 71 1080 or 71 1073 is not attached to your policy

This policy does not contain a terrorism exclusion. However, the policy contains an endorsement under which coverage for "certified acts of terrorism" (which is more fully defined in the endorsement but involves acts of terrorism by or on behalf of a foreign interest) is subject to a limit on our liability pursuant to the federal Terrorism Risk Insurance Act of 2002. Further, the absence of a terrorism exclusion does not create coverage for any loss that would otherwise be excluded under the policy, such as losses excluded by the nuclear hazard or war exclusions.

Exhibit 29 Pg26

If endorsements CG 21 70 and 71 1080 are both attached to your policy or endorsements 71 1156 and 71 1073 are both attached to your policy

This policy contains endorsements that make a distinction between "certified acts of terrorism" and "other acts of terrorism". Coverage is provided for "certified acts of terrorism" (which is more fully defined in the endorsements, but involves acts of terrorism by or on behalf of a foreign interest). This coverage is subject to a limit on our liability pursuant to the federal Terrorism Risk Insurance Act of 2002. Coverage for "other acts of terrorism" (terrorist acts other than certified acts) is excluded but such exclusion applies only if:

(1) Aggregate losses from the event exceed $25 million; or

(2) Fifty or more persons sustain death or physical injury; or

(3) If the event qualified as a nuclear event; or

(4) If the event qualified under certain circumstances as a biological or chemical event.

With respect to "certified acts of terrorism" and "other acts of terrorism", policy exclusions (for example, the war liability exclusion) and other policy provisions continue to apply.

POTENTIAL CHANGE DURING THE TERM OF YOUR POLICY:

Endorsement CG 21 87 or 71 1156 is attached to your policy. Its provisions will become applicable to your policy only if certain events (one or more of them) occur. Those events include the following:

- If the federal Terrorism Risk Insurance Program (TRIP) terminates with respect to the type of insurance provided under this policy. (TRIP is scheduled to terminate at the end of December 31, 2007 unless extended by the federal government.); or
- If TRIP is extended with changes that redefine terrorism, and we are not required to make such revised coverage available to you; or
- If TRIP is extended with changes that make insurance coverage for terrorism subject to provisions or requirements that differ from those that apply to other events or occurrences under this policy, and we are not required to make such revised coverage available to you; or
- If TRIP is extended with changes that increase insurers' statutory percentage deductible under TRIP for terrorism losses, or decrease the federal government's statutory percentage share in potential terrorism losses, and we are not required to make terrorism coverage available to you. Our deductible in 2006 is 17.5% of the total of our previous year's direct earned premiums. In 2007, that figure is 20%. The government's share in 2006 is 90% (85% in 2007) of the terrorism losses paid by us above the deductible.

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THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY

PRODUCTS-COMPLETED OPERATIONS REDEFINED

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. **SECTION III - LIMITS OF INSURANCE,** Paragraph **3.**, is deleted and replaced by the following:

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".

This limit does not apply to products or operations for which the classification, listed in the Declarations or in a policy schedule, states that products-completed operations are subject to the General Aggregate Limit.

B. **SECTION V - DEFINITIONS,** Paragraph **16.** "Products-completed operations hazard":, Subparagraph **b.** is deleted and replaced by the following:

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; or

(2) The existence of tools, uninstalled equipment or abandoned or unused materials.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SILICA OR SILICA-RELATED DUST EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following exclusion is added to Paragraph **2., Exclusions** of **Section I - Coverage A - Bodily Injury And Property Damage Liability:**

2. Exclusions

This insurance does not apply to:

Silica Or Silica-Related Dust

a. "Bodily injury" arising, in whole or in part, out of the actual, alleged, threatened or suspected inhalation of, or ingestion of, "silica" or "silica-related dust".

b. "Property damage" arising, in whole or in part, out of the actual, alleged, threatened or suspected contact with, exposure to, existence of, or presence of, "silica" or "silica-related dust".

c. Any loss, cost or expense arising, in whole or in part, 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, "silica" or "silica-related dust", by any insured or by any other person or entity.

B. The following exclusion is added to Paragraph **2., Exclusions** of **Section I - Coverage B - Personal And Advertising Injury Liability:**

2. Exclusions

This insurance does not apply to:

Silica Or Silica-Related Dust

a. "Personal and advertising injury" arising, in whole or in part, out of the actual, alleged, threatened or suspected inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, "silica" or "silica-related dust".

b. Any loss, cost or expense arising, in whole or in part, 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, "silica" or "silica-related dust", by any insured or by any other person or entity.

C. The following definitions are added to the **Definitions** Section:

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

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

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COMMERCIAL GENERAL LIABILITY
ADVISORY NOTICE TO POLICYHOLDERS
EXCLUSION - SILICA OR SILICA-RELATED DUST

This Notice does not form a part of your insurance contract. The Notice is designed to alert you to coverage changes when the exclusion for silica or silica-related dust is attached to this policy. If there is any conflict between this Notice and the policy (including its endorsements), the provisions of the policy (including its endorsements) apply. Please read your policy, and the endorsements attached to your policy, carefully.

This notice contains a brief synopsis of the following silica or silica-related dust exclusion endorsement:

- **71 1229 1105 Silica Or Silica-Related Dust Exclusion**

When this endorsement is attached to your policy, coverage is excluded for bodily injury under Coverage A arising in whole or in part, out of the actual, alleged, threatened or suspected inhalation of, or ingestion of, silica or silica-related dust. In addition, coverage is excluded for property damage under Coverage A and personal and advertising injury under Coverage B arising in whole or in part, out of actual, alleged, threatened or suspected contact with, exposure to, existence of, or presence of, silica or silica-related dust.

The attachment of this endorsement may result in a restriction of coverage.

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Exhibit 29 Pg30

PENN NATIONAL INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

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

A. The following exclusion is added to Paragraph **2., Exclusions of Section I - Coverage A - Bodily Injury And Property Damage Liability:**

2. Exclusions

This insurance does not apply to:

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:

a. The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law; or

b. The CAN-SPAM Act of 2003, including any amendment of or addition to such law; or

c. 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.

B. The following exclusion is added to Paragraph **2., Exclusions of Section I - Coverage B - Personal And Advertising Injury Liability:**

2. Exclusions

This insurance does not apply to:

DISTRIBUTION OF MATERIAL IN VIOLATION OF STATUTES

"Personal and advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

a. The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law; or

b. The CAN-SPAM Act of 2003, including any amendment of or addition to such law; or

c. 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.

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COMMERCIAL GENERAL LIABILITY
ADVISORY NOTICE TO POLICYHOLDERS

EXCLUSION - VIOLATION OF STATUTES THAT GOVERN E-MAILS, FAX, PHONE CALLS OR OTHER METHODS OF SENDING MATERIAL OR INFORMATION

This Notice does not form a part of your insurance contract. The Notice is designed to alert you to coverage changes when the exclusion for violation of statutes that govern e-mails, fax phone calls or other methods of sending material or information is attached to this policy. If there is any conflict between this Notice and the policy (including its endorsements), the provisions of the policy (including its endorsements) apply. Please read your policy, and the endorsements attached to your policy, carefully.

This notice contains a brief synopsis of the following endorsement:

- **71 1233 1105 Exclusion - Violation Of Statutes That Govern E-mails, Fax, Phone Calls Or Other Methods Of Sending Material Or Information**

When the above referenced endorsement is attached to your policy, coverage is excluded for bodily injury and property damage under Coverage A and personal and advertising injury under Coverage B, arising directly or indirectly out of any action or omission that violates or is alleged to violate the Telephone Consumer Protection Act (TCPA), the CAN-SPAM Act of 2003 (including any amendment of or addition to such laws), or any other statute, ordinance or regulation that prohibits or limits the sending, transmitting, communicating or distribution of material or information.

This is a reduction in coverage in states where, absent the wording of this endorsement, courts would consider coverage to be provided for violations of the above-mentioned acts or of other similar statutes, regulations or ordinances.

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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. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply. We may, at our discretion, investigate any "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 ends when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages 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" which occurs during the policy period and was not, prior to the policy period, known to have occurred by 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, includes any continuation, change or resumption of that "bodily injury" or "property damage" after the end of the policy period.

   d. "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

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

e. 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) That the insured would have in the absence of the contract or agreement; or

(2) 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. Solely for the purposes of liability assumed in an "insured contract", reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:

(a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and

(b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

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:

(a) Employment by the insured; or

(b) Performing duties related to the conduct of the insured's business; or

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

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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 from equipment used to heat that building;

(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; or

(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".

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(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 "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 or 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" due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution. This exclusion applies only to liability assumed under a contract or agreement.

j. **Damage To Property**

"Property damage" to:

(1) Property you own, rent, or occupy, including any costs or expenses 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) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;

(3) Property loaned to you;

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(4) Personal property in the care, custody or control of the insured;

(5) That particular part of real property on which you 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

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

Paragraphs (1), (3) and (4) 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 7 or fewer consecutive days. A seperate limit of insurance applies to Damage To Premises Rented To You as described in Section III - Limits Of Insurance.

Paragraph (2) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs (3), (4), (5) and (6) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph (6) 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".

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

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 And Advertising Injury**

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

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 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 and advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "personal and advertising injury" to which this insurance does not apply. We may, at our discretion, investigate any 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 Coverages A or B or medical expenses under Coverage C.

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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 and advertising injury" caused by an offense arising out of your business but only if the offense was committed in the "coverage territory" during the policy period.

2. Exclusions

This insurance does not apply to:

a. **Knowing Violation Of Rights Of Another**

"Personal and advertising injury" caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury".

b. **Material Published With Knowledge Of Falsity**

"Personal and advertising injury" 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**

"Personal and advertising injury" arising out of oral or written publication of material whose first publication took place before the beginning of the policy period.

d. **Criminal Acts**

"Personal and advertising injury" arising out of a criminal act committed by or at the direction of the insured.

e. **Contractual Liability**

"Personal and advertising injury" 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**

"Personal and advertising injury" 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**

"Personal and advertising injury" arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement".

h. **Wrong Description Of Prices**

"Personal and advertising injury" arising out of the wrong description of the price of goods, products or services stated in your "advertisement".

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

"Personal and advertising injury" 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**

"Personal and advertising injury" 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 14.a., b. and c. of "personal and advertising injury" under the Definitions Section.

For the purposes of this exclusion, the placing of frames, borders or 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**

"Personal and advertising injury" arising out of an electronic chatroom or bulletin board the insured hosts, owns, or over which the insured exercises control.

l. **Unauthorized Use Of Another's Name Or Product**

"Personal and advertising injury" 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**

"Personal and advertising injury" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

n. **Pollution-Related**

Any loss, cost or expense arising out of any:

(1) 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

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(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".

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 benefits law or a similar law.

   e. Athletics Activities

      To a person injured while taking part in athletics.

   f. Products-Completed Operations Hazard

      Included within the "products-completed operations hazard".

   g. Coverage A Exclusions

      Excluded under Coverage A.

   h. War

      Due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution.

SUPPLEMENTARY PAYMENTS - COVERAGES A AND B

1. We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:

   a. All expenses we incur.

   b. Up to $250 for cost of 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 do not have to furnish these bonds.

   c. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.

   d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to $250 a day because of time off from work.

   e. All costs taxed against the insured in the "suit".

   f. 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.

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g. 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 the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

2. If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:

a. The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";

b. This insurance applies to such liability assumed by the insured;

c. The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";

d. The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;

e. The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and

f. The indemnitee:

(1) Agrees in writing to:

(a) Cooperate with us in the investigation, settlement or defense of the "suit";

(b) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";

(c) Notify any other insurer whose coverage is available to the indemnitee; and

(d) Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and

(2) Provides us with written authorization to:

(a) Obtain records and other information related to the "suit"; and

(b) Conduct and control the defense of the indemnitee in such "suit".

So long as the above conditions are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of Paragraph 2.b.(2) of Section I - Coverage A - Bodily Injury And Property Damage Liability, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the limits of insurance.

Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when:

a. We have used up the applicable limit of insurance in the payment of judgments or settlements; or

b. The conditions set forth above, or the terms of the agreement described in Paragraph f. above, are no longer met.

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.

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2. Each of the following is also an insured:
   a. Your "volunteer workers" only while performing duties related to the conduct of your business, or 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. However, none of these "employees" or "volunteer workers" are insureds for:
      (1) "Bodily injury" or "personal and advertising injury":
         (a) 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;
         (b) To the spouse, child, parent, brother or sister of that co-"employee" or "volunteer worker" as a consequence of Paragraph (1)(a) above;
         (c) 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)(a) or (b) above; or
         (d) Arising out of his or her providing or failing to provide professional health care services.
      (2) "Property damage" to property:
         (a) Owned, occupied or used by,
         (b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by

         you, any of your "employees", "volunteer workers", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).
   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 and 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.

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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 and Advertising Injury Limit is the most we will pay under Coverage B for the sum of all damages because of all "personal and 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. Subject to 5. above, 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.

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 of 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 a claim is made or "suit" is brought against any insured, you must:
      (1) Immediately record the specifics of the 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 the claim or "suit" as soon as practicable.
   c. You and any other involved insured must:
      (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
      (2) Authorize us to obtain records and other information;
      (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and

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(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; 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 Coverages 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 you covering liability for damages arising out of the premises or 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 Coverages 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.

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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. When We Do Not Renew

   If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date.

   If notice is mailed, proof of mailing will be sufficient proof of notice.

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 purposes of attracting customers or supporters is considered an advertisement.

2. "Auto" means a land motor vehicle, trailer or semi-trailer designed for travel on public roads, including any attached machinery or equipment. But "auto" does not include "mobile equipment".

3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.

4. "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 and 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.

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5. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".

6. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.

7. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.

8. "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.

9. "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;

   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, road-beds, 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.

10. "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".

11. "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".

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

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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;

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; and

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

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

14. "Personal and advertising injury" means injury, including consequential "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;

e. Oral or written publication, in any manner, of material that violates a person's right of privacy;

f. The use of another's advertising idea in your "advertisement"; or

g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".

15. "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.

16. "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.

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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, listed in the Declarations or in a policy schedule, states that products-completed operations are subject to the General Aggregate Limit.

17. "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 of use 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.

18. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage" or "personal and 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.

19. "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.

20. "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.

21. "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.

22. "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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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WAR LIABILITY EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. Exclusion i. under Paragraph 2., **Exclusions** of **Section I - Coverage A - Bodily Injury And Property Damage Liability** is replaced by the following:

2. Exclusions

This insurance does not apply to:

i. War

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

(1) War, including undeclared or civil war; or

(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.

B. The following exclusion is added to Paragraph 2., **Exclusions** of **Section I - Coverage B - Personal And Advertising Injury Liability:**

2. Exclusions

This insurance does not apply to:

WAR

"Personal and advertising injury", however caused, arising, directly or indirectly, out of:

a. War, including undeclared or civil war; or

b. 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

c. Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

C. Exclusion **h.** under Paragraph 2., **Exclusions** of **Section I - Coverage C - Medical Payments** does not apply. Medical payments due to war are now subject to Exclusion g. of Paragraph 2., **Exclusions** of **Section I - Coverage C - Medical Payments** since "bodily injury" arising out of war is now excluded under Coverage A.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DEDUCTIBLE LIABILITY INSURANCE

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

SCHEDULE

Coverage	Amount and Basis of Deductible PER CLAIM	or	PER OCCURRENCE
Bodily Injury Liability	$		$
OR			
Property Damage Liability	$		$ 500
OR			
Bodily Injury Liability and/or Property Damage Liability Combined	$		$

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

APPLICATION OF ENDORSEMENT (Enter below any limitations on the application of this endorsement. If no limitation is entered, the deductibles apply to damages for all "bodily injury" and "property damage", however caused):

A. Our obligation under the Bodily Injury Liability and Property Damage Liability Coverages to pay damages on your behalf applies only to the amount of damages in excess of any deductible amounts stated in the Schedule above as applicable to such coverages.

B. You may select a deductible amount on either a per claim or a per "occurrence" basis. Your selected deductible applies to the coverage option and to the basis of the deductible indicated by the placement of the deductible amount in the Schedule above. The deductible amount stated in the Schedule above applies as follows:

1. **PER CLAIM BASIS.** If the deductible amount indicated in the Schedule above is on a per claim basis, that deductible applies as follows:
   a. Under Bodily Injury Liability Coverage, to all damages sustained by any one person because of "bodily injury";
   b. Under Property Damage Liability Coverage, to all damages sustained by any one person because of "property damage"; or
   c. Under Bodily Injury Liability and/or Property Damage Liability Coverage Combined, to all damages sustained by any one person because of:
      (1) "Bodily injury";
      (2) "Property damage"; or
      (3) "Bodily injury" and "property damage" combined

   as the result of any one "occurrence".

   If damages are claimed for care, loss of services or death resulting at any time from "bodily injury", a separate deductible amount will be applied to each person making a claim for such damages.

   With respect to "property damage", person includes an organization.

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2. **PER OCCURRENCE BASIS.** If the deductible amount indicated in the Schedule above is on a "per occurrence" basis, that deductible amount applies as follows:

   a. Under Bodily Injury Liability Coverage, to all damages because of "bodily injury";

   b. Under Property Damage Liability Coverage, to all damages because of "property damage"; or

   c. Under Bodily Injury Liability and/or Property Damage Liability Coverage Combined, to all damages because of:

      (1) "Bodily injury";

      (2) "Property damage"; or

      (3) "Bodily injury" and "property damage" combined

   as the result of any one "occurrence", regardless of the number of persons or organizations who sustain damages because of that "occurrence".

C. The terms of this insurance, including those with respect to:

   1. Our right and duty to defend the insured against any "suits" seeking those damages; and

   2. Your duties in the event of an "occurrence", claim, or "suit"

   apply irrespective of the application of the deductible amount.

D. We may pay any part or all of the deductible amount to effect settlement of any claim or "suit" and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount as has been paid by us.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EMPLOYMENT - RELATED PRACTICES EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following exclusion is added to Paragraph 2., **Exclusions of Section I - Coverage A - Bodily Injury And Property Damage Liability:**

This insurance does not apply to:

"Bodily injury" to:

(1) A person arising out of any:

(a) Refusal to employ that person;

(b) Termination of that person's employment; or

(c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or

(2) The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" to that person at whom any of the employment-related practices described in Paragraphs (a), (b), or (c) above is directed.

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.

B. The following exclusion is added to Paragraph 2., **Exclusions of Section I - Coverage B - Personal And Advertising Injury Liability:**

This insurance does not apply to:

"Personal and advertising injury" to:

(1) A person arising out of any:

(a) Refusal to employ that person;

(b) Termination of that person's employment; or

(c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or

(2) The spouse, child, parent, brother or sister of that person as a consequence of "personal and advertising injury" to that person at whom any of the employment-related practices described in Paragraphs (a), (b), or (c) above is directed.

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.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDMENT OF LIQUOR LIABILITY EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

Exclusion c. of COVERAGE A (Section I) is replaced by the following:

c. "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:

(1) Manufacture, sell or distribute alcoholic beverages;

(2) Serve or furnish alcoholic beverages for a charge whether or not such activity:

(a) Requires a license;

(b) Is for the purpose of financial gain or livelihood; or

(3) Serve or furnish alcoholic beverages without a charge, if a license is required for such activity.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION - YEAR 2000 COMPUTER-RELATED AND OTHER ELECTRONIC PROBLEMS - PRODUCTS/COMPLETED OPERATIONS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

The following exclusion is added to Paragraph 2., **Exclusions of Section I - Bodily Injury And Property Damage Liability:**

2. Exclusions

This insurance does not apply to "bodily injury" or "property damage" included in the "products-completed operations hazard" definition and arising directly or indirectly out of:

a. Any actual or alleged failure, malfunction or inadequacy of:

(1) Any of the following, whether belonging to any insured or to others:

(a) Computer hardware, including microprocessors;

(b) Computer application software;

(c) Computer operating systems and related software;

(d) Computer networks;

(e) Microprocessors (computer chips) not part of any computer system; or

(f) Any other computerized or electronic equipment or components; or

(2) Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph 2.a.(1) of this endorsement

due to the inability to correctly recognize, process, distinguish, interpret or accept the year 2000 and beyond.

b. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph 2.a. of this endorsement.

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Exhibit 29 Pg54

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FUNGI OR BACTERIA EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following exclusion is added to Paragraph 2., Exclusions of **Section I - Coverage A - Bodily Injury And Property Damage Liability:**

2. Exclusions

This insurance does not apply to:

Fungi or Bacteria

a. "Bodily injury" or "property damage" which would not have occurred, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.

b. 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 or entity.

This exclusion does not apply to any "fungi" or bacteria that are, are on, or are contained in, a good or product intended for consumption.

B. The following exclusion is added to Paragraph 2., Exclusions of **Section I - Coverage B - Personal And Advertising Injury Liability:**

2. Exclusions

This insurance does not apply to:

Fungi or Bacteria

a. "Personal and advertising injury" which would not have taken place, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury.

b. Any loss, cost or expense 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 or entity.

C. The following definition is added to the **Definitions** Section:

"Fungi" means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or byproducts produced or released by fungi.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY 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
UNDERGROUND STORAGE TANK POLICY

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

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act of 2002. The federal Terrorism Risk Insurance Act of 2002 sets forth the following criteria for a "certified act of terrorism":

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

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Exhibit 29 Pg56

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF PUNITIVE DAMAGES RELATED TO A CERTIFIED ACT OF TERRORISM

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY 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
UNDERGROUND STORAGE TANK POLICY

A. The following exclusion is added:

This insurance does not apply to:

TERRORISM PUNITIVE DAMAGES

Damages arising, directly or indirectly, out of a "certified act of terrorism" that are awarded as punitive damages.

B. The following definition is added:

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act of 2002. The federal Terrorism Risk Insurance Act of 2002 sets forth the following criteria for a "certified act of terrorism":

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

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CONDITIONAL EXCLUSION OF TERRORISM (RELATING TO DISPOSITION OF FEDERAL TERRORISM RISK INSURANCE ACT)

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY 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
UNDERGROUND STORAGE TANK POLICY

A. Applicability Of The Provisions Of This Endorsement

1. The provisions of this endorsement become applicable commencing on the date when any one or more of the following first occurs. But if your policy (meaning the policy period in which this endorsement applies) begins after such date, then the provisions of this endorsement become applicable on the date your policy begins.

   a. The federal Terrorism Risk Insurance Program ("Program"), established by the Terrorism Risk Insurance Act, has terminated with respect to the type of insurance provided under this Coverage Part or Policy; or

   b. A renewal, extension or replacement of the Program has become effective without a requirement to make terrorism coverage available to you and with revisions that:

      (1) Increase our statutory percentage deductible under the Program for terrorism losses. (That deductible determines the amount of all certified terrorism losses we must pay in a calendar year, before the federal government shares in subsequent payment of certified terrorism losses.); or

      (2) Decrease the federal government's statutory percentage share in potential terrorism losses above such deductible; or

      (3) Redefine terrorism or make insurance coverage for terrorism subject to provisions or requirements that differ from those that apply to other types of events or occurrences under this policy.

2. If the provisions of this endorsement become applicable, such provisions:

   a. Supersede any terrorism endorsement already endorsed to this policy that addresses "certified acts of terrorism" and/or "other acts of terrorism", but only with respect to an incident(s) of terrorism (however defined) which results in injury or damage that occurs on or after the date when the provisions of this endorsement become applicable (for claims made policies, such an endorsement is superseded only with respect to an incident of terrorism (however defined) that results in a claim for injury or damage first being made on or after the date when the provisions of this endorsement become applicable); and

   b. Remain applicable unless we notify you of changes in these provisions, in response to federal law.

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Exhibit 29 Pg58

3. If the provisions of this endorsement do NOT become applicable, any terrorism endorsement already endorsed to this policy, that addresses "certified acts of terrorism" and/or "other acts of terrorism", will continue in effect unless we notify you of changes to that endorsement in response to federal law.

B. The following definitions are added and apply under this endorsement wherever the term terrorism, or the phrase any injury or damage, are enclosed in quotation marks:

1. "Terrorism" means activities against persons, organizations or property of any nature:

   a. That involve the following or preparation for the following:

      (1) Use or threat of force or violence; or

      (2) Commission or threat of a dangerous act; or

      (3) Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and

   b. When one or both of the following applies:

      (1) The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or

      (2) It appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

2. "Any injury or damage" means any injury or damage covered under any Coverage Part or Policy to which this endorsement is applicable, and includes but is not limited to "bodily injury", "property damage", "personal and advertising injury", "injury" or "environmental damage" as may be defined in any applicable Coverage Part or Policy.

C. The following exclusion is added:

EXCLUSION OF TERRORISM

We will not pay for "any injury or damage" caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident of "terrorism". "Any injury or damage" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to such injury or damage. **But this exclusion applies only when one or more of the following are attributed to an incident of "terrorism":**

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; or

2. Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or

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; or

5. The total of insured damage to all types of property exceeds $25,000,000. In determining whether the $25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the "terrorism" and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions; or

6. Fifty or more persons sustain death or serious physical injury. For the purposes of this provision, serious physical injury means:

   a. Physical injury that involves a substantial risk of death; or

   b. Protracted and obvious physical disfigurement; or

   c. Protracted loss of or impairment of the function of a bodily member or organ.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDMENT OF INSURED CONTRACT DEFINITION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

Paragraph 9. of the Definitions Section is replaced by the following:

9. "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;

   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 liablility of another party to pay for "bodily injury" or "property damage" to a third person or organization, provided the "bodily injury" or "property damage" is caused, in whole or in part, by you or by those acting on your behalf. 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, road-beds, 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.

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PENN NATIONAL
INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY.

AUTOMATIC ADDITIONAL INSUREDS -- OWNERS, CONTRACTORS AND SUBCONTRACTORS (COMPLETED OPERATIONS)

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following provision is added to **SECTION II - WHO IS AN INSURED:**

6. Any person(s) or organization(s) (referred to below as additional insured) with whom you are required in a written contract or agreement to name as an additional insured for the "products-completed operations hazard", but only with respect to liability for "bodily injury" or "property damage" caused, in whole or in part, by "your work", at the location or project designated and described in the contract or agreement, performed for that additional insured and included in the "products-completed operations hazard".

A person's or organization's status as an additional insured under this endorsement ends when the obligation to provide additional insured status for the "products-completed operations hazard" in the written contract or agreement ends.

B. With respect to insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to "bodily injury" or "property damage" arising out of the rendering of, or the failure to render, any professional architectural, engineering or surveying services, including:

1. The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings, designs and specifications; and

2. Supervisory, inspection, architectural or engineering activities.

C. The limits of insurance applicable to the additional insured are those specified in the written contract or agreement or in the Declarations for this policy, whichever are less. These limits of insurance are inclusive of and not in addition to the limits of insurance shown in the Declarations.

D. With respect to the coverage provided by this endorsement, **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**, Paragraph 4. **Other Insurance**, Subparagraph a. **Primary Insurance**, is deleted and replaced by the following:

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, except;

(1) If a written contract or agreement that requires any person(s) or organization(s) to be an additional insured also requires this insurance to be primary and noncontributory, then this insurance is primary over any other insurance in which the additional insured is a Named Insured. We will not seek contribution from any other liability policy in which the additional insured is a Named Insured.

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PLAINTIFF'S EXHIBIT 30

PLAINTIFF'S EXHIBIT 31

PENN NATIONAL INSURANCE

Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2257 • Harrisburg PA 17105

NOTICE OF CANCELLATION

NONPAYMENT OF PREMIUM

THIS MAY BE ONE OF MULTIPLE POLICIES THAT COMPRISE THIS ACCOUNT LEVEL CANCELLATION

POLICY NUMBER	ACCOUNT NUMBER	EFFECTIVE DATE OF CANCELLATION AT 12:01 A.M. STANDARD TIME	CURRENT PREMIUM DUE	PRIOR PREMIUM DUE	MINIMUM PREMIUM DUE
GL90601617	3100048519	01/31/2008	$0.00	$0.00	$0.00

Premium due on your policy/Account is still unpaid. YOU ARE HEREBY NOTIFIED IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE ABOVE MENTIONED POLICY, THAT YOUR INSURANCE WILL CEASE FROM THE HOUR AND DATE MENTIONED ABOVE DUE TO NONPAYMENT OF PREMIUM. No further notice will be sent. TO KEEP YOUR POLICY IN FORCE...We must receive your check or money order for the MINIMUM PREMIUM DUE for this policy by the EFFECTIVE DATE OF THE CANCELLATION. If payment is received by the EFFECTIVE DATE OF THE CANCELLATION, we will send you a Reinstatement Notice. If you have any questions please contact the Customer Contact Center at 1-800-766-2245.

MAKE CHECK PAYABLE/MAIL PAYMENT TO:

PENN NATIONAL INSURANCE
P O BOX 2257
HARRISBURG, PA 17105-2257

IMPORTANT INFORMATION FOR POLICY HOLDER ON REVERSE SIDE.

ISSUED BY:

PA NATIONAL MUTUAL CASUALTY INSURANCE CO

DATE ISSUED
01/11/2008

MAIL TO:

JJA CONSTRUCTION INC
9496 HIGHWAY 78 LOT 2
LADSON SC 29456

POLICY PERIOD
FROM 12/05/2007 TO 12/05/2008
LINE OF BUS: GENERAL LIAB

ALTHOUGH ZERO BALANCE IS DUE FOR THIS POLICY, THIS NOTICE OF CANCELLATION WAS CAUSED BY AN UNPAID BALANCE ON YOUR ACCOUNT.

FIRST NAMED INSURED:
JJA CONSTRUCTION INC
9496 HIGHWAY 78 LOT 2
LADSON SC 29456

AGENCY:
22 6751 W LEE TAYLOR AGY-C
BRANCH: 25

Karen Myers

COMPANY AUTHORIZED REPRESENTATIVE

71-0348 (Rev. 12/06)

000709

PENN NATIONAL INSURANCE

Pennsylvania National Mutual Casualty Insurance Company
P.O. Box 2361 Harrisburg, PA 17105-2361

A Certified true and exact copy of policy
number GL9064957S

(name)

(official title)

THIS POLICY JACKET WITH THE INFORMATION PAGE, POLICY, FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETES THIS POLICY.

71 0477 05 93

000304

PLAINTIFF'S EXHIBIT 33

PENN NATIONAL INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361 • Harrisburg, PA 17105

COMMERCIAL GENERAL LIABILITY POLICY DECLARATIONS
OCCURRENCE POLICY
NEW DECLARATIONS

NON-ASSESSABLE **THIS POLICY IS SUBJECT TO A GENERAL AGGREGATE LIMIT**

POLICY NUMBER	POLICY PERIOD FROM	TO	COVERAGE IS PROVIDED IN	AGENCY	BR
GL9 0649575	07/09/08	07/09/09	PA NATIONAL MUTUAL CAS INS CO	0006798	25

NAMED INSURED AND ADDRESS	AGENCY
JJA FRAMING COMPANY 9496 HWY 78 LOT 2 LADSON SC 29458	W LEE TAYLOR JR AGY PO BOX 30609 CHARLESTON SC 29417

POLICY PERIOD: POLICY COVERS FROM: 12:01 A.M. STANDARD TIME AT THE ADDRESS OF THE INSURED STATED ABOVE.
FORM OF BUSINESS: INDIVIDUAL BUSINESS DESCRIPTION: CARPENTRY

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

LIMITS OF INSURANCE

General Aggregate Limit (Other than products – completed operations)	$	1,000,000
Products – Completed Operations Aggregate Limit	$	1,000,000
Personal and Advertising Injury Limit – Any one person or organization	$	500,000
Each Occurrence Limit	$	500,000
Damage to Premises Rented to you Limit – Any one premises	$	100,000
Medical Expense Limit – Any one person	$	5,000

PREMIUM INFORMATION

PREMISES NO. 1 : 9496 HWY 78 LOT 2
LADSON SC 29458

CODE	PREMIUM BASIS	PER	RATES PREMS/OPS	RATES PRODUCTS	ADVANCE PREMIUM PREMS/OPS	ADVANCE PREMIUM PRODUCTS
91340	65,000 PAYROLL	1000	VARIOUS	VARIOUS	INCLUDED	INCLUDED

CARPENTRY - CONSTRUCTION OF RESIDENTIAL PROPERTY NOT EXCEEDING THREE STORIES IN HEIGHT

TOTAL ADVANCE PREMIUM FOR THIS COVERAGE PART $3,548.00

FORMS APPLICABLE TO THIS COVERAGE PART:

SEE ATTACHED FORMS SCHEDULE, FORM 71-1084

COMPANY USE ONLY					
RISK TYPE	RISK CLASS	TMC	SIC CODE	REINSURANCE	UND. TEAM
3	2	99		N	022

COUNTERSIGNED BY: _____
Authorized Representative

THESE DECLARATIONS TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE PART COVERAGE FORM(S), AND FORMS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

71 0029 0500 ISSUED 08/01/08

Exhibit 33 Pg2

POLICY NUMBER	FROM POLICY PERIOD	TO	COVERAGE IS PROVIDED IN	AGENCY	BR
GL9 0649575	07/09/08	07/09/09	PA NATIONAL MUTUAL CAS INS CO	0006798	25

FORMS SCHEDULE

GENERAL LIABILITY FORMS:

710477	05/93	711061	02/03	IL0017	11/98	IL0021	07/02
IL0249	10/07	710543	05/00	710680	07/02	710741	09/06
710939	06/01	710948	01/03	711146	01/05	711148	01/08
711153	01/05	711229	11/05	711230	11/05	711233	11/05
711234	11/05	CG0001	10/01	CG0062	12/02	CG0300	01/96
CG2147	07/98	CG2150	09/89	CG2161	04/98	CG2167	04/02
CG2170	01/08	CG2176	01/08	CG2187	01/07	CG2426	07/04

POLICY NUMBER	FROM POLICY PERIOD	TO	COVERAGE IS PROVIDED IN	AGENCY	BR
GL9 0649575	07/09/08	07/09/09	PA NATIONAL MUTUAL CAS INS CO	0006798	25

ENDORSEMENT SCHEDULE

GENERAL LIABILITY FORMS:

710477	05/93	MULTI PURPOSE JACKET
711061	02/03	TERRORISM DISCLOSURE NOTICE
IL0017	11/98	COMMON POLICY CONDITIONS
IL0021	07/02	NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT
IL0249	10/07	SOUTH CAROLINA CHANGES - CANCELLATION AND NONRENEWAL
710543	05/00	EXCLUSION-LEAD CONTAMINATION
710680	07/02	EXTENDED COVERAGE ENDORSEMENT GENERAL LIABILITY
710741	09/06	AUTOMATIC ADDITIONAL INSUREDS ONGOING OPERATIONS
710939	06/01	EXTERIOR INSULATION & FINISH SYS
710948	01/03	ASBESTOS ENDORSEMENT (EXCLUSION)
711146	01/05	NOTICE TO POLICYHOLDERS
711148	01/08	POTENTIAL RESTRICTIONS OF TERRORISM COVERAGE
711153	01/05	PRODUCTS-COMPLETED OPERATIONS REDEFINED
711229	11/05	SILICA OR SILICA-RELATED DUST EXCLUSION
711230	11/05	POLICYHOLDER NOTICE- SILICA OR SIILICA-RELATED DUST EXCL
711233	11/05	VIOLATION OF STATUTES
711234	11/05	POLICYHOLDER NOTICE- VIOLATION OF STATUTES
CG0001	10/01	COMMERCIAL GENERAL LIABILITY COVERAGE FORM
CG0062	12/02	WAR LIABILITY EXCLUSION
CG0300	01/96	DEDUCTIBLE LIABILITY INSURANCE
CG2147	07/98	EMPLOYMENT-RELATED PRACTICES EXCLUSION
CG2150	09/89	AMENDMENT OF LIQUOR LIABILITY EXCLU
CG2161	04/98	YR 2000 COMPUTER EXCLUSION
CG2167	04/02	FUNGI OR BACTERIA EXCLUSION
CG2170	01/08	CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM
CG2176	01/08	EXC OF PUNITIVE DAMAGE REL TO CERTIFIED ACTS OF TERR
CG2187	01/07	CONDITIONAL EXCLUSION OF TERRORISM
CG2426	07/04	AMENDMENT OF INSURED CONTRACT DEFINITION

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DEDUCTIBLE LIABILITY INSURANCE

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

SCHEDULE

Coverage	Amount and Basis of Deductible PER CLAIM	or	PER OCCURRENCE
Bodily Injury Liability	$		$
OR			
Property Damage Liability	$		$ 500
OR			
Bodily Injury Liability and/or Property Damage Liability Combined	$		$

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

APPLICATION OF ENDORSEMENT (Enter below any limitations on the application of this endorsement. If no limitation is entered, the deductibles apply to damages for all "bodily injury" and "property damage", however caused):

A. Our obligation under the Bodily Injury Liability and Property Damage Liability Coverages to pay damages on your behalf applies only to the amount of damages in excess of any deductible amounts stated in the Schedule above as applicable to such coverages.

B. You may select a deductible amount on either a per claim or a per "occurrence" basis. Your selected deductible applies to the coverage option and to the basis of the deductible indicated by the placement of the deductible amount in the Schedule above. The deductible amount stated in the Schedule above applies as follows:

1. **PER CLAIM BASIS.** If the deductible amount indicated in the Schedule above is on a per claim basis, that deductible applies as follows:

   a. Under Bodily Injury Liability Coverage, to all damages sustained by any one person because of "bodily injury";

   b. Under Property Damage Liability Coverage, to all damages sustained by any one person because of "property damage"; or

   c. Under Bodily Injury Liability and/or Property Damage Liability Coverage Combined, to all damages sustained by any one person because of:

      (1) "Bodily injury";

      (2) "Property damage"; or

      (3) "Bodily injury" and "property damage" combined

   as the result of any one "occurrence".

   If damages are claimed for care, loss of services or death resulting at any time from "bodily injury", a separate deductible amount will be applied to each person making a claim for such damages.

   With respect to "property damage", person includes an organization.

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Exhibit 33 Pg5

2. **PER OCCURRENCE BASIS.** If the deductible amount indicated in the Schedule above is on a "per occurrence" basis, that deductible amount applies as follows:

   a. Under Bodily Injury Liability Coverage, to all damages because of "bodily injury";

   b. Under Property Damage Liability Coverage, to all damages because of "property damage"; or

   c. Under Bodily Injury Liability and/or Property Damage Liability Coverage Combined, to all damages because of:

      (1) "Bodily injury";

      (2) "Property damage"; or

      (3) "Bodily injury" and "property damage" combined

   as the result of any one "occurrence", regardless of the number of persons or organizations who sustain damages because of that "occurrence".

C. The terms of this insurance, including those with respect to:

   1. Our right and duty to defend the insured against any "suits" seeking those damages; and

   2. Your duties in the event of an "occurrence", claim, or "suit"

   apply irrespective of the application of the deductible amount.

D. We may pay any part or all of the deductible amount to effect settlement of any claim or "suit" and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount as has been paid by us.

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Exhibit 33 Pg6

PENN NATIONAL INSURANCE

Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361 • Harrisburg, PA 17105-2361

COMMERCIAL GENERAL LIABILITY POLICY DECLARATIONS

ENDORSEMENT NUMBER 01 EFFECTIVE DATE 08/15/08

NON-ASSESSABLE

POLICY NUMBER	POLICY PERIOD FROM	TO	COVERAGE IS PROVIDED IN	AGENCY	BR
GL9 0649575	07/09/08	07/09/09	PA NATIONAL MUTUAL CAS INS CO	0006798	25

NAMED INSURED AND ADDRESS	AGENCY
JJA CONSTRUCTION INC 9496 HWY 78 LOT 2 LADSON SC 29458	W LEE TAYLOR JR AGY PO BOX 30609 CHARLESTON SC 29417

It is agreed that this policy is hereby amended as indicated below:

THE NAMED INSURED AND/OR MAILING ADDRESS IS CHANGED.

NEW ANNUAL PREMIUM: $3,969.00

TOTAL PREMIUM THIS ENDORSEMENT

ADDITIONAL PREMIUM
$0.00

THIS ENDORSEMENT IS SUBJECT TO THE DECLARATIONS, CONDITIONS AND OTHER TERMS OF THE POLICY WHICH ARE NOT INCONSISTENT HEREWITH AND WHEN COUNTERSIGNED BY AN AUTHORIZED REPRESENTATIVE OF THE COMPANY, FORMS A PART OF THE POLICY DESCRIBED HEREIN.

PRO-RATA PERCENTAGE: 89.9%

SIGNATURE OF AUTHORIZED REPRESENTATIVE _____

FORM 71-0050 (Ed. 03/91)

ISSUED 08/28/08

000310

BRANCH: 25

PENN NATIONAL INSURANCE

Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2257 • Harrisburg, PA 17105

AGENT: W LEE TAYLOR JR AGY
PO BOX 30609
CHARLESTON SC 29417
TELEPHONE 843 7621805

NON ASSESSABLE

DATE OF THIS NOTICE 11/12/08
POLICY NUMBER GL90649575 00 01
POLICY TERM 07/09/08 TO 07/09/09
AGENCY NUMBER 0006798

BILL TO:
W LEE TAYLOR JR AGY
PO BOX 30609
CHARLESTON SC 29417

INSURED:
JJA CONSTRUCTION INC
9496 HWY 78 LOT 2
LADSON SC 29458

CANCELLATION MEMO

THIS POLICY IS CANCELLED PRO-RATA SUBJECT TO AUDIT.
THE FINAL PREMIUM ADJUSTMENT TO BE MADE WHEN AUDITED.
THE EFFECTIVE DATE OF CANCELLATION IS 11/03/08.

REFUND DUE $2,697.00*

FORM 50-84 (REV. 03/89) BRANCH KEEP THIS PORTION FOR YOUR RECORDS

RETURN THIS PORTION IF PAYMENT IS DUE

POLICY NUMBER	NAME OF INSURED	DUE DATE	AMOUNT DUE
GL90649575 00 01	JJA CONSTRUCTION INC		

DO NOT PAY IN CASH
MAKE CHECK PAYABLE TO
AND MAIL TO

PNI CAS. CO.
P.O. BOX 2257
HARRISBURG, PA 17105-2257

000311

General Liability Recipient Separator

Policy Number: GL9 0649575 01

Named Insured: JJA CONSTRUCTION INC

Exhibit 33 Pg9

PA NATIONAL MUTUAL CAS INS CO

COMMERCIAL GENERAL LIABILITY POLICY FORMS INVENTORY

POLICY NUMBER GL9 0649575 00

NAMED INSURED: JJA FRAMING COMPANY

POLICY PERIOD: 07/09/08 TO 07/09/09

GENERAL LIABILITY FORMS:

710477	05/93	*	711061	02/03	*	IL0017	11/98	*
IL0021	07/02	*	IL0249	10/07	*	710543	05/00	*
710680	07/02	*	710741	09/08	*	710939	08/01	*
710948	01/03	*	711146	01/05	*	711148	01/08	*
711153	01/05	*	711229	11/05	*	711230	11/05	*
711233	11/05	*	711234	11/05	*	CG0001	10/01	*
CG0062	12/02	*	CG0300	01/96	*	CG2147	07/98	*
CG2150	09/89	*	CG2161	04/98	*	CG2167	04/02	*
CG2170	01/08	*	CG2178	01/08	*	CG2187	01/07	*
CG2426	07/04	*						

FORM NO. FORMSINV 1/86 ISSUED 08/01/08

Exhibit 33 Pg10

PENN NATIONAL INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

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

DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT

Disclosure of Federal Participation in Payment of Terrorism Losses

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals 85% of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed $100 billion in a Program Year (January 1 through December 31), the Treasury shall not make any payment for any portion of the amount of such losses that exceeds $100 billion.

Cap On Insurer Participation In Payment Of Terrorism Losses

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

DISCLOSURE OF PREMIUM
The portion of your annual premium that is attributable to coverage for acts of terrorism is $ 0.00.

Commercial Umbrella Policies Only
Coverage for certified acts of terrorism under your Commercial Umbrella Policy will be excess over any underlying policy limits regardless of whether you have accepted or rejected coverage on those policies for certified acts of terrorism.

Exhibit 33 Pg11

INTERLINE
IL 00 17 11 98

COMMON POLICY CONDITIONS

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. Examination 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

1. We have the right to:
   a. Make inspections and surveys at any time;
   b. Give you reports on the conditions we find; and
   c. Recommend changes.
2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake 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:
   a. Are safe or healthful; or
   b. Comply with laws, regulations, codes or standards.
3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statues, ordinances or regulations, of boilers, pressure vessels or elevators.

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.

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Exhibit 33 Pg12

IL 00 21 0908

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT

(Broad Form)

This endorsement modifies insurance provided under the following:

COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
MEDICAL PROFESSIONAL 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
UNDERGROUND STORAGE TANK POLICY

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 States 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 "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.

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Exhibit 33 Pg13

2. As used in this endorsement:

"Hazardous properties" includes 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.

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Exhibit 33 Pg14

IL 02 49 0908

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SOUTH CAROLINA CHANGES - CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED 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 120 Days Or More**

If this policy has been in effect for 120 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 60 days prior to such cancellation and the Commissioner will, within 30 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. 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.

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Exhibit 33 Pg15

2. If we decide not to renew this policy, we will:
   a. Mail or deliver written notice of nonrenewal to the first Named Insured and agent, if any, before:
      (1) The expiration date of this policy, if the policy is written for a term of one year or less; or
      (2) An anniversary date of this policy, if the policy is written for a term of more than one year or for an indefinite term; and
   b. Provide at least:
      (1) 60 days' notice of nonrenewal, when nonrenewal is to become effective between November 1 and May 31; or
      (2) 90 days' notice of nonrenewal, when nonrenewal is to become effective between June 1 and October 31.
3. 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.
4. Any notice of nonrenewal will state the precise reason for nonrenewal.

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Exhibit 33 Pg16

PENN NATIONAL INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM.
COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY
COVERAGE B. PERSONAL AND ADVERTISING INJURY LIABILITY
COVERAGE C. MEDICAL PAYMENTS

EXCLUSION - LEAD CONTAMINATION

This insurance does not apply to:

1. "Bodily Injury", "medical payments", "property damage", or "personal and advertising injury" which would not have ocurred in whole or part but for the actual, alleged, or threatened ingestion, inhalation, absorption, dispersal, disposal, seepage, migration, release, or escape of lead in any form at any time.

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 lead; 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 lead.

PENN NATIONAL INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMMERCIAL GENERAL LIABILITY PENNPAC ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

I. Damage To Your Work

The following is added to **Section I- Coverages, Coverage A Bodily Injury and Property Damage Liability,** Paragraph 1. Insuring Agreement:

f. Damages because of "property damage" include damages the insured becomes legally obligated to pay because of "property damage" to "your work" and shall be deemed to be caused by an "occurrence", but only if:

(1) The "property damage" is the result of work performed on your behalf by a subcontractor(s) that is not a Named Insured;

(2) The work performed by the subcontractor(s) is within the "products-completed operations hazard"; and

(3) The "property damage" is unexpected and unintended from the standpoint of the insured.

II. Non-Owned Watercraft

a. Exclusion g. Paragraph (2) of **Section I - Coverages, Coverage A Bodily Injury And Property Damage Liability** is deleted and replaced by the following:

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

(a) Less than 51 feet long; and

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

b. Paragraph II.a applies to any person who, with your expressed or implied consent, either uses or is responsible for the use of a watercraft.

c. Paragraphs II.a. and II.b. do not apply if the insured has any other insurance for "bodily injury" or "property damage" liability that would also apply to loss covered under this provision, whether the other insurance is primary, excess, contingent or on any other basis. In that case, this Provision II. does not provide any insurance.

d. Paragraph II.c. does not apply to a policy written to apply specifically in excess of this policy.

III. Supplementary Payments Increased Limits

In the **Supplementary Payments - Coverages A And B** provision of **Section I - Coverages:**

a. The limit for the cost of bail bonds is changed from $250 to $2000.

IV. Broad Form Named Insured

a. **Section II - Who Is An Insured** is amended to include as an insured any organization or subsidiary thereof, other than a partnership, joint venture, or limited liability company, which is a legally incorporated entity of which you own a financial interest of more than 50 percent of the voting stock on the effective date of this endorsement.

b. Paragraph IV.a. does not apply to injury or damage with respect to which an insured under this policy is also an insured under another policy or would be an insured under such policy but for its termination or upon the exhaustion of its limits of insurance.

c. Paragraph IV.b. does not apply to a policy written to apply specifically in excess of this policy.

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Exhibit 33 Pg18

V. Newly Formed or Acquired Organizations

In paragraph 4.a. of Section II - Who Is An Insured, 90th day is changed to 180th day.

VI. Incidental Malpractice Liability - Nurse, EMT, or Paramedic

Paragraph 2.a.(1)(d) of Section II - Who Is An Insured is deleted and replaced by:

Arising out of his or her providing or failing to provide professional health care services. However, if you have "employees" who are a nurse, emergency medical technician or paramedic, they are an insured with respect to their providing or failing to provide professional health care services to your "employees".

VII. Amendment - Aggregate Limits of Insurance

The General Aggregate Limit under Section III - Limits Of Insurance applies separately to each of your:

a. Projects away from premises owned by or rented to you;

b. "Locations" owned by or rented to you.

"Location" means premises involving the same or connecting lots, or premises whose connection is interrupted only by a street, roadway, waterway or right-of-way of a railroad.

VIII. Duties in the Event of Occurrence, Claim or Suit Redefined

a. The requirement in Condition 2.a. of Section IV- Conditions that you must see to it that we are notified of an "occurrence" only applies when the "occurrence" or offense is known to:

(1) You, if you are an individual;

(2) A partner, if you are a partnership; or

(3) An officer of the corporation or insurance manager, if you are a corporation.

b. The requirement in Condition 2.b. of Section IV - Conditions that you must see to it that we receive notice of a claim or "suit" will not be considered breached unless the breach occurs after such claim or "suit" is know to:

(1) You, if you are an individual;

(2) A partner, if you are a partnership; or

(3) An officer of the corporation or insurance manager, if you are a corporation.

IX. Bodily Injury Redefined

The definition of "bodily injury" in Section V - Definitions is replaced by the following:

"Bodily injury" means bodily injury, sickness or disease sustained by a person including mental anguish or death resulting from any of these.

X. Mobile Equipment Redefined

Paragraph 12.f subparagraph (1) of Section V - Definitions does not apply to self-propelled vehicles of less than 1000 pounds gross vehicle weight.

XI. Unintentional Errors or Omissions

We will not deny coverage under this Coverage Part because of the unintentional omission of, or unintentional error in, any information provided by you. However, this provision does not affect our right to collect additional premium or exercise our right of cancellation or non-renewal.

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Exhibit 33 Pg19

PENN NATIONAL INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

AUTOMATIC ADDITIONAL INSUREDS -- OWNERS, CONTRACTORS AND SUBCONTRACTORS (ONGOING OPERATIONS)

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following provision is added to **SECTION II -WHO IS AN INSURED**

5. Any person(s) or organizations(s) (referred to below as additional insured) with whom you are required in a written contract or agreement to name as an additional insured, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:

(1) Your acts or omissions; or

(2) The acts or omissions of those acting on your behalf;

in the performance of your ongoing operations for the additional insured(s) at the location or project described in the contract or agreement.

A person's or organization's status as an additional insured under this endorsement ends when your operations for that additional insured are completed.

B. With respect to insurance afforded to these additional insureds, the following additional exclusions apply:

1. This insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" arising out of the rendering of, or the failure to render, any professional architectural, engineering or surveying services, including:

a. The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings, designs and specifications; and

b. Supervisory, inspection, architectural or engineering activities.

2. This insurance does not apply to "bodily injury" or "property damage" occurring after:

a. All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or

b. That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as part of the same project.

C. The limits of insurance applicable to the additional insured are those specified in the written contract or agreement or in the Declarations for this policy, whichever are less. These limits of insurance are inclusive of and not in addition to the limits of insurance shown in the Declarations.

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Exhibit 33 Pg20

D. With respect to the coverage provided by this endorsement, **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**, Paragraph 4. Other Insurance, Subparagraph a. Primary Insurance, is replaced by the following:

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, except;

(1) If a written contract or agreement that requires any person(s) or organization(s) to be an additional insured also requires this insurance to be primary and noncontributory, then this insurance is primary over any other insurance in which the additional insured is a Named Insured. We will not seek contribution from any other liability policy in which the additional insured is a Named Insured.

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PENN NATIONAL INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

EXTERIOR INSULATION AND FINISH SYSTEMS EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

This insurance does not apply to:

I. "Bodily injury" or "property damage" included in the "products-completed operations hazard" and arising out of "your work" caused by the actual or alleged:

A. Design, construction, fabrication, preparation, installation, application, maintenance or repair, including remodeling, service, correction, or replacement, of an exterior insulation and finish system (commonly referred to as synthetic stucco) or any part or portion thereof, or any substantially similar system which resists water penetration at its outer surface.

B. Any work or operations with respect to any exterior component, fixture or feature of any structure if an exterior insulation and finish system, or substantially similar systems are used on any part or portion of that structure.

PENN NATIONAL
INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

ASBESTOS ENDORSEMENT (EXCLUSION)

In consideration of the premium paid and notwithstanding anything contained in this policy to the contrary, it is agreed as follows:

The coverage afforded by this policy does not apply to "bodily injury," "personal and advertising injury," or "property damage" arising out of:

1) Inhaling, ingesting or prolonged physical exposure to asbestos or goods or products containing asbestos; or

2) The use of asbestos in constructing or manufacturing any good, product or structure; or

3) The removal of asbestos from any good, product or structure; or

4) The manufacture, transportation, storage or disposal of asbestos or goods or products containing asbestos.

The coverage afforded by the policy does not apply to payment for the investigation or defense of any loss, injury or damage or any cost, fine or penalty or for any expense or claim or suit related to any of the above.

PENN NATIONAL INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

GENERAL LIABILITY

NOTICE TO POLICYHOLDERS

This Notice does not form a part of your insurance contract. The Notice is designed to alert you to potential coverage changes in this policy. If there is any conflict between this Notice and the policy (including its endorsements), the provisions of the policy (including its endorsements) apply. Please read your policy, and the endorsements attached to your policy, carefully.

I. REVISIONS TO ADDITIONAL INSURED - VENDORS

CG 20 15 07 04 Additional Insured - Vendors

When this endorsement is attached to your policy, there is NO coverage for an additional insured vendor for bodily injury or property damage arising out of the sole negligence of the vendor for its own acts or omissions or those of its employees or anyone else acting on its behalf, unless the bodily injury or property damage is caused by:

1. Repackaging solely for the purpose of inspection, demonstration, testing or the substitution of parts under instruction from you, and then repackaged in the original container; or
2. Inspections, adjustments, tests or servicing that the vendor has agreed to make or normally undertake to make in the usual course of business, in connection with the distribution or sale of the products.

This may be a reduction in coverage in states where you are contractually permitted to hold harmless an additional insured for that additional insured's sole negligence or in states where courts have enabled coverage for the sole negligence of the additional insured.

II. REVISIONS TO OTHER ADDITIONAL INSURED ENDORSEMENTS

71 0741 0105	Automatic Additional Insureds - Owners, Contractors and Subcontractors (Ongoing Operations). This form replaces all CG 0131, CG 0132, CG 2009 amd CG 2010 endorsements that were attached to your expiring policy.
71 1145 0105	Automatic Additional Insureds - Owners, Contractors and Subcontractors (Completed Operations). This form replaces all CG 2037 endorsements that were attached to your expiring policy.
CG 20 07 07 04	Additional Insured - Engineers, Architects, Or Surveyors
CG 20 26 07 04	Additional Insured - Designated Person Or Organization
CG 20 28 07 04	Additional Insured - Lessor Of Leased Equipment
CG 20 31 07 04	Additional Insured - Engineers, Architects Or Surveyors
CG 20 32 07 04	Additional Insured - Engineers, Architects Or Surveyors Not Engaged By The Named Insured
CG 20 34 07 04	Additional Insured - Lessor Of Leased Equipment. Automatic Status When Required In Lease Agreement With You

When any of the above referenced endorsements shown in paragraphs I. or II. are attached to your policy, there is coverage for a person or organization that you name as an additional insured on your policy **ONLY** if the bodily injury, property damage or personal and advertising injury is caused in whole or in part by your acts or omissions or the acts or omissions of those working on your behalf.

There is NO coverage for the additional insured for bodily injury, property damage or personal and advertising injury caused entirely by any negligence that is not attributable to you or those acting on your behalf.

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This may be a reduction in coverage in states where you are contractually permitted to hold harmless an additional insured for that additional insured's sole negligence or in states where courts have enabled coverage for the sole negligence of the additional insured.

III. AMENDMENT OF INSURED CONTRACT DEFINITION

CG 24 26 07 04 Amendment Of Insured Contract Definition

When this endorsement is attached to your policy, you will no longer be provided coverage for tort liability that you assume under an insured contract unless you or someone acting on your behalf contributed in whole or in part to the bodily injury or property damage.

This may be a reduction in coverage in states where you are permitted to hold harmless a party for that party's sole negligence.

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NOTICE TO POLICYHOLDERS

POTENTIAL RESTRICTIONS OF TERRORISM COVERAGE

(General Liability and Commercial Umbrella)

This Notice has been prepared in conjunction with the **POTENTIAL** implementation of changes related to coverage of terrorism under your policy.

This Notice does not form a part of your insurance contract. The Notice is designed to alert you to coverage restrictions and to other provisions in certain terrorism endorsement(s) in this policy. If there is any conflict between this Notice and the policy (including its endorsements), the provisions of the policy (including its endorsements) apply.

Carefully read your policy, including the endorsements attached to your policy.

YOUR POLICY AT START OF NEW POLICY TERM

If endorsement CG 21 70 or 71 1071 is attached to your policy

INFORMATION ON LIMITATIONS ON FEDERAL AND INSURER LIABILITY

Under the federal Risk Insurance Program Reauthorization Act of 2007, the definition of "certified acts of terrorism" (which is more fully defined in the endorsement) no longer requires that the act of terrorism be committed by or on behalf of a foreign interest. Therefore, coverage for "certified acts of terrorism" now encompasses, for example, an act committed against the United States government by a United States citizen, when the act is determined by the federal government to be a "certified act of terrorism" under the terms of the federal Terrorism Risk Insurance Program. Coverage is subject to all policy exclusions (for example, nuclear hazard and war exclusions) and other policy provisions.

The government may participate in paying for some of the losses from a "certified act of terrorism". However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed $100 billion in a Program Year (January 1 through December 31), the Treasury shall not make any payment for any portion of the amount of such losses that exceeds the $100 billion. Further, this coverage is subject to a limit on our liability pursuant to the federal law, that is, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed $100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for payment of any portion of the amount of such losses that exceeds the $100 billion. In such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

Refer to the endorsement and to the rest of the insurance contract for provisions that govern coverage for, or that exclude coverage for, losses arising out of terrorism.

If endorsement CG 2170/CG 2173/711071/CU2133 is attached to your policy.

CHANGE IN DEFINITION OF CERTIFIED ACTS OF TERRORISM

Under the federal Terrorism Risk Insurance Program Reauthorization Act of 2007, the definition of "certified acts of terrorism" (which is more fully defined in the endorsement) no longer requires that the act of terrorism be committed by or on behalf of a foreign interest. **Therefore, the "certified acts of terrorism" exclusion is no longer limted to an act of terrorism committed by or on behalf of a foreign interest.** The exclusion applies to any terrorist act when the act is determined by the federal government to be a "certified act of terrorism" under the terms of the federal Terrorism Risk Insurance Program, including for example an act committed against the United States government by a United States citizen.

Refer to the terrorism endorsement for the definition of "certified acts of terrorism". Refer to the endorsement, and to the rest of the insurance contract, for provisions that govern coverage for, or that exclude coverage for, losses arising from terrorism.

If endorsement CG 2176/CU2136 is attached to your policy.

CHANGE IN DEFINITION OF CERTIFIED ACTS OF TERRORISM

Under the federal Terrorism Risk Insurance Program Reauthorization Act of 2007, the definition of "certified acts of terrorism" (which is more fully defined in the endorsement) no longer requires that the act of terrorism be committed by or on behalf of a foreign interest. **Therefore, the punitive damages exclusion related to "certified acts of terrorism" is no longer limited to an act of terrorism committed by or on behalf of a foreign interest.** The exclusion applies to any terrorist act when the act is determined by the federal government to be a "certified act of terrorism" under the terms of the federal Terrorism Risk Insurance Program, including for example an act committed against the United States government by a United States citizen.

Refer to the terrorism endorsement for the definition of "certified acts of terrorism". Refer to the endorsement, and to the rest of the insurance contract, for provisions that govern coverage for, or that exclude coverage for, losses arising from terrorism.

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THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY

PRODUCTS-COMPLETED OPERATIONS REDEFINED

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. **SECTION III - LIMITS OF INSURANCE,** Paragraph 3., is deleted and replaced by the following:

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".

This limit does not apply to products or operations for which the classification, listed in the Declarations or in a policy schedule, states that products-completed operations are subject to the General Aggregate Limit.

B. **SECTION V - DEFINITIONS,** Paragraph 16. "Products-completed operations hazard":, Subparagraph b. is deleted and replaced by the following:

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; or

(2) The existence of tools, uninstalled equipment or abandoned or unused materials.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SILICA OR SILICA-RELATED DUST EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following exclusion is added to Paragraph **2., Exclusions** of **Section I - Coverage A - Bodily Injury And Property Damage Liability:**

2. Exclusions

This insurance does not apply to:

Silica Or Silica-Related Dust

a. "Bodily injury" arising, in whole or in part, out of the actual, alleged, threatened or suspected inhalation of, or ingestion of, "silica" or "silica-related dust".

b. "Property damage" arising, in whole or in part, out of the actual, alleged, threatened or suspected contact with, exposure to, existence of, or presence of, "silica" or "silica-related dust".

c. Any loss, cost or expense arising, in whole or in part, 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, "silica" or "silica-related dust", by any insured or by any other person or entity.

B. The following exclusion is added to Paragraph **2., Exclusions** of **Section I - Coverage B - Personal And Advertising Injury Liability:**

2. Exclusions

This insurance does not apply to:

Silica Or Silica-Related Dust

a. "Personal and advertising injury" arising, in whole or in part, out of the actual, alleged, threatened or suspected inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, "silica" or "silica-related dust".

b. Any loss, cost or expense arising, in whole or in part, 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, "silica" or "silica-related dust", by any insured or by any other person or entity.

C. The following definitions are added to the **Definitions** Section:

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

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

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COMMERCIAL GENERAL LIABILITY
ADVISORY NOTICE TO POLICYHOLDERS
EXCLUSION - SILICA OR SILICA-RELATED DUST

This Notice does not form a part of your insurance contract. The Notice is designed to alert you to coverage changes when the exclusion for silica or silica-related dust is attached to this policy. If there is any conflict between this Notice and the policy (including its endorsements), the provisions of the policy (including its endorsements) apply. Please read your policy, and the endorsements attached to your policy, carefully.

This notice contains a brief synopsis of the following silica or silica-related dust exclusion endorsement:

- **71 1229 1105 Silica Or Silica-Related Dust Exclusion**

When this endorsement is attached to your policy, coverage is excluded for bodily injury under Coverage A arising in whole or in part, out of the actual, alleged, threatened or suspected inhalation of, or ingestion of, silica or silica-related dust. In addition, coverage is excluded for property damage under Coverage A and personal and advertising injury under Coverage B arising in whole or in part, out of actual, alleged, threatened or suspected contact with, exposure to, existence of, or presence of, silica or silica-related dust.

The attachment of this endorsement may result in a restriction of coverage.

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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

A. The following exclusion is added to Paragraph 2., Exclusions of Section I - Coverage A - Bodily Injury And Property Damage Liability:

2. Exclusions

This insurance does not apply to:

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:

a. The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law; or

b. The CAN-SPAM Act of 2003, including any amendment of or addition to such law; or

c. 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.

B. The following exclusion is added to Paragraph 2., Exclusions of Section I - Coverage B - Personal And Advertising Injury Liability:

2. Exclusions

This insurance does not apply to:

DISTRIBUTION OF MATERIAL IN VIOLATION OF STATUTES

"Personal and advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

a. The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law; or

b. The CAN-SPAM Act of 2003, including any amendment of or addition to such law; or

c. 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.

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COMMERCIAL GENERAL LIABILITY

ADVISORY NOTICE TO POLICYHOLDERS

EXCLUSION - VIOLATION OF STATUTES THAT GOVERN E-MAILS, FAX, PHONE CALLS OR OTHER METHODS OF SENDING MATERIAL OR INFORMATION

This Notice does not form a part of your insurance contract. The Notice is designed to alert you to coverage changes when the exclusion for violation of statutes that govern e-mails, fax phone calls or other methods of sending material or information is attached to this policy. If there is any conflict between this Notice and the policy (including its endorsements), the provisions of the policy (including its endorsements) apply. Please read your policy, and the endorsements attached to your policy, carefully.

This notice contains a brief synopsis of the following endorsement:

- **71 1233 1105 Exclusion - Violation Of Statutes That Govern E-mails, Fax, Phone Calls Or Other Methods Of Sending Material Or Information**

When the above referenced endorsement is attached to your policy, coverage is excluded for bodily injury and property damage under Coverage A and personal and advertising injury under Coverage B, arising directly or indirectly out of any action or omission that violates or is alleged to violate the Telephone Consumer Protection Act (TCPA), the CAN-SPAM Act of 2003 (including any amendment of or addition to such laws), or any other statute, ordinance or regulation that prohibits or limits the sending, transmitting, communicating or distribution of material or information.

This is a reduction in coverage in states where, absent the wording of this endorsement, courts would consider coverage to be provided for violations of the above-mentioned acts or of other similar statutes, regulations or ordinances.

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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. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply. We may, at our discretion, investigate any "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 ends when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages 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" which occurs during the policy period and was not, prior to the policy period, known to have occurred by 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, includes any continuation, change or resumption of that "bodily injury" or "property damage" after the end of the policy period.

   d. "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

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

e. 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) That the insured would have in the absence of the contract or agreement; or

(2) 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. Solely for the purposes of liability assumed in an "insured contract", reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:

(a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and

(b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

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:

(a) Employment by the insured; or

(b) Performing duties related to the conduct of the insured's business; or

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

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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 from equipment used to heat that building;

(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; or

(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".

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(e) At or from any premises, site or location on which any insured or any contractors or subsontractors 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 "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 or 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" due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution. This exclusion applies only to liability assumed under a contract or agreement.

j. **Damage To Property**

"Property damage" to:

(1) Property you own, rent, or occupy, including any costs or expenses 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) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;

(3) Property loaned to you;

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(4) Personal property in the care, custody or control of the insured;

(5) That particular part of real property on which you 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

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

Paragraphs (1), (3) and (4) 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 7 or fewer consecutive days. A seperate limit of insurance applies to Damage To Premises Rented To You as described in Section III - Limits Of Insurance.

Paragraph (2) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs (3), (4), (5) and (6) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph (6) 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".

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

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 And Advertising Injury**

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

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 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 and advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "personal and advertising injury" to which this insurance does not apply. We may, at our discretion, investigate any 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 Coverages A or B or medical expenses under Coverage C.

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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 and advertising injury" caused by an offense arising out of your business but only if the offense was committed in the "coverage territory" during the policy period.

2. Exclusions

This insurance does not apply to:

a. Knowing Violation Of Rights Of Another

"Personal and advertising injury" caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury".

b. Material Published With Knowledge Of Falsity

"Personal and advertising injury" 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

"Personal and advertising injury" arising out of oral or written publication of material whose first publication took place before the beginning of the policy period.

d. Criminal Acts

"Personal and advertising injury" arising out of a criminal act committed by or at the direction of the insured.

e. Contractual Liability

"Personal and advertising injury" 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

"Personal and advertising injury" 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

"Personal and advertising injury" arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement".

h. Wrong Description Of Prices

"Personal and advertising injury" arising out of the wrong description of the price of goods, products or services stated in your "advertisement".

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

"Personal and advertising injury" 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

"Personal and advertising injury" 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 14.a., b. and c. of "personal and advertising injury" under the Definitions Section.

For the purposes of this exclusion, the placing of frames, borders or 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

"Personal and advertising injury" arising out of an electronic chatroom or bulletin board the insured hosts, owns, or over which the insured exercises control.

l. Unauthorized Use Of Another's Name Or Product

"Personal and advertising injury" 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

"Personal and advertising injury" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

n. Pollution-Related

Any loss, cost or expense arising out of any:

(1) 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

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(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".

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 benefits law or a similar law.

   e. Athletics Activities

      To a person injured while taking part in athletics.

   f. Products-Completed Operations Hazard

      Included within the "products-completed operations hazard".

   g. Coverage A Exclusions

      Excluded under Coverage A.

   h. War

      Due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution.

SUPPLEMENTARY PAYMENTS - COVERAGES A AND B

1. We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:

   a. All expenses we incur.

   b. Up to $250 for cost of 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 do not have to furnish these bonds.

   c. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.

   d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to $250 a day because of time off from work.

   e. All costs taxed against the insured in the "suit".

   f. 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.

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g. 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 the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

2. If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:

a. The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";

b. This insurance applies to such liability assumed by the insured;

c. The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";

d. The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;

e. The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and

f. The indemnitee:

(1) Agrees in writing to:

(a) Cooperate with us in the investigation, settlement or defense of the "suit";

(b) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";

(c) Notify any other insurer whose coverage is available to the indemnitee; and

(d) Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and

(2) Provides us with written authorization to:

(a) Obtain records and other information related to the "suit"; and

(b) Conduct and control the defense of the indemnitee in such "suit".

So long as the above conditions are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of Paragraph 2.b.(2) of Section I - Coverage A - Bodily Injury And Property Damage Liability, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the limits of insurance.

Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when:

a. We have used up the applicable limit of insurance in the payment of judgments or settlements; or

b. The conditions set forth above, or the terms of the agreement described in Paragraph f. above, are no longer met.

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.

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2. Each of the following is also an insured:
   a. Your "volunteer workers" only while performing duties related to the conduct of your business, or 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. However, none of these "employees" or "volunteer workers" are insureds for:
      (1) "Bodily injury" or "personal and advertising injury":
         (a) 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;
         (b) To the spouse, child, parent, brother or sister of that co-"employee" or "volunteer worker" as a consequence of Paragraph (1)(a) above;
         (c) 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)(a) or (b) above; or
         (d) Arising out of his or her providing or failing to provide professional health care services.
      (2) "Property damage" to property:
         (a) Owned, occupied or used by,
         (b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by

         you, any of your "employees", "volunteer workers", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).
   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 and 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.

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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 and Advertising Injury Limit is the most we will pay under Coverage B for the sum of all damages because of all "personal and 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. Subject to 5. above, 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.

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 of 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 a claim is made or "suit" is brought against any insured, you must:
      (1) Immediately record the specifics of the 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 the claim or "suit" as soon as practicable.
   c. You and any other involved insured must:
      (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
      (2) Authorize us to obtain records and other information;
      (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and

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(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; 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 Coverages 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 you covering liability for damages arising out of the premises or 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 Coverages 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.

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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. When We Do Not Renew

   If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date.

   If notice is mailed, proof of mailing will be sufficient proof of notice.

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 purposes of attracting customers or supporters is considered an advertisement.

2. "Auto" means a land motor vehicle, trailer or semi-trailer designed for travel on public roads, including any attached machinery or equipment. But "auto" does not include "mobile equipment".

3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.

4. "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 and 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.

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5. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".

6. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.

7. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.

8. "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.

9. "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;

   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, road-beds, 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.

10. "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".

11. "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".

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

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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;

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; and

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

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

14. "Personal and advertising injury" means injury, including consequential "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;

e. Oral or written publication, in any manner, of material that violates a person's right of privacy;

f. The use of another's advertising idea in your "advertisement"; or

g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".

15. "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.

16. "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.

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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, listed in the Declarations or in a policy schedule, states that products-completed operations are subject to the General Aggregate Limit.

17. "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 of use 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.

18. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage" or "personal and 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.

19. "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.

20. "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.

21. "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.

22. "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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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WAR LIABILITY EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. Exclusion i. under Paragraph 2., **Exclusions** of **Section I - Coverage A - Bodily Injury And Property Damage Liability** is replaced by the following:

2. **Exclusions**

This insurance does not apply to:

i. **War**

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

(1) War, including undeclared or civil war; or

(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.

B. The following exclusion is added to Paragraph 2., **Exclusions** of **Section I - Coverage B - Personal And Advertising Injury Liability:**

2. **Exclusions**

This insurance does not apply to:

WAR

"Personal and advertising injury", however caused, arising, directly or indirectly, out of:

a. War, including undeclared or civil war; or

b. 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

c. Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

C. Exclusion h. under Paragraph 2., **Exclusions** of **Section I - Coverage C - Medical Payments** does not apply. Medical payments due to war are now subject to Exclusion g. of Paragraph 2., **Exclusions** of **Section I - Coverage C - Medical Payments** since "bodily injury" arising out of war is now excluded under Coverage A.

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DEDUCTIBLE LIABILITY INSURANCE

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

SCHEDULE

Coverage	Amount and Basis of Deductible PER CLAIM	or	PER OCCURRENCE
Bodily Injury Liability	$		$
OR			
Property Damage Liability	$		$ 500
OR			
Bodily Injury Liability and/or Property Damage Liability Combined	$		$

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

APPLICATION OF ENDORSEMENT (Enter below any limitations on the application of this endorsement. If no limitation is entered, the deductibles apply to damages for all "bodily injury" and "property damage", however caused):

A. Our obligation under the Bodily Injury Liability and Property Damage Liability Coverages to pay damages on your behalf applies only to the amount of damages in excess of any deductible amounts stated in the Schedule above as applicable to such coverages.

B. You may select a deductible amount on either a per claim or a per "occurrence" basis. Your selected deductible applies to the coverage option and to the basis of the deductible indicated by the placement of the deductible amount in the Schedule above. The deductible amount stated in the Schedule above applies as follows:

1. **PER CLAIM BASIS.** If the deductible amount indicated in the Schedule above is on a per claim basis, that deductible applies as follows:

   a. Under Bodily Injury Liability Coverage, to all damages sustained by any one person because of "bodily injury";

   b. Under Property Damage Liability Coverage, to all damages sustained by any one person because of "property damage"; or

   c. Under Bodily Injury Liability and/or Property Damage Liability Coverage Combined, to all damages sustained by any one person because of:

      (1) "Bodily injury";

      (2) "Property damage"; or

      (3) "Bodily injury" and "property damage" combined

   as the result of any one "occurrence".

   If damages are claimed for care, loss of services or death resulting at any time from "bodily injury", a separate deductible amount will be applied to each person making a claim for such damages.

   With respect to "property damage", person includes an organization.

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2. **PER OCCURRENCE BASIS.** If the deductible amount indicated in the Schedule above is on a "per occurrence" basis, that deductible amount applies as follows:

   a. Under Bodily Injury Liability Coverage, to all damages because of "bodily injury";

   b. Under Property Damage Liability Coverage, to all damages because of "property damage"; or

   c. Under Bodily Injury Liability and/or Property Damage Liability Coverage Combined, to all damages because of:

      (1) "Bodily injury";

      (2) "Property damage"; or

      (3) "Bodily injury" and "property damage" combined

   as the result of any one "occurrence", regardless of the number of persons or organizations who sustain damages because of that "occurrence".

C. The terms of this insurance, including those with respect to:

   1. Our right and duty to defend the insured against any "suits" seeking those damages; and

   2. Your duties in the event of an "occurrence", claim, or "suit"

   apply irrespective of the application of the deductible amount.

D. We may pay any part or all of the deductible amount to effect settlement of any claim or "suit" and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount as has been paid by us.

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EMPLOYMENT - RELATED PRACTICES EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following exclusion is added to Paragraph **2., Exclusions of Section I - Coverage A - Bodily Injury And Property Damage Liability:**

This insurance does not apply to:

"Bodily injury" to:

(1) A person arising out of any:

(a) Refusal to employ that person;

(b) Termination of that person's employment; or

(c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or

(2) The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" to that person at whom any of the employment-related practices described in Paragraphs (a), (b), or (c) above is directed.

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.

B. The following exclusion is added to Paragraph **2., Exclusions of Section I - Coverage B - Personal And Advertising Injury Liability:**

This insurance does not apply to:

"Personal and advertising injury" to:

(1) A person arising out of any:

(a) Refusal to employ that person;

(b) Termination of that person's employment; or

(c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or

(2) The spouse, child, parent, brother or sister of that person as a consequence of "personal and advertising injury" to that person at whom any of the employment-related practices described in Paragraphs (a), (b), or (c) above is directed.

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.

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AMENDMENT OF LIQUOR LIABILITY EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

Exclusion c. of COVERAGE A (Section I) is replaced by the following:

c. "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:

(1) Manufacture, sell or distribute alcoholic beverages;

(2) Serve or furnish alcoholic beverages for a charge whether or not such activity:

(a) Requires a license;

(b) Is for the purpose of financial gain or livelihood; or

(3) Serve or furnish alcoholic beverages without a charge, if a license is required for such activity.

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EXCLUSION - YEAR 2000 COMPUTER-RELATED AND OTHER ELECTRONIC PROBLEMS - PRODUCTS/COMPLETED OPERATIONS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART.

The following exclusion is added to Paragraph 2., Exclusions of Section I - Bodily Injury And Property Damage Liability:

2. Exclusions

This insurance does not apply to "bodily injury" or "property damage" included in the "products-completed operations hazard" definition and arising directly or indirectly out of:

a. Any actual or alleged failure, malfunction or inadequacy of:

(1) Any of the following, whether belonging to any insured or to others:

(a) Computer hardware, including microprocessors;

(b) Computer application software;

(c) Computer operating systems and related software;

(d) Computer networks;

(e) Microprocessors (computer chips) not part of any computer system; or

(f) Any other computerized or electronic equipment or components; or

(2) Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph 2.a.(1) of this endorsement

due to the inability to correctly recognize, process, distinguish, interpret or accept the year 2000 and beyond.

b. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph 2.a. of this endorsement.

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FUNGI OR BACTERIA EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following exclusion is added to Paragraph 2., Exclusions of Section I - Coverage A - Bodily Injury And Property Damage Liability:

2. Exclusions

This insurance does not apply to:

Fungi or Bacteria

a. "Bodily injury" or "property damage" which would not have occurred, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.

b. 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 or entity.

This exclusion does not apply to any "fungi" or bacteria that are, are on, or are contained in, a good or product intended for consumption.

B. The following exclusion is added to Paragraph 2., Exclusions of Section I - Coverage B - Personal And Advertising Injury Liability:

2. Exclusions

This insurance does not apply to:

Fungi or Bacteria

a. "Personal and advertising injury" which would not have taken place, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury.

b. Any loss, cost or expense 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 or entity.

C. The following definition is added to the Definitions Section:

"Fungi" means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or byproducts produced or released by fungi.

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CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY 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
UNDERGROUND STORAGE TANK POLICY

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

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of $5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

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CG 21 76 0108

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EXCLUSION OF PUNITIVE DAMAGES RELATED TO A CERTIFIED ACT OF TERRORISM

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY 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
UNDERGROUND STORAGE TANK POLICY

A. The following exclusion is added:

This insurance does not apply to:

TERRORISM PUNITIVE DAMAGES

Damages arising, directly or indirectly, out of a "certified act of terrorism" that are awarded as punitive damages.

B. The following definition is added:

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of $5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

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CONDITIONAL EXCLUSION OF TERRORISM (RELATING TO DISPOSITION OF FEDERAL TERRORISM RISK INSURANCE ACT)

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY 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
UNDERGROUND STORAGE TANK POLICY

A. Applicability Of The Provisions Of This Endorsement

1. The provisions of this endorsement become applicable commencing on the date when any one or more of the following first occurs. But if your policy (meaning the policy period in which this endorsement applies) begins after such date, then the provisions of this endorsement become applicable on the date your policy begins.

   a. The federal Terrorism Risk Insurance Program ("Program"), established by the Terrorism Risk Insurance Act, has terminated with respect to the type of insurance provided under this Coverage Part or Policy; or

   b. A renewal, extension or replacement of the Program has become effective without a requirement to make terrorism coverage available to you and with revisions that:

      (1) Increase our statutory percentage deductible under the Program for terrorism losses. (That deductible determines the amount of all certified terrorism losses we must pay in a calendar year, before the federal government shares in subsequent payment of certified terrorism losses.); or

      (2) Decrease the federal government's statutory percentage share in potential terrorism losses above such deductible; or

      (3) Redefine terrorism or make insurance coverage for terrorism subject to provisions or requirements that differ from those that apply to other types of events or occurrences under this policy.

2. If the provisions of this endorsement become applicable, such provisions:

   a. Supersede any terrorism endorsement already endorsed to this policy that addresses "certified acts of terrorism" and/or "other acts of terrorism", but only with respect to an incident(s) of terrorism (however defined) which results in injury or damage that occurs on or after the date when the provisions of this endorsement become applicable (for claims made policies, such an endorsement is superseded only with respect to an incident of terrorism (however defined) that results in a claim for injury or damage first being made on or after the date when the provisions of this endorsement become applicable); and

   b. Remain applicable unless we notify you of changes in these provisions, in response to federal law.

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3. If the provisions of this endorsement do NOT become applicable, any terrorism endorsement already endorsed to this policy, that addresses "certified acts of terrorism" and/or "other acts of terrorism", will continue in effect unless we notify you of changes to that endorsement in response to federal law.

B. The following definitions are added and apply under this endorsement wherever the term terrorism, or the phrase any injury or damage, are enclosed in quotation marks:

1. "Terrorism" means activities against persons, organizations or property of any nature:

   a. That involve the following or preparation for the following:

      (1) Use or threat of force or violence; or

      (2) Commission or threat of a dangerous act; or

      (3) Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and

   b. When one or both of the following applies:

      (1) The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or

      (2) It appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

2. "Any injury or damage" means any injury or damage covered under any Coverage Part or Policy to which this endorsement is applicable, and includes but is not limited to "bodily injury", "property damage", "personal and advertising injury", "injury" or "environmental damage" as may be defined in any applicable Coverage Part or Policy.

C. The following exclusion is added:

EXCLUSION OF TERRORISM

We will not pay for "any injury or damage" caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident of "terrorism". "Any injury or damage" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to such injury or damage. But this exclusion applies only when one or more of the following are attributed to an incident of "terrorism":

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; or

2. Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or

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; or

5. The total of insured damage to all types of property exceeds $25,000,000. In determining whether the $25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the "terrorism" and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions; or

6. Fifty or more persons sustain death or serious physical injury. For the purposes of this provision, serious physical injury means:

   a. Physical injury that involves a substantial risk of death; or

   b. Protracted and obvious physical disfigurement; or

   c. Protracted loss of or impairment of the function of a bodily member or organ.

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Multiple incidents of "terrorism" which occur within a 72-hour period appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the thresholds in Paragraphs **C.5.** or **C.6.** are exceeded.

With respect to this Exclusion, Paragraphs **C.5.** and **C.6.** describe the threshold used to measure the magnitude of an incident of "terrorism" and the circumstances in which the threshold will apply, for the purpose of determining whether this Exclusion will apply to that incident. When the Exclusion applies to an incident of "terrorism", there is no coverage under this Coverage Part or Policy.

In the event of any incident of "terrorism" that is not subject to this Exclusion, coverage does not apply to "any injury or damage" that is otherwise excluded under this Coverage Part or Policy.

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CG 24 26 0704

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AMENDMENT OF INSURED CONTRACT DEFINITION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

Paragraph 9. of the Definitions Section is replaced by the following:

9. "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;

   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 liablility of another party to pay for "bodily injury" or "property damage" to a third person or organization, provided the "bodily injury" or "property damage" is caused, in whole or in part, by you or by those acting on your behalf. 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, road-beds, 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.

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Exhibit 33 Pg60

PENN NATIONAL INSURANCE

Pennsylvania National Mutual Casualty Insurance Company
P.O. Box 2361 Harrisburg, PA 17105-2361

A Certified true and exact copy of policy number GL9 0649575

(name)

(official title)

THIS POLICY JACKET WITH THE INFORMATION PAGE, POLICY, FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETES THIS POLICY.

71 0477 05 93

000364

PLAINTIFF'S EXHIBIT 34

PENN NATIONAL INSURANCE

Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361 • Harrisburg, PA 17105

COMMERCIAL GENERAL LIABILITY POLICY DECLARATIONS
OCCURRENCE POLICY
RENEWAL OF GL9 0649575

NON-ASSESSABLE **THIS POLICY IS SUBJECT TO A GENERAL AGGREGATE LIMIT**

POLICY NUMBER	POLICY PERIOD FROM	TO	COVERAGE IS PROVIDED IN	AGENCY	BR
GL9 0649575	07/09/09	07/09/10	PA NATIONAL MUTUAL CAS INS CO	0008798	25

NAMED INSURED AND ADDRESS	AGENCY
JJA CONSTRUCTION INC 9496 HWY 78 LOT 2 LADSON SC 29458	W LEE TAYLOR JR AGY PO BOX 30609 CHARLESTON SC 29417

POLICY PERIOD: POLICY COVERS FROM: 12:01 A.M. STANDARD TIME AT THE ADDRESS OF THE INSURED STATED ABOVE.
FORM OF BUSINESS: INDIVIDUAL BUSINESS DESCRIPTION: CARPENTRY

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

LIMITS OF INSURANCE

General Aggregate Limit (Other than products – completed operations)	$	1,000,000
Products – Completed Operations Aggregate Limit	$	1,000,000
Personal and Advertising Injury Limit – Any one person or organization	$	500,000
Each Occurrence Limit	$	500,000
Damage to Premises Rented to you Limit – Any one premises	$	100,000
Medical Expense Limit – Any one person	$	5,000

PREMIUM INFORMATION

PREMISES NO. 1 : 9496 HWY 78 LOT 2
LADSON SC 29458

			RATES		ADVANCE PREMIUM	
CODE	PREMIUM BASIS	PER	PREMS/OPS	PRODUCTS	PREMS/OPS	PRODUCTS
91340	65,000 PAYROLL	1000	VARIOUS	VARIOUS	INCLUDED	INCLUDED

CARPENTRY - CONSTRUCTION OF RESIDENTIAL PROPERTY NOT EXCEEDING THREE STORIES IN HEIGHT

TOTAL ADVANCE PREMIUM FOR THIS COVERAGE PART $3,791.00

FORMS APPLICABLE TO THIS COVERAGE PART:

SEE ATTACHED FORMS SCHEDULE, FORM 71-1084

COMPANY USE ONLY					
RISK TYPE	RISK CLASS	TMC	SIC CODE	REINSURANCE	UND. TEAM
3	2	99		N	022

COUNTERSIGNED BY: _____
Authorized Representative

THESE DECLARATIONS TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE PART COVERAGE FORM(S), AND FORMS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

71 0029 0500 ISSUED 06/03/09

Exhibit 34 Pg2

POLICY NUMBER	FROM POLICY PERIOD	TO	COVERAGE IS PROVIDED IN	AGENCY	BR
GL9 0649575	07/09/09	07/09/10	PA NATIONAL MUTUAL CAS INS CO	0006798	25

FORMS SCHEDULE

GENERAL LIABILITY FORMS:

710477	05/93	711061	02/03	711286	01/07	IL0017	11/98
IL0021	09/08	IL0249	09/08	710543	05/00	710680	05/09
710741	09/06	710939	06/01	710948	01/03	711146	01/05
711148	01/08	711153	01/05	711229	11/05	711233	11/05
CG0001	10/01	CG0062	12/02	CG0300	01/96	CG2147	07/98
CG2150	09/89	CG2161	04/98	CG2167	04/02	CG2170	01/08
CG2176	01/08	CG2426	07/04				

POLICY NUMBER	FROM POLICY PERIOD	TO	COVERAGE IS PROVIDED IN	AGENCY	BR
GL9 0649575	07/09/09	07/09/10	PA NATIONAL MUTUAL CAS INS CO	0006798	25

ENDORSEMENT SCHEDULE

GENERAL LIABILITY FORMS:

710477	05/93	MULTI PURPOSE JACKET
711061	02/03	TERRORISM DISCLOSURE NOTICE
711288	01/07	IMPORTANT NOTICE
IL0017	11/98	COMMON POLICY CONDITIONS
IL0021	09/08	NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT
IL0249	09/08	SOUTH CAROLINA CHANGES - CANCELLATION AND NONRENEWAL
710543	05/00	EXCLUSION-LEAD CONTAMINATION
710680	05/09	COMMERCIAL GENERAL LIABILITY PENNPAC
710741	09/08	AUTOMATIC ADDITIONAL INSUREDS ONGOING OPERATIONS
710939	06/01	EXTERIOR INSULATION & FINISH SYS
710948	01/03	ASBESTOS ENDORSEMENT (EXCLUSION)
711146	01/05	NOTICE TO POLICYHOLDERS
711148	01/08	POTENTIAL RESTRICTIONS OF TERRORISM COVERAGE
711153	01/05	PRODUCTS-COMPLETED OPERATIONS REDEFINED
711229	11/05	SILICA OR SILICA-RELATED DUST EXCLUSION
711233	11/05	VIOLATION OF STATUTES
CG0001	10/01	COMMERCIAL GENERAL LIABILITY COVERAGE FORM
CG0062	12/02	WAR LIABILITY EXCLUSION
CG0300	01/96	DEDUCTIBLE LIABILITY INSURANCE
CG2147	07/98	EMPLOYMENT-RELATED PRACTICES EXCLUSION
CG2150	09/89	AMENDMENT OF LIQUOR LIABILITY EXCLU
CG2161	04/98	YR 2000 COMPUTER EXCLUSION
CG2167	04/02	FUNGI OR BACTERIA EXCLUSION
CG2170	01/08	CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM
CG2176	01/08	EXC OF PUNITIVE DAMAGE REL TO CERTIFIED ACTS OF TERR
CG2426	07/04	AMENDMENT OF INSURED CONTRACT DEFINITION

PENN NATIONAL INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

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

DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT

Disclosure of Federal Participation in Payment of Terrorism Losses

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals 85% of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed $100 billion in a Program Year (January 1 through December 31), the Treasury shall not make any payment for any portion of the amount of such losses that exceeds $100 billion.

Cap On Insurer Participation In Payment Of Terrorism Losses

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

DISCLOSURE OF PREMIUM
The portion of your annual premium that is attributable to coverage for acts of terrorism is $ 0.00.

Commercial Umbrella Policies Only
Coverage for certified acts of terrorism under your Commercial Umbrella Policy will be excess over any underlying policy limits regardless of whether you have accepted or rejected coverage on those policies for certified acts of terrorism.

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Pennsylvania National Mutual Casualty Insurance Company
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P.O. Box 2361
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IMPORTANT NOTICE

Enclosed are your renewal declarations. Please note that endorsements that are in effect as of the renewal effective date are listed on the Declaration page. We have only attached endorsements that are new to your policy and endorsements that display limits or exposures on the endorsement. For copies of any endorsement that is not attached, refer to your original policy or contact your agent.

To file a claim, contact your agent or call (800) 766-2245.

Thank you for placing your coverage with Penn National Insurance.

INTERLINE
IL 00 17 11 98

COMMON POLICY CONDITIONS

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. Examination 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

1. We have the right to:
   a. Make inspections and surveys at any time;
   b. Give you reports on the conditions we find; and
   c. Recommend changes.
2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake 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:
   a. Are safe or healthful; or
   b. Comply with laws, regulations, codes or standards.
3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statues, ordinances or regulations, of boilers, pressure vessels or elevators.

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.

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Exhibit 34 Pg7

IL 00 21 0908

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT

(Broad Form)

This endorsement modifies insurance provided under the following:

COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
MEDICAL PROFESSIONAL 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
UNDERGROUND STORAGE TANK POLICY

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 States 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 "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.

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2. As used in this endorsement:

"Hazardous properties" includes 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.

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Exhibit 34 Pg9

IL 02 49 0908

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SOUTH CAROLINA CHANGES - CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED 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 120 Days Or More**

   If this policy has been in effect for 120 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 60 days prior to such cancellation and the Commissioner will, within 30 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. 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.

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2. If we decide not to renew this policy, we will:
   a. Mail or deliver written notice of nonrenewal to the first Named Insured and agent, if any, before:
      (1) The expiration date of this policy, if the policy is written for a term of one year or less; or
      (2) An anniversary date of this policy, if the policy is written for a term of more than one year or for an indefinite term; and
   b. Provide at least:
      (1) 60 days' notice of nonrenewal, when nonrenewal is to become effective between November 1 and May 31; or
      (2) 90 days' notice of nonrenewal, when nonrenewal is to become effective between June 1 and October 31.
3. 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.
4. Any notice of nonrenewal will state the precise reason for nonrenewal.

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PENN NATIONAL INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM.
COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY
COVERAGE B. PERSONAL AND ADVERTISING INJURY LIABILITY
COVERAGE C. MEDICAL PAYMENTS

EXCLUSION - LEAD CONTAMINATION

This insurance does not apply to:

1. "Bodily Injury", "medical payments", "property damage", or "personal and advertising injury" which would not have ocurred in whole or part but for the actual, alleged, or threatened ingestion, inhalation, absorption, dispersal, disposal, seepage, migration, release, or escape of lead in any form at any time.

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 lead; 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 lead.

Exhibit 34 Pg12

PENN NATIONAL
INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361
Harrisburg, PA 17105-2361

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMMERCIAL GENERAL LIABILITY PENNPAC ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

I. **Damage To Your Work**

The following is added to **Section I- Coverages, Coverage A Bodily Injury and Property Damage Liability**, Paragraph 1. **Insuring Agreement:**

f. Damages because of "property damage" include damages the insured becomes legally obligated to pay because of "property damage" to "your work" and shall be deemed to be caused by an "occurrence", but only if:

(1) The "property damage" is the result of work performed on your behalf by a subcontractor(s) that is not a Named Insured;

(2) The work performed by the subcontractor(s) is within the "products-completed operations hazard"; and

(3) The "property damage" is unexpected and unintended from the standpoint of the insured.

II. **Non-Owned Watercraft**

a. Exclusion g. Paragraph (2) of **Section I - Coverages, Coverage A Bodily Injury And Property Damage Liability** is deleted and replaced by the following:

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

(a) Less than 51 feet long; and

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

b. Paragraph II.a applies to any person who, with your expressed or implied consent, either uses or is responsible for the use of a watercraft.

c. Paragraphs II.a. and II.b. do not apply if the insured has any other insurance for "bodily injury" or "property damage" liability that would also apply to loss covered under this provision, whether the other insurance is primary, excess, contingent or on any other basis. In that case, this Provision II. does not provide any insurance.

d. Paragraph II.c. does not apply to a policy written to apply specifically in excess of this policy.

III. **Supplementary Payments Increased Limits**

In the **Supplementary Payments - Coverages A And B** provision of **Section I - Coverages:**

a. The limit for the cost of bail bonds is changed from $250 to $2000.

IV. **Broad Form Named Insured**

a. **Section II - Who Is An Insured** is amended to include as an insured any organization or subsidiary thereof, other than a partnership, joint venture, or limited liability company, which is a legally incorporated entity of which you own a financial interest of more than 50 percent of the voting stock on the effective date of this endorsement.

b. Paragraph IV.a. does not apply to injury or damage with respect to which an insured under this policy is also an insured under another policy or would be an insured under such policy but for its termination or upon the exhaustion of its limits of insurance.

c. Paragraph IV.b. does not apply to a policy written to apply specifically in excess of this policy.

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V. Newly Formed or Acquired Organizations

In paragraph 4.a. of Section II - Who Is An Insured, 90th day is changed to 180th day.

VI. Incidental Malpractice Liability - Nurse, EMT, or Paramedic

Paragraph 2.a.(1)(d) of Section II - Who Is An Insured is deleted and replaced by:

Arising out of his or her providing or failing to provide professional health care services. However, if you have "employees" who are a nurse, emergency medical technician or paramedic, they are an insured with respect to their providing or failing to provide professional health care services to your "employees".

VII. Amendment - Aggregate Limits of Insurance

The General Aggregate Limit under Section III - Limits Of Insurance applies separately to each of your:

a. Projects away from premises owned by or rented to you;

b. "Locations" owned by or rented to you.

"Location" means premises involving the same or connecting lots, or premises whose connection is interrupted only by a street, roadway, waterway or right-of-way of a railroad.

VIII. Duties in the Event of Occurrence, Claim or Suit Redefined

a. The requirement in Condition 2.a. of Section IV- Conditions that you must see to it that we are notified of an "occurrence" only applies when the "occurrence" or offense is known to:

(1) You, if you are an individual;

(2) A partner, if you are a partnership; or

(3) An officer of the corporation or insurance manager, if you are a corporation.

b. The requirement in Condition 2.b. of Section IV - Conditions that you must see to it that we receive notice of a claim or "suit" will not be considered breached unless the breach occurs after such claim or "suit" is know to:

(1) You, if you are an individual;

(2) A partner, if you are a partnership; or

(3) An officer of the corporation or insurance manager, if you are a corporation.

IX. Bodily Injury Redefined

The definition of "bodily injury" in Section V - Definitions is replaced by the following:

"Bodily injury" means bodily injury, sickness or disease sustained by a person including mental anguish or death resulting from any of these.

X. Mobile Equipment Redefined

Paragraph 12.f subparagraph (1) of Section V - Definitions does not apply to self-propelled vehicles of less than 1000 pounds gross vehicle weight.

XI. Unintentional Errors or Omissions

We will not deny coverage under this Coverage Part because of the unintentional omission of, or unintentional error in, any information provided by you. However, this provision does not affect our right to collect additional premium or exercise our right of cancellation or non-renewal.

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Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

AUTOMATIC ADDITIONAL INSUREDS -- OWNERS, CONTRACTORS AND SUBCONTRACTORS (ONGOING OPERATIONS)

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following provision is added to **SECTION II -WHO IS AN INSURED**

5. Any person(s) or organizations(s) (referred to below as additional insured) with whom you are required in a written contract or agreement to name as an additional insured, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:

(1) Your acts or omissions; or

(2) The acts or omissions of those acting on your behalf;

in the performance of your ongoing operations for the additional insured(s) at the location or project described in the contract or agreement.

A person's or organization's status as an additional insured under this endorsement ends when your operations for that additional insured are completed.

B. With respect to insurance afforded to these additional insureds, the following additional exclusions apply:

1. This insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" arising out of the rendering of, or the failure to render, any professional architectural, engineering or surveying services, including:

a. The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings, designs and specifications; and

b. Supervisory, inspection, architectural or engineering activities.

2. This insurance does not apply to "bodily injury" or "property damage" occurring after:

a. All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or

b. That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as part of the same project.

C. The limits of insurance applicable to the additional insured are those specified in the written contract or agreement or in the Declarations for this policy, whichever are less. These limits of insurance are inclusive of and not in addition to the limits of insurance shown in the Declarations.

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D. With respect to the coverage provided by this endorsement, **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**, Paragraph 4, Other Insurance, Subparagraph a. Primary Insurance, is replaced by the following:

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, except;

(1) If a written contract or agreement that requires any person(s) or organization(s) to be an additional insured also requires this insurance to be primary and noncontributory, then this insurance is primary over any other insurance in which the additional insured is a Named Insured. We will not seek contribution from any other liability policy in which the additional insured is a Named Insured.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

EXTERIOR INSULATION AND FINISH SYSTEMS EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

This insurance does not apply to:

I. "Bodily injury" or "property damage" included in the "products-completed operations hazard" and arising out of "your work" caused by the actual or alleged:

A. Design, construction, fabrication, preparation, installation, application, maintenance or repair, including remodeling, service, correction, or replacement, of an exterior insulation and finish system (commonly referred to as synthetic stucco) or any part or portion thereof, or any substantially similar system which resists water penetration at its outer surface.

B. Any work or operations with respect to any exterior component, fixture or feature of any structure if an exterior insulation and finish system, or substantially similar systems are used on any part or portion of that structure.

Exhibit 34 Pg17

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

ASBESTOS ENDORSEMENT (EXCLUSION)

In consideration of the premium paid and notwithstanding anything contained in this policy to the contrary, it is agreed as follows:

The coverage afforded by this policy does not apply to "bodily injury," "personal and advertising injury," or "property damage" arising out of:

1) Inhaling, ingesting or prolonged physical exposure to asbestos or goods or products containing asbestos; or

2) The use of asbestos in constructing or manufacturing any good, product or structure; or

3) The removal of asbestos from any good, product or structure; or

4) The manufacture, transportation, storage or disposal of asbestos or goods or products containing asbestos.

The coverage afforded by the policy does not apply to payment for the investigation or defense of any loss, injury or damage or any cost, fine or penalty or for any expense or claim or suit related to any of the above.

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GENERAL LIABILITY

NOTICE TO POLICYHOLDERS

This Notice does not form a part of your insurance contract. The Notice is designed to alert you to potential coverage changes in this policy. If there is any conflict between this Notice and the policy (including its endorsements), the provisions of the policy (including its endorsements) apply. Please read your policy, and the endorsements attached to your policy, carefully.

I. REVISIONS TO ADDITIONAL INSURED - VENDORS

CG 20 15 07 04 Additional Insured - Vendors

When this endorsement is attached to your policy, there is NO coverage for an additional insured vendor for bodily injury or property damage arising out of the sole negligence of the vendor for its own acts or omissions or those of its employees or anyone else acting on its behalf, unless the bodily injury or property damage is caused by:

1. Repackaging solely for the purpose of inspection, demonstration, testing or the substitution of parts under instruction from you, and then repackaged in the original container; or
2. Inspections, adjustments, tests or servicing that the vendor has agreed to make or normally undertake to make in the usual course of business, in connection with the distribution or sale of the products.

This may be a reduction in coverage in states where you are contractually permitted to hold harmless an additional insured for that additional insured's sole negligence or in states where courts have enabled coverage for the sole negligence of the additional insured.

II. REVISIONS TO OTHER ADDITIONAL INSURED ENDORSEMENTS

71 0741 0105	Automatic Additional Insureds - Owners, Contractors and Subcontractors (Ongoing Operations). This form replaces all CG 0131, CG 0132, CG 2009 amd CG 2010 endorsements that were attached to your expiring policy.
71 1145 0105	Automatic Additional Insureds - Owners, Contractors and Subcontractors (Completed Operations). This form replaces all CG 2037 endorsements that were attached to your expiring policy.
CG 20 07 07 04	Additional Insured - Engineers, Architects, Or Surveyors
CG 20 26 07 04	Additional Insured - Designated Person Or Organization
CG 20 28 07 04	Additional Insured - Lessor Of Leased Equipment
CG 20 31 07 04	Additional Insured - Engineers, Architects Or Surveyors
CG 20 32 07 04	Additional Insured - Engineers, Architects Or Surveyors Not Engaged By The Named Insured
CG 20 34 07 04	Additional Insured - Lessor Of Leased Equipment. Automatic Status When Required In Lease Agreement With You

When any of the above referenced endorsements shown in paragraphs I. or II. are attached to your policy, there is coverage for a person or organization that you name as an additional insured on your policy **ONLY** if the bodily injury, property damage or personal and advertising injury is caused in whole or in part by your acts or omissions or the acts or omissions of those working on your behalf.

There is **NO** coverage for the additional insured for bodily injury, property damage or personal and advertising injury caused entirely by any negligence that is not attributable to you or those acting on your behalf.

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This may be a reduction in coverage in states where you are contractually permitted to hold harmless an additional insured for that additional insured's sole negligence or in states where courts have enabled coverage for the sole negligence of the additional insured.

III. AMENDMENT OF INSURED CONTRACT DEFINITION

CG 24 26 07 04 Amendment Of Insured Contract Definition

When this endorsement is attached to your policy, you will no longer be provided coverage for tort liability that you assume under an insured contract unless you or someone acting on your behalf contributed in whole or in part to the bodily injury or property damage.

This may be a reduction in coverage in states where you are permitted to hold harmless a party for that party's sole negligence.

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NOTICE TO POLICYHOLDERS

POTENTIAL RESTRICTIONS OF TERRORISM COVERAGE

(General Liability and Commercial Umbrella)

This Notice has been prepared in conjunction with the **POTENTIAL** implementation of changes related to coverage of terrorism under your policy.

This Notice does not form a part of your insurance contract. The Notice is designed to alert you to coverage restrictions and to other provisions in certain terrorism endorsement(s) in this policy. If there is any conflict between this Notice and the policy (including its endorsements), the provisions of the policy (including its endorsements) apply.

Carefully read your policy, including the endorsements attached to your policy.

YOUR POLICY AT START OF NEW POLICY TERM

If endorsement CG 21 70 or 71 1071 is attached to your policy

INFORMATION ON LIMITATIONS ON FEDERAL AND INSURER LIABILITY

Under the federal Risk Insurance Program Reauthorization Act of 2007, the definition of "certified acts of terrorism" (which is more fully defined in the endorsement) no longer requires that the act of terrorism be committed by or on behalf of a foreign interest. Therefore, coverage for "certified acts of terrorism" now encompasses, for example, an act committed against the United States government by a United States citizen, when the act is determined by the federal government to be a "certified act of terrorism" under the terms of the federal Terrorism Risk Insurance Program. Coverage is subject to all policy exclusions (for example, nuclear hazard and war exclusions) and other policy provisions.

The government may participate in paying for some of the losses from a "certified act of terrorism". However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed $100 billion in a Program Year (January 1 through December 31), the Treasury shall not make any payment for any portion of the amount of such losses that exceeds the $100 billion. Further, this coverage is subject to a limit on our liability pursuant to the federal law, that is, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed $100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for payment of any portion of the amount of such losses that exceeds the $100 billion. In such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

Refer to the endorsement and to the rest of the insurance contract for provisions that govern coverage for, or that exclude coverage for, losses arising out of terrorism.

If endorsement CG 2170/CG 2173/711071/CU2133 is attached to your policy.

CHANGE IN DEFINITION OF CERTIFIED ACTS OF TERRORISM

Under the federal Terrorism Risk Insurance Program Reauthorization Act of 2007, the definition of "certified acts of terrorism" (which is more fully defined in the endorsement) no longer requires that the act of terrorism be committed by or on behalf of a foreign interest. **Therefore, the "certified acts of terrorism" exclusion is no longer limted to an act of terrorism committed by or on behalf of a foreign interest.** The exclusion applies to any terrorist act when the act is determined by the federal government to be a "certified act of terrorism" under the terms of the federal Terrorism Risk Insurance Program, including for example an act committed against the United States government by a United States citizen.

Refer to the terrorism endorsement for the definition of "certified acts of terrorism". Refer to the endorsement, and to the rest of the insurance contract, for provisions that govern coverage for, or that exclude coverage for, losses arising from terrorism.

If endorsement CG 2176/CU2136 is attached to your policy.

CHANGE IN DEFINITION OF CERTIFIED ACTS OF TERRORISM

Under the federal Terrorism Risk Insurance Program Reauthorization Act of 2007, the definition of "certified acts of terrorism" (which is more fully defined in the endorsement) no longer requires that the act of terrorism be committed by or on behalf of a foreign interest. **Therefore, the punitive damages exclusion related to "certified acts of terrorism" is no longer limited to an act of terrorism committed by or on behalf of a foreign interest.** The exclusion applies to any terrorist act when the act is determined by the federal government to be a "certified act of terrorism" under the terms of the federal Terrorism Risk Insurance Program, including for example an act committed against the United States government by a United States citizen.

Refer to the terrorism endorsement for the definition of "certified acts of terrorism". Refer to the endorsement, and to the rest of the insurance contract, for provisions that govern coverage for, or that exclude coverage for, losses arising from terrorism.

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THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY

PRODUCTS-COMPLETED OPERATIONS REDEFINED

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. **SECTION III - LIMITS OF INSURANCE,** Paragraph 3., is deleted and replaced by the following:

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".

This limit does not apply to products or operations for which the classification, listed in the Declarations or in a policy schedule, states that products-completed operations are subject to the General Aggregate Limit.

B. **SECTION V - DEFINITIONS,** Paragraph 16. "Products-completed operations hazard":, Subparagraph b. is deleted and replaced by the following:

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; or

(2) The existence of tools, uninstalled equipment or abandoned or unused materials.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SILICA OR SILICA-RELATED DUST EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following exclusion is added to Paragraph 2., Exclusions of Section I - Coverage A - Bodily Injury And Property Damage Liability:

2. Exclusions

This insurance does not apply to:

Silica Or Silica-Related Dust

a. "Bodily injury" arising, in whole or in part, out of the actual, alleged, threatened or suspected inhalation of, or ingestion of, "silica" or "silica-related dust".

b. "Property damage" arising, in whole or in part, out of the actual, alleged, threatened or suspected contact with, exposure to, existence of, or presence of, "silica" or "silica-related dust".

c. Any loss, cost or expense arising, in whole or in part, 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, "silica" or "silica-related dust", by any insured or by any other person or entity.

B. The following exclusion is added to Paragraph 2., Exclusions of Section I - Coverage B - Personal And Advertising Injury Liability:

2. Exclusions

This insurance does not apply to:

Silica Or Silica-Related Dust

a. "Personal and advertising injury" arising, in whole or in part, out of the actual, alleged, threatened or suspected inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, "silica" or "silica-related dust".

b. Any loss, cost or expense arising, in whole or in part, 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, "silica" or "silica-related dust", by any insured or by any other person or entity.

C. The following definitions are added to the Definitions Section:

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

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

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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

A. The following exclusion is added to Paragraph **2., Exclusions** of **Section I - Coverage A - Bodily Injury And Property Damage Liability:**

2. Exclusions

This insurance does not apply to:

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:

a. The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law; or

b. The CAN-SPAM Act of 2003, including any amendment of or addition to such law; or

c. 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.

B. The following exclusion is added to Paragraph **2., Exclusions** of **Section I - Coverage B - Personal And Advertising Injury Liability:**

2. Exclusions

This insurance does not apply to:

DISTRIBUTION OF MATERIAL IN VIOLATION OF STATUTES

"Personal and advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

a. The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law; or

b. The CAN-SPAM Act of 2003, including any amendment of or addition to such law; or

c. 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.

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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. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply. We may, at our discretion, investigate any "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 ends when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages 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" which occurs during the policy period and was not, prior to the policy period, known to have occurred by 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, includes any continuation, change or resumption of that "bodily injury" or "property damage" after the end of the policy period.

   d. "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

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

e. 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) That the insured would have in the absence of the contract or agreement; or

(2) 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. Solely for the purposes of liability assumed in an "insured contract", reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:

(a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and

(b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

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:

(a) Employment by the insured; or

(b) Performing duties related to the conduct of the insured's business; or

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

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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 from equipment used to heat that building;

(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; or

(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".

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(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 "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 or 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" due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution. This exclusion applies only to liability assumed under a contract or agreement.

j. Damage To Property

"Property damage" to:

(1) Property you own, rent, or occupy, including any costs or expenses 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) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;

(3) Property loaned to you;

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(4) Personal property in the care, custody or control of the insured;

(5) That particular part of real property on which you 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

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

Paragraphs (1), (3) and (4) 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 7 or fewer consecutive days. A seperate limit of insurance applies to Damage To Premises Rented To You as described in Section III - Limits Of Insurance.

Paragraph (2) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs (3), (4), (5) and (6) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph (6) 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".

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

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 And Advertising Injury

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

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 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 and advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "personal and advertising injury" to which this insurance does not apply. We may, at our discretion, investigate any 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 Coverages A or B or medical expenses under Coverage C.

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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 and advertising injury" caused by an offense arising out of your business but only if the offense was committed in the "coverage territory" during the policy period.

2. Exclusions

This insurance does not apply to:

a. **Knowing Violation Of Rights Of Another**

"Personal and advertising injury" caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury".

b. **Material Published With Knowledge Of Falsity**

"Personal and advertising injury" 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**

"Personal and advertising injury" arising out of oral or written publication of material whose first publication took place before the beginning of the policy period.

d. **Criminal Acts**

"Personal and advertising injury" arising out of a criminal act committed by or at the direction of the insured.

e. **Contractual Liability**

"Personal and advertising injury" 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**

"Personal and advertising injury" 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**

"Personal and advertising injury" arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement".

h. **Wrong Description Of Prices**

"Personal and advertising injury" arising out of the wrong description of the price of goods, products or services stated in your "advertisement".

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

"Personal and advertising injury" 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**

"Personal and advertising injury" 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 14.a., b. and c. of "personal and advertising injury" under the Definitions Section.

For the purposes of this exclusion, the placing of frames, borders or 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**

"Personal and advertising injury" arising out of an electronic chatroom or bulletin board the insured hosts, owns, or over which the insured exercises control.

l. **Unauthorized Use Of Another's Name Or Product**

"Personal and advertising injury" 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**

"Personal and advertising injury" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

n. **Pollution-Related**

Any loss, cost or expense arising out of any:

(1) 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

(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".

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 benefits law or a similar law.

   e. Athletics Activities

      To a person injured while taking part in athletics.

   f. Products-Completed Operations Hazard

      Included within the "products-completed operations hazard".

   g. Coverage A Exclusions

      Excluded under Coverage A.

   h. War

      Due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution.

SUPPLEMENTARY PAYMENTS - COVERAGES A AND B

1. We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:

   a. All expenses we incur.

   b. Up to $250 for cost of 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 do not have to furnish these bonds.

   c. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.

   d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to $250 a day because of time off from work.

   e. All costs taxed against the insured in the "suit".

   f. 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.

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g. 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 the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

2. If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:

a. The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";

b. This insurance applies to such liability assumed by the insured;

c. The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";

d. The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;

e. The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and

f. The indemnitee:

(1) Agrees in writing to:

(a) Cooperate with us in the investigation, settlement or defense of the "suit";

(b) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";

(c) Notify any other insurer whose coverage is available to the indemnitee; and

(d) Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and

(2) Provides us with written authorization to:

(a) Obtain records and other information related to the "suit"; and

(b) Conduct and control the defense of the indemnitee in such "suit".

So long as the above conditions are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of Paragraph 2.b.(2) of Section I - Coverage A - Bodily Injury And Property Damage Liability, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the limits of insurance.

Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when:

a. We have used up the applicable limit of insurance in the payment of judgments or settlements; or

b. The conditions set forth above, or the terms of the agreement described in Paragraph f. above, are no longer met.

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 "volunteer workers" only while performing duties related to the conduct of your business, or 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. However, none of these "employees" or "volunteer workers" are insureds for:
      (1) "Bodily injury" or "personal and advertising injury":
         (a) 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;
         (b) To the spouse, child, parent, brother or sister of that co-"employee" or "volunteer worker" as a consequence of Paragraph (1)(a) above;
         (c) 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)(a) or (b) above; or
         (d) Arising out of his or her providing or failing to provide professional health care services.
      (2) "Property damage" to property:
         (a) Owned, occupied or used by,
         (b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by

      you, any of your "employees", "volunteer workers", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).
   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 and 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.

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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 and Advertising Injury Limit is the most we will pay under Coverage B for the sum of all damages because of all "personal and 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. Subject to 5. above, 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.

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 of 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 a claim is made or "suit" is brought against any insured, you must:
      (1) Immediately record the specifics of the 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 the claim or "suit" as soon as practicable.
   c. You and any other involved insured must:
      (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
      (2) Authorize us to obtain records and other information;
      (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and

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(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; 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 Coverages 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 you covering liability for damages arising out of the premises or 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 Coverages 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.

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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. When We Do Not Renew

   If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date.

   If notice is mailed, proof of mailing will be sufficient proof of notice.

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 purposes of attracting customers or supporters is considered an advertisement.

2. "Auto" means a land motor vehicle, trailer or semi-trailer designed for travel on public roads, including any attached machinery or equipment. But "auto" does not include "mobile equipment".

3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.

4. "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 and 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.

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5. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
6. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.
7. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.
8. "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.
9. "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;
   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, road-beds, 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.
10. "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".
11. "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".
12. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:

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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;

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; and

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

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

14. "Personal and advertising injury" means injury, including consequential "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;

e. Oral or written publication, in any manner, of material that violates a person's right of privacy;

f. The use of another's advertising idea in your "advertisement"; or

g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".

15. "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.

16. "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.

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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, listed in the Declarations or in a policy schedule, states that products-completed operations are subject to the General Aggregate Limit.

17. "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 of use 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.

18. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage" or "personal and 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.

19. "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.

20. "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.

21. "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.

22. "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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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WAR LIABILITY EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. Exclusion i. under Paragraph 2., **Exclusions** of **Section I - Coverage A - Bodily Injury And Property Damage Liability** is replaced by the following:

2. **Exclusions**

This insurance does not apply to:

i. **War**

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

(1) War, including undeclared or civil war; or

(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.

B. The following exclusion is added to Paragraph 2., **Exclusions** of **Section I - Coverage B - Personal And Advertising Injury Liability:**

2. **Exclusions**

This insurance does not apply to:

WAR

"Personal and advertising injury", however caused, arising, directly or indirectly, out of:

a. War, including undeclared or civil war; or

b. 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

c. Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

C. Exclusion h. under Paragraph 2., **Exclusions** of **Section I - Coverage C - Medical Payments** does not apply. Medical payments due to war are now subject to Exclusion g. of Paragraph 2., **Exclusions** of **Section I - Coverage C - Medical Payments** since "bodily injury" arising out of war is now excluded under Coverage **A.**

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EMPLOYMENT - RELATED PRACTICES EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following exclusion is added to Paragraph **2., Exclusions of Section I - Coverage A - Bodily Injury And Property Damage Liability:**

This insurance does not apply to:

"Bodily injury" to:

(1) A person arising out of any:

(a) Refusal to employ that person;

(b) Termination of that person's employment; or

(c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or

(2) The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" to that person at whom any of the employment-related practices described in Paragraphs (a), (b), or (c) above is directed.

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.

B. The following exclusion is added to Paragraph **2., Exclusions of Section I - Coverage B - Personal And Advertising Injury Liability:**

This insurance does not apply to:

"Personal and advertising injury" to:

(1) A person arising out of any:

(a) Refusal to employ that person;

(b) Termination of that person's employment; or

(c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or

(2) The spouse, child, parent, brother or sister of that person as a consequence of "personal and advertising injury" to that person at whom any of the employment-related practices described in Paragraphs (a), (b), or (c) above is directed.

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.

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Exhibit 34 Pg42

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDMENT OF LIQUOR LIABILITY EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

Exclusion c. of COVERAGE A (Section I) is replaced by the following:

c. "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:

(1) Manufacture, sell or distribute alcoholic beverages;

(2) Serve or furnish alcoholic beverages for a charge whether or not such activity:

(a) Requires a license;

(b) Is for the purpose of financial gain or livelihood; or

(3) Serve or furnish alcoholic beverages without a charge, if a license is required for such activity.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION - YEAR 2000 COMPUTER-RELATED AND OTHER ELECTRONIC PROBLEMS - PRODUCTS/COMPLETED OPERATIONS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

The following exclusion is added to Paragraph 2., **Exclusions of Section I - Bodily Injury And Property Damage Liability:**

2. **Exclusions**

This insurance does not apply to "bodily injury" or "property damage" included in the "products-completed operations hazard" definition and arising directly or indirectly out of:

a. Any actual or alleged failure, malfunction or inadequacy of:

(1) Any of the following, whether belonging to any insured or to others:

(a) Computer hardware, including microprocessors;

(b) Computer application software;

(c) Computer operating systems and related software;

(d) Computer networks;

(e) Microprocessors (computer chips) not part of any computer system; or

(f) Any other computerized or electronic equipment or components; or

(2) Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph 2.a.(1) of this endorsement

due to the inability to correctly recognize, process, distinguish, interpret or accept the year 2000 and beyond.

b. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph 2.a. of this endorsement.

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Exhibit 34 Pg44

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FUNGI OR BACTERIA EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following exclusion is added to Paragraph **2.**, Exclusions of **Section I - Coverage A - Bodily Injury And Property Damage Liability:**

2. Exclusions

This insurance does not apply to:

Fungi or Bacteria

a. "Bodily injury" or "property damage" which would not have occurred, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.

b. 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 or entity.

This exclusion does not apply to any "fungi" or bacteria that are, are on, or are contained in, a good or product intended for consumption.

B. The following exclusion is added to Paragraph **2.**, Exclusions of **Section I - Coverage B - Personal And Advertising Injury Liability:**

2. Exclusions

This insurance does not apply to:

Fungi or Bacteria

a. "Personal and advertising injury" which would not have taken place, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury.

b. Any loss, cost or expense 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 or entity.

C. The following definition is added to the **Definitions** Section:

"Fungi" means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or byproducts produced or released by fungi.

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COMMERCIAL GENERAL LIABILITY
CG 21 70 0108

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY 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
UNDERGROUND STORAGE TANK POLICY

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

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of $5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

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Exhibit 34 Pg46

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF PUNITIVE DAMAGES RELATED TO A CERTIFIED ACT OF TERRORISM

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY 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
UNDERGROUND STORAGE TANK POLICY

A. The following exclusion is added:

This insurance does not apply to:

TERRORISM PUNITIVE DAMAGES

Damages arising, directly or indirectly, out of a "certified act of terrorism" that are awarded as punitive damages.

B. The following definition is added:

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of $5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

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Exhibit 34 Pg47

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDMENT OF INSURED CONTRACT DEFINITION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

Paragraph 9. of the **Definitions** Section is replaced by the following:

9. "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;

   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 liablility of another party to pay for "bodily injury" or "property damage" to a third person or organization, provided the "bodily injury" or "property damage" is caused, in whole or in part, by you or by those acting on your behalf. 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, road-beds, 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.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DEDUCTIBLE LIABILITY INSURANCE

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

SCHEDULE

Coverage	Amount and Basis of Deductible PER CLAIM	or	PER OCCURRENCE
Bodily Injury Liability	$		$
OR			
Property Damage Liability	$		$ 500
OR			
Bodily Injury Liability and/or Property Damage Liability Combined	$		$

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

APPLICATION OF ENDORSEMENT (Enter below any limitations on the application of this endorsement. If no limitation is entered, the deductibles apply to damages for all "bodily injury" and "property damage", however caused):

A. Our obligation under the Bodily Injury Liability and Property Damage Liability Coverages to pay damages on your behalf applies only to the amount of damages in excess of any deductible amounts stated in the Schedule above as applicable to such coverages.

B. You may select a deductible amount on either a per claim or a per "occurrence" basis. Your selected deductible applies to the coverage option and to the basis of the deductible indicated by the placement of the deductible amount in the Schedule above. The deductible amount stated in the Schedule above applies as follows:

1. **PER CLAIM BASIS.** If the deductible amount indicated in the Schedule above is on a per claim basis, that deductible applies as follows:
   a. Under Bodily Injury Liability Coverage, to all damages sustained by any one person because of "bodily injury";
   b. Under Property Damage Liability Coverage, to all damages sustained by any one person because of "property damage"; or
   c. Under Bodily Injury Liability and/or Property Damage Liability Coverage Combined, to all damages sustained by any one person because of:
      (1) "Bodily injury";
      (2) "Property damage"; or
      (3) "Bodily injury" and "property damage" combined

   as the result of any one "occurrence".

   If damages are claimed for care, loss of services or death resulting at any time from "bodily injury", a separate deductible amount will be applied to each person making a claim for such damages.

   With respect to "property damage", person includes an organization.

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Exhibit 34 Pg49

2. **PER OCCURRENCE BASIS.** If the deductible amount indicated in the Schedule above is on a "per occurrence" basis, that deductible amount applies as follows:

   a. Under Bodily Injury Liability Coverage, to all damages because of "bodily injury";

   b. Under Property Damage Liability Coverage, to all damages because of "property damage"; or

   c. Under Bodily Injury Liability and/or Property Damage Liability Coverage Combined, to all damages because of:

      (1) "Bodily injury";

      (2) "Property damage"; or

      (3) "Bodily injury" and "property damage" combined

   as the result of any one "occurrence", regardless of the number of persons or organizations who sustain damages because of that "occurrence".

C. The terms of this insurance, including those with respect to:

   1. Our right and duty to defend the insured against any "suits" seeking those damages; and

   2. Your duties in the event of an "occurrence", claim, or "suit"

   apply irrespective of the application of the deductible amount.

D. We may pay any part or all of the deductible amount to effect settlement of any claim or "suit" and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount as has been paid by us.

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PENN NATIONAL INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361 • Harrisburg, PA 17105-2361

COMMERCIAL GENERAL LIABILITY POLICY DECLARATIONS

ENDORSEMENT NUMBER 02 EFFECTIVE DATE 07/09/09

NON-ASSESSABLE

POLICY NUMBER	POLICY PERIOD FROM	TO	COVERAGE IS PROVIDED IN	AGENCY	BR
GL9 0649575	07/09/09	07/09/10	PA NATIONAL MUTUAL CAS INS CO	0006798	25

NAMED INSURED AND ADDRESS	AGENCY
JJA CONSTRUCTION INC 9498 HWY 78 LOT 2 LADSON SC 29458	W LEE TAYLOR JR AGY PO BOX 30609 CHARLESTON SC 29417

It is agreed that this policy is hereby amended as indicated below:

FORM 710442 - IMPORTANT BILLING INFORMATION IS ADDED.

NEW ANNUAL PREMIUM: $3,781.00 TOTAL PREMIUM THIS ENDORSEMENT

ADDITIONAL PREMIUM
$0.00

THIS ENDORSEMENT IS SUBJECT TO THE DECLARATIONS, CONDITIONS AND OTHER TERMS OF THE POLICY WHICH ARE NOT INCONSISTENT HEREWITH AND WHEN COUNTERSIGNED BY AN AUTHORIZED REPRESENTATIVE OF THE COMPANY, FORMS A PART OF THE POLICY DESCRIBED HEREIN.

PRO-RATA PERCENTAGE: 100.0%

SIGNATURE OF AUTHORIZED REPRESENTATIVE _____

FORM 71-0050 (Ed. 03/91) ISSUED 06/17/09

Exhibit 34 Pg51

PENN NATIONAL INSURANCE

Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2361 • Harrisburg, PA 17105-2361

COMMERCIAL GENERAL LIABILITY POLICY DECLARATIONS

ENDORSEMENT NUMBER 03 EFFECTIVE DATE 07/21/09

NON-ASSESSABLE

POLICY NUMBER	POLICY PERIOD FROM	TO	COVERAGE IS PROVIDED IN	AGENCY	BR
GL9 0649575	07/09/09	07/09/10	PA NATIONAL MUTUAL CAS INS CO	0006798	25

NAMED INSURED AND ADDRESS	AGENCY
JJA CONSTRUCTION INC 11227 EASTFIELD RD HUNTERSVILLE NC 28078	W LEE TAYLOR JR AGY PO BOX 30609 CHARLESTON SC 29417

It is agreed that this policy is hereby amended as indicated below:

THE NAMED INSURED AND/OR MAILING ADDRESS IS CHANGED.

NEW ANNUAL PREMIUM: $3,781.00

TOTAL PREMIUM THIS ENDORSEMENT

ADDITIONAL PREMIUM
$0.00

THIS ENDORSEMENT IS SUBJECT TO THE DECLARATIONS, CONDITIONS AND OTHER TERMS OF THE POLICY WHICH ARE NOT INCONSISTENT HEREWITH AND WHEN COUNTERSIGNED BY AN AUTHORIZED REPRESENTATIVE OF THE COMPANY, FORMS A PART OF THE POLICY DESCRIBED HEREIN.

PRO-RATA PERCENTAGE 96.7%

SIGNATURE OF AUTHORIZED REPRESENTATIVE _____

FORM 71-0050 (Ed. 03/91)

ISSUED 07/24/09

Exhibit 34 Pg52

PENN NATIONAL INSURANCE

Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2257 • Harrisburg PA 17105

NOTICE OF CANCELLATION NONPAYMENT OF PREMIUM SOUTH CAROLINA

THIS MAY BE ONE OF MULTIPLE POLICIES THAT COMPRISE THIS ACCOUNT LEVEL CANCELLATION

POLICY NUMBER	ACCOUNT NUMBER	EFFECTIVE DATE OF CANCELLATION AT 12:01 A.M. STANDARD TIME	CURRENT PREMIUM DUE	PRIOR PREMIUM DUE	MINIMUM PREMIUM DUE
GL90649575	3100095631	07/29/2009	$756.00	$0.00	$756.00

Premium due on your policy/Account is still unpaid. YOU ARE HEREBY NOTIFIED IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE ABOVE MENTIONED POLICY, THAT YOUR INSURANCE WILL CEASE FROM THE HOUR AND DATE MENTIONED ABOVE DUE TO NONPAYMENT OF PREMIUM. No further notice will be sent. TO KEEP YOUR POLICY IN FORCE...We must receive your check or money order for the MINIMUM PREMIUM DUE for this policy by the EFFECTIVE DATE OF THE CANCELLATION. If payment is received by the EFFECTIVE DATE OF THE CANCELLATION, we will send you a Reinstatement Notice. If you have any questions please contact the Customer Contact Center at 1-800-766-2245.

MAKE CHECK PAYABLE/MAIL PAYMENT TO:

PENN NATIONAL INSURANCE
P O BOX 2257
HARRISBURG, PA 17105-2257

IMPORTANT INFORMATION FOR POLICY HOLDER ON REVERSE SIDE.

ISSUED BY:

PA NATIONAL MUTUAL CASUALTY INSURANCE CO

DATE ISSUED
07/14/2009

MAIL TO:

JJA CONSTRUCTION INC
9496 HWY 78 LOT 2
LADSON SC 29458

POLICY PERIOD
FROM 07/09/2009 TO 07/09/2010
LINE OF BUS: GENERAL LIAB

IMPORTANT NOTICE
Within fifteen days of receiving this notice, you or your attorney may request in writing that the director review this action to determine whether the insurer has complied with South Carolina laws in canceling or nonrenewing your policy. If this insurer has failed to comply with the cancellation or nonrenewal laws, the director may require that your policy be reinstated. However, the director is prohibited from making underwriting judgments. If this insurer has complied with the cancellation or nonrenewal laws, the director does not have the authority to overturn this action.

FIRST NAMED INSURED:
JJA CONSTRUCTION INC
9496 HWY 78 LOT 2
LADSON SC 29458

AGENCY:
22 6798 W LEE TAYLOR JR AGY
BRANCH: 25

Karen Myers

COMPANY AUTHORIZED REPRESENTATIVE

71 0942 1201

000416

PENN NATIONAL INSURANCE

Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
Founders Insurance Company
P.O. Box 2257 - Harrisburg PA 17105

AGENT: W LEE TAYLOR JR AGY
AGENT NUMBER: 22-6798 BRANCH:25
TELEPHONE: 843-762-1805
ACCOUNT NUMBER: 3100095631
DATE OF THIS NOTICE: 07/17/2009
POLICY NUMBER: GL90649575
POLICY TERM: 07/09/2009 TO 07/09/2010

MAIL TO:

JJA CONSTRUCTION INC
9496 HWY 78 LOT 2
LADSON SC 29458

INSURED:

JJA CONSTRUCTION INC
9496 HWY 78 LOT 2
LADSON SC 29458

REINSTATEMENT

IT IS UNDERSTOOD THAT POLICY NUMBER GL90649575 IS REINSTATED EFFECTIVE 07/29/2009 AND IS IN FULL FORCE AND EFFECT.

IF THE CONSIDERATION ACCEPTED BY THE COMPANY AS PAYMENT FOR THIS REINSTATEMENT IS IN THE FORM OF A CHECK OR DRAFT, AND THE BANK ON WHICH THAT CHECK OR DRAFT IS DRAWN DISHONORS IT ON PRESENTATION, THIS REINSTATEMENT IS VOID AS OF ITS INCEPTION.

ISSUED BY:
PA NATIONAL MUTUAL CASUALTY INSURANCE CO

COMPANY

FORM 71-0360 (Rev. 10/01)

Exhibit 34 Pg54

PENN NATIONAL INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2257 • Harrisburg PA 17105

NOTICE OF CANCELLATION NONPAYMENT OF PREMIUM SOUTH CAROLINA

THIS MAY BE ONE OF MULTIPLE POLICIES THAT COMPRISE THIS ACCOUNT LEVEL CANCELLATION

POLICY NUMBER	ACCOUNT NUMBER	EFFECTIVE DATE OF CANCELLATION AT 12:01 A.M. STANDARD TIME	CURRENT PREMIUM DUE	PRIOR PREMIUM DUE	MINIMUM PREMIUM DUE
GL90649575	3100095631	08/29/2009	$306.00	$0.00	$306.00

Premium due on your policy/Account is still unpaid. YOU ARE HEREBY NOTIFIED IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE ABOVE MENTIONED POLICY, THAT YOUR INSURANCE WILL CEASE FROM THE HOUR AND DATE MENTIONED ABOVE DUE TO NONPAYMENT OF PREMIUM. No further notice will be sent. TO KEEP YOUR POLICY IN FORCE...We must receive your check or money order for the MINIMUM PREMIUM DUE for this policy by the EFFECTIVE DATE OF THE CANCELLATION. If payment is received by the EFFECTIVE DATE OF THE CANCELLATION, we will send you a Reinstatement Notice. If you have any questions please contact the Customer Contact Center at 1-800-766-2245.

MAKE CHECK PAYABLE/MAIL PAYMENT TO:

PENN NATIONAL INSURANCE
P O BOX 2257
HARRISBURG, PA 17105-2257

IMPORTANT INFORMATION FOR POLICY HOLDER ON REVERSE SIDE.

ISSUED BY:

PA NATIONAL MUTUAL CASUALTY INSURANCE CO

DATE ISSUED
08/14/2009

MAIL TO:

JJA CONSTRUCTION INC
11227 EASTFIELD RD
HUNTERSVILLE NC 28078

POLICY PERIOD
FROM 07/09/2009 TO 07/09/2010
LINE OF BUS: GENERAL LIAB

IMPORTANT NOTICE
Within fifteen days of receiving this notice, you or your attorney may request in writing that the director review this action to determine whether the insurer has complied with South Carolina laws in canceling or nonrenewing your policy. If this insurer has failed to comply with the cancellation or nonrenewal laws, the director may require that your policy be reinstated. However, the director is prohibited from making underwriting judgments. If this insurer has complied with the cancellation or nonrenewal laws, the director does not have the authority to overturn this action.

FIRST NAMED INSURED:
JJA CONSTRUCTION INC
11227 EASTFIELD RD
HUNTERSVILLE NC 28078

AGENCY:
22 6798 W LEE TAYLOR JR AGY
BRANCH: 25

Karen Myers
COMPANY AUTHORIZED REPRESENTATIVE

71 0942 1201

000418

PENN NATIONAL INSURANCE

Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
Founders Insurance Company
P.O. Box 2257 • Harrisburg PA 17105

AGENT: W LEE TAYLOR JR AGY
AGENT NUMBER: 22-6798 BRANCH:25
TELEPHONE: 843-762-1805
ACCOUNT NUMBER: 3100095631
DATE OF THIS NOTICE: 08/24/2009
POLICY NUMBER: GL90649575
POLICY TERM: 07/09/2009 TO 07/09/2010

MAIL TO:

JJA CONSTRUCTION INC
11227 EASTFIELD RD
HUNTERSVILLE NC 28078

INSURED:

JJA CONSTRUCTION INC
11227 EASTFIELD RD
HUNTERSVILLE NC 28078

REINSTATEMENT

IT IS UNDERSTOOD THAT POLICY NUMBER GL90649575 IS REINSTATED EFFECTIVE 08/29/2009 AND IS IN FULL FORCE AND EFFECT.

IF THE CONSIDERATION ACCEPTED BY THE COMPANY AS PAYMENT FOR THIS REINSTATEMENT IS IN THE FORM OF A CHECK OR DRAFT, AND THE BANK ON WHICH THAT CHECK OR DRAFT IS DRAWN DISHONORS IT ON PRESENTATION, THIS REINSTATEMENT IS VOID AS OF ITS INCEPTION.

ISSUED BY:
PA NATIONAL MUTUAL CASUALTY INSURANCE CO

COMPANY

FORM 71-0360 (Rev. 10/01)

000419

PENN NATIONAL INSURANCE
Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
P.O. Box 2257 • Harrisburg PA 17105

NOTICE OF CANCELLATION NONPAYMENT OF PREMIUM SOUTH CAROLINA

THIS MAY BE ONE OF MULTIPLE POLICIES THAT COMPRISE THIS ACCOUNT LEVEL CANCELLATION

POLICY NUMBER	ACCOUNT NUMBER	EFFECTIVE DATE OF CANCELLATION AT 12:01 A.M. STANDARD TIME	CURRENT PREMIUM DUE	PRIOR PREMIUM DUE	MINIMUM PREMIUM DUE
GL90649575	3100095631	12/29/2009	$344.00	$0.00	$344.00

Premium due on your policy/Account is still unpaid. YOU ARE HEREBY NOTIFIED IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE ABOVE MENTIONED POLICY, THAT YOUR INSURANCE WILL CEASE FROM THE HOUR AND DATE MENTIONED ABOVE DUE TO NONPAYMENT OF PREMIUM. No further notice will be sent. TO KEEP YOUR POLICY IN FORCE...We must receive your check or money order for the MINIMUM PREMIUM DUE for this policy by the EFFECTIVE DATE OF THE CANCELLATION. If payment is received by the EFFECTIVE DATE OF THE CANCELLATION, we will send you a Reinstatement Notice. If you have any questions please contact the Customer Contact Center at 1-800-766-2245.

MAKE CHECK PAYABLE/MAIL PAYMENT TO:

PENN NATIONAL INSURANCE
P O BOX 2257
HARRISBURG, PA 17105-2257

IMPORTANT INFORMATION FOR POLICY HOLDER ON REVERSE SIDE.

ISSUED BY:

PA NATIONAL MUTUAL CASUALTY INSURANCE CO

DATE ISSUED
12/14/2009

MAIL TO:

JJA CONSTRUCTION INC
11227 EASTFIELD RD
HUNTERSVILLE NC 28078

POLICY PERIOD
FROM 07/09/2009 TO 07/09/2010
LINE OF BUS: GENERAL LIAB

IMPORTANT NOTICE
Within fifteen days of receiving this notice, you or your attorney may request in writing that the director review this action to determine whether the insurer has complied with South Carolina laws in canceling or nonrenewing your policy. If this insurer has failed to comply with the cancellation or nonrenewal laws, the director may require that your policy be reinstated. However, the director is prohibited from making underwriting judgments. If this insurer has complied with the cancellation or nonrenewal laws, the director does not have the authority to overturn this action.

FIRST NAMED INSURED:
JJA CONSTRUCTION INC
11227 EASTFIELD RD
HUNTERSVILLE NC 28078

AGENCY:
22 6798 W LEE TAYLOR JR AGY
BRANCH: 25

Karen Myers
COMPANY AUTHORIZED REPRESENTATIVE

71 0942 1201

000420

PENN NATIONAL INSURANCE

Pennsylvania National Mutual Casualty Insurance Company
Penn National Security Insurance Company
Founders Insurance Company
P.O. Box 2257 • Harrisburg PA 17105

AGENT: W LEE TAYLOR JR AGY
AGENT NUMBER: 22-6798 BRANCH:25
TELEPHONE: 843-762-1805
ACCOUNT NUMBER: 3100095631
DATE OF THIS NOTICE: 12/21/2009
POLICY NUMBER: GL90649575
POLICY TERM: 07/09/2009 TO 07/09/2010

MAIL TO:

JJA CONSTRUCTION INC
11227 EASTFIELD RD
HUNTERSVILLE NC 28078

INSURED:

JJA CONSTRUCTION INC
11227 EASTFIELD RD
HUNTERSVILLE NC 28078

REINSTATEMENT

IT IS UNDERSTOOD THAT POLICY NUMBER GL90649575 IS REINSTATED EFFECTIVE 12/29/2009 AND IS IN FULL FORCE AND EFFECT.

IF THE CONSIDERATION ACCEPTED BY THE COMPANY AS PAYMENT FOR THIS REINSTATEMENT IS IN THE FORM OF A CHECK OR DRAFT, AND THE BANK ON WHICH THAT CHECK OR DRAFT IS DRAWN DISHONORS IT ON PRESENTATION, THIS REINSTATEMENT IS VOID AS OF ITS INCEPTION.

ISSUED BY:
PA NATIONAL MUTUAL CASUALTY INSURANCE CO

COMPANY

FORM 71-0360 (Rev. 10/01)

000421

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

October 2, 2014

Jose Castillo d/b/a JJA Construction, Inc.
9496 Highway 78
Lot 2
Ladson, SC 29458

RE:	Claimant	:	Persimmon Hill HOA and other individuals
	Date of Loss	:	December 5, 2003
	Insured	:	JJA Construction, Inc./JJA Framing Company d/b/a Jose Castillo
	Claim #	:	08861992
	Policy #	:	GL9 0601617 and GL90649575

Dear Policyholder:

This letter is a follow up to previous correspondence dated September 21, 2013 and August 11, 2014.

Penn National understands this loss involves the following facts:

First, an underlying suit has been filed in Court of Common Pleas of Berkeley County, South Carolina on March 18, 2013 styled *Cheryl Walker v. Portrait Homes-South Carolina, LLC, JJA Construction, Inc. d/b/a JJA Framing; Jose Castillo d/b/a JJA Framing, et. al.* This is a class action amended lawsuit. The lawsuit alleges that Cheryl Walker is an owner of a townhome located at in the Persimmon Hill HOA, Inc. in Berkeley County, South Carolina. Portrait Homes was the General Contractor of the site. JJA Construction, Inc. d/b/a JJA Framing; Jose Castillo d/b/a JJA Framing (hereinafter, "JJA") installed framing; windows; doors; secondary weather barrier; and window and door flashings at the site. The Class does not include any prior owner of a townhome at the site. The complaint is brought for various construction defects and resultant loss of use. The construction defects appear to be resultant in water intrusion and deterioration as a result. Counts against JJA are negligence; gross negligence; carelessness; recklessness; willful and wantonness; breach of warranty of habitability; breach of warranty against latent defects; breach of warranty of workmanlike services; breach of warranty for fitness

PLAINTIFF'S EXHIBIT 35

for a particular purpose; breach of warranty of merchantability and serviceability; breach of express warranty; and unfair trade practices. Specific Certificate of Occupancy dates are not named in the lawsuit.

Second, another underlying suit has been filed in Court of Common Pleas of Berkeley County, South Carolina on March 18, 2013 styled *Persimmon Hill HOA, Inc. v. Portrait Homes-South Carolina, LLC, JJA Construction, Inc. d/b/a JJA Framing; Jose Castillo d/b/a JJA Framing, et. al.* This is a class action amended lawsuit that was filed. The complaint alleges that the Persimmon Hill HOA, Inc. in Berkeley County, South Carolina has exterior and common area defects. Portrait Homes was the general contractor of the site. JJA allegedly installed framing; windows; doors; secondary weather barrier; and window and door flashings at the site. The complaint is brought for various construction defects and resultant loss of use. The construction defects appear to be resultant in water intrusion and deterioration as a result. Counts against JJA are negligence; gross negligence; carelessness; recklessness; willful and wantonness; breach of warranty of habitability; breach of warranty against latent defects; breach of warranty of workmanlike services; breach of warranty for fitness for a particular purpose; breach of warranty of merchantability and serviceability; breach of express warranty; and unfair trade practices. Specific Certificate of Occupancy dates are not named in the complaint.

Co-defendant Portrait Homes has filed cross claims against JJA for indemnity; breach of contract; warranty; and negligence for both complaints. It appears from the contracts/purchase orders in the file that construction commenced in 2002. Initial declarations for the HOA were commenced on 12-18-01.

Penn National has reviewed this claim for coverage under their Commercial General Liability policies issued by Penn National Mutual Casualty Insurance Company pursuant to policy number GL9 0601617 for the policy periods of December 5, 2003 to January 31, 2008. Penn National has also reviewed this claim for coverage under their Commercial General Liability policies issued by Penn National Mutual Casualty Insurance Company pursuant to policy number GL9 0649575 for the policy periods of July 9, 2008 to July 9, 2010.

Based upon the information currently available, Penn National Insurance will not provide a defense and/or indemnity for this matter subject to the terms/conditions of your Commercial General Liability policies.

Please note the following language from your Commercial General Liability policy form CG 0001 10/01:

"SECTION I – COVERAGES

COVERAGE A- BODILY INJURY AND PROPERTY DAMAGE LIABILITY

1. *Insuring Agreement*

Exhibit 35 Pg2

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. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply."

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) That the insured would have in the absence of the contract or agreement; or
(2) 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. Solely for the purposes of liability assumed in an "insured contract", reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:
(a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and
(b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

j. Damage to Property

"Property damage" to:

(5) That particular part of real property on which you 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

Exhibit 35 Pg3

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

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".

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor."

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.

****

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, regardless of the amount, 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 a claim is made or "suit" is brought against any insured, you must:
(1) Immediately record the specifics of the 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 the claim or "suit" as soon as practicable.
c. You and any other involved insured must:

Exhibit 35 Pg4

(1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
(2) Authorize us to obtain records and other information;
(3) Cooperate with us in the investigation or settlement of the claim or defense against the "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.

Please see SECTION V – DEFINITIONS of CG 0001 10/01 form for the definitions of the previous terms which are in quotations.

Again, the counts in both lawsuits against JJA are negligence; gross negligence; carelessness; recklessness; willful and wantonness; breach of warranty of habitability; breach of warranty against latent defects; breach of warranty of workmanlike services; breach of warranty for fitness for a particular purpose; breach of warranty of merchantability and serviceability; breach of express warranty; and unfair trade practices.

Our office sent a representative of Capstone ISG to the residence of Jose Castillo located at 11227 Eastfield Road in Huntersville, North Carolina. Mr. Castillo explained to the representative of Capstone, ISG that he did not want Penn National to defend him or JJA for the aforementioned lawsuits. Therefore, Penn National Insurance will not provide a defense and/or indemnity for these lawsuits at this time.

Penn National continues to reserve any and all of its rights under any of the provisions, definitions, conditions or exclusions contained in any insurance policy issued by Penn National to JJA. Furthermore, upon the discovery of any other facts or issues relating to coverage of this matter, Penn National reserves its rights to modify or amend its coverage position and assert any defense based upon any of the policy provisions, definitions, conditions or exclusions, whether or not specifically mentioned herein. Any actions taken by Penn National in the investigation of this matter, or in negotiating for a compromise settlement, or in making any settlement, or in defending this claim, or in any other way acting or failing to act, shall not constitute an admission of liability or an admission of coverage. Furthermore, any actions taken by Penn National in connection with this matter are not to be deemed a waiver of any of its rights to disclaim liability or coverage under the insurance policies issued by Penn National to JJA bearing Commercial General Liability policy numbers GL9 0601617 and GL9 0649575.

We again recommend you discuss this matter with your own attorney at your own expense to confirm your interests are protected.

Exhibit 35 Pg5

Thank you for your attention to this matter.

Sincerely,

Penn National Insurance

Greg Gross, AIC
Claims Specialist
Phone: 1.800.877.7366 x 4168
FAX: 1.866.496.4764
e-mail: ggross@pnat.com

cc:
W. Lee Taylor, Jr. Agency
P.O. Box 30609
Charleston, SC 29417

Exhibit 35 Pg6

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

October 2, 2014

Jose Castillo d/b/a JJA Construction, Inc.
11227 Eastfield Road
Huntersville, NC 28078

RE:			
	Claimant	:	Persimmon Hill HOA and other individuals
	Date of Loss	:	December 5, 2003
	Insured	:	JJA Construction, Inc./JJA Framing Company d/b/a Jose Castillo
	Claim #	:	08861992
	Policy #	:	GL9 0601617 and GL90649575

Dear Policyholder:

This letter is a follow up to previous correspondence dated September 21, 2013 and August 11, 2014.

Penn National understands this loss involves the following facts:

First, an underlying suit has been filed in Court of Common Pleas of Berkeley County, South Carolina on March 18, 2013 styled *Cheryl Walker v. Portrait Homes-South Carolina, LLC, JJA Construction, Inc. d/b/a JJA Framing; Jose Castillo d/b/a JJA Framing, et. al.* This is a class action amended lawsuit. The lawsuit alleges that Cheryl Walker is an owner of a townhome located at in the Persimmon Hill HOA, Inc. in Berkeley County, South Carolina. Portrait Homes was the General Contractor of the site. JJA Construction, Inc. d/b/a JJA Framing; Jose Castillo d/b/a JJA Framing (hereinafter, "JJA") installed framing; windows; doors; secondary weather barrier; and window and door flashings at the site. The Class does not include any prior owner of a townhome at the site. The complaint is brought for various construction defects and resultant loss of use. The construction defects appear to be resultant in water intrusion and deterioration as a result. Counts against JJA are negligence; gross negligence; carelessness; recklessness; willful and wantonness; breach of warranty of habitability; breach of warranty against latent defects; breach of warranty of workmanlike services; breach of warranty for fitness for a particular purpose; breach of warranty of merchantability and serviceability; breach

PLAINTIFF'S EXHIBIT 36

of express warranty; and unfair trade practices. Specific Certificate of Occupancy dates are not named in the lawsuit.

Second, another underlying suit has been filed in Court of Common Pleas of Berkeley County, South Carolina on March 18, 2013 styled *Persimmon Hill HOA, Inc. v. Portrait Homes-South Carolina, LLC, JJA Construction, Inc. d/b/a JJA Framing; Jose Castillo d/b/a JJA Framing, et. al.* This is a class action amended lawsuit that was filed. The complaint alleges that the Persimmon Hill HOA, Inc. in Berkeley County, South Carolina has exterior and common area defects. Portrait Homes was the general contractor of the site. JJA allegedly installed framing; windows; doors; secondary weather barrier; and window and door flashings at the site. The complaint is brought for various construction defects and resultant loss of use. The construction defects appear to be resultant in water intrusion and deterioration as a result. Counts against JJA are negligence; gross negligence; carelessness; recklessness; willful and wantonness; breach of warranty of habitability; breach of warranty against latent defects; breach of warranty of workmanlike services; breach of warranty for fitness for a particular purpose; breach of warranty of merchantability and serviceability; breach of express warranty; and unfair trade practices. Specific Certificate of Occupancy dates are not named in the complaint.

Co-defendant Portrait Homes has filed cross claims against JJA for indemnity; breach of contract; warranty; and negligence for both complaints. It appears from the contracts/purchase orders in the file that construction commenced in 2002. Initial declarations for the HOA were commenced on 12-18-01.

Penn National has reviewed this claim for coverage under their Commercial General Liability policies issued by Penn National Mutual Casualty Insurance Company pursuant to policy number GL9 0601617 for the policy periods of December 5, 2003 to January 31, 2008. Penn National has also reviewed this claim for coverage under their Commercial General Liability policies issued by Penn National Mutual Casualty Insurance Company pursuant to policy number GL9 0649575 for the policy periods of July 9, 2008 to July 9, 2010.

Based upon the information currently available, Penn National Insurance will not provide a defense and/or indemnity for this matter subject to the terms/conditions of your Commercial General Liability policies.

Please note the following language from your Commercial General Liability policy form CG 0001 10/01:

"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*

Exhibit 36 Pg2

this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply."

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) That the insured would have in the absence of the contract or agreement; or
(2) 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. Solely for the purposes of liability assumed in an "insured contract", reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:
(a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and
(b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

j. Damage to Property

"Property damage" to:

(5) That particular part of real property on which you 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

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

Exhibit 36 Pg3

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".

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor."

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.

****

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, regardless of the amount, 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 a claim is made or "suit" is brought against any insured, you must:
(1) Immediately record the specifics of the 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 the claim or "suit" as soon as practicable.
c. You and any other involved insured must:
(1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";

Exhibit 36 Pg4

(2) Authorize us to obtain records and other information;
(3) Cooperate with us in the investigation or settlement of the claim or defense against the "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.

Please see SECTION V – DEFINITIONS of CG 0001 10/01 form for the definitions of the previous terms which are in quotations.

Again, the counts in both lawsuits against JJA are negligence; gross negligence; carelessness; recklessness; willful and wantonness; breach of warranty of habitability; breach of warranty against latent defects; breach of warranty of workmanlike services; breach of warranty for fitness for a particular purpose; breach of warranty of merchantability and serviceability; breach of express warranty; and unfair trade practices.

Our office sent a representative of Capstone ISG to the residence of Jose Castillo located at 11227 Eastfield Road in Huntersville, North Carolina. Mr. Castillo explained to the representative of Capstone, ISG that he did not want Penn National to defend him or JJA for the aforementioned lawsuits. Therefore, Penn National Insurance will not provide a defense and/or indemnity for these lawsuits at this time.

Penn National continues to reserve any and all of its rights under any of the provisions, definitions, conditions or exclusions contained in any insurance policy issued by Penn National to JJA. Furthermore, upon the discovery of any other facts or issues relating to coverage of this matter, Penn National reserves its rights to modify or amend its coverage position and assert any defense based upon any of the policy provisions, definitions, conditions or exclusions, whether or not specifically mentioned herein. Any actions taken by Penn National in the investigation of this matter, or in negotiating for a compromise settlement, or in making any settlement, or in defending this claim, or in any other way acting or failing to act, shall not constitute an admission of liability or an admission of coverage. Furthermore, any actions taken by Penn National in connection with this matter are not to be deemed a waiver of any of its rights to disclaim liability or coverage under the insurance policies issued by Penn National to JJA bearing Commercial General Liability policy numbers GL9 0601617 and GL9 0649575.

We again recommend you discuss this matter with your own attorney at your own expense to confirm your interests are protected.

Thank you for your attention to this matter.

Exhibit 36 Pg5

Sincerely,

Penn National Insurance

Greg Gross, AIC
Claims Specialist
Phone: 1.800.877.7366 x 4168
FAX: 1.866.496.4764
e-mail: ggross@pnat.com

cc:
W. Lee Taylor, Jr. Agency
P.O. Box 30609
Charleston, SC 29417

Exhibit 36 Pg6

PLAINTIFF'S EXHIBIT 37

Master Agreement

This Master Agreement ("Agreement") is entered into this 25th day of October, 2002, by and between **Portrait Homes –South Carolina, LLC**, an Illinois limited liability company authorized to do business in South Carolina ("Portrait"), and Jose Castillo, a Sole Proprietor ("Contractor") on the following terms and conditions.

1. Portrait wishes to utilize the services of Contractor to provide services and/or materials to Portrait. Based upon the nature of the services and/or materials to be provided by Contractor, it is anticipated that specific purchase order contracts will be executed, however, the terms of this Agreement shall prevail in the event of any conflict between the terms of this Agreement and any future purchase order contract and it being further agreed that the terms and conditions of this Agreement shall be incorporated into any future purchase order contract by and between the parties hereto as if this Agreement had been set forth in said purchase order contract, in its entirety.

2. Portrait requires that Contractor meet certain terms and conditions before Portrait uses Contractor for services and/or materials. These terms and conditions are set forth in this Agreement.

3. In order to expedite the use of Contractor's services and/or materials each time they are needed, the parties agree to enter into and comply with this Agreement prior to any actual services being performed pursuant to any purchase order contract. It is the intent of the parties that these terms and conditions apply to any provision of services and/or materials by Contractor regardless of whether these terms and conditions are referenced in any purchase order, subsequent contract memo, etc. during the term of this Agreement. In the event that the terms and conditions of this Agreement conflict with the terms and conditions of any purchase order contract or other agreement entered into by and between Portrait and the Contractor, the terms of this Agreement shall prevail and be controlling.

4. This Agreement shall be in full force and effect from the date of signing unless canceled in writing by either party with thirty days notice. The cancellation of this Agreement shall not negate any term or condition, such as the indemnity or insurance requirements.

5. Entering into this Agreement shall not obligate either Portrait or Contractor to agree to any subsequent request for services and/or materials or to any volume of business during the term of this Agreement. The intent is that if any services and/or materials are procured and agreed to by both parties during the term of this Agreement, the terms and conditions of this Agreement shall apply. If any terms and conditions on any preprinted written form from Portrait or Contractor conflicts with this Agreement, the terms of this Agreement apply and supercede any other terms to the contrary.

6. Contractor acknowledges that the only means by which any Portrait employee or agent is authorized to procure services and/or materials from the Contractor is in writing (purchase order, contract, start authorization form, memo, etc.). Any oral request for services and/or materials is expressly not authorized by Portrait's corporate officers and Contractor may not rely upon any representation by any Portrait employee or agent to the contrary.

7. No request for payment by any Contractor will be approved by Portrait unless all terms and conditions of this Agreement are fulfilled.

8. <u>INDEMNIFICATIONS AND INSURANCE</u>

8.1. The Work performed, materials furnished or services provided under this Agreement by the Contractor shall be at the risk of the Contractor exclusively. To the fullest extent permitted by law, Contractor shall indemnify, defend (at Contractor's sole expense) and hold harmless Portrait, affiliated companies of Portrait, their partners, joint ventures, representatives, members,

Contractor's Initials JPC

Master Agreement

designees, officers, directors, shareholders, employees, agents, successors, and assigns ("Indemnified Parties"), from and against any and all claims for bodily injury or death, damage to property, demands, damages, actions, causes of action, suits, losses, judgments, obligations and any liabilities, costs and expenses (including but not limited to investigative and repair costs, attorneys' fees and costs, and consultants' fees and costs) ("Claims") which arise or are in any way connected with the Work performed, Materials furnished, or Services provided under this Agreement or any purchase order contract, contract, or memorandum executed pursuant to this Agreement by Contractor or its agents. These indemnity and defense obligations shall apply to any acts or omissions, negligent or willful misconduct of Contractor, its employees or agents, whether active or passive. Said indemnity and defense obligations shall further apply, whether or not said claims arise out of the concurrent act, omission, or negligence of the Indemnified Parties, whether active or passive. Contractor shall not be obligated to indemnify and defend Portrait for claims found to be due to the sole negligence or willful misconduct of Indemnified Parties.

Contractor's indemnification and defense obligations hereunder shall extend to Claims occurring after this Agreement is terminated as well as while it is in force, and shall continue until it is finally adjudicated that any and all actions against the Indemnified Parties for such matters which are indemnified hereunder are fully and finally barred by applicable Laws.

Contractor agrees to waive any and all tort or other subrogation rights for property damage or bodily injury against the contractor arising directly or indirectly out of, relating to, or in connection with the performance of services.

8.2. If Contractor performs work which involves operations by Contractor on the premises of Portrait or one of Portrait's affiliates, agents or customers, Contractor shall take all necessary precautions to prevent the occurrence of any injury to any person or damage to any property during the progress of such work and/or services performed and except to the extent that any such injury or damage is due solely and directly to Portrait or its affiliate's, customer's or agent's negligence, as the case may be, Contractor shall pay Portrait for all loss which may result in any way from any act or omission of Contractor, its agents, employees, or subcontractors.

8.3. Upon execution of this Agreement, and prior to Contractor's commencing (in the broadest possible sense of the word) any work or services or supplies, the Contractor shall carry general liability insurance and the Contractor shall provide Portrait with a Certificate of Insurance naming Portrait as an additional insured hereunder. The coverage available to Portrait as an additional insured, shall not be less than $1,000,000 combined single limit per occurrence and a $1,000,000 general aggregate providing coverage for completed operations, products liability, and contractual liability. The Contractor's insurance carriers must be "A-" rated or better. Contractor shall also carry and provide proof of workers' compensation in statutory limits of not less than $100,000. If the Contractor engages any subcontractors or materialmen to provide work or materials on the premises of Portrait or one of Portrait's affiliates, then in that event, the Contractor shall name as an additional insured said subcontractor or materialmen providing them with all coverages required under this paragraph 8.3.

8.4. The insurance coverage required under paragraph 8.3 shall be of sufficient type, scope, and duration to ensure coverage of the Contractor and Portrait for liability related to any manifestation date within the applicable statutes of limitation and/or repose which pertain to any work performed by or on behalf of the Portrait in relation to any work performed, materials furnished or services provided by Contractor.

8.5. Annually, the Contractor shall supply Portrait with a new and replacement Certificate of Insurance. Not less then two weeks prior to the expiration, cancellation or termination, the Contractor will provide Portrait with a new additional insured endorsement naming Portrait as an additional named insured.

8.6. In the event that the insurance coverages provided by the Contractor pursuant to this Agreement exceed the minimums set forth in this Agreement, then, in that event, Portrait shall have the benefit of all such excess coverage, as an additional insured thereunder.

8.7. The policies evidencing the aforesaid insurance and coverages shall provide that (i) they cannot be canceled, amended or modified except after thirty (30) days advance notice in writing to Portrait, and (ii) the insurers or underwriters thereof waive their rights of subrogation against Portrait and any additional insured parties.

Master Agreement

8.8. To the fullest extent permitted by law, Contractor hereby assumes the entire responsibility and liability for all work, supervision, labor and materials provided hereunder, whether or not erected in place, and for all plant, scaffolding, tools, equipment, supplies and other things provided by Contractor until final acceptance of the work by Portrait. In the event of any loss, damage or destruction thereof from any cause, Contractor shall be liable therefore, and shall repair, rebuild and make good said loss, damage claim, expense or destruction at Contractor's cost.

9. WARRANTY AND REPRESENTATIONS

The Contractor represents and warrants that all materials, labor and/or systems furnished by the Contractor in connection with the construction of any and all site improvements and/or homes built by Portrait shall be free of defect for a period of one year, for workmanship and systems for two years from the date of Closing with Portrait's customer.

For a period of one (1) year after the date of Closing with Portrait's customer, (i) Contractor warrants that all the Work shall be free from defects in workmanship, material and design; and (ii) Contractor shall, upon notice form Portrait, and in a manner acceptable to Portrait, and at Contractor's sole cost and expense, promptly correct any defects in workmanship, materials and design and replace defective materials or equipment. Portrait's decision on any defect shall be the governing and controlling factor.

The remedies provided to Portrait for defective work shall not be exclusive but shall be cumulative and in addition to all other remedies available to Portrait at law or in equity with respect to latent defects or fraud. If Portrait deems it expedient to correct any defective work, the cost and expenses thereof shall be charged against Contractor by deducting said amount from the contract sum.

Portrait may occupy and use any portion of the work which has been partially or fully performed by Contractor, and such occupancy or use shall not constitute a waiver of any defects in, or an acceptance of, the Work.

Neither the acceptance of the Work by Portrait, nor any payment of the whole or any part of the contract sum, nor any occupancy, use or possession of the Work by Portrait, shall operate as a waiver of any breach or default by Contractor of any of the provisions of this Agreement.

The Contractor will to the extent called upon by Portrait participate in, at the Contractor's own expense the conciliation and arbitration mechanisms established under any home owners warranty program of Portrait as such conciliations and arbitration related to materials and/or labor furnished by the Contractor.

10. SAFETY STANDARDS

Contractor shall comply with all applicable federal, state and local laws, including without limitation, all state and federal employment compensation, worker's compensation, Social Security and Occupational Safety and Health Laws and requirements.

Contractor shall at all times be licensed or qualified under all applicable law or regulations necessary for the lawful performance of the Work. All permits, licenses and bonds necessary for the prosecution of the Work shall be secured and paid for by Contractor at its sole cost and expense.

All certificates of every kind (except the certificate of occupancy) which any municipal department or other agency may issue with respect to the Work shall be procured and delivered to Portrait at Contractor's sole cost and expense immediately upon completion of the Work.

Contractor shall, at its sole cost and expense, conform to the safety policies and regulations established by Portrait, a copy of which is attached hereto, made a part hereof, and marked as Exhibit A. Contractor shall comply with all specific safety requirements of all applicable federal, state and local laws, statutes, ordinances, rules or regulations. Contractor shall have and exercise full responsibility for compliance hereunder by its agents, employees, materialmen and subcontractors, and shall directly receive, respond to, defend and be responsible for all citations, assessments, fines or penalties which may be incurred by reason of its failure, or failure on the part of its affiliates, to so comply.

Contractor's Initials JAC

Master Agreement

Without in any manner limiting or restricting the covenants in the foregoing subparagraph, (i) Contractor acknowledges and confirms that it is thoroughly familiar with the standards, requirements and obligations of the Occupational Safety and Health Act [42 U.S.C. §651] ("OSHA"), has trained its affiliates on such standards, requirements and obligations, and its performance of the Work shall at all times be in full compliance with such standards, requirements and obligations; and (ii) **IN THE EVENT ANY FINE OR PENALTY IS LEVIED OR ASSESSED AGAINST PORTRAIT (OR ANY AFFILIATE OF PORTRAIT AND/OR THE OWNER OF THE SITE) ARISING OR RESULTING FROM ANY OSHA VIOLATIONS BY CONTRACTOR OR ITS AFFILIATES, CONTRACTOR SHALL PROMPTLY REIMBURSE PORTRAIT FOR THE FULL AMOUNT OF SUCH FINE OR PENALTY AND SHALL HOLD HARMLESS, INDEMNIFY AND DEFEND PORTRAIT FROM AND AGAINST ALL LOSSES, COSTS, EXPENSES (INCLUDING ATTORNEY'S FEES AND COURT COSTS), JUDGMENTS AND DECREES RESULTING THEREFROM.**

Contractor shall bear all damages which it causes to the work of other contractors and subcontractors and shall promptly repair all damages to streets, curbs, utilities, sidewalks and other property caused by Contractor or its affiliates.

11. CANCELLATION

Portrait reserves the right to cancel this Master Agreement in whole or in part if Contractor breaches this Agreement, including but not limited to, failing to provide necessary services in a timely and workmanlike manner and does not correct such failure within ten days of receiving written notice from Portrait specifying such failure or if Contractor in any other respect repudiates or otherwise breaches the terms hereof, including the warranties of Contractor.

PORTRAIT:

PORTRAIT HOMES-SOUTH CAROLINA, LLC

By: _____

Name: Dana Cobb

Title: Purchasing & Estimating Manager

Date: 11.1.02

CONTRACTOR:

Jose Castillo DBA JJA Framing

By: _____

Its: NAME

Title: Owner

Date: 11-5-02

Contractor's Initials ____

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Exhibit A to Master Agreement

Portrait Homes-South Carolina, LLC

Safety Requirements for All Portrait Homes-South Carolina, LLC Subcontractors and Suppliers

Portrait Homes-South Carolina, LLC believes that job site safety is extremely important. The various subcontractors and suppliers safety efforts will have a significant impact on the overall safety on the job site. The following policy outlines the safety policies of Portrait Homes-South Carolina, LLC

1. Purpose

It is the goal of Portrait Homes-South Carolina, LLC to have safe and productive sites. We recognize that the main control of this is in the hands of our Subcontractors and Suppliers. For this reason safety requirements have been developed. These requirements do not attempt to address every hazardous situation that may take place on a job site. They do not attempt to address every OSHA Standard nor do they attempt to outline compliance with any OSHA Standard in its entirety.

2. Responsibility

It is the subcontractors' / suppliers' responsibility to understand and carry out all related safety standards (OSHA and other) with their employees in the areas in which they are working.

The subcontractor / supplier is responsible for hazard identification and correction, as they have the most control over their employees, their actions, and the conditions that they create.

The subcontractor / supplier is responsible to pay all cost related to related to losses caused by their action, conditions, or lack of following established safety standards. This includes liability claims, Workers Compensation Claims, OSHA Citations, etc.

3. Goal

The goal of this safety program is to improve the overall safety of all company developments. This program will hold subcontractors responsible for safety in the areas that fall within their operations.

4. General Rules

This section contains general requirements and includes all subcontractors and suppliers, and it is applicable to their operations.

A. All employee accidents must be reported to the designated site superintendent immediately. A copy of the First Report of Injury form will need to be sent to the company office at this time.

B. Each subcontractor / supplier is responsible for the development, maintenance, and implementation of their own safety program.

C. Any ladders used on the site must be equipped with feet to prevent ladder from slipping. This applies to straight, extension, step and other types of ladders. Ladders not equipped with feet must be cleated in place when used.

D. Each subcontractor / supplier must develop and maintain their own Hazard Communication Program. A current copy of a material safety data sheet for each chemical / substance used on the job site must be provided to the site superintendent **before** it is brought on to the site.

E. Each subcontractor / supplier is expected to provide their employees with appropriate personal protective equipment and to enforce its use.

F. Each subcontractor / supplier is expected to provide a competent person as a defined by OSHA for their operations that require such a person.

G. The subcontractor foreman must attend any safety meetings held by the site superintendent. These will be scheduled in advance for a common day, time, and location.

H. Protruding nails must be removed from all lumber and bracing.

I. All trades must maintain a clean work area.

J. **Hard hats are required at all times** when overhead exposure exists. This is defined as any work in or around a unit prior to the exterior is finished and up to drywall being started (stage 10).

K. All subcontractors must conduct periodic toolbox talk safety meetings with their employees working on Pasquinelli / Portrait Homes jobs.

L. Subcontractor companies are responsible to provide basic first aid essentials for their employees.

M. It is the responsibility of the Subcontractor Company to review and enforce these safety requirements with their employees.

N. All operations must incorporate the most current OSHA fall protection standard by providing protection at heights over 6' or by establishing a written fall protection plan and establishing controlled access zones as outlined by the OSHA standard. The fall protection plan applies primarily to carpentry operations.

(A copy of the fall protection plan must be supplied to the site superintendent)

O. Subcontractor shall conform to the OSHA requirements as pertains to his/her trade. Additionally, subcontractor shall be required to conform to Pasquinelli / Portrait Homes written safety policies and procedures.

P. Heavy Equipment with limited rear view must be equipped with a functioning backup alarm.

Q. Guards on power saws must be kept in place and not removed, pinned back or otherwise altered.

R. Electrical extension cords must be maintained in good condition free of missing ground pins, damage to wires etc. Cords shall not be spliced together.

S. Safety glasses must be worn when employees are exposed to eye hazards such as using a nail gun, power saw, hammering, etc.

T. Trades generating open flames must have a fire extinguisher on the same level as the work being performed. The fire extinguisher must be in working order and rated for extinguishing combustibles.

The following safety policies must be applied in addition to the general safety policies. These policies do not attempt to address all issues related to a specific operation. Each subcontractor is responsible to know and apply specific safety policies related to their operations.

Underground & Excavation Contractor

This includes subcontractors involved with excavation, installation of water, sewer, cable, electrical, plumbing and the related operations.

This includes subcontractors involved with excavating foundation holes and related dirt work.

A. Subcontractors involved in these operations are responsible to have a "competent person" on site to assess the soil conditions and to determine and apply necessary cave-in protection.

B. Employees may not work in excavations exceeding 5' vertical depth unless proper cave-in protection is provided. Foundation excavations must be sloped or bench cut if deeper than 5'. A minimum overdig of 3' must be provided for all foundation excavations.

C. All rubber tired excavating equipment must be equipped with roll over protection as required by OSHA standards.

D. All underground utilities must be identified and located before any digging may take place.

E. Bulk storage of fuel on the site must be in a location away from vehicular traffic and properly labeled.

F. The roadways and related surfaces must be kept free of accumulation of dirt and mud.

G. All applicable OSHA standards must be maintained during all related operations.

H. Heavy equipment with limited rear view must be equipped with a functioning backup alarm.

I. Any open trenches outside the footing / house must be barricaded or flagged to prevent accidental entry when left unattended. (i.e., plumbing trenches)

J. All pieces of heavy equipment must be secured to prevent unauthorized persons from operating.

Electrical Contractor

A. All energized circuit breaker panels must be securely covered to prevent accidental contact. Use of cardboard for covers is not permitted.

B. All outlets (including temporary power) must meet the standard electrical code for the local jurisdiction. Temporary outlets or wire taps that are not secured to the wall, are ungrounded, are hanging, etc. are strictly forbidden.

C. Saw-poles must be installed to meet local electrical safety ordinances including gfci-protected outlets.

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Painting Contractor

A. The superintendents must approve storage of flammable liquids in quantities over 5 gallons within the buildings. All flammable liquids in any quantity must be stored in proper containers and labeled.

B. Any paint pumps used to spray combustible or flammable material must be designed for such use. (class 1 division 1 motor)

Carpenter Contractor

A. FALL PROTECTION:

All operations must incorporate the most current OSHA Fall Protection Standard by providing protection at heights over 6'or by establishing a written fall protection plan and establishing controlled access zones as outlined by the OSHA standard. (A copy of the fall protection plans must be provided to the site superintendent)

All floor and wall openings with a 6' or greater drop must be covered or railed. This includes, but is not limited to:

Basement and 2nd/3rd floor stairway openings.
Patio / walkout doors.
Any windows with a bottom sill at or below 39" from floor.

B. All scaffolding, including job made scaffolding, must meet the requirements outlined in the scaffolding rules.

C. Tag lines must be used during crane work (windy conditions)

D. Railing dimensions = 42" top rail, 21" mid rail and toe board at landing areas. Railings must be capable of withstanding 200 pounds of force applied in a downward or outward direction. (Railings should be built from 2x4 or equivalent strength material.

E. Railings must be installed in such a method that reduces the need to be removed by drywall applications. (Railings should not be nailed directly to studs or other areas that will be drywalled and should allow for approximately 4" to allow for installation)

F. Toe boards must be placed at the bottom eaves of the roof to prevent material or tools from falling from the roof level. A toe board must have a vertical member of at 4" nominal dimension.

G. Access ladders must be used to gain access to 2nd levels when stairs are not in place. Ladders must extend over the landing and be secured at top and bottom. Climbing backing blocks or braces is prohibited.

Roofing Contractor

A. All employees involved in roofing material application (shingles) must use fall protection.

B. All fall protection equipment must be designed for that purpose.

C. All ladders used to access roof must be in good condition and secured from falling over or sliding out from a vertical position. The ladders must extend 3' above the roofline.

D. Toe boards must be placed at the bottom eaves of the roof to prevent material or tools from falling off of the roof level. A toe board must have a vertical member of at least 4" nominal dimension.

E. Roofing material storage on the roof must be done in a way to minimize potential for material falling off of roof. Use of toe boards, ridge stocking or other effective means must be used.

F. Applicable OSHA standards must be followed during all related operations.

Concrete Contractor

A. Exposed rebar must be guarded or bent over to prevent impalement injury.

B. All wall ties must be broken off. Protruding wall ties present an injury exposure.

C. Excavations need to be inspected prior to employee entry. An on-site person knowledgeable in soil condition is required to assess the soil condition / excavation.

D. Applicable OSHA Standards must be followed during related operations.

Scaffolding

These requirements refer to subcontractor that uses scaffolding equipment.

A. Each subcontractor using scaffolding is responsible to know and follow established OSHA standards as outlined in 1926.451. The subcontractor must have a competent person on site to supervise the building and take down of all scaffolding equipment.

B. General Scaffolding Requirements

C. Fall protection is required on all open sides at height 10' and above.

1. All scaffolding must be on solid ground or solid mudsills. (bricks and similar materials not permitted)

2. Scaffolding must be secured to structure if over 26' in height to prevent tip over or if over 4:1 ratio of height to base width.

3. Work surfaces must be fully planked.

4. Pump Jack Scaffolding General Requirements

5. Upright poles must be secured to structure at top and bottom.

6. Mudsills must be used underneath support poles.

7. Guard rails or personal fall arrest protection is required on all open sides. (a secured work bench may be used to replace the top rail)

8. An access ladder is required.

9. Wood pole scaffolding shall not be used.

10. Ladder Jack Scaffolding – General Requirements

11. The maximum allowable working height is 20'.

12. Only approved ladders (type 1A heavy duty) may be used for this purpose. (job made ladders are not permitted)

13. Ladder Jack Scaffolding can be used for light duty only.

14. The supporting ladders must be secured at the top and securely footed at the bottom to prevent them from slipping or falling.

15. Fall protection is required when using ladder jack scaffolding at heights over 10'. (Guard rails or use of safety harness)

THE UNDERSIGNED HEREBY ACKNOWLEDGES THAT IT HAS RECEIVED COPIES OF THIS SIX (6) PAGE DOCUMENT CONTAINING THE SAFETY REQUIREMENTS AND THE UNDERSIGNED ACKNOWLEDGES THAT THE SAFETY REQUIREMENTS HAVE BEEN READ AND THAT COPIES OF SAID SAFETY REQUIREMENTS WILL BE PROVIDED TO EACH EMPLOYEE OF THE UNDERSIGNED WORKING ON THE JOB SITE OR PROVIDING SUPPLIES TO THE JOB SITE.

Jose Castillo DBA JJA Framing

Type or Neatly Print Company Name Here

Jose A Castillo	Jose A Castillo
Type or Neatly Print Owner / Managers' Name Here	Type Or Neatly Print Field Supervisors' Name Here
Jose A Castillo 11-5-02	Jose A Castillo 11-5-02
Authorized Signature Date	Authorized Signature Date

1008.099542\Safety Requirements PH-SC 09.16.02

PLAINTIFF'S EXHIBIT 38

Portrait Homes Construction Co.

HOUSING AND PURCHASE ORDER CONTRACT

PROJECT NAME: Summerwood / Persimmon Hill

PROJECT LOCATION: I78/ Finucan Road, Berkeley County, South Carolina

TRADE OR VENDOR: 410 Framing Labor

This Contract, dated, March 6, 2002 is made between Portrait Homes – South Carolina LLC ("Contractor"), and JJA Framing ("Subcontractor").

WITNESSETH, that in consideration of Subcontractor being selected to perform the work as described in paragraph 12 below (herein collectively referred to as the "Work"), and in consideration of the covenants and agreements herein contained, the parties hereto hereby agree as follows:

1. Work

   A. Subcontractor shall perform and complete the Work in a good and workmanlike manner in accordance with the applicable plans and specifications and all applicable statutes, laws, rules and regulations. For all purposes herein, the status of Subcontractor is that of an independent contractor, and in no event shall Subcontractor be deemed the Contractor's agent or employee.

   B. The Work shall be performed on a building, unit or residence basis, or on a portion of a project or subdivision, as directed by Contractor. Subcontractor shall have no contract or right to perform the Work on any subsequent building, unit or residence, or on the remainder of any project or subdivision, unless expressly approved in writing by Contractor.

2. Contract Sum

   A. The contract sum, which shall include all Federal, State and local taxes arising out of the Work, is set forth in paragraph 12 below or in an exhibit attached to this Contract. The contract sum shall remain fixed for the designated term as therein set forth. Thereafter, if either party desires to seek a change or adjustment in the contract sum, it shall give at least ninety (90) days prior written notice to the other. The parties shall then attempt to negotiate such change, but the existing contract sum shall continue to apply until such time as the parties setting forth the new contract sum sign a new written instrument.

   B. Without an authorized written Extra Work Order (EWO) issued by Contractor's main office, the contract sum shall not be increased or adjusted for any extra or additional work or material claimed or performed by Subcontractor.

3. Inspection, Examination and Testing

   A. All material and workmanship shall be subject to inspection, examination and testing by Contractor at any and all times during manufacture, construction and installation, and at any and all places where such manufacturing, construction and installation are carried on. Contractor shall have the right to reject defective material and workmanship or require its correction. Subcontractor shall promptly and satisfactorily correct rejected workmanship, and Subcontractor shall promptly and satisfactorily replace rejected material with proper material without charge thereof. Subcontractor shall promptly separate and remove rejected material from the project site. If Subcontractor fails to proceed at once with replacement of rejected material and the correction of defective workmanship, such failure shall constitute a default. Subcontractor shall be responsible for all costs incurred by Contractor to satisfactorily correct the work.

B. Subcontractor shall promptly and properly request inspections required by all applicable governmental bodies having jurisdiction of the work for all labor and materials installed, and shall obtain all required approvals and acceptances thereof.

4. **Equipment or Material**

A. The handling, unloading, safe storage and the risk of loss of all deliveries of equipment and materials shall be Subcontractor's responsibility. No payment shall be due from, or made by, Contractor for any delivered equipment or material until the same has been actually installed by the Subcontractor and incorporated in the project. Materials the Contractor purchases directly from a supplier or manufacturer will not be considered the Contractor's property until the material has been received, counted, and signed for by an employee of the Contractor. Any loss of material will be the sole responsibility of the supplier if this procedure has been violated.

B. Contractor shall not in any manner be liable or responsible for any loss or damage that shall happen to the work or for any equipment, material or tools that may be employed therein or placed upon the site by Subcontractor's employees, agents, subcontractors or any other person; it being expressly understood that the Subcontractor shall be fully responsible therefore until the work has been fully completed and accepted by Contractor.

5. **Legal Compliance: Permits, Licenses**

A. Subcontractor shall comply with all applicable Federal, State and local laws, including without limitation, all State and Federal Employment Compensation, Workmen's Compensation, Social Security and Occupational Safety and Health Laws and Requirements.

B. Subcontractor shall at all times be licensed or qualified under all applicable law or regulations necessary for the lawful performance of the Work. All permits, licenses and bonds necessary for the prosecution of the Work shall be secured and paid for by Subcontractor at its sole cost and expense.

C. All certificates of every kind (except the certificate of occupancy) which any municipal department or other agency may issue with respect to the Work shall be procured and delivered to the Contractor at Subcontractor's sole cost and expense immediately upon completion of the Work.

D. Subcontractor shall, at its sole cost and expense, conform to the safety policies and regulations established by Contractor and shall comply with all specific safety requirements of all applicable Federal, State and local laws, statutes, ordinances, rules or regulations. Subcontractor shall have and exercise full responsibility for compliance thereunder by its agents, employees, material men, and subcontractors, and shall directly receive, respond to, defend, and be responsible for all citations, assessments, fines or penalties which may be incurred by reason of its failure, or failure on the part of its Affiliates, to so comply.

E. Without in any manner limiting or restricting the covenants in subparagraph 5D above, (i) Subcontractor acknowledges and confirms that it is thoroughly familiar with the standards, requirements and obligations of the Occupational Safety and Health Act [42 U.S.C. §651] ("OSHA"), has trained its Affiliates on such standards, requirements and obligations, and its performance of the Work shall at all times be in full compliance with such standards, requirements and obligations; and (ii) **IN THE EVENT ANY FINE OR PENALTY IS LEVIED OR ASSESSED AGAINST THE CONTRACTOR (OR PASQUINELLI CONSTRUCTION CO. AND/OR THE OWNER OF THE SITE) ARISING OR RESULTING FROM ANY OSHA VIOLATIONS BY SUBCONTRACTOR OR ITS AFFILIATES, SUBCONTRACTOR SHALL PROMPTLY REIMBURSE CONTRACTOR FOR THE FULL AMOUNT OF SUCH FINE OR PENALTY AND SHALL HOLD HARMLESS, INDEMNIFY AND DEFEND THE CONTRACTOR FROM AND AGAINST ALL LOSSES, COSTS, EXPENSES (INCLUDING ATTORNEYS' FEES AND COURT COSTS), JUDGMENTS AND DECREES RESULTING THEREFROM.**

F. Subcontractor shall bear all damages it causes to the work of other contractors and subcontractors, and shall promptly repair all damages to streets, curbs, utilities, sidewalks and other property caused by Subcontractor or its Affiliates.

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G. Subcontractor accepts all fines and / or fees charged by the governing inspection authority due to inspection failure. These fees will be charged back to the Subcontractor if they are charged to the Contractor.

6. **Indemnity**

As used herein, "Claims" shall mean all claims, demands, legal actions, liabilities, losses, damages, costs and expenses (including attorneys' fees and court costs), judgments, and decrees arising out of or occasioned by or in any way connected with any act, failure to act, neglect or omission by Subcontractor or its Affiliates in the performance of the Work. Subcontractor agrees to hold harmless, indemnify and defend Contractor, and its officers, employees and agents, from and against any and all Claims resulting from personal or bodily injury to, or the death of, any persons whomsoever, including Contractor's or Subcontractor's employees, or injury or damages to, or destruction of, any property, or resulting from any failure to comply with the requirements of applicable federal, state or local statutes, laws, ordinances, rules, regulations or orders. Nothing in the foregoing is intended as an agreement to indemnify or hold harmless Contractor, or its officer, employees and agents, from such person's own negligence. The provisions of this paragraph 6 shall survive the completion and acceptance of the Work and any termination of this Contract.

7. **Insurance**

A. Subcontractor, at its own expense, shall carry at all times one of the following grades of insurance coverage. The grade of coverage required is based on the nature of the work performed by Subcontractor:

Grade 1.

Type	Minimum Limits
(1) Comprehensive General Liability (including Contractual liability coverage with respect to the indemnity set forth in paragraph 6 above).	**OCC. Limit Of $300,000 Under New CPP A $300,000 General Aggregate**
(2) Automobile Liability	**$300,000 CSL or $200/300/50 Split Limits**
(3) Workmen's Compensation/Employer's Liability	**$100/500/100**

Grade 2 & 3

Type	Minimum Limits
(2) Comprehensive General Liability (including Contractual liability coverage with respect to the indemnity set forth in paragraph 6 above).	**OCC. Limit Of $1,000,000 Under New CPP A $1,000,000 General Aggregate**
(3) Automobile Liability	**$500,000 CSL or $250/500/200 Split Limits**
(4) Workmen's Compensation/Employer's Liability	**$500/500/500**

Grade 4

Type	Minimum Limits
(3) Comprehensive General Liability (including Contractual liability coverage with respect to the indemnity set forth in paragraph 6 above).	**OCC. Limit Of $2,000,000 Under New CPP A $2,000,000 General Aggregate**
(4) Automobile Liability	**Total Limit Of $1,500,000**
(5) Workmen's Compensation/Employer's Liability	**$1,000/$1,000/$1,000**

Grade 5

Same limit as Grade 4 and OCP policy with limits of $1,000,000 occurrence, $1,000,000 aggregate.

Exhibit 38 Pg3

Note: General Liability must include Blanket Contractual Coverage. Total limits for General Liability, auto Liability, and Employers Liability may be any combination of Underlying and Umbrella Coverages.

Together with such other insurance and coverages as Contractor by written notice prior to the commencement of the Work shall have directed the Subcontractor to carry and maintain.

B. Subcontractor shall not commence the Work unless and until it has obtained the above insurance and delivered to Contractor a certificate or memorandum evidencing such coverage (including the name of the carrier, policy number, limits and expiration date) and evidencing payment thereof by Subcontractor, and naming the Contractor, the owner of the project and any additional parties, as additional insured.

C. All insurance and coverages shall be in form and substance, and issued by credit rated companies, satisfactory to Contractor.

D. The policies evidencing the aforesaid insurance and coverages shall provide that (i) they cannot be canceled, amended or modified except after thirty (30) days advance notice in writing to Contractor and (ii) the insurers or underwriters thereof waive their rights of subrogation against Contractor and any additional insured parties.

E. Subcontractor shall report immediately to Contractor any injuries suffered by Subcontractor's employees or any injuries to other persons or property damage arising out of the performance of the Work. Contractor shall be furnished two (2) copies of the written accident report within three (3) days of the injury or damage.

8. Warranty

A. For a period of one (1) year after the date of final acceptance for occupancy by the Contractor, (i) Subcontractor warrants that all the Work shall be free from defects in workmanship, material and design; and (ii) Subcontractor shall, upon notice from Contractor, and in a manner acceptable to Contractor, and at Subcontractor's sole cost and expense, promptly correct any effects in workmanship, materials and design and replace defective materials or equipment. Contractor's decision on any defect shall be the governing and controlling factor.

B. The remedies provided to Contractor for defective work shall not be exclusive but shall be cumulative and in addition to all other remedies available to Contractor at law or in equity with respect to latent defects or fraud. If Contractor deems it expedient to correct any defective work, the cost and expenses thereof shall be charged against Subcontractor by deducting said amount from the contract sum.

C. Contractor may occupy and use any portion of the work that has been partially or fully performed by Subcontractor, and such occupancy or use shall not constitute a waiver of any defects in, or an acceptance of, the Work.

D. Neither the acceptance of the Work by Contractor, nor any payment of the whole or any part of the contract sum, nor any occupancy, use or possession of the Work by Contractor, shall operate as a waiver of any breach or default by Subcontractor of any of the provisions of this Contract.

9. Termination

Contractor shall have the right at any time to terminate the Subcontractor without incurring any liability to the Contractor, beyond payment of the contract amount once all Work has been completed as outlined in the Scope of Work. No payment shall be made until all portions of the Work has been completed as outlined in the Scope of Work and has been accepted and approved by Contractor and subject to Contractor's receipt from Subcontractor of the required payment documentation as provided elsewhere in this Contract. A ten (10) percent retainage of the full contract value will be held for all units that are within the Subcontractor's warranty period per this contract. The Contractor will provide to the subcontractor a complete list of all units that will be covered by retained funds and the warranty expiration date on those units. Retained funds will be released as the warranty period expires on those units. Subcontractor assumes all costs incurred to finish and correct Subcontractor's Work performed when termination occurs due to failure to perform any portion of this Contract, any portion of the Scope of Work, any portion of the

Exhibit 38 Pg4

Material Specification Sheet, or failure to meet Contractor's scheduling requirements. The maximum amount that will be paid out upon the completion of all Work as outlined in the Scope of Work will not exceed the Subcontractor's full Contract amount on all units where the Subcontractor has started Work.

10. **Payment Documentation**

A. Subcontractor's waiver of lien shall accompany each payment. The waiver of lien must be promptly signed by the Subcontractor and returned to the Contractor. If the waiver of lien is not promptly returned, all future payment to Subcontractor will cease until any outstanding waivers are signed and received at the Contractor's office.

B. Subcontractor shall keep the project site and the premises upon which the Work is performed free of any claim or lien. Should any claim or lien be asserted or filed, Contractor may, after three (3) days written notice to Subcontractor, pay over an amount sufficient to discharge such claim or lien and charge the same against the Subcontractor by deducting said amount from the contract sum. Subcontractor further agrees to hold harmless, indemnify and defend Contractor from and against all loss, costs, damage, expense (including attorneys' fees and court costs), liability, judgment or decree, which Contractor may sustain in connection with any such claim or lien.

C. Payment to Subcontractor shall be in accordance with Contract's standard terms, unless otherwise expressly provided elsewhere herein. Subcontractor agrees to invoice for all work performed within thirty (30) days of completion of said work. Any invoices billed subsequent to sixty (60) days shall reduce the Contract sum of 2A and 2B above by 50%. Any invoices billed subsequent to ninety (90) days shall be deemed null and void.

11. **Assignment: Amendment: Conflicts**

A. Subcontractor shall not sublet or assign this Contract, nor sell or assign the proceeds thereof, without Contractor's prior written consent, which consent may be refused or withheld for any reason whatsoever. Except for the foregoing restriction, the terms and provisions of this Contract shall inure to and be binding upon Subcontractor's heir, executors, legal representatives, successors and assigns.

B. Subcontractor agrees to accept an assignment of this Contract in its entirety to Contractor's lender financing the work site or project, or to any successors of Contractor. Subcontractor will execute such assignment, together with such other appropriate documentation pertaining to such assignment or as may be requested by such lender.

C. The terms and provisions of this Contract hereby supersede all prior negotiations, representations of agreements, either written or oral, and may not be amended, modified or supplemented except by a written instrument signed by Subcontractor and Contractor.

D. No term, provision, condition or obligation contained in any written bid, proposal, or other document by Subcontractor shall be binding upon the Contractor unless the same is expressly incorporated in a separate written instrument signed by Subcontractor and Contractor. If any of the terms or provisions of such separate, signed written instrument creates any ambiguity or conflicts with any of the terms or provisions of this Contract, the terms and provisions of this Contract shall govern and control.

E. Failure or delay by Contractor to insist in any one or more instances upon the performance of any provisions of this Contract, or to exercise any right, power or privilege thereunder, shall not be deemed a waiver or relinquishment of the future performance of any such provisions or the future exercise of any such right, power, or privilege.

F. This Contract and all included documents (Scope of Work, Basic Requirements, EWO/Backcharge Policy, Billing and Statement Policy, and Standard Policies) shall be considered written instruments of this Contract.

12. Additional Provisions and Contract Documents

Exhibit A: Billing Sheets Dated: 3.6.02 OR Bid Documents Attached Dated: _____ (Bid documents attached for price information only. Any contract language in bid document is void.)

Exhibit B: Scope of Work Dated: 3.6.02

Exhibit C: If checked ☐ Blue Prints Pages _____ Current through latest revision date _____.

Exhibit D: _____

Other Provisions:

Scope of Work dated 8.15.03
and Billing Sheets dated 8.15.03 supersede
both documents dated 3.6.02

DC 8.15.03
8/15/03

- Proper Wallboards to be provided at framing completion
(See Superintendent for specific specifications)

SB 2/2/04
JAC 2/2/04

IN WITNESS WHEREOF, the parties have executed this Contract as of the date first above written.

CONTRACTOR:	SUBCONTRACTOR:
Portrait Homes Construction Co.	JJA Framing Company Name
3.6.02 Authorized Signature	3-8-02 Authorized Signature
Purchasing Manager Title	Owner Title

Initial here _____
HPOContract.doc

Exhibit 38 Pg6

PLAINTIFF'S EXHIBIT 39

PORTRAIT HOMES CONSTRUCTION CO.
SCOPE OF WORK
FRAMING

DESCRIPTION

A. Furnish all labor, equipment, crane, scaffold, nails and job supervision to complete rough carpentry work as indicated on the contract Drawings and/or described in the Scope of Work, or as may be reasonably inferred therefrom.
B. It is the sole responsibility of the Subcontractor to know, understand, and comply with all applicable building codes.
C. Where conflict in or between the plans and / or Scope of Work and / or building codes occurs, it is agreed that this Subcontractor has based his contract price on the more expensive method of doing the work.
D. The Housing and Purchase Order Contract, E.W.O. Policy, and Standard Policies are included as part of this contract. Portrait Homes Construction Co. defines additional information and/or requirements in Customer Selection Sheet, Architectural Plans, and Individual Checklist Supplied, (where applicable).

2. SCOPE

A. This Subcontractor shall supply all labor, tools, and equipment to complete the rough framing labor per an agreed upon bid amount and quantity and as required by plans, customer selection sheet, and individual lot conditions.
B. This shall be done in conformance with all specifications herein contained.
C. The Contractor will furnish this Subcontractor with all framing lumber, sheathing, decking, millwork, window and exterior doors, and other material as required to complete the framing, except nails.
D. All furnished materials will be of standard or random lengths requiring field cutting to size for installation.
E. This Subcontractor shall inspect all materials prior to installation, and shall immediately inform the Contractor of all defective materials. Correction of any latent defects noted by this Subcontractor after his acceptance will be his responsibility.
F. All framing will be plumb, level and square, and any deviations from Plans will be resolved with Contractor in writing prior to resumption of work.
G. This Subcontractor will install headers where required by mechanical subcontractors and approved by Contractor.
H. Information concerning required headers to be supplied by the mechanical subcontractors, especially where structural framing is involved.
I. Where structural weaknesses have been created, this Subcontractor shall inform the Contractor, and shall be responsible for re-establishing the structural integrity of the framing.
J. This Subcontractor will be required to set all tubs and shower units into their respective bathrooms. Contractor's Site Superintendent is to coordinate with the Framing and Plumbing Subcontractors as to the time of tub and shower delivery. The Plumbing Subcontractor will do the actual installation of the tub.
K. This Subcontractor will install all necessary blocking behind kitchen cabinets, tubs, showers, deck railings, all fire blocking and fire stop required by local codes, all blocking to meet fair housing requirements, and all other items being installed in the structure that require blocking as determined by the Contractor.
L. This Subcontractor is required to install all flooring in attic per plan as part of the standard contract sum.
M. This Subcontractor shall install a minimum of 64 sq. ft. of ¼" T&G OSB in attic equipment area.
N. Subcontractor will frame opening for scuttle hole and / or pull down attic access stairs per plan.
O. This Subcontractor will apply glue and fasten sub-floor according to the manufacturer's recommendations.
P. As sub-floor is positioned, nail off each sheet immediately with 8D ring-shanked nails. DO NOT wait until sub-floor is laid in its entirety to nail off.
Q. It is this Subcontractor's responsibility to verify that the nails are secured to a floor joist/truss member. All nails that miss the floor joist/truss member will be backed out.
R. Any repairs due to improper installation will be charged to this Subcontractor.
S. This Subcontractor will pre-hang $^5/_8$" firecode sheetrock, provided by Contractor, to extend to next stud/plate beyond tub.
T. This Subcontractor shall be responsible for installing insulation in all areas that will be inaccessible to the Insulation subcontractor after framing. Insulation to be provided by other.
U. All equipment required for completion of work (Crane, Forklift, Generators, Compressors, Hand & Power Tools, etc.) is the responsibility of this Subcontractor, and is part of the standard contract price sum.
V. Included in this contract will be the construction and / or installation of the following items:
   1. All Exterior and Interior Walls, Beams, Floor and Roof trusses, Truss ties and bracing.
   2. Plates, studs and headers - installed per Plans
   3. Foundation plates - set and secure to wall tie downs.
   4. Firecode drywall on both party wall cavity surfaces and under plywood roof deck, per Plan.
   5. Corner bracing metal let in on interior party walls.
   6. All exterior walls will be sheathed with $^7/_{16}$" OSB.
   7. Studs and blocking at joints of sheathing and/or siding.
   8. All blocking required by county and city codes

9. Joist End Blocking and Bridging, as required
10. Decking and Sheathing
11. Floor Joists (crown up) and Hangers.
12. Headers
13. Draft stop in all party wall cavities at all floors
14. Anchor Bolts (drill & install)
15. Bulkheads
16. Roof Rafters and Valleys.
17. Ceiling Joists and Drop Ceilings
18. Dead Wood - Dimension Lumber
19. Plumbing and ceiling access panels
20. Full depth blocking under beams and where walls above do not align with floor or lower wall system.
21. Seven-sixteenth ($^7/_{16}$") OSB roof sheathing, with galvanized steel plywood clips between each rafter or truss
22. Fifteen (15#) pound asphalt impregnated felt paper (for roof and for walls at brick areas). Lap paper eight (8") inches at joints. Install with plastic "Button Cap Nails".

3. WINDOWS AND DOORS
   A. Windows and Doors furnished by Contractor, installed by Subcontractor per manufacturer's specifications.
   B. Doors are to be installed plumb, level and square with special attention to equal and even reveal between door slab and frame. Doors to have caulking applied under sill.
   C. Header height of front entry door and windows must match so the top of the trim on the window is level with the top of the entry door trim, unless specifically shown as a different window and door height dimension on the Plan elevation.

4. FRAMING PROCEDURE
   A. Studs on non-load bearing walls shall be 24" O.C.
   B. Use only treated plates on all walls in contact with concrete or masonry.
   C. Sub-floor will be glued and nailed six (6") inches apart on all edges and six (6") inches in the field.
   D. Thermo-ply Structural Grade sheathing is to be fastened 3" o.c. perimeter and 6" o.c. intermediate studs with #16 staples w 7/16" crown x 1-1/4" legs, or #16 staple w 1" crown x 1-1/4" legs, or #11 gauge x 1-1/4" galvanized roofing nails.
   E. The roof deck is to be nailed six (6") inches on edges and eight (8") inches in the field.
   F. Kitchen and bathroom dimensions must be strictly adhered to.
   G. All walls must be glued to subfloor and nailed to floor truss (joist).

5. CLEAN-UP
   A. This Subcontractor shall clean up the interior and exterior of the building daily, and remove the debris as directed by the Contractor.
   B. All usable material will be neatly stacked so as to protect it from the elements.
   C. When Subcontractor has completed his work, he will stack all salvageable materials in a location designated by the Contractor.

6. WARRANTY
   A. This Subcontractor guarantees his workmanship for a period of one (1) year from the date of closing
   B. All materials required for repair due to poor workmanship shall be this Subcontractor's responsibility.
   C. Where the work of other trades is affected by this Subcontractor's workmanship, it is this Subcontractor's responsibility to have that damage repaired or replaced the same as originally specified at his expense.

CONTRACTOR:	SUBCONTRACTOR:
Portrait Homes Construction Co.	T.T.A Framing
Company Name	
3-6-02	
Authorized Signature	Authorized Signature
Purchasing Manager	Owner
Title	Title

Exhibit 39 Pg2

PLAINTIFF'S EXHIBIT 41

PORTRAIT HOMES
A Pasquinelli Company

SCOPE OF WORK
FRAMING LABOR

1. DESCRIPTION
A. Furnish all labor, equipment, crane, scaffold, nails and job supervision to complete rough carpentry work as indicated on the contract Drawings and/or described in the Scope of Work, or as may be reasonably inferred therefrom.
B. It is the sole responsibility of the Subcontractor to know, understand, and comply with all applicable building codes.
C. Where conflict in or between the plans and / or Scope of Work and / or building codes occurs, it is agreed that this Subcontractor has based his contract price on the more expensive method of doing the work.
D. The Housing and Purchase Order Contract, E.W.O. Policy, and Standard Policies are included as part of this contract. Portrait Homes defines additional information and/or requirements in Customer Selection Sheet, Architectural Plans, and Individual Checklist Supplied, (where applicable).

2. SCOPE
A. This Subcontractor shall supply all labor, tools, and equipment to complete the rough framing labor per an agreed upon bid amount and quantity and as required by plans, customer selection sheet, and individual lot conditions.
B. This shall be done in conformance with all specifications herein contained.
C. The Contractor will furnish this Subcontractor with all framing lumber, sheathing, decking, millwork, window and exterior doors, and other material as required to complete the framing, except nails and foundation anchors.
D. All furnished materials will be of standard or random lengths requiring field cutting to size for installation.
E. This Subcontractor shall inspect all materials prior to installation, and shall immediately inform the Contractor of all defective materials. Correction of any latent defects noted by this Subcontractor after his acceptance will be his responsibility.
F. All framing will be plumb, level and square, and any deviations from Plans will be resolved with Contractor in writing prior to resumption of work.
G. This Subcontractor will install headers where required by mechanical subcontractors and approved by Contractor. Header information to be supplied by the mechanical subcontractors, especially where structural framing is involved.
H. Where structural weaknesses have been created, this Subcontractor shall inform the Contractor, and shall be responsible for re-establishing the structural integrity of the framing.
I. This Subcontractor will be required to set all tubs and shower units into their respective bathrooms. Contractor's Site Superintendent is to coordinate with the Framing and Plumbing Subcontractors as to the time of tub and shower delivery. The Plumbing Subcontractor will do the actual installation of the tub.
J. This Subcontractor will install all necessary blocking behind kitchen cabinets, tubs, showers; all fire blocking and fire stop required by local codes, all blocking to meet fair housing requirements, and all other items being installed in the structure that require blocking as determined by the Contractor.
K. This Subcontractor is required to install all flooring in attic per plan as part of the standard contract sum. This Subcontractor shall install a minimum of 64 sq. ft. of ¾" T&G OSB in attic equipment area.
L. Subcontractor will frame opening for scuttle hole and / or pull down attic access stairs per plan.
M. This Subcontractor will apply glue and fasten sub-floor according to the manufacturer's recommendations and plan-specific structural specifications.
N. As sub-floor is positioned, nail off each sheet immediately with 8D ring-shank nails. DO NOT wait until sub-floor is laid in its entirety to nail off.
O. It is this Subcontractor's responsibility to verify that the nails are secured to a floor joist/truss member. All nails that miss the floor joist/truss member will be backed out.
P. Any repairs due to improper installation will be charged to this Subcontractor.
Q. This Subcontractor will pre-hang $^5/_8$" firecode sheetrock, provided by Contractor, to extend to next stud/plate beyond tub.
R. This Subcontractor shall be responsible for installing insulation in all areas that will be inaccessible to the Insulation Subcontractor after framing. Insulation to be provided by others.
S. All equipment required for completion of work (Crane, Forklift, Generators, Compressors, Hand & Power Tools, etc.) is the responsibility of this Subcontractor, and is part of the standard contract price sum.
T. Included in this contract will be the construction and / or installation of the following items:
   1. All Exterior and Interior Walls, Beams, Floor and Roof trusses, Truss ties and bracing per sealed Truss drawings.
   2. Plates, studs and headers - installed per Plans
   3. Foundation plates - set and secure to wall tie downs.
   4. Firecode drywall on both party wall cavity surfaces and under plywood roof deck, per Plan.

5. All exterior walls will be sheathed with $^{7}/_{16}$" OSB.
6. Studs and blocking at joints of sheathing and/or siding. Joist End Blocking and Bridging, as required
7. All blocking and strapping required by engineering specifications, county and city codes.
8. Floor Joists (crown up) and Hangers; floor decking.
9. Draft stop in all party wall cavities at all floors
10. Bulkheads
11. Roof Rafters and Valleys; Ceiling Joists and Drop Ceilings.
12. Dead Wood - Dimension Lumber
13. Plumbing and ceiling access panels
14. Full depth blocking under beams and where walls above do not align with floor or lower wall system.
15. Seven-sixteenth ($^{7}/_{16}$") OSB roof sheathing, with galvanized steel plywood clips between each rafter or truss.
16. Fifteen (15#) pound asphalt impregnated felt paper (for roof and for walls at brick areas). Walls with siding to be covered with house wrap. Install both horizontally with plastic "Button Cap" nails; lap covering eight (8) inches at joints.

3. WINDOWS AND DOORS

A. Windows and Doors furnished by Contractor, installed by Subcontractor per manufacturer's specifications.
B. Vapor barrier to be taped with window wrap provided by Contractor around the windows per manufacturer's specifications. Header tape to be installed last and to overlap sides by one (1) inch minimum.
C. Doors are to be installed plumb, level and square with special attention to equal and even reveal between door slab and frame. Shims to be used at all hinge and door strike locations. Caulking applied under each sill.
D. Header height of front entry door and windows must match so the top of the trim on the window is level with the top of the entry door trim, unless specifically shown as a different window and door height dimension on the Plan elevation.

4. FRAMING PROCEDURE

A. Studs on non-load bearing walls shall be 24" O.C.
B. No headers for interior doors/openings in non-load bearing walls.
C. Use only treated plates on walls in contact with concrete or masonry.
D. Thermo-ply Structural Grade sheathing is to be fastened per the structural specifications noted on the drawings.
E. The roof deck is to be nailed per the structural specifications noted on the drawings.
F. Party wall plate to be anchored per the structural specifications noted on the drawings.
G. Kitchen and bathroom dimensions must be strictly adhered to.
H. All Kitchen half walls to be framed 47" high with a single top plate.
I. All walls must be glued to sub-floor and nailed to floor truss (joist).
J. All HVAC chases shall be framed on the flat.

5. CLEAN-UP

A. This Subcontractor shall clean up the interior and exterior of the building daily, and remove the debris as directed by the Contractor. Failure to execute will incur a $50 per day fine.
B. All usable material will be neatly stacked so as to protect it from the elements.
C. When Subcontractor has completed his work, he will stack all salvageable materials in a location designated by the Contractor.

6. WARRANTY

A. This Subcontractor guarantees his workmanship for a period of one (1) year from the date of closing.
B. All materials required for repair due to poor workmanship shall be the responsibility of this Subcontractor.
C. Where the work of other trades is affected by this Subcontractor's workmanship, it is this Subcontractor's responsibility to have that damage repaired or replaced the same as originally specified at his expense.

CONTRACTOR:	SUBCONTRACTOR:
Portrait Homes	[signature] Company Name
[signature] 8-15-03 Authorized Signature	[signature] Authorized Signature
Purchasing Manager Title	[signature] Title

Exhibit 41 Pg2

Portrait Homes Construction Co.

Persimmon Hill Knowsley
Standard Billing Sheet

THIS IS THE PAYMENT DOCUMENT: NO INVOICE WILL BE PROCESSED WITHOUT IT

Subcontractor JJA Framing
Type Of Work Frame Labor

Payment Approved By ____ Date

Vendor Number 01297
Invoice Number ____
Invoice Date ____
Six Digit Job Number 132___
Function Code 4110

This billing sheet will only be accepted for 1 unit (not building) at a time. Mark (X) the draw(s) that you are requesting payment for and any applicable options that are 100% complete. If you attach an invoice behind this form and it does not match this draw sheet, your invoice will be immediately returned to

	Draws				
	2nd Floor Wall Framing Started	Roof Sheathing Started	100 % Complete and punch list done	Framing Inspection Passed	
Unit Type	30%	30%	30%	10%	**Total**
B-II	☐ $1,548	☐ $1,548	☐ $1,548	☐ $514	$5,158
C	☐ $1,879	☐ $1,879	☐ $1,879	☐ $626	$6,263
D	☐ $1,677	☐ $1,677	☐ $1,677	☐ $556	$5,587
E	☐ $1,908	☐ $1,908	☐ $1,908	☐ $636	$6,360
E-end	☐ $1,908	☐ $1,908	☐ $1,908	☐ $636	$6,360
F	☐ $1,884	☐ $1,884	☐ $1,884	☐ $627	$6,279
Pool House	*billed on Windsor sheets*				n/a

Pay This Amount ____

Note: No price change will take effect without a new **approved** billing sheet being signed by Portrait Homes, at least 90 days before the new pricing takes effect.

Print or Type Subcontractor Representative's Name

Subcontractors Approved Signature — Date Approved 8/15/03

Dana Coble
Type Portrait Homes Purchasing Manager's Name

Portrait Homes Approved Signature — Date Approved 8.15.03

PLAINTIFF'S EXHIBIT 42

JJA Construction Inc.

Persimmon Hill
Basement Bid sheet

December 2, 2005

Unit-BII

First Floor	569 sq ft
Second Floor	652 sq ft
Basement	569 sq ft
Garage	220 sq ft
Covered porch	48 sq ft
Total sq ft =	2058 sq ft
	X $3.50
	$7,203
Anchor bolts +	$100
	$7,303

Unit – C

First Floor	809 sq ft
Second floor	794 sq ft
Basement	809 sq ft
Covered porch	53 sq ft
Garage	208 sq ft
Total sq ft =	2673 sq ft
	X$3.50
	$9,355
Anchor bolts +	$100
	$9,455.50

PLAINTIFF'S EXHIBIT 43

Unit – D

First Floor	952 sq ft
Second Floor	703 sq ft
Basement	640 sq ft
Garage	214 sq ft
Covered Porch	59 sq ft
Total sq ft =	2256 sq ft
	X 3.50
	$7,896.00
Anchor bolts +	$100
	$7,996.00

Unit – E

First Floor	952 sq ft
Second Floor	667 sq ft
Basement	952 sq ft
Garage	207 sq ft
Covered Porch	46 sq ft
Total sq ft =	2854 sq ft
	X $3.50
	$9,884.00
Anchor bolts +	$150
	$10,034.00

Unit – F

First Floor	1030 sq ft
Second Floor	600 sq ft
Basement	1030 sq ft
Garage	207 sq ft
Covered Porch	46 sq ft
Total sq ft =	2881 sq ft
	X$3.50
	$10,083.50
Anchor bolts +	$150
	$10,233.50

PLAINTIFF'S EXHIBIT 44

Portrait Homes Construction Co.

Persimmon Hill Knowsley
Standard Billing Sheet

THIS IS THE PAYMENT DOCUMENT: NO INVOICE WILL BE PROCESSED WITHOUT IT

Subcontractor: JJA Framing
Type Of Work: Frame Labor

Vendor Number: 01297
Invoice Number: 4796
Invoice Date: 12-19-05
Six Digit Job Number: 132652
Function Code: 4110

12-21-05
Payment Approved B Date

This billing sheet will only be accepted for 1 unit (not building) at a time. Mark (X) the draw(s) that you are requesting payment for and any applicable options that are 100% complete. If you attach an invoice behind this form and it does not match thi

Unit Type		Draws: 2nd Floor Wall Framing Started	Roof Sheathing Started	100 % Complete and punch list done	Framing Inspection Passed	Total
		30%	30%	30%	10%	
B-II	Basement	☐ $2,191.00	☐ $2,191.00	☐ $2,191.00	☐ $730.00	$7,303.00
C	Basement	☐ $2,837.00	☐ $2,837.00	☐ $2,837.00	☐ $944.50	$9,455.50
D ✓	Basement	☒ $2,399.00	☐ $2,399.00	☐ $2,399.00	☐ $799.00	$7,996.00
E	Basement	☐ $3,011.00	☐ $3,011.00	☐ $3,011.00	☐ $1,001.00	$10,034.00
E-end	Basement	☐ $3,011.00	☐ $3,011.00	☐ $3,011.00	☐ $1,001.00	$10,034.00
F	Basement	☐ $3,071.00	☐ $3,071.00	☐ $3,071.00	☐ $1,020.50	$10,233.50
Pool House		*billed on Windsor sheets*				n/a

ENTERED DEC 20 2005

Pay This Amount 2399

Note: No price change will take effect without a new **approved** billing sheet being signed by Portrait Homes, at least 90 days before the new pricing takes effect.

Jose A Castillo
Int or Type Subcontractor Representative's Name

Shawn Belcher
ype Portrait Homes Purchasing Manager's Name

Subcontractors Approved Signature — 12-8-05 Date Approved

APPROVED DEC 22 2005

Portrait Homes Approved Signature — 12-8-05 Date Approved

PLAINTIFF'S EXHIBIT 45

JJA Construction Inc.

BACK CHARGE

Subdivision: PERSIMMON HILL

Back Charge Number: BCSP502T3

Job Number: 7131502

Date Issued: 7-18-05

Invoice Number: 21008

BC Amount: $ 50.00

REASON FOR BACK CHARGE

Date Occurred 6/20/2005

PLUMBERS HAD TO ALTER THE PARTY WALL TO CORRECT INCORRECT PLUMBING IN LAUNDRY ROOM & HAD TO REPAIR SHEETROCK ON PARTY WALL

• WAS CORRECTED BY JJA FRAMING

ENTERED JUL 25 2005

OTHER COMMENTS

APPROVED JUL 25 2005

PLAINTIFF'S EXHIBIT 46

Portrait Homes - Summerwood, LLC
HOUSING AND PURCHASE ORDER CONTRACT-WORK

PROJECT NAME: Summerwood

PROJECT LOCATION: I78 / Finucan Rd, Berkeley County, SC

TRADE OR VENDOR: 4100 Frame Labor

This Contract, dated 7/12/04, 20 04, is made between **Portrait Homes-Summerwood, LLC** ("Owner") and JJA - Framing ("Contractor").

Witnesseth, that in consideration of Contractor being selected to perform the work as described in paragraph 12 below (herein collectively referred to as the "Work"), and in consideration of Owner and Contractor entering into a certain Master Agreement dated the 25 day of October, 2002, ("Master Agreement") the terms and conditions of which are incorporated herein as if fully set forth, and in consideration of the covenants and agreements herein contained, the parties hereto hereby agree as follows:

1. **Work**

   A. Contractor shall perform and complete the Work in a good and workmanlike manner in accordance with the applicable plans and specifications and all applicable codes, statutes, laws, rules and regulations. For all purposes herein, the status of Contractor is that of an independent contractor, and in no event shall Contractor be deemed Owner's agent or employee.

   B. The Work shall be performed on a building, unit or residence basis, or on a portion of a project or subdivision, as directed by Owner. Contractor shall have no contract or right to perform the Work on any subsequent building, unit or residence, or on the remainder of any project or subdivision, unless expressly approved in writing by Owner.

2. **Contract Sum**

   A. The contract sum, which shall include all Federal, State and local taxes arising out of the Work, is set forth in paragraph 12 below or in an exhibit attached to this Contract. The contract sum shall remain fixed for the designated term as therein set forth. Thereafter, if either party desires to seek a change or adjustment in the contract sum, it shall give at least ninety (90) days prior written notice to the other party. The parties shall then attempt to negotiate such change, but the existing contract sum shall continue to apply until such time as a new written instrument is signed by the parties setting forth the new terms.

   B. Without an authorized written Extra Work Order (EWO) issued by Owner's main office, the contract sum shall not be increased or adjusted for any extra or additional work or material claimed or performed by Contractor.

3. **Inspection, Examination and Testing**

Contractor's Initials JJA

A. All material and workmanship shall be subject to inspection, examination and testing by Owner at any and all times during manufacture, construction and installation, and at any and all places where such manufacturing, construction and installation are carried on. Owner shall have the right to reject defective material and workmanship or require its correction. Contractor shall promptly and satisfactorily correct rejected workmanship, and Contractor shall promptly and satisfactorily replace rejected material with proper material without charge thereof. Contractor shall promptly separate and remove rejected material from the project site. If Contractor fails to proceed at once with replacement of rejected material and the correction of defective workmanship, such failure shall constitute a default. Contractor shall be responsible for all costs incurred by Owner to satisfactorily correct the Work.

B. Contractor shall promptly and properly request inspections required by all applicable governmental bodies having jurisdiction of the Work for all labor and materials installed, and shall obtain all required approvals and acceptances thereof.

4. **Equipment or Material**

A. The handling, unloading, safe storage and the risk of loss of all deliveries of equipment and materials shall be Contractor's responsibility. No payment shall be due from, or made by, Owner for any delivered equipment or material until the same has been actually installed by the Contractor and incorporated in the project.

B. Owner shall not in any manner be liable or responsible for any loss or damage that shall happen to the work for any equipment, material or tools that may be employed therein or placed upon the site by Contractor's employees, agents, subcontractors or any other person; it being expressly understood that the Contractor shall be fully responsible therefor until the Work has been fully completed and accepted by Owner.

5. **Legal Compliance; Permits; Licenses**

A. Contractor shall comply with all applicable Federal, State and local laws, including without limitation, all State and Federal Employment Compensation, Workmen's Compensation, Social Security and Occupational Safety and Health Laws and Requirements.

B. Contractor shall at all times be licensed or qualified under all applicable law or regulations necessary for the lawful performance of the Work. All permits, licenses and bonds necessary for the prosecution of the Work shall be secured and paid for by Contractor at its sole cost and expense.

C. All certificates of every kind (except the certificate of occupancy) which any municipal department or other agency may issue with respect to the Work shall be procured and delivered to Owner at Contractor's sole cost and expense immediately upon completion of the Work.

D. Contractor shall, at its sole cost and expense, conform to the safety policies and regulations established by Owner and shall comply with all specific safety requirements of all applicable Federal, State and local laws, statutes, ordinances, rules or regulations. Contractor shall have and exercise full responsibility for compliance thereunder by its agents, employees, materialmen and subcontractors, and shall directly receive, respond to, defend and be responsible for all citations, assessments, fines or penalties which may be incurred by reason of its failure, or failure on the part of its Affiliates to so comply.

Contractor's Initials SAC

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E. Without in any manner limiting or restricting the covenants in subparagraph 5.D above, (i) Contractor acknowledges and confirms that it is thoroughly familiar with the standards, requirements and obligations of the Occupational Safety and Health Act [42 U.S.C. §651] ("OSHA"), has trained its Affiliates on such standards, requirements and obligations, and its performance of the Work shall at all times be in full compliance with such standards, requirements and obligations; and (ii) **IN THE EVENT ANY FINE OR PENALTY IS LEVIED OR ASSESSED AGAINST OWNER (AND/OR THE OWNER OF THE SITE) ARISING OR RESULTING FROM ANY OSHA VIOLATIONS BY CONTRACTOR OR ITS AFFILIATES, CONTRACTOR SHALL PROMPTLY REIMBURSE OWNER FOR THE FULL AMOUNT OF SUCH FINE OR PENALTY AND SHALL HOLD HARMLESS AND INDEMNIFY OWNER FROM AND AGAINST ALL LOSSES, COSTS, EXPENSES (INCLUDING ATTORNEYS' FEES AND COURT COSTS), JUDGMENTS AND DECREES RESULTING THEREFROM.**

F. Contractor shall bear the cost for all physical damages which it causes to the work of other contractors and subcontractors, and shall promptly repair all damages to streets, curbs, utilities, sidewalks and other property caused by Contractor or its Affiliates.

G. Contractor accepts all fines and/or fees charged by the governing inspection authority due to inspection failure or failure to maintain site in compliance with respect to the Work. These fees will be charged back to the Contractor if they are charged to Owner.

6. **Indemnity** Paragraph 8.1, Paragraph 8.2, and Paragraph 8.8 of the Master Agreement are incorporated herein by reference as if fully set forth and shall be controlling with regard to Contractor's obligations, responsibilities and liabilities concerning Contractor's indemnification of Owner under this Contract. The provisions of this paragraph 6 shall survive the completion and acceptance of the Work and any termination of this Contract.

7. **Insurance**

A. Contractor, at its own expense, shall carry at all times the insurance coverages as required in the Master Agreement.

B. Contractor shall not commence the Work unless and until it has obtained the above insurance and delivered to Owner a certificate or memorandum evidencing such coverage (including the name of the carrier, policy number, limits and expiration date) and evidencing payment thereof by Contractor, and naming Pasquinelli Management, LLC and Portrait Homes – South Carolina, LLC and all wholly owned subsidiaries **as additional insured.**

C. Contractor shall report immediately to Owner any injuries suffered by Contractor's employees or any injuries to other persons or property damage arising out of the performance of the Work on the Incident Report Form. Owner shall be furnished two (2) copies of the written accident report within three (3) days of the injury or damage.

8. **Warranty** Paragraph 9 of the Master Agreement is incorporated herein by reference as if fully set forth and shall be controlling with regard to all representations and warranties under this Contract.

Contractor's Initials SAC

9. **Termination** Owner shall have the right at any time to terminate the Contractor without incurring any liability to Contractor, beyond payment of the contract amount once all Work has been completed as outlined in the Scope of Work. No payment shall be made until all portions of the Work have been completed as outlined in the Scope of Work and have been accepted and approved by Owner and subject to Owner's receipt from Contractor of the required payment documentation as provided elsewhere in this Contract. Contractor assumes all costs incurred to finish and correct Contractor's Work performed when termination occurs due to failure to perform any portion of this Contract, any portion of the Scope of Work, any portion of the Material Specification Sheet, or failure to meet Owner's scheduling requirements. The maximum amount that will be paid out upon the completion of all Work as outlined in the Scope of Work will not exceed the Contractor's full Contract amount on all units where the Contractor has started Work.

10. **Payment Documentation**

A. Contractor will provide Owner, upon request, Contractor's waiver of lien and affidavit, together with supporting waivers of lien and affidavits from its contractors and suppliers (where applicable), and billing sheets or other information required by Owner. **Owner may provide waivers of lien in a form that will list invoices and will serve as a release only for the invoices listed thereon.** Failure to sign and return the waivers of lien provided by Owner will result in all future payments to the Contractor being stopped until the situation is corrected.

B. Contractor shall keep the project site and the premises upon which the Work is performed free of any claim or lien. Should any claim or lien be asserted or filed, Owner may, after three (3) days' written notice to Contractor, pay over an amount sufficient to discharge such claim or lien and charge the same against the Contractor by deducting said amount from the contract sum. Contractor further agrees to hold harmless, indemnify and defend Owner from and against all loss, costs, damage, expense (including attorneys' fees and court costs), liability, judgment or decree, which Owner may sustain in connection with any such claim or lien.

C. Payment to Contractor shall be in accordance with Contract's standard terms, unless otherwise expressly provided elsewhere herein. Contractor agrees to invoice for all work performed within thirty (30) days of completion of said work. Any invoices billed subsequent to sixty (60) days shall reduce the contract sum of 2.A and 2.B above by fifty (50%) percent. Any invoices billed subsequent to ninety (90) days shall be deemed null and void.

11. **Assignment; Amendment; Conflicts**

A. Contractor shall not sublet or assign this Contract, nor sell or assign the proceeds thereof, without Owner's prior written consent, which consent may be refused or withheld for nay reason whatsoever. Except for the foregoing restriction, the terms and provisions of this Contract shall inure to and be binding upon Contractor's heir, executor, legal representative, successors and assigns.

B. Contractor agrees to accept an assignment of this Contract in its entirety to Owner's lender financing the work site or project, or to any successors of Owner. Contractor will execute such assignment, together with such other appropriate documentation pertaining to such assignment or as may be requested by such lender.

C. Subject to the Master Agreement, the terms and provisions of this Contract hereby supersede all prior negotiations, representations of agreements, either written (except for the Master Agreement) or oral, and may not be amended, modified or supplemented except by a written instrument signed by Contractor and Owner. In the event that the terms and conditions of this

Contractor's Initials JRC

Exhibit 46 Pg4

Contract conflict with the terms and conditions of the Master Agreement, the terms and conditions of the Master Agreement shall prevail and be controlling.

D. No term, provision, condition or obligation contained in any written bid, proposal, or other document by Contractor shall be binding upon Owner unless the same is expressly incorporated in a separate written instrument signed by Contractor and Owner. If any of the terms or provisions of such separate, signed written instrument creates any ambiguity or conflicts with any of the terms or provisions of this Contract, the terms and provisions of this Contract shall govern and control.

E. Failure or delay by Owner to insist in any one or more instance upon the performance of any provision of this contract, or to exercise any right, power or privilege thereunder, shall not be deemed a waiver or relinquishment of the future performance of any such provisions or the future exercise of any such right, power or privilege.

12. **Additional Provisions and contract Documents (check if applicable)**

Exhibit A: ☐ Billing Sheets Dated: 7/12/04 -revised OR Bid Documents Attached Dated: _____ (Bid documents attached for price information only. Any contract language in bid document is void.)

Exhibit B: ☐ Scope of Work dated: 7/12/04

Exhibit C: ☐ If checked ☐ Blue Prints Pages _____ Current through latest revision date_____

Exhibit D: ☐ _____

Exhibit E: ☐ Billing and Extra Work Order (EWO) Policy.

Exhibit F: ☐ Standard Policies for all Subcontractors.

Other Provisions:

_____

_____

_____

_____

_____

_____

_____

_____

Phone Numbers: _____

Office: _____ Fax: _____ Cell/Pager: _____

Contractor's Initials JAC

PORTRAIT HOMES

SCOPE OF WORK
FRAMING LABOR

1. DESCRIPTION
   - A. Furnish all labor, equipment, crane, scaffold, nails and job supervision to complete rough carpentry work as indicated on the contract Drawings and/or described in the Scope of Work, or as may be reasonably inferred therefrom.
   - B. It is the sole responsibility of the Subcontractor to know, understand, and comply with all applicable building codes.
   - C. Where conflict in or between the plans and / or Scope of Work and / or building codes occurs, it is agreed that this Subcontractor has based his contract price on the more expensive method of doing the work.
   - D. The Housing and Purchase Order Contract, E.W.O. Policy, and Standard Policies are included as part of this contract. Portrait Homes defines additional information and/or requirements in Customer Selection Sheet, Architectural Plans, and Individual Checklist Supplied, (where applicable).

2. SCOPE
   - A. This Subcontractor shall supply all labor, tools, and equipment to complete the rough framing labor per an agreed upon bid amount and quantity and as required by plans, customer selection sheet, and individual lot conditions.
   - B. This shall be done in conformance with all specifications herein contained.
   - C. The Contractor will furnish this Subcontractor with all framing lumber, sheathing, decking, millwork, window and exterior doors, and other material as required to complete the framing, except nails and foundation anchors.
   - D. All furnished materials will be of standard or random lengths requiring field cutting to size for installation.
   - E. This Subcontractor shall inspect all materials prior to installation, and shall immediately inform the Contractor of all defective materials. Correction of any latent defects noted by this Subcontractor after his acceptance will be his responsibility.
   - F. All framing will be plumb, level and square, and any deviations from Plans will be resolved with Contractor in writing prior to resumption of work.
   - G. This Subcontractor will install headers where required by mechanical subcontractors and approved by Contractor. Header information to be supplied by the mechanical subcontractors, especially where structural framing is involved.
   - H. Where structural weaknesses have been created, this Subcontractor shall inform the Contractor, and shall be responsible for re-establishing the structural integrity of the framing.
   - I. This Subcontractor will be required to set all tubs and shower units into their respective bathrooms. Contractor's Site Superintendent is to coordinate with the Framing and Plumbing Subcontractors as to the time of tub and shower delivery. The Plumbing Subcontractor will do the actual installation of the tub.
   - J. This Subcontractor will install all necessary blocking behind kitchen cabinets, tubs, showers; all fire blocking and fire stop required by local codes, all blocking to meet fair housing requirements, and all other items being installed in the structure that require blocking as determined by the Contractor.
   - K. This Subcontractor is required to install all flooring in attic per plan as part of the standard contract sum. This Subcontractor shall install a minimum of 64 sq. ft. of ¾" T&G OSB in attic equipment area.
   - L. Subcontractor will frame opening for scuttle hole and / or pull down attic access stairs per plan.
   - M. This Subcontractor will apply glue and fasten sub-floor according to the manufacturer's recommendations and plan-specific structural specifications.
   - N. As sub-floor is positioned, nail off each sheet immediately with 8D ring-shank nails. DO NOT wait until sub-floor is laid in its entirety to nail off.
   - O. It is this Subcontractor's responsibility to verify that the nails are secured to a floor joist/truss member. All nails that miss the floor joist/truss member will be backed out.
   - P. Any repairs due to improper installation will be charged to this Subcontractor.
   - Q. This Subcontractor will pre-hang 5/8" firecode sheetrock, provided by Contractor, to extend to next stud/plate beyond tub.
   - R. This Subcontractor shall be responsible for installing insulation in all areas that will be inaccessible to the Insulation Subcontractor after framing. Insulation to be provided by others.
   - S. All equipment required for completion of work (Crane, Forklift, Generators, Compressors, Hand & Power Tools, etc.) is the responsibility of this Subcontractor, and is part of the standard contract price sum.
   - T. Included in this contract will be the construction and / or installation of the following items:
     1. All Exterior and Interior Walls, Beams, Floor and Roof trusses, Truss ties and bracing per sealed Truss drawings.
     2. Plates, studs and headers - installed per Plans
     3. Foundation plates - set and secure to wall tie downs.
     4. Firecode drywall on both party wall cavity surfaces and under plywood roof deck, per Plan.
     5. All exterior walls will be sheathed with 7/16" OSB.
     6. Studs and blocking at joints of sheathing and/or siding. Joist End Blocking and Bridging, as required
     7. All blocking and strapping required by engineering specifications, county and city codes.

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8. Floor Joists (crown up) and Hangers; floor decking.
9. Draft stop in all party wall cavities at all floors
10. Bulkheads
11. Roof Rafters and Valleys; Ceiling Joists and Drop Ceilings.
12. Dead Wood - Dimension Lumber
13. Plumbing and ceiling access panels .
14. Full depth blocking under beams and where walls above do not align with floor or lower wall system.
15. Seven-sixteenth (7/16") OSB roof sheathing, with galvanized steel plywood clips between each rafter or truss.
16. Fifteen (15#) pound asphalt impregnated felt paper (for roof and for walls at brick areas). Walls with siding to be covered with house wrap. Install both horizontally with plastic "Button Cap" nails; lap covering eight (8) inches at joints.

3. WINDOWS AND DOORS
   A. Windows and Doors furnished by Contractor, installed by Subcontractor per manufacturer's specifications.
   B. Vapor barrier to be taped with window wrap provided by Contractor around the windows per manufacturer's specifications. Header tape to be installed last and to overlap sides by one (1) inch minimum.
   C. Doors are to be installed plumb, level and square with special attention to equal and even reveal between door slab and frame. Shims to be used at all hinge and door strike locations. Caulking applied under each sill.
   D. Header height of front entry door and windows must match so the top of the trim on the window is level with the top of the entry door trim, unless specifically shown as a different window and door height dimension on the Plan elevation.

4. FRAMING PROCEDURE
   A. Studs on non-load bearing walls shall be 24" O.C.
   B. No headers for interior doors/openings in non-load bearing walls.
   C. Use only treated plates on walls in contact with concrete or masonry.
   D. 7/16" O.S.B. sheathing is to be fastened per the structural specifications noted on the drawings.
   E. The roof deck is to be nailed per the structural specifications noted on the drawings.
   F. Party wall plate to be anchored per the structural specifications noted on the drawings.
   G. Kitchen and bathroom dimensions must be strictly adhered to.
   H. All Kitchen half walls to be framed 47" high with a single top plate.
   I. All walls must be glued to sub-floor and nailed to floor truss (joist).
   J. All HVAC chases shall be framed on the flat.
   K. All Anchors, metal ties, flashing, and other fastening devices (including nails) that will come in contact with treated lumber must be hot-dipped galvanized (HDG) meeting ASTM A653, ASTM A123 and ASTM A153 requirements.

5. CLEAN-UP
   A. This Subcontractor shall clean up the interior and exterior of the building daily, and remove the debris as directed by the Contractor. Failure to execute will incur a $50 per day fine.
   B. All usable material will be neatly stacked so as to protect it from the elements.
   C. When Subcontractor has completed his work, he will stack all salvageable materials in a location designated by the Contractor.
   D. Proper walk boards are to be provided at framing completion. Each walk board shall not be longer than 8' and wider than 18". Construction shall be with a 2 x 4 frame with cross braces and topped by 7/16" O.S.B. or greater. See lead superintendent for further specifications.

6. WARRANTY
   A. This Subcontractor guarantees his workmanship for a period of one (1) year from the date of closing.
   B. All materials required for repair due to poor workmanship shall be the responsibility of this Subcontractor.
   C. Where the work of other trades is affected by this Subcontractor's workmanship, it is this Subcontractor's responsibility to have that damage repaired or replaced the same as originally specified at his expense.

CONTRACTOR:	SUBCONTRACTOR:
Portrait Homes	JJA Framing
Company Name	Company Name
A Shirley	Joe A Castillo 7-12-04
Authorized Signature	Authorized Signature
Purchasing Manager	
Title	Title

IN WITNESS WHEREOF, the parties have executed this Contract as of the date first above written.

OWNER:

Portrait Homes – Summerwood, LLC

Authorized Signature

Shawn Belcher
Purchasing Manager

CONTRACTOR:

JSA Framing
Company Name

Authorized Signature

Print or Type Name and Title

Contractor's Initials_____

PENN NATIONAL INSURANCE

COVERAGE QUESTION REPORT

INDEX	I. POLICY/SECTION:	GL9 0601617 For the particular forms, see coverage section below	1ST PARTY ☐	3RD PARTY ☒
	II. CLAIM/TYPE:	Construction Defect	CLAIM NO: 08861992	
	III. QUESTION(S):	Should PNI provide a defense and/or indemnity to Portrait Homes? Should PNI provide a defense to the named insured?	DATE OF LOSS: 12-5-03	
			INSURED: JJA Construction, Inc.	

PREPARED BY:	Greg Gross	CLAIMS HANDLER:	Greg Gross

NON-WAIVER/RESERVATIONS:	YES (date)	9-21-13			NO ☐
SUIT FILED: YES (date)	3-8-13	NO ☐	DAMAGES	$	Unknown at this point.

DATE SUBMITTED:	5-29-14	MANAGER/ TEAM LEADER:	Paul Heineck Gary Gibson

NARRATIVE:

1. FACTS (Brief):

The named insured is JJA Construction, Inc. of Charlotte, NC (initially. See the CSO Recommendation section for an updated address). First, an underlying suit was filed in Court of Common Pleas of Berkeley County, SC, on March 18, 2013 styled Cheryl Walker v. Portrait Homes-South Carolina, LLC, JJA Construction, Inc. d/b/a JJA Framing; Jose Castillo d/b/a JJA Framing, et al. This is a class action amended lawsuit. The lawsuit alleges that Cheryl Walker is an owner of a townhome located at in the Persimmon Hill HOA, Inc. in Berkeley County, SC. Portrait Homes was the General Contractor of the site. JJA Construction, Inc. d/b/a JJA Framing; Jose Castillo d/b/a JJA Framing (hereinafter, "JJA") installed framing; windows; doors; secondary weather barrier; and window and door flashings at the site. The Class does not include any prior owner of a townhome at the site. The Complaint is brought for various construction defects and resultant loss of use. The construction defects appear to be resultant in water intrusion and deterioration as a result. Counts against JJA are Negligence; Gross Negligence; Carelessness; Recklessness; Willful and Wantonness; Breach of Warranty of Habitability; Breach of Warranty against Latent Defects; Breach of Warranty of Workmanlike Services; Breach of Warranty for Fitness for a Particular Purpose; Breach of Warranty of Merchantability and Serviceability; Breach of Express Warranty; and Unfair Trade Practices. Specific Certificate of Occupancy dates are not named in the lawsuit.

Second, another underlying suit has been filed in Court of Common Pleas of Berkeley County, SC, on March 18, 2013 styled Persimmon Hill HOA, Inc. v. Portrait Homes-South Carolina, LLC, JJA Construction, Inc. d/b/a JJA Framing; Jose Castillo d/b/a JJA Framing, et. al. This is a class action amended lawsuit that was filed. The Complaint alleges that the Persimmon Hill HOA, Inc. in Berkeley County, SC, has exterior and common area defects. Portrait Homes was the general contractor of the site. JJA allegedly installed framing; windows; doors; secondary weather barrier; and window and door flashings at the site. The Complaint is brought for various construction defects and resultant loss of use. The construction defects appear to be resultant in water intrusion and deterioration as a result. Counts against JJA are Negligence; Gross Negligence; Carelessness; Recklessness; Willful and Wantonness; Breach of Warranty of Habitability; Breach of Warranty against Latent Defects; Breach of Warranty of Workmanlike Services; Breach of Warranty for Fitness for a Particular Purpose; Breach of Warranty of Merchantability and Serviceability; Breach of Express Warranty; and Unfair Trade Practices. Specific Certificate of Occupancy dates are not named in the Complaint.

Service was perfected on our insured via an Affidavit of Service in the file to the registred agent of the company, Jose Castillo.

Co-defendant Portrait Homes has filed cross claims against JJA for Indemnity; Breach of Contract; Warranty; and Negligence for both Complaints. It appears from the contracts/purchase orders in the file that construction commenced in 2002. Initial declarations for the HOA were commenced on 12-18-01.

2. COVERAGE QUESTION(S) INVOLVED:

Should PNI provide a defense and/or indemnity to Portrait Homes?

Should PNI provide a defense to the named insured?

3. DAMAGES CLAIMED/VERIFIED:

EXHIBIT
tabbies
5
SR 11/8/17

TPS 54

Unknown at this point.

4. APPLICABLE LAW:

South Carolina as the loss occurred in South Carolina and the policy was underwritten in South Carolina.

5. ATTORNEYS INVOLVED:

We have not retained any counsel for this matter to date.

6. ATTORNEYS OPINION:

Plaintiffs are represented by Phillip W. Segui, Jr. of the Segui Law Firm, Mt. Pleasant, SC; John T. Chakeris of The Chakeris Law Firm, Charleston, SC; and Jesse A. Kirchner of Thurmond, Kirchner, Timbes & Yelverton, PA, Charleston, SC.

We have not retained defense counsel at this time.

7. CSO RECOMMENDATION & PROPOSED STRATEGY:

An updated coverage analysis is as follows:

The policy in place that would be triggered to date is:
Policy number GL9 0601617
Policy periods 12/05/2003 to 12/05/2005 (2 years):
The named insured is Jose Castillo, dba JJA Framing Company. The declarations list the risk as "carpentry." The policy has a $500,000 per occurrence limit of liability coverage. It lists the insured's address as 3000 Colvard Parkway, Charlotte, NC.

There is information in the 12/05/2004 to 2005 policy period that the Agent asked for a name change on March 2, 2005, renaming the insured entity as JJA Construction, Inc. The policy suggests the name change was effective March 2, 2005. NC Secretary of State's information indicates JJA Construction, Inc. incorporated December 17, 2004 (it is currently administratively dissolved) as a new company and does not reference a name change.

The primary coverage form is CG 00 01 (10/01), Commercial General Liability Coverage Form. It contains Business Risk exclusions.

Endorsed to the policy are the following forms:

CG 20 37 (10/01), Additional Insured-Owners, Lessees or Contractors-Completed Operations. The endorsement lists Pasquinelli Construction Co, Pasquinelli Management, LLC and Portrait Homes Construction Company. The endorsement states, "Section II – Who Is An Insured is amended to include as an insured the person or organization shown in the Schedule, but only with respect to liability arising out of "your work" at the location designated and described in the schedule of this endorsement performed for that insured and included in the "products-completed operations hazard"." There are two locations listed in the endorsement, 4411-101 West Market St, Greensboro, NC and 3000 Colvard Parkway, Charlotte, NC. (We believe the West Market street address is not actually the address applicable to the endorsement location, but merely the mailing address of the partly listed in the endorsement)

CG 03 00 (01/96), Deductible Liability Insurance. It applies a $500 deductible to Property Damage Liability only, on a per occurrence basis, regardless of the number of persons or organizations that sustain damages because of that "occurrence".

CG 21 67 (04/02), Fungi or Bacteria Exclusion. It's definition of Fungi includes mold as an excluded exposure for bodily injury and property damage.

71 0939 (06/01), Exterior Insulation and Finish Systems Exclusion. This excludes all coverage for damage arising out of the insured's work to EIFS products, including "any substantially similar system which resists water penetration at its outer surface" that is part of the "products-completed operations hazard".

71 0741 (01/02), Automatic Additional Insureds-Owners, Contractors and Subcontractors does not apply as it refers to ongoing operations only. The complaint language directs this as a completed operations event.

Policy periods 12/05/2005 to 12/05/2008 (3 years)
The named insured is JJA Construction, Inc. The declarations list the risk as "carpentry." The policy has a $500,000 per occurrence limit of liability coverage. It lists the insured's address as 11227 East Field Rd, Henderson, NC. Effective March 31,

2006, the address changed to 9496 Highway 78, Lot 2, Ladson, SC, 29456. Jose Castillo, dba JJA Framing Company is not named on the policy as an insured.

The last policy period, 12/05/2007 to 2008, canceled for non-payment of premium affective January 31, 2008.

The primary coverage form is CG 00 01 (10/01), Commercial General Liability Coverage Form. It contains Business Risk exclusions. Section II – Who is an Insured says if you (named insured) are designated in the Declarations as an organization other than a partnership, joint venture or limited liability company, they are an insured, which qualifying JJA Construction, Inc. as an insured under this subsection. This section goes on to say that any organization the named insured newly acquires or forms, other than a partnership, joint venture or limited liability company, and over which they maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However, coverage under this provision is afforded only until the 90th day after the insured acquires or forms the organization or the end of the policy period, whichever is earlier; and coverage A does not apply to "bodily injury" or "property damage" that occurred before the insured acquired or formed the organization. In this instance, JJA Construction, Inc. is the named insured, but it did not acquire or form Jose Castillo dba JJA Framing Company. So it appears Jose Castillo dba JJA Framing Company would not qualify as an insured under this policy or policy period.

Endorsed to the policy are the following forms:

CG 24 26 (07/04), Amendment of Insured Contract Definition. This endorsement modifies the CGL form so the insured is not provided coverage for tort liability assumed under an insured contract unless the insured contributed in whole or in part to the bodily injury or property damage. It also does not afford indemnification to architects, engineers or other design professionals. We understand there is no written contract between Portrait and JJA Construction, Inc.

71 11 45 (01/05), Automatic Additional Insureds-Owners, Contractors and Subcontractors (Completed Operations). This litigation is a completed operations event. The endorsement includes that there must be a written contract directing the insured to name as an additional insured for the products-completed operations hazard, but only with respect to liability for bodily injury or property damage caused, in whole or in part, by the insured's work at the location or projected designated in the contract or agreement performed for that additional insured and included in the products-completed operations hazard. The additional insured status ends when the obligation to provide additional insured status for the completed operations in the written contract ends. We understand there is no written contract between Portrait and JJA Construction, Inc.

71 0741 (01/05), Automatic Additional Insureds-Owners, Contractors and Subcontractors (Ongoing Operations) does not apply as it refers to ongoing operations only. The complaint language directs this as a completed operations event.

71 0939 (06/01), Exterior Insulation and Finish Systems Exclusion. This excludes all coverage for damage arising out of the insured's work to EIFS products, including "any substantially similar system which resists water penetration at its outer surface" that is part of the "products-completed operations hazard".

CG 21 67 (04/02), Fungi or Bacteria Exclusion. It's definition of Fungi includes mold as an excluded exposure for bodily injury and property damage.

CG 03 00 (01/96), Deductible Liability Insurance. It applies a $500 deductible to Property Damage Liability only, on a per occurrence basis, regardless of the number of persons or organizations that sustain damages because of that "occurrence".

***
GAP IN COVERAGE – January 31, 2008 to July 9, 2008
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Policy number GL9 0649575

Policy period 07/09/2008 to 2009

There is a notice included in the policy copy stating the policy is cancelled affective November 3, 2008. Nothing further is provided with the policy material to suggest this policy was reinstated during this period.

The named insured is JJA Construction, Inc. The declarations list the risk as "carpentry." The policy has a $500,000 per occurrence limit of liability coverage. It lists the insured's address 9496 Highway 78, Lot 2, Ladson, SC, 29456. Jose Castillo, dba JJA Framing Company is not named in the policy as an insured.

The primary coverage form is CG 00 01 (10/01), Commercial General Liability Coverage Form. It contains Business Risk exclusions.

Endorsed to the policy are the following forms:

CG 24 26 (07/04), Amendment of Insured Contract Definition. This endorsement modifies the CGL form so the insured is not provided coverage for tort liability assumed under an insured contract unless the insured contributed in whole or in part to the bodily injury or property damage. It also does not afford indemnification to architects, engineers or other design professionals.

71 0741 (01/05), Automatic Additional Insureds-Owners, Contractors and Subcontractors (Ongoing Operations) does not apply as it refers to ongoing operations only. The complaint language directs this as a completed operations event.

71 0939 (06/01), Exterior Insulation and Finish Systems Exclusion. This excludes all coverage for damage arising out of the insured's work to EIFS products, including "any substantially similar system which resists water penetration at its outer surface" that is part of the "products-completed operations hazard".

CG 21 67 (04/02), Fungi or Bacteria Exclusion. It's definition of Fungi includes mold as an excluded exposure for bodily injury and property damage.

CG 03 00 (01/96), Deductible Liability Insurance. It applies a $500 deductible to Property Damage Liability only, on a per occurrence basis, regardless of the number of persons or organizations that sustain damages because of that "occurrence".

Policy number GL9 0649575

Policy period 07/09/2009 to 2010

The named insured is JJA Construction, Inc. The declarations list the risk as "carpentry." The policy has a $500,000 per occurrence limit of liability coverage. It lists the insured's address 9496 Highway 78, Lot 2, Ladson, SC, 29456. Effective 07/29/2009 the insured address is changed to 11227 Eastfield Rd., Huntersville, NC 28078. Jose Castillo, dba JJA Framing Company is not named in the policy as an insured. This policy was not renewed at the end of the policy period.

Endorsed to the policy are the following forms:

CG 24 26 (07/04), Amendment of Insured Contract Definition. This endorsement modifies the CGL form so the insured is not provided coverage for tort liability assumed under an insured contract unless the insured contributed in whole or in part to the bodily injury or property damage. It also does not afford indemnification to architects, engineers or other design professionals.

71 0741 (01/05), Automatic Additional Insureds-Owners, Contractors and Subcontractors (Ongoing Operations) does not apply as it refers to ongoing operations only. The complaint language directs this as a completed operations event.

71 0939 (06/01), Exterior Insulation and Finish Systems Exclusion. This excludes all coverage for damage arising out of the insured's work to EIFS products, including "any substantially similar system which resists water penetration at its outer surface" that is part of the "products-completed operations hazard".

CG 21 67 (04/02), Fungi or Bacteria Exclusion. It's definition of Fungi includes mold as an excluded exposure for bodily injury and property damage.

CG 03 00 (01/96), Deductible Liability Insurance. It applies a $500 deductible to Property Damage Liability only, on a per occurrence basis, regardless of the number of persons or organizations that sustain damages because of that "occurrence".

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The Complaints allege JJA Construction, Inc. d/b/a JJA Framing; Jose Castillo d/b/a JJA Framing, et. al. as the named defendant(s). Based on a review of the above coverage, it appears affective March 2, 2005 Jose Castillo dba JJA Framing Company is not listed any further on the PNI policies.

Initial declarations for the HOA were commenced on 12-18-01. South Carolina is a continuous trigger state.

A ROR was sent to the insured reserving rights on the following:
-Insuring Agreement (is there PD arising out of an occurrence here?)
Exclusions
-Expected Or Intended Injury
-Contractual Liability
-Damage to Property (5)
-Damage to Your Product
-Damage to Your Work
-Damage To Impaired Property Or Property Not Physically Injured

ANALYSIS/RECOMMENDATION:

We recommend that neither the insured nor Portrait Homes be provided coverage and/or a defense at this time. The insured would not call us or discuss the case with us. We sent an IA (Capstone ISG) to meet personally with the insured owner, Jose Castillo. This was initiated late in 2013 and was completed at the beginning of May, 2014. Mr. Castillo declined to give us his number for a contact. He claimed he was served the above noted suit papers and has not retained counsel. He claims he is now out of business as the named insured. The IA indicated that he had been sued personally. The IA asked if he wanted PNI to defend him and/or the named insured and he stated no. The aforementioned ROR was delivered personally to Mr. Castillo.

Based upon the above, the insured has violated the Conditions portion of the policy by not cooperating. The insured has not asked PNI to defend him in this litigation and advised our IA he did not want to be defended by PNI. Therefore, we recommend declining coverage and/or a defense for either Portrait Homes or the insured.

HOME OFFICE DECISION:	
BY:	DATE:

Form 80-750 (Rev. 12/05)

PLAINTIFF'S EXHIBIT 58

[COVERAGE] 06/25/2013 12:51:37 PM By: Greg Gross
Initial coverage analysis:

CO date is not specified in the complaint or any materials that we received for this claim.

Insured did have coverage with PNI from 12-5-03 to 12-5-08 via policy number GL 90601617. Each policy year had $500,000 per occurrence limits. The acting CGL form is CG 0001 10/01.

The insured also had coverage with PNI from 7-9-08 to 7-9-09 via policy number GL 90649575. Each policy year had $500,000 per occurrence limits. The acting CGL form is CG 0001 10/01.

Both suits will need a separate claim number which will be set up shortly.

Once I glean more information, I will update coverage and properly set up claim with proper date of loss.

[LEGAL] 06/25/2013 12:51:56 PM By: Greg Gross
Our office received this new lawsuit and request for tender last week. I have done internet investigation and found that the insured appears to be out of business.

First, an underlying suit has been filed in Court of Common Pleas of Berkeley County, SC on 3-18-13 styled Cheryl Waker v. Portrait Homes-South Carolina, LLC, JJA Construction, Inc. d/b/a JJA Framing; Jose Castillo d/b/a JJA Framing, et. al. This is a class action amended complaint that was filed. The complaint alleges that Cheryl Walker is an owner of a townhome located at in the Persimmon Hill HOA, Inc. in Berkeley County, SC. Portrait Homes is the GC of the site. The insured installed framing; windows; doors; secondary weather barrier; and window and door flashings at the site. The Class does not include any prior owner of a townhome at the site. The complaint is brought for various construction defects and resultant loss of use. The construction defects appear to be resultant in water intrusion and deterioration as a result. Counts against the insured are negligence; gross negligence; carelessness; recklessness; willful and wantonness; breach of warranty of habitability; breach of warranty against latent defects; breach of warranty of workmanlike services; breach of warranty for fitness for a particular purpose; breach of warranty of merchantability and serviceability; breach of express warranty; and unfair trade practices. Specific CO dates are not named in the complaint.

Second, another underlying suit has been filed in Court of Common Pleas of Berkeley County, SC on 3-18-13 styled Persimmon Hill HOA, Inc. v. Portrait Homes-South Carolina, LLC, JJA Construction, Inc. d/b/a JJA Framing; Jose Castillo d/b/a JJA Framing, et. al. This is a class action amended complaint that was filed. The complaint alleges that the Persimmon Hill HOA, Inc. in Berkeley County, SC has exterior and common area defects. Portrait Homes is the GC of the site. The insured installed framing; windows; doors; secondary weather barrier; and window and door flashings at the site. The complaint is brought for various construction defects and

resultant loss of use. The construction defects appear to be resultant in water intrusion and deterioration as a result. Counts against the insured are negligence; gross negligence; carelessness; recklessness; willful and wantonness; breach of warranty of habitability; breach of warranty against latent defects; breach of warranty of workmanlike services; breach of warranty for fitness for a particular purpose; breach of warranty of merchantability and serviceability; breach of express warranty; and unfair trade practices. Specific CO dates are not named in the complaint.

Co-defendant Portrait Homes has filed cross claims against the insured for indemnity; breach of contract; warranty; and negligence for both complaints. It appears from the contracts/purchase orders in the file that construction commenced in 2002. Initial declarations for the HOC were commenced on 12-18-01.

I called counsel for Portrait Homes at 843-577-1216 on 6-18-13 and today (Tyler Nettles) LMTC vm for CO dates, etc.

[User] 07/10/2013 10:02:44 AM By: Gary Gibson
GHG and I met with HOC AP here in the NCCSO on 7/9/13. AP advises that if the NI has not been served and/or has not requested a defense we can not retain counsel on their behalf. GHG to send monthly letters to the NI advising them we are aware of the suit and asking the NI to contact us. Re the tender by the GC, GHG will submit a CQR.

[LEGAL] 07/10/2013 10:21:47 AM By: Greg Gross
I called counsel for Portrait Homes at 843-577-1216 on 6-18-13 and today (Tyler Nettles) LMTC vm for CO dates, etc.

[CLOSED DIARY] 07/10/2013 12:18:35 PM By: Greg Gross
30 Day Case Reserve Review

[LEGAL] 07/23/2013 12:25:12 PM By: Greg Gross
I discussed this case with GG late last week. Prior to analyzing coverage for this matter, we want to see if the insured has been served the above noted suit. I assigned this matter today to IA Capstone to glean information of service of the insured (i.e. JJA Construction, Inc., JJA Framing, and/or Jose Castillio) for both these cases.

Following.

[CLOSED DIARY] 08/06/2013 12:04:02 PM By: Greg Gross
60 Day Rpt & Obtain Clmts SSN/DOB/Gend

[User] 08/07/2013 02:29:31 PM By: Gary Gibson
Reviewed at 45 days. GL PD/1st notice suit. We were put on notice of this suit by the PC. GHG has done an initial basic coverage analysis. We are not sure if the NI has been served. The NI has not contacted us to confirm service and request coverage and a D&I. Per GHG's of 7/23/13, we are seeking the assistance of an IA. Until such time as we hear from the NI and the NI requests our involvment, we will not retain DC.

I will maintain this file on diary.

[CLOSED DIARY] 09/05/2013 12:34:57 PM By: Greg Gross
90 Day File Review and Report

[COVERAGE] 09/21/2013 02:09:44 PM By: Greg Gross
We received word back from IA that matter has not been served upon the insured and IA has checked again with no service perfected on the insured.

Updated coverage analysis is as follows:

Policy number GL9 0601617
Policy periods 12/05/2003 to 12/05/2005 (2 years):
The named insured is Jose Castillo, dba JJA Framing Company. The declarations list the risk as "carpentry." The policy has a $500,000 per occurrence limit of liability coverage. It lists the insured's address as 3000 Colvard Parkway, Charlotte, NC.

There is information in the 12/05/2004 to 2005 policy period that the Agent asked for a name change on March 2, 2005, renaming the insured entity as JJA Construction, Inc. The policy suggests the name change was effective March 2, 2005. NC Secretary of State's information indicates JJA Construction, Inc. incorporated December 17, 2004 (It is currently administratively dissolved) as a new company and does not reference a name change.

The primary coverage form is CG 00 01 (10/01), Commercial General Liability Coverage Form. It contains Business Risk exclusions.

Endorsed to the policy are the following forms:

CG 20 37 (10/01), Additional Insured-Owners, Lessees or Contractors-Completed Operations. The endorsement lists Pasquinelli Construction Co, Pasquinelli Management, LLC and Portrait Homes Construction Company. The endorsement states, "Section II - Who Is An Insured is

amended to include as an insured the person or organization shown in the Schedule, but only with respect to liability arising out of "your work" at the location designated and described in the schedule of this endorsement performed for that insured and included in the "products-completed operations hazard"." There are two locations listed in the endorsement, 4411-101 West Market St, Greensboro, NC and 3000 Colvard Parkway, Charlotte, NC. (I believe the West Market street address is not actually the address applicable to the endorsement location, but merely the mailing address of the partly listed in the endorsement)

CG 03 00 (01/96), Deductible Liability Insurance. It applies a $500 deductible to Property Damage Liability only, on a per occurrence basis, regardless of the number of persons or organizations that sustain damages because of that "occurrence".

CG 21 67 (04/02), Fungi or Bacteria Exclusion. It's definition of Fungi includes mold as an excluded exposure for bodily injury and property damage.

71 0939 (06/01), Exterior Insulation and Finish Systems Exclusion. This excludes all coverage for damage arising out of the insured's work to EIFS products, including "any substantially similar system which resists water penetration at its outer surface" that is part of the "products-completed operations hazard".

71 0741 (01/02), Automatic Additional Insureds-Owners, Contractors and Subcontractors does not apply as it refers to ongoing operations only. The complaint language directs this as a completed operations event.

Policy periods 12/05/2005 to 12/05/2008 (3 years)
The named insured is JJA Construction, Inc. The declarations list the risk as "carpentry." The policy has a $500,000 per occurrence limit of liability coverage. It lists the insured's address as 11227 East Field Rd, Henderson, NC. Effective March 31, 2006, the address changed to 9496 Highway 78, Lot 2, Ladson, SC, 29456. Jose Castillo, dba JJA Framing Company is not named on the policy as an insured.

The last policy period, 12/05/2007 to 2008, canceled for non-payment of premium affective January 31, 2008.

The primary coverage form is CG 00 01 (10/01), Commercial General Liability Coverage Form. It contains Business Risk exclusions. Section II - Who is an Insured says if you (named insured) are designated in the Declarations as an organization other than a partnership, joint venture or limited liability company, they are an insured, which qualifying JJA Construction, Inc. as an insured under this subsection. This section goes on to say that any organization the named insured newly acquires or forms, other than a partnership, joint venture or limited liability company, and over which they maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However, coverage under this provision is afforded only until the 90th day after the insured acquires or forms the organization or the end of the policy period, whichever is earlier; and coverage A does not

apply to "bodily injury" or "property damage" that occurred before the insured acquired or formed the organization. In this instance, JJA Construction, Inc. is the named insured, but it did not acquire or form Jose Castillo dba JJA Framing Company. So it appears Jose Castillo dba JJA Framing Company would not qualify as an insured under this policy or policy period.

Endorsed to the policy are the following forms:

CG 24 26 (07/04), Amendment of Insured Contract Definition. This endorsement modifies the CGL form so the insured is not provided coverage for tort liability assumed under an insured contract unless the insured contributed in whole or in part to the bodily injury or property damage. It also does not afford indemnification to architects, engineers or other design professionals. We understand there is no written contract between Portrait and JJA Construction, Inc.

71 11 45 (01/05), Automatic Additional Insureds-Owners, Contractors and Subcontractors (Completed Operations). This litigation is a completed operations event. The endorsement includes that there must be a written contract directing the insured to name as an additional insured for the products-completed operations hazard, but only with respect to liability for bodily injury or property damage caused, in whole or in part, by the insured's work at the location or projected designated in the contract or agreement performed for that additional insured and included in the products-completed operations hazard. The additional insured status ends when the obligation to provide additional insured status for the completed operations in the written contract ends. We understand there is no written contract between Portrait and JJA Construction, Inc.

71 0741 (01/05), Automatic Additional Insureds-Owners, Contractors and Subcontractors (Ongoing Operations) does not apply as it refers to ongoing operations only. The complaint language directs this as a completed operations event.

71 0939 (06/01), Exterior Insulation and Finish Systems Exclusion. This excludes all coverage for damage arising out of the insured's work to EIFS products, including "any substantially similar system which resists water penetration at its outer surface" that is part of the "products-completed operations hazard".

CG 21 67 (04/02), Fungi or Bacteria Exclusion. It's definition of Fungi includes mold as an excluded exposure for bodily injury and property damage.

CG 03 00 (01/96), Deductible Liability Insurance. It applies a $500 deductible to Property Damage Liability only, on a per occurrence basis, regardless of the number of persons or organizations that sustain damages because of that "occurrence".

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GAP IN COVERAGE - January 31, 2008 to July 9, 2008

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Policy number GL9 0649575

Policy period 07/09/2008 to 2009

There is a notice included in the policy copy stating the policy is cancelled affective November 3, 2008. Nothing further is provided with the policy material to suggest this policy was reinstated during this period.

The named insured is JJA Construction, Inc. The declarations list the risk as "carpentry." The policy has a $500,000 per occurrence limit of liability coverage. It lists the insured's address 9496 Highway 78, Lot 2, Ladson, SC, 29456. Jose Castillo, dba JJA Framing Company is not named in the policy as an insured.

The primary coverage form is CG 00 01 (10/01), Commercial General Liability Coverage Form. It contains Business Risk exclusions.

Endorsed to the policy are the following forms:

CG 24 26 (07/04), Amendment of Insured Contract Definition. This endorsement modifies the CGL form so the insured is not provided coverage for tort liability assumed under an insured contract unless the insured contributed in whole or in part to the bodily injury or property damage. It also does not afford indemnification to architects, engineers or other design professionals.

71 0741 (01/05), Automatic Additional Insureds-Owners, Contractors and Subcontractors (Ongoing Operations) does not apply as it refers to ongoing operations only. The complaint language directs this as a completed operations event.

71 0939 (06/01), Exterior Insulation and Finish Systems Exclusion. This excludes all coverage for damage arising out of the insured's work to EIFS products, including "any substantially similar system which resists water penetration at its outer surface" that is part of the "products-completed operations hazard".

CG 21 67 (04/02), Fungi or Bacteria Exclusion. It's definition of Fungi includes mold as an excluded exposure for bodily injury and property damage.

CG 03 00 (01/96), Deductible Liability Insurance. It applies a $500 deductible to Property Damage Liability only, on a per occurrence basis, regardless of the number of persons or organizations that sustain damages because of that "occurrence".

Policy number GL9 0649575

Policy period 07/09/2009 to 2010

The named insured is JJA Construction, Inc. The declarations list the risk as "carpentry." The policy has a $500,000 per occurrence limit of liability coverage. It lists the insured's address 9496 Highway 78, Lot 2, Ladson, SC, 29456. Effective 07/29/2009 the insured address is changed to 11227 Eastfield Rd., Huntersville, NC 28078. Jose Castillo, dba JJA Framing Company is not named in the policy as an insured. This policy was not renewed at the end of the policy period.

Endorsed to the policy are the following forms:

CG 24 26 (07/04), Amendment of Insured Contract Definition. This endorsement modifies the CGL form so the insured is not provided coverage for tort liability assumed under an insured contract unless the insured contributed in whole or in part to the bodily injury or property damage. It also does not afford indemnification to architects, engineers or other design professionals.

71 0741 (01/05), Automatic Additional Insureds-Owners, Contractors and Subcontractors (Ongoing Operations) does not apply as it refers to ongoing operations only. The complaint language directs this as a completed operations event.

71 0939 (06/01), Exterior Insulation and Finish Systems Exclusion. This excludes all coverage for damage arising out of the insured's work to EIFS products, including "any substantially similar system which resists water penetration at its outer surface" that is part of the "products-completed operations hazard".

CG 21 67 (04/02), Fungi or Bacteria Exclusion. It's definition of Fungi includes mold as an excluded exposure for bodily injury and property damage.

CG 03 00 (01/96), Deductible Liability Insurance. It applies a $500 deductible to Property Damage Liability only, on a per occurrence basis, regardless of the number of persons or organizations that sustain damages because of that "occurrence".

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Both complaints alleges JJA Construction, Inc. d/b/a JJA Framing; Jose Castillo d/b/a JJA Framing, et. al. as the named defendant(s). Based on a review of the above coverage, it appears affective March 2, 2005 Jose Castillo dba JJA Framing Company is not listed any further on the PNI policies.

The complaints are nebulous as to when the damages actually occurred or were discovered. It appears from the contracts/purchase orders in the file that construction commenced in 2002. Initial declarations for the HOA were commenced on 12-18-01. South Carolina is a continuous trigger state.

We have no indication any insured entity or principal is served with the complaint.

There are a number of issues relative to coverage applying to this litigation, as well as questions over coverage potentially extending to others, primarily the Portrait Homes entities.

It's possible JJA Framing will eventually be served with the outside chance it will be via publication. We know they are named in the complaint, but service has not been perfected to our knowledge.

ROR sent to the insured reserving rights on the following:
-Insuring Agreement (is there PD arising out of an occurrence here?)
Exclusions
-Expected Or Intended Injury
-Contractual Liability
-Damage to Property (5)
-Damage to Your Product
-Damage to Your Work
-Damage To Impaired Property Or Property Not Physically Injured

PLAN: ROR has been sent to the insured today via certified mail. If the insured receives and requests a defense on these complaints, there is a probable defense obligation due to the negligence count in the complaint and the trigger of coverage in South Carolina. Diaried 2 weeks for acceptance of ROR. If letter comes back unclaimed, will issue CQR to HOC for review of coverage (i.e. insured has not demanded a defense to date).

Following.

[REPORTS] 09/21/2013 02:09:55 PM By: Greg Gross
Formal reporting is current.

[User] 10/08/2013 10:53:59 AM By: Gary Gibson
Reviewed on TL diary. I note the activity since my last review. Our current info is that while the NI has named in the Complaint in question, the NI has not been served and has not requested PNI retain counsel. GHG has sent the NI a ROR and is following for confirmation of its receipt.

The formal reporting is current and the reserve is adequate for now.

I will maintain this file on diary.

[CLOSED DIARY] 12/05/2013 2:15:57 PM By: Greg Gross
180 Day Report

[User] 12/26/2013 02:38:11 PM By: Gary Gibson
Reviewed on TL diary. I note the activity since my last review. There is no documented activity since mine of 10/9/13. The case remains status quo.

The formal reporting is up to date. The reserve is adequate at this time.

I will continue to follow this file.

[LEGAL] 02/12/2014 02:58:55 PM By: Greg Gross
I received another tender request from Portrait Homes regarding this case.

Prior to submission to HOC via CQR, I want to make sure that the insured still has not been served in this matter. I emailed IA today to check again to see if service has been perfected against the insured. If not, will send CQR to GG for review to send to HOC to recommend that no coverage be afforded any entity as the insured has not come forward requesting a defense and/or in violation of the conditions portion of the policy.

Following.

[CLOSED DIARY] 03/04/2014 12:01:19 PM By: Greg Gross
270 Day Report

[LEGAL] 03/13/2014 09:18:54 AM By: Greg Gross
We received back from IA that service was perfected to the registered agent of the insured at the following address:
Jose Castillo
11227 Eastfiled Road
Huntersville, NC 28078

PLAN:
I am going to have IA go to the home of the above and determine from the registered agent what their intentions are with this lawsuit. Are they requesting a defense? If no answer at that point, we have done everything we can do to discuss the case with the insured and will then issue a CQR requesting denial of coverage for defense of the lawsuit and the tender from the GC.

[LEGAL] 03/13/2014 09:22:54 AM By: Greg Gross

Called Capstone ISG today to speak with the IA (Branch Manager) Trey Allison at 803-233-4377 - LMTC vm.

[INVESTIGATION] 04/02/2014 11:52:30 AM By: Greg Gross
Emailed IA for status of contact to insured.

[INVESTIGATION] 04/02/2014 03:03:21 PM By: Greg Gross
I received an email back from IA in this matter today. IA stated they waited an hour after 5pm; spoke to neighbors; left cards; etc. No one would come to the door with 2 cars in the driveway.

PLAN: Emailed IA to visit the home once more to see if the insured will discuss the loss with them. If not, will send CQR to GG for review prior to HOC to recommend no coverage due to breach of cooperation clause in conditions portion of the policy. Following.

[User] 04/12/2014 10:44:17 AM By: Gary Gibson
Reviewed on TL diary. I note the activity since my last review. See GHG's of 4/2/14 under Investigation. We are making every effort to see if the NI will respond prior to submitting a CQR to HOC AP recommending we decline coverage and a D&I.

I will continue to follow this file.

[COVERAGE] 05/29/2014 04:03:31 PM By: Greg Gross
Diary.

We recommend that the insured nor Portrait Homes be provided a defense at this time. I have sent a CQR to GG for this today for his review.

The insured would not call us and we sent an IA (Capstone ISG) to meet personally with the insured owner, Jose Castillo. This was completed at the beginning of May, 2014. Mr. Castillo declined to give us his number for a contact. He claimed he was served the above noted suit papers and has not retained counsel. He claims he is now out of business as the named insured. The IA indicated that he had been sued personally. The IA asked if he wanted PNI to defend him and he stated no. The aforementioned ROR was delivered personally to Mr. Castillo.

Based upon the above, the insured has voilated the conditions portion of the policy by not cooperating. Therefore, we recommend no coverage for either Portrait Homes or the insured.

[User] 06/03/2014 10:52:33 AM By: Gary Gibson
Reviewed on TL diary. I note the activity since my last review. Our IA has met with the NI owner Jose Castillo. Castillo acknowledged the suits in question and advised he had not retained counsel to respond. He does not want PNI to defend him. He will not provide a contact phone # and will not cooperate in any defense. He is out of business and seemingly has no interest in any legal activity against him or his former company.

I have reviewed the CQR submitted by GHG. I agree the NI is not complying with the Conditions section of the CGL. We are recommending we decline coverage and a D&I to the NI and Portrait Homes. I am forwarding the CQR to HOC AP for his review.

I will maintain this file on diary.

[COVERAGE] 08/11/2014 02:38:34 PM By: Greg Gross
Reviewed coverage opinion from AP in file.

In response to Adam's inquiries below, I have sent the updated RORs to the insured and Mr. Castillo respectively giving them to the end of August, 2014 to respond or we will deny coverage to the insured for breach of the conditions.

With respect to Adam's inquiry regarding Portrait Homes seeking additional insured status under the policy, it would not appear that any coverage would be available to Portrait Homes. The contract calls for additional insured status within section 7 and is within the file. However, within the CGL form CG 0001 (Supplementary Payments, section 2. d.) would not be met (all conditions must be met within the CGL form). This section of the Supplementary Payments states that no conflict can exist between the interests of the insured and the indemnitee. There is an inherent conflict within the suit on the methods and means, etc. by the GC to the insured.

Therefore, with all of the above noted condition not met, we recommend no coverage be afforded to Portrait Homes for this case.

Sent to GG for his review today. Following.

[COVERAGE] 08/26/2014 06:44:26 PM By: Greg Gross
HOC directed us to review the tender between Portrait Homes and the insured.

I will first complete an analysis if the coverage that is in place for the named insured and what we have completed to date with regards to this as the named insured is not cooperating with Penn National Insurance. Later in this log note, I will address the analysis for the tender from Portrait Homes.

The loss is a completed operations type loss.

NAMED INSURED ANALYSIS:
Policy number GL9 0601617
Policy periods 12/05/2003 to 12/05/2005 (2 years):
The named insured is Jose Castillo, dba JJA Framing Company. The declarations list the risk as "carpentry." The policy has a $500,000 per occurrence limit of liability coverage. It lists the insured's address as 3000 Colvard Parkway, Charlotte, NC.

There is information in the 12/05/2004 to 2005 policy period that the Agent asked for a name change on March 2, 2005, renaming the insured entity as JJA Construction, Inc. The policy suggests the name change was effective March 2, 2005. NC Secretary of State's information indicates JJA Construction, Inc. incorporated December 17, 2004 (It is currently administratively dissolved) as a new company and does not reference a name change.

The primary coverage form is CG 0001 10/01, Commercial General Liability Coverage Form. It contains Business Risk exclusions.

Endorsed to the policy are the following forms:

CG 2037 10/01, Additional Insured-Owners, Lessees or Contractors-Completed Operations. The endorsement lists Pasquinelli Construction Co, Pasquinelli Management, LLC and Portrait Homes Construction Company. The endorsement states, "Section II - Who Is An Insured is amended to include as an insured the person or organization shown in the Schedule, but only with respect to liability arising out of "your work" at the location designated and described in the schedule of this endorsement performed for that insured and included in the "products-completed operations hazard"." There are two locations listed in the endorsement, 4411-101 West Market St, Greensboro, NC and 3000 Colvard Parkway, Charlotte, NC. (I believe the West Market street address is not actually the address applicable to the endorsement location, but merely the mailing address of the partly listed in the endorsement)

CG 0300 01/96, Deductible Liability Insurance. It applies a $500 deductible to Property Damage Liability only, on a per occurrence basis, regardless of the number of persons or organizations that sustain damages because of that "occurrence".

***
Policy number: GL9 0601617
Policy periods 12/05/2005 to 12/05/2008 (3 years)
The named insured is JJA Construction, Inc. The declarations list the risk as "carpentry." The policy has a $500,000 per occurrence limit of liability coverage. It lists the insured's address as 11227 East Field Rd, Henderson, NC. Effective March 31, 2006, the address changed to 9496 Highway 78, Lot 2, Ladson, SC, 29456. Jose Castillo, dba JJA Framing Company is not named on the policy as an insured.

The last policy period, 12/05/2007 to 2008, canceled for non-payment of premium affective January 31, 2008.

The primary coverage form is CG 0001 10/01, Commercial General Liability Coverage Form. Endorsed to the policy are the following relevant forms:

CG 2426 07/04, Amendment of Insured Contract Definition. This endorsement modifies the CGL form so the insured is not provided coverage for tort liability assumed under an insured contract unless the insured contributed in whole or in part to the bodily injury or property damage. It also does not afford indemnification to architects, engineers or other design professionals. We understand there is no written contract between Portrait and JJA Construction, Inc.

71 1145 01/05, Automatic Additional Insureds-Owners, Contractors and Subcontractors (Completed Operations). This litigation is a completed operations event. The endorsement includes that there must be a written contract directing the insured to name as an additional insured for the products-completed operations hazard, but only with respect to liability for bodily injury or property damage caused, in whole or in part, by the insured's work at the location or projected designated in the contract or agreement performed for that additional insured and included in the products-completed operations hazard. The additional insured status ends when the obligation to provide additional insured status for the completed operations in the written contract ends.

CG 0300 01/96, Deductible Liability Insurance. It applies a $500 deductible to Property Damage Liability only, on a per occurrence basis, regardless of the number of persons or organizations that sustain damages because of that "occurrence".

****
GAP IN COVERAGE - January 31, 2008 to July 9, 2008
****

Policy number GL9 0649575
Policy period 07/09/2008 to 2009

There is a notice included in the policy copy stating the policy is cancelled affective November 3, 2008. Nothing further is provided with the policy material to suggest this policy was reinstated during this period.

The named insured is JJA Construction, Inc. The declarations list the risk as "carpentry." The policy has a $500,000 per occurrence limit of liability coverage. It lists the insured's address 9496 Highway 78, Lot 2, Ladson, SC, 29456. Jose Castillo, dba JJA Framing Company is not named in the policy as an insured.

The primary coverage form is CG 00 01 (10/01), Commercial General Liability Coverage Form. It contains Business Risk exclusions.

Endorsed to the policy are the following forms:

CG 2426 07/04, Amendment of Insured Contract Definition. This endorsement modifies the CGL form so the insured is not provided coverage for tort liability assumed under an insured contract unless the insured contributed in whole or in part to the bodily injury or property damage. It also does not afford indemnification to architects, engineers or other design professionals.

CG 0300 01/96, Deductible Liability Insurance. It applies a $500 deductible to Property Damage Liability only, on a per occurrence basis, regardless of the number of persons or organizations that sustain damages because of that "occurrence".

***

Policy number GL9 0649575
Policy period 07/09/2009 to 2010

The named insured is JJA Construction, Inc. The declarations list the risk as "carpentry." The policy has a $500,000 per occurrence limit of liability coverage. It lists the insured's address 9496 Highway 78, Lot 2, Ladson, SC, 29456. Effective 07/29/2009 the insured address is changed to 11227 Eastfield Rd., Huntersville, NC 28078. Jose Castillo, dba JJA Framing Company is not named in the policy as an insured. This policy was not renewed at the end of the policy period.

Endorsed to the policy are the following forms:

CG 2426 07/04, Amendment of Insured Contract Definition. This endorsement modifies the CGL form so the insured is not provided coverage for tort liability assumed under an insured contract unless the insured contributed in whole or in part to the bodily injury or property damage. It also does not afford indemnification to architects, engineers or other design professionals.

CG 0300 01/96, Deductible Liability Insurance. It applies a $500 deductible to Property Damage Liability only, on a per occurrence basis, regardless of the number of persons or organizations that sustain damages because of that "occurrence".

***

Both complaints alleges JJA Construction, Inc. d/b/a JJA Framing; Jose Castillo d/b/a JJA Framing, et. al. as the named defendant(s). Based on a review of the above coverage, it

appears affective March 2, 2005 Jose Castillo dba JJA Framing Company is not listed any further on the PNI policies.

The complaints are nebulous as to when the damages actually occurred or were discovered. It appears from the contracts/purchase orders in the file that construction commenced in 2002. Initial declarations for the HOA were commenced on 12-18-01. South Carolina is a continuous trigger state.

Jose Castillo has been served with the complaint.

A previous CQR was sent to HOC after we assigned an IA to meet with the insured who told Penn National that he did not want a defense for this matter. HOC directed a "final" ROR to be sent to the insured. This "final" ROR was sent to the insured reserving rights on the conditions of the policy giving the insured until the end of August, 2014 to contact us or we would formally disclaim coverage along with the following items within the CGL form(s):
-Insuring Agreement (is there PD arising out of an occurrence here?)
Exclusions:
-Expected Or Intended Injury
-Contractual Liability
-Damage to Property (5)
-Damage to Your Product
-Damage to Your Work
-Damage To Impaired Property Or Property Not Physically Injured

ANALYSIS WITH REGARDS TO THE TENDER FROM PORTRAIT HOMES:
First, the applicable contract for the site between Portrait Homes and the insured was executed on 8-15-03. The applicable subcontractor is listed as "JJA Framing". Section 7. B. of the contract states (highlighted in yellow in IR on page 4 of the contract) that the insured shall add Portrait as an Additional Insured on the Insured's policy.

It is the opinion of the CSO that Portrait would qualify as an "Additional Insured" under our endorsement 71 1145 01/05 for the policy years of 12-5-05 to 12-5-08 only. This endorsement specifies that an insured is any person or organization with who you are required in a written contract to name as an additional insured for the completed operations hazard. It is further felt that our contract meets the definition of an "insured contract" as amended under endorsements CG 2426 07 04. None of the other policy years have endorsement 71 1145 01/05 attached. Endorsement CG 2037 10/01 for the policy years of 12-5-03 to 12-5-05 appear to be for another site.

As to our duty to defense and indemnification of Portrait Homes, the CSO does not feel that all of the obligations of the Supplementary Payment - Coverages A and B have been met the policy. Part 2. of this section states: If we defend an insured against a "suit" and indemnitee of the insured is also named as a party to the suit, we will defend that indemnitee if all of the conditions are met which include:

d. The allegation in the "suit" and the information as we know about the "occurrence" are such that no conflict appears to exist between the interest of the insured and the interest of the indemnitee.
e. further requires that the indemnity agree that we can assign the same counsel to defend insured and indemnity.

Portrait Homes as the indemnitee has filed cross claims against the insured in both actions for indemnity; negligence; breach of warranty; and breach of contract.

Therefore, the CSO does not feel the Portrait Homes has met the conditions and is not entitled to defense.

Sent the above to HOC for review. Following.

[COVERAGE] 10/02/2014 09:25:36 AM By: Greg Gross
I received back from HOC a coverage opinion wherein we are not going to pick up the tender for AI and/or D&I from Portrait Homes-South Carolina, LLC. I sent disclaimer to the Hood Law Firm today who represents Portrait Homes - South Carolina. Copy in IR.

I also sent a full coverage disclaimer to the insured today due to their non cooperation as outlined below.

PLAN: Coverage declination in place. Diarled to the end of 2014 for any pushback. If none, will close file to archives.

[User] 10/10/2014 05:19:20 PM By: Gary Gibson
Reviewed on TL diary. I note the activity since my last review. See GHG's of 10/2/14 for an update re the coverage issues, etc. Coverage has been declined and we are following for any further pursuit.

The formal reporting is up to date. The reserve is adequate at this time.

I will continue to follow this file.

[COVERAGE] 11/19/2014 03:20:13 PM By: Greg Gross
Received back from insured disclaimer of coverage letter sent 10-2-14 to the NI at his NC address unclaimed by the post office.

[COVERAGE] 12/16/2014 11:15:38 AM By: Greg Gross
Diary.

Coverage disclaimers in place. No further pushback. File closed to archives.

[CLOSED DIARY] 12/16/2014 11:15:52 AM By: Greg Gross
coverage disclaimer; close if no push

[User] 01/15/2015 04:27:41 PM By: Gary Gibson
Reviewed on TL diary. I note the activity since my last review. Coverage was previously declined. The NI has not pursued further. The file has been closed w/out payment.

I will not continue to follow this file. GHG should advise me of any adverse developments.

[CLOSED DIARY] 01/15/2015 4:27:49 PM By: Gary Gibson
TL review; litigation; close?

[CLOSED DIARY] 02/23/2015 1:22:54 PM By: Gary Gibson
Coverage suit file/re-opened?

[LEGAL] 07/13/2015 09:55:38 AM By: Greg Gross
Our office has received a court order of default. Copy in file. Coverage disclaimer is in place due to no cooperation from the insured. Our file remains closed.

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. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply. We may, at our discretion, investigate any "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 Coverages 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"; and

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

c. 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) That the insured would have in the absence of the contract or agreement; or

(2) 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. Solely for the purposes of liability assumed in an "insured contract", reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:

(a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and

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(b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

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:

(a) Employment by the insured; or

(b) Performing duties related to the conduct of the insured's business; or

(2) The spouse, child, parent, brother or sister of that "employee" as a consequence of 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 from equipment used to heat that building;

(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 any insured or any person or organization for whom you may be legally responsible; or

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(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".

(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 "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 or unloading".

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".

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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" due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution. This exclusion applies only to liability assumed under a contract or agreement.

j. Damage To Property

"Property damage" to:

(1) Property you own, rent, or occupy;

(2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;

(3) Property loaned to you;

(4) Personal property in the care, custody or control of the insured;

(5) That particular part of real property on which you 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

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

Paragraphs **(1)**, **(3)** and **(4)** 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 7 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 **(2)** of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs **(3)**, **(4)**, **(5)** and **(6)** of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph **(6)** 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".

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

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 And Advertising Injury

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

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.

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COVERAGE B PERSONAL 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 and advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "personal and advertising injury" to which this insurance does not apply. We may, at our discretion, investigate any 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 Coverages **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 and advertising injury" caused by an offense arising out of your business but only if the offense was committed in the "coverage territory" during the policy period.

2. Exclusions

This insurance does not apply to:

a. "Personal and advertising injury":

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

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

(3) Arising out of oral or written publication of material whose first publication took place before the beginning of the policy period;

(4) Arising out of a criminal act committed by or at the direction of any insured;

(5) 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;

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

(7) Arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement";

(8) Arising out of the wrong description of the price of goods, products or services stated in your "advertisement";

(9) Committed by an insured whose business is advertising, broadcasting, publishing or telecasting. However, this exclusion does not apply to Paragraphs **14.a., b.** and **c.** of "personal and advertising injury" under the Definitions Section; or

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

b. Any loss, cost or expense arising out of any:

(1) 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

(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".

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.

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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. To any insured.

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

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

d. 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 benefits law or a similar law.

e. To a person injured while taking part in athletics.

f. Included within the "products-completed operations hazard".

g. Excluded under Coverage A.

h. Due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution.

SUPPLEMENTARY PAYMENTS – COVERAGES A AND B

1. We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:

a. All expenses we incur.

b. Up to $250 for cost of 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 do not have to furnish these bonds.

c. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.

d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to $250 a day because of time off from work.

e. All costs taxed against the insured in the "suit".

f. 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.

g. 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 the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

2. If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:

a. The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";

b. This insurance applies to such liability assumed by the insured;

c. The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";

d. The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;

e. The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and

f. The indemnitee:

(1) Agrees in writing to:

(a) Cooperate with us in the investigation, settlement or defense of the "suit";

(b) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";

(c) Notify any other insurer whose coverage is available to the indemnitee; and

(d) Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and

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(2) Provides us with written authorization to:

(a) Obtain records and other information related to the "suit"; and

(b) Conduct and control the defense of the indemnitee in such "suit".

So long as the above conditions are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of Paragraph **2.b.(2)** of Section **I** – Coverage **A** – Bodily Injury And Property Damage Liability, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the limits of insurance.

Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when:

a. We have used up the applicable limit of insurance in the payment of judgments or settlements; or

b. The conditions set forth above, or the terms of the agreement described in Paragraph f. above, are no longer met.

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.

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. However, none of these "employees" is an insured for:

(1) "Bodily injury" or "personal and advertising injury":

(a) 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), or to a co-"employee" while that co-"employee" is either in the course of his or her employment or performing duties related to the conduct of your business;

(b) To the spouse, child, parent, brother or sister of that co-"employee" as a consequence of Paragraph **(1)(a)** above;

(c) 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)(a)** or **(b)** above; or

(d) Arising out of his or her providing or failing to provide professional health care services.

(2) "Property damage" to property:

(a) Owned, occupied or used by,

(b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by

you, any of your "employees", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).

b. Any person (other than your "employee"), 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.

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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 and 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 and Advertising Injury Limit is the most we will pay under Coverage B for the sum of all damages because of all "personal and 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. Subject to 5. above, 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.

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.

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SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS

1. Bankruptcy

Bankruptcy or insolvency of the insured or of 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 a claim is made or "suit" is brought against any insured, you must:

(1) Immediately record the specifics of the 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 the claim or "suit" as soon as practicable.

c. You and any other involved insured must:

(1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";

(2) Authorize us to obtain records and other information;

(3) Cooperate with us in the investigation or settlement of the claim or defense against the "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 Coverages **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 you covering liability for damages arising out of the premises or operations for which you have been added as an additional insured by attachment of an endorsement.

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When this insurance is excess, we will have no duty under Coverages **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. Audit premiums are due and payable on notice to the first Named Insured. 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. When We Do Not Renew

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

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.

2. "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".

3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.

4. "Coverage territory" means:

a. The United States of America (including its territories and possessions), Puerto Rico and Canada;

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b. International waters or airspace, provided the injury or damage does not occur in the course of travel or transportation to or from any place not included in a. above; or

c. All parts of the world if:

(1) The injury or damage arises out of:

(a) Goods or products made or sold by you in the territory described in a. above; or

(b) 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; and

(2) 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.

5. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".

6. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.

7. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.

8. "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.

9. "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;

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.

10. "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".

11. "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

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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".

12. "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;

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; and

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

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

14. "Personal and advertising injury" means injury, including consequential "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 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;

f. The use of another's advertising idea in your "advertisement"; or

g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".

15. "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.

16. "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.

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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, listed in the Declarations or in a policy schedule, states that products-completed operations are subject to the General Aggregate Limit.

17. "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 of use shall be deemed to occur at the time of the "occurrence" that caused it.

18. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage" or "personal and 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.

19. "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.

20. "Your product" means:

a. Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:

(1) You;

(2) Others trading under your name; or

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

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

"Your product" includes:

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

b. The providing of or failure to provide warnings or instructions.

"Your product" does not include vending machines or other property rented to or located for the use of others but not sold.

21. "Your work" means:

a. Work or operations performed by you or on your behalf; and

b. Materials, parts or equipment furnished in connection with such work or operations.

"Your work" includes:

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

b. The providing of or failure to provide warnings or instructions.

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[COVERAGE] 06/25/2013 12:51:37 PM By: Greg Gross
Initial coverage analysis:

CO date is not specified in the complaint or any materials that we received for this claim.

Insured did have coverage with PNI from 12-5-03 to 12-5-08 via policy number GL 90601617. Each policy year had $500,000 per occurrence limits. The acting CGL form is CG 0001 10/01.

The insured also had coverage with PNI from 7-9-08 to 7-9-09 via policy number GL 90649575. Each policy year had $500,000 per occurrence limits. The acting CGL form is CG 0001 10/01.

Both suits will need a separate claim number which will be set up shortly.

Once I glean more information, I will update coverage and properly set up claim with proper date of loss.

[LEGAL] 06/25/2013 12:51:56 PM By: Greg Gross
Our office received this new lawsuit and request for tender last week. I have done internet investigation and found that the insured appears to be out of business.

First, an underlying suit has been filed in Court of Common Pleas of Berkeley County, SC on 3-18-13 styled Cheryl Waker v. Portrait Homes-South Carolina, LLC, JJA Construction, Inc. d/b/a JJA Framing; Jose Castillo d/b/a JJA Framing, et. al. This is a class action amended complaint that was filed. The complaint alleges that Cheryl Walker is an owner of a townhome located at in the Persimmon Hill HOA, Inc. in Berkeley County, SC. Portrait Homes is the GC of the site. The insured installed framing; windows; doors; secondary weather barrier; and window and door flashings at the site. The Class does not include any prior owner of a townhome at the site. The complaint is brought for various construction defects and resultant loss of use. The construction defects appear to be resultant in water intrusion and deterioration as a result. Counts against the insured are negligence; gross negligence; carelessness; recklessness; willful and wantonness; breach of warranty of habitability; breach of warranty against latent defects; breach of warranty of workmanlike services; breach of warranty for fitness for a particular purpose; breach of warranty of merchantability and serviceability; breach of express warranty; and unfair trade practices. Specific CO dates are not named in the complaint.

Second, another underlying suit has been filed in Court of Common Pleas of Berkeley County, SC on 3-18-13 styled Persimmon Hill HOA, Inc. v. Portrait Homes-South Carolina, LLC, JJA Construction, Inc. d/b/a JJA Framing; Jose Castillo d/b/a JJA Framing, et. al. This is a class action amended complaint that was filed. The complaint alleges that the Persimmon Hill HOA, Inc. in Berkeley County, SC has exterior and common area defects. Portrait Homes is the GC of the site. The insured installed framing; windows; doors; secondary weather barrier; and window and door flashings at the site. The complaint is brought for various construction defects and

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resultant loss of use. The construction defects appear to be resultant in water intrusion and deterioration as a result. Counts against the insured are negligence; gross negligence; carelessness; recklessness; willful and wantonness; breach of warranty of habitability; breach of warranty against latent defects; breach of warranty of workmanlike services; breach of warranty for fitness for a particular purpose; breach of warranty of merchantability and serviceability; breach of express warranty; and unfair trade practices. Specific CO dates are not named in the complaint.

Co-defendant Portrait Homes has filed cross claims against the insured for indemnity; breach of contract; warranty; and negligence for both complaints. It appears from the contracts/purchase orders in the file that construction commenced in 2002. Initial declarations for the HOC were commenced on 12-18-01.

I called counsel for Portrait Homes at 843-577-1216 on 6-18-13 and today (Tyler Nettles) LMTC vm for CO dates, etc.

[User] 07/10/2013 10:02:44 AM By: Gary Gibson
GHG and I met with HOC AP here in the NCCSO on 7/9/13. Redacted - attorney-client Redacted - attorney-client
GHG to send monthly letters to the NI advising them we are aware of the suit and asking the NI to contact us. Re the tender by the GC, GHG will submit a CQR.

[LEGAL] 07/10/2013 10:21:47 AM By: Greg Gross
I called counsel for Portrait Homes at 843-577-1216 on 6-18-13 and today (Tyler Nettles) LMTC vm for CO dates, etc.

[CLOSED DIARY] 07/10/2013 12:18:35 PM By: Greg Gross
30 Day Case Reserve Review

[LEGAL] 07/23/2013 12:25:12 PM By: Greg Gross
I discussed this case with GG late last week. Prior to analyzing coverage for this matter, we want to see if the insured has been served the above noted suit. I assigned this matter today to IA Capstone to glean information of service of the insured (i.e. JJA Construction, Inc., JJA Framing, and/or Jose Castillio) for both these cases.

Following.

[CLOSED DIARY] 08/06/2013 12:04:02 PM By: Greg Gross
60 Day Rpt & Obtain Clmts SSN/DOB/Gend

[User] 08/07/2013 02:29:31 PM By: Gary Gibson
Reviewed at 45 days. GL PD/1st notice suit. We were put on notice of this suit by the PC. GHG has done an initial basic coverage analysis. We are not sure if the NI has been served. The NI has not contacted us to confirm service and request coverage and a D&I. Per GHG's of 7/23/13, we are seeking the assistance of an IA. Until such time as we hear from the NI and the NI requests our involvment, we will not retain DC.

I will maintain this file on diary.

[CLOSED DIARY] 09/05/2013 12:34:57 PM By: Greg Gross
90 Day File Review and Report

[COVERAGE] 09/21/2013 02:09:44 PM By: Greg Gross
We received word back from IA that matter has not been served upon the insured and IA has checked again with no service perfected on the insured.

Updated coverage analysis is as follows:

Policy number GL9 0601617
Policy periods 12/05/2003 to 12/05/2005 (2 years):
The named insured is Jose Castillo, dba JJA Framing Company. The declarations list the risk as "carpentry." The policy has a $500,000 per occurrence limit of liability coverage. It lists the insured's address as 3000 Colvard Parkway, Charlotte, NC.

There is information in the 12/05/2004 to 2005 policy period that the Agent asked for a name change on March 2, 2005, renaming the insured entity as JJA Construction, Inc. The policy suggests the name change was effective March 2, 2005. NC Secretary of State's information indicates JJA Construction, Inc. incorporated December 17, 2004 (it is currently administratively dissolved) as a new company and does not reference a name change.

The primary coverage form is CG 00 01 (10/01), Commercial General Liability Coverage Form. It contains Business Risk exclusions.

Endorsed to the policy are the following forms:

CG 20 37 (10/01), Additional Insured-Owners, Lessees or Contractors-Completed Operations. The endorsement lists Pasquinelli Construction Co, Pasquinelli Management, LLC and Portrait Homes Construction Company. The endorsement states, "Section II - Who Is An Insured is

amended to include as an insured the person or organization shown in the Schedule, but only with respect to liability arising out of "your work" at the location designated and described in the schedule of this endorsement performed for that insured and included in the "products-completed operations hazard"." There are two locations listed in the endorsement, 4411-101 West Market St, Greensboro, NC and 3000 Colvard Parkway, Charlotte, NC. (I believe the West Market street address is not actually the address applicable to the endorsement location, but merely the mailing address of the partly listed in the endorsement)

CG 03 00 (01/96), Deductible Liability Insurance. It applies a $500 deductible to Property Damage Liability only, on a per occurrence basis, regardless of the number of persons or organizations that sustain damages because of that "occurrence".

CG 21 67 (04/02), Fungi or Bacteria Exclusion. It's definition of Fungi includes mold as an excluded exposure for bodily injury and property damage.

71 0939 (06/01), Exterior Insulation and Finish Systems Exclusion. This excludes all coverage for damage arising out of the insured's work to EIFS products, including "any substantially similar system which resists water penetration at its outer surface" that is part of the "products-completed operations hazard".

71 0741 (01/02), Automatic Additional Insureds-Owners, Contractors and Subcontractors does not apply as it refers to ongoing operations only. The complaint language directs this as a completed operations event.

Policy periods 12/05/2005 to 12/05/2008 (3 years)
The named insured is JJA Construction, Inc. The declarations list the risk as "carpentry." The policy has a $500,000 per occurrence limit of liability coverage. It lists the insured's address as 11227 East Field Rd, Henderson, NC. Effective March 31, 2006, the address changed to 9496 Highway 78, Lot 2, Ladson, SC, 29456. Jose Castillo, dba JJA Framing Company is not named on the policy as an insured.

The last policy period, 12/05/2007 to 2008, canceled for non-payment of premium affective January 31, 2008.

The primary coverage form is CG 00 01 (10/01), Commercial General Liability Coverage Form. It contains Business Risk exclusions. Section II - Who is an Insured says if you (named insured) are designated in the Declarations as an organization other than a partnership, joint venture or limited liability company, they are an insured, which qualifying JJA Construction, Inc. as an insured under this subsection. This section goes on to say that any organization the named insured newly acquires or forms, other than a partnership, joint venture or limited liability company, and over which they maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However, coverage under this provision is afforded only until the 90th day after the insured acquires or forms the organization or the end of the policy period, whichever is earlier; and coverage A does not

apply to "bodily injury" or "property damage" that occurred before the insured acquired or formed the organization. In this instance, JJA Construction, Inc. is the named insured, but it did not acquire or form Jose Castillo dba JJA Framing Company. So it appears Jose Castillo dba JJA Framing Company would not qualify as an insured under this policy or policy period.

Endorsed to the policy are the following forms:

CG 24 26 (07/04), Amendment of Insured Contract Definition. This endorsement modifies the CGL form so the insured is not provided coverage for tort liability assumed under an insured contract unless the insured contributed in whole or in part to the bodily injury or property damage. It also does not afford indemnification to architects, engineers or other design professionals. We understand there is no written contract between Portrait and JJA Construction, Inc.

71 11 45 (01/05), Automatic Additional Insureds-Owners, Contractors and Subcontractors (Completed Operations). This litigation is a completed operations event. The endorsement includes that there must be a written contract directing the insured to name as an additional insured for the products-completed operations hazard, but only with respect to liability for bodily injury or property damage caused, in whole or in part, by the insured's work at the location or projected designated in the contract or agreement performed for that additional insured and included in the products-completed operations hazard. The additional insured status ends when the obligation to provide additional insured status for the completed operations in the written contract ends. We understand there is no written contract between Portrait and JJA Construction, Inc.

71 0741 (01/05), Automatic Additional Insureds-Owners, Contractors and Subcontractors (Ongoing Operations) does not apply as it refers to ongoing operations only. The complaint language directs this as a completed operations event.

71 0939 (06/01), Exterior Insulation and Finish Systems Exclusion. This excludes all coverage for damage arising out of the insured's work to EIFS products, including "any substantially similar system which resists water penetration at its outer surface" that is part of the "products-completed operations hazard".

CG 21 67 (04/02), Fungi or Bacteria Exclusion. It's definition of Fungi includes mold as an excluded exposure for bodily injury and property damage.

CG 03 00 (01/96), Deductible Liability Insurance. It applies a $500 deductible to Property Damage Liability only, on a per occurrence basis, regardless of the number of persons or organizations that sustain damages because of that "occurrence".

***
GAP IN COVERAGE - January 31, 2008 to July 9, 2008
***

Policy number GL9 0649575

Policy period 07/09/2008 to 2009

There is a notice included in the policy copy stating the policy is cancelled affective November 3, 2008. Nothing further is provided with the policy material to suggest this policy was reinstated during this period.

The named insured is JJA Construction, Inc. The declarations list the risk as "carpentry." The policy has a $500,000 per occurrence limit of liability coverage. It lists the insured's address 9496 Highway 78, Lot 2, Ladson, SC, 29456. Jose Castillo, dba JJA Framing Company is not named in the policy as an insured.

The primary coverage form is CG 00 01 (10/01), Commercial General Liability Coverage Form. It contains Business Risk exclusions.

Endorsed to the policy are the following forms:

CG 24 26 (07/04), Amendment of Insured Contract Definition. This endorsement modifies the CGL form so the insured is not provided coverage for tort liability assumed under an insured contract unless the insured contributed in whole or in part to the bodily injury or property damage. It also does not afford indemnification to architects, engineers or other design professionals.

71 0741 (01/05), Automatic Additional Insureds-Owners, Contractors and Subcontractors (Ongoing Operations) does not apply as it refers to ongoing operations only. The complaint language directs this as a completed operations event.

71 0939 (06/01), Exterior Insulation and Finish Systems Exclusion. This excludes all coverage for damage arising out of the insured's work to EIFS products, including "any substantially similar system which resists water penetration at its outer surface" that is part of the "products-completed operations hazard".

CG 21 67 (04/02), Fungi or Bacteria Exclusion. It's definition of Fungi includes mold as an excluded exposure for bodily injury and property damage.

CG 03 00 (01/96), Deductible Liability Insurance. It applies a $500 deductible to Property Damage Liability only, on a per occurrence basis, regardless of the number of persons or organizations that sustain damages because of that "occurrence".

Policy number GL9 0649575

Policy period 07/09/2009 to 2010

The named insured is JJA Construction, Inc. The declarations list the risk as "carpentry." The policy has a $500,000 per occurrence limit of liability coverage. It lists the insured's address 9496 Highway 78, Lot 2, Ladson, SC, 29456. Effective 07/29/2009 the insured address is changed to 11227 Eastfield Rd., Huntersville, NC 28078. Jose Castillo, dba JJA Framing Company is not named in the policy as an insured. This policy was not renewed at the end of the policy period.

Endorsed to the policy are the following forms:

CG 24 26 (07/04), Amendment of Insured Contract Definition. This endorsement modifies the CGL form so the insured is not provided coverage for tort liability assumed under an insured contract unless the insured contributed in whole or in part to the bodily injury or property damage. It also does not afford indemnification to architects, engineers or other design professionals.

71 0741 (01/05), Automatic Additional Insureds-Owners, Contractors and Subcontractors (Ongoing Operations) does not apply as it refers to ongoing operations only. The complaint language directs this as a completed operations event.

71 0939 (06/01), Exterior Insulation and Finish Systems Exclusion. This excludes all coverage for damage arising out of the insured's work to EIFS products, including "any substantially similar system which resists water penetration at its outer surface" that is part of the "products-completed operations hazard".

CG 21 67 (04/02), Fungi or Bacteria Exclusion. It's definition of Fungi includes mold as an excluded exposure for bodily injury and property damage.

CG 03 00 (01/96), Deductible Liability Insurance. It applies a $500 deductible to Property Damage Liability only, on a per occurrence basis, regardless of the number of persons or organizations that sustain damages because of that "occurrence".

***

Both complaints alleges JJA Construction, Inc. d/b/a JJA Framing; Jose Castillo d/b/a JJA Framing, et. al. as the named defendant(s). Based on a review of the above coverage, it appears affective March 2, 2005 Jose Castillo dba JJA Framing Company is not listed any further on the PNI policies.

The complaints are nebulous as to when the damages actually occurred or were discovered. It appears from the contracts/purchase orders in the file that construction commenced in 2002. Initial declarations for the HOA were commenced on 12-18-01. South Carolina is a continuous trigger state.

We have no indication any insured entity or principal is served with the complaint.

There are a number of issues relative to coverage applying to this litigation, as well as questions over coverage potentially extending to others, primarily the Portrait Homes entities.

It's possible JJA Framing will eventually be served with the outside chance it will be via publication. We know they are named in the complaint, but service has not been perfected to our knowledge.

ROR sent to the insured reserving rights on the following:
-Insuring Agreement (is there PD arising out of an occurrence here?)
Exclusions
-Expected Or Intended Injury
-Contractual Liability
-Damage to Property (5)
-Damage to Your Product
-Damage to Your Work
-Damage To Impaired Property Or Property Not Physically Injured

PLAN: ROR has been sent to the insured today via certified mail. If the insured receives and requests a defense on these complaints, there is a probable defense obligation due to the negligence count in the complaint and the trigger of coverage in South Carolina. Diarled 2 weeks for acceptance of ROR. If letter comes back unclaimed, will issue CQR to HOC for review of coverage (i.e. insured has not demanded a defense to date).

Following.

[REPORTS] 09/21/2013 02:09:55 PM By: Greg Gross
Formal reporting is current.

[User] 10/08/2013 10:53:59 AM By: Gary Gibson
Reviewed on TL diary. I note the activity since my last review. Our current info is that while the NI has named in the Complaint in question, the NI has not been served and has not requested PNI retain counsel. GHG has sent the NI a ROR and is following for confirmation of its receipt.

The formal reporting is current and the reserve is adequate for now.

I will maintain this file on diary.

[CLOSED DIARY] 12/05/2013 2:15:57 PM By: Greg Gross
180 Day Report

[User] 12/26/2013 02:38:11 PM By: Gary Gibson
Reviewed on TL diary. I note the activity since my last review. There is no documented activity since mine of 10/9/13. The case remains status quo.

The formal reporting is up to date. The reserve is adequate at this time.

I will continue to follow this file.

[LEGAL] 02/12/2014 02:58:55 PM By: Greg Gross
I received another tender request from Portrait Homes regarding this case.

Prior to submission to HOC via CQR, I want to make sure that the insured still has not been served in this matter. I emailed IA today to check again to see if service has been perfected against the insured. If not, will send CQR to GG for review to send to HOC to recommend that no coverage be afforded any entity as the insured has not come forward requesting a defense and/or in violation of the conditions portion of the policy.

Following.

[CLOSED DIARY] 03/04/2014 12:01:19 PM By: Greg Gross
270 Day Report

[LEGAL] 03/13/2014 09:18:54 AM By: Greg Gross
We received back from IA that service was perfected to the registered agent of the insured at the following address:
Jose Castillo
11227 Eastfiled Road
Huntersville, NC 28078

PLAN:
I am going to have IA go to the home of the above and determine from the registered agent, what their intentions are with this lawsuit. Are they requesting a defense? If no answer at that point, we have done everything we can do to discuss the case with the insured and will then issue a CQR requesting denial of coverage for defense of the lawsuit and the tender from the GC.

[LEGAL] 03/13/2014 09:22:54 AM By: Greg Gross

Called Capstone ISG today to speak with the IA (Branch Manager) Trey Allison at 803-233-4377 - LMTC vm.

[INVESTIGATION] 04/02/2014 11:52:30 AM By: Greg Gross
Emailed IA for status of contact to insured.

[INVESTIGATION] 04/02/2014 03:03:21 PM By: Greg Gross
I received an email back from IA in this matter today. IA stated they waited an hour after 5pm; spoke to neighbors; left cards; etc. No one would come to the door with 2 cars in the driveway.

PLAN: Emailed IA to visit the home once more to see if the insured will discuss the loss with them. If not, will send CQR to GG for review prior to HOC to recommend no coverage due to breach of cooperation clause in conditions portion of the policy. Following.

[User] 04/12/2014 10:44:17 AM By: Gary Gibson
Reviewed on TL diary. I note the activity since my last review. See GHG's of 4/2/14 under Investigation. We are making every effort to see if the NI will respond prior to submitting a CQR to HOC AP recommending we decline coverage and a D&I.

I will continue to follow this file.

[COVERAGE] 05/29/2014 04:03:31 PM By: Greg Gross
Diary.

We recommend that the insured nor Portrait Homes be provided a defense at this time. I have sent a CQR to GG for this today for his review.

The insured would not call us and we sent an IA (Capstone ISG) to meet personally with the insured owner, Jose Castillo. This was completed at the beginning of May, 2014. Mr. Castillo declined to give us his number for a contact. He claimed he was served the above noted suit papers and has not retained counsel. He claims he is now out of business as the named insured. The IA indicated that he had been sued personally. The IA asked if he wanted PNI to defend him and he stated no. The aforementioned ROR was delivered personally to Mr. Castillo.

Based upon the above, the insured has voilated the conditions portion of the policy by not cooperating. Therefore, we recommend no coverage for either Portrait Homes or the insured.

[User] 06/03/2014 10:52:33 AM By: Gary Gibson
Reviewed on TL diary. I note the activity since my last review. Our IA has met with the NI owner Jose Castillo. Castillo acknowledged the suits in question and advised he had not retained counsel to respond. He does not want PNI to defend him. He will not provide a contact phone # and will not cooperate in any defense. He is out of business and seemingly has no interest in any legal activity against him or his former company.

I have reviewed the CQR submitted by GHG. I agree the NI is not complying with the Conditions section of the CGL. We are recommending we decline coverage and a D&I to the NI and Portrait Homes. I am forwarding the CQR to HOC AP for his review.

I will maintain this file on diary.

[COVERAGE] 08/11/2014 02:38:34 PM By: Greg Gross
Reviewed coverage opinion from AP in file.

In response to Adam's inquiries below, I have sent the updated RORs to the Insured and Mr. Castillo respectively giving them to the end of August, 2014 to respond or we will deny coverage to the Insured for breach of the conditions.

With respect to Adam's inquiry regarding Portrait Homes seeking additional insured status under the policy, it would not appear that any coverage would be available to Portrait Homes. The contract calls for additional insured status within section 7 and is within the file. However, within the CGL form CG 0001 (Supplementary Payments, section 2. d.) would not be met (all conditions must be met within the CGL form). This section of the Supplementary Payments states that no conflict can exist between the interests of the insured and the indemnitee. There is an inherent conflict within the suit on the methods and means, etc. by the GC to the insured.

Therefore, with all of the above noted condition not met, we recommend no coverage be afforded to Portrait Homes for this case.

Sent to GG for his review today. Following.

[COVERAGE] 08/26/2014 06:44:26 PM By: Greg Gross
Redacted - Attorney-client Redacted

I will first complete an analysis if the coverage that is in place for the named insured and what we have completed to date with regards to this as the named insured is not cooperating with Penn National Insurance. Later in this log note, I will address the analysis for the tender from Portrait Homes.

The loss is a completed operations type loss.

NAMED INSURED ANALYSIS:
Policy number GL9 0601617
Policy periods 12/05/2003 to 12/05/2005 (2 years):
The named insured is Jose Castillo, dba JJA Framing Company. The declarations list the risk as "carpentry." The policy has a $500,000 per occurrence limit of liability coverage. It lists the insured's address as 3000 Colvard Parkway, Charlotte, NC.

There is information in the 12/05/2004 to 2005 policy period that the Agent asked for a name change on March 2, 2005, renaming the insured entity as JJA Construction, Inc. The policy suggests the name change was effective March 2, 2005. NC Secretary of State's information indicates JJA Construction, Inc. incorporated December 17, 2004 (It is currently administratively dissolved) as a new company and does not reference a name change.

The primary coverage form is CG 0001 10/01, Commercial General Liability Coverage Form. It contains Business Risk exclusions.

Endorsed to the policy are the following forms:

CG 2037 10/01, Additional Insured-Owners, Lessees or Contractors-Completed Operations. The endorsement lists Pasquinelli Construction Co, Pasquinelli Management, LLC and Portrait Homes Construction Company. The endorsement states, "Section II - Who Is An Insured is amended to include as an insured the person or organization shown in the Schedule, but only with respect to liability arising out of "your work" at the location designated and described in the schedule of this endorsement performed for that insured and included in the "products-completed operations hazard"." There are two locations listed in the endorsement, 4411-101 West Market St, Greensboro, NC and 3000 Colvard Parkway, Charlotte, NC. (I believe the West Market street address is not actually the address applicable to the endorsement location, but merely the mailing address of the partly listed in the endorsement)

CG 0300 01/96, Deductible Liability Insurance. It applies a $500 deductible to Property Damage Liability only, on a per occurrence basis, regardless of the number of persons or organizations that sustain damages because of that "occurrence".

***
Policy number: GL9 0601617
Policy periods 12/05/2005 to 12/05/2008 (3 years)
The named insured is JJA Construction, Inc. The declarations list the risk as "carpentry." The policy has a $500,000 per occurrence limit of liability coverage. It lists the insured's address as 11227 East Field Rd, Henderson, NC. Effective March 31, 2006, the address changed to 9496 Highway 78, Lot 2, Ladson, SC, 29456. Jose Castillo, dba JJA Framing Company is not named on the policy as an insured.

The last policy period, 12/05/2007 to 2008, canceled for non-payment of premium affective January 31, 2008.

The primary coverage form is CG 0001 10/01, Commercial General Liability Coverage Form. Endorsed to the policy are the following relevant forms:

CG 2426 07/04, Amendment of Insured Contract Definition. This endorsement modifies the CGL form so the insured is not provided coverage for tort liability assumed under an insured contract unless the insured contributed in whole or in part to the bodily injury or property damage. It also does not afford indemnification to architects, engineers or other design professionals. We understand there is no written contract between Portrait and JJA Construction, Inc.

71 1145 01/05, Automatic Additional Insureds-Owners, Contractors and Subcontractors (Completed Operations). This litigation is a completed operations event. The endorsement includes that there must be a written contract directing the insured to name as an additional insured for the products-completed operations hazard, but only with respect to liability for bodily injury or property damage caused, in whole or in part, by the insured's work at the location or projected designated in the contract or agreement performed for that additional insured and included in the products-completed operations hazard. The additional insured status ends when the obligation to provide additional insured status for the completed operations in the written contract ends.

CG 0300 01/96, Deductible Liability Insurance. It applies a $500 deductible to Property Damage Liability only, on a per occurrence basis, regardless of the number of persons or organizations that sustain damages because of that "occurrence".

****
GAP IN COVERAGE - January 31, 2008 to July 9, 2008
****

Policy number GL9 0649575
Policy period 07/09/2008 to 2009

There is a notice included in the policy copy stating the policy is cancelled affective November 3, 2008. Nothing further is provided with the policy material to suggest this policy was reinstated during this period.

The named insured is JJA Construction, Inc. The declarations list the risk as "carpentry." The policy has a $500,000 per occurrence limit of liability coverage. It lists the insured's address 9496 Highway 78, Lot 2, Ladson, SC, 29456. Jose Castillo, dba JJA Framing Company is not named in the policy as an insured.

The primary coverage form is CG 00 01 (10/01), Commercial General Liability Coverage Form. It contains Business Risk exclusions.

Endorsed to the policy are the following forms:

CG 2426 07/04, Amendment of Insured Contract Definition. This endorsement modifies the CGL form so the insured is not provided coverage for tort liability assumed under an insured contract unless the insured contributed in whole or in part to the bodily injury or property damage. It also does not afford indemnification to architects, engineers or other design professionals.

CG 0300 01/96, Deductible Liability Insurance. It applies a $500 deductible to Property Damage Liability only, on a per occurrence basis, regardless of the number of persons or organizations that sustain damages because of that "occurrence".

***

Policy number GL9 0649575
Policy period 07/09/2009 to 2010

The named insured is JJA Construction, Inc. The declarations list the risk as "carpentry." The policy has a $500,000 per occurrence limit of liability coverage. It lists the insured's address 9496 Highway 78, Lot 2, Ladson, SC, 29456. Effective 07/29/2009 the insured address is changed to 11227 Eastfield Rd., Huntersville, NC 28078. Jose Castillo, dba JJA Framing Company is not named in the policy as an insured. This policy was not renewed at the end of the policy period.

Endorsed to the policy are the following forms:

CG 2426 07/04, Amendment of Insured Contract Definition. This endorsement modifies the CGL form so the insured is not provided coverage for tort liability assumed under an insured contract unless the insured contributed in whole or in part to the bodily injury or property damage. It also does not afford indemnification to architects, engineers or other design professionals.

CG 0300 01/96, Deductible Liability Insurance. It applies a $500 deductible to Property Damage Liability only, on a per occurrence basis, regardless of the number of persons or organizations that sustain damages because of that "occurrence".

***

Both complaints alleges JJA Construction, Inc. d/b/a JJA Framing; Jose Castillo d/b/a JJA Framing, et. al. as the named defendant(s). Based on a review of the above coverage, it

appears affective March 2, 2005 Jose Castillo dba JJA Framing Company is not listed any further on the PNI policies.

The complaints are nebulous as to when the damages actually occurred or were discovered. It appears from the contracts/purchase orders in the file that construction commenced in 2002. Initial declarations for the HOA were commenced on 12-18-01. South Carolina is a continuous trigger state.

Jose Castillo has been served with the complaint.

A previous CQR was sent to HOC after we assigned an IA to meet with the insured who told Penn National that he did not want a defense for this matter. Redacted - attorney-client Redacted This "final" ROR was sent to the insured reserving rights on the conditions of the policy giving the insured until the end of August, 2014 to contact us or we would formally disclaim coverage along with the following items within the CGL form(s):
-Insuring Agreement (is there PD arising out of an occurrence here?)
Exclusions:
-Expected Or Intended Injury
-Contractual Liability
-Damage to Property (5)
-Damage to Your Product
-Damage to Your Work
-Damage To Impaired Property Or Property Not Physically Injured

ANALYSIS WITH REGARDS TO THE TENDER FROM PORTRAIT HOMES:
First, the applicable contract for the site between Portrait Homes and the insured was executed on 8-15-03. The applicable subcontractor is listed as "JJA Framing". Section 7. B. of the contract states (highlighted in yellow in IR on page 4 of the contract) that the insured shall add Portrait as an Additional Insured on the insured's policy.

It is the opinion of the CSO that Portrait would qualify as an "Additional Insured" under our endorsement 71 1145 01/05 for the policy years of 12-5-05 to 12-5-08 only. This endorsement specifies that an insured is any person or organization with who you are required in a written contract to name as an additional insured for the completed operations hazard. It is further felt that our contract meets the definition of an "insured contract" as amended under endorsements CG 2426 07 04. None of the other policy years have endorsement 71 1145 01/05 attached. Endorsement CG 2037 10/01 for the policy years of 12-5-03 to 12-5-05 appear to be for another site.

As to our duty to defense and indemnification of Portrait Homes, the CSO does not feel that all of the obligations of the Supplementary Payment - Coverages A and B have been met the policy. Part 2. of this section states: If we defend an insured against a "suit" and indemnitee of the insured is also named as a party to the suit, we will defend that indemnitee if all of the conditions are met which include:

d. The allegation in the "suit" and the information as we know about the "occurrence" are such that no conflict appears to exist between the interest of the insured and the interest of the indemnitee.
e. further requires that the indemnity agree that we can assign the same counsel to defend insured and indemnity.

Portrait Homes as the indemnitee has filed cross claims against the insured in both actions for indemnity; negligence; breach of warranty; and breach of contract.

Therefore, the CSO does not feel the Portrait Homes has met the conditions and is not entitled to defense.

Sent the above to HOC for review. Following.

[COVERAGE] 10/02/2014 09:25:36 AM By: Greg Gross
Redacted - attorney - client Redacted we are not going to pick up the tender for AI and/or D&I from Portrait Homes-South Carolina, LLC. I sent disclaimer to the Hood Law Firm today who represents Portrait Homes - South Carolina. Copy in IR.

I also sent a full coverage disclaimer to the insured today due to their non cooperation as outlined below.

PLAN: Coverage declination in place. Diaried to the end of 2014 for any pushback. If none, will close file to archives.

[User] 10/10/2014 05:19:20 PM By: Gary Gibson
Reviewed on TL diary. I note the activity since my last review. See GHG's of 10/2/14 for an update re the coverage issues, etc. Coverage has been declined and we are following for any further pursuit.

The formal reporting is up to date. The reserve is adequate at this time.

I will continue to follow this file.

[COVERAGE] 11/19/2014 03:20:13 PM By: Greg Gross
Received back from insured disclaimer of coverage letter sent 10-2-14 to the NI at his NC address unclaimed by the post office.

[COVERAGE] 12/16/2014 11:15:38 AM By: Greg Gross
Diary.

Coverage disclaimers in place. No further pushback. File closed to archives.

[CLOSED DIARY] 12/16/2014 11:15:52 AM By: Greg Gross
coverage disclaimer; close if no push

[User] 01/15/2015 04:27:41 PM By: Gary Gibson
Reviewed on TL diary. I note the activity since my last review. Coverage was previously declined. The NI has not pursued further. The file has been closed w/out payment.

I will not continue to follow this file. GHG should advise me of any adverse developments.

[CLOSED DIARY] 01/15/2015 4:27:49 PM By: Gary Gibson
TL review; litigation; close?

[CLOSED DIARY] 02/23/2015 1:22:54 PM By: Gary Gibson
Coverage suit file/re-opened?

[LEGAL] 07/13/2015 09:55:38 AM By: Greg Gross
Our office has received a court order of default. Copy in file. Coverage disclaimer is in place due to no cooperation from the insured. Our file remains closed.

From: Gross, Greg
To: Trae Allison
Subject: 08861992 JJA CONSTRUCTION INC; your file 8-7037
Date: Thursday, March 13, 2014 3:12:25 PM

Trey,

Per your voice mail today, please have an adjuster from Capstone attempt face to face contact with Jose Castillo located at 11227 Eastfield Road in Huntersville, NC 28078 to discuss what they want Penn National to do with this lawsuit now that they have been served. Specifically, please inquire to him if he is requesting Penn National to defend JJA Construction in this action.

Further, please obtain good contact information from Mr. Castillo (i.e. phone number, etc.) so we can discuss the matter with him if needed.

Thanks.
Greg Gross, AIC
Claims Specialist
Penn National Insurance - NC Claims Service Office
P.O. Box 1961
Harrisburg PA 17105-1961
P: 1-800-877-7366 x4168
F: 1-336-373-9446
ggross@pnat.com

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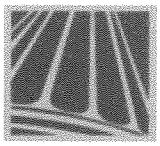


CAPSTONE
ISG

Trae Allison, AIC
Branch Manager

April 11, 2014

Penn National Insurance
Attn: Gregg Gross

ggross@pnat.com

STATUS REPORT

Re:	Claim Number:	08861992
	Insured:	JJA Construction, Inc.
	Claimant:	Persimmon Hill Condos
	Date of Loss:	12/05/2003
	Loss Location:	Persimmon Hills Condos
	Our File Number:	8-7037

Dear Mr. Gross:

This will serve as our current status report following ours of 03/13/2014 regarding the above captioned claim.

ASSIGNMENT:

As per your additional request of 03/13/2014, we were instructed to complete the following tasks:

1) Make a cold call to the insured to inquire about suit representation
2) Inquire if insured wishes that Penn National handle suit on their behalf
3) Obtain contact information on Jose Castillo.

INSURED:

As previously reported, the insured is identified as JJA Construction, Inc. The address provided by our office is 11227 Eastfield Road, Huntersville, NC 28078.

We have made a cold call to the insured's residence on 03/26/2014. We waited at the residence for one hour in hopes of someone coming home. There were two vehicles in the drive at the time. We rang the doorbell several times but no one came to the door. We talked to the neighbor behind the insured who confirmed that the insured does reside at that address. We left a contact request with the neighbor in hopes of receiving a return call. We spoke to the neighbor on the left side of the insured and determined that the insured is the owner and the tenants there rent from him. We left a contact with them as well. We also left contact request in the front door and on the vehicles in the drive.

Enclosed are photographs of the insured's residence.

As per your additional instructions, we will make one more attempt to make face to face contact with the insured. We will keep you posted.

FUTURE ACTIVITY:

1) Make an additional cold call to the insured to inquire about suit representation
2) Inquire if insured wishes that Penn National handle suit on their behalf
3) Obtain contact information on Jose Castillo.

At this time, we are placing our file on a 30-day diary. Please feel free to contact the undersigned if there are any questions.

Very Truly Yours,
Capstone ISG

Gayle McLeod
Multi-Line Adjuster

Enclosure: Photograph of insured's residence

04/28/2014 02:51 PM BA296_11009

THE CHAKERIS LAW FIRM
231 CALHOUN STREET
POST OFFICE BOX 397
CHARLESTON, SOUTH CAROLINA 29402

JOHN T. CHAKERIS
TASO H. CHAKERIS

TELEPHONE 843 853-5078
FACSIMILE 843 853-5077

April 24, 2014

08861992

Via Certified Mail
Return Receipt Requested
Penn National Insurance
P.O. Box 2361
Harrisburg, PA 17105-2361

Re: The Persimmon Hill Homeowners Association, Inc. v. Portrait Homes-South Carolina, LLC, et al.
Case No.: 2012-CP-08-3065
Cheryl L. Waker, et al. v. Portrait Homes-South Carolina, LLC, et al.
Case No.: 2012-CP-08-3066
Your Insured: JJA Construction, Inc. d/b/a JJA Framing, Jose Castillo d/b/a JJA Framing

Dear Sir or Madam:

Enclosed please find a filed copy of the Civil Action Cover Sheet, Summons for Amended Complaint and Amended Complaint in the above matters that has been served on your insured JJA Construction, Inc. d/b/a JJA Framing, Jose Castillo d/b/a JJA Framing. Failure to hire counsel and participate in this matter within fifteen (15) days of your receipt of this letter will result in an Order of Default and Judgment sought against your insured. To avoid this, your prompt response to this letter is required.

With kind regards, I am

Sincerely,

John T. Chakeris

JTC/cmp
Enclosures
cc: Phillip W. Segui, Jr., Esquire

HOA-8

From: john chakeris
To: "Gross, Greg"
Cc: "CLMMAIL"; "Christi Petit"; "Phillip Segui, Jr."; "Hunter Higgison"
Subject: RE: 08861992 JJA CONSTRUCTION INC - Persimmon Hill/Waker
Date: Friday, May 09, 2014 2:37:45 PM

Greg,

This will confirm the 30 day extension you requested is agreed to. If you do not have the affidavits of service once you get back to your office, let me know and I'll get them emailed to you. John

-----Original Message-----
From: Gross, Greg [mailto:GGross@pnat.com]
Sent: Thursday, May 08, 2014 11:49 PM
To: 'john@chakerislawfirm.com'
Cc: CLMMAIL
Subject: 08861992 JJA CONSTRUCTION INC

John,

I spoke to your paralegal today regarding the attached.

Please be advised that I am presently attending an unrelated trial this week into early next week in Alabama.

I am requesting a 30 day extension of time to respond to the above noted complaint.

Please advise if you would be amenable to the above.

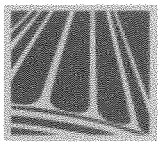
Thank you.

Greg Gross, AIC
Claims Specialist
Penn National Insurance - NC Claims Service Office P.O. Box 1961 Harrisburg
PA 17105-1961
P: 1-800-877-7366 x4168
F: 1-336-373-9446
ggross@pnat.com

****
****
PERSONAL & CONFIDENTIAL. THE E-MAIL MESSAGE (INCLUDING ANY ATTACHMENTS) FROM THIS SENDER IS FOR THE SOLE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN CONFIDENTIAL AND PRIVILEGED INFORMATION. IF THE READER OF THIS MESSAGE IS NOT THE INTENDED RECIPIENT, YOU ARE HEREBY NOTIFIED THAT ANY DISSEMINATION, DISTRIBUTION, UNAUTHORIZED REVIEW, USE OR DISCLOSURE OF THIS E-MAIL IS PROHIBITED.

IF YOU HAVE RECEIVED THIS COMMUNICATION IN ERROR, PLEASE IMMEDIATELY NOTIFY US, BY CONTACTING POSTMASTER@PNAT.COM, RETURNING THE ORIGINAL MESSAGE TO THE SENDER AND DELETING ANY COPIES FROM YOUR SYSTEM. THANK YOU.

Scanned by the Clearswift SECURE Email Gateway.



CAPSTONE
ISG

Trae Allison, AIC
Branch Manager

May 15, 2014

Penn National Insurance
Attn: Gregg Gross

ggross@pnat.com

CLOSING REPORT

Re:	Claim Number:	08861992
	Insured:	JJA Construction, Inc.
	Claimant:	Persimmon Hill Condos
	Date of Loss:	12/05/2003
	Loss Location:	Persimmon Hills Condos
	Our File Number:	8-7037

Dear Mr. Gross:

This will serve as our closing report following ours of 05/08/2014 regarding the above captioned claim.

ASSIGNMENT:

The following tasks remain from our previous report of 05/08/2014:

1) Make an additional cold call to the insured to inquire about suit representation
2) Inquire if insured wishes that Penn National handle suit on their behalf
3) Obtain contact information on Jose Castillo.

INSURED:

As previously reported, the insured is identified as JJA Construction, Inc. The address provided by our office is 11227 Eastfield Road, Huntersville, NC 28078.

We were successful with our cold call to the insured's residence. We spoke with Jose Castillo who identified himself upon our face to face contact. We attempted to obtain a contact number for Mr. Castillo. However, he declined. He stated that he had been served suit papers and letters concerning this claim but he did not retain an attorney. He stated he was not in business as JJA Construction or JJA Framing. We explained that they suit papers named Jose Castillo. We asked if he wanted Penn National to defend him and he said he did not. We strongly suggested that he telephone your office to discuss this matter. We provided your name and contact information. He stated that he would make contact with your office. However, he would not provide a contact number for him.

FUTURE ACTIVITY:

As you have requested, we are closing our file at this time. If we can be of any further service to you, please feel free to contact our office. Please find enclosed our service invoice, for your consideration.

It has been a pleasure working with you on this claim and we look forward to doing so again in the near future.

Very Truly Yours,
Capstone ISG

Gayle McLeod
Multi-Line Adjuster

Enclosure: Service Invoice

SEGUI LAW FIRM PC

864 Lowcountry Boulevard
Suite A
Mount Pleasant, SC 29464

T 843-884-1865

Hunter James
hjames@seguilawfirm.com

July 1, 2015

Via Certified Mail
Pennsylvania National Insurance Co.
P.O. Box 2361
Harrisburg, PA 17105

RE: Cheryl L. Waker, on behalf of herself and others similarly situated v. Portrait Homes-South Carolina, LLC, Portrait Homes-Persimmon Hill, LLC , et al
Case No.: 2012-CP-08-3066
Your Insured: Jose Castillo d/b/a JJA Framing and JJA Framing Construction, Inc. d/b/a JJA Framing

Dear Sir or Madam:

Enclosed, please find an Order of Default as to your insured, which was filed on December 22, 2014, in the above-referenced matter. Should you have any questions or require any additional information, please feel free to contact me.

Sincerely,

Hunter James

HHJ
Enclosure
cc: John T. Chakeris, Esquire (w/enclosure) – via electronic mail only

STATE OF SOUTH CAROLINA

COUNTY OF BERKELEY

COURT OF COMMON PLEAS
NINTH JUDICIAL COURT
CASE NO. 2012-CP-08-3065

THE PERSIMMON HILL HOMEOWNERS ASSOCIATION, INC.,
Plaintiff,

vs.

PORTRAIT HOMES-SOUTH CAROLINA, LLC, PORTRAIT HOMES-PERSIMMON HILL, LLC, PASQUINELLI HOMEBUILDING, LLC, IFKY, INC., D/B/A COLORWORKS, JJA CONSTRUCTION, INC. D/B/A JJA FRAMING, JOSE CASTILLO D/B/A JJA FRAMING, JOSE GUTIERREZ, JAVIER MORENO, MECKLENBURG FRAMING, INC. D/B/A MECKLENBURG FRAMING, SAMUEL GLOVER D/B/A GLOVER'S BRICKWORK, GLOVER'S BRICKWORKS, INC., Z & Z, INCORPORATED, CHRISTOS PALLES & ASSOCIATES, LLC D/B/A CHRIS PALLES & ASSOCIATES, DPM CONSTRUCTION, INC. D/B/A DPM MASONRY, UNITED SIDING SPECIALISTS, INC., TOM'S VINYL SIDING, LLC, SUPERIOR SOLUTION, LLC, ALL AMERICAN ROOFING, INC., TONY FRONTIERO D/B/A TONY FRONTIERO PAINT CONTRACTOR, THE ESTATE OF ANTHONY FRONTIERO, JUAN LUIS SANCHEZ, AND ALFONSO VILLAVICENIO D/B/A ALFONSO'S PAINTING, SCOTT HOLLAND D/B/A H & C CONSTRUCTION COMPANY, HERITAGE CONSTRUCTION CONSULTANTS, INC., ROBERT H. YARNALL D/B/A HERITAGE CONSTRUCTION CONSULTANTS, INC., BENJAMIN MORA D/B/A MORA CONSTRUCTION AND BENJAMIN MORA CONSTRUCTION, LLC, JOSE LUIS AGABIO, VICTOR MANUEL FERNANDEZ JIMINEZ D/B/A MJF ROOFING SPECIALIST, ARTURO TORRES SOLACHE, TRINIDAD OLIVIA GARCIA, LUIZ HERNANDEZ D/B/A CNN ROOFING, NORLAN CERRATO, CARLOS M. REQUENA PAES, EDUARDO ZACARIAS D/B/A FOX VINYL SIDING, MAURILIO G. DEMENDONCA, GILDO RODRIGUES DE MELO D/B/A BRAZIL VINYL SIDING, VINICIUS ARAUJO A/K/A VINICIUS

ORDER OF DEFAULT AS TO DEFENDANT JOSE CASTILLLO D/B/A JJA FRAMING AND JJA CONSTRUCTION, INC. D/B/A JJA FRAMING

FILED
2014 DEC 23 PM 3:17
CLERK OF COURT
BERKELEY COUNTY, SC

ARAUJO, JOSE F. PEREIRA, LUCAS RODRIGUES BARCELOS, GUILHERMERME DOS SANTOS, LEONARDO GONZAGA, RODINELLY G. DA SILVA, SEBASTIAO JACINTO SOBRINHO D/B/A SEBASTIAN CONSTRUCTION, RENATO SECOMANDI D/B/A NEW CANAAN CARPENTRY, DONALD LEE D/B/A VINYL SIDING SPECIALISTS, RONEDUES VENTURA D/B/A PROVIDENCIA SIDING, NICHOLAS OWENS, MARCOS PISSINATI D/B/A BRASILICAN CONTRACTING, LLC, MARCO JORDAN, CHARLES BOWSER D/B/A CBW SERVICES, MARCIO NUNES DA SILVA, TIAGO BARBOSA DE SOUZA, AND FERNANDO RIVERA D/B/A STORM VINYL SIDING,

Defendants.

UPON CONSIDERATION of the Affidavit of Amanda M. Blundy, dated November 24, 2014, I find that the Defendants, Jose Castillo d/b/a JJA Framing and JJA Construction, Inc. d/b/a JJA Framing was served as evidenced by Affidavit of Service previously filed with the Court. That more than thirty (30) days have elapsed since the service of the Summons and Complaint, pursuant to the Affidavit of Amanda M. Blundy and that no Answer, motion, or notice of appearance has been filed. Now, therefore, it is

ORDERED that the aforesaid Defendants, Jose Castillo d/b/a JJA Framing and JJA Construction, Inc. d/b/a JJA Framing be and are hereby declared to be in default.

AND IT IS SO ORDERED this 16th day of December, 2014, at Berkeley County, South Carolina .

s/ R. Markley Dennis, Jr.
The Honorable R. Markley Dennis, Jr.
Chief Administrative Judge

Moncks Corner, South Carolina
12/16, 2014

DEFENDANT'S EXHIBIT NO. HOA 13
PENGAD 800-631-6989

FORM 4

STATE OF SOUTH CAROLINA
COUNTY OF BERKELEY
IN THE COURT OF COMMON PLEAS

JUDGMENT IN A CIVIL CASE

CASE NO. 2012-CP-08-03065

The Persimmon Hill Homeowners Association, Inc.
PLAINTIFF(S)

Portrait Homes-South Carolina, LLC
DEFENDANT(S)

Submitted by: _____

Attorney for : ☐ Plaintiff ☐ Defendant or ☐ Self-Represented Litigant

DISPOSITION TYPE (CHECK ONE)

☐ **JURY VERDICT**. This action came before the court for a trial by jury. The issues have been tried and a verdict rendered.

☒ **DECISION BY THE COURT**. This action came to trial or hearing before the court. The issues have been tried or heard and a decision rendered.

☐ **ACTION DISMISSED** (*CHECK REASON*): ☐ Rule 12(b), SCRCP; ☐ Rule 41(a), SCRCP (Vol. Nonsuit); ☐ Rule 43(k), SCRCP (Settled); ☒ Other;

☐ **ACTION STRICKEN** (*CHECK REASON*): ☐ Rule 40(j), SCRCP; ☐ Bankruptcy; ☐ Binding arbitration, subject to right to restore to confirm, vacate or modify arbitration award; ☐ Other _____.

☐ **DISPOSITION OF APPEAL TO THE CIRCUIT COURT** (*CHECK APPLICABLE BOX*): ☐ Affirmed; ☐ Reversed; ☐ Remanded; ☐ Other _____

NOTE: ATTORNEYS ARE RESPONSIBLE FOR NOTIFYING LOWER COURT, TRIBUNAL, OR ADMINISTRATIVE AGENCY OF THE CIRCUIT COURT RULING IN THIS APPEAL.

IT IS ORDERED AND ADJUDGED: ☐ See attached order (formal order to follow) ☐ Statement of Judgment by the Court:

_____

CERTIFIED TRUE COPIES OF RECORD IN THIS COUNTY
CLERK OF COURT, C.P.& G.S
BERKELEY COUNTY, SC
DATE 11/14/16

FILED
16 JUL 14 AM 11:04
MARY P. BROWN
CLERK OF COURT
BERKELEY COUNTY, S.C.

ORDER INFORMATION

This order ☒ ends ☐ does not end the case.
Additional Information for the Clerk : _____

INFORMATION FOR THE JUDGMENT INDEX

Complete this section below when the judgment affects title to real or personal property or if any amount should be enrolled. If there is no judgment information, indicate "N/A" in one of the boxes below.

Judgment in Favor of (List name(s) below)	Judgment Against (List name(s) below)	Judgment Amount To be Enrolled (List amount(s) below)
The Persimmon Hill Homeowners Association, Inc.	Joe Castillo d/b/a JJA Framing and JJA Construction, Inc. d/b/a JJA Framing	$ 4,156,976.89
		$

If applicable, describe the property, including tax map information and address, referenced in the order:

_____

_____

The judgment information above has been provided by the submitting party. Disputes concerning the amounts contained in this form may be addressed by way of motion pursuant to the SC Rules of Civil Procedure. Amounts to be computed such as interest or additional taxable costs not available at the time the form and final order are submitted to the judge may be provided to the clerk. **Note: Title abstractors and researchers should refer to the official court order for judgment details.**

_____ 3079 7/13/16
Master in Equity **Judge Code** **Date**

SCANNED

For Clerk of Court Office Use Only

This judgment was entered on the 14 day of JUN, 20 16 and a copy mailed first class or placed in the appropriate attorney's box on this 14 day of JUN, 20 16 to attorneys of record or to parties (when appearing pro se) as follows:

The Chakeris Law Firm
231 Calhoun Street
Charleston, SC 29401
ATTORNEY(S) FOR THE PLAINTIFF(S)

ATTORNEY(S) FOR THE DEFENDANT(S)

Mary P. Brown IV
CLERK OF COURT

Court Reporter: _____

STATE OF SOUTH CAROLINA)
)
COUNTY OF BERKELEY)
)
THE PERSIMMON HILL HOMEOWNERS ASSOCIATION, INC.,)
Plaintiffs,)
)
vs.)
)
PORTRAIT HOMES-SOUTH CAROLINA, LLC, PORTRAIT HOMES-PERSIMMON HILL, LLC, PASQUINELLI HOMEBUILDING, LLC, IFKY, INC., D/B/A COLORWORKS, JJA CONSTRUCTION, INC. D/B/A JJA FRAMING, JOSE CASTILLO D/B/A JJA FRAMING, JOSE GUTIERREZ, JAVIER MORENO, MECKLENBURG FRAMING, INC. D/B/A MECKLENBURG FRAMING, SAMUEL GLOVER D/B/A GLOVER'S BRICKWORK, GLOVER'S BRICKWORKS, INC., Z & Z, INCORPORATED, CHRISTOS PALLES & ASSOCIATES, LLC D/B/A CHRIS PALLES & ASSOCIATES, UNITED SIDING SPECIALISTS, INC., TOM'S VINYL SIDING, LLC, SUPERIOR SOLUTION, LLC, ALL AMERICAN ROOFING, INC., TONY FRONTIERO D/B/A TONY FRONTIERO PAINT CONTRACTOR, THE ESTATE OF ANTHONY FRONTIERO, JUAN LUIS SANCHEZ, AND ALFONSO VILLAVICENIO D/B/A ALFONSO'S PAINTING, SCOTT HOLLAND D/B/A H & C CONSTRUCTION COMPANY, HERITAGE CONSTRUCTION CONSULTANTS, INC., AND ROBERT H. YARNALL D/B/A HERITAGE CONSTRUCTION CONSULTANTS, INC., BENJAMIN MORA D/B/A MORA CONSTRUCTION AND BENJAMIN MORA CONSTRUCTION, INC., JOSE LUIS AGABIO, VICTOR MANUEL FERNANDEZ JIMINEZ D/B/A MJF ROOFING SPECIALIST, ARTURO TORRES SOLACHE, TRINIDAD OLIVIA GARCIA, LUIZ HERNANDEZ D/B/A CNN ROOFING,)

IN THE CIRCUIT COURT FOR THE NINTH JUDICIAL COURT

2012-CP-08-3065

DAMAGES AWARD

FILED
16 JUL 14 AM 11:04
MARY P. BROWN
CLERK OF COURT
BERKELEY COUNTY, S.C.

CERTIFIED TRUE COPIES OF RECORD IN THIS COUNTY
Mary P. Brown
DATE 11/30/18 CLERK OF COURT, C.P.& G S BERKELEY COUNTY, SC

NORLAN CERRATO, CARLOS M. REQUENA PAES, EDUARDO ZACARIAS D/B/A FOX VINYL SIDING, MAURILIO G. DEMENDONCA, GILDO RODRIGUES DE MELO D/B/A BRAZIL VINYL SIDING, VINICIUS ARAUJO A/K/A VINICIUS ARAUJO, JOSE F. PEREIRA, LUCAS RODRIGUES BARCELOS, GUILHERMERME DOS SANTOS, LEONARDO GONZAGA, RODINELLY G. DA SILVA, SEBASTIAO JACINTO SOBRINHO D/B/A SEBASTIAN CONSTRUCTION, RENATO SECOMANDI D/B/A NEW CANAAN CARPENTRY, DONALD LEE D/B/A VINYL SIDING SPECIALISTS, RONEDUES VENTURA D/B/A PROVIDENCIA SIDING, NICHOLAS OWENS, MARCOS PISSINATI D/B/A BRASILICAN CONTRACTING, LLC, BRASILICAN CONTRACTING, LLC, MARCO JORDAN, CHARLES BOWSER D/B/A CBW SERVICES, MARCIO NUNES DA SILVA, TIAGO BARBOSA DE SOUZA, AND FERNANDO RIVERA D/B/A STORM VINYL SIDING,

Defendants.

This matter came before me for hearing on July 13, 2016, pursuant to an Order of Reference signed by the Honorable R. Markley Dennis, Jr. on May 5, 2016, and entered by the Berkeley County Clerk of Court on May 10, 2016. An Order of Default as to Jose Castillo d/b/a JJA Framing and JJA Construction, Inc. d/b/a JJA Framing was executed by the Honorable R. Markley Dennis, Jr. on December 16, 2014, and entered by the Berkeley County Clerk of Court on December 23, 2014.

The Complaint in this matter alleges that Jose Castillo d/b/a JJA Framing and JJA Construction, Inc. d/b/a JJA Framing were involved in the original construction of the Persimmon Hill Townhomes located in Berkeley County, South Carolina, and that Jose Castillo d/b/a JJA Framing and JJA Construction, Inc. d/b/a JJA Framing installed the framing, doors, windows,

secondary weather barrier, and related flashings at the Persimmon Hill Townhomes, which townhomes contained construction defects dating from the original construction.

As a result of these original construction defects, it is further alleged that Jose Castillo d/b/a JJA Framing and JJA Construction, Inc. d/b/a JJA Framing were negligent with respect to, inter alia, the original construction. This negligence has resulted in damage to the building and building components, which include damages to other building components that were not originally constructed by Jose Castillo d/b/a JJA Framing and JJA Construction, Inc. d/b/a JJA Framing.

Plaintiffs have produced evidence of the necessity of repair and the cost of repairs to the residence.

Plaintiffs' repair estimate has been produced by a qualified expert estimator, and said repair estimate totals $12,726,767.60. Plaintiffs have produced evidence demonstrating that this repair estimate is in large part necessitated by original improper construction for which Jose Castillo d/b/a JJA Framing and JJA Construction, Inc. d/b/a JJA Framing are responsible.

Plaintiffs have received a total of $8,569,790.71 as a result of settlements with other Defendants in this matter. Plaintiffs concede that Jose Castillo d/b/a JJA Framing and JJA Construction, Inc. d/b/a JJA Framing are entitled to a set-off in this amount.

Proper notice of the damages hearing has been given to Jose Castillo d/b/a JJA Framing and JJA Construction, Inc. d/b/a JJA Framing

Accordingly, it is Ordered, Adjudged, and Decreed that the Plaintiff have Judgment against Jose Castillo d/b/a JJA Framing and JJA Construction, Inc. d/b/a JJA Framing jointly and severally in the amount of $4,156,976.89, representing repair costs in this matter.

AND IT IS SO ORDERED.

Dale Van Slambrook
Master-In-Equity Judge

Moncks Corner, South Carolina

7/13, 2016

To: "Gailey, Ann" <agailey@pnat.com>
CC: CLMMAIL <CLMMAIL@pnat.com>
From: "Gross, Greg" <GGross@pnat.com>
Date: Sat, 21 Sep 2013 14:15:13 -0400
Subject: 08861992 JJA CONSTRUCTION INC - ROR

Ann,

Please send the attached ROR certified mail to the addressee and regular mail the agent below.

I have uploaded to the file.

Thanks.

HOA 14

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

September 21, 2013

JJA Construction, Inc.
9496 Highway 78
Lot 2
Ladson, SC 29458

RE:	Claimant	:	Persimmon Hill HOA and other individuals
	Date of Loss	:	December 5, 2003
	Insured	:	JJA Construction, Inc./JJA Framing Company d/b/a Jose Castillo
	Claim #	:	08861992
	Policy #	:	GL9 0601617 and GL90649575

RESERVATION OF RIGHTS

Dear Policyholder:

Penn National Insurance acknowledges receipt of the above-referenced claim. Please be advised that I am the file handler for the aforementioned claim. Please direct all future correspondence regarding this matter to my attention. My contact information can be found on this correspondence.

Penn National understands this loss involves the following facts:

First, an underlying suit has been filed in Court of Common Pleas of Berkeley County, South Carolina on March 18, 2013 styled *Cheryl Walker v. Portrait Homes-South Carolina, LLC, JJA Construction, Inc. d/b/a JJA Framing; Jose Castillo d/b/a JJA Framing, et. al.* This is a class action amended lawsuit. The lawsuit alleges that Cheryl Walker is an owner of a townhome located at in the Persimmon Hill HOA, Inc. in Berkeley County, South Carolina. Portrait Homes was the General Contractor of the site. JJA Construction, Inc. d/b/a JJA Framing; Jose Castillo d/b/a JJA Framing (hereinafter, "JJA") installed framing; windows; doors; secondary weather barrier; and window and door flashings at the site. The Class does not include any prior owner of a townhome at the site. The complaint is brought for various construction defects and resultant loss of

HOA 14

use. The construction defects appear to be resultant in water intrusion and deterioration as a result. Counts against JJA are negligence; gross negligence; carelessness; recklessness; willful and wantonness; breach of warranty of habitability; breach of warranty against latent defects; breach of warranty of workmanlike services; breach of warranty for fitness for a particular purpose; breach of warranty of merchantability and serviceability; breach of express warranty; and unfair trade practices. Specific Certificate of Occupancy dates are not named in the lawsuit.

Second, another underlying suit has been filed in Court of Common Pleas of Berkeley County, South Carolina on March 18, 2013 styled *Persimmon Hill HOA, Inc. v. Portrait Homes-South Carolina, LLC, JJA Construction, Inc. d/b/a JJA Framing; Jose Castillo d/b/a JJA Framing, et. al.* This is a class action amended lawsuit that was filed. The complaint alleges that the Persimmon Hill HOA, Inc. in Berkeley County, South Carolina has exterior and common area defects. Portrait Homes was the general contractor of the site. JJA allegedly installed framing; windows; doors; secondary weather barrier; and window and door flashings at the site. The complaint is brought for various construction defects and resultant loss of use. The construction defects appear to be resultant in water intrusion and deterioration as a result. Counts against JJA are negligence; gross negligence; carelessness; recklessness; willful and wantonness; breach of warranty of habitability; breach of warranty against latent defects; breach of warranty of workmanlike services; breach of warranty for fitness for a particular purpose; breach of warranty of merchantability and serviceability; breach of express warranty; and unfair trade practices. Specific Certificate of Occupancy dates are not named in the complaint.

Co-defendant Portrait Homes has filed cross claims against JJA for indemnity; breach of contract; warranty; and negligence for both complaints. It appears from the contracts/purchase orders in the file that construction commenced in 2002. Initial declarations for the HOA were commenced on 12-18-01.

Penn National is reviewing this claim for coverage under their Commercial General Liability policies issued by Penn National Mutual Casualty Insurance Company pursuant to policy number GL9 0601617 for the policy periods of December 5, 2003 to January 31, 2008. Penn National is also reviewing this claim for coverage under their Commercial General Liability policies issued by Penn National Mutual Casualty Insurance Company pursuant to policy number GL9 0649575 for the policy periods of July 9, 2008 to July 9, 2010.

Based upon the information currently available, Penn National Insurance is continuing to investigate this matter subject to the terms/conditions of your Commercial General Liability policies.

Please note the following language from your Commercial General Liability policy form CG 0001 10/01:

"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. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply."

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) That the insured would have in the absence of the contract or agreement; or
(2) 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. Solely for the purposes of liability assumed in an "insured contract", reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:
(a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and
(b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

j. Damage to Property

"Property damage" to:

(5) That particular part of real property on which you 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

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

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".

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor."

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.

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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, regardless of the amount, 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 a claim is made or "suit" is brought against any insured, you must:
(1) Immediately record the specifics of the 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 the claim or "suit" as soon as practicable.

c. You and any other involved insured must:

(1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";

(2) Authorize us to obtain records and other information;

(3) Cooperate with us in the investigation or settlement of the claim or defense against the "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.

Please see SECTION V – DEFINITIONS of CG 0001 10/01 form for the definitions of the previous terms which are in quotations.

Again, the counts in both lawsuits against JJA are negligence; gross negligence; carelessness; recklessness; willful and wantonness; breach of warranty of habitability; breach of warranty against latent defects; breach of warranty of workmanlike services; breach of warranty for fitness for a particular purpose; breach of warranty of merchantability and serviceability; breach of express warranty; and unfair trade practices.

Please be advised that any formal claims for "Your Product" or "Your Work" as defined above would not be covered. Any situation falling outside the perameters of the definition of "occurrence" and/or "property damage" would not be covered. Any situation falling within the parameters of the above noted exclusions would not be covered. Any breach of the above noted conditions could preclude coverage in this matter. Penn National reserves any and all of its rights under any of the provisions, definitions, conditions or exclusions contained in any insurance policy issued by Penn National to JJA. Furthermore, upon the discovery of any other facts or issues relating to coverage of this matter, Penn National reserves its rights to modify or amend its coverage position and assert any defense based upon any of the policy provisions, definitions, conditions or exclusions, whether or not specifically mentioned herein.

Please be advised that this is not a denial of coverage, but rather to inform JJA of potential coverage issues. Any actions taken by Penn National in the investigation of this matter, or in negotiating for a compromise settlement, or in making any settlement, or in defending this claim, or in any other way acting or failing to act, shall not constitute an admission of liability or an admission of coverage. Furthermore, any actions taken by Penn National in connection with this matter are not to be deemed a waiver of any of its rights to disclaim liability or coverage under the insurance policies issued by Penn

National to JJA bearing Commercial General Liability policy numbers GL9 0601617 and GL9 0649575.

Further, we recommend you discuss this matter with your own attorney at your own expense to confirm your interests are protected.

We need to discuss this matter with you immediately. Please contact the undersigned upon receipt of this correspondence.

Thank you for your attention to this matter.

Sincerely,

Penn National Insurance

Greg Gross, AIC
Claims Specialist
Phone: 1.800.877.7366 x 4168
FAX: 1.866.496.4764
e-mail: ggross@pnat.com

cc:
W. Lee Taylor, Jr. Agency
P.O. Box 30609
Charleston, SC 29417

To: "Gailey, Ann" <agailey@pnat.com>
CC: CLMMAIL <CLMMAIL@pnat.com>
From: "Gross, Greg" <GGross@pnat.com>
Date: Mon, 11 Aug 2014 14:32:25 -0400
Subject: 08861992 - JJA Construction - upt ROR Castillo

Ann,

Please send the attached ROR certified mail to the addressee and regular mail to the cc agent at the bottom of the letter.

I have uploaded the letter to the file.

Thanks.

Greg Gross, AIC
Claims Specialist
Penn National Insurance - NC Claims Service Office
P.O. Box 1961
Harrisburg PA 17105-1961
P: 1-800-877-7366 x4168
F: 1-336-373-9446
ggross@pnat.com

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

August 11, 2014

Jose Castillo d/b/a JJA Construction, Inc.
9496 Highway 78
Lot 2
Ladson, SC 29458

RE:	Claimant	:	Persimmon Hill HOA and other individuals
	Date of Loss	:	December 5, 2003
	Insured	:	JJA Construction, Inc./JJA Framing Company d/b/a Jose Castillo
	Claim #	:	08861992
	Policy #	:	GL9 0601617 and GL90649575

RESERVATION OF RIGHTS

Dear Policyholder:

This letter is a follow up to correspondence to JJA Construction, Inc. dated September 21, 2013.

Penn National understands this loss involves the following facts:

First, an underlying suit has been filed in Court of Common Pleas of Berkeley County, South Carolina on March 18, 2013 styled *Cheryl Walker v. Portrait Homes-South Carolina, LLC, JJA Construction, Inc. d/b/a JJA Framing; Jose Castillo d/b/a JJA Framing, et. al.* This is a class action amended lawsuit. The lawsuit alleges that Cheryl Walker is an owner of a townhome located at in the Persimmon Hill HOA, Inc. in Berkeley County, South Carolina. Portrait Homes was the General Contractor of the site. JJA Construction, Inc. d/b/a JJA Framing; Jose Castillo d/b/a JJA Framing (hereinafter, "JJA") installed framing; windows; doors; secondary weather barrier; and window and door flashings at the site. The Class does not include any prior owner of a townhome at the site. The complaint is brought for various construction defects and resultant loss of use. The construction defects appear to be resultant in water intrusion and deterioration as a result. Counts against JJA are negligence; gross negligence; carelessness; recklessness;

willful and wantonness; breach of warranty of habitability; breach of warranty against latent defects; breach of warranty of workmanlike services; breach of warranty for fitness for a particular purpose; breach of warranty of merchantability and serviceability; breach of express warranty; and unfair trade practices. Specific Certificate of Occupancy dates are not named in the lawsuit.

Second, another underlying suit has been filed in Court of Common Pleas of Berkeley County, South Carolina on March 18, 2013 styled *Persimmon Hill HOA, Inc. v. Portrait Homes-South Carolina, LLC, JJA Construction, Inc. d/b/a JJA Framing; Jose Castillo d/b/a JJA Framing, et. al.* This is a class action amended lawsuit that was filed. The complaint alleges that the Persimmon Hill HOA, Inc. in Berkeley County, South Carolina has exterior and common area defects. Portrait Homes was the general contractor of the site. JJA allegedly installed framing; windows; doors; secondary weather barrier; and window and door flashings at the site. The complaint is brought for various construction defects and resultant loss of use. The construction defects appear to be resultant in water intrusion and deterioration as a result. Counts against JJA are negligence; gross negligence; carelessness; recklessness; willful and wantonness; breach of warranty of habitability; breach of warranty against latent defects; breach of warranty of workmanlike services; breach of warranty for fitness for a particular purpose; breach of warranty of merchantability and serviceability; breach of express warranty; and unfair trade practices. Specific Certificate of Occupancy dates are not named in the complaint.

Co-defendant Portrait Homes has filed cross claims against JJA for indemnity; breach of contract; warranty; and negligence for both complaints. It appears from the contracts/purchase orders in the file that construction commenced in 2002. Initial declarations for the HOA were commenced on 12-18-01.

Penn National is reviewing this claim for coverage under their Commercial General Liability policies issued by Penn National Mutual Casualty Insurance Company pursuant to policy number GL9 0601617 for the policy periods of December 5, 2003 to January 31, 2008. Penn National is also reviewing this claim for coverage under their Commercial General Liability policies issued by Penn National Mutual Casualty Insurance Company pursuant to policy number GL9 0649575 for the policy periods of July 9, 2008 to July 9, 2010.

Based upon the information currently available, Penn National Insurance is continuing to investigate this matter subject to the terms/conditions of your Commercial General Liability policies.

Please note the following language from your Commercial General Liability policy form CG 0001 10/01:

"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. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply."

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) That the insured would have in the absence of the contract or agreement; or
(2) 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. Solely for the purposes of liability assumed in an "insured contract", reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:
(a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and
(b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

j. Damage to Property

"Property damage" to:

(5) That particular part of real property on which you 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

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

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".

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor."

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"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
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****

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

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(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 a claim is made or "suit" is brought against any insured, you must:
(1) Immediately record the specifics of the 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 the claim or "suit" as soon as practicable.
c. You and any other involved insured must:

(1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
(2) Authorize us to obtain records and other information;
(3) Cooperate with us in the investigation or settlement of the claim or defense against the "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.

Please see SECTION V – DEFINITIONS of CG 0001 10/01 form for the definitions of the previous terms which are in quotations.

Again, the counts in both lawsuits against JJA are negligence; gross negligence; carelessness; recklessness; willful and wantonness; breach of warranty of habitability; breach of warranty against latent defects; breach of warranty of workmanlike services; breach of warranty for fitness for a particular purpose; breach of warranty of merchantability and serviceability; breach of express warranty; and unfair trade practices.

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If Penn National Insurance does not hear from the above entity by August 31, 2014, Penn National Insurance will be faced with no alternative to deny coverage based upon a breach of the above noted conditions of the policy as, to date, we have had no cooperation from anyone from the above noted insured.

Further, we recommend you discuss this matter with your own attorney at your own expense to confirm your interests are protected.

Thank you for your attention to this matter.

Sincerely,

Penn National Insurance

Greg Gross, AIC
Claims Specialist
Phone: 1.800.877.7366 x 4168
FAX: 1.866.496.4764
e-mail: ggross@pnat.com

cc:
W. Lee Taylor, Jr. Agency
P.O. Box 30609
Charleston, SC 29417

To: "Gailey, Ann" <agailey@pnat.com>
CC: CLMMAIL <CLMMAIL@pnat.com>
From: "Gross, Greg" <GGross@pnat.com>
Date: Mon, 11 Aug 2014 14:31:40 -0400
Subject: 08861992 - JJA Construction - upd ROR n/ins

Ann,

Please send the attached ROR certified mail to the addressee and regular mail to the cc agent at the bottom of the letter.

I have uploaded the letter to the file.

Thanks.

Greg Gross, AIC
Claims Specialist
Penn National Insurance - NC Claims Service Office
P.O. Box 1961
Harrisburg PA 17105-1961
P: 1-800-877-7366 x4168
F: 1-336-373-9446
ggross@pnat.com

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

August 11, 2014

JJA Construction, Inc.
9496 Highway 78
Lot 2
Ladson, SC 29458

RE:	Claimant	:	Persimmon Hill HOA and other individuals
	Date of Loss	:	December 5, 2003
	Insured	:	JJA Construction, Inc./JJA Framing Company d/b/a Jose Castillo
	Claim #	:	08861992
	Policy #	:	GL9 0601617 and GL90649575

RESERVATION OF RIGHTS

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Penn National is reviewing this claim for coverage under their Commercial General Liability policies issued by Penn National Mutual Casualty Insurance Company pursuant to policy number GL9 0601617 for the policy periods of December 5, 2003 to January 31, 2008. Penn National is also reviewing this claim for coverage under their Commercial General Liability policies issued by Penn National Mutual Casualty Insurance Company pursuant to policy number GL9 0649575 for the policy periods of July 9, 2008 to July 9, 2010.

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Sincerely,

Penn National Insurance

Greg Gross, AIC
Claims Specialist
Phone: 1.800.877.7366 x 4168
FAX: 1.866.496.4764
e-mail: ggross@pnat.com

cc:
W. Lee Taylor, Jr. Agency
P.O. Box 30609
Charleston, SC 29417

To: CLMMAIL <CLMMAIL@pnat.com>
From: "Gross, Greg" <GGross@pnat.com>
Date: Thu, 2 Oct 2014 15:49:28 -0400
Subject: FW: 08861992 - JJA Construction - disclaimer ins NC

From: Gross, Greg
Sent: Thursday, October 02, 2014 9:43 AM
To: Gailey, Ann
Cc: CLMMAIL
Subject: 088861992 - JJA Construction - disclaimer ins NC

Ann,

Please send the attached disclaimer letter certified mail to the addressee and regular mail to the cc agent at the bottom of the letter.

I have uploaded the letter to the file.

Thanks.

Greg Gross, AIC
Claims Specialist
Penn National Insurance - NC Claims Service Office
P.O. Box 1961
Harrisburg PA 17105-1961
P: 1-800-877-7366 x4168
F: 1-336-373-9446
ggross@pnat.com

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

October 2, 2014

Jose Castillo d/b/a JJA Construction, Inc.
11227 Eastfield Road
Huntersville, NC 28078

RE:	Claimant	:	Persimmon Hill HOA and other individuals
	Date of Loss	:	December 5, 2003
	Insured	:	JJA Construction, Inc./JJA Framing Company d/b/a Jose Castillo
	Claim #	:	08861992
	Policy #	:	GL9 0601617 and GL90649575

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of express warranty; and unfair trade practices. Specific Certificate of Occupancy dates are not named in the lawsuit.

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Co-defendant Portrait Homes has filed cross claims against JJA for indemnity; breach of contract; warranty; and negligence for both complaints. It appears from the contracts/purchase orders in the file that construction commenced in 2002. Initial declarations for the HOA were commenced on 12-18-01.

Penn National has reviewed this claim for coverage under their Commercial General Liability policies issued by Penn National Mutual Casualty Insurance Company pursuant to policy number GL9 0601617 for the policy periods of December 5, 2003 to January 31, 2008. Penn National has also reviewed this claim for coverage under their Commercial General Liability policies issued by Penn National Mutual Casualty Insurance Company pursuant to policy number GL9 0649575 for the policy periods of July 9, 2008 to July 9, 2010.

Based upon the information currently available, Penn National Insurance will not provide a defense and/or indemnity for this matter subject to the terms/conditions of your Commercial General Liability policies.

Please note the following language from your Commercial General Liability policy form CG 0001 10/01:

"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. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply."

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) That the insured would have in the absence of the contract or agreement; or
(2) 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. Solely for the purposes of liability assumed in an "insured contract", reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:
(a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and
(b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

j. Damage to Property

"Property damage" to:

(5) That particular part of real property on which you 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

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

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".

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor."

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.

****

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, regardless of the amount, 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 a claim is made or "suit" is brought against any insured, you must:
(1) Immediately record the specifics of the 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 the claim or "suit" as soon as practicable.
c. You and any other involved insured must:
(1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";

(2) Authorize us to obtain records and other information;
(3) Cooperate with us in the investigation or settlement of the claim or defense against the "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.

Please see SECTION V – DEFINITIONS of CG 0001 10/01 form for the definitions of the previous terms which are in quotations.

Again, the counts in both lawsuits against JJA are negligence; gross negligence; carelessness; recklessness; willful and wantonness; breach of warranty of habitability; breach of warranty against latent defects; breach of warranty of workmanlike services; breach of warranty for fitness for a particular purpose; breach of warranty of merchantability and serviceability; breach of express warranty; and unfair trade practices.

Our office sent a representative of Capstone ISG to the residence of Jose Castillo located at 11227 Eastfield Road in Huntersville, North Carolina. Mr. Castillo explained to the representative of Capstone, ISG that he did not want Penn National to defend him or JJA for the aforementioned lawsuits. Therefore, Penn National Insurance will not provide a defense and/or indemnity for these lawsuits at this time.

Penn National continues to reserve any and all of its rights under any of the provisions, definitions, conditions or exclusions contained in any insurance policy issued by Penn National to JJA. Furthermore, upon the discovery of any other facts or issues relating to coverage of this matter, Penn National reserves its rights to modify or amend its coverage position and assert any defense based upon any of the policy provisions, definitions, conditions or exclusions, whether or not specifically mentioned herein. Any actions taken by Penn National in the investigation of this matter, or in negotiating for a compromise settlement, or in making any settlement, or in defending this claim, or in any other way acting or failing to act, shall not constitute an admission of liability or an admission of coverage. Furthermore, any actions taken by Penn National in connection with this matter are not to be deemed a waiver of any of its rights to disclaim liability or coverage under the insurance policies issued by Penn National to JJA bearing Commercial General Liability policy numbers GL9 0601617 and GL9 0649575.

We again recommend you discuss this matter with your own attorney at your own expense to confirm your interests are protected.

Thank you for your attention to this matter.

Sincerely,

Penn National Insurance

Greg Gross, AIC
Claims Specialist
Phone: 1.800.877.7366 x 4168
FAX: 1.866.496.4764
e-mail: ggross@pnat.com

cc:
W. Lee Taylor, Jr. Agency
P.O. Box 30609
Charleston, SC 29417

To: "Gailey, Ann" <agailey@pnat.com>
CC: CLMMAIL <CLMMAIL@pnat.com>
From: "Gross, Greg" <GGross@pnat.com>
Date: Thu, 2 Oct 2014 09:44:00 -0400
Subject: 08861992 - JJA Construction - SC disclaimer

Ann,

Please send the attached disclaimer certified mail to the addressee and regular mail to the cc agent at the bottom of the letter.

I have uploaded the letter to the file.

Thanks.

Greg Gross, AIC
Claims Specialist
Penn National Insurance - NC Claims Service Office
P.O. Box 1961
Harrisburg PA 17105-1961
P: 1-800-877-7366 x4168
F: 1-336-373-9446
ggross@pnat.com

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

October 2, 2014

Jose Castillo d/b/a JJA Construction, Inc.
9496 Highway 78
Lot 2
Ladson, SC 29458

RE:	Claimant	:	Persimmon Hill HOA and other individuals
	Date of Loss	:	December 5, 2003
	Insured	:	JJA Construction, Inc./JJA Framing Company d/b/a Jose Castillo
	Claim #	:	08861992
	Policy #	:	GL9 0601617 and GL90649575

Dear Policyholder:

This letter is a follow up to previous correspondence dated September 21, 2013 and August 11, 2014.

Penn National understands this loss involves the following facts:

First, an underlying suit has been filed in Court of Common Pleas of Berkeley County, South Carolina on March 18, 2013 styled *Cheryl Walker v. Portrait Homes-South Carolina, LLC, JJA Construction, Inc. d/b/a JJA Framing; Jose Castillo d/b/a JJA Framing, et. al.* This is a class action amended lawsuit. The lawsuit alleges that Cheryl Walker is an owner of a townhome located at in the Persimmon Hill HOA, Inc. in Berkeley County, South Carolina. Portrait Homes was the General Contractor of the site. JJA Construction, Inc. d/b/a JJA Framing; Jose Castillo d/b/a JJA Framing (hereinafter, "JJA") installed framing; windows; doors; secondary weather barrier; and window and door flashings at the site. The Class does not include any prior owner of a townhome at the site. The complaint is brought for various construction defects and resultant loss of use. The construction defects appear to be resultant in water intrusion and deterioration as a result. Counts against JJA are negligence; gross negligence; carelessness; recklessness; willful and wantonness; breach of warranty of habitability; breach of warranty against latent defects; breach of warranty of workmanlike services; breach of warranty for fitness

for a particular purpose; breach of warranty of merchantability and serviceability; breach of express warranty; and unfair trade practices. Specific Certificate of Occupancy dates are not named in the lawsuit.

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Co-defendant Portrait Homes has filed cross claims against JJA for indemnity; breach of contract; warranty; and negligence for both complaints. It appears from the contracts/purchase orders in the file that construction commenced in 2002. Initial declarations for the HOA were commenced on 12-18-01.

Penn National has reviewed this claim for coverage under their Commercial General Liability policies issued by Penn National Mutual Casualty Insurance Company pursuant to policy number GL9 0601617 for the policy periods of December 5, 2003 to January 31, 2008. Penn National has also reviewed this claim for coverage under their Commercial General Liability policies issued by Penn National Mutual Casualty Insurance Company pursuant to policy number GL9 0649575 for the policy periods of July 9, 2008 to July 9, 2010.

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Please note the following language from your Commercial General Liability policy form CG 0001 10/01:

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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. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply."

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.

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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.

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Thank you for your attention to this matter.

Sincerely,

Penn National Insurance

Greg Gross, AIC
Claims Specialist
Phone: 1.800.877.7366 x 4168
FAX: 1.866.496.4764
e-mail: ggross@pnat.com

cc:
W. Lee Taylor, Jr. Agency
P.O. Box 30609
Charleston, SC 29417

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

August 11, 2014

JJA Construction, Inc.
9496 Highway 78
Lot 2
Ladson, SC 29458

RE:	Claimant	:	Persimmon Hill HOA and other individuals
	Date of Loss	:	December 5, 2003
	Insured	:	JJA Construction, Inc./JJA Framing Company d/b/a Jose Castillo
	Claim #	:	08861992
	Policy #	:	GL9 0601617 and GL90649575

RESERVATION OF RIGHTS

Dear Policyholder:

This letter is a follow up to correspondence to JJA Construction, Inc. dated September 21, 2013.

Penn National understands this loss involves the following facts:

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willful and wantonness; breach of warranty of habitability; breach of warranty against latent defects; breach of warranty of workmanlike services; breach of warranty for fitness for a particular purpose; breach of warranty of merchantability and serviceability; breach of express warranty; and unfair trade practices. Specific Certificate of Occupancy dates are not named in the lawsuit.

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Penn National is reviewing this claim for coverage under their Commercial General Liability policies issued by Penn National Mutual Casualty Insurance Company pursuant to policy number GL9 0601617 for the policy periods of December 5, 2003 to January 31, 2008. Penn National is also reviewing this claim for coverage under their Commercial General Liability policies issued by Penn National Mutual Casualty Insurance Company pursuant to policy number GL9 0649575 for the policy periods of July 9, 2008 to July 9, 2010.

Based upon the information currently available, Penn National Insurance is continuing to investigate this matter subject to the terms/conditions of your Commercial General Liability policies.

Please note the following language from your Commercial General Liability policy form CG 0001 10/01:

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COVERAGE A- BODILY INJURY AND PROPERTY DAMAGE LIABILITY

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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.

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(a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and
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j. Damage to Property

"Property damage" to:

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

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

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

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****

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a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense, regardless of the amount, which may result in a claim. To the extent possible, notice should include:
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(1) Immediately record the specifics of the 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 the claim or "suit" as soon as practicable.
c. You and any other involved insured must:

(1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
(2) Authorize us to obtain records and other information;
(3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and
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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.

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Again, the counts in both lawsuits against JJA are negligence; gross negligence; carelessness; recklessness; willful and wantonness; breach of warranty of habitability; breach of warranty against latent defects; breach of warranty of workmanlike services; breach of warranty for fitness for a particular purpose; breach of warranty of merchantability and serviceability; breach of express warranty; and unfair trade practices.

Please be advised that any formal claims for "Your Product" or "Your Work" as defined above would not be covered. Any situation falling outside the perameters of the definition of "occurrence" and/or "property damage" would not be covered. Any situation falling within the parameters of the above noted exclusions would not be covered. Any breach of the above noted conditions could preclude coverage in this matter. Penn National reserves any and all of its rights under any of the provisions, definitions, conditions or exclusions contained in any insurance policy issued by Penn National to JJA. Furthermore, upon the discovery of any other facts or issues relating to coverage of this matter, Penn National reserves its rights to modify or amend its coverage position and assert any defense based upon any of the policy provisions, definitions, conditions or exclusions, whether or not specifically mentioned herein.

Please be advised that this is not a denial of coverage, but rather to inform JJA of potential coverage issues. Any actions taken by Penn National in the investigation of this matter, or in negotiating for a compromise settlement, or in making any settlement, or in defending this claim, or in any other way acting or failing to act, shall not constitute an admission of liability or an admission of coverage. Furthermore, any actions taken by Penn National in connection with this matter are not to be deemed a waiver of any of its rights to disclaim liability or coverage under the insurance policies issued by Penn National to JJA bearing Commercial General Liability policy numbers GL9 0601617 and GL9 0649575.

If Penn National Insurance does not hear from the above entity by August 31, 2014, Penn National Insurance will be faced with no alternative to deny coverage based upon a breach of the above noted conditions of the policy as, to date, we have had no cooperation from anyone from the above noted insured.

Further, we recommend you discuss this matter with your own attorney at your own expense to confirm your interests are protected.

Thank you for your attention to this matter.

Sincerely,

Penn National Insurance

Greg Gross, AIC
Claims Specialist
Phone: 1.800.877.7366 x 4168
FAX: 1.866.496.4764
e-mail: ggross@pnat.com

cc:
W. Lee Taylor, Jr. Agency
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August 11, 2014

Jose Castillo d/b/a JJA Construction, Inc.
9496 Highway 78
Lot 2
Ladson, SC 29458

RE:	Claimant	:	Persimmon Hill HOA and other individuals
	Date of Loss	:	December 5, 2003
	Insured	:	JJA Construction, Inc./JJA Framing Company d/b/a Jose Castillo
	Claim #	:	08861992
	Policy #	:	GL9 0601617 and GL90649575

RESERVATION OF RIGHTS

Dear Policyholder:

This letter is a follow up to correspondence to JJA Construction, Inc. dated September 21, 2013.

Penn National understands this loss involves the following facts:

First, an underlying suit has been filed in Court of Common Pleas of Berkeley County, South Carolina on March 18, 2013 styled *Cheryl Walker v. Portrait Homes-South Carolina, LLC, JJA Construction, Inc. d/b/a JJA Framing; Jose Castillo d/b/a JJA Framing, et. al.* This is a class action amended lawsuit. The lawsuit alleges that Cheryl Walker is an owner of a townhome located at in the Persimmon Hill HOA, Inc. in Berkeley County, South Carolina. Portrait Homes was the General Contractor of the site. JJA Construction, Inc. d/b/a JJA Framing; Jose Castillo d/b/a JJA Framing (hereinafter, "JJA") installed framing; windows; doors; secondary weather barrier; and window and door flashings at the site. The Class does not include any prior owner of a townhome at the site. The complaint is brought for various construction defects and resultant loss of use. The construction defects appear to be resultant in water intrusion and deterioration as a result. Counts against JJA are negligence; gross negligence; carelessness; recklessness;

willful and wantonness; breach of warranty of habitability; breach of warranty against latent defects; breach of warranty of workmanlike services; breach of warranty for fitness for a particular purpose; breach of warranty of merchantability and serviceability; breach of express warranty; and unfair trade practices. Specific Certificate of Occupancy dates are not named in the lawsuit.

Second, another underlying suit has been filed in Court of Common Pleas of Berkeley County, South Carolina on March 18, 2013 styled *Persimmon Hill HOA, Inc. v. Portrait Homes-South Carolina, LLC, JJA Construction, Inc. d/b/a JJA Framing; Jose Castillo d/b/a JJA Framing, et. al.* This is a class action amended lawsuit that was filed. The complaint alleges that the Persimmon Hill HOA, Inc. in Berkeley County, South Carolina has exterior and common area defects. Portrait Homes was the general contractor of the site. JJA allegedly installed framing; windows; doors; secondary weather barrier; and window and door flashings at the site. The complaint is brought for various construction defects and resultant loss of use. The construction defects appear to be resultant in water intrusion and deterioration as a result. Counts against JJA are negligence; gross negligence; carelessness; recklessness; willful and wantonness; breach of warranty of habitability; breach of warranty against latent defects; breach of warranty of workmanlike services; breach of warranty for fitness for a particular purpose; breach of warranty of merchantability and serviceability; breach of express warranty; and unfair trade practices. Specific Certificate of Occupancy dates are not named in the complaint.

Co-defendant Portrait Homes has filed cross claims against JJA for indemnity; breach of contract; warranty; and negligence for both complaints. It appears from the contracts/purchase orders in the file that construction commenced in 2002. Initial declarations for the HOA were commenced on 12-18-01.

Penn National is reviewing this claim for coverage under their Commercial General Liability policies issued by Penn National Mutual Casualty Insurance Company pursuant to policy number GL9 0601617 for the policy periods of December 5, 2003 to January 31, 2008. Penn National is also reviewing this claim for coverage under their Commercial General Liability policies issued by Penn National Mutual Casualty Insurance Company pursuant to policy number GL9 0649575 for the policy periods of July 9, 2008 to July 9, 2010.

Based upon the information currently available, Penn National Insurance is continuing to investigate this matter subject to the terms/conditions of your Commercial General Liability policies.

Please note the following language from your Commercial General Liability policy form CG 0001 10/01:

"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. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply."

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) That the insured would have in the absence of the contract or agreement; or
(2) 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. Solely for the purposes of liability assumed in an "insured contract", reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:
(a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and
(b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

j. Damage to Property

"Property damage" to:

(5) That particular part of real property on which you 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

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

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".

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor."

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.

****

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, regardless of the amount, 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 a claim is made or "suit" is brought against any insured, you must:
(1) Immediately record the specifics of the 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 the claim or "suit" as soon as practicable.
c. You and any other involved insured must:

(1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
(2) Authorize us to obtain records and other information;
(3) Cooperate with us in the investigation or settlement of the claim or defense against the "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.

Please see SECTION V – DEFINITIONS of CG 0001 10/01 form for the definitions of the previous terms which are in quotations.

Again, the counts in both lawsuits against JJA are negligence; gross negligence; carelessness; recklessness; willful and wantonness; breach of warranty of habitability; breach of warranty against latent defects; breach of warranty of workmanlike services; breach of warranty for fitness for a particular purpose; breach of warranty of merchantability and serviceability; breach of express warranty; and unfair trade practices.

Please be advised that any formal claims for "Your Product" or "Your Work" as defined above would not be covered. Any situation falling outside the perameters of the definition of "occurrence" and/or "property damage" would not be covered. Any situation falling within the parameters of the above noted exclusions would not be covered. Any breach of the above noted conditions could preclude coverage in this matter. Penn National reserves any and all of its rights under any of the provisions, definitions, conditions or exclusions contained in any insurance policy issued by Penn National to JJA. Furthermore, upon the discovery of any other facts or issues relating to coverage of this matter, Penn National reserves its rights to modify or amend its coverage position and assert any defense based upon any of the policy provisions, definitions, conditions or exclusions, whether or not specifically mentioned herein.

Please be advised that this is not a denial of coverage, but rather to inform JJA of potential coverage issues. Any actions taken by Penn National in the investigation of this matter, or in negotiating for a compromise settlement, or in making any settlement, or in defending this claim, or in any other way acting or failing to act, shall not constitute an admission of liability or an admission of coverage. Furthermore, any actions taken by Penn National in connection with this matter are not to be deemed a waiver of any of its rights to disclaim liability or coverage under the insurance policies issued by Penn National to JJA bearing Commercial General Liability policy numbers GL9 0601617 and GL9 0649575.

If Penn National Insurance does not hear from the above entity by August 31, 2014, Penn National Insurance will be faced with no alternative to deny coverage based upon a breach of the above noted conditions of the policy as, to date, we have had no cooperation from anyone from the above noted insured.

Further, we recommend you discuss this matter with your own attorney at your own expense to confirm your interests are protected.

Thank you for your attention to this matter.

Sincerely,

Penn National Insurance

Greg Gross, AIC
Claims Specialist
Phone: 1.800.877.7366 x 4168
FAX: 1.866.496.4764
e-mail: ggross@pnat.com

cc:
W. Lee Taylor, Jr. Agency
P.O. Box 30609
Charleston, SC 29417

From: **Trae Allison** tallison@capstoneisg.com
Subject: FW: Contact Form from Your Website
Date: July 23, 2013 at 2:28 PM
To: GMcleod Forward gmcleod@capstoneisg.com
Cc: Candice Barnes cbarnes@capstoneisg.com

TA

New for Gayle

Gayle,

See handling instructions below. Please go to the Berkeley County, SC Courthouse to see if service has been perfected against either JJA Construction, Inc.; JJA Framing; and/or Jose Castillio. Suit numbers for the county are 2012-CP-08-3065 and 2012-CP-08-3066. You should probably start with the Clerk of Court. I am not quite sure what kind of confirmation can be obtained but see if they have something if service has been perfected. Thanks (7 day FR)

Trae Allison, AIC
Branch Manager - South Carolina
P.O Box 3308
Irmo, SC 29063
803-233-4377
803-233-1345 (fax)
843-992-9123 (cell)
www.capstoneisg.com

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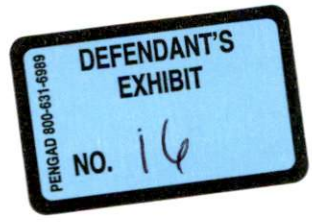
-----Original Message-----
From: Webassignments [mailto:webassignments@capstoneisg.com]
Sent: Tuesday, July 23, 2013 1:57 PM
To: Trae Allison; Candice Barnes
Subject: FW: Contact Form from Your Website

-----Original Message-----
From: Penn National Insurance [mailto:webassignments@capstoneisg.com]
Sent: Tuesday, July 23, 2013 12:33 PM
To: webassignments@capstoneisg.com
Subject: Contact Form from Your Website

Claim Number: 08861992
Policy Number: GL9 0601617
Type of Claim: Casualty

Insured Information:
Name: JJA Construction, Inc.
Address: 9498 Highway 78; Lot 2
City: Ladson
State: SC
Zip: 29456
Phone: unk
Contact Party: Jose Castillio

Claimant Information:
Name: Persimmon Hill HOA
Address:
City: Goose Creek
State: SC
Zip:
Phone: unk
Contact Party: n/a
Date of Loss: 12-5-03
Location of Loss: Persimmon Hill Condos
Description of Loss: Two (2) lawsuits have been filed against the insured in March, 2012. The insured is listed as a separate defendants: JJA



March, 2013. The insured is listed as 3 separate defendants: JJA Construction, Inc.; JJA Framing; and/or Jose Castillio.
Special Instructions: Please go to the Berkeley County, SC Courthouse to see if service has been perfected against either JJA Construction, Inc.; JJA Framing; and/or Jose Castillio. Suit numbers for the county are 2012-CP-08-3065 and 2012-CP-08-3066.
Coverage: Penn National Insurance will handle all aspects of coverage for this matter.

Your Information:
Name: Penn National Insurance
Address: PO Box 1961
City: Harrisburg
State: PA
Zip: 17105
Phone: 800-877-7366 x4168
Contact Party: Greg Gross
Email: ggross@pnat.com
Report using: Email