



PREMISES ENVIRONMENTAL COVERAGE

Environmental Liability and Remediation Expense Coverage

CERTAIN SECTIONS OF THIS POLICY INCLUDE CLAIMS MADE AND REPORTED COVERAGE. CLAIMS-MADE AND REPORTED COVERAGE REQUIRES CLAIMS TO BE FIRST MADE AGAINST THE INSURED AND REPORTED TO THE COMPANY DURING THE POLICY PERIOD OR ANY APPLICABLE EXTENDED REPORTING PERIOD.

OTHER SECTIONS OF THIS POLICY PROVIDE COVERAGE FOR CONTAMINATION THAT IS DISCOVERED BY THE INSURED DURING THE POLICY PERIOD AND REPORTED TO THE COMPANY DURING THE POLICY PERIOD.

DEFENSE EXPENSE REDUCES THE LIMITS OF INSURANCE AND IS WITHIN THE SELF-INSURED RETENTION. READ THE ENTIRE POLICY CAREFULLY TO DETERMINE YOUR RIGHTS, DUTIES, AND WHAT IS OR IS NOT COVERED.

Throughout this policy, the words "you" and "your" refer to the **named insured** shown in the Declarations. The words "we," "us" and "our" refer to the Company providing this insurance. Other words and phrases that appear in **bold** have special meaning. Refer to Section II. **DEFINITIONS**.

In consideration of the premium paid and in reliance upon the statements that you provided to us in the application and any other supplemental information provided in connection with the application, all of which are incorporated and made a part of this policy, we agree to provide coverage as shown in the Declarations and described as follows:

PREMISES ENVIRONMENTAL COVERAGE INSURANCE

I. INSURING AGREEMENTS

A. Remediation Expense and Liability Coverage - On-Site Contamination

We will pay on behalf of the **insured** for **remediation expense** or **emergency expense** in excess of the **self-insured retention** as a result of **contamination** that is on, at or under the legal boundaries of **your insured location**, but only if:

- a. The **insured** discovers the **contamination** during the **policy period** and reports such **contamination** to us during the **policy period** or as expressly provided for in the **extended reporting period**, if applicable; or
- b. The **insured** becomes legally obligated to pay as a result of a **claim** for **remediation expense** and the **claim** is first made against the **insured** and reported to us during the **policy period**, or within the **extended reporting period**, if applicable.

Provided that the **contamination** first commences: (i) on or after any Retroactive Date scheduled onto the policy; or (ii) before any Retrospective Date scheduled onto the policy. This coverage part does not apply to any **contamination** that is beyond the legal boundaries of **your insured location**.

B. Remediation Expense and Liability Coverage - Off-Site Contamination

We will pay on behalf of the **insured** for **remediation expense** or **emergency expense** in excess of the **self-insured retention** as a result of **contamination** that migrates beyond the legal boundaries of **your insured location**, but only if:

- a. The **insured** discovers the **contamination** during the **policy period** and reports such **contamination** to us during the **policy period** or as expressly provided for in the **extended reporting period**, if applicable; or
- b. The **insured** becomes legally obligated to pay as a result of a **claim** for **remediation expense** and the **claim** is first made against the **insured** and reported to us during the **policy period**, or as expressly provided for in the **extended reporting period**, if applicable.

Provided that the **contamination** first commences: (i) on or after any Retroactive Date scheduled onto the policy; or (ii) before any Retrospective Date scheduled onto the policy. This coverage part does not apply to any **contamination** that is on, at or under the legal boundaries of **your insured location**.

C. Claims for Bodily Injury and Property Damage Resulting from Contamination

We will pay on behalf of the **insured** for **loss** in excess of the **self-insured retention** that the **insured** becomes legally obligated to pay as a result of a **claim** for **bodily injury** or **property damage** arising out of **contamination** that is on, at, under or migrates beyond the legal boundaries of **your insured location**, but only if:

- a. The **claim** is first made against the **insured** and reported to us during the **policy period**, or as expressly provided for in the **extended reporting period**, if applicable; and
- b. The **contamination** first commences: (i) on or after the Retroactive date scheduled onto the policy; or (ii) before the Retrospective Date scheduled onto the policy.

D. Non-Owned Locations – Bodily Injury, Property Damage and Remediation Expense

We will pay on behalf of the **insured** for **loss**, **remediation expense**, or **emergency expense** in excess of the **self-insured retention** that the **insured** becomes legally obligated to pay as a result **contamination** that is on, under or migrates beyond the legal boundaries of a **non-owned location**, but only if:

- a. The **loss** or **remediation expense** is the result of: (i) a **claim** for **bodily injury**, **property damage** or **environmental damage** that is first made against the **insured** and reported to us during the **policy period**, or as expressly provided for in the **extended reporting period**, if applicable; or (ii) **contamination** that caused the **insured** to incur **emergency expense** during the **policy period**; and
- b. Such **contamination** first commences on or after the Non-Owned Location Retroactive Date scheduled onto the policy, and before expiration of the **policy period**.

This coverage part applies only to **contamination** that is directly, and solely, caused by those **contaminants** that were generated at **your insured location** and that were received by the **non-owned location** on or after the Non-Owned Location Retroactive Date scheduled onto the policy, and before expiration of the **policy period**.

E. Transportation

We will pay for **loss, remediation expense, or emergency expense** in excess of the **self-insured retention** that the **insured** becomes legally obligated to pay as a result of a **claim** for **bodily injury, property damage or environmental damage** arising out of **contamination** that is caused by **transportation**, but only if:

- a. such **claim** is first made against the **insured** and reported to us during the **policy period**, or within the **extended reporting period**, if applicable; and
- b. The **contamination** first commences on or after the Transportation Retroactive Date scheduled onto the policy.

This coverage may not be utilized to evidence financial responsibility of any **insured** under any federal, state, provincial or local **law**.

F. Image Restoration Coverage

We will reimburse you for **image restoration expenses** caused by **contamination** that insured reports to us during the **policy period** or as expressly provided for in the **extended reporting period**, if applicable, but only if such **contamination** results in **bodily injury, property damage, or environmental damage** that is covered under Insuring Agreements I. A., B., or C., as applicable. Reimbursement is limited to the costs of restoring your reputation and consumer confidence through image consulting, is subject to the **self-insured retention** for the applicable coverage part, and will in no event exceed the amount shown in ITEM 5.D. in the Declarations.

II. DEFINITIONS

A. Bodily injury means:

1. Physical injury, sickness or disease sustained by any person including associated medical or environmental monitoring; and
2. Mental anguish, emotional distress or shock sustained by any person;

including death resulting there from.

B. Carrier means a person or entity (other than an **insured** or a subsidiary, parent or affiliate of an **insured**) that is retained by or on behalf of an **insured** in a written contract or agreement to transport property by a **vehicle**, but only if such person or entity possesses all valid and applicable licenses, certifications, training and insurance legally required to transport such property.

C. Claim means a written demand, notice, or assertion of a legal right seeking a remedy or alleging liability or responsibility on the part of you or any **insured** as a result of **contamination**. Such demand, notice, or assertion of a legal right includes, but is not limited to, legal actions, orders, petitions or governmental or regulatory actions filed against you or any **insured**.

D. Contaminant means any solid, liquid, gaseous or thermal irritant or pollutant, including but not limited to smoke, vapor, odors, soot, fumes, acids, alkalis, toxic chemicals, hazardous

substances, petroleum hydrocarbons, legionella, **mold**, electromagnetic fields, silt, sedimentation, viruses, bacteria, and waste materials including but not limited to municipal, industrial, medical, pathological, and **low level radioactive waste and materials**.

E. Contamination means:

1. The discharge, dispersal, release or escape of any **contaminant** into or upon land, or any structure on land, the atmosphere or any watercourse or body of water, including groundwater, provided such **contaminant** is not naturally occurring in the environment, or in any structure, in the amounts or concentrations discovered; or
2. The presence of **contaminants** that have been illegally disposed of or abandoned at **your insured location** by parties other than an **insured** provided that, prior to the **inception date**, no **insured** knew or reasonably should have known of the presence of such **contaminants**; or
3. The presence of facility-borne viruses, bacteria, legionella or **mold** in any structure at **your insured location**.

F. Defense expense means reasonable and necessary legal fees and expenses incurred by us or by an **insured** with our prior written consent: in the defense, investigation or adjustment: (i) of any **claim** to which this insurance applies; or (ii) of any **loss** or **remediation expense** that directly results from your discovery of any **contamination** to which this insurance applies. **Defense expense** does not include salaries, wages, overhead or benefit expenses incurred by the **insured**, including but not limited to **employees** or supervisory or monitoring counsel, or legal fees or expenses incurred in connection with any dispute, disagreement or controversy arising out of the formation, interpretation, alleged breach, termination, or invalidity of this policy, or as to any other issue regarding the respective duties and responsibilities of us or any **insured** regarding this policy.

G. Emergency expense means reasonable and necessary expenses incurred to contain, control, abate or mitigate **contamination** covered under this insurance and that is an imminent and substantial endangerment to:

1. Public health, safety or welfare; or
2. The environment;

Provided that: (i) the **insured** discovers such **contamination** within ninety-six (96) hours of the **contamination** first commencing; and (ii) the **insured** incurs such **emergency expense** within seven (7) days after the **contamination** first commenced; and (iii) the **emergency expense** is incurred pursuant to **laws** that require an immediate response to **contamination**.

H. Employee includes temporary and leased staff working on behalf of and under direct supervision and control by an **insured**, but only while acting within the scope of their employment or authority as such.

I. Environmental professional means an individual agreed to by us, in consultation with the **insured**, who possesses certain minimal levels of education, training and experience, holds valid and applicable licensing, certifications and qualifications to properly assess and remediate the **contamination**, and who maintains certain minimal levels of applicable insurance.

- J. Environmental damage** means direct physical damage to soil, plant or animal life, surface water or groundwater, building or structures, or indoor air caused by **contamination** and resulting in **remediation expense**. **Environmental damage** does not include **property damage**.
- K. Environmentally preferable materials** means only those building products or construction materials that are, as of the **inception date**, recognized by the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED[®]) certification program for an award of an environmental production declaration point.
- L. Extended Reporting Period** means either:
1. Automatic extended reporting period as described in Section **IX. EXTENDED REPORTING PROVISIONS**, Paragraph **A**; or
 2. Supplemental **extended reporting period**, as described in Section **IX. EXTENDED REPORTING PROVISIONS**, Paragraph **B**;
- Whichever is applicable, following termination of coverage, as described in Section **IX. EXTENDED REPORTING PROVISIONS**, in which to report a **claim**.
- M. First named insured** means the entity shown in **ITEM 1**. in the Declarations.
- N. Image restoration expenses** means reasonable and necessary expenses that have been previously approved by us in writing and incurred by an **insured** for services rendered by an image restoration firm, exclusive of: (i) any salaries, wages, overhead or benefit expenses incurred by an **insured**; or (ii) any expenses that are covered under any other insurance, including any applicable self-insured retention amounts of such other insurance.
- O. Inception date** means: (i) the first date shown in **ITEM 4**. in the Declarations; or (ii) with respect to any endorsement the Company issues after the first date shown in **ITEM 4**. in the Declarations, the effective date listed in such endorsement.
- P. Insured** means:
1. Any **named insured**;
 2. Any past or present director, officer, partner, member, or **employee** of the **insured**, but only while acting within the scope of his or her employment or authority as such;
 3. Any joint venture in which you participate as a member or co-venturer, but solely with regard to your liability as arising out of **your insured location** provided in such joint venture. **Insured** does not include the legal entity itself, the joint venture itself or any other entity that is part of either the legal entity or joint venture;
 4. Companies, corporations, or other legal entities in which the **first named insured** has, prior to the **inception date**, 50% or more ownership interest;
 5. Partnerships, limited liability corporations, or joint ventures and the members thereof which the **first named insured** is a partner or member, provided that:
 - a. the joint venture is controlled by the **first named insured**; or

b. the **first named insured** is the operating interest.

- Q. Law** means any federal, state, provincial or local statute, rule, regulation, or ordinance, including any amendment thereto, **Voluntary Clean Up or Risk Based Corrective Action Standards** or judicial or administrative orders and directives that apply to the **insured's** liability or responsibility for **contamination**.
- R. Loss** means monetary awards or settlements, previously agreed to in writing by us, of compensatory damages and, where allowable by law, punitive, exemplary, or multiplied damages, civil fines, penalties and assessments for **bodily injury or property damage**; together with related **defense expense** to which this policy applies. **Loss** does not include any non-pecuniary or injunctive relief, the return or withholding of fees or charges for services rendered by or on behalf of the **insured**, costs to correct, re-perform or complete any work, or any **insured's** overhead, profit or mark up.
- S. Low level radioactive waste and materials** means: (i) waste as defined in 10 CFR § 61.2; and/or (ii) material regulated by the U.S. Nuclear Regulatory Commission or an Agreement State under a Type A, B or C Specific License of Broad Scope as defined in 10 CFR § 33.11.
- T. Mold** means mold, mildew or any type or form of fungus including mycotoxins, spores, microbial volatile organic compounds or any other by-products produced by or released by fungi.
- U. Named insured** means the **first named insured** and any other individual or entity specifically scheduled onto this policy by endorsement.
- V. Natural resource damage** means physical injury to or destruction of, including the resulting loss of value of and assessment of such physical injury to or destruction of: land, fish, wildlife, biota, air, water, groundwater, drinking water supplies, and other such resources belonging to, managed by, held in trust by, appertaining to, or otherwise controlled by the United States (including the resources of the fishery conservation zone established by the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. §1801a et seq.), any state or local government, any foreign government, any Indian tribe, or, if such resources are subject to a trust restriction on alienation, any member of an Indian tribe.
- W. Non-owned location** means a facility used for the recycling, treatment, storage or disposal of the **insured's** waste or materials generated at **your insured location**, but only if at the time the facility accepts the **insured's** waste, the facility:
1. is not owned, managed, operated or leased by an **insured** or a parent, subsidiary or affiliate of the **insured**; and
 2. Possesses valid permits and/or licenses and is operating in compliance with all applicable regulations or **laws** to accept, store or process such materials or waste; and
 3. is not subject to any proceeding or litigation under CERCLA, RCRA or a similar or equivalent state, local or provincial statute, regulation or ordinance; and
 4. is not and has not ever been listed or proposed for listing on the Federal National Priorities List or state or provincial equivalent (State Superfund or Hazardous Site List); and
 5. is not insolvent or in bankruptcy; and
 6. as of the **inception date**, no **insured** has been named as, a Responsible Party (RP) or Potentially Responsible Party (PRP) for the facility.

X. Policy period means the period shown in ITEM 4. in the Declarations, or any shorter period arising as a result of:

1. Cancellation of this policy; or
2. With respect to any of **your insured location(s)**, the deletion of any such location(s) from this policy by us at your written request.

Y. Property damage means:

1. Physical injury to or destruction of tangible property of parties other than the **insured** including the resulting loss of use and diminution in value thereof;
2. Loss of use, and diminution in value of tangible property of parties other than the **insured** that has not been physically injured or destroyed; and
3. **Natural resource damage.**

Property damage does not include **remediation expense.**

Z. Remediation expense means:

1. Reasonable and necessary expenses, incurred for investigation, removal, abatement, disposal, treatment, clean-up or neutralization, including associated monitoring, of **contaminants**:
 - a. To the extent required by **law** or, in the absence of applicable **law**, to the extent recommended by an **environmental professional** taking into account applicable zoning, land use, geographic conditions, risk or health based standards, regulatory guidance and use restrictions, if any, of the location where the **contamination** occurred; or
 - b. That have been actually incurred by any government department or agency in accordance with applicable **law**;
2. Monetary awards or settlements, previously agreed to in writing by us, of compensatory damages that the **insured** is legally obligated to pay for investigation, removal, abatement, disposal, treatment, clean-up or neutralization, including associated monitoring, of **contaminants**;
3. Where allowable by law, punitive, exemplary, or multiplied damages, civil fines, penalties and assessments for **contamination** to which this policy applies;
4. **Restoration expense**; and
5. Related **defense expense** to which this policy applies.

However, **remediation expense** does not include **property damage**, or any non-pecuniary or injunctive relief, the return or withholding of fees or charges for services rendered by or on behalf of the **insured**, costs to correct, re-perform or complete any work, or any **insured's** overhead, profit or mark up.

AA. Responsible individual means:

1. Any officer, director, partner or project manager of the **insured**; or
2. The manager or supervisor of the **insured** who is responsible for environmental or health and safety affairs or compliance; or
3. Any manager or supervisor of the **insured** who is responsible for risk management, loss control, procurement or maintenance of insurance, or the tendering or reporting of losses or liabilities to insurers or other third-parties; or
4. Any manager of **your insured location** or operations.

BB. Restoration expense means only those reasonable and necessary costs incurred by an **insured** with our prior written consent to repair, replace or restore physically damaged real or personal property to substantially the same general condition it was in prior to being physically damaged, provided that:

1. Such real or personal property is owned by an **insured**; and
2. Such physical damage was directly caused by work performed in responding to **contamination** to which this insurance applies.

However, **restoration expense** does not include: (i) any costs associated with betterments or improvements to, or depreciation of, such real or personal property; (ii) any increased costs to bring any real property into compliance with any ordinance or law that did not apply to such real property as initially built; or (iii) any profit, overhead or general conditions; and will not exceed the actual cash value of such real or personal property, unless subject to our prior written consent, **environmentally preferable materials** are utilized to repair, replace or restore such physically damaged real.

CC. Self-Insured Retention means the amount stated in Item 7. of the Declarations that is primary to any liability or obligation by us under this policy and can only be satisfied by your payment of covered **loss, remediation expense, or emergency expense**. The self-insured retention amount must be borne by you and cannot be insured. Your bankruptcy, insolvency or inability to pay the self-insured retention will not increase our liability under this policy.**DD. Transportation** means the transport of your goods, materials, product or waste beyond the boundaries of **your insured location** by **your conveyance** or a **carrier**. **Transportation** includes loading or unloading of your goods, products, materials or waste onto or from a **vehicle**, but only at locations other than **your insured location**. **Transportation** begins upon loading your goods, products, materials or waste onto a **vehicle** and ends when goods, products, materials or waste has been unloaded from a **vehicle**.**EE. Underground storage tank** means any tank (including any connected ancillary pumps, sumps, and equipment) that has more than ten percent (10%) of its volume below ground and includes any connected underground piping.**FF. Vehicle** means any automobile or land motor vehicle and including attached trailer; watercraft; aircraft; or rolling stock that is licensed, insured and permitted in full compliance with applicable law and regulations.

- GG. Voluntary Clean Up or Risk Based Corrective Action Standards** means those minimum standards adopted pursuant to **law** by federal, state, provincial or local regulatory agency (the "Regulatory Authority") having jurisdiction over the **contamination** and applied in consideration of the applicable zoning, land use, geographic conditions, and use restrictions, if any, of the location where the **contamination** occurred for purposes of obtaining a no further action letter, closure or similar approval from the Regulatory Authority.
- HH. Your conveyance** means a **vehicle** used by you or any of your subsidiaries for the transport of goods, materials, products or waste provided that the owner or operator possess all valid and applicable licenses, certifications, training and insurance legally required to transport. .
- II. Your insured location** means only those properties or locations approved by us and scheduled onto the policy.
- JJ. Sanitary sewer branch, trunk, and interceptor lines** means the sections of a sanitary sewer system which receive sewage from **sanitary laterals** and transport it to a sewage treatment facility.
- KK. Sanitary lateral** means the pipe conveying sewage from an individual building to a **sanitary sewer branch, trunk, or interceptor line.**

III. LIMITS OF INSURANCE AND SELF-INSURED RETENTION

The Limits of Insurance shown in ITEMS 5. and 6. in the Declarations and the **self-insured retention** shown in ITEM 7. and the rules below fix the most we will pay regardless of the number of **your insured locations, insureds, contamination** incidents, **claims** or claimants:

- A.** The Total Policy Aggregate Limit shown in ITEM 6. in the Declarations is the most we will pay for the sum of all **loss, remediation expense** or other coverage afforded under this policy.
- B.** Subject to the Total Policy Aggregate Limit, the most we will pay for the sum of all **loss, remediation expense** or other coverage afforded under this policy, arising from any single **contamination** incident under any one Insuring Agreement or endorsement is the applicable Limit of Insurance shown in ITEM 5. in the Declarations, or in the applicable endorsement for such Insuring Agreement. If no Limit of Insurance is shown for a particular Insuring Agreement in the Declarations, then no coverage is provided under that particular Insuring Agreement.
- C.** The same, related, similar or continuous **contamination** shall be deemed to be a single **contamination** incident.
- D.** Two or more **claims** arising out of or resulting from the same, related, similar or continuous **contamination** will be deemed to: (i) be a single **claim**; (ii) have been first made at the time the first such **claim** was made; and (iii) be subject to only one Limit of Insurance shown in ITEM 5. in the Declarations or applicable endorsement subject to Paragraph III. E., below if applicable. The same, related, similar or continuous **contamination** is **contamination** that is based upon, arises out of, or is the result of the same, similar or related facts, circumstances, or situations.

- E. If we or an arbitration panel determine that more than one Insuring Agreement applies to any single **claim**, the following conditions will apply:
1. Only one Limit of Insurance shown in ITEM 5. in the Declarations or applicable endorsement, together with the corresponding **self-insured retention**, will apply to such **claim**.
 2. If one of the applicable Limits of Insurance shown in ITEM 5. in the Declarations or applicable endorsement exceed the amount of any of the other applicable Limits of Insurance, then only the highest such Limit of Insurance and corresponding **self-insured retention** will apply to such **contamination** incident.
 3. In no event will more than one Limit of Insurance shown in ITEM 5. in the Declarations, or applicable endorsement, apply to any single **claim** or **contamination** incident.
- F. We will not pay for **loss, remediation expense, defense expense** or other coverage afforded under this policy unless the amount of **loss, remediation expense, defense expense** or other coverage afforded under this policy exceeds the applicable **Self-insured retention**. In the event that we advance any portion of the **Self-insured retention**, the **insured** must reimburse us for those amounts promptly and as soon as possible.
- G. If we or an affiliated company have issued multiple Premises Environmental Coverage policies or policies providing coverage similar thereto to you, in no event will more than one such policy apply to any **loss, remediation expense** or **defense expense** that arises out of the same, related, similar or continuous **contamination**. In that event, only the policy in effect when the **claim** arising from such **loss, remediation expense** or **defense expense** is first made against you and reported to us, or when the **insured** discovers such **contamination** and reports it to us, as applicable, shall apply.
- H. **Defense expense** is included within and will erode the self-insured retention and the applicable Limit of Insurance. **Defense expense** will first be subtracted from the applicable Limit of Insurance, with the remainder of such Limit, if any, being available to pay **loss, remediation expense** or **emergency expense** to which this insurance applies.

IV. EXCLUSIONS

This policy does not apply to **claims, loss, remediation expense, emergency expense, defense expense** or any other coverage afforded under this policy:

- A. **Asbestos/Lead** - Based upon or arising out of any asbestos, asbestos-containing materials or products, or any lead, lead-containing materials or products, that is or was present in or on any building or structure of any type, including any improvements or appurtenances thereto. However, this exclusion does not apply to **remediation expense** that is directly caused by the discharge, dispersal, release or escape of lead-based paint or asbestos containing materials or products into soil or groundwater.
- B. **Bankruptcy** - Based upon or arising out of bankruptcy or insolvency of an **insured** or of any other individual, firm or organization.
- C. **Communicable Diseases** – Based upon or arising out of exposure to communicable diseases as a result of exposure to individuals or animals. However, this exclusion does not apply to exposure to medical waste.

D. Contractual Liability – Based upon or arising out of the **insured's**:

1. Liability of others assumed under any contract or agreement; or
2. Breach of contract or agreement.

Subparagraph 1. of this exclusion does not apply to liability:

- a. That the **insured** would have in the absence of such contract or agreement;
- b. Assumed in a written contract or agreement submitted to an approved by us and listed in an Insured Contract Schedule that is made part of this policy by endorsement, provided that the **bodily injury, property damage** or **environmental damage** occurs subsequent to the execution of such contract or agreement and does not arise from the client's sole negligence.

E. Criminal Fines and Penalties – Based upon or arising out of any criminal fines, criminal penalties or criminal assessments.**F. Damage to Insured's Property** – Based upon or arising out of physical injury to or destruction of tangible property, including the resulting loss of use and diminution in value, to any property owned, leased, rented by or loaned to an **insured**, including property in the **insured's** care, custody and control. This exclusion applies solely with respect to **claims** for **property damage**.**G. Divested Property Limitation** – Based upon or arising out of **contamination** that first commences after **your insured location** has been divested, sold, abandoned, given away, taken by eminent domain or condemned, or after operational control or management of **your insured location** has been transferred to an entity that is not an **insured**.**H. Employer Liability** – Based upon or arising out of **bodily injury** to any past or current **employee**, partner or member of any **insured**, or by anyone who has a right to make a **claim** against any **insured** because of any employment, blood, marital or any other relationship with such **employee**, partner or member. This exclusion applies:

1. Whether the **insured** may be responsible as an employer or in any other capacity; or
2. To any obligation to share damages with or repay someone else who must pay damages because of **claims**.

I. Hostile Acts – Based upon or arising out of any consequence, whether direct or indirect, of war, invasion, act of a foreign enemy, hostilities whether declared or not, civil war, rebellion, revolution, insurrection, military or usurped power, or any covert military action.**J. Insured's Costs of Goods or Services** – Arising out of your own costs, charges or expenses for goods or services provided by an **insured** including a parent, subsidiary or affiliate of such **insured**, unless such costs, charges or expenses are:

1. **Emergency expense**, less profit and overhead; or
2. Pre-approved by us in writing and subject to our sole discretion.

- K. Insured versus insured** – Based upon or arising out of a **claim** by any **insured** against any other **insured** under this policy.
- L. Material Change** – Based upon or arising out of any material change in the use or operations at **your insured location** from the use or operations described by you in the application or information submitted to us in connection with the application for this policy.
- M. Non-Disclosed Contamination** – Based upon or arising out of any:
1. **Contamination**, including any subsequent dispersal, movement or migration of such **contamination**; or
 2. Fact, circumstance, event or situation that could reasonably be expected to give rise to a **claim** under this policy;
- which was in existence prior to the applicable **inception date** and known by or reasonably should have been known by any **responsible individual** and not disclosed to us in the application for this policy or any supplemental information provided in connection with the application for this policy; or an endorsement to this policy; or any previous policy issued by us for which this policy is a renewal thereof.
- N. Nuclear Liability** – Based upon or arising out of radioactive, toxic, or explosive properties of Source Materials, Special Nuclear Material or By-Product Material, as defined in the Atomic Energy Act, and for which the United States Department of Energy or any other governmental authority or agency has indemnified the **insured**, or for which the Price Anderson Act provides protection for the **insured**.
- O. Prior Claims** - Based upon or arising from **claims, loss, remediation expense, defense expense** or other circumstances reported by you or required to be reported by you under any policy that was in effect prior to the **inception date**.
- P. Personal Injury** - Based upon or arising out of the false arrest, humiliation, harassment, detention, imprisonment, wrongful entry or eviction or other invasion of private occupancy, malicious prosecution, abuse of process, libel, slander, or other defamatory or disparaging material, or a publication or an utterance in violation of an individual's right of privacy.
- Q. Product Liability** – Based upon or arising out of goods or products manufactured, sold, handled or distributed by the **insured** or others trading under the **insured's** name, after possession of such goods or products has been relinquished by the **insured** or others trading under their name. However, this exclusion shall not apply to any **contamination** at, on or that migrates from a **non-owned location** or **contamination** that first commences during the **policy period** and that is directly caused by **transportation**.
- R. Process Improvements** – Based upon or arising out of any costs or expenses incurred to install, upgrade, modify or improve any processes, operations, equipment, machinery, or real or personal property at **your insured location**. However, this exclusion shall not apply to any **loss** or **remediation expense** that is directly caused by such installation, upgrade, modification or improvement activities at **your insured location**.
- S. Property Damage to Conveyance** – Based upon or arising out of **property damage**, to any **vehicle** utilized during **transportation**. This exclusion does not apply to **claims** made by a **carrier** for such **property damage** directly caused by your sole negligence.

T. Underground Storage Tank – Based upon or arising out of **contamination** resulting directly or indirectly from any **underground storage tank** which is known by or which reasonably should have been known by a **responsible individual** and located on **your insured location**, unless such **underground storage tank** is scheduled on the policy by endorsement.

This exclusion does not apply to any **underground storage tank** that is:

1. A process tank, oil/water separator, storm-water collection system, or septic tank; or
2. Located on or above the floor of structures built below the ground surface such as vaults or subsurface floors of buildings;
3. Prior to the **inception date**, deemed closed or removed by the regulatory body having jurisdiction over the **underground storage tank** and where such regulatory body has made a determination that no further action or remediation for such **underground storage tank** is required in accordance with applicable **law**.

U. Vehicles - Based upon or arising out of the ownership, use, maintenance or operation of any **vehicle**. This exclusion shall not apply to Insuring Agreement E. – **Transportation**.

V. Willful Non-Compliance and Dishonest Acts – Based upon or arising out of any **contamination** based upon or attributable to:

1. A **responsible individual's** intentional, willful or deliberate noncompliance with or intentional disregard of any statute, regulation, ordinance, administrative complaint, notice of violation, notice letter, executive order, or instruction of any governmental agency or body; or
2. Actual or alleged fraudulent, dishonest, knowingly wrongful or malicious conduct by, or at the direction of, a **responsible individual**.

W. Workers Compensation/Employment Practices - Based upon or arising out of:

1. The Merchant Marine Act of 1920 (Jones Act) or any workers compensation, unemployment compensation, disability, employee benefits, profit sharing, ERISA law or similar or related laws; or
2. Any type of employment relationship, terms of conditions of employment, or law relating to the employment of any person, including but not limited to: (i) termination of employment; (ii) refusal to employ; or (iii) any employment-related practices, policies, procedures, acts or omissions.

X. Sewage Backup – Based upon or arising out of a reverse flow of sewage through a **sanitary lateral** into any structure including, but not limited to, third-party residences and commercial buildings.

V. Policy Territory

This policy is applicable only in the United States, its territories or possessions or Canada, but only if your responsibility is determined in:

- A. A proceeding on the merits conducted in the United States or its territories or possessions; or
- B. A settlement agreed to by us.

All premiums, limits, **self-insured retentions**, **loss**, **remediation expense**, **emergency expense** and other amounts under this policy are expressed and payable in the currency of the United States of America. If judgment is rendered, settlement is denominated or another element of **loss** under this policy is stated in a currency other than United States dollars, payment under this policy shall be made in United States dollars at the rate of exchange published in *The Wall Street Journal* on the date the final judgment is reached, the amount of the settlement is agreed upon, or the other element of **loss**, **remediation expense**, **emergency expense**, as applicable, is due, respectively.

This policy shall not apply in any situation that would be in violation of the laws of the United States of America or Canada, as applicable, including but not limited to, United States of America economic or trade sanction laws or export controls laws administered by the United States Treasury's Office of Foreign Assets Control.

VI. Defense and Settlement

- A. We shall have the right and duty to defend any **insured** against any **claim** to which this insurance applies, even if such **claim** is groundless, false or fraudulent. For any **claim** we defend or for any **loss** or **remediation expense** to which this insurance applies, we will pay **defense expense** in excess of the **self-insured retention**: (i) for the investigation or defense of such **claim**; or (ii) incurred in connection with the payment of such **loss** or **remediation expense**, as applicable. Our duty to defend and to pay **defense expense** ends once the applicable Limit of Insurance is exhausted or tendered into a court of valid jurisdiction or once the **insured** refuses a settlement offer as provided in Paragraph IV. D. below. We shall have no duty to defend any **claim**, or to pay **defense expense** for any **loss** or **remediation expense**, to which this insurance does not apply.
- B. We have the right to select counsel for the investigation, adjustment and defense of **claims** to which this insurance applies. The **insured** shall have the right to propose such counsel and we will consult with the **insured** on the selection. If more than one **insured** is involved in a **claim** to which this insurance applies, we may, in our sole discretion, appoint separate counsel for one or more of such **insureds** if there is a material (actual or potential) conflict of interest among any such **insureds**.
- C. In the event that by mutual agreement or by applicable law the **insured** is entitled to select independent counsel to defend a **claim** to which this insurance applies, the **defense expense** we must pay to such counsel is limited to the rates we would actually pay to counsel that we retain in the ordinary course of business in the defense of similar **claims** in the venue where the **claim** arose or is being defended. We have the right to require that such counsel have certain minimum qualifications with respect to competency, including experience in defending **claims** similar to the one pending against the **insured**, and to require that such counsel have acceptable limits of errors and omissions insurance coverage. The **insured** agrees that such counsel will timely respond to our requests for information regarding any **claim**. Notwithstanding the foregoing, the **insured** may at any time, by its written consent, freely and fully waive any right to select independent counsel. This paragraph C. applies to **defense expense** both within and excess of any **self-insured retention**.

- D. We reserve the right, but not the duty, to at any time with the **insured's** consent, settle any **claim** to which this insurance applies as we deem expedient. If, with respect to any **claim** to which this insurance applies, the **insured** refuses to consent to the first settlement acceptable to the claimant which we recommend to the **insured** in writing, and elects to further contest the **claim**, then our total liability for such **claim** shall not exceed the amount for which such **claim** could have been settled, including **defense expense** incurred, up to the date of such refusal, plus fifty percent (50%) of covered **loss, remediation expense** or other coverage afforded under this policy in excess of such first settlement amount. It being a condition precedent of this insurance that the remaining fifty percent (50%) of such **loss, remediation expense** or other coverage afforded under this policy in excess of the first settlement amount is uninsured and shall be borne by the **insured** at the **insured's** own risk. Notwithstanding the foregoing, this paragraph shall not apply until the settlement amount exceeds the **self-insured retention** amount shown in ITEM 7. in the Declarations or applicable endorsement.

In addition, if we recommend a first settlement of a **claim** to which this insurance applies within the policy's applicable Limit of Insurance that is acceptable to the claimant, and the **insured** consents to such settlement, then the **insured's** applicable **self-insured retention** for such **claim** shall be retroactively reduced by ten percent (10%). It shall be a condition precedent to such reduction that the **insured** must consent to the first settlement amount within thirty (30) days after the date we recommend to you such first settlement amount; or in the case of a first settlement amount which arises from a first settlement offer by the claimant, then within the time permitted by the claimant to accept such first settlement offer, but in all events no later than thirty (30) days after we recommend to the **insured** such first settlement offer. If the **insured** does not consent to the first settlement within the time prescribed above, the applicable **self-insured retention** amount shall remain the respective amount shown in ITEM 7. in the Declarations or applicable endorsement, even if consent is given to a subsequent settlement.

VII. Notice and Claim Reporting Provisions

- A. Notice as required under this policy must be given by you, or on your behalf:
1. In writing to us at:
 One Bala Plaza, Suite 100
 Bala Cynwyd, PA 19004 – 0950
 ATTN: Claims – Environmental
 2. By fax at: 1 (800) 685-9238; or
 3. By telephone at: 1 (800) 765-9749.
 4. By email at: claimsreport@phly.com
 5. To report **contamination** 24/7, contact our nationwide provider, The Spill Center at 1 (877) 683-2159.

As a condition precedent to our obligations under this policy, the **insured** must provide us with written notice as soon as practicable during the **policy period** or **extended reporting period**, if applicable, of any **claim** made against the **insured** for **loss, remediation expense** or the discovery of any **contamination** that has a reasonable likelihood to result in a **claim** or to incur **remediation expense**. Oral notification must be

followed with a written notice to us as soon as practicable during the **policy period** or **extended reporting period**, if applicable, under the claims reporting provisions of this policy.

- B.** If during the **policy period**, the **insured** first becomes aware of any **contamination** or incurs **emergency expense** which could reasonably be expected to give rise to a **claim, remediation expense, loss** or other coverage under this policy, the **insured** must give written notice to us regarding all particulars of such incident. Notice must be provided to us as soon as practicable after the **insured** discovers such **contamination**, or incurs such **emergency expense**, but in no event later than the expiration of the **policy period**. Oral notification must be followed with a written notice to us as soon as practicable, but in no event later than the expiration of the **policy period**. Such notice of any **contamination** or **emergency expense** must include:
1. The particulars of the specific **contamination** or **emergency expense**;
 2. The circumstances by which the **insured** first became aware of such **contamination** or **emergency expense**; and
 3. The **claim, loss, remediation expense** or other coverage afforded under this policy which has or may result from such **contamination** or **emergency expense**.
- C.** In the event that the **named insured** continuously maintains Premises Environmental Coverage with the Company and in the event we determine that the **insured** has fully complied with the notice provision set forth in Paragraph **VII. B.**, then for a period not to exceed five (5) years from the expiration of this policy, any **claim, remediation expense, loss** or other coverage afforded under this policy that subsequently arises out of such **contamination** will be considered to have been first made under the policy in effect at the time the **insured** discovers such **contamination**.

VIII. Duties in the Event of a Claim or Remediation Expense or Discovery of Contamination

A. The Insured's Duties

As a condition precedent to our obligations under this policy, in the event of a **claim, loss, remediation expense**, other coverage afforded under this policy or the discovery of **contamination** and pursuant to **VII. Notice and Claim Reporting Provisions** above, the **insured** must:

1. Give sufficient notice containing all reasonably ascertainable information including but not limited to the particulars sufficient to identify the **insured**, witnesses, injured parties, time, place and underlying circumstances to us;
2. Give sufficient notice to us regarding the specific particulars of any **contamination** and reasonably anticipated response to such **contamination** and extent of expected **remediation expense** that may reasonably be anticipated to be incurred as a result of any **contamination**;
3. Immediately forward to us every demand, notice, summons, or other process received by the **insured** or the **insured's** representatives;
4. Authorize us to obtain records and other information on an **insured's** behalf;

5. Take reasonable measures to protect your interests and to mitigate **remediation expense** or **loss** arising from **contamination**. We will not be liable for **loss** or **remediation expense, defense expense**, or any other coverage afforded under this policy admitted by the **insured** without our prior written consent;
6. Except at the **insured's** sole expense, admit no liability, make no payments, assume no obligation and incur no expense without our prior written consent, except in the case of **emergency expense**;
7. Fully cooperate with us and, upon our request, assist in investigations, making settlements and in the conduct and defense of **claims** or **contamination** incidents, including but not limited to securing any rights of indemnity, contribution or apportionment that an **insured** may have. Upon our request, the **insured** shall, at the **insured's** sole cost, provide us with a sworn proof of loss, submit to an examination by our representatives, under oath, and shall attend inquiries, interviews, hearings, trials and depositions and shall assist in securing and giving evidence and in obtaining the attendance of witnesses and **employees**; and
8. Not demand or agree to arbitration of any **claim** or any part of your responsibilities for **remediation expense, loss**, or other coverage afforded or **contamination** without our prior written consent. Such consent shall not be unreasonably withheld.

B. Rights and Duties Concerning Contamination

1. Subsequent to an **insured's** discovery of, and notification to us of **contamination** in accordance with Sections **VII.** and **VIII.** of the policy, the **insured** shall have the right and duty to retain an **environmental professional**, subject to our prior written consent, to investigate or remediate **contamination** that has or may reasonably be expected to result in **loss** or **remediation expense** covered by this insurance. We have the right, but not the duty, to review and approve all aspects of any such investigation or remediation.
2. In the event of **emergency expense**, the **insured** may select an **environmental professional** without our prior consent. Except for **emergency expense**, any costs incurred without our consent will not be covered under this policy or credited against the **Self-insured retention**. As a condition precedent for coverage of **emergency expense** under this policy, the **insured** must notify us as soon as practicable, but in no event after expiration of the **policy period**, of such **emergency expense**.
 - a. In the event that the **insured**, subject to our prior consent, retains a remediation contractor to investigate and remediate **contamination** to which this policy applies, the **remediation expense** we must pay to such remediation contractor is limited to the unit rates and material costs we would actually pay to remediation contractors that we retain in the ordinary course of business in the investigation or remediation of similar **contamination** in the location where the **contamination** took place. We have the right to require that such remediation contractors have certain minimum qualifications with respect to competency, including experience in investigation and remediation **contamination** similar to the **contamination** at issue, and to require that such remediation contractors have acceptable limits of errors and omissions insurance coverage. The **insured** warrants that such remediation contractors will timely respond to our requests for information regarding any **contamination**.

- b. In the event that the **insured**, subject to our prior consent, directly undertakes the investigation and remediation of **contamination** to which this policy applies, the **remediation expense** we must pay to such **insured** is limited to the unit rates and material costs we would actually pay to remediation contractors that we retain in the ordinary course of business in the investigation or remediation of similar **contamination** in the location where the **contamination** took place, but in no event will we be obligated to pay the **insured** for any element of overhead or profit with respect to any **remediation expense** it incurs under this subparagraph.
3. In addition, we shall retain the right but not the duty to investigate or remediate **contamination** on behalf of the **insured** after receipt of notice of such **contamination**. Any expenses incurred in such investigation or remediation shall be deemed to be incurred by the **insured** and applied against the Limits of Insurance and credited against the **Self-insured retention**.

IX. Extended Reporting Provisions

A. Automatic Extended Reporting Period

1. If you cancel or refuse to renew this policy or, if we cancel or refuse to renew this policy for reasons other than non-payment of premium or fraud or material misrepresentation on your part, we will provide to you a ninety (90) day automatic **extended reporting period**, at no additional charge.
2. The automatic **extended reporting period** will apply to any **claim** first made against you and reported to us in writing during the ninety (90) day extension period, but only with respect to:
 - a. **Contamination** that the **named insured** discovers during the **policy period** and reports to us in writing during the **policy period**; or
 - b. Solely with respect to **contamination** that the **named insured** discovers within ninety-six (96) hours prior to the termination of the policy and reports to us in writing during the seven (7) days immediately following the termination of the policy;

Provided that such **contamination** is otherwise covered by this policy.

3. If you purchase replacement coverage for this policy or a supplemental **extended reporting period** under **B.** below, the ninety (90) day automatic extension period will end on the effective date of the replacement coverage or on the effective date of the supplemental **extended reporting period**, whichever is earliest.

B. Supplemental Extended Reporting Period

1. If you cancel or refuse to renew this policy or, if we cancel or refuse to renew this policy for reasons other than non-payment of premium or fraud or material misrepresentation on your part, you shall have the right to purchase a supplemental **extended reporting period** of up to thirty-three (33) months for a premium of not more than two hundred percent (200%) of the expiring policy premium.

2. The supplemental **extended reporting period** will apply to any **claim** first made against you and reported to us in writing during the supplemental **extended reporting period** but only with respect to:
 - a. **Contamination** that the **named insured** discovers during the **policy period** and reports to us in writing during the **policy period**; or
 - b. Solely with respect to **contamination** that the **named insured** discovers within ninety-six (96) hours prior to the termination of the policy and reports to us in writing during the seven (7) days immediately following the termination of the policy;

Provided that such **contamination** is otherwise covered by this policy.

3. You must apply for this extension in writing, accompanied by payment of premium, prior to the expiration of the ninety (90) day automatic **extended reporting period** under paragraph A. of Section IX., above.

C. Extended Reporting Periods

The **extended reporting periods** are subject to the following conditions, as applicable:

1. All premium paid with respect to a supplemental extended reporting period shall be deemed to be fully earned as of the first day of the extension period.
2. The supplemental **extended reporting period** described herein shall commence upon the day that the automatic **extended reporting period** terminates.
3. For the purpose of any **extended reporting period**, any change in premium, **self-insured retention**, Limits of Insurance or other terms or conditions at renewal is not a refusal to renew.
4. Limits of Insurance available during any **extended reporting period** shall not exceed the balance of the Limits of Insurance in effect at the time the policy terminated.
5. In the event similar insurance is in force covering any **claims** first made during the automatic **extended reporting period**, there is no coverage under this policy.
6. In the event similar insurance is in force covering any **claims** first made during the supplemental **extended reporting period**, coverage provided by this policy shall be excess over any such other insurance, including any applicable **self-insured retention** or deductible amounts of such other insurance. For purposes of this provision, other insurance includes all types of self-insurance, indemnification or other funding arrangement or program that is available to compensate an **insured** for liability.
7. Any **extended reporting period** does not extend the **policy period**. Any **claim** first made against you during an **extended reporting period** will be deemed to have been first made during the last day of the **policy period**.

X. General Conditions

A. Subrogation

If we pay any amount under this policy, we shall be subrogated to the **insured's** rights of recovery against any individual, firm or organization. The **insured** shall execute and deliver instruments and papers and do whatever is necessary to secure such rights. The **insured** shall not waive or prejudice such rights subsequent to when a **claim** is first made or when the insured discovers **contamination**.

Any recovery as a result of a subrogation proceeding arising out of payment of a **loss** or **remediation expense** covered under this insurance shall accrue first to you to the extent of any payments in excess of the Limits of Insurance; then to us to the extent of our payment under the policy; and then to you to the extent of your **self-insured retention**. Expenses incurred in such subrogation proceedings will be apportioned among the interested parties in the recovery, in the proportion that each interested party's share in the recovery bears to the total recovery.

Notwithstanding the foregoing, we hereby waive our right of subrogation against your client where required by written contract provided that such contract is fully executed prior to the first commencement of **contamination** to which this insurance applies.

B. Changes

Notwithstanding anything to the contrary, no provision of this policy may be amended, waived or otherwise changed except by endorsement issued by us to form part of this policy.

C. Action Against Us

No person or organization has a right under this insurance

1. To join us as a party, or otherwise bring us into a **claim**; or
2. To sue us under this insurance unless all of its terms have been fully complied.

A person or organization may sue us to recover on a fully executed settlement agreement or on a final judgment against the **insured** obtained after an actual trial. We shall not be liable for **loss, remediation expense, or defense expense** that is not payable under the terms of this insurance or that is in excess of the applicable Limits of Insurance.

D. Bankruptcy

Bankruptcy or insolvency of an **insured**, or that of an **insured's** successors in interest, shall not relieve us of our obligations under this policy.

E. Cancellation or Non-Renewal

You may cancel this policy by surrendering it to us or to one of our authorized agents or by mailing written notice to us and providing to us a future date when cancellation shall be effective. If you cancel this policy, we shall retain the customary short-rate portion of the premium less the minimum earned premium, if applicable.

We may cancel the policy by mailing to the **first named insured** at the address stated in the Declarations written notice stating when, not less than ninety (90) days thereafter; or ten

(10) days in the case of cancellation for non-payment of premium or **self-insured retention**, such cancellation shall become effective. If we cancel the policy, earned premium shall be computed pro-rata. The mailing of Notice of Cancellation as aforementioned shall be sufficient proof of notice of cancellation. The effective date of cancellation specified in the notice shall terminate this **policy period**.

This policy may only be cancelled by us for:

1. Non-payment of premium or **self-insured retention**;
2. Fraud or material misrepresentation by you; or
3. An **insured's** failure to comply with terms and conditions or your contractual obligations under this policy. You shall have a right of sixty (60) days from the date of notice of cancellation to remedy such non-compliance. If the remedy is satisfactory to us, we shall rescind such notice in writing and the policy shall remain in force. Notwithstanding the foregoing, if the policy is cancelled due to non-payment of premium, at the Company's option, upon receipt of all outstanding premium payments, the policy may be reinstated, but only from the date we receive such outstanding premium payments.

F. Assignment

Assignment of interest under this policy shall not bind us and such assignment is void unless our consent is endorsed hereon. Such consent shall not be unreasonably withheld.

G. Authorization Clause

By acceptance of this policy, the **named insured** warrants that:

1. The statements in the Declarations, your application, and any other supplemental information thereto are complete and accurate;
2. The statements in your application and any other supplementary information thereto are your representations and warranties and that those representations and warranties are material;
3. This policy is issued in reliance upon the truth and accuracy of such agreements and representations and warranties;
4. The statements in your application and any other supplemental information thereto are incorporated into this policy. This policy embodies all existing agreements between you and us relating to this insurance; and
5. Breach of those representations or warranties will result, at our election, in forfeiture of coverage for any **claim, loss, remediation expense or emergency expense** reported to us under the policy, or voiding of the policy from inception.

H. Other Insurance

If other valid and collectible insurance is available to the **insured** for coverage granted under this policy, our obligations are limited as follows:

1. This insurance is primary, and our obligations are not affected unless any other insurance is also primary. In that case, we will share with all such other insurance by the method described in paragraph **2.** below, or this insurance will be primary and non-contributory when Paragraph **3.** below applies;
2. If all of the other insurance permits contribution by equal shares, we will also follow this method. In 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. In contribution by limits, each insurer's share is based upon the ratio of its applicable limit of insurance bears to the total applicable limits of insurance of all insurers;
3. This insurance is primary and non-contributory with other valid and collectible insurance, but only if: (i) the **named insured** has a written contract or agreement requiring this insurance to be primary and non-contributory; and (ii) such contract or agreement was executed prior to the date that any individual or entity discovered any **contamination** or the date of any **claim**.

For purposes of this provision, other insurance includes all types of self-insurance, indemnification or other funding arrangement or program that is available to compensate an **insured** for liability.

I. Headings

The descriptions in the headings of this policy are solely for convenience, and form no part of the terms and conditions of coverage.

J. Consent

Where consent by us or an **insured** is required under this policy, such consent shall not be unreasonably withheld, delayed, conditioned or denied.

K. Access and Inspection

In connection with underwriting of this insurance or with our defense or adjustment of any **claim, loss, remediation expense** or any other coverage afforded under this policy, we shall be allowed, but not obligated to, conduct inspections, surveys, audits or reviews of your location, operations or other information deemed pertinent by us. Such inspections, surveys, audits or reviews could involve the taking of samples, interviewing of **employees**, physical access to locations or access to materials or information concerning your operations, structure or financials of your company.

The **insured** agrees to cooperate with us, and provide us with access to locations, information, and **employees** for such inspections, surveys, audits, or reviews, whether or not you deem such location or information relevant to the underwriting of this insurance, or with our defense or adjustment of any **claim, loss, remediation expense** or any other coverage afforded under this policy.

Neither our right to conduct such inspections, surveys, audits or reviews nor the results or conclusions of such actual inspections, surveys, audits or reviews shall warrant, in any way, that the operations or location are safe, healthful or compliant with or conform to applicable laws, standards or accepted practices. This condition applies to any agents or

representatives that we allow to conduct such inspections, surveys, audits or reviews on our behalf.

L. Sole Agent

The **first named insured** shall act on behalf of all other **insureds**, if any, for the payment or return of any premium, payment of any **self-insured retention**, receipt and acceptance of any endorsement issued by us to form a part of the policy, giving and receiving notices, including notices of cancellation or non-renewal, the exercise of the rights provided in the **extended reporting period**, and the receipt and acceptance of any payment required to be made by us under the policy.

M. Severability

Except with respect to Limits of Insurance, **Self-insured retention**, Exclusion L. - Insured verses Insured, Cancellation or Non-Renewal and any rights and duties assigned in this policy to you, this insurance applies as if each **insured** were the only **insured** and separately to each **insured** against to whom a **claim** is made. Any misrepresentation, act, or omission that is in violation of a term, duty or condition under this policy by one **insured** shall not prejudice another **insured** under this policy. This condition shall not apply to an **insured** who is a parent, subsidiary or affiliate of the **insured** which committed the misrepresentation, act, or omission referenced above.

N. Shared Limits

You and all other **insureds** understand, agree and acknowledge that this policy contains an Aggregate Limit that is applicable to and shared by all **insureds** that are or may become an **insured**. As such all **insureds** understand and agree that the limits of this policy may be depleted or exhausted by payments made on behalf of other **insureds**.

O. Arbitration

Any dispute, disagreement, or controversy arises out of the formation, interpretation, alleged breach, termination, or invalidity of this policy, or as to any other issue regarding the respective duties and responsibilities of us or any **insured** regarding this policy, shall be resolved through binding arbitration. Except with respect to the selection of the arbitration panel, the arbitration will be conducted in accordance with the rules of the American Arbitration Association ("AAA") that are in effect as of the date a party first provides notice of its demand for arbitration to the other party in accordance with the policy's notice provisions. The panel will consist of one arbitrator selected by the **insured**; one selected by us; and a third independent arbitrator will be selected by the first two arbitrators. If the first two arbitrators cannot agree on the selection of a third independent arbitrator within thirty (30) days of such notice, the third arbitrator will be selected by the AAA.

The arbitration proceeding will take place in the state shown in ITEM 2. in the Declarations or in the domicile of the entity seeking relief from us or from whom we are seeking relief. The arbitrators must give due consideration to the general principles of the law of the state shown in ITEM 2. in the Declarations in construing and interpreting this policy; provided however, that the terms, conditions, provisions and exclusions of this policy are to be construed in an evenhanded fashion as between the parties. Where the language of this policy is alleged to be ambiguous or otherwise unclear, the issue will be resolved in the manner most consistent with the relevant terms, conditions, provision or exclusions of the policy. Such manner shall be without regard to the authorship of the language, the doctrine of reasonable expectations

of the parties and without any presumption or arbitrary interpretation or construction in favor of either party or parties, and in accordance with the intent of the parties.

The written decision of the arbitrators (the "Underlying Award") will be binding on all parties, must set forth its reasoning and basis in law and fact, and must be provided to all parties simultaneously. The arbitrators' award shall not include attorney fees or other costs of arbitration. Judgment on the award may be entered in any court of competent jurisdiction. Each party shall bear the costs and expenses of arbitration equally.

Notwithstanding any language to the contrary, the parties hereby agree that the Underlying Award may be appealed pursuant to the AAA's Optional Appellate Arbitration Rules ("Appellate Rules"); and that the Underlying Award shall not be considered final until after the time for filing the notice of appeal pursuant to the Appellate Rules has expired. Appeals must be initiated within thirty (30) days of a party's receipt of an Underlying Award, as defined by Rule A-3 of the Appellate Rules, by filing a Notice of Appeal with any AAA office and simultaneously serving such Notice on the other party. Following the appeal process the decision rendered by the appeal tribunal may be entered in any court having jurisdiction thereof.

IN WITNESS WHEREOF, WE HAVE CAUSED THIS POLICY TO BE SIGNED BY OUR PRESIDENT AND SECRETARY. THIS POLICY SHALL NOT BE VALID UNLESS SIGNED ON THE DECLARATIONS PAGE BY OUR DULY AUTHORIZED REPRESENTATIVE.

SPECIMEN