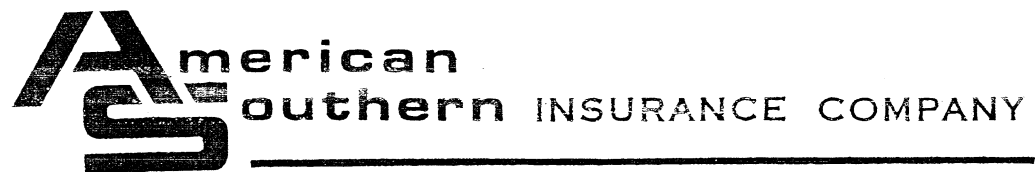


A STOCK COMPANY



3715 Northside Pkwy., Bldg. 400, Atlanta, Georgia 30327

COMMERCIAL LINES POLICY

THESE POLICY PROVISIONS WITH THE DECLARATIONS AND ENDORSEMENTS,
IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THIS POLICY.

Procuring Surplus Lines Agent

Jeffrey Parrish
4408 Forest Drive, Suite 202
Columbia, S.C. 29206

IMPORTANT NOTICE

1. To obtain information or make a complaint:
2. You may contact your (title) at (telephone number)

Crescent Insurance Services

3. You may call (company)'s toll-free telephone number for information or to make a complaint at:

1-888-249-9002

4. You may also write to (company) at:
**4408 Forest Drive, Suite 202
Columbia, SC 29206**

5. You may contact the Texas Department of Insurance to obtain information on companies, coverages, rights or complaints at:
1-800-252-3439

6. You may write the Texas Department of Insurance:

P. O. Box 149104
Austin, TX 78714-9104
Fax: (512) 475-1771
Web: <http://www.tdi.state.tx.us>
E-mail: ConsumerProtection@tdi.state.tx.us

7. **PREMIUM OR CLAIM DISPUTES:** Should you have a dispute concerning your premium or about a claim you should contact the (agent) (company) (agent or the company) first. If the dispute is not resolved, you may contact the Texas Department of Insurance.

8. **ATTACH THIS NOTICE TO YOUR POLICY:** This notice is for information only and does not become a part or condition of the attached document.

AVISO IMPORTANTE

Para obtener informacion o para someter una queja:
Puede comunicarse con su (title) al (telephone number).

Crescent Insurance Services

Usted puede llamar al numero de telefono gratis de (company)'s para informacion o para someter una queja al:

1-888-249-9002

Usted tambien puede escribir a (company):
**4408 Forest Drive, Suite 202
Columbia, SC 29206**

Puede comunicarse con el Departamento de Seguros de Texas para obtener informacion acerca de companias, coberturas, derechos o quejas al:
1-800-252-3439

Puede escribir al Departamento de Seguros de Texas:

P. O. Box 149104
Austin, TX 78714-9104
Fax: (512) 475-1771
Web: <http://www.tdi.state.tx.us>
E-mail: ConsumerProtection@tdi.state.tx.us

DISPUTAS SOBRE PRIMAS O RECLAMOS: Si tiene una disputa concerniente a su prima o a un reclamo, debe comunicarse con el (agente) (la compania) (agente o la compania) primero. Si no se resuelve la disputa, puede entonces comunicarse con el departamento (TDI).

UNA ESTE AVISO A SU POLIZA: Este aviso es solo para proposito de informacion y no se convierte en parte o condicion del documento adjunto.

HOME OFFICE BUSINESS POLICY

In consideration of the payment of premium as provided herein, the named insured is:

NATIONAL ASSOCIATION FOR THE SELF EMPLOYED

P.O. Box 612547
Dallas, TX 75261-2547
(hereinafter called Policyholder)

to pay the claims covered by this Group Policy sustained by each eligible member resulting from loss or damage to personal property used in the pursuit of business practice, to the extent herein provided, subject to all provisions, conditions and limitations of this group policy.

POLICY NUMBER: SE 121948

POLICY EFFECTIVE DATE: January 1, 2009 – December 31, 2009

PLATINUM PLUS and PREMIER MEMBERSHIP ONLY

Limit per Named Insured:

HOME OFFICE BENEFITS:

(C) BUSINESS PERSONAL PROPERTY:

\$1,000 any one item

\$7,500 any one loss

\$ 250 any one policy period for tools

\$1,000 any one policy period for electrical equipment

\$ 250 deductible

(D) TEMPORARY BUSINESS RELOCATION:

\$250 per month subject up to \$500 any one loss

(E) BUSINESS LIABILITY:

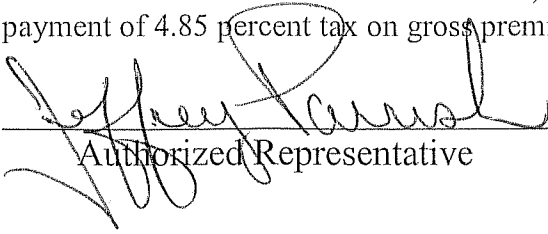
\$20,000.

(F) MEDICAL PAYMENTS TO OTHERS:

\$500.

INCLUDES FORMS: NASE 2009; IL 09 35 08 98; MOLD-1 (1/2002); CG 21751102

This insurance contract is with an insurer not licensed to transact insurance in this state and is issued and delivered as a surplus line coverage pursuant to the Texas insurance statutes. The Department of Insurance does not audit the finances or review the solvency of the surplus lines insurer providing this coverage, and this insurer is not a member of the Property and Casualty Insurance Guaranty Association created under article 21.28-C, Insurance Code. Article 1.14-2, Insurance Code requires payment of 4.85 percent tax on gross premium.



Authorized Representative

ISSUE DATE: January 01, 2009

AGREEMENT

We will provide the insurance described in this policy in return for the premium and compliance with all applicable provisions of this policy.

DEFINITIONS

In this policy, “you” and “your” refer to the “Insured” as defined in paragraph 5 below. “We”, “us” and “our” refer to the Company providing this insurance. In addition, certain words and phrases are defined as follows;

1. “**Bodily injury**” means bodily harm, sickness or disease, including required care, loss of services and death that results. “Bodily Injury” does not include emotional or mental harm and/or pain and suffering or loss of consortium.

2. “**Business**” includes trade, profession or occupation.

3. “**Business Personal Property**” means business personal property which is owned by the insured and is normally used by the insured in the course of business.

4. “**Business Liability**” provides coverage for liability exposure from activities of a business occurring at the insured residence premises only.

5. “**Insured**” under this policy means only those members of the named insured (as shown on the declarations page) who have selected the “**Platinum Plus and Premier Membership Only**” level of membership in the named insureds. Such members must further be included on the membership rules of the named insured(s), and must have actually paid their dues to the named

insured(s), on the date of the occurrence for which insurance coverage is sought under the terms of this policy. In addition, and as further condition precedent to such members being insureds, the named insureds must be in existence as corporate entities, and this policy must be in full force and effect, on the date of occurrence.

6. “**Insured location**” means:
a. The “residence premises”;
b. On the residence premises lot/parcel.

7. “**Property damage**” means physical injury to, destruction of, or loss of use of tangible property

8. “**Occurrence**” means an accident during the policy period which results in:
a. “Bodily Injury”; or
b. “Property Damage” also occurring during the policy period.

9. “**Residence Premises**” means:
a. The dwelling, other structures, and grounds or, that part of any other building; where you reside.

10. “**Residence employee**” means:
a. An employee of an “insured” whose duties are related to the maintenance or use of the “residence premises,” including household or domestic services; or

b. One who performs similar duties elsewhere not related to the "business" of an "insured."

furnished in connection with such goods or products.

11. "Utility Service" means water, electricity, sewer, telecommunications, cable television, internet, telephone, gas and/or satellite service.

"Your product" includes warranties or representations made at any time with respect to the fitness, quality, durability or performance of any of the items in a or b above.

12. "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

13. "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 warranties or representations made at any time with respect to the fitness, quality, durability or performance of any of the items included in a or b above.

Section 1 - Property Coverages

Coverage C – Business Personal Property

We cover business personal property owned by an "insured" while it is located at an insured's residence.

Special Limits of Liability. The special limit for each numbered category below is the total limit for each loss for all property in that category.

1. \$1,000 per item, maximum of \$7,500 per loss.
2. \$250 cumulative coverage for tools, and similar items in any one policy period. A policy period is the policy calendar year (Jan 1-Dec31 of the policy year).

3. \$1,000 cumulative coverage for electrical equipment including computers, printers, scanners, televisions, dvd players and similar items in any one policy period. A policy period is the policy calendar year (Jan 1-Dec31 of the policy year).

Coverage D – Temporary Business Relocation

1. \$250 per month, \$500 maximum temporary business relocation expense due to a loss by a peril insured against by this policy. If the business portion of the "residence premises" is not habitable due to a loss by a peril insured against by this

policy, we will pay for any necessary increase in expenses incurred to relocate your business during that time the business portion of the "residence premises" is not habitable up to the limits stated above. We do not cover loss or expense due to cancellation of a lease or agreement.

Property/Items Not Covered. We do not Cover:

- 1) Money, bank notes, bullion, gold, goldware, silver, silverware, platinum, coins and medals;
- 2) Securities, accounts, deeds, evidences of debt, letters of credit, notes, bank notes, manuscripts, personal records, passports, tickets and stamps;
This includes the cost to research, replace or restore the information from the lost or damaged material.
- 3) Watercraft, including their trailers, furnishings, equipment and outboard engines or motors;
- 4) Trailers not used with watercraft;
- 5) Glass, signs or glazing materials.
- 6) Jewelry, watches, furs, precious and semi-precious stones;
- 7) Firearms;
- 8) Silverware, silver-plated ware, goldware, gold-plated ware and pewterware. This includes flatware, hollowware, tea sets, trays and trophies made of or including silver, gold or pewter;
- 9) Trees, shrubbery or other plants, landscaping or debris removal.
- 10) Property, away from the "residence premises.";
- 11) Articles separately described and specifically insured in this or other insurance;
- 12) Animals, birds or fish;
- 13) Motor vehicles or all other motorized and conveyances. This includes:

a. electronic apparatus, while in or upon a motor vehicle or other motorized land conveyance, if the electronic apparatus is equipped to be operated by power from the electrical system of the vehicle or conveyance while retaining its capability of being operated by other sources of power. Electronic apparatus includes:

- (1) Accessories or antennas; or
- (2) Tapes, wires, records, discs or other media;

for use with any electronic apparatus.

b. electronic apparatus, while not in or upon a motor vehicle or other motorized land conveyance, if the electronic apparatus:

- (1) Is equipped to be operated by power from the electrical system of the vehicle or conveyance while retaining its capability of being operated by other sources of power;
- (2) Is away from the "residence premises"; and
- (3) Is used at any time or in any manner for any "business" purpose.

Electronic apparatus includes:

- (1) Accessories or antennas; or
- (2) Tapes, wires, records, discs or other media

- 14) Aircraft and parts. Aircraft means any contrivance used or designed for flight;
- 15) Property of roomers, boarders and other tenants;
- 16) Property in an apartment regularly rented or held for rental to others by an "insured";
- 17) Property rented or held for rental to others off the "residence premises";
- 18) "Business" data, including such data stored in:
 - a. Books of account, drawings or other paper records; or
 - b. Electronic data processing tapes, wires, records, discs or other software media.

However, we do cover the cost of blank recording or storage media;

- 19) Credit cards or fund transfer cards and loss due to forgery and counterfeit money;
- 20) Loss or expense due to cancellation of a lease, contract or agreement.
- 21) Fire Department service charge.
- 22) Loss assessment by a corporation, association or property owner.
- 23) Antennas, satellite dish antennas and/or their components including mounting hardware.
- 24) Property removed from the premises for any reason.
- 25) Building additions or alterations.

Additional Coverages

1. Reasonable Repairs. In the event that covered property is damaged by an applicable Peril Insured Against, we will pay the reasonable cost incurred by you for necessary measures taken solely to protect against further damage. If the measures taken involve repair to other damaged property, we will pay for those measures only if that property is covered under this policy and the damage to that property is caused by an applicable Peril Insured Against.

This Coverage:

- a. Does not increase the limit of liability that applies to the covered property;
- b. Does not relieve you of your duties, in case of a loss to covered property, as

set forth in Section I, Conditions, subpart 2.

2. Collapse. We insure for direct physical loss to covered business personal property resulting from collapse of a building or any part of a building caused only by one or more of the following:

- a. Perils Insured Against in COVERAGE C – PERSONAL BUSINESS PROPERTY. These perils apply to covered buildings and personal property for loss insured by this additional coverage;
- b. Hidden decay;
- c. Hidden insect or vermin damage;
- d. Weight of contents, equipment, animals or people;
- e. Weight of rain which collects on a roof; or

Loss to an awning, fence, patio, pavement, swimming pool, underground pipe, flue, drain, cesspool, septic tank, foundation, retaining wall, bulkhead, pier, wharf or dock is not included.

Collapse does not include settling, cracking, shrinking, bulging or expansion.

This coverage does not increase the limit of liability applying to the damaged covered property.

Section I - Perils Insured Against

We insure for direct physical loss to the business personal property described in Coverage C caused by a peril listed below unless the loss is excluded in **Section I - Exclusions.**

1. Fire or lightning.

2. Windstorm or hail

This peril does not include loss to the property contained in a building caused by rain, snow, sleet, sand or dust unless the direct force of wind or hail damages the building causing an opening in a roof or wall and the rain, snow, sleet, sand or dust enters through this opening.

The peril includes loss to furnishings and equipment only while inside a full enclosed building.

3. Explosion.

4. Riot or civil commotion.

5. Aircraft, Including self-propelled missiles and spacecraft.

6. Vehicles

7. Smoke, meaning sudden and accidental damage from smoke. This peril does not include loss caused by smoke from agricultural smudging or industrial operations.

8. Vandalism or malicious mischief. This peril does not include loss to property on the “residence premises” if the dwelling has been vacant for more than 30 consecutive days immediately before the loss. A dwelling being constructed is not considered vacant.

9. Theft, including attempted theft and loss of property from a known place when it is likely that the property has been stolen.

This peril does not include loss caused by theft:

- a. Committed by an “insured”;
- b. In or to a dwelling under construction, or of materials and supplies for use in the construction until the dwelling is finished or occupied; or
- c. From that part of a “residence premises” rented by an “insured” to other than an “insured.”

This peril does not include loss caused by theft that occurs off the “residence premises” .

10. Falling Objects.

This peril does not include loss to the property contained in the building unless the roof or an outside wall of the building is first damaged by a falling object. Damage to the falling object itself is not included.

11. Weight of ice, snow or sleet which causes damage to the property contained in the building.

12. Accidental discharge or overflow of water or steam from within a plumbing, heating, air conditioning or automatic fire protective sprinkler system or from within a household appliance.

The peril does not include loss:

- a. To the water system or appliance from which the water or steam escaped;
- b. Caused by or resulting from freezing except as provided in the peril of freezing below; or
- c. On the “residence premises” caused by accidental discharge or overflow which occurs away from the building where the “residence premises” is located.

In this peril, a plumbing system does not include a sump, sump pump or related equipment.

1 13. Sudden and accidental tearing apart, cracking, burning or

bulging of steam or hot water heating system, an air conditioning or automatic fire protective sprinkler system, or an appliance for heating water.

This peril does not include loss caused by or resulting from freezing except as provided in the peril of freezing below.

14. Freezing of plumbing, heating, air conditioning or automatic fire protective sprinkler system or of a household appliance.

This peril does not include loss on the “residence premises” while occupied, unless you have used reasonable care to:

- a. maintain heat in the building; or

- b. Shut off the water supply and drain the system and appliances of water.

15. Sudden and accidental damage from artificially generated electrical current.

This peril does not include loss to a tube, transistor or similar electronic component including computers, computer related equipment and items attached or normally attached to computer equipment.

16. Volcanic eruption other than loss caused by earthquake, land shock waves or tremors.

Section I - Exclusions

We do not insure for loss caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event contributing concurrently or in any sequence to the loss.

1. Ordinance or Law, meaning enforcement of any ordinance or law regulating the construction, repair or demolition of a building or other structure, unless specifically provided under this policy.

2. Earth Movement, meaning earthquakes including land shock waves or tremors before, during or after a volcanic eruption, landslide, mine subsidence, mud flow, earth sinking, rising or shifting, unless direct loss by:

- a. Fire;
- b. Explosion, or

c. Breakage of glass or safety glazing material which is part of a building, storm door or storm window; ensues and then we will pay only for the ensuing loss.

3. Water Damage, meaning:

a. Flood, surface water, waves tidal water, overflow of body of water, or spray from any of these, whether or not driven by wind;

b. Water which backs up through sewers or drains or which overflows from a sump; or

c. Water below the surface of the ground, including water which exerts pressure on or seeps or leaks through a building, sidewalk, driveway, foundation, swimming pool or other structure. Direct loss by fire, explosion or theft resulting from water damage is covered.

4. Utility Failure, meaning the failure of “utility service” if the failure takes place off the “residence premises” and interrupts “utility service” on the “residence premises”.

5. Neglect, meaning neglect of the “insured” to use all reasonable means to save and preserve property at and after the time of a loss.

6. War, including the following and any consequence of any of the following:

a. Undeclared war, civil war, insurrection, rebellion or revolution;

b. Warlike act by military force or military personnel; or

c. Destruction of a nuclear weapon will be deemed a warlike act even if accidental.

7. Nuclear Hazard, to the extent set for in the Nuclear Hazard Clause of Section I - Conditions.

8. Intentional Loss, meaning any loss arising out of any act committed:

a. By or at the direction of an “insured”; and

b. With the intent to cause a loss.

Section I – Conditions

1. Insurable Interest and Limit of Liability Even if more than one person has an insurable interest in the property covered, we will not be liable in any one loss:

- a. To the “insured” for more than the “insured’s” interest at the time of loss; or
- b. For more than the applicable limit of liability.

2. Your Duties After Loss. In case of a loss to covered property, you must see that the following are done:

- a. Give immediate notice to us;
- b. Notify the police in case of loss by theft;
- c. Protect the property from further damage. If repairs to the property are required, you must:
 - 1. Make reasonable and necessary repairs to protect the property; and
 - 2. Keep an accurate record of repair expenses;
- d. Prepare an inventory of damaged personal property showing the quantity, description, actual cash value and amount of loss. Attach all bills, receipts and related documents that justify the figures in the inventory;
- e. As often as we reasonably require:
 - 1. Show the damaged property;
 - 2. Provide us with records and documents we request and permit us to make copies; and
 - 3. Submit to examination under oath, while not in the presence of any other “insured,” and sign the same.
- f. Send to us, within 60 days after our request, your signed, sworn proof of loss which sets forth, to the best of your knowledge and belief:

- 1. The time and cause of loss;
- 2. The interest of the “insured”
- 3. Other insurance which may cover the loss;
- 4. Changes in title or occupancy of the property during the term of the policy;
- 5. The inventory of damaged personal property described in 2.d. above;

3. Loss Settlement. Covered property losses are settled at actual cash value at the time of loss but not more than the amount required to repair or replace. We may investigate and settle any claim or suit that we decide is appropriate. Our duty to defend a claim or suit ends when the amount we pay for the loss equals our limit of liability. There is no replacement cost for items lost, stolen, or destroyed. Replacement of item(s) will be based on actual value depreciation.

4. Loss to a Pair or Set. In case of loss to pair or set we may elect to:

- a. Repair or replace any part to restore the pair or set to its value before the loss; or
- b. Pay the difference between actual cash value or the property before and after the loss.

5. Appraisal. If you and we fail to agree on the amount of loss, either may demand an appraisal of the loss. In this event, each party will choose a competent appraiser within 20 days after receiving a written request from the other. The two appraisers will choose an umpire. If they cannot agree upon an umpire within 15 days, you or we may request that the choice be made by a judge of a court of record in the state where the “residence premises” is

located. The appraisers will separately set the amount of loss. If the appraisers submit a written report of an agreement to us, the amount agreed upon will be the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of loss.

Each Party will:

- a. Pay its own appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

6. Other Insurance. This insurance is excess over other valid and collectible insurance except insurance written specifically to cover as excess over the limits of liability that apply in this policy.

7. Suit Against Us. No action can be brought unless the policy provisions have been complied with and the action is started within one year after the date of loss.

8. Our Option. If we give you written notice within 30 days after we receive your signed, sworn proof of loss, we may repair or replace any part of the damaged property with like property.

9. Loss Payment. We will adjust all losses with you. We will pay you unless some other person is legally entitled to receive payment. Loss will be payable 60 days after we receive your proof of loss and:

- a. Reach an agreement with you;
- b. There is an entry of a final judgment; or
- c. There is a filing of an appraisal award with us.

10. Abandonment of Property. We need not accept any property abandoned by an “insured.”

11. No Benefit to Bailee. We will not recognize any assignment or grant any coverage that benefits a person or organization holding, storing or moving property for a fee regardless of any other provision of this policy.

12. Nuclear Hazard Clause.

a. “Nuclear Hazard” means any nuclear reaction, radiation, or radioactive contamination, all whether controlled or uncontrolled or however caused, or any of these.

b. Loss caused by the nuclear hazard will not be considered loss caused by fire, explosion, or smoke, whether these perils are specifically named in or otherwise included within the Perils Insured Against in Section I.

c. This policy does not apply under Section I to loss caused directly or indirectly by nuclear hazard, except that direct loss by fire resulting from the nuclear hazard is covered.

13. Recovered Property. If you or we recover any property for which coverage applies, we will notify the other of the recovery. At your option, the property will be returned to or retained by you or it will become our property. If the recovered property is returned to or retained by you, the loss payment will be adjusted based on the amount you received for the recovered property.

14. Volcanic Eruption Period. One or more volcanic eruptions that occur

within a 72-hour period will be considered as one volcanic eruption.

Section II – Liability

COVERAGE E – BUSINESS LIABILITY

If a claim is made or a suit is brought against an “insured” for damages because of “bodily injury” or “property damage” caused by an “occurrence” to which this coverage applies, we will:

1. Pay up to our limit of liability for the damages for which the “insured” is legally liable. Damages include prejudgment interest awarded against the “insured”; and
2. Provide a defense at our expense by counsel of our choice, even if the suit is groundless, false or fraudulent. We may investigate and settle any claim or suit that we decide is appropriate. Our duty to settle or defend ends when the amount we pay for damages, cost of defense and pre-judgement interest

resulting from the “occurrence” equals our limit of liability as set forth on the Declaration page.

COVERAGE F – MEDICAL PAYMENTS TO OTHERS

We will pay the necessary medical expenses that are incurred or medically ascertained within three years from the date of an accident causing “bodily injury”. Medical expenses means reasonable charges for medical, surgical, x-ray, dental, ambulance, hospital, professional nursing, prosthetic devices and funeral services. This coverage does not apply to you or regular residents of your household except “residence employees”. As to others, this coverage applies only to a person on the “insured location” only with the permission of an “insured”.

SECTION II - EXCLUSIONS

1. **Coverage E, Business Liability and Coverage F, Medical Payments to Others** do not apply to “bodily injury” or “property damage”:
 - a. Which is expected or intended by the “insured”;
 - b. Arising out of the rental or holding for rental or any part of any premises by an “insured”
 - c. Arising out of:

- (1) The ownership, maintenance, use, loading or unloading of motor vehicles or all other motorized land conveyances, including trailers, owned or operated by or rented or loaned to an “insured”, whether subject to registration or not;
- (2) The entrustment by an “insured” of a motor vehicle or

any other motorized land conveyance to any person;

- d.** Arising out of the ownership, maintenance, use, loading or unloading of a watercraft
- e.** Arising out of the ownership, maintenance, use, loading or unloading of an aircraft;

An aircraft means any contrivance used or designed for flight, except model or hobby aircraft not used or designed to carry people or cargo;

- f.** Caused directly or indirectly by war, including the following and any consequence of any of the following:
 - (1) Undeclared war, civil war, insurrection, rebellion or revolution;
 - (2) Warlike act by a military force or military personnel; or
 - (3) Destruction, seizure or use for a military purpose.

Discharge of a nuclear weapon will be deemed a warlike act even if accidental;

- g.** Arising out of sexual molestation, corporal punishment or physical or mental assault or battery by anyone;
- h.** Arising out of the use, sale, manufacture, delivery, transfer or possession by any person of a Controlled Substance(s) as defined by the Federal Food and Drug Law at 21 U.S.C.A. Sections 811 and 812. Controlled Substances include but are not limited to cocaine, LSD, marijuana and all narcotic drugs. However, this exclusion does not apply to the legitimate use of prescription drugs by a person

following the orders of a licensed physician.

- i.** arising out of the rendering of or failure to render professional services or arising from “your product” or “your work”.
- j.** Arising out of the capacity of a director, officer or trustee of a business, corporation or association;
- k.** Arising out of or included within the “products-completed operations hazard”;
- l.** Caused by the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gasses, waste materials or other irritants, contaminants or pollutants, whether actual, alleged or threatened; nor the cost to defend such. This exclusion applies to, but not limited to, asbestos, asbestos fibers, dust and silica dust;
- m.** Caused by Pollution
 - It is agreed that loss caused by the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gasses waste materials or other irritants, contaminants or pollutants are excluded regardless of potential environmental impact as follows:
 - A.** To bodily injury or property damage arising out of the actual, alleged or threatened discharge, dispersal, release or escape of pollutants;
 - (1) At or from premises owned, rented or occupied by the “insured”;
 - (2) At or from any site or location used by or for the “insured” or others for the

handling, storage, disposal, processing or treatment of waste;

- (3) Which are at any time transported, handled, stored, treated, disposed of, or processed as waste by or for the “insured” or any person or organization for whom the “insured” may be legally responsible; or
 - (4) At or from any site or location on which the “insured” or any contractors or subcontractors working directly or indirectly on behalf of the “insured” are performing operations (a) if the pollutants are brought on or to the site or location in connection with such operations; or (b) If the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize the pollutants.
 - b. To any loss, cost or expense arising out of any governmental direction or request that the “insured” test for, monitor, clean up, remove, contain, treat, detoxify or neutralize the pollutants.
 - n. Caused by or resulting from or out of the exposure to, inhalation, absorption, penetration or ingestion or any other means of entry into the body of lead based paint or any substance or matter containing lead or lead paint or the residue of lead paint;
 - o. Caused by or resulting out of the transmission of or an alleged or threatened transmission of any communicable disease.
 - p. Caused by or resulting from or arising out of an assault or battery, provoked or unprovoked, committed by an insured or by an employee or agent of the insured.
 - q. Caused by or resulting from asbestosis, silicosis, mesothelioma, emphysema, pneumococoriosis, pulmonary fibrosis, plueritis, endothelioma or any lung disease or any ailment caused by, or aggravated by exposure, inhalation, consumption or absorption of asbestos fibers or dust or silica dust.
- This insurance does not apply to “property damage” due to or arising out of the actual or alleged presence of asbestos or silica dust in any form, including the cost of remedial investigations or feasibility studies, or to the costs of testing, monitoring, cleaning or removal of any property or substance.
- r. Caused by or resulting from or arising from damage, injury, sickness, disease, death or destruction caused by any animal, domesticated or undomesticated
 - s. Any claim or indemnification for punitive or exemplary damages or fines nor defense, cost, interest or damages attributable to punitive or exemplary damages or fines.
 - t. Caused by or resulting from any:
 - 1. refusal to employ;
 - 2. termination of employment;
 - 3. coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination or other employment-related

practices, policies, acts or omissions; or

4. consequential “bodily injury” or “personal injury” as the result of 1 through 3 above.

u. Sexual Action

It is understood and agreed that coverage for bodily injury and property damage is not provided nor will the Company have any duty to defend for claims, accusations or charges brought by or against any insured(s) including employees of the insured(s) for actual or alleged sexual action, sexual abuse, or employment related claims, accusations or charges.

It is understood and agreed that coverage for bodily injury and property damage is not provided nor will the Company have any duty to defend for claims, accusations or charges of negligent hiring, investigation, placement, training, or supervision arising from actual or alleged sexual action, sexual abuse, or employment related claims, accusations or charges.

Sexual action includes, but is not limited to any verbal or non-verbal communication, behavior or conduct with sexual connotations or purposes, whether for sexual gratification, discrimination, intimidation, coercion, or other purposes, and regardless of whether such action is alleged to be intentional or negligent or whether such action results in physical, emotional or

psychological injury or harm to any person or persons.

v. Nuclear Energy

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 this policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Association of Canada or any of their successors, or would be 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 (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 the “hazardous properties” of “nuclear material”, if

- (1) The “nuclear material” (a) is at any “nuclear facility” owned by or operated by or on behalf of, an “insured” or (b) has been discharged or dispersed therefrom
- (2) The “nuclear material” is contained in “spent fuel” or “waste” at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an “insured”; or
- (3) The “bodily injury” or property damage” arising out of the furnishing by the “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” and any property threat.

As used in this exclusion:

“Hazardous properties” include radioactive, toxic or explosive properties’

“Nuclear material” means “Source material”, “Special nuclear material”, or “by-product material”;

“Source material”, “Special nuclear material”, or “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 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 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

2. Coverage E - Business Liability,
does not apply to:

- a. Liability:
- (1) For any loss assessment charged against you as a member of an association, corporation or community of property owners;
- (2) Under any contract or agreement. However, this exclusion does not apply to written contracts:
- (a) That directly relate to the ownership, maintenance or use of an “insured location or
- (b) Where the liability of others is assumed by the “insured” prior to an “occurrence”;

- unless excluded in (1) above or elsewhere in this policy;
- b. “Property damage” to property owned by the “insured”
- c. Any Punitive or exemplary damage claim, whether founded or not, nor any expense to defend such or any pre-judgement interest
- d. “Property damage” to property rented to, occupied or used by or in the care of the “insured”.
- e. “Bodily injury” or claim from or on the behalf of a resident, tenant, or person(s) residing at the “residence Premises”;
- f. “Bodily injury” or claim by or on the behalf of any person, contractor or business providing any service or work to the “residence premises” whether paid or not;
- g. “Bodily injury” to any person eligible to receive any benefits:
- (1) Voluntarily provided; or
- (2) Required to be provided; by the “insured” under any:
- (a) Workers compensation law;
- (b) Non-occupational disability law; or
- (c) Occupational disease law;
- h. “Bodily injury” or “property damage” for which an “insured” under this policy:
- (1) Is also an insured under a nuclear energy liability policy; or
- (2) Would be an insured under that policy but for the exhaustion of its limit of liability.

A nuclear energy liability policy is one issued by:

(1) American Nuclear Insurers;

(2) Mutual Atomic Energy Liability Underwriters;

- (3) Nuclear Insurance Association of Canada; or any of their successors; or
- i. “Bodily injury” to you or an “insured” or family member of you or any “insured”.
 - j. caused by or resulting from any:
 1. refusal to employ;
 2. termination of employment;
 3. coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination or other employment-related practices, policies, acts or omissions; or
 4. consequential “bodily injury” or “personal injury” as the result of 1 through 3 above
- a. A “residence employee” , contractor, or service provider;
 - b. Any resident, tenant, or person(s) residing at the “residence premises”;
 - c. Any person(s), contractor providing any service or work to the “residence premises” whether paid or not;
 - d. Any person eligible to receive benefits voluntarily provided, or required to be provided under any worker’s compensation law, non-occupational disability law, or occupational disease law;
 - e. From any nuclear reaction, nuclear radiation, radioactive contamination, all whether controlled or uncontrolled or however caused, and any consequence of these;
2. **Coverage F: Medical Payments to Others**, does not apply to “bodily injury” to:

SECTION II - ADDITIONAL COVERAGES

We cover the following included in and not to exceed the limits of liability:

1. **Claim Expenses.** We pay:
 - a. Expenses we incur and costs taxed against an “insured” in any suit we defend;
 - b. Premiums on bonds required in a suit we defend, but not for bond amounts more than the limit of liability for Coverage E. We need not apply for or furnish any bond;
2. **First Aid Expenses.** We will pay expenses for first aid to others incurred by an “insured” for “bodily injury” covered under this policy. We will not

pay for first aid to you or any other “insured”.

3. **Damage to Property of Others.** We will pay, at replacement cost, up to \$500 per “occurrence” for “property damage” to property of others caused by an “insured”.

We will not pay for “property damage”:

- a. To the extent of any amount recoverable under Section I of this policy;
- b. Caused intentionally by an “insured”;
- c. To property owned by an “insured”;

d. To property owned by or rented to a tenant of an “insured” or a resident in your household; or

e. Arising out of:

(1) Any act or omission in connection with a premises owned,

rented or controlled by an “insured”, other than the “insured location”; or

(2) The ownership, maintenance, or use of aircraft, watercraft or motor vehicles or all other motorized land conveyances.

SECTION II - CONDITIONS

1. Limit of Liability. Our total liability under Coverage E for all damages resulting from any one “occurrence” will not be more than the limit of liability for Coverage E as shown in the Declarations. This limit includes the cost of defense and pre-judgement interest. This limit is the same regardless of the number of “insured’s” claims made or persons injured. All “bodily injury” and “property damage” resulting from any one accident or from continuous or repeated exposure to substantially the same general harmful conditions shall be considered to be the result of one occurrence.

2. Severability of Insurance. This insurance applies separately to each “insured”. This condition will not increase our limit of liability for any one “occurrence” and is subject to the Aggregate Limit listed on the Declaration page.

3. Duties After Loss. In case of an accident or “occurrence” the “insured” will perform the following duties that apply. You will help us by seeing that these duties are performed:

a. Give written notice to us or our agent as soon as is practical but no later than 120 days after date of loss

and/or 120 days after the expiration of the policy, whichever comes first. Written notice should set forth:

(1) The identity of the policy and “insured”;

(2) Reasonably available information on the time, place and circumstances of the accident or “occurrence”; and

(3) Names and addresses of any claimants and witnesses;

b. Immediately forward to us every notice, demand, summons or other process relating to the accident or “occurrence”;

c. At our request, help us:

(1) To make settlement;

(2) To enforce any right of contribution or indemnity against any person or organization who may be liable to an “insured”;

(3) With the conduct of suits and attend hearings and trials; and

(4) To secure and give evidence and obtain the attendance of witnesses;

d. Under the coverage - Damage to Property of Others - submit to us within 60 days after the loss, a sworn statement of loss and show the damaged property, if in the “insured’s” control;

e. The “insured” will not, except at the “insured’s” own cost, voluntarily make payment, assume obligation or incur expense other than for first aid

to others at the time of the “bodily injury”.

4. Suit Against Us. No action can be brought against us unless there has been compliance with the policy provisions. Such action must commence within two years from the date of occurrence. No one will have the right to join us as a party to any action against an “insured”.

5. Bankruptcy of an Insured. Bankruptcy or insolvency of an “insured” will not relieve us of our obligations under this policy.

6. Other Insurance - Coverage E - This insurance is excess over other valid and collectible insurance except insurance written specifically to cover as excess over the limits of liability that apply in this policy.

SECTIONS I AND II – CONDITIONS

1. Policy Period. This policy applies only to loss in Section I or “bodily injury” or “property damage” in Section II, which occurs during the policy period.

2. Concealment or Fraud. The entire policy will be void if, whether before or after a loss, an “insured” has:

- a. Intentionally concealed or misrepresented any material fact or circumstance;
- b. Engaged in fraudulent conduct; or
- c. Made false statements; relating to this insurance.

3. Liberalization Clause. If we make a change which broadens coverage under this edition of our policy without additional premium charge, that change will automatically apply to your insurance as of the date we implement the change in your state, provided that this implementation date falls within 60 days prior to or during the policy period stated in the Declarations.

This Liberalization Clause does not apply to changes implemented through introduction of a subsequent edition of our policy.

4. Waiver or Change of Policy Provisions. A waiver or change of a provision of this policy must be in writing by us to be valid. Our request for an appraisal or examination will not waive any of our rights.

5. Cancellation.

- a. The Named Insured may cancel this policy at any time by returning it to us or by letting us know in writing of the date cancellation is to take effect.
- b. When this policy has been in effect 60 days or less, we may cancel for any reason except that under the provisions of the Texas Insurance Code, we may not cancel this policy solely because the Named Insured is an elected official. We will let you know of our action at least 10 days before the cancellation takes effect.
- c. We may cancel this policy subject to the following provisions. A written cancellation notice, together with the reasons for cancellation, will be delivered to the insured, or mailed to the insured at the mailing address shown in the Declarations. Proof of

mailing will be sufficient proof of notice.

- (1) When the insured has not paid the premium, we may cancel at any time by letting the insured know at least 10 days before the cancellation takes effect.
- (2) When this policy has been in effect for more than 60 days or if it is a renewal or continuation of a policy issued by us, we may cancel for one or more of the following reasons:
 - (a) if there has been a material misstatement or misrepresentation of fact, which if known to us would have caused us to not have issued the policy;
 - (b) if the risk has changed substantially since the policy was issued creating an increase in hazard which would produce an increase in rate;
 - (c) In the event of failure to comply with underwriting requirements established by us;
 - (d) If the cancellation is for all insureds under policies of this type for a given class of insureds;
 - (e) Loss of our reinsurance covering all or part of the risk covered by this policy;
 - (f) If we have been placed in supervision, conservatorship or receivership and the cancellation is approved or directed by the supervisor, conservator or receiver.

We will let you know of our action at least 10 days before the cancellation takes effect.

It is expressly understood and agreed that this Agreement shall be automatically terminated without notice if the Named Insured:

1. becomes the subject of voluntary or involuntary rehabilitation or liquidation proceedings;
2. becomes the subject of an action in bankruptcy;
3. makes any assignment for the benefit of its creditors;
4. be merged with, acquired by or otherwise absorbed by any individual, corporation or other business entity or organization of any kind unless previously agreed by Insurers;
5. has any pertinent license to conduct business suspended, removed or impaired by any order or decree of any regulatory or judicial authority.
6. **Nonrenewal.** We may elect not to renew this policy except that under the provisions of the Texas Insurance Code, we may not refuse to renew this policy solely because the Named Insured is an elected official.

We may do so by mailing or delivering to the Named Insured, at the last mailing address known to us, written notice of nonrenewal, stating the reason for nonrenewal, at least 60 days before the expiration date. If notice is mailed or delivered less than 60 days before the expiration date, the policy will remain in effect until the 61st day after the date on which the notice is mailed or delivered. Earned premium for any period of coverage that extends beyond the expiration date will be computed pro rata, based on the previous year's premium. Proof of mailing will be sufficient proof of notice.

7. Assignment. Assignment of this policy will not be valid unless we give our written consent.

8. Subrogation. An “insured” may waive in writing before a loss all rights of recovery against any person. If not waived, we may require an assignment of rights of recovery for a loss to the extent that payment is made by us.

If an assignment is sought, an “insured” must sign and deliver all related papers and cooperate with us.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES

- A.** We will not pay for loss (“loss”) or damage caused directly or indirectly by the following. Such loss (“loss”) or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss (“loss”) or damage.
- 1.** The failure, malfunction or inadequacy of:
 - a.** Any of the following, whether belonging to any insured or to others:
 - (1) Computer hardware, including micro-processors;
 - (2) Computer application software;
 - (3) Computer operating systems and related software;
 - (4) Computer networks;
 - (5) Microprocessors (computer chips) not part of any computer system; or
 - (6) Any other computerized or electronic equipment or components; or
 - b.** Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph **A.1.a.** of this endorsement;

due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.
- 2.** Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph **A.1.** of this endorsement.
- B.** If an excluded Cause of Loss as described in Paragraph **A.** of this endorsement results:
- 1.** In a Covered Cause of Loss under the Boiler And Machinery Coverage Part, the Commercial Crime Coverage Part, the Commercial Inland Marine Coverage Part or the Standard Property Policy; or
 - 2.** Under the Commercial Property Coverage Part:
 - a.** In a “Specified Cause of Loss” , or in elevator collision resulting from mechanical breakdown, under the Causes of Loss Special Form; or
 - b.** In a Covered Cause of Loss under the Causes of Loss - Basic Form or the Causes of Loss - Broad Form;

we will pay only for the loss (“loss”) or damage caused by such “Specified Cause of Loss”, elevator collision, or Covered Cause or Loss.
- C.** We will not pay for repair, replacement or modification of any items in Paragraphs **A.1.a.** and **A.1.b.** of this endorsement to correct any deficiencies or change any features.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

HOMEOWNER'S EXCLUSION – MOLD

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

THIS EXCLUSION ELIMINATES ABSOLUTELY ANY COVERAGE UNDER ANY CIRCUMSTANCE FOR "MOLD," AS THAT TERM IS DEFINED BELOW. IT REPLACES ENTIRELY ANY PART OF THE POLICY OR ENDORSEMENTS THAT SAYS THERE IS COVERAGE FOR "MOLD."

PLEASE READ THIS EXCLUSION CAREFULLY. CONTACT YOUR LOCAL AGENT IMMEDIATELY IF YOU DO NOT UNDERSTAND ANY OF THE WORDS IN THIS EXCLUSION.

1. Definition of "Mold"

The term "Mold" in this exclusion means one or more of the following items: (i) any growth produced on damp or decaying matter or on living cells; (ii) any fungus, including all molds, rusts, mildews, mushrooms and yeasts; (iii) any matter growing or grown on a surface of the property that you did not intend to grow there; or (iv) any matter on or in the insured property that poses a health hazard to occupants or other persons.

2. Exclusion of "Mold"

- A. This policy does not insure any loss, damage, claim, cost, expense, sum or other obligation involving "Mold."
- B. If any person or entity claims in any way that you are legally liable because of "Mold," this policy does not insure or provide a defense on any basis.

3. Scope of Exclusion

This exclusion is absolute. It applies without exception to any and all circumstances.

- A. With respect to your insured property, this exclusion applies whether there has been any physical loss or damage to insured property. It applies whether any insured peril or cause – including water damage - contributes concurrently or in any sequence to the "Mold." It applies whether "Mold" proceeds or follows after another event. It applies whether "Mold" is visible or hidden. And it applies to every action taken, whether voluntary or not.
- B. With respect to your liability to others, this exclusion applies to every kind of potential or actual liability, whether for bodily injury, property damage, medical payments or otherwise. It applies whether there has been any suit or other demand made on you. And it applies whether the potential or actual liability is to pay, monitor, clean up, remove, or take some other action.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTIFIED ACTS OF TERRORISM AND OTHER 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

- A. The following exclusion is added:
This insurance does not apply to:

TERRORISM

Injury or damage arising directly or indirectly, out of a "certified act of terrorism" or an "other act of terrorism". However, with respect to an "other act of terrorism", this exclusion applies only when one or more of the following are attributed to such act:

1. 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
2. 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; or
3. The terrorism involves the use, release or escape of nuclear materials, or directly or indirectly results in nuclear reaction or

- radiation or radioactive contamination; or
4. The terrorism is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
5. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the terrorism was to release such materials.

With respect to this exclusion, Paragraphs 1. and 2. describe the thresholds used to measure the magnitude of an incident of an "other act of terrorism" and the circumstances in which the threshold will apply for the purpose of determining whether this exclusion will apply to that incident.

- B. The following definitions are added:
1. "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":
 - a. The act resulted in aggregate losses in excess of \$5 million; and
 - b. 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.

2. "Other act of terrorism" means a violent act or an act that is dangerous to human life, property or infrastructure that is committed by an individual or individuals and that appears to be part of an effort to coerce a civilian population or to influence the policy or affect the conduct of any government by coercion, and the act is not certified as a terrorist act pursuant to the federal Terrorism Risk Insurance Act of 2002. Multiple incidents of an "other act of terrorism" which occur within a seventy-two hour period and appear to be carried out in concert or to have a related purpose or common leadership shall be considered to be one incident.
 - C. In the event of any incident of a "certified act of terrorism" or an "other act of terrorism" that is not subject to this exclusion, coverage does not apply to any loss or damage that is otherwise excluded under this Coverage Part.
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