

PUBLIC OFFICIALS AND PUBLIC ENTITY LIABILITY AND EMPLOYMENT PRACTICES LIABILITY

THIS IS A CLAIMS-MADE POLICY. Various provisions in this policy restrict coverage. Read the entire policy to determine rights, duties, and what is and what is not covered. Words and phrases that are capitalized and bolded are defined terms. .

Based on the representations in the **APPLICATION** and the payment of the premium by the **INSURED**, the **INSURER** issues this policy subject to all declarations, terms, conditions, exclusions, and limitations.

I. INSURING AGREEMENTS

A. COVERAGE I – PUBLIC OFFICIALS AND PUBLIC ENTITY LIABILITY

The **INSURER** will pay on behalf of the **INSURED** all **CLAIM EXPENSES** and **LOSS** which the **INSURED** shall become legally obligated to pay resulting from any **CLAIM** for a **WRONGFUL ACT(S)** to which this policy applies.

B. COVERAGE II – EMPLOYMENT PRACTICES LIABILITY

The **INSURER** will pay on behalf of the **INSURED** all **CLAIM EXPENSES** and **LOSS** which the **INSURED** shall become legally obligated to pay resulting from any **CLAIM** for any **EMPLOYMENT WRONGFUL ACT(S)** to which this policy applies.

For these coverages to apply the following conditions must be satisfied:

1. The **INSURED** had no knowledge prior to the inception date of the Policy Period of any actual or alleged **WRONGFUL ACT(S)** or **EMPLOYMENT WRONGFUL ACT(S)** likely to give rise to a **CLAIM**; and
2. The **CLAIM** must be first made against the **INSURED** and reported to the **INSURER** in writing during the **POLICY PERIOD**, or any Automatic Reporting Period, or the Optional Extended Reporting Period, if purchased by the **INSURED**, subject to the provisions set forth in SECTION V.

II. DEFENSE PROVISIONS

- A. The **INSURER** shall have the right to select and appoint counsel and the duty to defend any **CLAIM** against the **INSURED** to which this insurance applies, arising from **WRONGFUL ACT(S)** or **EMPLOYMENT WRONGFUL ACT(S)** even if any of the allegations of the **CLAIM** are groundless, false, or fraudulent.
- B. The **INSURER** shall not be obligated to pay any **LOSS** or **CLAIM EXPENSE** in respect of any **CLAIM** after the applicable limit of the **INSURER'S** Limits of Liability (as stated in Item #9 of the Declarations) has been exhausted. The **INSURER** shall also have the absolute right to investigate and settle any **CLAIM**. The **INSURER** shall have the right, but no duty, to appeal any judgment entered against the **INSURED** to which this policy applies.

- C. The **INSURER'S** obligation to pay **CLAIMS EXPENSES** for a **CLAIM** seeking non-monetary relief is subject to a \$10,000 limit for each **Claim** and a \$25,000 aggregate for all such **CLAIMS** during the Policy Period (as stated at Item #8 of the Declarations), such amount to be part of and not in addition to the Limit of Liability. The reduced limit for non-monetary relief **CLAIMS** shall not apply to administrative hearings arising from actual or alleged **EMPLOYMENT WRONGFUL ACT(S)**.

III. DEFINITIONS

- A. **APPLICATION** means the application shown at Item #14 of the Declarations and all attachments and any other information submitted to the **INSURER** by or on behalf of any **INSURED** for the purpose of underwriting this policy. The **INSURED** represents and affirms that statements contained in the **APPLICATION** are true, accurate and complete and that the **INSURER** issues this policy in reliance upon such statements and information. All such applications, attachments and other information are incorporated into and constitute a part of this policy.
- B. **CLAIM** means
1. A written demand for **DAMAGES** against an **INSURED** including the service of suit or the institution of legal, arbitration, or regulatory proceedings;
 2. A civil proceeding against any **INSURED** seeking **DAMAGES** or non-monetary or injunctive relief, commenced by any written demand, the service of a complaint or similar pleading;
 3. An administrative or regulatory proceeding against any **INSURED** seeking **DAMAGES**, commenced by the filing of a notice of charges, investigative order or similar document; or
 4. A fact, circumstance or event which any member of the governing board of the **PUBLIC ENTITY**, chief administrator, risk manager or employed or designated corporate counsel to the governing board becomes aware of that could reasonably be anticipated to give rise to any of B 1-3 above at any future time.
- C. **CLAIM EXPENSES** means reasonable investigation costs, legal fees and expenses to which the **INSURER** has given prior written consent for the defense of a **CLAIM**. **CLAIM EXPENSES** do not include any compensation, overhead or benefit expenses of any **INSURED**.
- D. **DAMAGES** means compensatory or monetary damages
- E. **EMPLOYEE** means any natural person under the direct employment of the **PUBLIC ENTITY** including part-time, temporary and seasonal workers. **EMPLOYEE** does not include persons who are independent contractors or working on a retainer basis, unless specifically named by endorsement
- F. **EMPLOYMENT WRONGFUL ACT(S)** means the actual or alleged
1. Wrongful hiring, discipline, demotion or termination of an **EMPLOYEE**;
 2. The breach of an employment contract with an **EMPLOYEE**; or
 3. The breach of any employment-related practices or policies including compensation, promotion, demotion, evaluation, reassignment, discipline, harassment or discrimination;

committed by an **INSURED** solely while acting in the performance of duties for the **NAMED INSURED**.

- G. **INSURED** means
1. The **PUBLIC ENTITY**;
 2. All persons who were, now are, or will be lawfully elected or appointed officials, **EMPLOYEES**, committee members or volunteers, solely while acting within the scope of their duties for the **PUBLIC ENTITY**;
 3. Any natural person who is a legally married spouse or legally recognized domestic partners of a lawfully elected or appointed official, but solely because of a **WRONGFUL ACT** or **EMPLOYMENT WRONGFUL ACT(S)** of such lawfully elected or appointed official while acting within the scope of that person's duties for the **PUBLIC ENTITY**; and
 4. The estates, heirs, legal representatives, successors, or assigns of deceased persons who were **INSUREDS** at the time the **WRONGFUL ACT(S)** or **EMPLOYMENT WRONGFUL ACT(S)** occurred and only to the extent of their liability as **INSUREDS**.
- H. **INSURER** means the insurance company named at Item #5 of the Declarations.
- I. **LOSS** means a monetary judgment or a settlement agreed to with the consent of the **INSURER** including any award of pre-judgment or post-judgment interest.
- J. **NAMED INSURED** means the **PUBLIC ENTITY** set forth in Item #6 of the Declarations.
- K. **PUBLIC ENTITY** means only the entity named in Item #6 of the Declarations, and any commission, board or other unit that it operates directly and that is included in its annual budget.
- PUBLIC ENTITY** does not include
1. Any school, airport, transit or transportation authority, hospital, nursing home, housing authority or utility unless specifically named by endorsement.; or
 2. Any joint or regional commission, board, agency, authority or other unit unless specifically named by endorsement.
- L. **WRONGFUL ACT(S)** means any actual or alleged error, misstatement, misleading statement, acts or omission, neglect or breach of duty by an **INSURED** committed solely while acting in the performance of duties for the **NAMED INSURED**. **WRONGFUL ACT(S)** does not include any **EMPLOYMENT WRONGFUL ACT(S)**.

IV. EXCLUSIONS

This policy does not apply to any **LOSS** or **CLAIM EXPENSES** in respect of any **CLAIM** or circumstance:

- A. Arising out of or in any way related to any
1. **INSURED** gaining any profit or advantage to which they were not legally entitled; or
 2. fraudulent or dishonest act or omission, or any criminal act or omission for which an **INSURED** has been indicted or charged by a grand jury or prosecutor; or any intentional or knowing violation of statute, ordinance or law by an **INSURED**; however, the **INSURED** shall be reimbursed for the reasonable **CLAIM EXPENSES** incurred in such **CLAIM** if the **INSURED** is not found liable for such act, error, omission or violation.
- B. Arising out of any actual or alleged
1. bodily injury, sickness, emotional distress, mental anguish, loss of consortium or society, embarrassment, humiliation, disparagement, disease or death of any person, false arrest,

- false imprisonment, libel, slander, defamation, invasion of privacy, wrongful entry or eviction, assault, battery, malicious prosecution, abuse of process;
2. "Strip search" or improper touching of any person, including any allegation that a violation of a civil right caused or contributed to such **CLAIM**. As used in this exclusion, a "strip search" is considered a search which involves the removal of any item of clothing from a person for the purpose of viewing any portion of the body;
 3. sexual or other abuse or molestation, or threat thereof, of anyone or any person;
 4. practice, custom or policy, including, without limitation, any violation of a civil right that gave rise to, caused, or resulted in injury or damage unless arising out of an **EMPLOYMENT WRONGFUL ACT**; or
 5. damage to or destruction of any property (whether tangible or intangible), including diminution of value or loss of use thereof.

However B.1 does not apply to any **CLAIM** involving any actual or alleged emotional distress, mental anguish or humiliation and disparagement in respect of **EMPLOYMENT WRONGFUL ACT(S)**.

- C. Seeking taxes, refund of taxes or volunteered donations, fines, penalties, punitive or exemplary damages, liquidated damages, or the multiplied portions of any award.
- D. Arising from any fact or event
 1. known at the time of the **APPLICATION** which any **INSURED** could reasonably expect would result in a **CLAIM**; or, related to any **CLAIM** pending on the effective date of this policy;
 2. which any **INSURED** has given notice of to the **INSURER** or another insurer or agent thereof of any other policy in force previous to the effective date of this policy;
 3. that is insured by any other existing or valid policy of insurance, including any prior or subsequent policy; or
 4. or **WRONGFUL ACT** or **EMPLOYMENT WRONGFUL ACT** which occurring in whole or in part prior to the Retroactive Date, if any, stated at Item #11 of the Declarations.
- E. Arising out of or in any way involving directly or indirectly the failure to effect or maintain any insurance or bond, which shall include, but not be limited to, insurance provided by self-insurance arrangements, pools, self-insurance trusts, captive insurance companies, retention groups, reciprocal exchanges or any other plan or agreement of risk transfer or assumption.
- F. Arising out of or in any way attributable to financial loss, reduction in revenue, increase in taxes, increase in interest on existing or future loans, credit arrangements or indebtedness, any changes in financial credit status, sale of any assets of the **PUBLIC ENTITY** or any deterioration in value of financial worthiness.
- G. Arising out the **INSURED's** involvement in, or vicarious liability for, any ownership, management, investment, investment policy, oversight responsibility, or investment advice for any public or private pension fund, investment fund, trust or pool, including the use of, or failure to use "derivative" investment components.
- H. Seeking relief or redress in any form other than monetary damages; or for any costs or fees, including attorney's fees or expenses, which the **INSURED** shall be legally obligated to pay to a third party as a result of any adverse judgment for injunctive or declaratory relief. However, the **INSURER** will provide a defense to the **INSURED** for such **CLAIM** subject to the provisions of SECTION II.C.

- I. Arising out of any actual or alleged inverse condemnation, adverse possession, dedication by adverse use or eminent domain, or any similar **CLAIM**.
- J. Arising out of, directly or indirectly, or in consequence of or in any way involving any **LOSS**, cost, civil fine, penalty or expense against any **INSURED** arising from any complaint or enforcement action by any federal, state or local governmental regulatory agency.
- K. Arising out of or in any way involving, directly or indirectly, any **INSURED'S** obligations under the Employee Retirement Income Security Act of 1974 (ERISA), including subsequent amendments or any other Federal, State or local law or regulation that relates to employee benefit, pension or welfare plans or funds; or administration of any employee benefit pension or welfare plan or self-insurance fund.
- L. Seeking or based upon "Wages or Salary", overtime pay, employment related benefits or any other type of employment related compensation; or **CLAIMS** arising from collective bargaining agreements. However this exclusion shall not apply solely to that part of any **CLAIM** for "Wages or Salary" made by an **EMPLOYEE** arising from **EMPLOYMENT WRONGFUL ACT(S)**.

"Wages or Salary" shall mean an **EMPLOYEE'S** monetary income derived from the regular or occasional employment by the **NAMED INSURED**. "Wages or Salary" shall not mean employment-related benefits or any other type of compensation other than monetary income.

- M. Arising out of or in any way involving
 - 1. Any workers' compensation, disability benefits or unemployment compensation law, or any similar law, provided however, this exclusion shall not apply to any **CLAIM** based upon, arising from, or in consequence of any actual or alleged retaliatory treatment of the claimant by the **INSURED** on account of the claimant's exercise of rights pursuant to any such law;
 - 2. The Fair Labor Standards Act (except the Equal Pay Act);
 - 3. The National Labor Relations Act of 1938, including but not limited to any matters involving a collective bargaining agreement;
 - 4. The Worker Adjustment and Retraining Notification Act (Public Law 100-37991988);
 - 5. The Consolidated Omnibus Budget Reconciliation Act of 1985;
 - 6. The Occupational Safety and Health Act;

or any rules or regulations of any such statutes or laws, amendments thereto or any similar provisions of any federal, state, local or foreign statutory or common law, provided this exclusion shall not apply to any **CLAIM** based upon, arising from, or in consequence of any actual or alleged retaliatory treatment of the claimant by the **INSURED** on account of the claimant's exercise of rights pursuant to any such law.

- N. Arising out of, or in any way related to any lockout, strike, picket line, replacement or other similar actions resulting from labor disputes or labor negotiations; or any labor activity to form, recruit, or implement any labor organization among the **EMPLOYEES** of the **NAMED INSURED**; or in any way involving any subsequent damage.
- O. Arising out of or in any way attributable to war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war is declared or not), riot, civil war, rebellion, revolution, insurrection, civil disturbance or civil commotion, insurrection or terrorism.

- P. Arising out of or attributable to any actual or alleged breach of any express, implied, actual or constructive contract, warranty, guarantee or promise, unless such liability would have attached to the **INSURED** even in the absence of such contract, warranty, guarantee or promise. However, this exclusion shall not apply to any **CLAIM** alleging any **EMPLOYMENT WRONGFUL ACT(S)**.
- Q. Unless otherwise endorsed, arising out of or in any way related to the activities of (including the provision or failure to provide)
1. jails or detention facilities, law enforcement agencies (including private security guard activities) or fire-fighting authorities;
 2. hospitals, clinics, nursing homes or other health care, dental or psychiatric operations, post mortem, autopsy, or inquests; or
 3. schools, airports, transit authorities, utilities or housing authorities.

However this exclusion shall not apply to any **CLAIM** alleging any **EMPLOYMENT WRONGFUL ACT** brought by an employee of the **PUBLIC ENTITY**.

- R. Arising out of any actual or alleged error, omission or failure to maintain public records, including but not limited to land records, marital records, birth and death records.
- S. Arising out of any advertising or publishing or any actual or alleged plagiarism, copyright, trademark, patent, title or slogan infringement, piracy, or idea misappropriation or theft.
- T. Arising out of or in any way related to any costs or liability incurred by any **INSURED** to modify any building, property or facility to make said building, property or facility more accessible or accommodating to any disabled person as mandated by the Americans With Disabilities Act, and as amended, or any similar federal, state or local law, regulation or ordinance.
- U. Arising out of or in any way related to any failure, malfunction, error or inadequacy in any computer hardware, software, or network system or the advice, design, evaluation, installation or maintenance of any computer program, system or component; breach of security or privacy or failure to protect any computer or information system of the **PUBLIC ENTITY** from internal or external intrusion.
- V. Arising from or alleging any discharge, dispersal, seepage, migration, release, escape of or exposure to any pollutants alleging any failure to detect, report, test for, monitor, clean up, remove, contain, treat, detoxify, neutralize, or assess the effects of, or advise of the existence of any pollutants; any nuclear materials or the hazardous properties of any nuclear material, nuclear radiation, radioactive contamination, or nuclear incident. Pollutants include but are not limited to any solid, liquid, gaseous, or thermal irritant, contaminant, asbestos, smoke, vapor, soot, fumes, acids, alkalis, chemicals, and all waste materials whether or not to be recycled, reconditioned, or reclaimed.
- W. Arising out of, resulting from, caused or contributed to in any way by lead or lead-containing materials, or asbestos or asbestos-containing materials, or exposure to lead or lead-containing materials, or exposure to asbestos or asbestos-containing materials including, but not limited to, any costs for abatement, mitigation, removal or disposal of lead or asbestos or lead-containing or asbestos-containing materials.

V. CONDITIONS

A. LIMIT OF LIABILITY

Regardless of the number of **INSUREDS** under this policy, persons or organizations who sustain **LOSS** or **CLAIM EXPENSES** payable under this policy, and/or **CLAIMS** brought on account of coverage afforded by this policy, the **INSURER'S** liability is limited as follows:

1. The Limit of Liability for all Insuring Agreements and Coverages combined is stated in Item #9 of the Declarations.
2. The Limit of Liability is the **INSURER'S** total liability in respect of all **LOSS**, in the aggregate, regardless of the number of **CLAIMS**.
3. **CLAIM EXPENSES** are part of and not in addition to the Limit of Liability. The Limit of Liability is reduced by payment of covered **CLAIM EXPENSES** or **LOSS**.
4. All **CLAIMS** based on or arising out of the same **WRONGFUL ACT** or **EMPLOYMENT WRONGFUL ACT**, including any related **WRONGFUL ACT(S)** or **EMPLOYMENT WRONGFUL ACT(S)** by one or more **INSUREDS**, shall be considered a "single **CLAIM**" and be subject to the Limit of Liability.

B. DEDUCTIBLE

1. The **INSURER** shall only be liable to pay for **LOSS** and **CLAIM EXPENSES** in excess of the Deductible stated in Item #10 of the Declarations in respect of each and every **CLAIM** or "single **CLAIM**".
2. A single Deductible shall apply to a **CLAIM** or "single **CLAIM**".
3. The Deductible is the actual cash payment amount the **INSURED** must pay in respect of each **CLAIM** or "single **CLAIM**" before the **INSURER** will make any payment.
4. The **INSURER** may, at its discretion, expend or advance funds either for **LOSS** or **CLAIM EXPENSES** on behalf of the **INSURED** up to the amount of the Deductible. The **INSURER** shall be reimbursed by the **INSURED** for such expenditures upon the **INSURER'S** request.

C. AUTOMATIC REPORTING PERIOD

If this policy is cancelled or non-renewed, the **INSURER** will provide, except in the case of nonpayment of premium, an Automatic Reporting Period of sixty days without charge for the **INSURED** to notify the **INSURER** of a **CLAIM** for a **WRONGFUL ACT** or **EMPLOYMENT WRONGFUL ACT** which took place on or after the effective date of this policy or Retroactive Date, if any, but before the end of the Policy Period or any earlier termination date.

This Automatic Reporting Period does not extend the Policy Period, change the scope of coverage provided or increase or reinstate the Limit of Liability.

This Automatic Reporting Period does not apply to any **CLAIM** that is covered under any subsequent insurance available to the **INSURED** or that would be covered but for the exhaustion of the amount of insurance applicable to such **CLAIM**.

D. OPTIONAL EXTENDED REPORTING PERIOD

If this policy is cancelled or non-renewed, the **INSURER** will make available, except in the case of nonpayment of premium, an Optional Extended Reporting Period of one year for the **INSURED** to notify the **INSURER** of a **CLAIM** for a **WRONGFUL ACT** or **EMPLOYMENT**

WRONGFUL ACT which took place on or after the effective date of this policy or Retroactive Date, if any, but before the end of the Policy Period or any earlier termination date.

This Optional Extended Reporting Period is available only by endorsement and after payment by the **INSURED** of an additional 100% of the annual premium. This Optional Extended Reporting Period will begin after the Automatic Reporting Period ends. Once in effect, this Optional Extended Reporting Period cannot be cancelled.

To purchase this Optional Extended Reporting Period, the **INSURED** must notify the **INSURER** of the intent to exercise this option together with payment of the additional Premium within thirty days of cancellation or nonrenewal of this policy.

This Optional Extended Reporting Period does not extend the Policy Period, change the scope of coverage provided or increase or reinstate the Limit of Liability.

This Optional Extended Reporting Period does not apply to any **CLAIM** that is covered under any subsequent insurance available to the **INSURED** or that would be covered but for the exhaustion of the Limit of Liability applicable to such **CLAIM**.

E. CLAIM AND NOTIFICATION DUTIES

1. The **INSURED** has the duty and obligation to provide written notice to the **INSURER** as soon as possible after any **CLAIM** is first made, and
 - a) Must forward to the **INSURER** as soon as possible, copies of any demand, notice, summons or legal papers received in connection with any **CLAIM**.
 - b) Must cooperate in the investigation, defense or settlement of any **CLAIM** and provide any information that may be required by the **INSURER**.
 - c) Must authorize the **INSURER** to obtain records and other information.
 - d) Must not make any admission of liability without the prior written consent of the **INSURER**.
 - e) Must not make any payments, assume any obligation or incur any expense without the prior written consent of the **INSURER**.
2. The **INSURED** has the duty and obligation to provide written notice to the **INSURER** as soon as possible of any circumstance which may lead to a **CLAIM** under this policy. This must include the

names of the persons or entities involved, details of the **WRONGFUL ACT** or **EMPLOYMENT WRONGFUL ACT** alleged, and the date the **INSURED** first became aware of this circumstance.

3. Notice must be given in writing by United States Postal or similar prepaid delivery service, by fax or by email to: YorkPro, Inc One Whitehall Street, 14th FL New York, New York 10004-2102; Fax:646-884-8358; email: yorkproclaims@yorkrsg.com
4. For the purposes of this policy a **CLAIM** is first made when the **INSURED** is notified in writing of an occurrence to which this policy may apply.
5. The **INSURER** will reimburse the **INSURED** for all reasonable expenses to assist in the investigation or defense of the **CLAIM** or suit incurred at the **INSURER'S** request, except for loss of earnings or internal overhead.

F. ACTION AGAINST THE INSURER

No action shall lie against the **INSURER** unless, as a condition precedent thereto, the **INSURED** shall have fully complied with all the terms and conditions of this policy. In the event of the bankruptcy or insolvency of the **INSURED**, the **INSURER** shall not be relieved of the payment of such indemnity hereunder as would have been payable but for such bankruptcy or insolvency.

G. ASSIGNMENT

Assignment of interest under this policy shall not bind the **INSURER** unless its consent is first endorsed hereon.

H. CANCELLATION

1. This policy may be canceled by the **NAMED INSURED** by surrendering the policy to the **INSURER** or any of its authorized agents, or by mailing to the **INSURER** written notice stating when thereafter the cancellation shall be effective.
2. This policy may be canceled or not renewed by the **INSURER** by mailing to the **NAMED INSURED** at the address shown in this policy, written notice stating when, not less than ten (10) days for nonpayment of premium, or sixty (60) days for any other reason, such cancellation shall be effective. The mailing of notice shall be sufficient proof of notice. The time of surrender or the effective date and hour of cancellation stated in the notice shall become the end of the Policy Period. Delivery of such written notice either by the **NAMED INSURED** or by the **INSURER** shall be equivalent to mailing. In no event shall cancellation be applicable to any Extended Claims Reporting Period by either the **NAMED INSURED** or the **INSURER**.
3. If this policy shall be canceled by the **NAMED INSURED**, the **INSURER** shall return the customary short rate proportion of the unearned premium, subject to the minimum earned condition. If this policy shall be canceled by the **INSURER**, the **INSURER** shall return the pro-rata proportion of the unearned premium. Payment or tender of any unearned premium by the **INSURER** shall not be a condition precedent to the effectiveness of cancellation, but such payment shall be made as soon as practicable. If the period of limitation relating to the giving of notice is prohibited or made void by any law controlling the construction thereof, such period shall be deemed to be amended to be equal to the minimum period or limitation of such law.

I. NONRENEWAL

1. If the **INSURER** non-renews this policy, written notice will be provided to the **PUBLIC ENTITY** at least 30 days prior to the expiration date of this policy, or in accordance with the number of days required by the state of the **PUBLIC ENTITY'S** address, whichever is greater.
2. The **INSURER** is not required to renew this policy or to review an **APPLICATION** for renewal. If the **INSURER** does review an **APPLICATION**, the premium, the Limit of Liability and any and all terms, conditions, exclusions and limitations may change.

J. CHANGES

Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this policy or estop the **INSURER** from asserting any right under the terms of this policy, nor shall the terms of this policy be waived or changed, except by endorsement issued to and made a part of this policy.

K. CONFLICTING STATUTES

Terms of this policy which are in conflict with the statutes of the state wherein this policy is issued are hereby amended to conform to such statutes.

L. NAMED INSURED AUTHORIZATION CLAUSE

By acceptance of this policy, the **NAMED INSURED** agrees to act on behalf of each **INSURED** with respect to the giving and receiving of notice of **CLAIM**, cancellation or nonrenewal, the payment of premiums and Deductibles that may become due under this policy, and the selection of any Optional Extended Claims Reporting Period. Each **INSURED** agrees that the **NAMED INSURED** shall act on their behalf.

M. MERGER, CONSOLIDATION, SALE OR CESSATION OF OPERATIONS OR LEGAL STATUS

The **NAMED INSURED** must provide the **INSURER** immediate written notice if any **INSURED** is merged or consolidated with any other entity if more than 50% of the assets of the **INSURED** are sold or acquired. In the event the **NAMED INSURED** ceases operations or legally dissolves its existence, either willfully or through legal or legislative action, immediate written notice must be given to the **INSURER**. This policy will terminate on that date and the entire premium will be fully earned by the **INSURER**. No return premium will be due to the **INSURED**.

N. SUBROGATION CLAUSE

In the event of any payment under this policy, the **INSURER** shall be subrogated to the extent of such payment to all rights of recovery therefor, and the **INSURED** shall execute all papers required and shall do everything that may be necessary to enable the **INSURER** effectively to bring suit in the name of the **INSURED**.

O. SEVERABILITY CLAUSE

As respects the particulars and statements contained in the application and/or conditions set forth herein, this policy shall be construed as a separate agreement with each **INSURED**. Nothing in this paragraph shall be construed to increase the **INSURER'S** maximum liability as set forth in Item #9 of the Declarations.

P. OTHER INSURANCE

This policy shall not cover any **LOSS** to the extent such **LOSS** is insured, or would but for the existence of this policy be insured, by any other insurance policy (irrespective of the inclusion in such other insurance policy of any similar limitation of coverage), whether such other insurance is stated to be primary, contributory, excess, contingent or otherwise.

Q. MINIMUM EARNED PREMIUM

1. Regardless of how long this policy is in effect the **INSURED** must pay a minimum earned premium of 35%, unless where otherwise restricted or altered by law.
2. The **INSURER** may retain the minimum earned premium amount in the event of cancellation, unless where otherwise restricted or altered by law.

T. SEPARATION OF INSUREDS; PROTECTION OF INNOCENT INSUREDS

1. In the event of any material untruth, misrepresentation or omission in connection with any of the particulars or statements in the **APPLICATION**, this policy will be void:
 - a) With respect to any natural person **INSURED** who knew of such untruth, misrepresentation or omission; and
 - b) with respect to the **NAMED INSURED**, if, and only if, an elected or appointed official, or the highest ranking member of any board, commission or unit, of the **NAMED INSURED**, or any other person in a functionally equivalent position within the **NAMED INSURED**, knew of such untruth, misrepresentation or omission.
2. No act, error or omission of any **INSURED** will be imputed to any other **INSURED** to determine the application of any Exclusion set forth in SECTION IV of this policy. If it is determined that an Exclusion applies to an **INSURED** in connection with a **CLAIM**, no coverage shall be available under this policy for such **INSURED**, however, coverage shall continue in effect under this policy for any other **INSURED**, subject to all other terms, conditions, and Exclusions herein.

*The policy terms and conditions contained herein or endorsed hereon and such other provisions, agreements or conditions as may be endorsed hereon or added hereto are hereby incorporated in this policy. No representative of the **INSURERS** shall have power to waive or be deemed to have waived any provision or condition of this policy unless such waiver, if any, shall be written upon or attached hereto; nor shall any privilege or permission affecting the insurance under this policy exist or be claimed by the **INSURED(S)** unless so written or attached.*

IN WITNESS WHEREOF this policy has been signed at _____