

State Farm Fire and Casualty Company
 A Stock Company With Home Offices in Bloomington, Illinois

1555 PROMONTORY CIRCLE
 GREELEY, CO 80638-0001

Agent Copy
 Named Insured and Mailing Address

T-20-1767-F631 F M

WILLOW SPRINGS III
 C/O COLORADO MANAGEMENT
 8100 SOUTHPARK WAY STE A-5
 LITTLETON CO 80120-4525

DECLARATIONS PAGE COVERAGE SUMMARY
 FEB 1 2011

Policy Number	96-CE-4017-4	
Policy Period	Effective Date	Expiration Date
12 Months	FEB 17 2011	FEB 17 2012
The policy period begins and ends at 12:01 am standard time at the named insured's address.		

Entity: Corporation

COMMERCIAL LIABILITY UMBRELLA POLICY

Automatic Renewal - If the **policy period** is shown as **12 months**, this policy will be renewed automatically upon payment of the renewal premium when due subject to the premiums, rules and forms in effect for each succeeding policy period. If this policy is terminated we will give you written notice in compliance with the policy provisions or as required by law.

Coverage(s)	Limits of Insurance
Coverage L - Business Liability (Each Occurrence)	\$ 1,000,000
Coverage L - Business Liability (Annual Aggregate)	\$ 1,000,000
Retained Limit	\$ 10,000

Coverage	Required Underlying Insurance	Minimum Underlying Limits
Business Liability	Bodily Injury (Per Occurrence)	\$ 500,000
	Bodily Injury (Annual Aggregate)	\$ 1,000,000
	Property Damage (Per Occurrence and Annual Aggregate)	\$ 100,000
	--or--	
Employers Non-Owned Auto Liability	Bodily Injury and Property Damage (Per Occurrence)	\$ 500,000
	Bodily Injury and Property Damage (Annual Aggregate)	\$ 1,000,000
Employers Non-Owned Auto Liability	Bodily Injury and Property Damage (Each Occurrence)	\$ 500,000
	Bodily Injury and Property Damage (Annual Aggregate)	\$ 1,000,000
	Bodily Injury (Each Person/Each Accident)	\$ 500,000 / \$ 500,000
	Property Damage (Each Accident)	\$ 100,000
	--or--	
	Bodily Injury and Property Damage (Each Accident)	\$ 500,000

Forms & Endorsements	Policy Premium
Commercial Liab Umbrella Pol	\$ 234.00
Amendatory Endorsement	
Fungus (Incl Mold) Liab Excl	
Terrorism Insurance Cov Notice	
Pollution Exclusion-Absolute	
Employment Rel Practices Amend	
Commercial Liab Umbrella Pol	

Other limits and exclusions may apply - refer to your policy

GWJJ

Continued on Reverse

BRUCE RILEY
 (303) 721-0188

Prepared FEB 01 2011

Continued from Front

Coverage	Required Underlying Insurance	Minimum Underlying Limits
Hired Auto Liability	Bodily Injury and Property Damage (Each Occurrence)	\$ 500,000
	Bodily Injury and Property Damage (Annual Aggregate)	\$ 1,000,000
	--or--	
	Bodily Injury (Each Person/Each Accident)	\$ 500,000 / \$ 500,000
	Property Damage (Each Accident)	\$ 100,000
	--or--	
	Bodily Injury and Property Damage (Each Accident)	\$ 500,000

IN WITNESS WHEREOF, this Company has caused this policy to be signed by its President and Secretary at Bloomington, Illinois.

Lynne M. Youell
Secretary

Edward B. Rust Jr.
President

The Board of Directors, in accordance with Article VI(c) of this Company's Articles of Incorporation, may from time to time distribute equitably to the holders of the participating policies issued by said Company such sums out of its earnings as in its judgment are proper.

AGREEMENT

AGREEMENT: We agree to provide the insurance described in this policy.

You agree to pay premiums when due and comply with the provisions of this policy.

COMPREHENSIVE BUSINESS LIABILITY

COVERAGE L - BUSINESS LIABILITY

If you are legally obligated to pay damages for:

1. **bodily injury**;
2. **personal injury**;
3. **property damage**; or
4. **advertising injury**,

to which this insurance applies, we will pay your **net loss** minus the **retained limit**. Our payment will not exceed the amounts shown in the **Declarations** for Coverage L - Business Liability.

This insurance applies only:

1. to **bodily injury** or **property damage** caused by an **occurrence** which takes place in the **coverage territory** during the policy period;
2. to **personal injury** caused by an **occurrence** committed in the **coverage territory** during the policy period. The **occurrence** must arise out of the conduct of your business, excluding advertising, publishing, broadcasting or telecasting done by or for you;
3. to **advertising injury** caused by an **occurrence** committed in the **coverage territory** during the policy period. The **occurrence** must be committed in the course of advertising your goods, products or services.

RIGHT AND DUTY TO DEFEND

1. When **underlying insurance** or any other insurance does not apply to an **occurrence**:

If claim or **suit** is covered by this policy but not covered by any **underlying insurance** or any other insurance available to the insured, we will have the right and duty to defend any claim or **suit** seeking damages payable under this policy even though the allegations of the **suit** may be groundless, false or fraudulent. We may investigate and settle any claim or **suit** at our discretion. Our right and duty to defend end when we have used up the applicable limit of insurance in the payments of judgments or settlements. The cost of defense and investigation are in addition to the amount of the **net loss** payable. If we are not permitted by law or otherwise to carry out the duties set forth above, we

will pay the insured for any expense incurred with our written consent.

The insured must promptly reimburse us for any amount of **net loss** we pay on behalf of the insured within the **retained limit**.

2. When underlying insurance applies to an **occurrence**:
 - a. This policy does not apply to:
 - (1) defense;
 - (2) investigation;
 - (3) settlement; or
 - (4) legal expenses,

covered by the underlying insurance.

- b. We have the right and opportunity to associate with the insured in the defense and control of any claim or proceeding reasonably likely to involve us. In such event, we and the insured will cooperate fully.
- c. If the limits of the **underlying insurance** are exhausted by an **occurrence**, we will assume charge of the settlement or defense of any claim or proceeding against the insured resulting from the same **occurrence**. We will assume charge only when this policy applies and is immediately in excess of the **underlying insurance** without intervening excess insurance with another insurer.

SUPPLEMENTARY PAYMENTS

In addition to the amount of the **net loss** payable, we will pay, with respect to any claims or **suit** we defend:

1. all expenses we incur;
2. up to \$250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which Coverage L - Business Liability applies. We do not have to furnish these bonds;
3. the cost of bonds to release attachments but only for the amount within our Limit of Insurance. We do not have to furnish these bonds;

**COMPREHENSIVE
BUSINESS LIABILITY (cont.)**

4. all reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or **suit**, including actual loss of earnings, up to \$100 a day because of time off from work;
5. all costs taxed against the insured in the **suit**;
6. prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the Limit of Insurance, we will not pay any prejudgment interest based on that period of time after the offer;
7. all interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within our Limit of Insurance.

**BUSINESS
LIABILITY
EXCLUSIONS**

Under Coverage L - Business Liability, this insurance does not apply:

1. to **bodily injury or property damage**:
 - a. expected or intended from the standpoint of the insured; or
 - b. to any person or property which is the result of willful and malicious acts of the insured.

This exclusion does not apply to **bodily injury or property damage** resulting from the use of reasonable force to protect persons or property;

2. to **bodily injury or property damage** for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement.

This exclusion does not apply if the **underlying insurance** provides coverage for the loss;

3. to **bodily injury or property damage** for which any insured may be held liable:
 - a. as a person or organization engaged in manufacturing, distributing, selling, serving or furnishing alcoholic beverages if such liability is imposed by reason of:
 - (1) any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages; or
 - (2) the furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol or which

causes or contributes to the intoxication of any person;

- b. as an owner or lessor of premises used for manufacturing, distributing, selling, serving or furnishing alcoholic beverages if such liability is imposed by reason of any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This entire exclusion does not apply to the liability imposed on any insured as the result of the giving or serving of alcoholic beverages at functions incidental to your business, provided you are not: (a) in the business of manufacturing, distributing or selling alcoholic beverages; (b) serving or furnishing alcoholic beverages for a charge whether or not such activity requires a license or is for the purpose of financial gain or livelihood; (c) serving or furnishing alcoholic beverages without a charge if a license is required for such activity; or (d) intentionally violating any statute, ordinance or regulation;

4. to any obligation of the insured under any workers compensation, disability benefits or unemployment compensation law, or any similar law.

This exclusion does not apply to liability of others the named insured assumed under contract or agreement;

5. to **bodily injury or personal injury**:
 - a. to an employee of the insured arising out of and in the course of employment, or the termination of employment, by the insured or to the spouse, child, parent, brother or sister of that employee as a consequence of employment or termination of employment of that employee by the insured; or
 - b. arising out of any:
 - (1) refusal to employ;
 - (2) termination of employment;
 - (3) coercion, demotion, evaluation, reassignment, discipline, defamation, harrasment, humiliation, discrimination or other employment-related practices, policies, acts or omissions; or
 - (4) consequential **bodily injury or personal injury** as a result of (1), (2) and (3) above.

This exclusion applies whether the insured may be liable as an employer or in any other capacity, and to

**COMPREHENSIVE
BUSINESS LIABILITY (cont.)**

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

This exclusion does not apply if the **underlying insurance** provides coverage for the loss;

6. to any:

a. **bodily injury, property damage, personal injury or advertising injury** arising out of the actual, alleged or threatened discharge, seepage, migration, dispersal, spill, release or escape of **pollutants**:

(1) at or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured;

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

(3) which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for any insured or any person or organization for whom you may be legally responsible; or

(4) at or from any premises, site or location on which any insured or any contractor or subcontractor working directly or indirectly on behalf of any insured is performing operations:

(a) if the **pollutants** are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor; or

(b) if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize or in any way respond to or assess the effects of **pollutants**;

b. loss, cost or expense arising out of any:

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

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

Parts a.(1) and a.(4)(a) of this exclusion do not apply to **bodily injury** or **property damage** caused by heat, smoke or fumes from a hostile fire or by poisoning or asphyxiation due to fumes which escape from a furnace or flue. As used in this exclusion, a hostile fire means one which becomes uncontrollable or breaks out from where it was intended to be;

7. to **bodily injury** or **property damage** arising out of the ownership, maintenance, operation, or use of any **auto** owned or operated by or rented or loaned to any insured. Use includes operation and **loading or unloading**.

This exclusion does not apply with respect to:

a. operations performed for any insured by independent contractors; or

b. liability assumed by any insured under written contract.

This entire exclusion does not apply if the **underlying insurance** provides coverage for the loss;

8. to **bodily injury** or **property damage** arising out of any aircraft owned by any insured or chartered by or for any insured without crew and, unless the **underlying insurance** provides coverage for the loss, to all other aircraft not owned by any insured;

9. to **bodily injury** or **property damage** arising out of any watercraft any insured owns. This applies only while the watercraft is away from premises any insured owns, rents or controls.

This exclusion does not apply if the **underlying insurance** provides coverage for the loss;

10. to **bodily injury** or **property damage** due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution;

11. to **property damage** to:

a. property you own; or

b. property rented to, occupied or used by or in the care, custody or control of any insured to the extent any insured is under contract to provide insurance on such property;

**COMPREHENSIVE
BUSINESS LIABILITY (cont.)**

12. to **property damage to your product** arising out of it or any part of it;
13. to **property damage to your work** arising out of it or any part of it and included in the **products-completed operations hazard**.
- This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor;
14. to damages claimed for any loss, cost or expense incurred by you or others for loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:
- a. **your product**;
 - b. **your work**; or
 - c. **impaired property**,
- if such product, work or property is withdrawn or recalled from the market or from use by any person or organization because of any known or suspected defect, deficiency, inadequacy or dangerous condition;
15. to **personal injury** unless the **underlying insurance** provides coverage for the loss;
16. to discrimination or humiliation unless the **underlying insurance** provides coverage for the loss;
17. to mental anguish or mental injury unless the **underlying insurance** provides coverage for the loss;
18. to **personal injury** or **advertising injury**:
- a. arising out of oral or written publication of material if done by or at the direction of the insured with knowledge of its falsity;
 - b. arising out of oral or written publication of material whose first publication took place before the beginning of the policy period;
 - c. arising out of the willful violation of a penal statute or ordinance committed by or with the consent of the insured; or
 - d. for which the insured has assumed liability in a contract or agreement. This part of this exclusion does not apply to liability for damages that the insured would have in the absence of a contract or agreement;
19. to **advertising injury** arising out of:
- a. breach of contract other than misappropriation of advertising ideas under an implied contract;
 - b. the failure of goods, products or services to conform with advertised quality or performance;
 - c. the wrong description of the price of goods, products or services;
 - d. infringement of registered trademark, service mark or trade name by use of any of them for goods or services sold, offered for sale or advertised. This part of this exclusion does not apply to titles or slogans; or
 - e. an offense committed by an insured whose business is advertising, broadcasting, publishing or telecasting;
20. to **property damage to impaired property**, or property that has not been physically injured, arising out of:
- a. a defect, deficiency, inadequacy or dangerous condition in **your product** or **your work**; or
 - b. a delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.
- This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to **your product** or **your work** after it has been put to its intended use;
21. to **bodily injury** or **property damage** arising out of the entrustment to others of any aircraft, **auto** or watercraft owned or operated by or rented or loaned to any insured.
- This exclusion does not apply if the **underlying insurance** provides coverage for the loss;
22. to any employee with respect to:
- a. injury to; or
 - b. death of,
- another employee of the same employer injured in the course of such employment.
- This exclusion does not apply if the **underlying insurance** provides coverage for the loss;
23. to any act or omission of any insured as a member of the board of directors of any corporation.

**COMPREHENSIVE
BUSINESS LIABILITY (cont.)**

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|---|---|
| <p>This exclusion does not apply to any corporation which is not formed for profit.</p> | <p>a. mining;</p> |
| <p>This entire exclusion does not apply if the underlying insurance provides coverage for the loss;</p> | <p>b. manufacture;</p> |
| <p>24. to a claim for damages arising out of bodily injury, personal injury or property damage which any insured or additional insured covered by this policy initiates, alleges, or causes to be brought about against any other insured or additional insured covered by this policy;</p> | <p>c. installation;</p> |
| <p>25. to bodily injury arising out of the ownership, maintenance or use of any trampoline;</p> | <p>d. removal;</p> |
| <p>26. to bodily injury, personal injury or property damage arising out of the actual or alleged exposure to asbestos or asbestos products. This includes, but is not limited to, liability arising out of the:</p> | <p>e. habitation; or</p> <p>f. use,</p> |
- of materials, products, or structures containing asbestos material. We have no duty to defend any **suit** against any insured seeking damages on account of such injury.
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NUCLEAR LIABILITY EXCLUSIONS

**NUCLEAR
LIABILITY
EXCLUSIONS**

States of America, or any agency thereof, with any person or organization;

- | | |
|--|--|
| <p>1. This insurance does not apply:</p> <p>a. to bodily injury or "property damage":</p> <p>(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 Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or</p> <p>(2) resulting from the "hazardous properties" of "nuclear material" and with respect to which:</p> <p>(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</p> <p>(b) the insured is or, had this policy not been issued, would be entitled to indemnity from the United States of America, or agency thereof under any agreement entered into by the United</p> | <p>b. to bodily injury or "property damage" resulting from the "hazardous properties" of "nuclear material" if:</p> <p>(1) the "nuclear material":</p> <p>(a) is at any "nuclear facility" owned by, or operated by or on behalf of, an insured; or</p> <p>(b) has been discharged or dispersed therefrom;</p> <p>(2) the "nuclear material" is contained in "spent fuel" or "waste" at any time processed, handled, used, stored, transported or disposed of by or on behalf of an insured; or</p> <p>(3) the bodily injury or "property damage" arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility". If such facility is located within the United States of America, its territories or possessions or Canada, this exclusion applies only to "property</p> |
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NUCLEAR LIABILITY EXCLUSIONS (cont.)

damage" to such **"nuclear facility"** and any property thereat.

2. As used in this exclusion:

a. **"byproduct material"** has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;

b. **"hazardous properties"** include radioactive, toxic or explosive properties;

c. **"nuclear facility"** means:

(1) any **"nuclear reactor"**;

(2) any equipment or device designed or used for:

(a) separating the isotopes of uranium or plutonium;

(b) processing or utilizing **"spent fuel"**; or

(c) handling, processing or packaging **"waste"**;

(3) any equipment or device used for the processing, fabricating or alloying of **"special nuclear material"** if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;

(4) 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;

d. **"nuclear material"** means **"source material"**, **"special nuclear material"** or **"byproduct material"**;

e. **"nuclear reactor"** means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;

f. **"property damage"** includes all forms of radioactive contamination of property;

g. **"source material"** has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;

h. **"special nuclear material"** has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;

i. **"spent fuel"** means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a **"nuclear reactor"**;

j. **"waste"** means any waste material:

(1) containing **"byproduct 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

(2) resulting from the operation by any person or organization of any **"nuclear facility"** included under paragraphs c.(1) and c.(2) of the definition of **"nuclear facility"**.

DESIGNATION OF INSURED

WHO IS AN INSURED

1. If you are designated in the **Declarations** as:

a. an individual, you and your spouse are insureds but only with respect to the conduct of a business of which you are the sole owner;

b. a partnership or joint venture, you are an insured. Your members, your partners and their spouses are also insureds but only with respect to the conduct of your business;

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

2. Each of the following is also an insured:

a. your employees and any person or organization acting as your real estate manager while acting

**DESIGNATION
OF INSURED (cont.)**

within the scope of their employment by you. However, no employee is an insured with respect to:

- (1) the ownership, maintenance, use, entrustment to others, including **loading or unloading of autos**:
 - (a) while off premises you own, rent or control;
 - (b) while off the ways immediately adjoining such premises;
- (2) any aircraft;

b. with respect to any **auto** which you own or is hired for your use and is used with your permission:

- (1) any person while using the **auto** with your permission; and
- (2) any person or organization legally responsible for the use of the **auto**.

However, insured does not include any person or organization, including their agents and their employees operating:

- (1) an **auto** sales agency;
- (2) an **auto** repair shop, service station or storage garage; or
- (3) public parking place,

with respect to an **occurrence** arising out of the operation thereof; or

- (4) other than you, the owner or lessee of a hired **auto**. This includes any agent or employee of the owner or lessee;

c. with respect to aircraft chartered with pilot by you or on your behalf and which is used with your permission, any person using such aircraft or any person legally responsible for the use of the aircraft. However, insured does not include:

- (1) the owner, pilot or air crew of the aircraft;
- (2) any other person operating the aircraft;
- (3) any manufacturer of aircraft engines or aviation accessories or their employees;
- (4) any aviation sales, service or repair organizations or their employees; or
- (5) any airport operator or hangar operator or their employees;

d. any person or organization for whom you have agreed to provide insurance such as is afforded by this policy. Such agreement must be in the form of a written contract. This applies only with respect to:

- (1) operations you perform;
- (2) facilities you own or use; or
- (3) the underlying limit applicable to your insurance with respect to such operation or facility;

e. any other person or organization who is insured under any policy of **underlying insurance**. The coverage for such insureds under this policy is subject to all the coverage limitations found in that **underlying insurance** other than the limits of insurance;

f. your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this policy.

LIMITS OF INSURANCE

**LIMITS OF INSURANCE -
RETAINED LIMIT**

1. The most we will pay in any one **occurrence** is the **net loss** in excess of the insured's **retained limit**, regardless of the number of:

- a. insureds under this policy;

b. persons or organizations who sustain injury or damage; or

c. claims made or **suits** brought on account of:

- (1) **bodily injury**;

LIMITS OF INSURANCE (cont.)

- (2) **personal injury**;
 - (3) **property damage**;
 - (4) **advertising injury**; or
 - (5) any combination of the above.
2. a. The most we will pay for any one **occurrence** is the Each Occurrence limit shown in the **Declarations** for Coverage L - Business Liability.
 - b. The most we will pay for all **occurrences** during the policy period is the Annual Aggregate limit shown in the **Declarations** for Coverage L - Business Liability.
 3. The **underlying insurance** may contain coverages which are subject to an annual aggregate limit of insurance for all insured damages. If so, our liability is limited to the Annual Aggregate limit shown in the **Declarations**. This applies with respect to all **net loss** caused by one or more **occurrences** during each policy year. Our Annual Aggregate Limit applies separately to each underlying insurance coverage which carries an annual aggregate limit.

However, our liability arising out of the **products-completed operations hazard** on account of all **occurrences**

- ces** during each policy period will not exceed the Annual Aggregate Limit shown in the **Declarations**.
4. For the purpose of determining our Limit of Insurance, all damages arising out of continuous or repeated exposure to substantially the same general conditions will be considered as arising out of one **occurrence**.
 5. If the limits of the **underlying insurance** are reduced or exhausted, this policy, with respect to **occurrences** which take place during the policy period:
 - a. will continue in force as excess of the **underlying insurance**; or
 - b. will continue in force as underlying insurance in the event of exhaustion of the primary insurance.
 6. If any of the **underlying insurance** coverage limits are used up or cancelled, you must try to replace the coverage. This includes the reinstatement of exhausted aggregate limits.
 7. This insurance applies separately to each insured against whom claim is made or **suit** is brought. The inclusion herein of more than one insured does not operate to increase our Limits of Insurance.

CONDITIONS

CONDITIONS

1. **Legal Action Against Us.** No person or organization has a right under this policy:
 - a. to join us as a party or otherwise bring us into a **suit** asking damages from an insured; or
 - b. to sue us on this policy unless all of the policy's terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured obtained after actual trial. However, we will not be liable for damages that are not payable under the terms of this policy or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

2. **Additional Insureds.** You must promptly notify us when an additional insured is added to any **underlying insurance** policy. If there was a premium charge for this addition, we may charge for it also.

3. **Appeals.** If the insured or the insured's underlying insurer chooses not to appeal a judgment in excess of the underlying limits or **retained limit**, we may choose to make the appeal at our cost and expense. If we make the appeal, we will be liable for:
 - a. taxable costs;
 - b. disbursements; and
 - c. interest,

incurred during the appeal. However, in no event will our liability for **net loss** exceed the amount applicable for any one **occurrence** and the additional costs and expenses for the appeal.

4. **Transfer of Your Rights and Duties Under This Policy.** Your rights and duties under this policy may be transferred only with our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until

CONDITIONS (cont.)

your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

5. **Bankruptcy or Insolvency.** The insured's bankruptcy or insolvency does not relieve us of our obligations under this policy.
6. **Cancellation.** The first named insured shown in the **Declarations** may cancel this policy by mailing or delivering to us advance written notice of cancellation.

We may cancel this policy by mailing or delivering to the first named insured written notice of cancellation at least:

- a. 10 days before the effective date of cancellation if we cancel for non-payment of premium;
- b. 30 days before the effective date of cancellation if we cancel for any other reason.

We will mail or deliver our notice of cancellation to the first named insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice. Such notice of cancellation will state the effective date of cancellation. The policy period will end on that date.

If this policy is cancelled, we will send the first named insured any premium refund due. If we cancel, the refund will be pro rata. If the first named insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.

If this policy insures more than one named insured:

- a. the first named insured may effect cancellation for the account of all insureds; and
 - b. our notice of cancellation to the first named insured is notice to all insureds. Payment of unearned premium to the first named insured is for the account of all interests therein.
7. **Changes.** This policy contains all agreements between you and us concerning the insurance afforded. The first named insured shown in the **Declarations** is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.
 8. **Inspections and Surveys.** We have the right but are not obligated to make inspections and surveys at any time, give you reports on the conditions we find and

recommend changes. Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged.

We do not:

- a. make safety inspections;
- b. undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public;
- c. warrant that conditions are safe or healthful; or
- d. warrant that conditions comply with laws, regulations, codes or standards.

This condition applies not only to us but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

9. **Examination of Your Books and Records.** We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.
10. **Duties in the Event of Occurrence, Claim or Suit.**
 - a. You must see to it that we are notified promptly of an **occurrence** that may result in a claim. Notice should include:
 - (1) how, when and where the **occurrence** took place; and
 - (2) the names and addresses of any injured persons and witnesses.
 - b. If a claim is made or **suit** is brought against any insured, you must see to it that we receive prompt written notice of the claim or **suit**.
 - c. You and any other involved insured must:
 - (1) immediately send us copies of any demands, summonses or legal papers received in connection with the claim or **suit**;
 - (2) authorize us to obtain records and other information;
 - (3) cooperate with us in the investigation, settlement or defense of the claim or **suit**; and
 - (4) assist us, upon our request, in the enforcement of any right against any person or organization that may be liable to the in-

CONDITIONS (cont.)

sured because of injury or damage to which this insurance may also apply.

- d. Except at their own cost, no insureds will voluntarily make a payment, assume any obligation or incur any expense, other than for first aid, without our consent.
 - e. If the **net loss** becomes certain because of a trial court judgment or agreement among the insured, claimant and us:
 - (1) the insured may pay the amount of **net loss** to the claimant to effect settlement. When we receive due proof of such payment, we will indemnify the insured for that part of the payment which is in excess of the **retained limit**; or
 - (2) we will, on the insured's request, make such payment to the claimant on the insured's behalf.
11. **Loss Payable.** With respect to any **occurrence**, liability under this policy will not apply unless the insured or the insured's underlying insurer has paid the amount of the underlying limits for the **occurrence**.

The insured must make a claim for loss covered under this policy within 12 months after:

- a. paying the **net loss** in excess of the amount borne by the insured; or
- b. the insured's liability has been fixed by:
 - (1) final judgment against the insured after actual trial; or
 - (2) written agreement of the insured, the claimant and us.

If the insured makes subsequent payments because of the same **occurrence**, additional claims may be made similarly from time to time. Such losses are due and payable within 30 days after they are claimed and proven in conformity with this policy.

12. **Maintenance of Underlying Insurance.** You must keep the **underlying insurance** in full force and effect during the term of this policy. The limits of insurance must be maintained without reduction other than by payment of losses covered thereunder. Failure to comply with these requirements will not invalidate this policy. However, it will mean that we will be liable only

to the extent that we would have been liable had you complied with this requirement.

13. **Other Insurance.** This policy is excess over all other valid and collectible insurance.
14. **Premiums.** The first named insured shown in the **Declarations** is responsible for the payment of all premiums and will be the payee for any return premiums we pay.

The premium shown in the **Declarations** was computed based on rates in effect at the time the policy was issued. Undeclared exposure or change in your business operation, acquisition or use of locations may occur during the policy period that are not shown in the **Declarations**. If so, we may require an additional premium. This premium will be determined in accordance with our rates and rules then in effect.

15. **Transfer of Rights of Recovery.**
- a. Since this policy is excess coverage, any insured's right of recovery against any person or any other entity cannot be exclusively subrogated to us. In case of any payment hereunder, we will act in concert with all other interests (including the insured's) concerned, in the exercise of all rights of recovery.
 - b. The apportioning of any amounts recovered will be as follows:
 - (1) First to be paid are any interests (including the insured's) that have paid an amount over and above any payment hereunder. Payment will be up to the amount they paid.
 - (2) We are to be paid next, up to the amount we paid.
 - (3) Last to be paid are the interests (including the insured's) of those as to which this coverage is excess.

Payments are limited to amounts recovered.

- c. Expenses for the recovery of any such amounts will be apportioned among the interests (including the insured's) concerned, in the ratio of their respective recoveries as finally settled.
16. **Conformity to State Law.** When a provision of this policy is in conflict with the applicable law of the state in which this policy is issued, the law of the state will apply.

DEFINITIONS

DEFINITIONS

The words "you" and "your" mean the person or organization shown as the named insured in the **Declarations**. The words "we", "us" and "our" mean the Company shown in the **Declarations**.

This section contains the definitions of words printed in bold face. It is an integral part of the policy. The definitions appearing below will be applied as if they were included each time the words they define are used in this policy.

When used in this policy (including endorsements forming a part of this policy):

1. **advertising injury** means injury arising out of one or more of the following offenses:
 - a. oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
 - b. oral or written publication of material that violates a person's right of privacy;
 - c. misappropriation of advertising ideas or style of doing business; or
 - d. infringement of copyright, title or slogan;
2. **auto** means a land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment. But **auto** does not include **mobile equipment**;
3. **bodily injury** means **bodily injury**, sickness or disease sustained by a person, including death resulting from the **bodily injury**, sickness or disease at any time;
4. **Declarations** include the policy **Declarations**, supplemental **Declarations** pages, any amendments thereto, the most recent renewal notice or certificate, or any endorsement changing any of these;
5. **coverage territory** means anywhere in the world;
6. **impaired property** means tangible property, other than **your product** or **your work**, that cannot be used or is less useful because:
 - a. it incorporates **your product** or **your work** that is known or thought to be defective, deficient, inadequate or dangerous; or
 - b. you have failed to fulfill the terms of a contract or agreement;
7. **loading or unloading**:
 - a. means the handling of property:
 - (1) after it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or **auto**;
 - (2) while it is in or on an aircraft, watercraft or **auto**; or
 - (3) while it is being moved from an aircraft, watercraft or **auto** to the place where it is finally delivered;
 - b. does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or **auto**;
8. **mobile equipment**:
 - a. means any of the following types of land vehicles, including any attached machinery or equipment:
 - (1) bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
 - (2) vehicles maintained for use solely on or next to premises you own or rent;
 - (3) vehicles that travel on crawler treads;
 - (4) vehicles, whether self-propelled or not, on which are permanently mounted:
 - (a) power cranes, shovels, loaders, diggers or drills; or
 - (b) road construction or resurfacing equipment such as graders, scrapers or rollers;
 - (5) vehicles not described in (1), (2), (3) or (4) above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - (a) air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical ex-

DEFINITIONS (cont.)

ploration, lighting and well servicing equipment; or

(b) cherry pickers and similar devices used to raise or lower workers;

(6) vehicles not described in (1), (2), (3) or (4) above maintained primarily for purposes other than the transportation of persons or cargo;

b. does not include self-propelled vehicles with the following types of permanently attached equipment which will be **autos**:

(1) equipment designed primarily for:

(a) snow removal;

(b) road maintenance but not construction or resurfacing; and

(c) street cleaning;

(2) cherry pickers and similar devices mounted on **auto** or truck chassis and used to raise or lower workers; and

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

9. **net loss**:

a. means the sum actually paid or payable in cash in the settlement or satisfaction of losses. There will be deduction for all recoveries and salvages collected. We will pay only for losses for which the insured is liable by adjudication or compromise with our written consent;

b. does not include:

(1) any loss expense;

(2) legal expenses. This includes attorneys' fees, court costs, and interest on any judgment or award; or

(3) any salaries of employees and office expenses of the insured, us, or any underlying insurer;

10. **occurrence** means:

a. an accident, including continuous or repeated exposure to substantially the same general

harmful conditions which result in **bodily injury** or **property damage**; or

b. the commission of an offense, or a series of similar or related offenses, which results in **personal injury** or **advertising injury**.

For the purposes of this definition, **bodily injury** or **property damage** resulting from the use of reasonable force to protect persons or property will be considered an accident;

11. **personal injury** means injury other than **bodily injury**, arising out of one or more of the following offenses:

a. false arrest, detention or imprisonment;

b. malicious prosecution;

c. wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, by or on behalf of its owner, landlord or lessor;

d. oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or

e. oral or written publication of material that violates a person's right of privacy;

12. **pollutants** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed;

13. **products-completed operations hazard**:

a. includes all **bodily injury** and **property damage** arising out of **your product** or **your work** except products that are still in your physical possession or work that has not yet been completed or abandoned. The **bodily injury** or **property damage** must occur away from premises you own or rent unless your business includes the selling, handling or distribution of **your product** for consumption on premises you own or rent.

Your work will be deemed completed at the earliest of the following times:

(1) when all the work called for in your contract has been completed;

DEFINITIONS (cont.)

(2) when all the work to be done at the site has been completed if your contract calls for work at more than one site;

(3) when that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

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

b. does not include **bodily injury** or **property damage** arising out of:

(1) the transportation of property unless the injury or damage arises out of a condition in or on a vehicle created by the **loading or unloading** of it; or

(2) the existence of tools, uninstalled equipment or abandoned or unused materials;

14. **property damage** means:

a. physical injury to or destruction of tangible property, including all resulting loss of use of that property. All such loss of use will be considered to occur at the time of the physical injury that caused it; or

b. loss of use of tangible property that is not physically injured or destroyed, provided such loss of use is caused by physical injury to or destruction of other tangible property. All such loss of use will be considered to occur at the time of the **occurrence** that caused it;

15. **retained limit** means the greater of:

a. the sum of:

(1) the amount of the **underlying insurance** applying to any claim or **suit**; and

(2) the amount of any other underlying insurance collectible by the insured; or

b. the amount shown in the **Declarations** for **Retained Limit**;

16. **suit**:

a. means a civil proceeding in a court of law in which damages because of **bodily injury, property damage, personal injury** or **advertising injury** to which this insurance applies are alleged;

b. includes:

(1) an arbitration proceeding in which such damages are claimed and to which you must submit or do submit with our consent;

(2) any other alternative dispute resolution proceeding in which such damages are claimed and to which you submit with our consent;

17. **underlying insurance** means the insurance listed in the **Declarations** as such;

18. **your product**:

a. means:

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

(a) you;

(b) others trading under your name; or

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

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

b. includes:

(1) warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of any of the items included in a.(1) and a.(2) above; and

DEFINITIONS (cont.)

- (2) the providing of or failure to provide warnings or instructions;
- c. does not include vending machines or other property rented to or located for the use of others but not sold;
- 19. **your work:**
 - a. means:
 - (1) work or operations performed by you or on your behalf; and
 - (2) materials, parts or equipment furnished in connection with such work or operations;
 - b. includes:
 - (1) warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of any of the items included in a.(1) and a.(2) above; and
 - (2) the providing of or failure to provide warnings or instructions.

IN WITNESS WHEREOF, this Company has executed and attested these presents; but this policy shall not be valid unless countersigned by the duly authorized Agent of this Company at the agency hereinbefore mentioned.

Kim M. Brunner

Edward B. Rust, Jr.

Secretary

President

The Board of Directors, in accordance with Article VI(c) of this Company's Articles of Incorporation, may from time to time distribute equitably to the holders of the participating policies issued by said Company such sums out of its earnings as in its judgment are proper.

AMENDATORY ENDORSEMENT (Colorado)

CONDITIONS

The **Cancellation** Condition is replaced by the following:

Cancellation.

1. The first named insured shown in the **Declarations** may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. If this policy has been in effect for less than 60 days and is not a renewal with us, we may cancel this policy by notifying the first named insured of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for non-payment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. If this policy has been in effect for 60 days or more or if it is a renewal with us:
 - a. we may cancel this policy by notifying the first named insured of cancellation at least:
 - (1) 10 days before the effective date of cancellation if we cancel for non-payment of premium; or
 - (2) 45 days before the effective date of cancellation if we cancel for any allowable reason other than non-payment of premium;
 - b. we may only cancel this policy for the following reasons:
 - (1) non-payment of premium;
 - (2) a false statement knowingly made by the insured on the application for insurance; or
 - (3) a substantial change in the exposure or risk other than that indicated in the application and underwritten as of the effective date of the policy unless the insured has notified us of the change and we accept the change.
4. We will mail our notice of cancellation by first class mail to the first named insured

at their last address shown in our records. Proof of mailing will be sufficient proof of notice.

5. Our notice of cancellation will state the reason for and the effective date of cancellation. The policy period will end on that date.
6. If this policy is cancelled, we will send the first named insured any premium refund due. If we cancel, the refund will be pro rata. If the first named insured cancels, the refund may be less than pro rata. Cancellation will be effective even if we have not made or offered a refund.
7. If this policy insures more than one named insured:
 - a. the first named insured may effect cancellation for the account of all insureds; and
 - b. our notice of cancellation to the first named insured is notice to all insureds. Payment of unearned premium to the first named insured is for the account of all interests therein.

The following **Conditions** are added:

Non-Renewal. If we decide not to renew this policy, we will mail to the first named insured at their last address shown in our records written notice by first class mail of non-renewal at least 45 days before the expiration date. Proof of mailing will be sufficient proof of notice.

If this policy insures more than one named insured, our notice of non-renewal to the first named insured is notice to all insureds.

Increase in Premium or Decrease in Coverage on Renewal. We will not increase the premium unilaterally or decrease the coverage benefits on renewal of this policy unless we mail written notice of our intention by first class mail, including the actual reason, to the first named insured at their last mailing address shown in our records at least 45 days before the effective date. Proof of mailing will be sufficient proof of notice.

If this policy insures more than one named insured, our notice to the first named insured is notice to all insureds.

Mid-Term Coverage Decrease. If we decide to decrease coverage benefits during the term of this policy, we will mail written notice of our intention by first class mail, including the reason for the decrease, to the first named insured at their last mailing address shown in our records. Proof of mailing will be sufficient proof of notice.

If this policy insures more than one named insured, our notice to the first named insured is notice to all insureds.

Any decrease in coverage during the policy term must be based on one or more of the following reasons:

1. non-payment of premium;
2. a false statement knowingly made by the insured on the application for insurance; or
3. a substantial change in the exposure or risk other than that indicated in the application and underwritten as of the effective date of the policy unless the first named insured has notified us of the change and we accept the change.

All other policy provisions apply.

FE-8846

FUNGUS (INCLUDING MOLD) LIABILITY EXCLUSION ENDORSEMENT

COMPREHENSIVE BUSINESS LIABILITY

The following exclusion is added under **BUSINESS LIABILITY EXCLUSIONS**:

27. to any:

- a. **bodily injury, property damage, personal injury or advertising injury** arising out of the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of any **fungus**;

(1) at or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured; or

(2) at or from any premises, site or location on which any insured or any contractor or subcontractor working directly or indirectly on behalf of any insured is or was at any time performing operations;

- b. loss, cost or expense arising out of any:

(1) request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify, neutralize, remediate or dispose of or in any way respond to or assess the effects of **fungus**; or

(2) claim or **suit** for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to or assessing the effects of **fungus**.

DEFINITIONS

The following definition is added under **DEFINITIONS**:

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

All other policy provisions apply.

FE-7647

In accordance with the Terrorism Risk Insurance Act of 2002, this disclosure is part of your policy.

Policyholder Disclosure Notice of Terrorism Insurance Coverage

Coverage for acts of terrorism is already included in your current policy. You should know that, effective November 26, 2002, under your existing coverage any losses caused by certified acts of terrorism would be partially reimbursed by the United States under a formula established by federal law. Under this formula, the United States pays 90% of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage.

This policy does not exclude coverage for "insured losses" that result from acts of terrorism, as defined in the new law. There is no separate premium charged to cover insured losses caused by terrorism. Your insurance policy establishes the coverage that exists for insured losses. This notice does not expand coverage beyond that described in your policy.

Please contact your agent if you have questions about the new law.

FE-6999

FE-8800
Page 1 of 1

POLLUTION EXCLUSION – ABSOLUTE

In the Exclusions section of the policy, the Exclusion concerning "**pollutants**" is replaced by the following:

This policy does not apply to any:

- a. **bodily injury, personal injury, advertising injury or property damage** arising out of the actual, alleged or threatened discharge, seepage, migration, dispersal, spill, release, or escape of **pollutants**; or
- b. loss, cost or expense arising out of any:
 - (1) request, demand or order that any insured or others test for, monitor,

clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of **pollutants**; or

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

All other policy provisions apply.

FE-8800

EMPLOYMENT RELATED PRACTICES AMENDATORY ENDORSEMENT

Under **BUSINESS LIABILITY EXCLUSIONS**, the last sentence in Exclusion 5, which reads, "This exclusion does not apply if the **underlying insurance** provides coverage for the loss." is deleted. Exclusion 5 now applies regardless of whether or not **underlying insurance** provides coverage for the loss.

All other policy provisions apply.

NON-OVERPAYMENTS