

READ YOUR POLICY CAREFULLY

AGREEMENT

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

I. DEFINITIONS

In this policy, "you" and "your" refer to the "**Insured**" as defined. "We", "us", and "our" refer to the Company listed in the DECLARATIONS. *The following Defined Words Have A Special Meaning And Are Highlighted Throughout This Policy By Bold Printing.*

- A. Aircraft** means any contrivance used or designed for flight except for models not used or designed to carry people or cargo.
- B. Automobile** means a land motor vehicle including a motorcycle, trailer or semi-trailer. **Recreational vehicles**, farm tractors, trailers and implements are not **automobiles**.
- C. Bodily injury** means bodily harm, sickness or disease, including required care, loss of services and death of a person that results. **Bodily injury** also means mental injury, mental anguish, humiliation, or shock if directly resulting from bodily harm, sickness or disease of that person.
- D. Business** means any employment, trade, profession, occupation or any other enterprise in which the **insured** has a financial interest, including **farming**.
- E. Business Property** means property on which a **business** is conducted or property rented or held for rental in whole or in part to others, but not including a **residence** as defined herein.
- F. Insured** means:
1. The **named insured**;
 2. **Relatives**;
 3. Any resident of the insured's principal household under the age of 21 under the care of the named insured.
- G. Farming** means use of premises for agricultural purposes with annual gross revenue of \$5,000 or more.
- H. Loss** means:
1. An accident, including continuous or repeated exposure to substantially the same general harmful conditions, which results, during the POLICY PERIOD, in **bodily injury** and/or **property damage**; or
 2. An offense, including a series of related offenses which first occurs during the POLICY PERIOD, and which results, during the POLICY PERIOD, in personal injury.
- I. Named insured** means the person named in the DECLARATIONS and the spouse of the **named insured**, if the spouse is also a member of the same household.

J. Net Loss

 means:

1. The amount you are legally obligated to pay as **damages for personal injury, bodily injury or property damage** including prejudgment interest;
2. All reasonable expenses you incur in the investigation, settlement and defense of any claim or suit at our request. This does not include expenses covered by another policy or expenses we incur under the Defense and Settlement section of this policy and salaries of your employees; and
3. All interest accruing on our share of the amount on any judgment between the time the judgment is entered and the time we pay, tender or deposit in the court the part of the judgment and interest which does not exceed our POLICY LIMITS.

K. Personal Injury

 means:

1. False arrest, false imprisonment, wrongful eviction, wrongful detention, malicious prosecution or humiliation.
2. Libel, slander, defamation of character or invasion of rights of privacy.

L. Property Damage

 means:

1. Physical injury or destruction of tangible property. This includes the loss of use caused by the injury or destruction. It does not include the loss of money, notes, stock, bonds or similar instruments.
2. Loss of use of tangible property which has not been physically injured or destroyed.

M. Recreational Vehicle

 means a land vehicle designed for use off public roads and not subject to any motor vehicle registration law. Farm tractors, trailers and implements are not recreational vehicles.

N. Relative

 means any person related by blood, adoption or marriage to the **named insured** who is also a resident of the **named insured's** principal household.

O. Residence

 means:

1. A one to four family dwelling, including other structures and grounds where you reside in at least one of the family units;
2. The unit where you reside in a condominium or cooperative apartment;
3. That part of any other building not stated in **1.** or **2.** where you reside; or
4. A one to four family dwelling, individual condominium or cooperative unit you own which is rented or leased to others.

P. Retained Limit

 means:

1. If this policy covers the **loss** and the **loss** is covered or was required to be covered by **underlying insurance, retained limit** means the limit of **underlying insurance** available to you for injury or damage to which this coverage applies; or
2. If this policy covers the **loss** and the **loss** is not covered or was not required to be covered by **underlying insurance, retained limit** means the amount set forth in Item 3. of the DECLARATIONS as the "Self Insured Retention".

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

1. That involve the following or preparation for the following:
 - a. Use or threat of force or violence;
 - b. Commission or threat of a dangerous act; or
 - c. Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and
2. When one or both of the following applies:
 - a. The effect is to intimidate or coerce a government, or to cause chaos among the civilian population or any segment thereof, or to disrupt any segment of the economy; or
 - b. It is reasonable to believe the intent is to intimidate or coerce a government, or to seek revenge or retaliate, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

R. Underlying insurance means the policy with the greater limit of:

1. The limit shown for that policy in the DECLARATIONS in Item 6., Required Underlying Insurance Coverage; or
2. The limit shown for that policy on the Schedule of Underlying Insurance Endorsement (if the Schedule of Underlying Insurance Endorsement is attached to this policy) or Specified Automobile Endorsement (if the Specified Automobile Endorsement is attached to this policy).

II. INSURANCE COVERAGE

A. Insuring Agreement

Coverage A - Personal Umbrella Liability. If you are legally liable to pay damages for a **loss** to which this insurance applies, we will pay your **net loss** in excess of the **retained limit**.

B. Defense and Settlement

1. We may investigate, negotiate and settle any claim or suit covered by this policy. We are not, however, obligated to defend any claim or suit which is covered in whole or in part by other insurance available to you, whether or not designated as primary, excess or contingent; provided, however, this shall not apply to insurance written specifically as excess coverage over this policy.
2. When the claim or suit is covered by this policy, but not covered by any other policy available to you:
 - a. We will defend the suit against you.
 - b. We will pay the cost of:
 - i. Bonds to release attachments up to the POLICY LIMITS;
 - ii. Appeal bonds for any suit we defend; and
 - iii. Bail bonds if you have a traffic accident or violate a traffic law.
3. We will pay the court costs, expenses and interest on our share of judgments assessed against you in a suit we defend.

4. We will pay the wages you lost at our request.

We will pay up to \$100 per day to a total of \$5,000.

5. We will pay all reasonable expenses you incur at our request.

Payments under this section are in addition to the limit of liability shown in Item 3. of the DECLARATIONS as POLICY LIMITS. Our obligation to defend any claim or suit ends when the amount we pay for damages equals the limit of liability shown in Item 3. of the DECLARATIONS as POLICY LIMITS.

III. EXCLUSIONS

Under Coverage A, we will not provide coverage for a **loss**:

- A. If you are liable under workers' compensation, unemployment compensation, non-occupational disability, occupational disease, disability benefits law or any similar law, or any changes or amendments thereto.
- B. To any employee arising out of and in the course of his employment. This exclusion does not apply to a domestic employee if **underlying insurance** provides coverage for the loss.
- C. To:
 1. Your own property
 2. **Automobiles, recreational vehicles, aircraft** or watercraft you rent, use or hold for others; or
 3. Property rented to you, occupied or used by you, entrusted to you or in your care, custody or control, to the extent that you are required by contract to provide insurance.
 - D. Arising out of the ownership, maintenance, use, loading, unloading, entrustment or supervision of any aircraft.
 - E. Arising out of the ownership, maintenance, use, loading, unloading, entrustment or supervision of any owned **recreational vehicle** or owned watercraft unless **underlying insurance** provides coverage for the loss.

However, we will not provide coverage for a **loss** arising out of the ownership, maintenance, use, loading, unloading, entrustment or supervision of:

1. Any watercraft or **recreational vehicle** while practicing for or competing in a race, speed contest or other competition, whether organized or not; or
2. Involving a recreational vehicle or watercraft you hire out or charter to others.

In addition, we will not provide coverage for a **loss** arising out of the ownership, maintenance, use, loading, unloading, entrustment or supervision of the following, unless specifically endorsed on to this policy:

3. Any watercraft 26 feet or longer in overall length. This exclusion does not apply to sailing vessels that are rented to you or which you do not own;
4. Any watercraft powered by one or more engines of more than 300 horsepower in total. This exclusion does not apply to watercraft that are not owned by you or rented to you.
- F. Caused by providing or failing to provide any professional service.

- G.** Caused by your **business** or **business property** unless underlying insurance provides coverage for the **loss**.
- H.** Arising out of the use of an **automobile** while being used as a public livery conveyance, or while carrying persons for a fee or other consideration, expressed or implied. This exclusion does not apply to a share-the-expense car pool.
- I.** Caused by your act or omission as an officer or a member of an organization or corporation's board of directors. However, this exclusion does not apply if:
 - 1.** The corporation or organization is not-for-profit and
 - 2.** You do not receive compensation other than the reimbursement of expenses and
 - 3. Underlying insurance** provides coverage for the loss.
- J.** Caused by pollution to land, water, or air however caused and wherever happening.
- K.** To the **named insured**, spouse or anyone within the meaning of part 1., 2., or 3. of **DEFINITION F. Insured**.
- L.** Arising out of the use of an **automobile** while practicing for or competing in a race, speed contest or other competition whether organized or not.
- M.** Which you expected or intended. We will not apply the exclusion if:
 - 1.** You were acting in good faith to protect people or property;
 - 2.** Your actions were not fraudulent, criminal or malicious; and
 - 3. Underlying insurance** provides coverage for the **loss**.
- N.** Arising out of the transmission of, threat of or fear of transmission of, a communicable disease or sickness.
- O.** That can be insured by a nuclear energy liability policy.
- P.** To any person in the care of any insured for child care services unless **underlying insurance** provides coverage for the **loss**.
- Q.** To any person arising out of or resulting from molestation, abuse or corporal punishment.
- R.** For any punitive or exemplary damages.
- S.** Arising out of the ingestion, inhalation, absorption or existence of lead in any form.
- T.** Arising out of any **automobile** provided to any **insured** by the employer of any **insured**, its replacement or substitute unless **underlying insurance** provides coverage for the **loss**.
- U.** Caused by an offense resulting in **personal injury** unless underlying insurance provides coverage for the loss.
- V.** 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 legal orders of a licensed physician.

- W.** This insurance does not apply to, and the Company will not defend or pay for **loss**, or any Claim arising out of, directly or indirectly resulting from, based upon or in any way involving any actual or alleged:
 - 1.** War, including undeclared or civil war;
 - 2.** Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents;
 - 3.** Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these; or
 - 4. Terrorism**, including any action taken in hindering or defending against an actual or expected incident of **terrorism**, regardless of any other cause or event that contributes concurrently or in any sequence to the injury or damage.
- X.** For Bodily Injury, Property Damage or Personal Injury arising out of any claim or suit in which the insured, or the insured's legal representative, or any underlying insurer acting on behalf of any insured, has entered into a settlement or agreement with any party to the claim without our prior written consent.

IV. YOUR DUTIES TO US

These are things you must do for us. We may not provide coverage if you do not assist us as follows:

- A.** Under Coverage A, maintain your **underlying insurance**. You agree to maintain all insurance policies affording in total the coverage and the greater of the limits shown in the DECLARATIONS in Item 6., Required Underlying Insurance Coverages, or shown on the Schedule of Underlying Insurance Endorsement (if the Schedule of Underlying Insurance Endorsement is attached to this policy).

If Required Underlying Limits are not maintained, or are not maintained at the greater of the limit of liability shown in Item 6., Required Underlying Insurance Coverages, or shown on the Schedule of Underlying Insurance Endorsement (if a schedule is attached to this policy), or are unavailable because of insolvency of the company providing your **underlying insurance**, or by reason of your breaching your underlying contract, you will be responsible for paying the amount of loss or loss adjustment expense that would have been paid by that policy had its full limit of liability been available.

In the event of reduction or exhaustion of **underlying insurance** by punitive or exemplary damage claims, the Company shall be liable for loss or claims insured hereunder only to the extent that it would have been liable without reduction or exhaustion of the **underlying insurance** by punitive or exemplary damage claims.

Your failure to comply with the foregoing paragraphs will not invalidate this policy, but in the event of such failure, we shall be liable under this policy for indemnity and/or defense expense only to the extent that we would have been liable had you complied with

- B.** Notify us of a loss. If something happens that might involve this policy, you must let us know promptly. Send written notice to us or our agent. Include the names and addresses of the injured and witnesses. Also include the time, place and account of the accident.
- C.** Notify us of a claim or suit. If a claim or suit is filed against you, notify your underlying insurer and us as soon as practical. You must send us every demand, notice, summons or other process you receive.
- D.** Help and cooperate with us and your underlying insurer at all times regarding:
 - 1.** Investigation of and settlement of claims;
 - 2.** Enforcement of your rights against others;
 - 3.** Attendance at hearings and trials;
 - 4.** Preservation of evidence and
 - 5.** Location of witnesses.

V. OTHER CONDITIONS

- A.** Appeals. If you or your underlying insurer choose not to appeal a judgment that we must help pay, we may choose to make the appeal. If we make the appeal, we will be responsible for:
 - 1.** Our POLICY LIMITS above the **retained limit**; and
 - 2.** The additional costs and interest incurred during the appeal.
- B.** Payment of Loss. After your obligation has been set by final judgment or agreement with us:
 - 1.** You may pay the **net loss** and submit proof to us. Then, we will pay the amount above the **retained limit** up to the Coverage A or B limit; or
 - 2.** We will pay the claimant directly, if you wish.
- C.** Suits Against Us. No action shall be brought against us unless you have complied with all policy provisions. No one has the right to join us in any action against you. No action shall be brought against us until your obligation has been set by final judgment or agreement with us.
- D.** Other insurance. This policy is excess over any other valid and collectible insurance, except insurance written specifically as excess coverage over the POLICY LIMITS of this policy.
- E.** Recovery. In the event we make payment under this policy, you must preserve your rights of recovery. These rights will belong to us up to the amount we pay for any **loss**. You must do nothing after the loss to prejudice our rights. Any recovery will be applied in the following order:
 - 1.** To any person who may have paid for liability in excess of our POLICY LIMITS;
 - 2.** To us up to the amount we paid under this policy; then
 - 3.** To any other person to the extent that the person is entitled to claim the remaining amount, if any. Reasonable expenses incurred in the exercise of rights of recovery will be shared among all interests on a pro rata basis according to their respective recovery.
- F.** Changes. Waivers of our rights or changes to this policy must be issued by us in writing.
- G.** Assignment. An assignment of this policy will be valid only after we give our written consent.
- H.** Bankruptcy. If you become bankrupt or insolvent, we will still honor this policy.
- I.** Death. If you die, this policy will cover your legal representative until the end of the POLICY PERIOD.
- J.** Cancellation. This policy can be canceled by you or by us.
 - 1.** Cancellation by you. You may cancel by giving advance written notice to our agent. The notice should include the date the policy should be canceled.
 - 2.** Cancellation by us. We may cancel this policy:
 - a.** For nonpayment of premium, by mailing you notice at least 15 days prior to the date cancellation is to take effect; or
 - b.** For any other reason:
 - i.** during the first 60 days this policy is in effect, provided it is not a renewal, by mailing you notice at least 15 days prior to the date cancellation is to take effect; or
 - ii.** After this policy has been in effect for 60 days or if this is a renewal, by mailing you notice at least 30 days prior to the date cancellation is to take effect.
 - 3.** Other Termination Provisions.
 - a.** If any termination provision in this policy conflicts with the law in your state, we will comply with that law.
 - b.** Any notice of cancellation will be mailed to your last address known to us. We may deliver any notice instead of mailing it. Proof of mailing will be sufficient proof of notice.
 - c.** The effective date of cancellation stated in the notice will become the end of the POLICY PERIOD.
 - d.** When this policy is canceled, the premium for the period from the date of cancellation to the Expiration Date will be refunded. The refund shall be pro-rated if we cancel the policy, but shall be based on our short-rate rules if you cancel the policy. If the return premium is not refunded with the notice of cancellation or when the policy is returned to us, we will refund it within a reasonable time after the date cancellation takes effect. However, making or offering to make the refund is not a condition of cancellation.
- K.** Limits Per **loss**. This insurance applies separately to each **insured**, but this does not increase our POLICY LIMITS per **loss**.
Our total liability under this policy for all damages resulting from any one accident or offense will not be more than the limit of liability shown in Item 3. of the DECLARATIONS as POLICY LIMITS. This limit is the most we will pay regardless of the number of insureds, claims made, persons injured or vehicles involved in an accident.
- L.** Service of Suit. Pursuant to any statute of any state, territory or district of the United States which makes provisions therefore, the Company hereby designates

the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the Statute, or his successors in office, as our true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the insured(s) or any beneficiary hereunder arising out of this contract of insurance, and hereby designates the below named as the person to whom the said officer is authorized to mail process or a true copy thereof.

It is further agreed that service of process in such suit may be made upon the General Counsel of the Company, or his nominee, at 190 South Warner Road, Wayne, Pennsylvania 19087 and that in any suit instituted against any one of them upon this policy, the Company will abide by the final decision of such court or of any appellate court in the event of an appeal.

In Witness Whereof, the company has caused this policy to be executed and attested, but this policy shall not be valid unless countersigned by a duly authorized representative of the company.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

EXCESS UNINSURED MOTORIST COVERAGE ENDORSEMENT

This endorsement adds the following Coverage - Coverage B, Excess Underinsured Motorists Coverage to the policy to which this endorsement is attached.

Section II. INSURANCE COVERAGE, Coverage B is added as follows:

Coverage B – Excess Uninsured Motorists Coverage. We will pay those sums which an insured or his legal representative shall become legally entitled to recover as loss from bodily injury which is covered by the Uninsured Motorists Coverage (including Underinsured Motorists Coverage) of the Personal Automobile Policy listed in Item 6. of the DECLARATIONS, or on the Automobile section of the Schedule of Underlying Insurance Endorsement (if attached), in excess of all underlying insurance, up to the limit applying to Coverage B as shown in Item 3. POLICY LIMITS, Coverage B on the Declarations.

We will pay under Coverage B only after the limits of liability under any other applicable liability, uninsured or underinsured motorists coverage or bond have been exhausted by payment of judgments or settlements.

All other terms and conditions of this policy remain unchanged and apply to this coverage unless otherwise indicated below.

1. As respects Coverage B – Excess Uninsured Motorists Coverage, Section V. OTHER CONDITIONS, ITEM K., is deleted and replaced with the following:

K. Limit of Insurance. Regardless of the number of policies, persons covered, covered automobiles, recreational vehicles, insureds, premiums paid, claims made, or vehicles involved in any accident, the limit of liability shown on the DECLARATIONS for Coverage B – Excess Uninsured Motorists Coverage is the most we will pay for all damages resulting from any one loss.

Any amount payable for damages under Coverage B shall be reduced by all sums paid by or for anyone who is legally liable for such damages. We will not make a duplicate payment under Coverage B for any element of loss for which payment has been made by or for anyone who is legally liable for such damages. This includes all sums paid for an insured's legal representative either directly or as a part of the amount paid to an insured. No one will be entitled to receive duplicate payments for the same elements of loss under Coverage A and Coverage B of this policy.

Any amount payable for damages under Coverage B shall be reduced by all sums paid or payable under any primary Uninsured and/or Underinsured Motorists Coverage.

We will not pay for any element of loss which is also covered under any workers' compensation, unemployment compensation, non occupational disability, occupational disease, disability benefits law or any similar law, or any changes or amendments thereto.

2. You represent and warrant that you have purchased uninsured/underinsured motorists (Motor Vehicle) coverage on all the motor vehicles covered by your underlying Automobile Liability Policy more fully described in your application and in Item 6., Required Underlying Insurance Coverage or shown on the Automobile section of the Schedule of Underlying Insurance Endorsement (if applicable) with limits equal to the limits provided therein.

3. With respect to Coverage B, the following is added to Part III. Exclusions.

Under Coverage B, we will not provide coverage for a loss:

Y. For bodily injury occurring at any time during which you do not maintain underlying Uninsured/Underinsured Motorists Coverage affording in total the coverage and the greater of the limits shown in the Declarations in item 6., Required Underlying Insurance Coverage, or shown on the Schedule of Underlying Insurance Endorsement applying to Automobile Liability (if the Schedule of Underlying Insurance Endorsement is attached to this policy).

Z. For bodily injury to an insured if any insured, or their legal representative, or any underlying insurer acting on behalf of any insured, has entered into a settlement or agreement with any party to the claim regarding a loss otherwise payable under Coverage B – Excess Uninsured Motorists Coverage without our prior written consent.

AA. To the United States of America or any of its agencies as an insured, a third party beneficiary or otherwise.

AB. Occurring while any insured is using a vehicle without a reasonable belief that the insured is entitled to do so.

AC. For punitive or exemplary damages.

AD. Which is not also covered by the Underlying Insurance applying to Uninsured Motorists Coverage.

4. With respect to Coverage B – Excess Uninsured Motorists Coverage, IV. YOUR DUTIES TO US, Section A., is deleted in its entirety and replaced by the following:

A. Maintain your underlying insurance. You agree to maintain all insurance policies affording in total the coverage and the greater of the limits shown in the DECLARATIONS in item 6., Required Underlying Insurance Coverage, or shown on the Schedule of Underlying Insurance Endorsement applying to Automobile Liability (if the Schedule of Underlying Insurance Endorsement is attached to this policy).

If the Required Underlying Insurance Coverage is not maintained, or is not maintained at the greater of the limit of liability shown in item 6., or shown on the Schedule of Underlying Insurance Endorsement applying to Automobile Liability (if the Schedule of Underlying Insurance Endorsement is attached to this policy) or is unavailable because of your breaching your underlying insurance contract, Coverage B – Excess Uninsured Motorists Coverage is null and void.

This Endorsement modifies insurance provided under the following:

Personal Umbrella Liability Policy

Amendatory Endorsement

The following is added to I. DEFINITIONS, F. Insured:

4. Any person while using an automobile owned or leased by the named insured, but only if that person is also covered for such use by underlying insurance. A person, other than those defined as insured in F. 1., 2., or 3. above, is not an insured if the use or custody is in the course of any business or is without the named insured's permission for such use or custody.

Under Section III. EXCLUSIONS, Exclusion E., paragraph 3. is deleted and replaced with the following:

3. Any watercraft 26 feet or longer in overall length. This exclusion does not apply to watercraft that are rented to you or which you do not own;

Under Section III. EXCLUSIONS, Exclusion V. is deleted and replaced with the following:

- V. 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 unless underlying insurance applies to the loss. However, this exclusion does not apply to the legitimate use of prescription drugs by a person following the legal orders of a licensed physician.

All other terms and conditions of this Policy remain unchanged. This endorsement is a part of your Policy and takes effect on the effective date of your Policy unless another effective date is shown.