City of Franklin

Mailing Address:
109 3rd Ave S
Franklin, TN 37064
(615) 791-3217

Meeting Agenda

Budget & Finance Committee

Thursday, December 4, 2025	3:00 PM	Eastern Flank Event Facility

MEETING LOCATION
Eastern Flank Event Facility
1368 Eastern Flank Circle

CALL TO ORDER

SETTING OF THE AGENDA

1. Consideration Of Changes In Agenda And Setting The Agenda
   i. Discussion Of Removal Of Items From Consent/Changes Not Requiring A Vote
   ii. Proposed Changes To The Agenda
   iii. Approval Of Agenda As Submitted Or Changed

CITIZEN COMMENTS (Open for citizens to be heard on any issue or concern, including those related to items on the agenda. Please submit a Speaker Card at the beginning of the meeting if you would like to address the Board/Commission. If you would like to speak on an agenda item, the Chair will hold your comment until the public comment period associated with the item. As provided by law, Boards/Commissions shall make no decisions or consideration of action of citizen comments for items not on the agenda, except to refer the matter to the City Administrator/Staff for administrative consideration, or to a schedule the matter for consideration at a later date. Those addressing the Board/Commission are requested to come to the microphone and identify themselves by name and address for the official record. The Chair may restrict the period for public comment, including the length of the public comment period, the number of individuals who can speak and the length of time each individual may speak. When time allows, the standard individual public comment time is two minutes.)

Comments on agenda items may be made in person or by emailing recorder@franklintn.gov before noon on the day of the meeting. Comments will be submitted for the record.

APPROVAL OF MINUTES

2. Consideration Of Approval Of Minutes
   October 16, 2025 Budget & Finance Committee Meeting

NEW BUSINESS

3. Election Of Chair And Vice-Chair, Effective 2026

4. Consideration Of DRAFT Procurement Award To Public Risk Insurors Of Franklin, Tennessee For Liability, Property, And Workers Compensation Insurance Products And Services For The Risk Management Division Of The Human Resources Department (Procurement Solicitation No. 2025-019; Funding To Be

Budgeted In The City's Operating Departments Proportional To A Combination Of Losses And Exposure For Years 2026, 2027, 2028 And, Optionally, 2029 And 2030; Contract No. 2025-0486).

Sponsors: Kristine Brock, Kevin Townsel, Sara Sylvis

5. Consideration Of DRAFT Procurement Award To P&A Administrative Services, Inc. Of Williamsville, New York In The Total Estimated Fee Of $4,166.40 Per Year For Flexible Spending Account (FSA) And Dependent Care Services For A Term Of Award For The Human Resources Department (Solicitation No 2026-005; Contract No. 2025-0485).

Sponsors: Sara Sylvis, Kevin Townsel, Kristine Brock

6. Report Of The City's External Auditor, Crosslin, PLLC, And Presentation Of The Fiscal Year 2025 Annual Comprehensive Financial Report

Sponsors: Kristine Brock, Margaret Wilson

7. Report Of The City's External Auditor, Crosslin, PLLC, And Presentation Of The Fiscal Year 2025 Annual Comprehensive Financial Report For Cool Springs Conference Center

Sponsors: Kristine Brock, Mike Lowe, Margaret Wilson

8. Consideration Of DRAFT Ordinance 2025-52, An Ordinance To Amend The Budget Of The City Of Franklin For Fiscal Year 2025-2026

Sponsors: Eric Stuckey, Michael Walters Young, Chris Franklin

9. Consideration Of DRAFT Resolution 2025-98, A Resolution Of The Board Of Mayor And Alderman For The City Of Franklin Adopting Budget Goals For The Fiscal Year 2026-2027

Sponsors: Eric Stuckey, Michael Walters Young

10. Monthly Reports For November 2025

Sponsors: Margaret Wilson

OTHER BUSINESS

11. Discussion Of Budget & Finance Committee Start Time For Calendar Year 2026

ADJOURN

Anyone needing accommodations due to disabilities please contact the ADA Coordinator at 615-791-3277 at least 24 hours prior to the meeting.

109 3rd Ave S
Franklin, TN 37064
(615) 791-3217

City of Franklin

Meeting Minutes

Budget & Finance Committee

Thursday, October 16, 2025 | **3:00 PM** | **Eastern Flank Event Facility**

CALL TO ORDER
Chairman Clyde Barnhill called the meeting to order at 03:00 PM

Board Members Present: Patrick Baggett, Clyde Barnhill, Ann Petersen, Jason Potts

Board Members Absent: None

Staff Present: Eric Stuckey, Mark Hilty, Kristine Brock, Walter Denton, Margaret Wilson, Michael Walters-Young, Norma Lockney, Jessica Davey, Angie Skarp

SETTING OF THE AGENDA

1. **Consideration Of Changes In Agenda And Setting The Agenda**
   - **i. Discussion Of Removal Of Items From Consent/Changes Not Requiring A Vote**
   - **ii. Proposed Changes To The Agenda**
   - **iii. Approval Of Agenda As Submitted Or Changed**

   Sponsors:

   A motion was made by Alderman Jason Potts, seconded by Vice Chair Ann Petersen to Approve the Agenda as Submitted. The motion passed 4-0.

CITIZEN COMMENTS (Open for citizens to be heard on any issue or concern, including those related to items on the agenda. Please submit a Speaker Card at the beginning of the meeting if you would like to address the Board/Commission. If you would like to speak on an agenda item, the Chair will hold your comment until the public comment period associated with the item. As provided by law, Boards/Commissions shall make no decisions or consideration of action of citizen comments for items not on the agenda, except to refer the matter to the City Administrator/Staff for administrative consideration, or to a schedule the matter for consideration at a later date. Those addressing the Board/Commission are requested to come to the microphone and identify themselves by name and address for the official record. The Chair may restrict the period for public comment, including the length of the public comment period, the number of individuals who can speak and the length of time each individual may speak. When time allows, the standard individual public comment time is two minutes.)

Comments on agenda items may be made in person or by emailing recorder@franklintn.gov before noon on the day of the meeting. Comments will be submitted for the record.

APPROVAL OF MINUTES

2. **Consideration Of Approval Of Minutes**
   September 11, 2025 Budget & Finance Committee Meeting

   Sponsors:

   A motion was made by Alderman Jason Potts, seconded by Vice Chair Ann Petersen to Approve the September 11, 2025 Budget & Finance Committee Minutes. The motion passed 4-0.

NEW BUSINESS

3. **Report Of The Actuary On The City's Defined Benefit Pension Plans**
Sponsors: Kristine Brock

The item was acknowledged.

4. **Consideration Of Resolution 2025-64, A Resolution To Adopt An Amended Customer Service Policy**
Sponsors: Kristine Brock, Jessica Davey

A motion was made by Alderman Jason Potts, seconded by Alderman Patrick Baggett to Recommend Approval of the Resolution to the Board of Mayor and Aldermen. The motion passed 4-0.

5. **Consideration Of Resolution 2025-88, A Resolution Authorizing The City Of Franklin, Tennessee, To Issue Its General Obligation Bonds In The Aggregate Principal Amount Of Not To Exceed $118,000,000**
Sponsors: Kristine Brock

A motion was made by Alderman Jason Potts, seconded by Alderman Clyde Barnhill to Recommend Approval of the Resolution to the Board of Mayor and Aldermen. The motion passed 4-0.

6. **Consideration Of Resolution 2025-90, A Resolution Authorizing The Issuance Of Not To Exceed $118,000,000 In Aggregate Principal Amount Of General Obligation Bonds Of The City Of Franklin, Tennessee; Making Provision For The Issuance, Sale And Payment Of Said Bonds; Establishing The Terms Thereof And The Disposition Of Proceeds Therefrom; And Providing For The Levy Of Taxes For The Payment Of Principal Of, Premium, If Any, And Interest On The Bonds**
Sponsors: Kristine Brock

A motion was made by Alderman Jason Potts, seconded by Alderman Patrick Baggett to Recommend Approval of the Resolution to the Board of Mayor and Aldermen. The motion passed 4-0.

7. **Consideration Of Guidance On Appropriations To Outside Agencies**
Sponsors: Michael Walters Young, Norma Lockney

The item was acknowledged.

8. **Monthly Reports For October 2025**
Sponsors: Margaret Wilson, Kristine Brock

The item was acknowledged.

OTHER BUSINESS

ADJOURN

A motion was made by Alderman Jason Potts, seconded by Vice Chair Ann Petersen to Adjourn the Meeting. The motion passed 4-0.

Meeting Adjourned @ 04:35 PM

_____
Clyde Barnhill, Chair

Minutes Prepared by Sarah Schilling, Deputy City Recorder - City Recorder's Office - 11/26/25, 8:29 AM

City of Franklin

109 3rd Ave S.
Franklin, TN 37064
(615) 791-3217

File #: 21-01730

DATE: 12/4/2025

TO: Budget & Finance Committee

FROM: Kristine Brock, Asst. City Administrator/CFO
Kevin Townsel, Director of Human Resources
Sara Sylvis, Benefits Manager

SUBJECT:

Consideration Of DRAFT Procurement Award To Public Risk Insurors Of Franklin, Tennessee For Liability, Property, And Workers Compensation Insurance Products And Services For The Risk Management Division Of The Human Resources Department (Procurement Solicitation No. 2025-019; Funding To Be Budgeted In The City's Operating Departments Proportional To A Combination Of Losses And Exposure For Years 2026, 2027, 2028 And, Optionally, 2029 And 2030; Contract No. 2025-0486).

PURPOSE:

The purpose of this procurement is to purchase liability, property, and workers compensation insurance products and services for a term of award of three (3) years, beginning January 1, 2026, with two (2) options to extend, each time for up to one (1) additional year.

BACKGROUND/STAFF COMMENTS:

The City published on May 22, 2025 a Notice to Proposers in the *Williamson Herald* for liability, property, and workers compensation insurance products and services. In addition, solicitation documents were sent May 23, 2025 directly to eight (8) potential proposers known or thought to be interested in this solicitation. Proposals from three (3) service providers were publicly opened at the submittal opening held on June 24, 2025. A tabulation of the proposals received for this solicitation is attached.

Using evaluation criteria included in the request for proposals, the proposal evaluation team, consisting of staff of the City's Human Resources Department, recommends the City select the firm submitting the proposal ranked highest by the proposal evaluation team, namely Public Risk Insurors of Franklin, Tennessee (which is the incumbent service provider). The evaluation criteria included in the request for proposals consisted of (a) competency, experience and qualifications (20%), (b) technical expertise; means, methods, approach and systems (25%) (c) unique strengths of the proposer/proposal (10%), (d) thoroughness and quality of proposal (15%), (e) pricing and payment clarity (10%), and (f) fee for proposed products and services (20%). For each of the six of the

evaluation criteria included in the request for proposals, the average scores recorded by the proposal evaluation team for the Public Risk Insurors proposal were top among the three (3) proposals.

FINANCIAL IMPACT:

The liability, property and workers' compensation insurance products and services being recommended by staff are attached. Funding for these insurance products and services is to be budgeted in the City's operating departments proportional to a combination of losses and exposure for years 2026, 2027, 2028 and, optionally, 2029 and 2030.

RECOMMENDATION:

Staff recommends that the City accept, contingent upon Law Department and City Administrator approval of City Contract No. 2025-0486, the proposal ranked highest by the proposal evaluation team, from Public Risk Insurors of Franklin, Tennessee, for liability, property and workers' compensation insurance products and services for a term of award of three (3) years, beginning January 1, 2026, with two (2) options to extend, each time for up to one (1) additional year, and award this procurement to this proposer. The City's Purchasing Manager believes the prepared solicitation documents as distributed allowed for competition among multiple service providers, and that the staff recommendation appears to be made in a fair and impartial manner based upon the proposals received.

Contract No. 2025-0486 is not yet in final form and therefore a DRAFT copy is attached. When it is in final form, and if the staff recommendation to accept the proposal from and award the procurement to Public Risk Insurors is approved by the Board of Mayor and Aldermen, then, pursuant to authority previously granted by the Board of Mayor and Aldermen, Contract No. 2025-0486 will be executed by the City Administrator and subsequently reported to the Board of Mayor and Aldermen.

Tabulation of results from submittal opening for City of Franklin, TN Procurement Solicitation No. 2025-019*

Event Number	2025-019		**Organization**	City of Franklin, TN eBid		
Event Title	liability, property, and workers compensation insurance products and services		**Workgroup**	Purchasing		
Event Description	liability, property, and workers compensation insurance products and services		**Event Owner**	Suzanne Ward		
Event Type	RFP		**Email**	suzanne.ward@franklintn.gov		
Issue Date	5/23/2025 02:36:29 PM (CT)		**Phone**	615-550-6698		
Close Date	6/24/2025 02:00:00 PM (CT)		**Fax**	n/a		

Responding Supplier	Response Submitted	Does the proposal include all required documents?	Does the proposal take any exceptions to the City's procurement solicitation? / If so, how many?	Insurance Carrier / Summary:	Average points allocated by proposal evaluation team (out of a possible 100)	Proposal is offered through:
Johnston & Associates, Inc. Thompsons Station TN	6/19/2025 02:46:02 PM (CT)	No / Submitting only as TPA. (Proposal Submittal Form was incomplete.)	None: however, City notes proposal did not quote required coverages.	Submitted only as TPA	54.50	9/30/2025
Public Risk Insurors (Tennessee Risk Management Partners LLC) Franklin TN	6/24/2025 01:45:00 PM (CT)	Yes / City notes Supplier Response Form was missing 2 signatures and payment info.	Yes / City notes the 7 exceptions to COI were deemed to be equal to or more than the minimum requirements.	Travelers cover required items 1-5,8-10, 12 and other items: telecommunications, contractors equipment, scheduled property, computerized equipment, professional liability, public entity management liability, and employment practices liability; AIG cover required item 11; Coalition cover excess cyber liability and breach expenses; Philadelphia Insurance cover required item 14; Berkley Life and Health Ins. Co. cover required item 16; and Midwest Employers Casualty cover excess workers compensation.	98.50	1/1/2026
USI Insurance Brentwood TN	6/24/2025 12:38:33 PM (CT)	No / Submitting only as Broker (Proposal Submittal Form was incomplete.)	None: however, City notes proposal did not quote required coverages.	Submitted only as Broker	55.00	1/5/2026

Prepared 8/15/2025 by
City of Franklin, TN Purchasing Office

*Shaded submittal is the proposal scored highest by the proposal evaluation team

CITY OF FRANKLIN, TENNESSEE
PROCUREMENT AGREEMENT

(City of Franklin Contract No. 2025-0486) DRAFT

THIS PROCUREMENT AGREEMENT ("AGREEMENT") is by and between the City of Franklin, Tennessee ("CITY"), and Public Risk Insurors of Franklin, Tennessee ("BROKER / AGENT"), who mutually agree as follows:

1. CITY issued (a) on May 23, 2025 Purchasing Office Solicitation No. 2025-019, a procurement solicitation for proposals for liability, property, and workers compensation insurance products and services, and (b) on June 3, 2025 Addendum No. 1 to Purchasing Office Solicitation No. 2025-019 (collectively, "SOLICITATION").

2. In response to SOLICITATION, BROKER / AGENT submitted a proposal dated June 24, 2025 ("SUBMITTAL"), a copy of excerpts from which is attached hereto as Attachment No. 1 and hereby incorporated by reference as if fully set forth herein.

3. BROKER / AGENT included in SUBMITTAL CITY's Standard Procurement Terms and Conditions with BROKER / AGENT's contact information inserted ("CITY'S TERMS"), a copy of which is attached hereto as Attachment No. 2 and hereby incorporated by reference as if fully set forth herein.

4. SERVICE PROVIDER has, subsequent to SUBMITTAL, also completed, signed and submitted an affirmation of intent to be bound by SUBMITTAL ("AFFIRMATION OF INTENT TO BE BOUND"), a copy of which is attached hereto as Attachment No. 3 and hereby incorporated by reference as if fully set forth herein.

5. BROKER / AGENT has, subsequent to SUBMITTAL, stated that BROKER/AGENT has fewer than five (5) employees and thus is exempt from Workers Compensation and Employers Liability coverages otherwise required by the State of Tennessee, and has also submitted three (3) Certificate(s) of Liability Insurance ("CERTIFICATES OF INSURANCE"), copies of which are attached hereto as Attachment No. 4 and hereby incorporated by reference as if fully set forth herein, that meet or exceed CITY's Insurance Requirements as included in SOLICITATION.

6. If and when insurance coverage documented by CERTIFICATES OF INSURANCE referenced above expires either before the expiration of any term of award described below, including any extensions thereto, or before the supply and delivery by BROKER / AGENT and the acceptance by CITY of all of the products and/or services ordered from BROKER / AGENT, pursuant to this AGREEMENT, then BROKER / AGENT shall immediately suspend work or supply and delivery unless and until it provides one or more unexpired replacement certificates of insurance that either indicates or collectively indicate the new date(s) of insurance coverage expiration and that either (a) meets or exceeds or (b) collectively meet or exceed CITY's Insurance Requirements as included in SOLICITATION.

7. In the event that insurance coverage documented by CERTIFICATES OF INSURANCE referenced above is materially modified or canceled either before the expiration of any term of award described below, including any extensions thereto, or before the supply and delivery by BROKER / AGENT and the acceptance by CITY of all of the products and/or services ordered from BROKER / AGENT, pursuant to this AGREEMENT, then BROKER / AGENT shall, immediately upon learning of any such material modification or cancelation, suspend work or supply and delivery and shall, within three (3) calendar days of such learning, notify CITY of any such material modification or cancelation.

8. BROKER / AGENT agrees to impose CITY's Insurance Requirements as included in SOLICITATION upon any subcontractors it utilizes for this procurement. Except as may be approved and authorized by CITY in advance of any subcontractor commencing work for this award, BROKER / AGENT may not subcontract any service component of the award except as is indicated in SUBMITTAL.

9. BROKER / AGENT has, subsequent to SUBMITTAL, also submitted CITY's Indemnification Agreement, executed for BROKER / AGENT ("INDEMNIFICATION AGREEMENT"), a copy of which is attached hereto as Attachment No. 5 and hereby incorporated by reference as if fully set forth herein.

10. Regarding the workers' compensation insurance products and services included in SUBMITTAL:

    a. CITY elects to self-insure and to engage the services of a third-party administrator.

    b. CITY acknowledges but, pursuant to this AGREEMENT, does not accept either the exceptions to SOLICITATION or the form of agreement for third-party claim administrative services as each are included in the PMA Management Corp. proposal within SUBMITTAL.

    c. CITY agrees to negotiate in good faith toward a mutually agreeable service agreement for third-party claim administrative services.

11. CITY awarded on November 11, 2025 to BROKER / AGENT the purchase of liability, property, and workers compensation insurance products and services pursuant to SOLICITATION and SUBMITTAL.

12. The term of award shall commence upon January 1, 2026 (the effective date of this AGREEMENT) and shall expire three (3) years from the effective date of this AGREEMENT. At any time after commencement but before or as soon as practicable after the expiration of this term of award, CITY and BROKER / AGENT may, by mutual consent, exercise not more than two (2) options to extend the term of award, each time for up to one (1) additional year, for a maximum possible term of award of five (5) years total, provided: (a) that both parties consent to such an extension at that time; (b) that the decision to exercise such an extension is memorialized in writing and is executed by authorized representatives of each party (in the case of CITY, either CITY's City Administrator or CITY's Purchasing Manager or CITY's Procurement Officer IV, after consultation with CITY's Director of Human Resources, is so authorized); (c) that the same terms and conditions that apply to the original term of award shall also apply to such an extension, excluding pricing; (d) that if BROKER / AGENT chooses not to consent to an extension to the term of award, then it shall notify CITY of that decision a minimum of six (6) months in advance of the scheduled expiration of the term of award; and (e) at CITY's discretion, CITY and BROKER / AGENT may negotiate an additional extension beyond such expiration. Note that CITY and BROKER / AGENT each specifically retain the non-exclusive right, with or without cause, not to extend the term of award.

13. The premiums quoted by BROKER/AGENT in SUBMITTAL shall be guaranteed only for the policy year beginning July 1, 2025, except if and as changes to the schedule of coverage are requested by CITY, in which case the premiums shall be adjusted by an amount to be negotiated, pro-rated for the balance of that policy year.

14. During the three-year term of award, the premium for the policy years beyond the policy year beginning July 1, 2025 shall be quoted by BROKER/AGENT and offered to CITY at least four (4) months prior to the start of the policy year for which the renewal proposal was prepared or six (6) weeks after information and documentation necessary for BROKER/AGENT to prepare the renewal proposal is provided by CITY, whichever is later, and annual renewals of coverage are subject to (a) the performance of BROKER/AGENT and the carrier(s) / service provider(s) having been acceptable to date and (b) mutually acceptable negotiated coverage, terms, conditions and pricing.

15. If CITY and BROKER/AGENT mutually agree to extend the term of award pursuant to the above-described options to do so, then the premium for any policy year beyond the third policy year of the term of award shall be quoted and offered to the City at least four (4) months prior to the start of the policy year for which the renewal proposal was prepared or six (6) weeks after information and documentation necessary for BROKER/AGENT to prepare the renewal proposal is provided by CITY, whichever is later, and CITY reserves the right to reject any such renewal proposal and select another agent/broker and/or carrier(s) / service provider(s) by a means of CITY's exclusive choosing.

16. In the event of a conflict between the following documents, the order of precedence shall be as follows: (a) this AGREEMENT; (b) CITY's TERMS; (c) INDEMNIFICATION AGREEMENT; (e) SOLICITATION; and (f) SUBMITTAL.

EXECUTED THIS _____ DAY OF _____ 20____.

For BROKER / AGENT:

_____
(signature of BROKER / AGENT's authorized representative)

TITLE: _____

For CITY:

_____
(signature of CITY's authorized representative)

TITLE: City Administrator

Approved as to Form:

_____
J. Blake Harper, Assistant City Attorney II

Attachment No. 1

Excerpts from SUBMITTAL

Proposal Submittal Form

Proposal Submittal Form

a form required of Bidders and Proposers on purchases of supplies, materials, equipment and services for the

City of Franklin, Tennessee

Purchasing Office Solicitation No.: 2025-019

Proposer's name:	Public Risk Insurors
Page Instructions: Complete this page of the Proposal Submittal Form for each carrier for which you are submitting a proposal. **Use this page to quote the annual premium for the specified limits of coverage and deductible amounts.** (If proposer recommends City consider limits of coverage and deductible amounts other than as specified, use the following page to quote the premium for such an alternate schedule of coverage limits and deductible amounts.) Attach additional explanation as necessary.	
Insurance carrier / program:	See attached
A.M. Best rating (carrier or reinsurer):	See attached
Financial size class:	See attached
Coverage	**Annual Premium (1/1/2026 – 12/31/2026)**
1. Property Coverage including Flood, Earthquake, Electronic Data Processing, Loss of Earnings, and Extra Expense	$693,912
2. Boiler & Machinery or Equipment Breakdown	$34,341
3. Inland Marine	$152,109
4. General Liability	$316,355
5. Law Enforcement Liability	$427,944
6. Errors or Omissions Liability	$Included
7. Employment Practices Liability	$Included
8. Automobile Liability and Physical Damage	$482,604
9. Umbrella	$104,450
10. Crime	$3,477
11. Cyber Risk Liability	$Various options - see attached
12. Fiduciary Liability	$12,990
13. Workers Compensation	$155,120 + $10,000 surety bond
14. Media Liability	$3,384
15. Special Events	$As needed
16. Accident	$500
17. Environmental Liability (quote desired but not required)	$To be determined
Total Annual Premium	$2,397,185
Signature of proposer's authorized representative: I hereby certify that I am a duly authorized and licensed representative of the insurance carrier / program named above and am legally permitted to submit this quote for insurance coverage to the City of Franklin, and will enter into an agreement and/or binder for coverage with the City of Franklin on or before 1/1/2026 for coverage to be effective 1/1/2026 if awarded the quote for coverage in writing by 12/1/2025.	(signature)
Title of proposer's authorized representative:	President
Date of signature:	6.24.2025

Insuring Company	AM Best Rating	Financial Size Category
Coalition	A-	VII
Corvus	A++	XV
AIG	A+	XV
Midwest Employers	A+	XV
PMA Group	A+	XV
Travelers	A++	XV
Philadelphia	A++	XV
Berkley Accident and Health	A+	IX

Because these proposals are presented more than 90-120 days prior to renewal on 1.1.2026, all premiums are **CONDITIONAL** as updates on exposures and losses will be required prior to renewal on 1.1.2026.

Cyber Options:		Insuring Company	Premium incld fees	Limit of Liability	Retention
Option #1	Primary	AIG	$149,254	$5,000,000	$100,000
	Excess	Coalition	$111,566	$5,000,000	
Option #2	Primary	Corvus	$123,625	$5,000,000	$100,000
	Excess	Coalition	$91,430	$5,000,000	

Proposal Submittal Form

a form required of Bidders and Proposers on purchases of supplies, materials, equipment and services for the

City of Franklin, Tennessee

Purchasing Office Solicitation No.: 2025-019

INSURANCE AGENT/BROKER QUESTIONNAIRE

BACKGROUND (ATTACH ADDITIONAL PAGES AS NECESSARY):

Proposer's name: Public Risk Insurors Year firm established: 2011

Attach supplement indicating the names, experience and professional qualifications of those individuals who would be directly involved with the placement of coverage and service of the account. In addition, identify the services each individual would be providing to the City.

Number of licensed property and casualty agents: 2

Number of licensed property and casualty brokers: 1

Number of accounts with excess insurance commercial premium above $100,000 with deductibles/retention's exceeding $50,000 for property and $500,000 for liability: 15 Premium above $100,000

Identify the individual(s) who would be marketing the property and liability portion of the account and negotiating with the underwriters (attach resumes if not included above):

Property: Laura Jungmichel

Liability: Laura Jungmichel

Identify and describe your relationship with any intermediaries who would be involved in marketing the program. Describe their role in the process (examples include: marketing hub of parent for local branch office, managing agent authorized to underwrite and set pricing for the insurance carrier, surplus lines agent/broker).

All lines are a direct relationship with Laura Jungmichel and the individual carriers with the exception of Cyber and Excess Cyber which are placed through Aimwins as a broker.

Identify the individual(s) who would be responsible for day to day basis account service (attach resumes if not included above):

Principal: Laura Jungmichel

Alternate: Tara Moore

Provide the organization, individual name and phone numbers of at last three (3) references for accounts of similar nature regarding program format, industry and/or size.

See attached reference page

Proposal Submittal Form

a form required of Bidders and Proposers on purchases of supplies, materials, equipment and services for the

City of Franklin, Tennessee

Purchasing Office Solicitation No.: 2025-019

INSURANCE AGENT/BROKER QUESTIONNAIRE (continued)

SERVICES AVAILABLE (ATTACH ADDITIONAL PAGES AS NECESSARY):

Describe special experience your firm has regarding insurance placements for this type of account:

Public Risk Insurors specializes in working with Public Entities only in Tennessee and Mississippi. We have been the broker for the City of Franklin for 12 years.

Briefly describe how you identify and select carriers to submit proposals for coverage and pricing for an account of this nature.

There are companies that specialize in only Public Entity insurance as well as those that specialize in a particular line of coverage. Those are the carriers with whom we have contracted as brokers.

In addition to requested services in the request for proposals, what in-house services are available at no additional cost, and what is the time limitation? (Include resumes of individuals providing service.)

Laura Jungmichel provides consulting with the city on contract review, premium breakdowns by department, review of certificates of insurance as requested. No time limitation.

Other than placement of excess insurance and any no-cost additional services noted above, what in-house services are available at additional cost? (Include resumes of individuals providing service, and cost for services quoted.)

Property appraisals

What other resources are available from your firm? Please indicate any associated costs.

Laura Jungmichel attends the majority of BOMA work sessions. We provide risk control resources and loss analysis. We assist with responses for the annual actuarial study.

Proposal Submittal Form

a form required of Bidders and Proposers on purchases of supplies, materials, equipment and services for the

City of Franklin, Tennessee

Purchasing Office Solicitation No.: 2025-019

INSURANCE AGENT/BROKER QUESTIONNAIRE (continued)

SERVICES AVAILABLE (continued):

What do you consider your role in policyholder coverage disputes with carriers during the policy term you are the agent of record and does this role cease if you later are not the agent of record?

We are an advocate for the city in resolving any claim and coverage disputes. That role continues until all claims are closed.

How do you assess and market the program during the renewal process?

We keep up with market changes and review with the client as we approach the renewal.

What role do you play in claim settlements with insurers?

Our role is to be sure that all parties are in agreement. There are special account claims handling instructions that are created by the city.

How would you assist in identifying risks (both insurable and non-insurable) and do you disclose gaps in coverage or recommend alternative loss control techniques to the client for those risks?

I attend most BOMA work sessions which keep me updated in identifying risks. I advise risk management to determine if they are insurable as well as any gaps in coverage to be filled.

If proposing safety and loss control services, describe below or by attachment: in-house safety and loss control library materials; the proposed staff to be used (including resumes); types of services available; and hourly or daily rate for each specialty which is not included in the flat fee pricing.

All of our carriers have extensive online resources for safety and loss control including onsite training as requested at no additional cost.

Proposal Submittal Form

a form required of Bidders and Proposers on purchases of supplies, materials, equipment and services for the

City of Franklin, Tennessee

Purchasing Office Solicitation No.: 2025-019

INSURANCE AGENT/BROKER QUESTIONNAIRE (continued)

SERVICES AVAILABLE (continued):

When requested, would you provide renewal and unbiased alternate quotations no later than 90 days prior to the expiration of policy(s)? (The City reserves the right of decision to renew or to request formal proposals.)

Of course.

Would you provide a market forecast by line of insurance during the City budgeting period?

Yes.

Would you obtain each year an updated five-year loss history from current and prior carriers?

Yes. That is part of the annual claim review and analysis.

Would you attend City meetings when requested?

Yes. I have done so in the past with law, finance, police, parks, risk management when requested.

Would you issue binders and certificates when required?

Yes.

Would you allow the City full access to your working files?

Of course. Full Transparency.

Would you disclose to the City, prior to marketing coverage, any contingency commissions or other compensation arrangements?

Yes.

Laura L. Jungmichel

1881 Gen. George Patton Dr., Suite 105 | Franklin, TN 37067
laura@publicriskinsurors.com

EMPLOYMENT HISTORY

Founder and President 2010 — Present

Tennessee Risk Management Partners LLC dba Public Risk Insurors, Franklin, TN.

- Founder and President of the only independent insurance agency in Tennessee focused solely on insuring public entities.
- Public Risk Insurors currently serves approximately 30 different public entities including the Cities of Franklin and Lebanon, as well as many counties, and public school systems.
- Public Risk Insurors is currently the 4th largest insuror of public entities in the state of Tennessee with over $18 million in premium.

Director of Underwriting and Reinsurance Services 1991 — 2010

Tennessee Municipal League Risk Management Pool, Brentwood, TN.

- Developed and maintained all TML Pool underwriting policies and procedures as well as trained and managed a team of underwriters responsible for over $63,000,000 in premium and representing over 500 Tennessee public entities.

EDUCATION

- B.A. in Political Science, Stephens College, Columbia, MO
- Associate in Underwriting (AU)
- Risk Management for Public Entities certification (RMPE)

AFFILIATIONS

Member of TnPRIMA and a vendor-sponsor of TnPRIMA Conference and Convention.
Premier Level Member Business Affiliate of the Tennessee School Boards Association.
Association of Municipal Schools (AIMS) Vendor and Sponsor.
Member, National Association of Professional Women.
Tennessee Association of School Business Officials Vendor and Sponsor.
Member of The Insurors of Tennessee.

Executive Summary

Executive Summary

Public Risk Insurors with Laura Jungmichel as the lead broker and president has been the insurance broker for the City of Franklin since 2012.

Over the following 13 years, the challenges of growth and maintaining the Franklin quality of life required an insurance agent/broker partner who has proven to be reliable and responsive by working alongside city employees to both accomplish the city's long term goals as well as its day to day operational needs.

Public Risk Insurors is a woman owned single member LLC focused solely on providing insurance and risk management solutions to public entities in Tennessee and Mississippi.

Public Risk Insurors has provided the following services consistently during the past thirteen years.

- Consulting solutions and problem solving regarding exposures and events as needed
- Insurance exposure analysis and insurance coverage placement
- Maintenance of all Excel spreadsheets for all exposure data
- Complete premium allocations by department as outlined by Finance
- Assemble and complete Workers Compensation audits and Auto audits
- Attend 90% of all BOMA work sessions every other Tuesday night at 5:00p and report gaps in coverage and related insurance issues
- Review of insurance provisions for all city contracts as requested by Law
- Review of all certificates of insurance received by the city as requested by Risk Management
- Process and facilitate all certificates of insurance required of the city
- Periodic analysis of flood zone exposures
- Assist with claims management and claims advocacy
- Conduct quarterly claim reviews
- Participate and/or facilitate on-site employee training and education related to insurance, including but not limited to law enforcement, employment, and workers compensation
- Placement of special event coverage for city events, including but not limited to Fourth of July Fireworks, Family Day, and Touch a Truck as requested
- Conduct on-site inspections as needed
- Facilitate building and contents appraisals as needed

- Assist with actuarial studies as needed
- Conduct pre-event site inspections as requested
- Attendance at Pilgrimage Festival to assist in risk control as requested
- BOMA presentations as requested
- Assist individual departments as requested:
    - Finance – Premium breakdowns, audits, loss fund analysis and documentation regarding Workers Compensation open claims
    - Special Events – Attendance at events, pre-event inspections, review of submitted certificates of insurance
    - Technology – Facilitate on-site training for cyber issues
    - Parks and Recreation – Review of submitted certificates of insurance, consultation of facility use agreements, and general attendance at meetings as requested
    - Law Enforcement – Facilitate on-site training and general attendance at meetings as requested
    - Human Resources – Assistance with NCCI class code assignments, review of employee policies as requested, and general attendance at meetings as requested
    - Fire – General attendance at meetings as requested
    - Law – Review of contracts or agreements with indemnification and insurance clauses as requested

Public Risk Insurors has functioned and would desire to continue to function as the city's liaison with service providers, continue to attend and advocate for the city in meetings with service providers, and continue to assist with implementation of those insurance programs and coverages.

Laura Jungmichel of Public Risk Insurors has over 35 years experience in municipal insurance and risk management. We believe that we are a very accessible organization with integrity and transparency. We do not have any conflict of interest with the city. All insurance carriers that have provided proposals are all rated by AM Best as A or better and the Insurance Department of the State of Tennessee has jurisdiction over all carriers, TPAs and agent/broker.

Throughout the proposal we have included Risk Control options for each carrier. It is our premise that we come along side each client to supplement the risk control needs of each client. And we work to coordinate training and resources provided by the carriers.

We organize quarterly claim reviews to be continuously aware of claim status. We seek to make the claim process (especially with Workers Compensation) easy to administer and manage.

We have provided two options for Cyber and Excess Cyber coverage for the city to consider.

We have included a proposal in partnership with PMA Group as a TPA to administer Workers Compensation claims.

Because the RFP for proposals are required on 6.24.2025 that is more than 90-120 days prior to the effective date of 1.1.2026. The insurance carriers premiums are all CONDITIONAL as updates in exposures and losses will be required prior to renewal on 1.1.2026

We have appreciated our relationship with the City of Franklin and hope that we will be able to continue to serve the insurance needs of the city in the future.

Public Risk Insurors



We offer our clients the following strategic agency services:

- We perform a regular review of your exposures and identify any gaps or inadequacies in your coverage
- We develop, monitor, and assist in the management of your property, vehicles, and equipment schedules
- Analyze past loss history to determine the most advantageous deductibles and limits of coverage
- Assist in the completion of all insurance applications annually
- Create a database of employee remuneration by correct classification code and identification of allowable deductions
- Assist in the reporting and monitoring of claims
- Monitor and assist in the management of certificates of insurance
- Review insurance provisions of contracts and leases with access to updated insurance requirements and suggestions
- Suggest options for premium allocation by department as arisk control tool

Exceptions

Exceptions:

- Social Engineering - $500,000 Limit
- Cyber Crime - $500,000 Limit
- Invoice manipulations - $250,000 Limit
- Public Entity Management - $25,000 Deductible (same as expiring)
- Employment Practices Liability - $25,000 Deductible (same as expiring)
- Computerized Equipment - $2,500 Deductible
- Contractors Equipment - $2,500 Deductible

References

References:

Franklin Special School District – Current Broker

Dr. David Snowden

Director of Schools

615.794.6624

dsnowden@fssd.org

Maury County Board of Education – Current Broker

Eric Perryman

Assistant Superintendent of Operations

931.388.8403

eperryman@mauryk12.org

Coffee County Government – Current Broker

Marianna Edinger

CCFO

931.723.5102

marianna@coffeecobudgets.org

City of Tullahoma – Current Broker

Jason Quick

City Administrator

931.455.2648

jquick@tullahomatn.gov

City of Franklin – Current Broker

Sara Sylvis

Risk/Benefits Manager

Sara.sylvis@franklintn.gov

Affidavit of Non-Collusion

Affidavit of Non-Collusion

a form required of Bidders and Proposers on purchases of supplies, materials, equipment and services for the

City of Franklin, Tennessee

State of TENNESSEE)
) SS
County of WILLIAMSON)

Affiant, LAURA JUNGMICHEL, deposes and makes oath that:
(printed name of person signing Affidavit)

1. He or she is the OWNER of
(Owner or Authorized Partner, Officer, Representative or Agent of Owner)

TENNESSEE RISK MANAGEMENT PARTNERS, LLC DBA PUBLIC RISK INSURORS,
(legal name of entity submitting bid or proposal)

the Bidder or Proposer who has submitted the attached bid or proposal;

2. The Bidder or Proposer is fully informed respecting the preparation and content of the attached bid or proposal and of all pertinent circumstances respecting such bid or proposal;
3. Such bid or proposal is genuine and is not a collusive or sham bid or proposal;
4. Neither the said Bidder or Proposer nor any of its officers, partners, owners, agents, representatives, employees, or parties in interest, including this Affiant, has in any way colluded, conspired, connived or agreed, directly or indirectly, with any official or agent of the City of Franklin or with any other firm, person, or potential or actual bidder or proposer to submit a collusive or sham bid or proposal in connection with the contract for which the attached bid or proposal has been submitted, or to refrain from bidding or proposing indirectly, or sought by agreement, or collusion, or communication, or conference with any other firm, person, or potential or actual bidder or proposer to fix the price or prices or cost element of the bid, quoted or proposed price or the bid, quoted or proposed price of any other potential or actual bidder or proposer, or to secure through any collusion, conspiracy, connivance, or unlawful agreement any advantage against the City of Franklin or any person interested in the proposed contract;
5. The price or prices quoted in the attached bid or proposal are fair and proper and are not tainted by a collusion, conspiracy, connivance, or unlawful agreement on the part of the Bidder or Proposer or any of its agents, representatives, owners, employees, or parties in interest, including this Affiant; and
6. He or she understands that Article VIII, Section 16, of the City Charter of Franklin, and T.C.A. §6-54-107, prohibit any member of the Board of Mayor and Aldermen, or officer elected by said Board, from being interested in any contract, or work of any kind whatever, under its control and direction, and any contract in which any such person shall have an interest shall be void and unenforceable, subjecting any funds received by contractor to be returned in full to the City, in addition to any other penalties provided by law.

[signature] PRESIDENT
(signature of Affiant) (title of Affiant)

Sworn and subscribed to before me this 20 day of June, 2025

[signature]
(Notary Public)

My Commission Expires: 04/17/2028

AVA M DEVLHARA
STATE
TENNESSEE
NOTARY
PUBLIC
WILLIAMSON COUNTY

(Submitted in response to City of Franklin Purchasing Office Solicitation No. 2025-019)

Affidavit of Title VI Compliance

Affidavit of Title VI Compliance

a form required of Bidders and Proposers on purchases of services for the

City of Franklin, Tennessee

State of TENNESSEE)
) SS
County of WILLIAMSON)

Affiant, LAURA JUNGMICHEL, deposes and makes oath that:
(printed name of person signing Affidavit)

1. He or she is the OWNER of
(Owner or Authorized Partner, Officer, Representative or Agent of Owner)

TENNESSEE RISK MANAGEMENT PARTNERS, LLC DBA PUBLIC RISK INSURORS
(legal name of entity submitting bid or proposal)

the Bidder or Proposer who has submitted the attached bid or proposal;

2. The Bidder or Proposer is fully informed respecting the preparation and content of the attached bid or proposal and of all pertinent circumstances respecting such bid or proposal;

3. No person on the grounds of handicap or disability, age, race, color, religion, sex, national origin or any other class protected by federal and/or Tennessee constitutional, statutory and/or case law shall be excluded from participation in, or denied benefits of, or be otherwise subjected to discrimination in, the performance of the contract that results from the procurement solicitation to which this affidavit is a component, or in the employment practices of the successful Bidder or Proposer during the performance of the contract that results from said procurement solicitation;

4. The successful Bidder or Proposer shall, upon request, show proof of such non-discrimination, and shall post in conspicuous places, available to employees and job applicants, notices of such non-discrimination;

5. If, with the prior consent of the City, the successful Bidder or Proposer subcontracts any portion of the contract that results from the procurement solicitation to which this affidavit is a component, then the successful Bidder or Proposer shall contractually obligate all of its subcontractors for said contract to comply with the same non-discrimination provisions as those required of the successful Bidder or Proposer; and

6. This Affidavit is made on personal knowledge.

(signature of Affiant)

PRESIDENT
(title of Affiant)

Sworn and subscribed to before me this 20 day of June, 2025

(Notary Public)

My Commission Expires: 04/17/2028

AVANI DEVDHARA
STATE OF TENNESSEE NOTARY PUBLIC
WILLIAMSON COUNTY

Affidavit of Drug-Free Workplace

Affidavit of Drug-Free Workplace

a form required of Bidders and Proposers on purchases of services for the

City of Franklin, Tennessee

State of TENNESSEE)
) SS
County of WILLIAMSON)

Affiant, LAURA JUNGMICHEL, deposes and makes oath that:
(printed name of person signing Affidavit)

1. He or she is the OWNER of
(Owner or Authorized Partner, Officer, Representative or Agent of Owner)

TENNESSEE RISK MANAGEMENT PARTNERS LLC DBA PUBLIC RISK INSURERS
(legal name of entity submitting bid or proposal)

the Bidder or Proposer who has submitted the attached bid or proposal;

2. The Bidder or Proposer is fully informed respecting the preparation and content of the attached bid or proposal and of all pertinent circumstances respecting such bid or proposal;

OPTION 1 (mark here ☐):

3. The Bidder or Proposer entity employs five (5) or more employees;

4. The Bidder or Proposer has in effect, at the time of submission of its bid or proposal to perform the services described in the attached bid or proposal, a drug-free workplace program that complies with T.C.A. § 50-9-101 et seq.;

5. The Bidder or Proposer operates a drug-free workplace program or other drug or alcohol testing program with requirements at least as stringent as that of the program operated by the City as described in the City's procurement solicitation; and

OPTION 2 (mark here ☒):

6. The Bidder or Proposer entity employs fewer than five (5) employees;

AND:

7. This Affidavit is made on personal knowledge.

(signature of Affiant) PRESIDENT
(title of Affiant)

AVANI DEVDHARA
NOTARY PUBLIC
STATE OF TENNESSEE
WILLIAMSON COUNTY

Sworn and subscribed to before me this 20 day of June, 20 25

(Notary Public) My Commission Expires: 04/11/2028

Proposal Summary of Insurance

- Excess Workers Compensation (Midwest Employers Casualty)
- Property and Liability (Travelers)
  - Property and Equipment Breakdown
  - General Liability and Employee Benefits Liability
  - Professional Liability
    - Law Enforcement Liability
    - Public Entity Management Liability
    - Employment Practices Liability
  - Automobile Liability and Physical Damage
  - Umbrella
  - Crime
- Inland Marine (Travelers)
  - Telecommunications
  - Contractors Equipment
  - Scheduled Property
  - Computerized Equipment
- Cyber Liability and Breach Expenses (AIG)
- Excess Cyber Liability and Breach Expenses (Coalition)
- Media Liability (Philadelphia Insurance)
- Accident (Berkley Life and Health Insurance Company)
- Fiduciary Liability (Travelers)



TRAVELERS

Professional liability protection for public entities

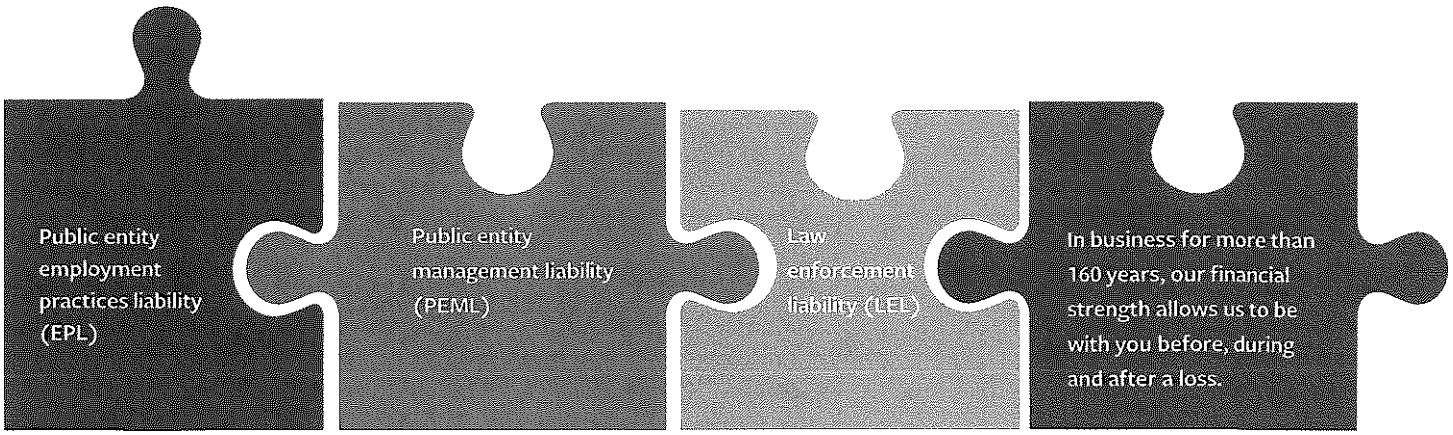
PUBLIC SECTOR SERVICES

When you run a city, town, utility or other public entity, you deal with a variety of issues every day. Whether you are handling law enforcement needs, roadway concerns or employee complaints, we understand how demanding it can be. One thing you should not have to worry about is being hit with a lawsuit – a big concern in today's litigious environment.

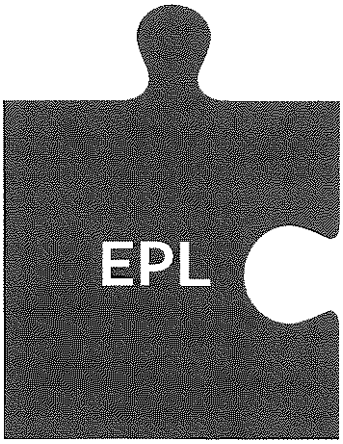
The number of employment-related lawsuits continues to rise. Year over year, Equal Employment Opportunity Commission (EEOC) charges continue to escalate and are approaching 100,000. It is not uncommon for legal fees associated with defending an employment lawsuit to exceed $250,000.

Citizens, vendors and even your own employees can bring suit, despite human resources best practices and procedures. Are you as broadly protected with respect to this broad range of people who can bring a suit against you?

With Travelers Public Sector Services you can be. We have years of experience working with public entities to help them proactively manage risk. Our professional liability coverage is designed specifically to help protect against the many types of liabilities you face.



Employment practices liability (EPL) insurance for public entities



Employment practices liability insurance provides coverage for employment injury that is caused by:

- Discrimination
- Wrongful termination
- Harassment, retaliation
- Unfair discipline
- Wrongful hiring, supervision, demotion, failure to promote, misrepresentation, defamation, libel, slander, disparagement
- Invasion of privacy

Many insurers address these exposures by offering EPL coverage through a public officials liability (POL) policy. Frequently, this type of coverage proves to be inadequate, resulting in denied claims due to technicalities associated with the lawsuit wording. Further, many policies exclude coverage for wages (back and/or front pay), which is an integral part of any employment lawsuit. Employment-related claims will also erode the coverage limits available to pay public official claims.

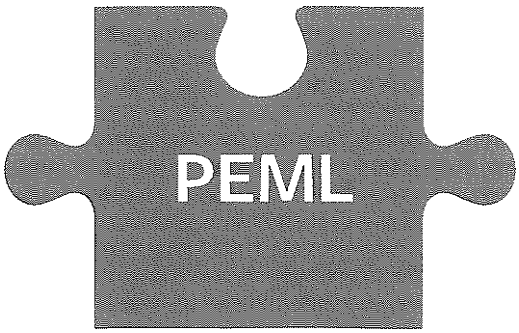
At Travelers, we have designed our primary employment practices liability form so the EPL limit will be available solely for EPL claims.

Employment practices liability	Travelers	**Other carrier**
Broad definition wrongful employment practice offense	✓	
Damages include plaintiff attorney fees if awarded or paid in settlement	✓	
"Suit" is defined to include a "governmental administrative proceeding" (EEOC) which we will defend	✓	
Breach of contract exclusion applies only to written contracts (not verbal)	✓	
Damages include back/front pay if awarded (others may exclude all or in part)	✓	
Third-party sexual harassment coverage available (additional premium charge required for endorsement)	✓	
Risk control services: • RMPlus – free of charge; includes sample handbook, policies and email links to relevant articles • 800# legal hotline – free of charge to ask employment practices-related questions of expert attorneys around the country • LocalGovU – hundreds of online courses tailored to public entities that Travelers policyholders may purchase at discounted rates; insured's ability to track and report employee scores back to policyholder for HR record-keeping purposes	✓	
Admitted paper (no surplus lines tax)	✓	
Duty to defend (versus reimbursement, where you front the cost of claims/suits and await reimbursement payments from the carrier. This can negatively impact a public entity's budget)	✓	
Separate primary limits	✓	
Limits not reduced by payment of deductible/SIR	✓	
Separation of insureds (severability; bad actor does not negate coverage for innocent insureds)	✓	
Defense expenses inside of limits (defense expenses outside of limits available by endorsement for a premium charge)	✓	
Broad definition of insured includes elected and appointed officials, employees, leased workers, volunteers and legal representatives of impaired/deceased insured	✓	
Matching retroactive dates on claims-made forms	✓	
Defense obligation for criminal/fraudulent/dishonesty allegations provided until it has been determined or admitted in a legal proceeding that such offense has been committed (others may exclude entirely)	✓	
Contractual liability exclusion does not apply if insured would be liable even without the contract	✓	

Public entity management liability (PEML) insurance

Public entity management liability insurance provides coverage for loss that is caused by a wrongful act committed while conducting duties by or on behalf of a public entity. Wrongful act means any act, error or omission.

Many insurers try to address public entity exposures by offering a blended insurance product for public entity management liability and employment practices liability under one single policy limit. PEML claims tend to have frequency along with severity and can quickly erode your limits of coverage. It is feasible that limits for the entity and its public officials could be exhausted by a claim that can easily be insured under another coverage part.

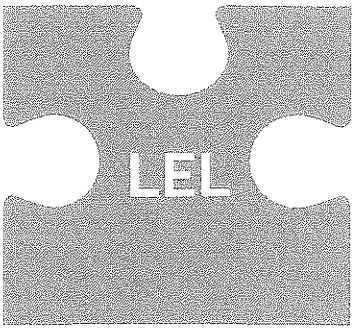


At Travelers, we have designed our primary public entity professional liability form so the PEML limit will be available solely for PEML claims.

Public entity management liability	Travelers	**Other carrier**
Broad definition of wrongful act – any act, error or omission	✓	
Insured persons provided coverage if requested to serve on outside nonprofit tax-exempt entity	✓	
Coverage for "your boards" operating under your jurisdiction and part of total operating budget	✓	
Coverage extends to employed: lawyers, architects, engineers, accountants and other professional "employees" – in the conduct of your business (however, professional health care exclusion and certain other exclusions apply)	✓	
Coverage for zoning disputes that do not rise to the level of "taking of private property for public use or benefit,' and that seek damages (other exclusions may apply)	✓	
Carve back for mutual aid agreements in breach of contract exclusion	✓	
Definition of "suit" includes arbitration/alternative dispute resolution seeking money damages	✓	
Coverage for limited special expense reimbursement– key employee (available by endorsement for a premium charge)	✓	
Admitted paper (no surplus lines tax)	✓	
Duty to defend (versus reimbursement, where you front the cost of claims/suits and await reimbursement payments from the carrier. This can negatively impact a public entity's budget)	✓	
Separate primary limits	✓	
Limits not reduced by payment of deductible/SIR	✓	
Separation of insureds (severability; bad actor does not negate coverage for innocent insureds)	✓	
Defense outside limits	✓	
Broad definition of insured includes elected and appointed officials, employees, leased workers, volunteers and legal representatives of impaired/deceased insured	✓	
Matching retroactive dates on claims-made forms	✓	
Defense obligation for criminal/fraudulent/dishonesty allegations provided until it has been determined or admitted in a legal proceeding that such offense has been committed (others may exclude entirely)	✓	
Contractual liability exclusion does not apply if insured would be liable even without the contract	✓	

Law enforcement liability (LEL) insurance

Law enforcement liability insurance provides coverage for bodily injury, personal injury or property damage that results from law enforcement activities or operations, and is caused by a wrongful act while conducting those activities or operations. This coverage is specifically designed to help protect the public entity, elected or appointed officials and employees, including leased workers, and volunteers.



Law enforcement activities or operations consist of any of the official activities or operations of your police department, sheriff agency or other public safety organization, other than a fire department, that enforces the law and protects persons or property:

- Ownership, maintenance and use of law enforcement premises, including the operations of a jail or detention facility
- Providing first aid at the time of an accident, crime or medical emergency

At Travelers, we have designed our primary law enforcement liability form so the LEL limit will be available solely for LEL claims.

Law enforcement liability	Travelers	Other carrier
Coverage for bodily Injury/property damage/personal injury including civil rights/due process violations caused by wrongful acts	✓	
Authorized moonlighting covered	✓	
Coverage for injury caused by electric mobility devices not subject to compulsory/financial responsibility law	✓	
Damages include plaintiff attorney fees if awarded or paid in settlement	✓	
Health care exclusion does not apply to providing first aid or certain services of non-medical staff	✓	
Coverage for jail nurses providing professional health care services can be added by endorsement	✓	
Supplemental pay up to $25,000 for physical damage to personal property in person's possession at time of arrest and in insured's care, custody and control at time of damage	✓	
Tort cap endorsements available in select states where needed	✓	
Admitted paper (no surplus lines tax)	✓	
Duty to defend (versus reimbursement, where you front the cost of claims/suits and await reimbursement payments from the carrier. This can negatively impact a public entity's budget)	✓	
Separate primary limits	✓	
Limits not reduced by payment of deductible/SIR	✓	
Separation of insureds (severability; bad actor does not negate coverage for innocent insureds)	✓	
Defense outside limits	✓	
Broad definition of insured includes elected and appointed officials, employees, leased workers, volunteers and legal representatives of impaired/deceased insured	✓	
Matching retroactive dates on claims-made forms	✓	
Defense obligation for criminal/fraudulent/dishonesty allegations provided until it has been determined or admitted in a legal proceeding that such offense has been committed (others may exclude entirely)	✓	
Contractual liability exclusion does not apply if insured would be liable even without the contract	✓	

For more information, call your independent agent/broker or Public Sector Services territory manager at Travelers.

TRAVELERS

travelers.com

The Travelers Indemnity Company and its property casualty affiliates. One Tower Square, Hartford, CT 06183

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CP-8374 Rev. 8-16

TRAVELERS

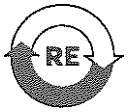
FORCES IMPACTING THE COMMERCIAL PROPERTY INSURANCE LANDSCAPE

Several dynamic factors are shaping the commercial property insurance environment, influencing risk assessment, capacity and market conditions. Understanding these forces is key for organizations navigating their property insurance needs.



1. Catastrophe losses

Hurricanes, floods, wildfires, tornadoes and severe convective storms continue to have a significant impact on the United States. According to the Insurance Information Institute, insured losses in the U.S. from weather-related catastrophes reached $112.5 billion in 2024.[1]



2. Reinsurance

While reinsurance capacity improved and stabilized through 2024 and into the first quarter of 2025, the market remains sensitive to catastrophe trends and financial volatility.[2] Although property reinsurance pricing appears to be softening slightly for some segments, the underlying costs associated with major loss events and economic factors continue to influence the premiums insurers must charge.



3. Underinsurance

Rising construction costs remain a significant challenge in accurately determining property replacement costs.[3] It's crucial that properties are insured to their current replacement value. After years of increased material and labor costs, many properties may still be insured below their actual replacement value. Policyholders who have achieved valuation adequacy can expect renewal value increases in line with U.S. construction inflation rates. However, those who have not kept up with increased costs may face larger increases needed to bridge the gap.



4. Property replacement costs

The cost to rebuild remains elevated, impacting the amount of coverage needed. While the rate of increase for some construction materials has slowed in 2024, cumulative increases over the past several years are substantial, with overall material costs across market sectors nearly 40% higher than pre-2020 levels.[4] Supply chain issues, though improved, still present challenges compared to previous levels.



5. Skilled labor shortage

Finding skilled labor continues to be a challenge for the construction sector, affecting rebuilding timelines and costs. A significant percentage of contractors report difficulty hiring qualified workers.[5] These labor shortages can lead to longer rebuilding times after a loss, potentially increasing business interruption losses. This issue is especially pronounced following a catastrophe, when labor shortages are exacerbated.



6. Property insurance rate environment

While the market is becoming more balanced, it continues to reflect underlying risks and loss trends - reminding businesses to stay focused on proactive risk management and adequate valuations.

[1]Insurance Information Institute – Facts and Statistics: U.S. catastrophes

[2]Reinsurance News January 2025: Global reinsurer profitability to remain strong in 2025 despite price reductions, says Fitch

[3]U.S. Bureau of Labor Statistics Producer Price Index December 2024

[4]U.S. Bureau of Labor Statistics Producer Price Index December 2024

[5]AGC: A Year in the Balance: The 2025 Construction Hiring and Business Outlook

To learn more about navigating the current commercial property insurance landscape, talk to a Travelers representative today.

travelers.com

The Travelers Indemnity Company and its property casualty affiliates. One Tower Square, Hartford, CT 06183

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This material does not amend, or otherwise affect, the provisions or coverages of any insurance policy or bond issued by Travelers. It is not a representation that coverage does or does not exist for any particular claim or loss under any such policy or bond. Coverage depends on the facts and circumstances involved in the claim or loss, all applicable policy or bond provisions, and any applicable law. Availability of coverage referenced in this document can depend on underwriting qualifications and state regulations.

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BCMSS.0039 Rev 6-25

TRAVELERS

5 Factors Impacting the Cost of Professional Liability Insurance for Public Entities

Public entities face significant professional liability risks. These evolving exposures could challenge an organization's budget and may contribute to an increase in premium for professional liability insurance and other coverages.

1. Mental Health Awareness

Nearly 1 in 5 U.S. adults live with some form of mental illness.[1] During a mental health emergency, these individuals will often seek help by calling 911. In fact, an estimated 20% of police calls for service involve a mental health or substance abuse crisis.[2] Interactions with people who may be coping with mental illness pose unique challenges and have the potential to be among the most dangerous and challenging situations law enforcement may encounter. As a result, the frequency of mental health interventions by police officers is contributing to a rise in law enforcement-related losses.

2. Drugs and Alcohol

Alcohol and drug-related exposures can create additional risks for public entities, possibly leading to professional liability claims. These could include, for example, a business alleging failure to grant a marijuana dispensary a license to operate, an individual claiming violation of ADA laws or an employee asserting they were wrongfully terminated for a failed workplace drug test.

Liability could also arise from planning and zoning applications submitted by outside organizations that may seek to establish substance abuse treatment facilities. If, for instance, officials attempt to deny development of a treatment center because of community resistance and do so without thorough knowledge of the laws governing its establishment, a service provider could file a lawsuit and seek reimbursement of lost facility profits, attorney fees and other operating expenses.

3. Social Inflation

An increase in the frequency of legal intervention, sophisticated attorney tactics, erosion of tort reform and shifting societal norms are contributing to a rise in the number of "**nuclear verdicts**"— jury awards generally in excess of $10 million. Public entities are not immune to the effects of **social inflation**, particularly when it comes to alleged transgressions by individuals in law enforcement. In fact, more than $1.5 billion has been spent in the past decade to settle claims of misconduct involving thousands of police officers accused of wrongdoing.[3] These upward trends in litigation can increase the cost of defending and resolving claims.

4. Cyberattacks

Protecting sensitive public information like health, education, Social Security and housing data is an ongoing challenge for public entities. According to the Federal Bureau of Investigation, there continues to be an increase in internet crime, with reported losses exceeding $6.9 billion in 2021.[4] The average ransom demand made against cyber insurance policyholders in the first half of 2021 was $1.2 million, a nearly 170% increase from the first half of 2020.[5] **Cyberattacks** not only result in financial loss, but also erode the public's trust in agencies and organizations that fall victim to cybercrimes.

5. Employment Relationships

Employment-related claims can come from various issues including alleged discrimination, harassment, failure to promote and wrongful termination. These claims can impact employee morale, lead to significant financial damages and contribute to a higher cost for employment practices liability insurance (EPLI). The public sector is not immune to professional liability lawsuits. Over a seven-year period, 38% of all reported employment practices liability verdicts were rendered against government entities.[6]

Exposures for public entities are becoming more complex. As a result, the cost of insurance coverage is on the rise. Effective planning and risk management can put your organization in a better position to handle the risks and may also help you manage the cost of insurance.

Contact Your Travelers Representative Today.

[1] National Institute of Mental Health
[2] American Psychological Association: Building mental health into emergency responses, July 1, 2021
[3] The hidden billion-dollar cost of repeated police misconduct, The Washington Post, March 9, 2022
[4] Federal Bureau of Investigation Internet Crime Report 2021
[5] TechTaiget: Cyber insurance premiums, costs skyrocket as attacks surge, October 11, 2021
[6] Insurance Information Institute: Thomson Reuters, Employment Practice Liability: Jury Award Trends And Statistics, 2020 edition

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TRAVELERS

Workplace violence exposures

OVERVIEW

The Bureau of Labor Statistics (BLS) reported that in 2016, 500 U.S. workers were victims of homicide related to workplace violence.[1] The Bureau of Justice Statistics (BJS) also reported that government employees had a rate of workplace violence that was more than three times the rate for private sector employees.[2] Workplace violence incidents are not just limited to homicides. The effect of those incidents can be devastating to both employers and employees. Travelers Public Sector Services has created the workplace violence expenses coverage to help our customers in those difficult situations.

Travelers Public Sector Services' coverage for workplace violence expenses

The workplace violence expenses coverage may be purchased with Travelers Public Sector Services' public entity employment-related practices liability coverage form. The endorsement provides reimbursement coverage for the following expenses if a workplace violence event[3] occurs:

- Counseling services provided to employees by an independent consultant on the premises for up to 120 days following a workplace violence event.
- Services of an independent security guard and other reasonable costs to secure the premises for up to 15 days following a workplace violence event.
- Services of an independent security consultant for 90 days following a workplace violence event.
- Services of an independent public relations consultant for 90 days following a workplace violence event.
- Services of an independent private forensic analyst for 120 days following a workplace violence event.

Further benefits of Travelers Public Sector Services' workplace violence expenses coverage include:

- The workplace violence expenses limit is in addition to the limits of insurance for the public entity employment-related practices liability coverage.
- No robbery exclusion.
- No requirement that the workplace violence event be committed by an insured.

[1] https://www.cdc.gov/niosh/topics/violence/fastfacts.html
[2] https://www.bjs.gov/index.cfm?ty=pbdetail&iid=4615
[3] Workplace violence event means any intentional 1) use of deadly force; or 2) threat of deadly force with the display of a lethal weapon; which occurs on or in the buildings, facilities or properties occupied by the named insured in conducting its business and which did or could result in bodily injury or death to an insured. Coverage does not extend to law enforcement activities or operations, or to certain boards, commissions or governmental units.

Claim scenario

During a robbery at a parks and recreation office, the perpetrator draws a gun and threatens to shoot three employees. The perpetrator escapes, leaving three employees relieved but distraught. The public entity hires a counselor to meet with the employees and also hires a security guard to provide assurance to the employees and the public that the parks and recreation office is safe. In addition, a public relations consultant is hired to manage the press. The workplace violence expenses total $23,000.

Summary

A workplace violence event is tremendously difficult to predict. These events are not limited to any one industry or any type of employee. Recovering from such an event can be challenging. The Travelers Public Sector Services' workplace violence expenses coverage can ease some of the financial burden the insured experiences when engaging outside services in response to such an event.

For more information, call your independent agent/broker or Public Sector Services territory manager at Travelers.

TRAVELERS

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Deep Expertise. Expansive Protection.

Travelers protects public entities and helps communities thrive.





A comprehensive understanding of public sector risks

Our range of insurance coverages and services helps public entities prepare for the unthinkable and rebuild after a loss.

Public entities face unprecedented challenges in today's ever-changing risk environment. Cyberattacks, highly scrutinized law enforcement, employment liabilities, auto accidents, plus the risk of being sued for any one of these exposures are all very real and imminent threats. Travelers meets these challenges and more.

30+ years	**Dedicated to insuring the public sector**
17K+	**Travelers public entity customers[1]**
90%	**Travelers public entity customer retention[2]**
97%	**Customers who feel that our services improved their financial outcomes[3]**
A++	**Rating from A.M. Best based on financial strength and claims-paying ability[4]**

[1]Travelers 2023 Business Insurance and Bond Specialty Insurance in-force premium and Policies Inforce Data Warehouse. [2]Travelers Public Sector Book of Business, 2017–2023. [3]Travelers and CSS Claim Review Customer and Broker Survey, Jan. 1–Sept. 30, 2022. [4]A.M. Best's rating of A++ applies to certain insurance subsidiaries of Travelers that are members of the Travelers Insurance Companies pool; other subsidiaries are included in another rating pool or are separately rated. For a listing of companies rated by A.M. Best and other rating services, visit travelers.com. Ratings listed herein are as of Aug. 2, 2024, are used with permission and are subject to changes by the rating services. For the latest rating, access ambest.com.

The power of experience

Our professionals deliver insights and solutions aimed at helping reduce the cost of risk before, during and after a claim.

600+ **Risk control professionals nationwide, including local public sector specialists.**

120K **Customer touchpoints per year provide risk prevention strategies.**

200M+ **Risk profile data points inform our services.**

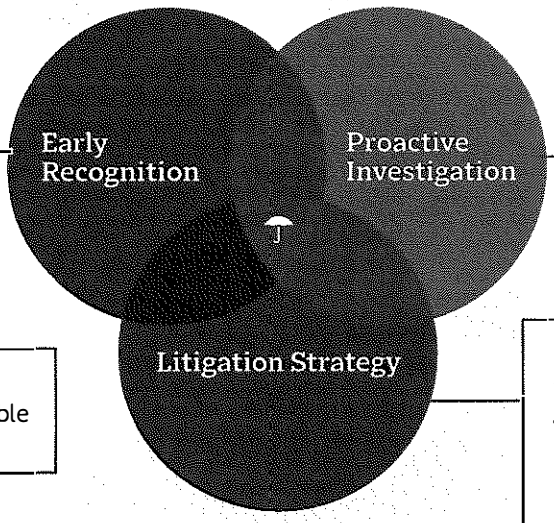
Specialized risk control prevention professionals and services help anticipate losses.

- Policy and procedure resources for areas such as Auto, Law Enforcement, Abuse and Molestation and Employment Practices Liability (EPL).
- Transportation specialists who can provide fleet safety guidance for a range of auto exposures, including emergency vehicles.
- Property preservation specialists who can provide sprinkler planning reviews.
- Specialized training and resources for areas such as law enforcement and parks and recreation.

Every claim gets our full attention, big or small.

- At Travelers, our approach is to promptly and thoroughly evaluate claims. This ensures the right resources are used at the right time, leading to better outcomes for our customers.
- 50+ in-house, designated public entity Claim professionals.
- Dedicated Complex Claim Unit of public entity specialists with an average of 20+ years of experience.

When a claim escalates, we defend our customers and minimize their loss.



Identifies appropriate resources to deliver favorable customer outcomes.

230+ fraud investigators leverage proprietary fraud models and social media listening tools.

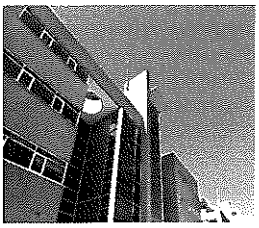
Forensic laboratory investigates losses involving accidents, fires and more.

Medical imaging is used to compare similar accidents and is backed by in-house nurse reviews.

Data on **300K+** plaintiff attorneys help predict their tactics and strategies.

700+ in-house trial-ready attorneys and a legal panel specializing in public entity defense stand by our clients.

AI predictive models informed by over **2B** claims and **30M** medical bills help prepare for litigation.



Coverages that stretch across public entities

Our broad selection of core and extended coverages is designed to protect cities, counties and other local government entities.

Core Policies: The basics that nearly every public entity needs.

Policy	What's covered	Included benefits or services	Optional coverage
Auto	Vehicles, such as buses, road maintenance vehicles, fire trucks, ambulances, police cars and other emergency vehicles. Damage to vehicles that are in the insured's care, custody or control. Custom endorsement for statutory tort caps and immunity protection in states where applicable.	3,000-plus Claim professionals located throughout the country, including bodily injury specialists focused on evaluation, negotiation and litigation. MyTravelers® Repair Network offers thousands of repair shops across the country with lifetime guarantees for as long as the vehicle is owned.[5]	Agreed Amount Coverage Endorsement.
General Liability	Liability for all premises and operations within coverage territory unless specifically excluded. Bodily injury or property damage occurring on the premises or resulting from operations. Personal and advertising injury caused by specified offenses, such as libel or slander. Defense costs in addition to the limit of coverage. Custom endorsement for statutory tort caps and immunity protection in states where applicable.	No-deductible programs.	Abuse and Molestation. Failure to supply for utility operations. Sewer backup liability.
Deluxe Property	Direct physical loss of or damage to covered property owned, leased or rented, including assets such as buildings, equipment, furniture and fixtures. Business Income/Extra Expense, including continuing normal operating expenses while operations are suspended. Public Entity Property Extension includes coverage for municipal property, such as streetlights, street signs, traffic signs and traffic lights.	Subrogation recovery to ensure responsible parties pay for losses, freeing customers from out-of-pocket expenses associated with a property loss. Nationwide network of specialists who are knowledgeable in sewer, water, jails and historical buildings. Fire debris analysis at our state-of-the-art forensic lab.	Equipment Breakdown endorsement includes complimentary state-mandated boiler and pressure vessel inspections. Law enforcement animal protection.
Workers Compensation	Statutory benefits for work-related injury, typically consisting of: · Medical benefits. · Loss of income or earning capacity. · Rehabilitation expenses. · Death benefits.	Claim Management: Real-time reporting and return-to-work coordination. Cost Management through medical and pharmacy preferred-provider networks for scaled pricing and care. 24/7 nurse triage with single point of contact for customers and their employees. MyTravelers® for Injured Employees, an online portal enabling direct messaging with Claim and nurse professionals, document sharing and electronic payments.	Dedicated Risk Management Information System (RMIS) consultants. Self-service OSHA product with e-CARMA® access, Travelers' proprietary risk management dashboard.

[5] Not available in every state. The customer has the right to have their vehicle appraised and repaired at any shop of their choice.

Extended Protection: Options for emerging and specific risks.

Law Enforcement Liability (LEL)	Liability coverage for third-party bodily injury, personal injury or property damage caused by a wrongful act resulting from law enforcement activities or operations. Law enforcement activities or operations consist of any of the official activities or operations of a police department, sheriff agency or other public safety organizations that enforce the law and protect persons or property. Coverage included for authorized moonlighting. Custom endorsement for statutory tort caps and immunity protection in states where applicable.
Employment Practices Liability (EPL)	Liability coverage for defense costs and damages related to various employment-related claims, including allegations of wrongful termination, discrimination, workplace harassment and retaliation. Dedicated Primary EPL limit reserved for EPL claims alone. Coverage included for a "government administrative proceeding," i.e., EEOC.
Public Entity Management Liability (PEML)	Liability coverage for loss caused by a wrongful act committed while conducting duties by or on behalf of a public entity or its boards. Dedicated Primary PEML limit reserved for PEML claims only. Coverage for limited special expense reimbursement – key employee.
CyberRisk	Liability and first-party coverages, including coverage for expenses incurred as a result of a privacy breach or security breach. Costs to notify affected customers. Data restoration costs. Costs to restore or repair damaged computer programs or software after a data breach. Improvements will be recommended to help prevent a similar breach.
Umbrella & Excess Liability	Liability for damages arising out of large catastrophic losses. Protects public entities where tort and immunity protections may not apply.
Crime	Crime coverage for employee theft, forgery, burglary or robbery, and computer fraud.
Inland Marine	Coverage for specialized equipment, including equipment used in public works, other construction and emergency response operations. - Contractor's Equipment. - Other Miscellaneous Property.
Global Companion Plus+	Protects public entities that have foreign exposures, i.e., sister cities, for exposures associated with foreign travel of their elected officials. Travelers is the only U.S. carrier in the International Network of Insurance, an alliance of leading insurers delivering local coverage and knowledge in more than 150 countries.



Loss sensitive options are available for public entities that take on more financial risk.

Self-Insured Retention (SIR) program options:

- Self-administered claim handling
- Approved third-party administrator (TPA)
- Travelers as the claim manager

Large deductible program options

Dedicated public sector Loss Sensitive team

Specialized resources for top public sector threats



We help keep vehicles moving.

Fleet Safety Program Development: Transportation risk control specialists can help customers develop comprehensive safety programs for vehicles (DOT, transit operations, private passenger/non-owned, etc.).

MVR Policy Guidance: Resources are available to help customers develop and implement a comprehensive MVR program.

Auto Claim Specialists: Using industry and jurisdiction-specific expertise, our auto claim specialists help get vehicles and heavy equipment back in service quickly.



We have resources for law enforcement.

Policy and Procedure Resources: Free access to OSS Law Enforcement sample policies.

Focused Support: Specialized risk control consultants who can offer recommendations to law enforcement leadership regarding safety.

Professional Liability Support for Claims: Resources to help address false arrest, excessive force, inmate suicides, jail injuries and damage to property related to police activities.



We help prevent employment practices liabilities.

Policy and Procedure Guidance: Free access to Risk Management Plus+ Online® to help create and update policies and procedures for sexual harassment, employee termination and more.

EPL Hotline: Designed to provide practical guidance on day-to-day workplace issues at no additional cost.



We help safeguard data.

Pre-breach Consultation from HCL Technologies: A helpline with experienced cyber coaches provides an industry-leading readiness assessment, as well as training resources and videos.

Data Breach Coaches: After an incident, data breach coaches can help navigate response and recovery, including isolating affected data, notifying residents, understanding fines and penalties, as well as managing crisis communications and more.

CyberRisk Coverage: Our cyber insurance offers 17 insuring agreements to address a wide range of potential exposures, including social engineering fraud, cyber extortion, business interruption and more.

For more information, contact your Travelers Public Sector territory manager or account executive, or visit: **travelers.com/business-insurance/public-entities**.

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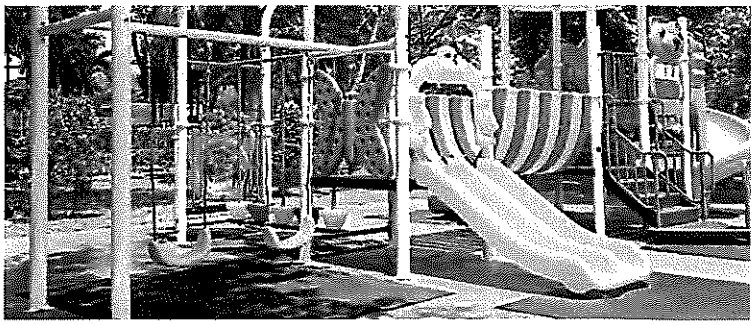
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TRAVELERS

Public Sector Claim Solutions

TRAVELERS UNDERSTANDS THE UNIQUE EXPOSURES YOU FACE AS A PUBLIC ENTITY.

That's why we have a dedicated team of Public Sector Claim professionals with the experience, national insight and local expertise to deliver optimal claim outcomes.

TRAVELERS HAS THE POWER AND INSIGHT OF A NATIONAL CARRIER WITH ROBUST ENTERPRISE RESOURCES, DELIVERED LOCALLY.

Protecting your public entity and reputation

Our dedicated, experienced General Liability Claim professionals help you protect what matters most — your public entity and reputation.

- Travelers Claim professionals understand federal and state-specific exposures and have extensive knowledge of the immunities and special defenses afforded to public entities
- Strategically located national public sector service hubs enable us to identify **emerging claim exposures that may affect you locally**





Getting you back on the road

Travelers specialized Auto Claim services can manage auto exposures ranging from police chases to snowplow operations.

- Dedicated auto injury and property damage Claim professionals at each public sector service hub
- Heavy Equipment Technical Specialists partner with you to get vehicles, heavy equipment, and machinery returned to service as quickly as possible
- Dedicated Auto Subrogation center pursues recoveries from appropriate parties
- Expertise to help public entities understand how to use telematics data to provide effective driver feedback and coaching

Helping you so you can help your constituents

Routine property claims shouldn't slow you down – and severe claims don't have to bring operations to a complete standstill.

- Nearly 2,000 property Claim professionals countrywide to help you locally
- Nationally recognized Catastrophe Response Unit, including a fleet of custom-built Mobile Claim Offices, allows us to quickly respond to customers after a catastrophic event
- Specialized expertise in evaluating property damage to multiple buildings and sites, including historic properties

Getting your employees back to work

Your employees are critical to keeping your public entity running smoothly. *Travelers Medical Advantage®* provides integrated medical cost-management solutions to help manage your total cost of risk.

- Specialized *TravComp®* model co-locates Travelers nurses and Claim professionals in an integrated workers compensation claim-handling model, helping employees return to work as soon as medically appropriate





Why do public sector specialized claim services matter to your public entity?

Lee F., Risk Manager, Travelers Customer says: *"It's incredibly valuable to have people that understand the operations of municipal government ... they understand the situation that we're confronted with, whether it's an infrastructure issue or if it's a safety issue ... they have a wonderful team that has experience in municipal government that I find valuable."*



Travelers proprietary resources

Claim professionals partner with in-house resources to identify and understand developing exposures and provide training and actionable information to your public entity.

- Travelers Investigative Services has over 300 trained experts; 75 percent with law enforcement training and experience investigating insurance-related fraud to reduce your total cost of risk
- Dedicated Risk Control consultants have specialization in ergonomics,industrial hygiene, transportation, fire protection, construction and continuity of operations for public entities
- Travelers has engineers, scientists and technical investigators at our in-house, nationally accredited industrial hygiene and forensics lab
- Dedicated liability nurses help evaluate medical records and attend mediations, arbitrations, depositions and trials to provide critical insights on injuries and medical testimony

Expert defense

Travelers has access to top quality legal counsel with the expertise needed to provide the most effective defense to our customer.

- In-house public sector attorneys have deep knowledge of laws and unique issues — including the application of tort caps and immunities — that arise in the representation of public entities



Specialized account management

If appropriate, a Claim Account Executive will be assigned to your account. These relationship managers can help create special account communications that will be used by our Claim professionals to ensure consistency and meet your unique claim needs.

KEY FACTS AND DIFFERENTIATORS

Experience that makes a difference

- The Public Sector Claim team averages more than **15** years of experience and handles more than **6,000** public sector claims a year
- More than **50** Claim professionals countrywide handle general liability, auto liability, and professional liability claims for public entities at public sector service hubs in three strategic locations across the country

Expert defense

- **71** attorneys in **46** of our offices designated to handle public entity related litigation
- Overall legal expense cost reduction on average of **50%** compared with outside counsel

Optimal GL claim outcomes

- **90%** of claims are closed without advancing to suit[1]
- **92%** of claims are closed at 6 months and stay closed[2]

Depth and breadth of auto claim

- Network of over **1,200** direct auto repair shops across the U.S.[3]
- Travelers gross subrogation recovery rates beat the industry benchmark by **51%**[4]

Optimal property claim outcomes in a catastrophe

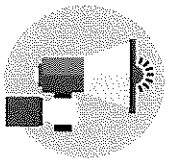
- Over **99%** of first contacts made within **3** days[5]
- **90%** of catastrophe claims closed within **30** days[6]
- **80%** of reported catastrophe claims closed within a week of inspection[7]

Optimal workers compensation outcomes

- **35%** reduction in days out of work with Travelers *ConciergeCLAIM*® Nurse program[8]
- Nearly two-thirds of injured employees return to work within **30** days[9]

[1] *All GL monthly 2012 developed Clm Lgl Act Suit Inv Cnt over 2012 Notice count*
[2] *6month moving sustained CWOP ratio*
[3] *Reinspector Report, 2015*
[4] *2016 NASP Auto Subrogation Benchmarking Study*
[5] *2013 Travelers Claim Analysis*
[6] *2013 Travelers Claim Analysis*
[7] *Travelers Catastrophe Claim Data, 2015*
[8] *Comparison of Travelers ConciergeCLAIM Nurse claims to non-ConciergeCLAIM Nurse claims for accident years 2013 to 2016*
[9] *All Markets three-yearaverage, 2013 2015– 12 month valuations*

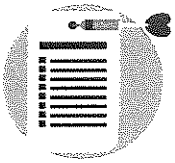
LIFE CYCLE OF A LIABILITY CLAIM



STEP 1

Report

You should promptly put Travelers on notice as soon as an incident occurs, or if you receive a written demand for damages or any arbitration or suit papers. You can report the matter directly using 1.800.238.6225 or our online claim reporting system at travelers.com.

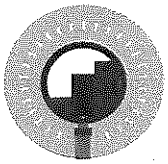


STEP 2

Assign

Your claim will be assigned to our dedicated Public Sector Services Claim team. These experienced and highly trained Claim professionals understand federal and state-specific exposures and have extensive knowledge of the immunities and special defenses afforded to public entities. This expertise will help provide optimal claim outcomes.

The Claim professional will remain proactive and engaged throughout the claim life cycle. For some claims, your Claim professional may engage Travelers specialized internal resources, such as Travelers Investigative Services, Risk Control, the Forensics Lab experts, legal counsel, or dedicated Liability Nurses.

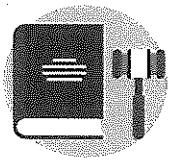


STEP 3

Investigate and Evaluate

The first step in this phase is to determine whether the claim or suit is covered by the relevant insurance policy. The Claim professional will then work with the insured to conduct a prompt and thorough investigation to determine legal liability. This may include many methods of fact gathering, such as interviews, document review and site inspections. Using a variety of methods to gather all the pertinent information helps Travelers resolve your claim at the right time, for the right amount.

The Public Sector Claim professional will be nimble in response to developments that may impact the analysis. If it is necessary to retain counsel, the Claim professional will promptly communicate with you regarding attorney selection, and will maintain an ongoing dialogue, working as a team with you and defense counsel.



STEP 4

Resolve

The Public Sector Claim team realizes there is no one-size-fits-all approach. Some matters can and should be settled early, while others are best served by mediation or arbitration. Still others may need to be defended through trial.

Our depth of knowledge and specialized experience allow us to provide proactive, creative claim strategies focused on optimal outcomes for your claim.

Read what Travelers public sector customers and risk managers are saying about Travelers' service.

Rodney E., Risk Manager, Travelers public sector customer, recently commented: *"I am really amazed at how professional and attentive all of the claims adjusters are ... Travelers saves time and money by getting the claims closed, and they are so thorough in the management of the claims. Everything that we need or request is addressed immediately. That working together to close out claims quickly is so important to our ultimate costs. We are saving money for our city. The interaction is very impressive."*

Matthew C., Representative, Travelers public sector customer, recently commented: *"The response team immediately post-accident and the legal representation from Travelers subrogation major case professional and staff counsel attorney were superior. I hope the city never incurs another accident like this again, but knowing that the professionalism and knowledge of the Travelers team is there to assist us every step of the way is extremely valuable."*

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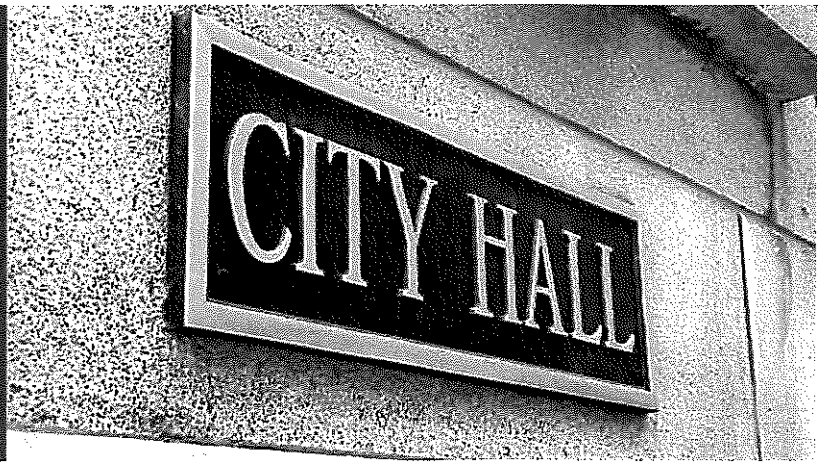
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RISK CONTROL

Reduce Risk. Prevent Loss. Save Lives.



TRAVELERS

Public Sector Services

CUSTOMIZED RISK CONTROL SERVICES FOR PUBLIC ENTITIES

Travelers is an innovative provider of risk control services. The following consulting services, online resources and training programs are designed to help you protect your employees and your organization from losses.

Customized Consulting On-site or On-demand

Our knowledgeable Public Sector Risk Control consultants offer prompt, flexible and professional expertise to help our public entity clients prevent and control losses. On-site consultations are available to assist you in developing effective risk management strategies and to identify helpful Travelers resources and services. Or, consult with one of our Risk Control consultants virtually using screen-sharing technology through our Risk Control On-Demand® service.

Website Tools and Resources

Our website provides you with a wealth of risk control information and resources tailored for public entities:

Tools to manage risks. From our Risk Control customer website homepage, navigate to our collection of interactive tools designed to help you identify and manage your risks.

- **Travelers Self-Assessments**. Designed to help you identify safety program gaps. Use the customized Action Plan and supporting resources to help make safety improvements, assign responsibilities and track your progress.
- **Checklists and Inspections tool. Created** to help you indentify, manage and analyze the risks your organization faces every day. Choose from a variety of sample templates, or create your own unique checklists to inspect nearly any exposure. You and other members of your organization can use the tool to conduct inspections plus view your organization's inspection history and metrics.
- **Task Manager.** Engage co-workers in your risk control initiatives. Assign self-assessments, inspection checklists, training and other tasks, or simply share resources. Task Manager allows you to monitor progress as tasks are completed.
- **Travelers correspondence archive.** Keep track of correspondences fromTravelers Risk Control to easily reference past consultations, recommendations and links to safety resources.
- **ZoneCheck℠.** A tool to help construction operations and contractors evaluate the potential impacts of equipment-generated ground vibrations when using heavy equipment.
- **Six risk libraries.** Easy access to a library of more than 1,000 resources, including risk management guides, self-assessments, inspection checklists and training programs on topics like:
  - > Workplace safety and health
  - > Driver and fleet safety
  - > Buildings and equipment
  - > Liability
  - > Cyber security
  - > Business continuity
- **Safety alliances.** These offer products, services and training at special rates to Travelers' customers.

The entire site is device-responsive, so the onscreen content adjusts to display for your desktop, tablet or mobile device.

Public Sector Services

Risk Control Training

Travelers offers a variety of safety training topics designed to help meet the diverse safety training needs of our customers. You can access these training resources through our website:

- **Online training.** These programs can be streamed directly from our website, or you can share a link to the training with employees in your organization. To supplement your on-going safety training efforts, we also offer additional training resources outside Travelers including complimentary streaming videos and online training courses at special rates.
- **Safety Academy classes.** Taught by technical specialists and designed for supervisors, safety professionals or risk managers. These classes are offered in different cities throughout the year.
- **Webinar recordings.** Access our extensive collection of webinar replays on a variety of topics.
- **LocalGovU.** Travelers has partnered with LocalGovU to provide web-based training for public entities. Courses are focused on risk management issues that may impact public entity staff.

Travelers Industrial Hygiene Laboratory

Our specialized industrial hygiene (IH) consulting, training and laboratory services can help you assess employee occupational health exposures to help prevent and reduce occupational illnesses, control loss costs and save lives.Through our website, Travelers' customers have access to instructional videos, free equipment loan programs, education and training, air sampling guidelines and more to help identify and address chemical and physical agents related to occupational health risks.

Employment Practices Liability Resources

For our Employment Practices professional line, we have formed an alliance with Risk Management Plus+ Online℠ to provide you with informational materials published four times a week, online training, employment policies and forms, checklists on best practices for the workplace and links to important state and federal agencies and legislation. For more details, visit rmpluspss.com/.

Accessing Our Customer Website

Customers: To access our Risk Control Customer Portal, go to riskcontrol.com. If you already have a user ID and password, use the log in feature. If you do not have a user ID and password, use the register now link to create an account using your policy number and email address.

Agents: To access our Risk Control Customer Portal, go to the Travelers *For Agents* website. Once you have logged in, select the Claim & Risk Control tab and click on the "Visit Our Risk Control Customer Portal" link. If you have not registered to access our For Agents website, contact us at 800.842.2522.

The Travelers Indemnity Company and its property casualty affiliates. One Tower Square, Hartford, CT 06183

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13. Precedence. In the event of conflict between the provisions of these Standard Procurement Terms and Conditions and that of any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply, the provisions of these Standard Procurement Terms and Conditions will, to the extent of such conflict, take precedence unless such document expressly states that it is amending these Standard Procurement Terms and Conditions pursuant to the "Amendment" section below.

14. Indemnification. Vendor agrees to indemnify and save the Government of Franklin, City of Franklin and individual, on or off duty, officers, and employees of City of Franklin, harmless from any and all losses, damages and expenses, including court costs and attorneys' fees, by reason of any loss, whatsoever, arising out of or relating to or in consequence of the work done in connection with any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply, excepting only such losses as shall be occasioned solely by the negligence of City of Franklin.

15. Additions/Modifications. If seeking any addition or modification to any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply, the parties agree to reference the specific paragraph number sought to be changed on any future document or purchase order issued in furtherance of any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply, however, an omission of the reference to same shall not affect its applicability. In no event shall either party be bound by any terms contained in any purchase order, acknowledgement, or other writings unless: (a) such purchase order, acknowledgement, or other writings specifically refer to any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply or to the specific clause they are intended to modify; (b) clearly indicate the intention of both parties to override and modify any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply; and (c) such purchase order, acknowledgement, or other writings are signed, with specific material clauses separately initialed, by authorized representatives of both parties.

16. Applicable Law; Choice of Forum/Venue. These Standard Procurement Terms and Conditions and any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply are made under and will be construed in accordance with the laws of the State of Tennessee without giving effect to any state's choice-of-law rules. The choice of forum and venue shall be exclusively in the Courts of Williamson County, TN.

17. Termination. Unless City has indicated otherwise in the contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply, either party may terminate the contract or agreement or purchase order or other procurement to which these Standard Procurement Terms and Conditions apply, with or without cause, upon thirty (30) calendar days' notice to the other. Upon termination by Vendor, City shall be entitled to retain ownership of any and all goods and equipment purchased. Upon termination by City, Vendor shall be entitled to receive any amounts due as a result of goods and equipment already delivered and/or services already rendered; however, City shall maintain ownership and control of any goods and equipment

PMA Management Corporation

Worker's Compensation
TPA & Risk Services Proposal

PMA COMPANIES



Workers' Compensation

TPA & Risk Services Proposal

June 24, 2025

Presented to

HISTORIC CITY OF FRANKLIN TENNESSEE 1799

Presented by

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OLD REPUBLIC INSURANCE GROUP

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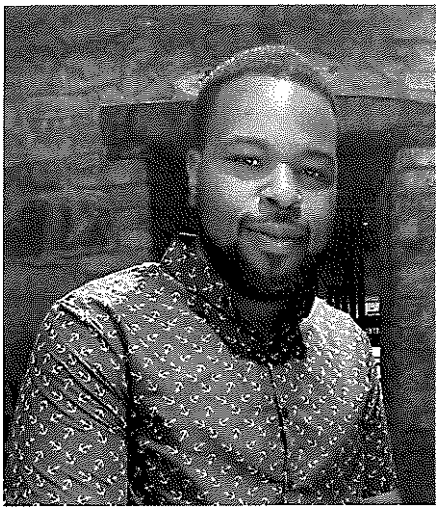
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Introduction



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On behalf of **PMA Management Corp. (PMAMC),** thank you for the opportunity to submit a proposal to continue as your workers' compensation Third-Party Administrative (TPA) & Risk Services provider.

We understand that your business and risk management priorities include creating a safer, healthier workplace, lowering claims frequency and severity, and protecting your corporate assets. Our approach to risk management aligns our priorities with yours, helping to maximize the results we can achieve together.

We are confident that PMAMC is uniquely qualified to continue taking your program to the next level.

- An innovative company with a **stable leadership and service teams**
- **Service-driven culture** focused on superior customer service and the unique needs of each client
- **Culture of empathy and caring** for your injured employees
- **Unique holistic approach** which provides pre-loss, loss reduction, and post-loss strategies to reduce your total cost of risk
- Our extensive **account management and claims experience** handling over 600 distinct clients with thousands of policy holders
- Deep expertise in the **Municipality industry risk services**

At **PMAMC,** we created a 100+ year success story one relationship at a time. We are passionate about doing what we promise and delivering exceptional service to our clients. We look forward to continuing to partner with you in managing your risk, improving your program results, and exceeding your service expectations.

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Executive Summary



Claims Team of the Year – Finalist

2024 U.S. Insurance Awards



30 years

TPA & Risk Services Expertise



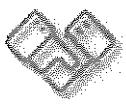
19

National Award-Winning Clients



97 %

Average Customer Retention



10 years

Average PMA Client Tenure

Old Republic International (ORI) is a Fortune 500 firm, the parent company of PMA Companies, and one of the nation's 50 largest shareholder-owned insurance organizations with consolidated assets of $27 billion (as of December 31, 2024).

PMA Management Corp. (PMAMC) is a leading provider of workers' compensation, property and casualty third-party administration and risk services for self-insureds, unbundled large deductible and self-insured retention programs, groups, trusts, captives, pools and programs. PMAMC's client retention averages 97% and client satisfaction averages 95% per independent surveys. PMAMC aims to deliver tangible value every day, striving to exceed our clients' service expectations and improve their financial results.

PMAMC has over 30 years of property, casualty, and workers' compensation experience. Our company's performance reflects an innovative spirit, a focus on service and partnership and a corporate structure that promotes accountability and exceeding customer expectations.

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Partnership with the City of Franklin Success Story

Measurable Success Metrics

Exceptional Savings Performance

- **77% average medical savings** maintained over the last two years
- **Outstanding lost time claim management:** In 2024, City of Franklin averaged **$5,058** paid out per lost time claim compared to **$17,989 – a 72% better performance**
- **Continuous improvement:** Current year shows **$2,268** average payout versus **$4,067** for other clients – **44% below peer average**
- **96% closing ratio** for the past fiscal year, demonstrating efficient claim resolution.

Dramatic Cost Reduction Achievement

- Successfully reduced average paid medical claims from **$2028 to $932** per medical only claim
- **54% reduction** in medical costs through strategic intervention and network management

Network Optimization Results

- Increased preferred provider network penetration year over year. Increased from **89% to 91%** in the last two fiscal years

Partnership Collaboration

Seamless Integration- PMAMC successfully partnered with the City of Franklin to **implement their new Ready Rebound program,** integrating it seamlessly into the workers compensation framework to create a comprehensive injury support system.

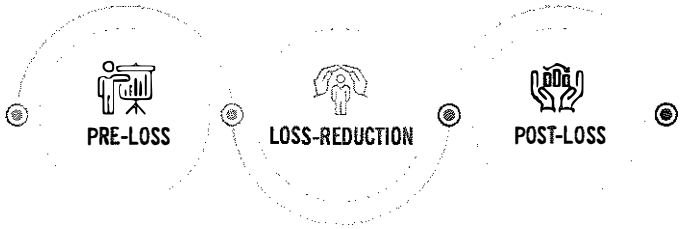
Our Continued Success

The City of Franklin partnership demonstrates PMAMC's commitment to delivering measurable results while supporting innovative employee wellness initiatives. Through strategic cost management and focused claims handling, we have consistently deliver significant value: exceptional savings performance, dramatic cost reductions, and successful partnership program integration.

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PMAMC's Holistic Approach to Risk Management

PMAMC's holistic approach integrates three key risk strategies that can help the **City of Franklin** reduce the frequency and severity of claims by focusing on risk control, claims, managed care (PMAcare+), risk management information services, data analytics, benchmarking, and value-added business solutions.



Pre-Loss

We will partner with you to understand your loss drivers and implement effective risk control measures. Our pre-loss strategies typically include the following:

- **Risk Management Assessment** – An assessment of your operations and risk management program to identify your historical loss exposures and opportunities to lower frequency and severity of claims.
- **Collaborative Goal Setting** – Creation of goals and performance metrics to guide our improvement efforts.
- **Planning** – Development of a plan with mileposts that will guide the improvement process and enhance results for a greater ROI.

PMA offers a full range of in-person and online risk control services and resources, including access to PMA Websource®, our interactive online safety and risk management portal.

Loss-Reduction

Our claims service is designed to aid in reducing your overall exposures and controlling your costs. ***Early intervention on each claim*** will help us manage claims to cost-effective resolutions and mitigate your exposure on all claims. Each step of our comprehensive claims management process is structured to achieve favorable results.

PMAcare+, our managed care program, which is ***fully integrated with our claims service*** and claims management system, focuses on:

- Predicting high-risk/high-cost claims for timely intervention
- Obtaining timely, quality care for injured workers
- Managing medical costs
- Reducing total claims costs

PMAcare+ includes Nurse Triage (available 24/7 Nurse Triage via PMAcare24), Medical Bill Review, Workers' Compensation PPO & Specialty Networks, Nurse/Medical Code Examiners, Pharmacy Benefits Management, Point of Sale Pharmacy Intervention Program, Nurse Case Management, and a Utilization Review Program with Medical Peer Review.

Post-Loss

PMAMC will ***analyze your loss history, benchmark your performance against your peer group (where possible) and industry results***, and report back to you through our Annual Performance Consultation reporting process. More important, we explain ways to improve your program and implement best practices. Our goal is to help you develop best practices that enhance your program and facilitate timely claims intervention.

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Our Results-Focused Claims Service

Loss Reporting

PMAMC offers **City of Franklin a selection of in-house claims reporting options** so you can choose the channel that's most convenient for the **City of Franklin**. PMAMC can receive first notice of loss (FNOL) reports electronically through PMAMC's website or through PMAMC Cinch®, our internet-based risk management information system. You can report losses from mobile devices including iPhones, iPads, Android smartphones, and tablets. Telephone, fax, and mail reporting options are also available to **City of Franklin** and its employees.

Claims reported electronically are immediately assigned a PMAMC claim number. That claim number will instantly be provided to the submitter and can be shared with your injured parties involved in the claim. For all reported claims, acknowledgement letters will be e-mailed to designated client contacts.

Optionally, for Workers' Compensation, PMAMC offers PMAcare24, a convenient **24/7 telephonic claim intake and first level clinical assessment** of the employee's injury by a Registered Nurse at the point of injury. The Registered Nurse serves as a patient advocate in determining the appropriate level of treatment pursuant to the injury assessment. If medical treatment is recommended, the employee will be referred to a provider within the PMAMC or client's Preferred Network. This interaction becomes the sole point of claim reporting to PMAMC and helps mitigate costs, unnecessary treatment utilization, and claim reporting redundancies.

PMAMC's Customer Service Center

Our 24/7, multilingual Customer Service Center (CSC) is available to answer high-level claims service needs of the **City of Franklin**, their employees, injured parties, medical providers, and vendor partners. PMAMC's CSC provides a suite of support services for our Claims Professionals resulting in the ability for our claims teams to focus on adjusting functions. Our investment in this key department is what continues to differentiate PMAMC in the marketplace and allows us to maintain low Claims Professional turnover and strong satisfaction of our employees and customers.



45,000+ Calls
Handled monthly

20 Seconds
To answer a call

<1.5% Rate
Of call abandonment

PMAMC's CSC is a center of excellence in providing exceptional quality of **data integrity and capture at claim intake**. Our Customer Service representatives are measured by their ability to capture and display the most accurate information in the claim files including employee demographics, location coding data, and items required by state EDI.

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Workers Compensation Early Intervention Model

Once a claim is reported, PMAMC deploys our people, processes, and powerful claims management information system (CMIS) to identify high exposure claims characteristics like comorbidities, psycho-social factors, injured worker age, body mass index (BMI), and length of employment. This critical information helps our Claims Professionals and triage nurses intervene early in the process to deliver a proactive approach designed to achieve positive outcomes.



Injury Occurs
RMIS Internet Reporting
Telephonic Reporting
Fax or Email Reporting

PMAcare24
Optional Clinical Triage Service
Injury Intake
Direction of Care
Automatic FNOL Generation

Clinical Triage
Lost Time Claims
Nurse Review
Clinical Intervention

Claims Resources
Multi-Tier, Experienced Claim Staff
Right Claim, Right Person
Right Time

Enhanced Services
Subrogation Specialist
OSHA Specialist
Recover at Work Specialist
Point of Sale Pharmacy Nurse
Legal Bill Analyzer

Predictive Modeling
Proprietary Algorithm
FNOL Model
30 Day Model

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Claims Handling

Upon receipt of a claim, **PMAMC will ensure accuracy of all data points** provided on FNOL and follow-up for any missing information or any updates as needed. PMAMC claims system offers our customers the ability to track additional data fields specific to their business need that could be captured at the time of the claim reporting or throughout the life of the claim. These **custom codes** are viewable to our clients in PMAMC RMIS - Cinch®.

PMAMC designed our claims service to **reduce our clients' overall exposures and control costs**. Each step of our comprehensive claims program for workers' compensation has been structured to achieve results, including driving claims to resolution in a timely, thorough, and cost-effective manner. We recruit and retain claims professionals with strong technical knowledge in all lines of business. In fact, our adjusting staff has **an average of 12 years of workers' compensation** claims handling experience while our supervisors have **over 15 years of experience**. We leverage our roots as an insurance company with liability claims professionals who not only understand these distinct coverages, but also how best to resolve their claims. As part of our holistic approach, we maintain a tight linkage between claims management, PMAcare+, and risk control—enabling us to continually identify and **help you address emerging loss trends** while seeking to reduce your loss costs.

Upon receipt of a claim from **City of Franklin**, a claim is generated in PMAMC claims system and referred to the supervisor for review and assignment. The supervisor utilizes their knowledge and claims facts available to assess claim complexity, provide guidance and determine the level of Claims Professional expertise that will be needed to most appropriately handle the file. The supervisor assigns the claim to the selected individual. The Claims Professional will receive an activity in the claims system notifying them of the claim receipt.

All claims are reviewed by the Claims Professionals within **24 hours of receipt** from the client and 24-hour contacts are completed. The number of contacts made on each claim is defined by Special Handling Instructions and PMAMC Best Practices. The Claims Professional will review the Special Handling Instructions for any guidelines on initial claim handling. During the initial investigation, the Claims Professional obtains all the necessary information that will be required to make a compensability determination for workers' compensation claims. **All of the information obtained is documented in the log notes and will be visible to City of Franklin in our PMAMC RMIS system - Cinch®.** Additionally, Claims Professionals are **responsible for updating the data fields** that are mandatory for the state, carrier and client reporting. If the contact attempts are unsuccessful, the Claims Professional will follow-up via a letter or an email (if available) and make additional telephonic attempts to reach all parties.

PMAMC values customer service as a key result area of the Claims Professional staff. Therefore, upon reaching the parties involved in the claim, the Claims Professional will ensure that each contact is provided with all of the information necessary about the claim, next steps, outstanding items, etc. The Claims Professional will request any and all necessary information, including payroll records, police reports, medical records, investigative reports, and other relevant documents and upload them to the claim file. For workers' compensation claims, it is the Claims Professional's responsibility to **ensure appropriate EDI filings** are completed timely and accurately. Additionally, workers' compensation lost time claims are evaluated by a PMAMC nurse case manager to **determine the need for clinical intervention** or nurse assignment. If the claim complexity and Special Handling Instructions indicate the need for a telephonic or a field case manager, a nurse is assigned to the file to work in collaboration with the Claims Professional **to help bring the injured worker back to safe and gainful employment.**

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PMAMC's Predictive Severity Model

PMAMC has developed a **proprietary algorithm** based on the claim information gathered over multiple decades of claim handling experience. The Predictive Analytics tool encompasses multiple models that incorporate **45 different data points** and analyzes their influences on claim exposure and likelihood of claim payment as the data points relate to each other. This model identifies combinations of factors that influence ultimate claim exposure and duration and serves as a tool to bring supervisor and Claims Professional attention to the key components of the claim to ensure the appropriate claim assignment and intervention at the right time.

PMAMC developed 2 main models to assist with claim exposure and duration analysis. These models are run daily to provide ongoing input and recommendations to the claims team:

1. The Severity Escalation at FNOL Model
This model produces a risk **score from a selection of low, moderate, or high**. This score serves as guidance to the claims team in determining, upon receipt of the initial claim, the proper trajectory for claim assignment to the correct Claims Professional. A low-risk score reflects a strong probability of the claim resulting in overall low ultimate probable exposure, whereas a high-risk score would drive supervisor assessment and assignment to the senior Claims Professional for complex analysis and handling. This FNOL model serves to ensure that the right claims are assigned to the right skill set level (based on complexity) at the right time within the life of a claim file.

2. The Severity Escalation at 30-day Model
This model builds upon the FNOL model and relies on the additional information that has been gathered by the Claims Professional since the loss was initially reported and throughout the first 30 days of the claim. This **additional data is used to re-score the claim** to identify files that may develop significantly, may change severity projections based on new information, or may require additional interventions based on new detail gathered during the investigation.

Quality Assurance and Learning Initiatives

At PMAMC, we've revolutionized quality assurance by seamlessly integrating proven methodologies with a dynamic learning curriculum, creating a synergistic approach to enhance individual and organizational proficiency. Through our innovative program, ELEVATE 365, our highly experienced Quality Assurance Specialists, spanning multiple jurisdictions and lines of business, serve as peer mentors to Claims Professionals. They identify and evaluate claim handling trends and curate comprehensive training programs for consistent development and sustained improvement.

Our Learning Academy provides a versatile mix of in-person, virtual, self-paced, and instructor-led trainings. We focus on upskilling existing staff and attracting and nurturing the next generation of talent. Through a continuous cycle of file reviews and targeted re-training, we set the standard for excellence in claims handling. This approach supports the professional development of our claims personnel and ensures superior outcomes for you.

The feedback loop, coupled with our Quality Assurance team's diverse risk management expertise, has enabled us to establish a program that consistently delivers exceptional results for our clients.

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File Supervision

Unlike many TPAs, **PMAMC Claims Supervisors do not carry claim pendings and are solely responsible for guiding claims staff** on claim file direction, oversight, and compliance with customer's Special Handling Instructions. PMAMC maintains a span of control of 1:6 (or less) for our claims supervisor and Claims Professional staff.

WC Medical Only claims require supervisor review within 15 days from assignment to verify state and jurisdictional compliance. This review is documented in claim log notes. Subsequently, supervisor review is required within 90 days from assignment to identify closure opportunities or potential for escalation to an indemnity claim, based on claim definitions.

WC Indemnity claims require an **initial supervisor assignment note within 24 hours** after claim assignment. Supervisor review on all claims classified as indemnity will be completed within 15 days from file assignment, 60 days thereafter, and every 90 days until resolution. Supervisors are required to comment regarding the accuracy and validity of reserves during each review.

Claims Caseloads & Staffing

PMAMC's Claims Professional caseloads and support resources, such as our 24/7 Customer Service Center, are established to **allow our claims professionals to give each claim the time and attention** it requires. This allows us to complete more thorough investigations, and to exercise greater control over loss development. PMAMC will commit to providing **City of Franklin** with weekly reports outlining claims assigned to each Claims Professional to validate the proper caseload caps enforcement.



130

Workers' Compensation Caseload Average for Lost Time Files

130

Workers' Compensation Caseload Average for Medical Only Files

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PMAMC's Claims Professionals Duties



Investigation

Appropriate, timely and thorough 24-hour contact investigation of claims of all exposures occur within 24 hours of the first notice of claim to PMAMC. Contact attempts follow requirements as outlined in Special Handling Instructions. Daily attempts at contact are made to reach the impacted parties and are documented in the claim log notes and visible in PMAMC RMIS Cinch® system.



Reserving

Initial reserve is established within 15 business days of receipt of all new claims. Ongoing reserves are established based on most probable outcome based on the most current information available and are updated upon each review of the Action Plan as well as within 24 hours of any major claim event.



Action Planning

An Action Plan is established within 30 days of claim assignment and provides a summary of findings from Claims Professional investigation as well as details the strategies with specific goals and timeframes for executing key objectives to resolve claim. Ongoing Action Plans are completed at any major claim event or a minimum of every 90 days and include review of outstanding reserves on file.

Settlement Authority

Authorization will be requested prior to the settlement of any claim for any line of insurance that we would administer. Clear and detailed instructions will be outlined in **Special Handling Guidelines** for reference of all Claims Professionals.

Our Claims Professionals will provide written requests for settlement authority in advance of the proposed settlement date. Requests will include a detailed evaluation of the claims' exposures, along with input from defense counsel and your risk manager.

Litigation Management

PMAMC believes that **litigation management is a team effort** involving the Claims Professional, defense counsel, our client, and the carrier (if/where applicable) to best protect your interests. Upon knowledge of litigation, PMAMC Claims Professional will advise the **City of Franklin** contact no later than 48 hours and begin file preparation for assignment to the **City of Franklin's** preferred defense firms. Our litigation management procedures include collaborative development of defense strategies with counsel selected by the **City of Franklin**, preparation and maintenance of files necessary for legal defense of claims or claim-related activity, attendance of hearings, depositions, mediations, where appropriate. PMAMC Claims Professionals are required to document their files timely and accurately with the outcome of each legal proceeding and will provide a summary of such outline to the **City of Franklin.** All fees and expenses for legal services are evaluated for adherence to budget, accuracy, and compliance with terms of negotiated fee agreements. **PMAMC will pay all attorney, strategic partner, and other vendor fees within 30 days of receipt.**

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Legal Billing Solution

To help the **City of Franklin** save money on legal fees, we provide an optional enhanced service called Legal Billing Solution. This service utilizes technology and legal professionals to analyze bills against clients' legal guidelines and rate structures. In order to create clear expectations, PMAMC will collaborate with the **City of Franklin** to establish Customized Defense Counsel Guidelines and rates. The TPA Compliance Team at PMAMC will make sure **City of Franklin** sees outcomes in the legal expenditure area through client onboarding, program support, and quality assurance. All aspects of invoices received from defense counsel will be reviewed by algorithm intelligence and legal professionals. This enables Claim Professionals to concentrate on strategic litigation management instead of legal invoice management. We can provide the **City of Franklin** reports of the findings to observe trends and drive down costs.

Diary Management

All open claims are maintained on a diary by PMAMC Claims Professionals and PMAMC supervisors. Claims on diary are reviewed at a minimum of every 90 days. PMAMC's supervisors have access to the Claims Professional's diary. All diary activities will have a corresponding entry or document in the claim file. Each claim has a diary set for a future date to ensure proactive file handling and resolution. PMAMC management teams and Quality Assurance Specialists review diary reports on a regular basis to address any delays in proactive file handling and to offer guidance.

Subrogation and Recovery

PMAMC offers specialized fee-based services for claims with subrogation and recovery opportunities throughout the United States. These services provide an enhanced level of focus, expertise, and specialization. Our subrogation specialists are highly trained in jurisdictional nuances and have developed state-specific strategies to maximize recoveries for our customers

PMAMC also specializes in **maximizing excess recoveries for the City of Franklin** through our fee-based recovery services. PMAMC will identify claims for excess reporting based on the requirements on the specific carrier and send the initial excess notification to the excess carrier in a timely manner as well as provide a copy for your records. Following the carrier notification, **PMAMC will aggressively pursue all possibilities of excess insurance reimbursement** and document their efforts in the claim log notes. This approach will apply for all potential recoveries including, but not limited to, third party liens, contribution, special/second injury fund, and others.

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Claim Indexing and Special Investigation Unit

All workers compensation and liability claims are indexed through the Insurance Services Office system and results documented in the claim log notes. If there are records that are relevant to the claim, the Claims Professional will follow-up to obtain those records. **Claims are automatically alerted to any new index matches within the 12-month period from the original indexing. The Claims Professional re-indexes the claims every 12 months thereafter**. Indexing claimants with the Central Index Bureau and the National Insurance Crime Bureau allows us to determine if the claimant has filed any other claims. This ensures that you are responsible only for the injuries related to your accident. Indexing is a critical tool in our fraud control program. Suspect claims are reviewed with the client and our Special Investigative Unit (SIU) to determine additional action steps.

PMAMC employs a full-time SIU that is made available to the City of Franklin typically at no additional cost. The SIU is staffed with industry fraud professionals with over 25 years of experience who are committed to detecting, deterring, and preventing fraud while protecting the assets of our clients. Our SIU works in conjunction with the PMAMC Claims Professionals. This collaborative approach has resulted in significant savings for our clients and criminal insurance fraud prosecutions in many states. PMAMC's SIU is responsible for fraud investigations, fraud training, regulatory anti-fraud compliance, private investigator vendor management, and maintaining PMAMC's Anti-Fraud Plan.

PMAMC Recover-At-Work Solution®

PMAMC offers Recover -At- Work solution for our customers looking to improve their outcomes in this area. PMAMC utilizes Recover-At-Work specialists (RAWS) **trained in vocational rehabilitation with certifications in rehabilitation specialty and occupational health.** These resources are utilized to assist our customers with analysis and development of a comprehensive job demand bank, creation of modified duty positions within unique departments understanding complexities of each employer's business. Our RAWS are uniquely positioned to provide our customers with solutions and recommendations around development and implementation of the return-to-work programs at departmental or organizational levels. Additionally, RAWS are often utilized to provide transferrable skill analysis, resume reviews and assist with cross-departmental job placements within the employer's organization. Unlike a formal vocational rehabilitation specialist assigned by the state, through defense counsel or due to litigation, the RAWS is focused on offering injured employees support and confidence necessary for the return to work in temporary or permanent capacity.

PMAMC Medicare Solutions

PMAMC offers dedicated centralized resources for oversight and management of all Medicare and Medicaid products and services. Our PMAMC Medicare Solutions division provides our customers with access to **best-in-class services for all of their Medicare and Medicaid needs**, including Medicare Set-Asides, Social Security checks, conditional liens, and other related services. We provide **extensive quality oversight** to these services and conduct regular audits and quality assurance initiatives to ensure compliance with PMAMC Service Level standards and expectations.

Claims Professionals will evaluate each claim on its specific merit and provide recommendations related to the need for Medicare Set-Aside, conditional lien searches, and structured settlement considerations. Recommendations are made in collaboration with case managers, defense counsel, and other parties.

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Access to Telehealth

Telemedicine connects injured workers with specially trained physicians and physical therapists for medical diagnosis and treatment online, including prescribing medications when necessary. Injured workers can have one-on-one video consultations right from the comfort of home via their smartphones, tablets, or computers.



Telerehabilitation

- Injured workers can avoid delays in getting the physical therapy (PT) they need with quality care through telerehabilitation
- Telerehabilitation offers one-on-one PT sessions with certified physical therapists via a smartphone, tablet, or computer
- 30- or 45-minute sessions are available 7 days a week in all 50 states

Medical Peer Review

PMAMC engages a board-certified provider, in the same specialty as the injured employee's treatment physician, to review the treatment file and **render an expert opinion of medical treatment** for reasonableness and necessity. The Peer Review physicians are also engaged to provide an expert opinion in cases that warrant further review as a part of the Utilization Review process or through other jurisdictional requirements.

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Communication with Medical Providers, Employers, & Injured Workers

PMAMC believes in the importance of communication and relationship building at all levels of claim handling. It is our experience that claims with proactive disability management and ongoing follow-up lead to faster resolution and better ultimate outcome for our customers and their employees. The outline below will summarize PMAMC requirements for ongoing disability management and engagement on behalf of our Claims Professionals.

Ongoing and proactive communication with the client for return-to-work planning is important for disability management. When the physical status of the employee changes, updates of physical capabilities and their impact on return to work in transitional/modified/full duty capacity are communicated to the client. In addition, **the Claims Professional will contact the client at a minimum of 30-day intervals** unless other contact has taken place in the interim. The Claims Professional will verify return to work with the client and document the file accordingly.

The Claims Professional will utilize job descriptions obtained during initial client contact and provide them to the treating medical providers. It is the Claims Professional's responsibility to communicate with the medical provider confirming they received the appropriate job description and considered it during their assessment of the employee. If the client can accommodate light-duty work, the Claims Professional will obtain available job descriptions from the employer.

Ongoing and proactive **communication with the employee** is critical to facilitate prompt resolution of the claim and to **demonstrate empathy and caring**. On all indemnity claims, the Claims Professional will contact the employee at consistent intervals throughout the claim to establish a strong rapport and trust. Contacts and interactions may be more frequent if the claim circumstances change or based on the specific events of the file.

On files involving a Nurse Case Manager, the **PMAMC registered nurse will serve as a patient advocate** and provide an additional level of support to the injured employee by remaining in ongoing contact, closely monitoring treatment progression, reviewing ODG guidelines and working with medical provider on a clinically appropriate treatment and return to work plan.

The Claims Professional will **engage the treating provider at the onset of the claims** file and in coordination with the employee's treatment plan. The Claims Professional and/or Nurse Case Manager will follow up with the treating medical provider after the employee's medical appointments for updated work status, medical prognosis, updated diagnosis, appointment dates, and any additional treatment referrals.

If a Nurse Case Manager (telephonic or field) follows up with the medical provider, he/she will engage the Claims Professional to discuss the findings and agree on an action plan that would provide the best benefit to the injured employee while allowing him/her to progress along the treatment trajectory.

The Claims Professional or a Nurse Case Manager may elect to engage a **PMAMC Recover-At-Work Specialist** on select cases to assist with **additional expertise from a Vocational Rehab Specialist** that can work with the medical provider to adjust restrictions and allow for a safe return to work. Utilization of this offering will be done in consultation with the client unless outlined differently in Special Handling Instructions.

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Comprehensive & Integrated Managed Care

PMAcare+

We believe that every employee deserves the highest-quality care services immediately following injury, should experience seamless access to appropriate care during recovery, and, when needed, be afforded coaching to navigate the path back to productive function at work.

PMAcare+ clinical best practices mandate a holistic view of each injured worker, evaluating all physical, co-morbid, psychosocial, and emotional factors that may impact recovery. This holistic approach improves an injured worker's overall health and helps to prevent prolonged treatment and recovery following injury.

Our strategic approach to managing costs ensures that care is provided within a standardized delivery of products and programs. The PMAcare+ cost strategy model leverages industry partners, best practices, and networks of credentialed and high-quality providers for all necessary medical, pharmacy, and ancillary care.

Injury Triage Program – PMAcare24

This optional **24/7/365 telephonic first notice of loss and clinical assessment** by a Registered Nurse (RN) of an employee's condition occurs immediately at the point of injury. The RN serves as a **patient advocate** in determining the most appropriate level of care and triaging the new loss. The RN provides treatment recommendations and/or refers the injured employee to a provider within the PMAMC Preferred Network. This interaction becomes the sole point of claim reporting to PMAMC and helps mitigate costs and utilization.

Customers that elect to participate in this offering are provided with a unique 1-800 number that they can offer to their employees for claim reporting purposes. At the time of injury, employee or their supervisor (based on the client's internal set-up) utilizes this number to call-in a claim. They will reach a telephonic nurse who will complete a triage of the injury and medical history and provide an assessment of future medical needs for the injured employee. Our PMAcare24 product is specific to PMAMC and provides a number of great benefits to our clients, including **early access to clinical care, impact on OSHA recordables** by avoiding unnecessary treatment, **reduction in Emergency Room spend**, access to after-hour care when panel providers are not available, **reduction in lag times for reporting claims**, and improved network and panel penetration.

Risk Modeling

PMAcare+ risk modeling tools and clinical best practices enable our Claims Professionals and nurses to collaboratively **manage those claims at greatest risk to ensure optimal outcomes**. Our integrated model is designed to promote clinical intervention only when risk is evident and to apply the most appropriate level of clinical intervention at that time. Our risk model scores claim acuity based upon an injured worker's clinical, behavioral, and claim attributes for new and maturing claims. Unlike many competitive programs, our risk modeling doesn't stop with early claim indicators; we leverage data from our bill review, network, and pharmacy programs to flag risk at any point in claim maturity.

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Claim Triage

When a claim is identified by the automated risk model, it immediately appears on the PMACare+ dashboard for nurse triage. The nurse reviews the risk acuity score in context of all available data in Claim Center (including compensability) to make a recommendation for management to the PMAMC Claims Professional. If case management is agreed upon, the triage nurse would transfer the case for immediate management (telephonic or field based) to avoid any gaps in care.

Telephonic Case Management (TCM)

Guided by our risk and triage model, the PMACare+ TCM nurses can engage injured workers at any point following their injury, throughout their recovery and return-to-work (RTW) process. Our nurses coordinate all care from medication management, surgical coordination, post-op recovery to outpatient care. Return to work planning begins on day one and is integrated into the overall treatment plan focusing on functionality versus disability. Using both nationally recognized and proprietary guidelines for medical necessity review and disability duration, PMACare+ case managers proactively **accelerate and facilitate care requirements**, as well as set clear expectations with the injured worker for returning to work.

PMACare+ best practices mandate a holistic view of each injured worker, evaluating all physical, co-morbid, psychosocial, and emotional factors that may impact recovery. This holistic approach improves an injured worker's overall health and helps to prevent prolonged treatment and recovery following injury.

PMAcare Signature Field-based Case Management (FCM)

Although PMAMC strongly believes that we have designed a truly differentiated approach to Field Case Management (FCM) that delivers unique benefits to our clients through our approved case management partners, we also recognize that some clients want to maintain their historical vendor relationships.

The **PMAcare+ Signature Program** offers a best-in-class approach to Field Case Management (FCM). Powered by a secure, state-of-the-art case management system and a national network of more than 1,300 FCMs, including nearly 250 who are bilingual, the program is designed to improve injured workers' experiences, ensure their access to appropriate care, and expedite their safe and productive return to the workplace.

- **Quality control** for case management performance and outcomes
- Multi-level **data security** protocols protect our customers and their injured workers' data
- Robust single-system data management for complete and consistent **program analysis**
- Seamless ability for our preferred FCMs to channel to appropriate care via preferred primary and ancillary PMAMC **provider networks**

Industry leading impact for PMAMC and its customers:



RTW/MMI: 89.7%



Business Days Saved: 57.3*

* Based upon ODG standardized benchmark

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However, if a customer chooses to maintain their legacy Case Management supplier relationship while also considering our mutual need for data security, PMAMC can accommodate by enabling ***My Favorite Nurses*** Case Managers to enter their notes and reports into the Signature secure case management system. This system communicates directly into the PMAMC claim system via secured electronic transmission.

As detailed above in the proposal, to meet your security requirements, PMAMC has a comprehensive Information Security Management program in place to protect the data assets of the organization and our customers. PMAMC undergoes an annual security audit each fall and mandates a strict security audit for all data trading partners.

Leveraging our secure Signature case management platform means your injured workers' information is protected throughout the case management process. This approach also provides a current view of all case management activity which is transmitted twice daily, making it visible to our Claims Professionals and to our customers through our RMIS system.

Catastrophic Case Management (CAT)

PMAMC implemented a strategic catastrophic case management partnership model that leverages **internal clinical management resources** along with **expert vendor delivery**. Through defined claim and clinical criteria, PMAMC partners with Paradigm Corporation who specializes in the management of catastrophic injuries such as head trauma, severe burns, major limb amputations, and spinal cord injuries resulting in paralysis. Combined with PMAMC's applied internal clinical and claim management expertise, Paradigm's specialized expertise and network of catastrophic medical providers enables PMAMC to manage these claims to a better outcome at a lower cost.

At the recommendation of PMAMC's Managed Care Liaison and/or Claims Professional, cases are referred to Paradigm which then develops an Outcome Plan for review and approval. The Managed Care Liaison completes a comprehensive contract value analysis and presents/discusses with the applicable claims team for contract decision making purposes. PMAMC actively manages all Paradigm cases and does not accept all Outcome Plans. PMAMC and Paradigm provide a comprehensively evaluated & collaborative approach on such cases. Each complex or catastrophic case is managed by PMAMC specialized resources and proactively reviewed with Paradigm monthly to help drive the best possible clinical and claim approach and to provide the best treatment plan appropriate for the injured worker at a reduced cost.

Utilization Review (UR)

Our UR Services integrate with case management, bill review, and pharmacy benefit management to promote **greater control** over care for injured workers and medical spend across the continuum of care. PMAcare UR offers rigorous clinical reviews, consistently applying guidelines to all claims. This reduces unnecessary medications, surgeries, diagnostics, and physical therapy.

PMAcare UR helps employers meet workers' compensation utilization review regulatory requirements while reducing administrative costs, ensuring recommendations are defensible, and streamlining the decision-making process resulting in outcomes with turnaround times that accelerate the delivery of approved, appropriate medical care.

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Preferred Provider Networks (PPO)

PMAMC utilizes strategic partnerships throughout its marketing territories to offer clients access to a comprehensive provider network for workers' compensation claims. We strive to **optimize network penetration and savings** by actively managing a matrix of preferred network options within and across states. A team approach is employed by PMAMC's Managed Care, Claim and Account Management staff to educate clients on the benefits of using network providers and encourage injured workers to seek treatment from high quality providers for more efficient and effective injury management.

Out of Network Program

When use of network providers is not possible, PMAMC offers an out-of-network negotiation and cost base pricing model program which provides **savings below traditional state fee schedule** or usual and customary charges for certain medical services. This often provides savings opportunities with providers who choose not to participate in PPO networks. This program also allows us to capitalize on savings for prompt payment with large bills that fall outside of jurisdictional rules for exceptional facility services such as critical access hospitals, traumatic injuries, or significantly high levels of care.

Ancillary Services

PMAMC offers a fully integrated ancillary suite of products and services in addition to our broad-based national and regional PPP networks. PMAMC has developed close partnerships and customized programs with **leading industry service providers** to offer injured workers fast access to high-quality physical therapy, diagnostics, durable medical equipment, home health, transportation, etc. to help restore function and reduce claim and indemnity duration and costs. PMAMC utilizes an ancillary referral tool that enables claims staff to make referrals quickly and easily via a secure data hub to our preferred service providers. Managed Care closely monitors performance and strategically promotes or demotes service providers based on results, location, and client needs. PMAMC and our preferred ancillary service providers engage in a process of continuous improvement to optimize the experience for the injured worker.

Complex Bill Review

PMAMC's complex bill review solution includes coding specialists and registered nurses who perform a technical audit and clinical review of medical bills to ensure coding accurately reflects the services billed. **Our average national customer savings off billed charges in 2024 was 63%, PPO penetration is 72%.** The team members possess a thorough understanding of the rule base from the American Medical Association, American Association of Orthopedic Surgeons, Centers for Medicare and Medicaid, and states' workers' compensation regulations. If errors are detected by this team the bill is adjusted and/or sent back to the medical provider for an explanation.

Pharmacy Benefits Management Program (PBM)

PMAMC offers a comprehensive pharmacy solution including a retail pharmacy network and home delivery services. The model offers full adjudication of physician-dispensed and third-party invoices for pharmaceutical products. These programs provide a comprehensive pharmacy profile on a claim which helps to **manage the rising costs of prescription drugs** through drug utilization review and negotiated rates.

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Clinical Pharmacy Intervention Program (Rx+)

PMAMC has a robust Pharmacy Intervention Program in place which utilizes multiple resources, including a team of Registered Nurses who are fully integrated within the PMAMC claim process. The PMAcare Rx+ team receives all non-formulary medications for assessment, intervention, and application of decision. The assessment includes the history of the claim, comparison of treatment to evidence-based guidelines, and jurisdictional regulations. The team uses various **intervention strategies**, including outreach to prescribers and pharmacists, Claims Professionals, assigned nurse case managers, drug testing and monitoring, peer-to-peer reviews, or utilization review to address prescription drug conflicts. The model is designed to improve injured worker safety by applying a **clinical assessment on any non-formulary prescription**, which includes opioids, muscle relaxants, topicals, compounds, and physician dispensing.

PMAMC partners with a Pharmacy Benefit Manager (PBM) that applies PMAMC's customized injury-specific formulary or state-mandated formularies. The PBM coordinates the pharmacy networks, facilitates the dispensing and payment of prescriptions, and initiates various clinical interventions to drive safety and cost-effective strategies, like home delivery. The PBM provides data analytics and risk score capability to further enhance the assessment capability of PMAcareRx+.

PMAMC also offers a fully integrated, programmatic drug screening program to provide an additional layer of patient safety as well as reduce fraud, waste, and abuse.

Cost Analysis Products

PMAMC Managed Care provides two medical cost analysis services that support Claims with appropriate future medical cost evaluation based on past and current medical trends specific to each claim. PMAMC's Medical Cost Projection service aids Claims Professionals in establishing **appropriate and comprehensive future medical reserve considerations** which can become a key component for settlement negotiations as well as critical medical exposure definition. PMAMC's Medical Cost Analysis service provides a clinical **assessment and validation of projected medical reserves** aligned with projected cost of treatment which supports the Claims Professionals with potential needed medical reserve increases. Both services are implemented and managed by internal PMAMC clinical experts with comprehensive understanding of Claims medical cost strategies and dependencies.

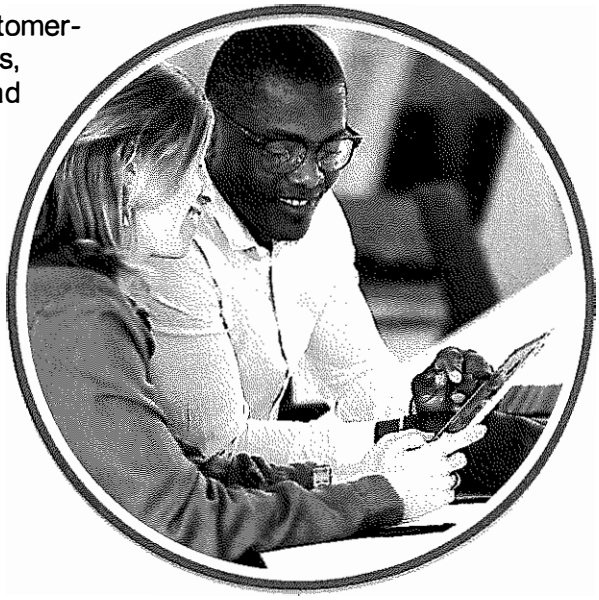
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Account Management

Account Management

Our Account Management teams are highly experienced, customer-focused experts in multi-line claims handling, data analytics, and strategic program management. We get to know you and your business and leverage our knowledge of the claims industry and regulatory landscape to help achieve your objectives. Together, we establish and execute an Account Management action plan, driven and sustained by partnership, advanced technology, proven claims processes, and results that speak for themselves.

- 24/7 Customer Service Center
- Client Implementation Team
- Risk Control & Safety Resources
- Regulatory & Compliance Support
- Business Metrics & Data Analytics
- Carrier Relations Practice
- Financial Services
- Risk Management Tools



Special Handling Instructions

Understanding and meeting the unique needs of our customers is at the heart of our service model. PMAMC prides itself on being a ***high-touch, customer-focused organization*** with strong customization capabilities. As a part of onboarding of all PMAMC clients, we spend time to learn your requirements, your internal structure, unique program goals and custom requests. This information is utilized to partner with you to develop a ***comprehensive, customized Special Handling Guideline document*** that is stored in our claims system for the reference and utilization by PMAMC Claims Professionals and internal supporting departments. This document includes guidelines for handling your standard as well as catastrophic claims.

We work closely with you to develop and re-evaluate this document on an ongoing basis to ensure the timeliest information is being provided to our staff. The Special Handling Instructions are developed to memorialize a mutual agreement between our organizations about how we will be servicing your program. It can include reserve notifications, initial contact information, specifics about benefit payments, settlement authority levels, attorney selection, and other areas important to you and your team.

Claim Reviews and Status Reports

We are committed to providing the **City of Franklin** with all the tools and information necessary to effectively manage their programs. This is accomplished by providing access to detailed claims information through PMAMC Cinch®, by conducting in-person or telephonic claims reviews, and through the presentation of our Account Performance Consultation Reports.

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A proactive, targeted review of claims is essential for identifying key risk factors and developing impactful strategies to support resolution. At PMAMC, we work alongside you to devise an innovative approach for resolving your claims, ultimately benefiting your organization, brand, and employees.

How does PMAMC bring a fresh perspective to the traditional claim review process?

- **Partnership-driven model** encourages collaborative discussions among Claims Professionals, clinical staff, strategic partners, client risk management team members, and broker and carrier partners.
- **Enhanced file selection process** tailored to the needs and preferences of each client.
- PMAMC utilizes **an analytical claim selection approach** based on key triggers to identify files that benefit from strategic discussion and collaborative planning. This focused method allows us to accurately target developing claims and prioritize strategies with the most significant impact on your total cost of risk.
- **Full data field customization suite** allows our clients to direct the content of their claim status reports, providing as much or as little information in a format most effective for meeting the objectives of the claim review. Whether you are coordinating a claim review for your departments/locations/facilities or require a high-level financial claim discussion with your CFO/Treasurer, the PMAMC Claim Review Status Report format is designed to pinpoint and present the exact information needed.
- We utilize **key claim indicators coupled with our proprietary predictive severity model** to ensure a productive, collaborative discussion that drives measures for improving outcomes and mitigating claim costs.

Account Performance Consultation

Our comprehensive Account Performance Consultation is customized for your program. It marries cutting-edge claims and risk control data and analytics with socioeconomic trends and industry benchmarking to identify and align on key objectives for your business to help you achieve your preferred outcomes. This process allows us to partner with you to identify areas of program success and areas for improvement, paving the way for tactical and collaborative recommendations.

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Business Metrics and Analytics

Benchmarking

PMAMC offers Business Metrics and Analytics services that assist with interpreting your historical business data using iterative methodologies, statistical and predictive models to **transform your data into business insights** that can be leveraged to make business decisions, improve productivity and reduce expenses. These solutions help our clients develop trend analysis and provide them with recommendations for actionable items that can help improve their outcomes. PMAMC post-loss services include **peer, industry and jurisdictional benchmarking**. PMAMC offers **sophisticated business analytics model** that includes extensive data aggregation via our state-of-the-art claims system, data mining by our team of highly specialized business analysts, **predictive analytics focused on directing the right claim to the right resource at the right time**, and a suite of data visualization tools.

Client Reporting

PMAMC Business Metrics and Analytics assists our customers with solving for recommendations related to their unique business needs. We utilize your data to provide information and recommend actions that could help improve outcomes, reduce total cost of risk and enhance your program.

Our reporting capabilities are expansive and can support all of our customers' needs, including **scheduled and ad-hoc reporting related to deductibles, open excess recoveries**, numerous variations of customized loss runs, customized data fields, and any other analytics required by our clients.

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Technology for Insights and Efficiency

PMAMC's RMIS System

PMAMC Cinch®

PMAMC provides clients with **PMA Cinch®,** a Risk Management Information System with easy access to live claim information, status updates, and the ability to run reports and dashboards. The robust capabilities and flexibility of Cinch® allow your end users to pinpoint the information that can significantly impact your bottom line. **By analyzing trends** and taking quick corrective action, you can **enhance your operating performance, lower costs, and improve your financial results.** On a day-to-day basis, Cinch® will give you **timely and convenient access** to information about claims. The tool features an "Executive Dashboard" for a high-level view of activity. It also enables users to drill down, analyze, and develop reports and graphs about a wide range of information, including:

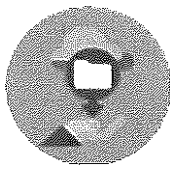
- **Executive Summary** Tool
- Utilize an **interactive tool** to organize and view both aggregate and individual claims information.
- **View claims information per your parameters**—location, type, status, and accident date range.
- Data appears in **easy-to-view graphs, charts, and tables**, allowing you to grasp information quickly.
- Display **elements are based upon detailed data** in your existing loss reports.
- **Ease of Use**

The Dashboard is highly intuitive and requires minimal training, but **we are happy to deliver training to any client** as needed.

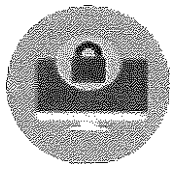
We have continuously enhanced PMAMC Cinch® based on feedback from **client focus groups**. We listened to our clients and gave them the reports and tools they need to make decisions about their risk management programs.

We also provide Annual Performance Consultation Reports, Benchmarking and customer reporting **capabilities which outline trends that have an impact on your organization's total cost of risk.** Annual Performance Consultation Reports provide benchmarking, pending analysis, risk profiles, and risk management analysis, as well as recommendations to help you make informed risk management decisions.

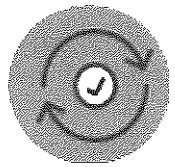
Access to adjuster notes, supervisory notes, field case management notes, diary items, payment records, medical and expense bills



Contains all historical converted claim information at enterprise claim levels



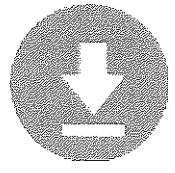
Successful Conversions from 50 TPA systems, including your current TPA



Full or restricted viewing for clien privacy



Data Import/Export feeds with Carriers / Client Partners



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Pricing Proposal

PMAMC offers a complete and comprehensive claims management and risk services program.

Claims Handling Activities:

- Investigation
- Three-Point Contact
- Action Planning
- Claims Processing
- Compensability Decisions
- SIF Investigation
- Excess Reporting & Recovery
- Fraud Prevention / SIU Capabilities
- Account Management
- Quality Assurance Program Oversight
- Structured Settlements
- Pre-Settlement Advisories
- EDI with State as Required
- 1099 Reports
- Settlement Authority
- Resolution Negotiation
- Litigation Management
- Check Issuance
- Payment Registers
- Claim Review Meetings
- Account Performance Consultation Meeting
- Self-Insurance Re-Application Assistance
- First Report of Injury Filed with State Agency
- Customized Claim Handling Instructions
- Reserve Advisories
- Patriot Act Compliance
- Office of Federal Asset Control Compliance
- Claim Acknowledgements
- Direct Deposit of Indemnity Payments

PMAcare+ Managed Care:

- Medical Bill Review
- Complex Bill Review
- Out-of-Network Bill Review
- Early Intervention Nurse Assessment on Lost Time Claims
- PPO & Specialty Network Access
- PPO Radius Listing & Mapping to Locations
- Pharmaceutical Benefit Management
- Case Management

Safety/Loss Prevention Services:

- Websource Access
- PMA Technical Bulletins
- PMA Monthly Web Events Training
- 300+ Safety Videos/DVD Library
- WC/Liability Performance Indicator Report
- Risk Management Assessment
- PMA Insights White Papers
- PMA Engineering & Safety Services

RMIS Services:

- Executive "Dashboard"
- Internet Claim reporting via Cinch®
- Claim Number Notification
- Real Time Access to Claim Log Notes
- Client Diary System
- Loss Analysis Reports
- PMAcare+ Savings Reports
- Reserve Analysis Reports
- Email Claims Professional Capabilities
- "Schedule My Reports" Feature

Loss Adjustment Expenses:

- Independent Medical Exams
- Medical Bill Review
- Complex Bill Review
- Out-of-Network Bill Review
- Case Management Expenses
- Utilization Review Expenses
- SIF / SITF Recovery
- PPO Network Access Fees
- Private Investigators
- Medicare Section 111 Reporting Fee
- Central Index Bureau /National Insurance Crime Bureau
- Legal Fees / Attorney Fees
- Records Reproduction Fees
- Medicare/Medicaid Conditional Payment Review

Client is responsible for the payment of all Loss Adjustment Expenses including, but not limited to, the above.

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Pricing Option 1 – Per Claim - Life of Contract

PMA Management Corp. will provide comprehensive Per Claim Life of Contract Third Party Administration Services for all new claims as represented in your proposal for the period January 1, 2026, to December 31, 2030, as follows:

Contract Type		Year 1	Year 2	Year 3
Life of Contract – Per Claim		$22,405	$22,405	$22,405
PMAMC Per Claim Information	**Claim Frequency**	**Claim Fees**	**Claim Fees**	**Claim Fees**
Workers' Compensation – Lost Time	17	$995	$995	$995
Workers' Compensation – Med Only	34	$160	$160	$160
Workers' Compensation – Record Only	2	$25	$25	$25
Included Services				
Claims Handling		Included	Included	Included
CINCH (6 included, $500 per additional)	6 users	Included	Included	Included
Claim Review (4 Telephonic)	4 review(s)	Included	Included	Included
Stewardship Meetings	1 meeting(s)	Included	Included	Included
Unbundled Services				
Annual Administration Fee		$5,000	$5,000	$5,000
CINCH	3 users	$5,500	$5,500	$5,500
Subrogation Specialist	% recovery	20.0%	20.0%	20.0%
Medical Bill Review	per bill	$9.50	$9.50	$9.50
Cost Containment (Excluding State Fee/UC)	% of Savings	29.0%	29.0%	29.0%

*Pricing is for a 3-year contract with 2 optional extension year(s). Each extension year is subject to a max 5% rate increase.

*This quote is valid for 90 days from the date of presentment. If the quote is accepted after 90 days, we reserve the right to re-price the account.

*Claims handling fees are tentative based on estimated claim counts. Claims reconciliation will be performed 60 days after expiration to determine the actual number of claims received. Final claims handling fees will be determined by the actual number of claims received.

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Pricing Option 2 – Per Claim - Cradle to Grave

PMA Management Corp. will provide comprehensive Per Claim Cradle to Grave Third Party Administration Services for all new claims as represented in your proposal for the period January 1, 2026, to December 31, 2030, as follows:

Contract Type		Year 1	Year 2	Year 3
Cradle to Grave – Per Claim		$32,690	$32,690	$32,690
PMAMC Per Claim Information	**Claim Frequency**	**Claim Fees**	**Claim Fees**	**Claim Fees**
Workers' Compensation – Lost Time	17	$1,450	$1,450	$1,450
Workers' Compensation – Med Only	34	$235	$235	$235
Workers' Compensation – Record Only	2	$25	$25	$25
Included Services				
Claims Handling		Included	Included	Included
CINCH (6 included, $500 per additional)	6 users	Included	Included	Included
Claim Review (4 Telephonic)	4 review(s)	Included	Included	Included
Stewardship Meetings	1 meeting(s)	Included	Included	Included
Unbundled Services				
Annual Administration Fee		$5,000	$5,000	$5,000
CINCH	3 users	$5,500	$5,500	$5,500
Subrogation Specialist	% recovery	20.0%	20.0%	20.0%
Medical Bill Review	per bill	$9.50	$9.50	$9.50
Cost Containment (Excluding State Fee/UC)	% of Savings	29.0%	29.0%	29.0%

*Pricing is for a 3-year contract with 2 optional extension year(s). Each extension year is subject to a max 5% rate increase.

*This quote is valid for 90 days from the date of presentment. If the quote is accepted after 90 days, we reserve the right to re-price the account.

*Claims handling fees are tentative based on estimated claim counts. Claims reconciliation will be performed 60 days after expiration to determine the actual number of claims received. Final claims handling fees will be determined by the actual number of claims received.

*For all Cradle-to-Grave quotes, upon termination of the contract, should claims remain open and unresolved, PMAMC shall charge the client an annual fee of $5,000 for basic administrative services and an annual fee of $5,000 to access PMAMC's RMIS for up to 3 users.

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Pricing Option 3 – Flat Fee - Life of Contract

PMA Management Corp. will provide comprehensive Life of Contract Flat Fee Third Party Administration Services for all new claims as represented in your proposal for the period January 1, 2026, to December 31, 2030, as follows:

Contract Type		Year 1	Year 2	Year 3
Life of Contract – Per Claim		$30,000	$30,000	$30,000
Included Services				
Claims Handling		Included	Included	Included
Annual Administration Fee		Included	Included	Included
CINCH (6 included, $500 per additional)	6 users	Included	Included	Included
Claim Review (4 Telephonic)	4 review(s)	Included	Included	Included
Stewardship Meetings	1 meeting(s)	Included	Included	Included
Unbundled Services				
Subrogation Specialist	% recovery	20.0%	20.0%	20.0%
Medical Bill Review	per bill	$9.50	$9.50	$9.50
Cost Containment (Excluding State Fee/UC)	% of Savings	29.0%	29.0%	29.0%

*Pricing is for a 3-year contract with 2 optional extension year(s). Each extension year is subject to a max 5% rate increase.

*This quote is valid for 90 days from the date of presentment. If the quote is accepted after 90 days, we reserve the right to re-price the account.

*For Flat Fee Pricing agreements, if during the term of the contract, any individual occurrence results in more than ten claimants, as determined by PMAMC, then the following additional claims handling fees above and beyond the Annual Flat Fee shall apply: beginning with the 11th claim and for every claim thereafter, $850 will be charge for each Lost Time Claim; $125 for each Medical Only Claim; and $40 for each Record Only Claim.

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Pricing Option 4 – Flat Fee - Cradle to Grave

PMA Management Corp. will provide comprehensive Cradle to Grave Flat Fee Third Party Administration Services for all new claims as represented in your proposal for the period January 1, 2026, to December 31, 2030, as follows:

Contract Type		Year 1	Year 2	Year 3
Cradle to Grave – Flat Fee		$38,000	$38,000	$38,000
Included Services				
Claims Handling		Included	Included	Included
Annual Administration Fee		Included	Included	Included
CINCH (6 included, $500 per additional)	6 users	Included	Included	Included
Claim Review (4 Telephonic)	4 review(s)	Included	Included	Included
Stewardship Meetings	1 meeting(s)	Included	Included	Included
Unbundled Services				
Subrogation Specialist	% recovery	20.0%	20.0%	20.0%
Medical Bill Review	per bill	$9.50	$9.50	$9.50
Cost Containment (Excluding State Fee/UC)	% of Savings	29.0%	29.0%	29.0%

*Pricing is for a 3-year contract with 2 optional extension year(s). Each extension year is subject to a max 5% rate increase.

*This quote is valid for 90 days from the date of presentment. If the quote is accepted after 90 days, we reserve the right to re-price the account.

*For Flat Fee Pricing agreements, if during the term of the contract, any individual occurrence results in more than ten claimants, as determined by PMAMC, then the following additional claims handling fees above and beyond the Annual Flat Fee shall apply: beginning with the 11th claim and for every claim thereafter, $850 will be charge for each Lost Time Claim; $125 for each Medical Only Claim; and $40 for each Record Only Claim.

*For all Cradle-to-Grave quotes, upon termination of the contract, should claims remain open and unresolved, PMAMC shall charge the client an annual fee of $5,000 for basic administrative services and an annual fee of $5,000 to access PMAMC's RMIS for up to 3 users.

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Exhibit A – Other Services Fee Schedule

All fees are billed as incurred unless specifically agreed otherwise.

Service Type	Amount
Managed Care:	
Medical and pharmacy bill review and repricing	$9.50 per bill, plus 29.0% of savings over and above fee schedule and/or usual and customary
Utilization review	$125 per review
Clinical case management services	$105 per hour
Catastrophic Clinical Services	$185 per hour
Medical consultant review	$255 per review
PMA Care 24	$103 per call
PMA Care 24 Set-Up	$2,500 - $3,000
PMAcare Rx+ Pharmacy Intervention Services	$75 per review
Medical Director	$250 per hour
Medicare Solutions	
Section 111 Reporting	$9.50 per claim queried
Medicare Set-Aside Allocation	$2,200 each
CMS Submissions	$630 each
Update (of prior MSA report)	$800 - $2,200 per report
Rush Request of MSA	$500
Medicare Conditional Payment Research	$130 each
Medicare Conditional Payment Appeal or Dispute	$260 each
Medicare Conditional Payment Research Final Demand	$55 each
Medical Cost Projections	$1900 each
Evidenced Based MSA	$2,200 each
Life Care Plan	$185 per hour
Resolution Services	$130 per hour
Medicare/Social Security Verification	$225 each
Medicaid Conditional Payment Research	$260 each
Medicare Advantage Plan Conditional Payment Negotiation	$525 each
Treasury lien resolution	$750 - $1,250 each
Liability Conditional Payment Canvass	$90 each
Liability Conditional Payment Dispute or Appeal	$375 each
Liability Medicare Advantage Conditional Payment Dispute or Appeal	$525 each
Provider Relations Specialist	$110 per hour

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Information Systems:	
RMIS fee	Please see pricing options above
Standard Data Conversion	N/A
Customized Reporting/Programming	$200 per hour
Standard Data Feed Set-Up	$3,000 per year
Standard Data Feed	$250-$300 per month

Risk Control:	
General	$145 per hour (AOS), $175 per hour (CA)
Industrial Hygiene Services	$180 per hour
Special Projects	To be determined

Claim Adjustment:	
Vocational Rehabilitation	$105 per hour
Claim Indexing	$19.75 flat fee per queried file or loss line
Legal Bill Analyzer	3% of gross billed charges

Other:	
Administrative	Please see pricing options above
Account Implementation	N/A
Non-standard claim intake	$20 per claim
Subrogation Specialist Services	20% of gross recovery
Excess & Second Injury Fund Recovery Services	2% of gross recovery
Recover At Work	$125 per hour
Recover At Work Special Projects	To be determined
Standard Data Extract (upon termination)	$6,000
OSHA reporting preparation services	$20 per incident $3,000 annual minimum
OSHA Special Projects	To be determined
Each Claim Review in excess of two per year	$2,500 per review, per day plus PMA expenses
Onsite claim review	Travel incurred by PMA personnel is reimbursed in full by the client
Physical File Storage	To be determined

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PMAMC Funding Options

PMAMC offers ACH direct deposit and expedited payments **at no additional cost to City of Franklin**. PMAMC claims loss funding options are outlined below.

Traditional Escrow

With this option, the client will provide PMA with an escrow of three months of estimated paid losses and loss adjustment expenses. PMA will pay for the claims throughout the month with this account. At the end of the month, PMA will bill the client for losses and loss adjustment expenses paid along with the appropriate claims handling fees (if applicable). The client will also receive detailed loss reports showing all claims activity for the month and a cumulative claims summary report by policy/contract.

Direct Funding

With this option, the client will receive a daily, weekly, or monthly electronic communication from Wells Fargo Bank with the total claim checks issued that day, week, or month. On the next business day, Wells Fargo will initiate an ACH transfer to deduct the previous days' (weeks'/months') claims from the client's bank account. Payment is deposited directly into a sub-account, which is unique to the client. At month-end, the client will receive an AMPS billing statement for the loss-handling fees. The client will also receive detailed claims reports showing all activity for the month and a cumulative claims summary report by policy/contract. Reimbursement by check or client-initiated wire transfer/ACH transfer is required for payment of all fees.

PMAMC eBilling Solution

eBilling* is available to PMAMC clients for loss funding and service fees bills. With eBilling you can easily access and view your bills electronically through our secure internet site instead of receiving paper copies through the mail.

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Response to Required Information (Section 25)

A. Competency, Experience and Qualifications

If selected, PMA Management Corp. will negotiate a contract with the City with the goal of reaching an agreement that reflects the final terms agreed upon by the parties and provides proper and reasonable protections for both parties. To provide the City with a reference as to the terms on which PMAMC typically provides its services, PMAMC has included with its proposal its standard form of contract for claim handling services.

General:

1. Overview of the proposer including organizational structure (e.g., publicly held corporation, private non-profit, partnership, etc.) and a brief history.

PMA Companies is a corporation founded in 1915 in Pennsylvania as the Pennsylvania Manufacturers' Association Insurance Company following the enactment of the Pennsylvania workers' compensation act Responding to both the business and societal needs of the day to protect workers who were injured on the job, we established ourselves as a premier provider of workers' compensation insurance to Pennsylvania businesses. Since then, we have continually evolved to meet our clients' changing needs and have grown into one of the premier risk management companies in the United States.

PMA Companies provides risk management solutions and services in the U.S., specializing in workers' compensation and offering property and casualty insurance. Headquartered in Blue Bell, PA, PMA has over 100 years of workers' compensation experience. As part of Old Republic Companies (NYSE: ORI)—one of the nation's 50 largest publicly held insurance organizations with consolidated assets of $26.5 billion (as of December 31, 2023) - PMA offers long-term financial strength and stability.

PMA Management Corp. was formed as a third-party administrator (TPA) in 1991 to address the diverse needs of organizations considering alternative market products. PMA Management Corp. is a subsidiary of PMA Companies, Inc. (formed in 1915), which became part of Old Republic International Corporation in 2010.

2. Describe the proposer's experience, especially with respect to similar scopes of work and clients, that makes it well qualified for this procurement.

PMAMC provides third party administration and related risk management services to individuals and groups utilizing the resources and expertise of its affiliates. Our infrastructure is designed to ensure that clients receive the management and support necessary to control their claims programs. PMAMC was formed in 1991 to address the diverse needs of organizations considering alternative market products. Today, PMAMC manages approximately $2.5 billion in reserves for Workers Compensation, and $114 million for Property, Auto and Liability lines. We actively manage over 48,500 Workers Compensation claims and over 5,800 Property, Auto and Liability claims, and we securely process more than $70 million in paid losses every month.

PMAMC clients vary in size from those with several hundred to more than 55,000 employees. Our clients include state and local governments, universities, school systems, and healthcare providers to name a few. Our continued success is based on the results we have achieved for our clients. By properly balancing the need to protect our client's reputation with their constituents, while simultaneously reducing their loss costs and increasing their bottom-line savings, we deliver a service that is truly unparalleled in the industry today.

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3. Identify key personnel that would be assigned to the City and identify everyone's education, certifications, experience, and qualifications that makes him/her well qualified for this procurement.

JAMES TERRELL, III
Account Specialist, Southeast
James joined PMAMC in June 2021 as a Regional Claims Supervisor for the Workers' Compensation Unbundled team working with a broad range of clients throughout the Southeast. Based in Charlotte, NC, James has a decade of experience in the insurance industry as a workers' compensation claims manager and claims representative, as well as a regional sales manager working with agents in his territory to improve their marketing and sales. James earned a bachelor's degree in business administration with a concentration in Risk Management & Insurance from Appalachian State University. James has diversified experience, having also held extensive management responsibilities within the industry.

Certifications
- Life, Property and Casualty License
- GA/FL/AL Adjuster License
- CPCU 500, 520, 533

Education
- Bachelor of Business Administration with a concentration in Risk Management & Insurance from Appalachian State University

Paula Burns
REGIONAL CLAIMS SUPERVISOR
Paula has over 20 years of industry experience. She began her career in 2001 as a Workers' Compensation adjuster handling lost time claims with no prior experience. Over the course of her career, she has taken on positions of increased responsibility. She joined PMA Management Corp. in 2022 as a Regional Claims Supervisor. Prior to joining PMAMC, she was in leadership for 9 years at a national TPA. Paula has extensive experience in both handling and overseeing claims. She has worked with carrier and self-insured clients. She has handled a variety of accounts, including but not limited to, education, healthcare, public entity, manufacturing, trucking/transportation, restaurants, and staffing agencies.

TRAINING & EDUCATION
Paramedic/EMT training, AA degree; Tallahassee Community College
BS in Health Information and Management; Augusta University
Licenses: AL, MI, NY, and TX

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Sandra Aaron
SENIOR ACCOUNT CLAIM REPRESENTATIVE

Sandra Aaron is a Tennessee-based senior adjuster for PMA Management Corp. with over 30 years of Workers' Compensation claim handling experience. She has handled a wide array of claims from inception to resolution, including complex litigated claims. She has experience in multiple Southeast jurisdictions and is a subject matter expert in Tennessee. Sandra has worked with a variety of accounts to include, but not limited to construction, healthcare, manufacturing, public entity, and trucking/transportation. Sandra prides herself on proactive claim handling, customer service, and successful outcomes.

TRAINING & EDUCATION

BBA in Risk Management and Insurance; University of Georgia, Atlanta, GA

Licenses: Alabama, Kentucky, and Mississippi

Sherry Quinto
Account Claims Associate II

Sherry Quinto began her career in the insurance industry in 2018 and later joined the PMA Management Corp. team in 2022. In her current position as an Account Claims Associate II, she handles medical claims of varied complexity. Sherry has experience with a wide variety of industries including healthcare, public entities, manufacturing, and transportation. Her jurisdictional expertise includes Tennessee, Kentucky, Alabama, and Mississippi.

TRAINING & EDUCATION

Licenses: Kentucky, Alabama, Mississippi and Florida-all lines

Polk State College; Hillsborough Community College

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4. Indicate the degree of availability of each identified individual for this procurement. Identify the number of additional clients which will be managed by key personnel during the timeframe of this procurement.

PMAMC assigns a designated team of claim professionals to each account. Please see claims team bios above. Our field service teams are administratively supported by PMA's Customer Service Center.

5. Identify how long the organization has been providing the services being requested.

PMAMC was formed as a third-party administrator (TPA) in 1991.

6. Describe the proposer's past success, including whether the procurement was completed on time, within budget and to a high level of quality, especially with respect to similar scopes of work and clients.

PMAMC has a proven track record of successfully delivering complex risk management and claims administration projects to high standards. Over 30 years, we have consistently completed procurements, implementations, and ongoing services on time, within budget, and to a high standard of quality.

Our experience spans a diverse client base, including municipal, self-insured, and large organizations, where we have managed scope similar to your requirements. We prioritize project management, resource allocation, and quality assurance, resulting in high client satisfaction (95%) and long-term relationships (average client tenure of 10+ years)

The history of reliable, high-quality services demonstrates our capacity to meet your needs effectively and efficiently, ensuring your project is completed on time, within budget, and to your expectations.

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7. List at least three (3) but no more than five (5) different clients for whom, within the last three (3) years, the proposer has provided services closely resembling the services being requested. For each client, describe the type of work performed by the proposer, indicate similarities and differences of the client with the City of Franklin, and note the period of time the proposer was or has been retained by the client. For each client, include the name, title, street address, current e-mail address, and current telephone number of the person best informed and qualified to speak about the experience of the client with the proposer that the City of Franklin may contact as a reference for that client. If the City of Franklin is a current or past client of the proposer for similar services, then list the City of Franklin in addition to the list of other client references.

PMAMC people, programs and processes are designed for delivering positive client experiences to employers and their constituents. Select current clients are shown below. PMAMC invites you to contact these customers to learn more about their experiences with our company and our unique holistic approach to reducing their total cost of risk. To protect the privacy of our clients, please reach out to James Terell at least two days before contacting these customers.

Current Clients	Contact	Telephone Number	Term/Scope of Service
City of Hampton	Patricia L. Parker, ARM Risk Manager Department of Risk Management	(757) 727-6386	Providing WC TPA Services since May 2008
City of Burlington 237 W. Maple Ave. Burlington NC 27215	Tommy Simmons Safety Director/ADA Coordinator	O: 336-513-5463 M: 336-447-8703	Providing WC TPA Services since July 2021
City of Concord 35 Cabarrus Ave West Concord, NC 28025	Tony M. Barker, CSP, PMOSH Safety, Health, and Risk Manager	O: 704-920-5111 barkera@concordnc.gov	Providing Casualty PA Services since July 2011

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8. Indicate the presence or absence of any conflict of interest between the proposer and/or its key personnel and the City.

PMAMC is not aware of any conflicts of interest between the PMAMC and the City of Franklin.

9. The agency submitting a proposal must provide evidence of the ability to provide effective local claims administration and services to the City of Franklin, including a synopsis of agency operations.

The City of Franklin has been a client of PMAMC since July of 2020.

10. Describe, and provide documentation to support the description of, the proposer's financial wherewithal to perform the services requested.

PMA Companies has a century of successful business experience. PMA is part of the Old Republic General Insurance Group, the largest business segment within Old Republic International Corporation (NYSE: ORI), one of the nation's 50 largest shareholder-owned insurance organizations and a Fortune 500 company.

Old Republic's mission is to provide quality insurance security and related services to businesses, individuals, and public institutions, and be a dependable long-term steward of the trust that policyholders and shareholders place in us.

Old Republic traces its beginnings to 1923, although several acquired subsidiaries began operations much earlier. It is primarily a commercial lines underwriter, serving the insurance needs of a large number of organizations, including many of America's leading industrial and financial services institutions. Its subsidiaries actively market, underwrite, and provide risk management services for a wide variety of coverages, mostly in the general and title insurance fields.

The company's performance reflects an entrepreneurial spirit, a necessary long-term orientation in the management of its business, and a corporate structure that promotes accountability and encourages the taking of prudent business risks. For complete Old Republic financials and its latest annual review, please visit the Investor Relations section of Old Republic's website.
Financial Ratings

- AM Best A+ (Superior) XV and S&P Global A+
    - Pennsylvania Manufacturers' Association Insurance Company
    - Manufacturers Alliance Insurance Company
    - Pennsylvania Manufacturers Indemnity Company
- Moody's A2
    - PMA Companies

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11. Provide three years of audited financial statements for the service provider or provide the link for electronic copies. Also, confirm that the service provider is compliant with SSAE 18 for financial controls for Service Organization Controls (SOC).

https://s2.q4cdn.com/382431122/files/doc_financials/2024/ar/2024-Annual-Review_FINAL.pdf

https://s2.q4cdn.com/382431122/files/doc_financials/2023/ar/2023_ori-annual-review-final_4-26-24.pdf

https://s2.q4cdn.com/382431122/files/doc_financials/2022/ar/2022ORAnnualReview-0525-WEB.pdf

PMAMC. has obtained SSAE 18 (SOC2) Type II Certification (formerly known as SAS 70 – Level 2 certification) for our internal claim handling policies, procedures and payment compliance.

12. Coverage shall be written with a responsible company or companies, each of which is qualified and/or licensed in the State of Tennessee. Surplus lines companies are not desired but shall be on the Tennessee Department of Insurance's "approved list". All carriers must carry a current A.M. Best rating of "A-" or better. If the submitting proposer is a pooling arrangement and is not rated by A.M. Best, then a copy of the most recently audited financial statement that is required to be submitted to the Comptroller of the State of Tennessee is acceptable. The judgment as to whether the financial condition of the company or companies is acceptable to the City of Franklin shall be exclusively that of the City of Franklin.

PMAMC confirms that all coverage is written with a responsible company or companies, each of which is qualified and/or licensed in the State of Tennessee

13. Indicate the ability of the proposer to meet the City's insurance requirements (see "Insurance Requirements" below).

PMAMC will meet all the City's insurance requirements.

Regarding third-party administrator services for workers compensation self-insurance program:

1. Confirm the service provider is a recognized claims administrator of self-insured workers compensation programs and licensed to do such business in Tennessee and that the service provider is in full compliance with statutory and applicable regulatory agencies.

PMAMC confirms.

2. Confirm the service provider is a registered Responsible Reporting Entity (RRE) as respects the Medicare Secondary Payer Act of 2014. The City will register as the responsible party, but the TPA will need to provide all the services relating to the filing of the claims and the administration.

PMAMC confirms.

3. Indicate the ability of the service provider to meet the City's insurance requirements (see "Insurance Requirements" below).

PMAMC will meet all of the City's insurance requirements.

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4. Provide information of the circumstances and status of any disciplinary action taken or pending against the service provider during the last three years by a state regulatory body or professional organization.

There have been no disciplinary actions taken or pending against our organization by any state regulatory body or professional licensing authority in the past three years.

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B. Technical Expertise; Means, Methods, Approach and Systems

General:

1. A complete specimen copy of the proposed policies and all endorsements must accompany the proposal.

Please see Tennessee State License and Certificates of Insurance in the Attachment Section.

2. Describe the proposer's technical expertise and capabilities, especially with respect to similar scopes of work and clients, that makes it well qualified to provide the products, services and deliverables required for this procurement.

Our largest TPA business segment, we serve over 400 state and local governments, transit and utility authorities, K-12 schools, colleges and universities, and healthcare organizations, including:

- Prince William County Virginia (client for over two decades and Business Insurance magazine 2013 Risk Manager of the Year)
- City of Decatur Georgia (300 city employees and home to over 20,000 residents)
- Memphis Area Transit Authority (largest transit agency in Tennessee)
- Clayton County Water Authority (industry leader nationally recognized for sustainability best practices)
- Greenville County Schools (largest public school district in South Carolina)

Through decades of experience and research collaboration with the National Public Risk Management Association (PRIMA) organization, PMAMC has amassed deep insights on your workers' compensation challenges. We help you manage those issues through our holistic approach to claims management—taking proactive steps for more effective loss prevention, management, and analysis. PMAMC's pre-loss services aim to reduce the overall frequency and costs of claims. When claims occur, our experienced Claims Professional and nurses work to reduce the amount of disability, while our comprehensive managed care services help reduce the overall cost of medical bills and prescription medications. PMAMC's online resources enable public sector risk managers to track key results and respond promptly to emerging issues in their programs. In addition, your PMAMC Client Account Manager, working in concert with one of our risk control consultants, can deliver a scorecard of results with an Account Performance Consultation designed especially for public entities. Your mission is to serve your constituents; ours is to support your success.

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3. Identify, describe and explain the proposed means, methods, approach and systems for achieving the City's desired results and outcomes.

PMAMC's key differentiators:

- Claims and Risk Management since 1915
- Return on Investment (ROI) service model resulting in lower cost of risk for clients
- Motivated, experienced and professional employees
- Powerful Claim Management Information System for improved data capture and reporting
- State-of-the-art PMA CINCH® Risk Management Information System, with Executive Dashboard and Data Analytics capabilities
- SSAE 18 (SOC2) Type II Certified – formerly SAS 70 – Level II Certification
- Senior Management Team with an average of 20+ years with PMAMC
- 17% annual average business growth for the past decade
- 95% annual average client retention for the past 8 years
- Proven Quality Assurance Program
- Top – 10 provider of TPA services in US
- National RIMS and PRIMA award-winning clients
- Carrier partners include Discover Re, Starr, XL, Arch, Safety National, Zurich, etc.
- Special Investigative Unit
- Comprehensive Claim Handling Standards
- Litigation Management Program – inclusive of PMAMC Defense Counsel Guidelines
- Rigorous Quality Assurance program to ensure file quality
- Subrogation and Risk Transfer Experts
- Extensive Public Entity WC claims experience and expertise, with over 150 Public Entity clients
- Focus on reducing the total cost of risk for our clients
- A holistic approach to help reduce total cost of risk, involving pre-loss, loss and post-loss services
- In-house Risk Control Professionals
- Proven integrated Workers' Compensation/Managed Care claims model
- 96% Client Satisfaction from recent Client Surveys

4. Loss control services (including the number of loss control specialists available to public entities), claims handling, and other services available to the City of Franklin should be outlined in the proposal and be applicable to all coverages.

Drawing on 100+ years of safety, risk management and commercial insurance experience, our risk control team has provided cost effective safety and risk management services to organizations throughout the United States. With more than 60 risk control consultants on staff, our risk control services are designed to prevent claims, support effective safety and risk management practices and lower the cost of risk for our clients.

Outlined are core skills of the PMAMC's risk control team and how we believe City of Franklin will benefit from an expanded engagement with our risk control team, if you so choose. Please note that these services are only applicable for clients who purchase the program.

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Data Analytics

Organizations that leverage data analytics will better understand their business, their industry, their strengths and their opportunities for improvement. PMAMC will bring clarity to complex data, analyzing loss trends to pinpoint areas needing improvement and ultimately reduce the frequency and severity of your losses and costs. We provide analytic solutions, including Annual Performance Consultation, loss trending analysis, industry comparison, and goal establishment.

Risk Assessment

PMAMC risk control can support City of Franklin's underwriting process by assessing exposures presented by employees. We have experience working closely with underwriters to identify risk characteristics which drive performance and selection.

Safety & Risk Management Training

PMAMC's risk control team is also available to develop and present customized safety and risk management training events to address the specific needs of the City of Franklin and its employees via remote training platforms or in live on-site training (post COVID).

Risk Improvement Support

Every organization can improve their safety and risk management performance. Using data analytics, we work with organizations to understand historical loss trends and develop plans to prevent claims and reduce claim costs.

OSHA & Regulatory Compliance Support

To help our clients manage their OSHA compliance and other regulatory safety standards, we offer a broad range of safety training and safety program assistance designed to ensure compliance and keep employees safe. We routinely provide training and program development around OSHA lockout / tagout, fall protection, hazard communication, ergonomics, blood borne pathogens, personal protective equipment, emergency planning and workplace violence to name a few. To support these efforts, many of our consultants are authorized OSHA 10 and 30-hour outreach trainers. In addition to OSHA compliance, we also offer many programs designed to manage the liability exposures associated with facility conditions, motor vehicle operations and employment practices.

OSHA REPORTING & SPECIALIST SERVICES

PMAMC offers our clients access to our proprietary OSHA tool through PMA Cinch®, our online risk management information system. This tool offers users the ability to quickly and efficiently track the recordability of OSHA cases, and easily complete and generate OSHA 300 and 300A logs in compliance with OSHA regulations.

This option incorporates trained OSHA Recordkeeping Specialists who can help alleviate the organizational burdens of OSHA tracking and recordability. These specialists can help with recordability, tracking, and OSHA log generation. All services are performed in accordance with the OSHA requirements and special handling guidelines for our clients, including:

- Assistance with customized reporting
- Reporting by state, region, or specific location
- Flexible report generation frequency to support our clients' unique OSHA compliance needs

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PMA Websource®

PMAMC's clients also have access to PMA Websource®—an on-line portal of safety and risk management resources exclusively for our clients. Our Risk Control Consultants designed PMA Websource® to offer convenient access to practical loss prevention and safety information and solutions, including technical bulletins, safety and compliance training programs, monthly webinars led by PMAMC industry specialists, as well as tools and resources to enhance your safety and health programs.

5. The successful insurer shall provide a narrative regarding the insurer's disaster response program in the event of a catastrophe by fully explaining how the City's claims and losses will be handled with priority.

PMAMC has a formal disaster recovery plan that is tested annually. For security reasons we do not make the details of our Disaster Recovery Plan available external to the company but are willing to meet with a customer and review the plan with them.

At the heart of PMAMC's Disaster Recovery Plan is the real-time hot site backups we maintain for our systems. A duplicate system environment is kept at a third-party hosting location for our corporate data center which has our core transactional systems. Data is streamed in real time from the primary systems in our corporate data center to this third-party location. We also have a mainframe that is hosted by a different third party. The vendor hosting our mainframe also provides real time data transfer to a hot site backup of the mainframe environment. As mentioned, we test the switchover to the backup environments annually.

Backup configurations are also maintained for our telecom/network environment. We completed the conversion of all desktops to a virtual desktop (VDI) setup in Q1, 2020 which will provides flexibility for moving staff in the event a given office location is no longer able to be used for a period of time.

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Regarding third-party administrator services for workers compensation self-insurance program:

1. Provide a copy of the service provider's best claim practices, a sample special handling instruction agreement, a sample of the service provider's standard performance guarantee, a sample the service provider's standard and customized claim reports, and a sample of monthly reconciliation report.

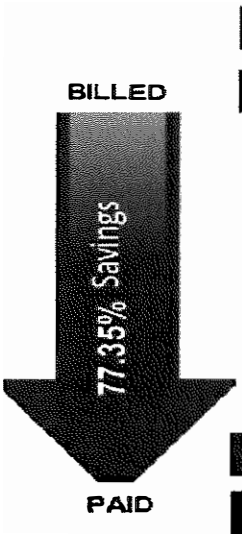
Please see the Attachment Section for a copy of PMAMC Best Claim Practices, Special Handling Instructions, Sample Reports, and Sample Service Agreement.

2. Describe and demonstrate the capabilities and cost savings comparative of the service provider's managed care/medical cost containment program including but not limited to case management services, utilization review and bill reviews. Indicate which services are owned by the service provider and which services are sub-contracted by the service provider. If services are sub-contracted, disclose any commissions and/or any other type of compensation the service provider receives from the sub-contractors.

CITY OF FRANKLIN - 1085273

Medical Cost Containment Savings

Payments Made From 07/01/24 To 06/22/25



Bills Processed	643
Billed Charges	$908,213
Denied Charges	$43,323
Fee Schedule/UCR	$354,776
Code Specialist Review	$63,742
Duplicate Bill Review	$61,369
Complex Bill Review	$151,278
PPO Savings	$28,033
Out of Network Bill Review	($17)
Medical Bill Savings	$702,503
Final Paid Charges	$205,709

Our organization has a proven track record of delivering substantial medical cost containment and savings through our comprehensive managed care and medical savings programs. From July 1,2024, through June 22, 2025, we processed a total of 643 bills with total bill charges of $908,213, resulting in a total savings of $702,503. This equates to approximately 77.35% in savings, which is well above the Tennessee average savings of 68.3%. This demonstrates our strong capacity to effectively manage medical costs while maintaining quality care.

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While PMA does not subcontract services, it may in some cases receive an allowance or compensation from its third party vendors. PMA's charges to clients may also vary from the itemized charge to PMA from its vendors. PMA has used its 30+ years of experience as a Third Party Administrator (TPA) to develop and manage what we believe is a best-in-class network of third party vendors. By integrating trusted vendors into our service offering, we can offer our clients a cost-effective and comprehensive claim handling solution that we believe allows us to better focus on our client's claims and allows our clients to focus on running their organizations. PMA believes such allowance or compensation is reasonable in light of the resources we devote to develop and manage our vendor network.

3. Regarding Nurse Case Management:

   a. Describe how the service provider utilizes nurse case managers. Identify if they are employees or contracted. Identify if contact is telephonic or on- site and how that is determined

PMAMC's Case Management Program is part of our PMAMC Medical Management Program. Our experienced Registered Nurses ensure that injured workers receive appropriate medical treatment with the best possible outcomes by maintaining a return-to-work focus. As workers' compensation medical costs continue to escalate industry-wide, a key strategy for PMAMC is to manage client costs through early return to work programs while achieving service excellence and generating tangible value for clients.

The chart below lists examples of some of the cases that would be assigned for telephonic or field case management.

Telephonic Case Management	**Field Case Management**
Occupational Disease	Spinal Cord Injuries
Psychological/Stress Claims	Severe Burn Injuries
Neck/Back Injuries	Severe Head Injuries
Cumulative Trauma Claims	Crushing Injuries
Joint Fractures	Amputations
Hand Injuries	

PMAMC's Case Managers will assist in directing care to network facilities where allowed by jurisdictional rules. They will benchmark the medical treatment being provided to your injured employees in comparison to standardized treatment guidelines. If the medical treatment being provided does not fall within those guidelines, the Case Manager will intervene by engaging in a dialogue with the treating provider and/or by recommending a second opinion. This ensures that your employees receive the most effective and cost-efficient treatment possible. Our Case Managers will also engage in problem solving to help facilitate recovery and avoid lost time from work.

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Telephonic Case Management provides the broadest coverage of PMAMC's Case Management services. For some higher risk claims, due either to the severity of the injury or to the complexity of other contributing factors, Field Case Management can often provide the most effective solution. The use of Telephonic and Field Case Management can be tailored to meet our individual client needs. For many claims, a blend of the two case management methods will be most effective. Regardless of the delivery methods used, our Case Managers' goals will remain the same: To facilitate the best possible outcomes for every injury, and to return your injured employees to work as quickly and as safely as possible.

All case management activity will be documented on our claims system, which is available to our clients through our on-line Risk Management Information System, PMA CINCH®. Our client-specific Special Handling Guidelines will establish the criteria by which Case Managers are assigned. Nurse Case Managers will not be assigned to any claim without client authorization.

Our Case Managers' emphasis on patient advocacy, coupled with the Claims Professional's objective adherence to the Workers' Compensation Act, will ensure that our client's claims are managed both fairly and aggressively.

b. Describe how the service provider's claim adjuster assesses. Proposers are advised to answer the following questions:
   i. How does the service provider's claim adjuster assess the need for a nurse case manager?
   ii. Does it have to be a lost time case?
   iii. Does it have to meet a certain dollar threshold?
   iv. Is it at the request of the City?

Our claim adjusters employ a comprehensive and proactive assessment process to determine when nurse case management is appropriate. They evaluate multiple factors, including the severity and complexity of the injury, the ongoing medical treatment needs, and whether early intervention could expedite recovery or improve outcomes. If the injury is complex or involves ongoing medical care, the adjuster considers assigning a nurse case manager to coordinate treatment, ensure medical adherence, and facilitate timely return to work. The decision to involve a nurse case manager is not solely based on whether the case is a lost time claim or specific threshold but is driven by the individual needs of the injured worker, the potential to reduce medical costs, and overall goal of optimizing recovery. Additionally, the process can be initiated at the request of the City or at the discretion of the adjuster based on the evolving circumstances of the claim. This flexible approach ensures that the nurse case management is applied appropriately, supporting the best possible outcomes for injured workers and controlling costs effectively.

4. Regarding Claim Staffing Expectations and Claim Handling Philosophies:

   a. TPA shall identify proposed staff members who would be assigned to the City and submit resumes detailing their qualifications and experience with municipalities.

Please see Claims Team Bios above under question #3.

   b. TPA shall describe the caseloads of medical only and indemnity adjusters.

The City of Franklin's Workers Compensation – lost time and medical only caseloads average 130 claims.

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c. If workloads increase over the life of the service agreement, TPA shall identify how the service provider would meet the increased staffing needs.

Additional resources will be dedicated to an account if caseload levels get too large. PMAMC assigns a dedicated team of resources to each account. This team includes Claims Professionals, a Claims Supervisor, a Client Account Manager, and an Account Executive.

Disclose the turnover ratio of the service provider's management team and claims adjusters over the past three years.

PMAMC's average annual turnover over the last 3 years in approximately 9%.

d. Describe the service provider's staffing back-up plan in cases when the team is not available.

During a team member short term absence, the supervisor is responsible for coordinating coverage within the team. If a longer period is anticipated or restructuring, the claim management team will coordinate resources to ensure our client needs and expectations are being met. The team will communicate these to the **City of Franklin** and be receptive to discussion on any concerns.

e. Describe how the service provider's adjusters coordinate other benefit plans and federal disability plans. Identify the service provider's ability to work in conjunction with the City to coordinate the payment amounts and timing of benefit checks to avoid duplication of benefits.

PMA adjusters coordinate with other benefit programs, including federal disability plans, by investigating each claim and communicating with the injured worker and employer about any additional benefits they may be receiving. Adjusters assess the full benefit landscape, ensuring payments are properly coordinated to prevent duplication and overpayment.

f. Describe the service provider's new hire orientation and ongoing training for claim adjusters, support personnel and management team regarding legislative changes and current industry trends.

PMAMC has consistently pursued a strategy aimed at acquiring and keeping the best industry talent. Many elements, including strong business culture, learning and development programs, fair and balanced workloads, and an engaging work environment, are known to encourage strong staff retention. PMAMC has placed a significant effort in each of these areas to ensure employee engagement and retention:

The PMAMC Learning Academy is part of our broader Quality Assurance & Learning Initiatives division within PMAMC that offers a combination of in-person, virtual, self-taught, and instructor-led trainings, along with opportunities for upskilling existing staff while also attracting and developing the next generation of talent. From our comprehensive, nine-month entry-level College Graduate Claims Apprenticeship to the detailed new hire onboarding program for experienced Claims Professionals, PMAMC Learning Academy offers a range of courses and education to develop current and future talent of risk and insurance industry. To further support professional development of our staff, PMAMC Learning Academy offers a wide variety of soft skill and upskilling programs that can be delivered in a blended learning environment and show our ongoing commitment to our employees and their future at PMAMC.

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PMAMC is committed to employee development and believes that developing our talent is critical to the achievement of our business objectives and long-term organizational sustainability. Both formal and informal training is strongly encouraged, and we conduct quarterly educational seminars with attorneys, physicians, and fraud investigators to ensure our employees are up to date on topics that impact our clients. PMAMC has some of the lowest turnover rates in the sector. Our average claims professional has over ten years of experience in the field and has spent at least five years with PMAMC. We feel we are well-positioned to continue operating well in the current climate based on these measurements and statistics

g. Identify any TPA employed board certified physicians or vocational rehabilitation specialists and outline how they support the claim adjuster.

All providers are appropriately licensed, and approximately 90% of them are board certified. Workers' compensation treatment experience is confirmed as part of the credentialing process.

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h. Identify the percentage of claims by medical only and indemnity claims that the service provider's adjusters close within one year, two years, and beyond two years.

PMAMC demonstrates strong performance in closing workers' compensation claims across all timeframes. For indemnity claims, the company closes 41% within the first year, with closure rates increasing to 73.4% within two years and reaching 94.18% beyond the two-year mark. Medical Only claims show even better closure performance, with 76% resolved within one year, 93% closed within two years, and 100% closure beyond two years. These closure statistics reflect PMAMC's efficient claim handling processes and demonstrate our ability to bring claims to a timely resolution.

i. Identify the number of contacts with injured employees throughout the duration of a claim, including the claim adjuster's standard method of communication with injured employees and the City.

PMAMC Claims Professional are typically reviewing the files every 30 days, or more often as the case may merit. Claims Professional contact injured employees at least once every fourteen days while the employee is out of work. In addition, PMAMC supervisors provide initial direction and maintain ongoing 30-90 day diaries on each open file. All claim activity will be documented in the claim file notes.

j. Describe how the service provider's claim adjusters identify and manage fraudulent claims.

All PMAMC, Claims Professionals are trained to identify the red flags that indicate potentially fraudulent claims. If fraud is suspected, we will review the specific circumstances of the claim with Client, and the file can be referred to our Special Investigative Unit or outside investigators for thorough review. Fraud costs everybody money, and PMAMC is committed to its detection and elimination.

PMAMC employs a full-time SIU that is made available to **City of Franklin** typically at no additional cost. The SIU is staffed with industry fraud professionals with over 25 years of experience who are committed to detecting, deterring, and preventing fraud while protecting the assets of our clients. Our SIU works in conjunction with the PMAMC Claims Professionals. This collaborative approach has resulted in significant savings for our clients and criminal insurance fraud prosecutions in many states. PMAMC's SIU is responsible for fraud investigations, fraud training, regulatory anti-fraud compliance, private investigator vendor management, and maintaining PMAMC's Anti-Fraud Plan.

Each claim is reviewed for red flag indicators by the Claims Professional and Claims Supervisor. Inconsistencies are pursued based on their merit with SIU assistance throughout the investigation processes. Investigation tools are utilized to aid in the investigation for red flags such as social media searches and surveillance, background checks, index reports, criminal or civil record searches, along with several other investigation methods.

When a misrepresentation is material to the claim, an insurance fraud referral is prepared and sent to the appropriate jurisdictional Fraud Bureau, Department of Insurance or District Attorney. A questionable claim submission may also be made to the National Insurance Crime Bureau. PMAMC will track the status of referred claims and the potential for recoveries or restitution.

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k. Describe the source of the claim adjusters' absence guidelines for determining the length of disability.

Upon receipt of your claim, PMAMC will conduct an aggressive investigation, which includes:

- Indexing Injured Workers
- Three (3) Point Contact
- Compensability Determination
- Subrogation Determination

Indexing injured workers with the Central Index Bureau prevents our insureds from paying injured workers medical or wage benefits if they're receiving these benefits from another employer. In addition, Index Reports help identify past claims activities and injuries.

Our immediate and ongoing Three (3) Point contact with you, the injured worker and the treating medical provider will insure that all parties work towards the recovery and return-to-work of the injured worker. During Three (3) Point Contact we will:

- Conduct a complete investigation of the claim.
- Redirect injured workers to your panel medical providers identified on our computer.
- Determine the estimated length of disability and communicate this to the injured worker. This creates return-to-work expectations early in the claim.
- Obtain modified duty capabilities from physicians and communicate them to you and the injured worker. This can decrease the length of disability.

After completing our investigation, we will provide a Compensability analysis to you.
We will aggressively identify and pursue subrogation potential on behalf of our Clients to reduce their loss exposure.

Timely and ongoing communication among all parties including the employer, the injured worker, treating medical providers and the PMA Insurance Group is critical to the successful outcome of every Workers' Compensation claim.

l. Describe how the service provider's claim adjusters provide timely payment of benefits and the levels of authority for decision making for payments and settlements.

Our claim adjusters are committed to ensuring prompt and accurate payment of benefits in accordance with Tennessee workers' compensation laws. Once a claim is verified and approved, benefits such as temporary disability, medial expenses, or permanent disability are typically paid within the statutory 30-day window mandated by Tennessee regulations. We aim to provide prompt payment of benefits to injured workers to ensure minimum to no interruptions to their payment schedule.

m. Describe the service provider's reserving philosophy, including timeliness in establishing initial and subsequent reserves as well as supervisory review and approval process.

PMAMC sets reserves for the realistic value of the claim and most probable outcome. PMAMC will consult with you on all reserve changes in excess of an agreed upon threshold, which will be memorialized in your Special Handling Guidelines. Rationale for all reserves will be documented in the claim file log notes and will be detailed when reserve changes are requested. This practice allows our clients to have the most accurate reserve history at any moment, differentiating PMAMC from those TPA's that either stair step reserves or put a static reserve on a claim based on the injury type.

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PMAMC establishes reserves based on most probable outcome based on the most current information available. The Claims Supervisor evaluates reserves during their oversight review, and our National Quality Assurance team also incorporates reserves accuracy during routine audits.

n. Describe how the service provider's claim adjusters pursue early return to work and assist with the provisions of reasonable accommodations with the authorized treating physician, the injured employee and the City.

Our claim adjusters pursue early return to work through a comprehensive, collaborative approach that ensures effective coordination between all parties. Our adjusters takes an active role in facilitating early return to work by sharing detailed job descriptions and physical demands analysis with authorized treating providers to ensure accurate work capacity evaluations and appropriate medical restrictions. This allows the provider to make an informed decision about the injured workers' ability to perform specific job functions and recommend suitable accommodations.

Our adjusters coordinate closely with the City to identify and develop modified duty opportunities that accommodate the injured worker's medical restrictions while maintaining productive employment. This collaborative approach involves regular communication between the adjuster, treatment physician, injured employee, and the City to monitor recovery progress and adjust work assignments as medical capabilities improve. The adjuster serves as a central point of coordination, ensuring that reasonable accommodation is properly provided and that all parties understand their role in the return to work process.

o. Describe the service provider's claim adjuster's philosophy on administratively closing stipulated awards with further medical exposure.

Our philosophy regarding the administrative closure of stipulated awards in Tennessee is grounded in balancing administrative efficiency with the claimant's rights to future medical benefits. We aim to close claims once the claimant reaches maximum medical improvement or the settlement process is complete, but always with provisions for potential future medical exposure if applicable. We ensure that any stipulation or award includes clear language about ongoing medical benefits. This aligns with Tennessee's regulations, which permit claim re-openings if additional medical treatment becomes necessary after closure .

p. Describe the process and timing of involvement with a medical case manager and authorized treating physician.

We involve medical case managers early in the process, especially when treatment becomes complex or prolonged. The claim adjuster coordinates with the treating physician to develop a comprehensive treatment plan. The case manager plays a pivotal role in monitoring treatment progress, ensuring medical necessity, and facilitating communication among all parties. Typically, involvement begins within days of medical treatment initiation or claim acceptance, with the case manager remaining engaged throughout the treatment period.

q. Describe the service provider's process for detecting duplicate medical bills.

Medical bill review is integral for managing workers' compensation medical costs. Our bill review service team provides comprehensive expert bill review services. As a cost containment tool, it can deliver real savings by repricing medical bills to state mandated fee schedules, as well as usual and customary rates. It also ensures that negotiated provider discounts are applied, duplicate billings are caught, and dollars are not paid out for services that were not reasonable or necessary.

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r. Describe the service provider's procedure for reconciliation when overpayments are made or made to the incorrect provider.

If an error is detected via our quality assurance program, payments are reconciled, and proper payments are issued immediately. If there is an overpayment, we will communicate the overpayment to provider requesting a refund and monitor for reimbursement.

s. Provide a description of the service provider's utilization review process and procedures.

Our UR Services integrate with case management, bill review, and pharmacy benefit management to promote greater control over care for injured workers and medical spend across the continuum of care. PMAcare UR offers rigorous clinical reviews, consistently applying guidelines to all claims. This reduces unnecessary medications, surgeries, diagnostics, and physical therapy.

PMAcare UR helps employers meet workers' compensation utilization review regulatory requirements while reducing administrative costs, ensuring recommendations are defensible, and streamlining the decision-making process resulting in outcomes with turnaround times that accelerate the delivery of approved, appropriate medical care.

t. Identify the service provider's prescription network and how first fill prescriptions are handled.

PMAMC offers a comprehensive pharmacy solution including a retail pharmacy network and home delivery services. The model offers full adjudication of physician dispensed and third-party invoices for pharmaceutical products. These programs provide a comprehensive pharmacy profile on a claim which helps to manage the rising costs of prescription drugs through drug utilization review and negotiated rates.

PMAMC has a robust Pharmacy Intervention Program in place which utilizes multiple resources, including a team of Registered Nurses who are fully integrated within the PMAMC claim process. The PMAcare Rx+ team receives all non-formulary medications for assessment, intervention, and application of decision. The assessment includes the history of the claim, comparison of treatment to evidence-based guidelines, and jurisdictional regulations. The team uses various intervention strategies, including outreach to prescribers and pharmacists, Claims Professional, assigned nurse case managers, drug testing and monitoring, peer-to-peer reviews, or utilization review to address prescription drug conflicts. The model is designed to improve injured worker safety by applying a clinical assessment on any non-formulary prescription, which includes opioids, muscle relaxants, topicals, compounds, and physician dispensing.

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5. Regarding Special Handling Instruction:

Describe how the special handling instructions would be communicated to the claims team assigned to the City.

Upon award of the contract, PMAMC will meet with the Client to develop mutually agreed upon special handling guidelines. These guidelines will address everything from contact information, to authority levels, to the selection of vendors, and they will be provided to all members of the claims team. In addition, many of the specific guidelines (authority levels, etc…) will be loaded directly into the claim system to ensure that proper communication is taking place.

Any updates to the special handing instructions will be shared with the claims team immediately upon approval to ensure prompt implementation across all claims. Most recently, with the addition of Ready Rebound, we were able to make updates to diagnostic and physical therapy referral protocol to streamline the process when referring employee for this services, demonstrating our commitment to continuously improving processes and quickly implementing system enhancements.

This approach ensures that the City's specific requirements are consistently applied throughout the claims management process while maintaining flexibility to adapt procedures as needs evolve.

6. Regarding Performance Guarantee:

   a. Indicate the service provider's willingness to agree to a performance guarantee, subject to mutual agreement between the service provider and the City.

PMAMC is willing to discuss Performance Guarantees with mutually agreed upon measurements that are both quantitative and objective.

   b. Include the service provider's suggestions regarding the performance areas to be measured, how they would be measured, and when they would occur at intervals

We are committed to providing the City of Franklin with all the tools and information necessary to effectively manage their programs. This is accomplished by providing access to detailed claims information through PMAMC Cinch®, by conducting in-person or telephonic claims reviews, and through the presentation of our Account Performance Consultation Reports.

Our comprehensive Account Performance Consultation is customized for your program. It marries cutting-edge claims and risk control data and analytics with socioeconomic trends and industry benchmarking to identify and align on key objectives for your business to help you achieve your preferred outcomes. This process allows us to partner with you to identify areas of program success and areas for improvement, paving the way for tactical and collaborative recommendations.

7. Regarding RMIS:

   a. Describe the latest release or update to the service provider's RMIS system, including what upgrades were made and any planned enhancement.

Please see PMAMC's RMIS System section above on page 24.

   b. Describe the service provider's disaster recovery plan regarding the continuation of the service provider's claims management and risk management information system.

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PMAMC has a formal disaster recovery plan that is tested annually. For security reasons we do not make the details of our Disaster Recovery Plan available external to the company but are willing to meet with a customer and review the plan with them.

At the heart of PMAMC's Disaster Recovery Plan is the real-time hot site backups we maintain for our systems. A duplicate system environment is kept at a third-party hosting location for our corporate data center which has our core transactional systems. Data is streamed in real time from the primary systems in our corporate data center to this third-party location. We also have a mainframe that is hosted by a different third party. The vendor hosting our mainframe also provides real time data transfer to a hot site backup of the mainframe environment. As mentioned, we test the switchover to the backup environments annually.

Backup configurations are also maintained for our telecom/network environment. We completed the conversion of all desktops to a virtual desktop (VDI) setup in Q1, 2020 which will provides flexibility for moving staff in the event a given office location is no longer able to be used for a period of time.

c. Provide a list of data elements the service provider captures and indicate which data elements are available in reportable form.

Sample Data Fields Captured in PMA Claims System

PMA Account Number * Mandatory	Claimant Hire Date
PMA Policy Number * Mandatory	Claimant Occupation
Claimant Name (First/Last) * Last Name Mandatory	Claimant Disability State Date
Claimant Address	Employer Know Date
Claimant Social Security * Mandatory	Last Day Paid
Claimant City	Jurisdiction State * Mandatory
Claimant State	Compensability Date
Claimant Zip Code	Claimant Compensation Rate
Claimant Phone Number	Average Weekly Wage
Accident Date * Mandatory	Return to Work Wage
Claim Entry Date	Claimant Returns to Full Duty Date
Accident State	Claimant Returns to Light Duty Date
Accident Location	Light Duty Offered Date
Class Code	Light Duty Accepted
Class State	Claimant Max Improvement Date
Claims Status (Open/Closed)	Claimant Disability Percent
Claim Type (Lost time, Medical only, Record only)	Date of First Medical Service
Accident Report Date	Summary of Payments by Medical, Indemnity& Expense
PMA Accident Type * translated from NCCI codes	Detail of Medical Payments
Accident Description * field is up to 7 lines of 78 characters each	Detail of Indemnity Payments
Claimant Gender	Detail of Expense Payments

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Marital Status	Claimant Hire Date
Claimant Age	Claimant Occupation
Claimant Age at time of Accident	Claimant Disability State Date
Claimant Date of Birth	Employer Know Date
Claimant Number of Dependents	Last Day Paid
Claimant Employee Status	Jurisdiction State * Mandatory

d. Advise what standard reports are provided within the service provider's service fee and describe in detail.

PMA CINCH® allows our clients to generate loss reports based on information that is updated monthly. Standard Reports available through PMA CINCH® include Detailed Loss Runs for all lines of business, Loss Summaries, Repeater Reports identifying claimants or employees with multiple files, Serious Loss Reports, and Reporting Lag Time Reports. Many of these can be sorted by location, by policy, or by status (open / closed). There is no charge for these reports. During the account set-up process, the PMAMC Client Account Manager will work with **City of Franklin** to determine desired reports.

e. Describe what type of customized reports are available and the fees charged for customization.

As a client of PMAMC, you will have access to continuing enhancements that are made to our risk management information systems, "PMA CINCH®." including the "Executive Dashboard." The Executive Dashboard is designed to help clients track their loss history performance, monitor their progress, and identify and prevent problems in their risk management programs. Through continuous client-driven innovations like these, PMA CINCH®provides a "state-of-the-art," user-friendly method of reporting claims and analyzing results. Our self-insured clients now can view actual log notes and claim documentation on a real time basis through our "web imaging" option. We have also developed, and we continue to develop, an array of features and reports to serve our clients' emerging needs.

f. Describe how the service provider's system tracks return to work data.

Our system is equipped with robust capabilities to track return to work data, including both estimated and actual length of disability for all workers compensation claims. Our adjusters utilize established medical disability guidelines combined with their extensive experience to accurately estimate the anticipated days out of work for each injured employee. This approach allows us to set realistic expectations early in the claim process and establish clear return-to-work goals with all parties.

Our tracking system captures key metrics including initial disability estimates, actual time away from work dates. This detailed documentation enables us to monitor the effectiveness of our return-to-work initiatives, evaluate the accuracy of our initial assessments, and identify trends in recovery patterns. By maintaining tracking capability, we can provide valuable insights to employers regarding their workforce's injury patterns and recovery timelines, facilitating better workforce planning and the development of more effective return-to-work programs tailored to specific organizational needs. This return-to-work data can be used for our OSHA self-service tracking tool, providing clients with a streamlined access to critical information for both workers compensation and OSHA compliance requirements.

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g. Confirm that the service provider's RMIS system produces OSHA recordkeeping logs and forms. Describe how the service provider's RMIS collects the necessary data for the OSHA 300 forms.

PMAMC offers our clients access to our proprietary OSHA tool through PMA CINCH®, our online risk management information system. This tool offers users the ability to quickly and efficiently track the recordability of OSHA cases, and easily complete and generate OSHA 300 and 300A logs in compliance with OSHA regulations. We also offer access to a library of resources and information through PMAMC Websource, our online safety and risk management client portal.

h. Describe the service provider's process for data transmittal at the end of the service agreement period including the format for data to be provided to the City and conversion assistance when converting data to a new TPA. Include any fees charged for this service.

At termination, PMAMC can provide all detailed historic loss data, including Claims Professional notes, in our electronic format. PMAMC charges a one-time data transfer fee of $5,000. Should additional customization or ongoing support be required, additional fees may apply, but our goal is to provide a transparent, efficient data transfer process that minimizes disruption and ensure data integrity.

i. Describe what system notifications may be communicated or generated by the City.

PMAMC on behalf of the City may generate or communicate various system notifications to facilitate efficient claim management. These notifications can include claim receipt acknowledgment, updates on claim status changes such as closures or reopening.

8. Regarding Quality Management Program:

a. Describe the service provider's claim audit program including areas that are audited, frequency of those audits, and the corrective action on areas in need of improvement.

PMAMC welcomes formal claim audits by our clients, carriers, and other third-party auditors pursuant to the criteria subjected to the review. Formal audits are coordinated through our National Quality Assurance team, and our clients can evaluate the claims at any time through our on-line risk management information system, PMA Cinch®.

b. Describe the service provider's customer satisfaction program and how concerns are addressed and resolved.

PMAMC offers our customers an opportunity to assess the experience of their employees and injured parties throughout the claims process by providing Satisfaction Surveys that can be delivered at varied frequency and be focused on any specific areas including customer service of the claims handling staff, medical care, claim handling experience, and others. These surveys could also be offered to **City of Franklin** employees to assess their satisfaction level with this program.

To ensure client expectations are met, we conduct regular check-ins to assess the performance of our claims team and overall service delivery. These meetings allow us to proactively address any concerns, review performance metrics, and make necessary adjustments to maintain the highest quality standards. When concerns are identified, we implement a structured resolution process that includes immediate acknowledgement of the concern, thorough investigation by supervisory staff, development of corrective action plans when necessary, and follow-up communication to ensure resolution.

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9. Regarding Loss Control Services:

a. Identify all loss control services that are available and any applicable charges.

Yes, PMAMC provides Risk Control Services with our in-house staff of more than 70 risk control consultants. In situations where unique skills or experience may be needed to support a requested risk control service, we may integrate a PMAMC "strategic partner" into our service team to meet the needs of our clients.

Unless stated otherwise, PMAMC risk control services are available at an hourly rate of $145 per hour or mutually agreed upon project pricing.

b. Identify all training resources that are available and any applicable charges.

Included in our TPA service proposal are the following risk control services:

- **PMA Websource®** – Through PMA Websource®, we make technical support material available to our clients when they need it. Technical guides, safety committee resources, streaming safety videos and our "here to help" services are available to clients as part of the PMA relationship.

- **Organizational Safety Institute (OSI)** – We provide our clients access to virtual training events typically twice each month, on safety and risk management topics as part of our general service program. We also maintain a library of approximately 100 recorded OSI events that we make available to you and your team on demand to support your safety and risk management training efforts. If desired, our risk control team is also available to support a broad range of customized and on-site safety and risk control services that may include:

- **Business Analytics** – Our risk control business analytics team can bring clarity to the complex world of data. By using cutting edge technology, combined with a collaborative approach, we help clients improve performance by identifying the greatest opportunity for improvement and supporting the goal setting and ongoing performance management process.

- **On-Site Risk Control Support** – Our risk control team is also available to support mutually agreed upon safety and risk control initiatives including risk assessment audits, facility and site safety surveys, safety and risk management training, safety program reviews, safety committee support, industrial hygiene surveys and organization safety perception surveys.

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Attachments

- Certificates of Insurance
- Tennessee State License
- Best Claim Practices
- Special Handling Instructions
- Sample Reports
- Sample Service Agreement.

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Certificates of Insurance

ACORD

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 02/06/2025

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IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER
Aon Risk Services Central, Inc.
200 East Randolph Street
Chicago, IL 60601

CONTACT NAME: Judy Liebeno / Emily Truesdell
PHONE (A/C,No,Ext): 312-381-4290 / 312-381-4259
FAX (A/C, No):
E-MAIL ADDRESS:

INSURER(S) AFFORDING COVERAGE	NAIC#
INSURER A: Liberty Mutual Fire Insurance Co.	23035
INSURER B: Liberty Mutual Insurance Corporation	33600
INSURER C: Navigators Insurance Company	42307
INSURER D:	
INSURER E:	
INSURER F:	

INSURED
Old Republic International Corporation /
PMA Management Corp.
307 North Michigan Avenue
Chicago, IL 60601

COVERAGES

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS. Limits shown are as requested

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	☑ COMMERCIAL GENERAL LIABILITY ☐ CLAIMS-MADE ☑ OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: ☑ POLICY ☐ PROJECT ☐ LOC ☐ OTHER			TB2-641-004114-914	06/15/2024	06/15/2025	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED. EXP (Any one person) PERSONAL & ADV. INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG	$2,000,000 $500,000 $5,000 $2,000,000 $6,000,000 $6,000,000
A	AUTOMOBILE LIABILITY ☑ ANY AUTO ☐ OWNED AUTOS ONLY ☐ SCHEDULED AUTOS ☐ HIRED AUTOS ONLY ☐ NON-OWNED AUTOS ONLY			AS2-641-004114-904	06/15/2024	06/15/2025	COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	$2,000,000
C	☑ UMBRELLA LIAB ☑ OCCUR ☐ EXCESS LIAB ☐ CLAIMS-MADE ☐ DED ☐ RETENTION $			CH24UMRZ01ZBVIV,	06/15/2024	06/15/2025	EACH OCCURRENCE AGGREGATE	$10,000,000 $10,000,000
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICERS/MEMBER EXCLUDED? (Mandatory in NH) Y/N: N If yes, describe under DESCRIPTION OF OPERATIONS below	N/A		WA5-64D-004114-934 (All Other States) WC5-641-004114-95 (WI)	06/15/2024 06/15/2024	06/15/2025 06/15/2025	☑ PER STATUTE ☐ OTH-ER E.L. EACH ACCIDENT E.L. DISEASE-EA EMPLOYEE E.L. DISEASE-POLICY LIMIT	 $2,000,000 $2,000,000 $2,000,000

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES (Attach ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER

EVIDENCE OF INSURANCE

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE
Aon Risk Services Central, Inc.

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DATE (MM/DD/YYYY) 03/10/2025

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PRODUCER Brummel Brothers, Inc. 307 N. Michigan Avenue Chicago, Illinois 60601 312.762.4274	CONTACT NAME: Eric Stroka PHONE (A/C, No, Ext): 724-834-5000 FAX (A/C, No): 724-834-4025 E-MAIL ADDRESS:
INSURED Old Republic International Corporation PMA Management Corp 307 North Michigan Avenue Chicago, Illinois 60601	INSURER(S) AFFORDING COVERAGE — NAIC# INSURER A: Old Republic Insurance Company — 24147 INSURER B: INSURER C: INSURER D: INSURER E: INSURER F:

COVERAGES **CERTIFICATE NUMBER:** **REVISION NUMBER:**

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INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	COMMERCIAL GENERAL LIABILITY						EACH OCCURRENCE	$
	☐ CLAIMS-MADE ☐ OCCUR						DAMAGE TO RENTED PREMISES (Ea occurrence)	$
							MED EXP (Any one person)	$
							PERSONAL & ADV INJURY	$
	GEN'L AGGREGATE LIMIT APPLIES PER:						GENERAL AGGREGATE	$
	☐ POLICY ☐ PRO-JECT ☐ LOC						PRODUCTS - COMP/OP AGG	$
	OTHER:							$
	AUTOMOBILE LIABILITY						COMBINED SINGLE LIMIT (Ea accident)	$
	☐ ANY AUTO						BODILY INJURY (Per person)	$
	☐ OWNED AUTOS ONLY ☐ SCHEDULED AUTOS						BODILY INJURY (Per accident)	$
	☐ HIRED AUTOS ONLY ☐ NON-OWNED AUTOS ONLY						PROPERTY DAMAGE (Per accident)	$
								$
	☐ UMBRELLA LIAB ☐ OCCUR						EACH OCCURRENCE	$
	☐ EXCESS LIAB ☐ CLAIMS-MADE						AGGREGATE	$
	☐ DED ☐ RETENTION $							$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y/N						☐ PER STATUTE ☐ OTH-ER	
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	N/A					E.L. EACH ACCIDENT	$
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE	$
							E.L. DISEASE - POLICY LIMIT	$
A	Professional Liability			0Z03946635	7/1/2024	7/1/2025	$5,000,000 each occurrence $5,000,000 aggregate	

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER

EVIDENCE OF INSURANCE

CANCELLATION

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AUTHORIZED REPRESENTATIVE

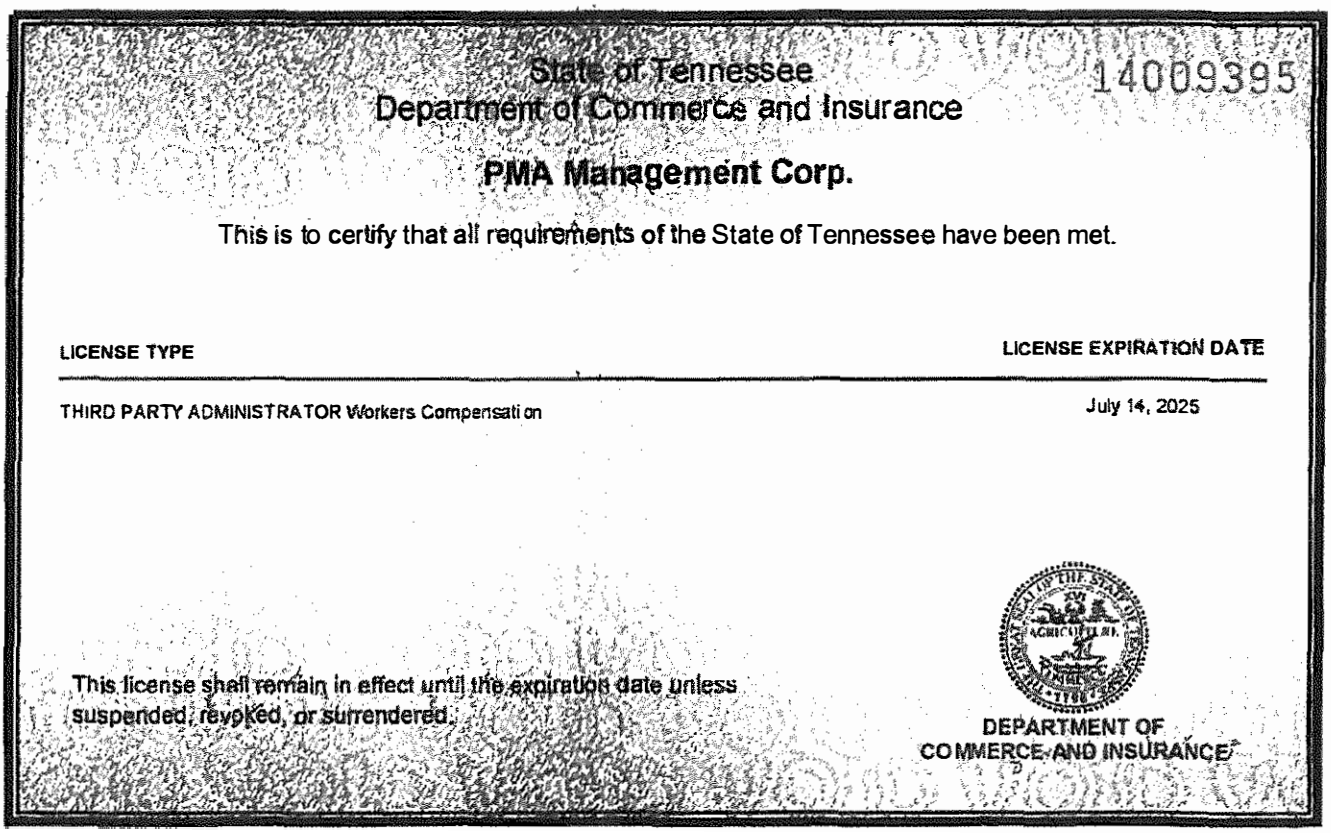
J. Eric Stroka

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State of Tennessee – Business License



State of Tennessee
Department of Commerce and Insurance

14009395

PMA Management Corp.

This is to certify that all requirements of the State of Tennessee have been met.

LICENSE TYPE	LICENSE EXPIRATION DATE
THIRD PARTY ADMINISTRATOR Workers Compensation	July 14, 2025

This license shall remain in effect until the expiration date unless suspended, revoked, or surrendered.

DEPARTMENT OF
COMMERCE AND INSURANCE

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TPA Best Practices

PMA Management Corp

Effective November 2019

Introduction

This document constitutes PMA Management Corp. Best Practices as it relates to the adjustment of workers compensation and casualty claims. While this document is intended to be a guideline for claim adjustment, its terms may be superseded by the terms and conditions of a TPA agreement, client special handling instructions, and/or carrier claim handling instructions. Additionally, with the passage of time the best practices of PMA Management Corp. may evolve, but yet not be memorialized in an addendum to this document. This document is confidential and the exclusive property of PMA Management Corp. and is not to be possessed, copied and/or transmitted to a third party without the prior express written approval of PMA Management Corp.

OLD REPUBLIC INSURANCE GROUP

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PMA COMPANIES

Special Handling Guidelines
XYZ Company

Account Number – GL: 900000
Account Number – Auto: 900001

Contacts:

Phone:
Fax:
Email:

Claim Reporting: All claims will be reported to PMA by ____. This will likely be done via fax or internet depending on how the claim is reported to her. If a claim is reported by a third party, contact _____ with a screenshot of the claim to determine if PMA should handle the claim.

Investigation: _____ will be our primary claims contact. She will begin the investigation process, and may handle some claims completely on her own (fast track auto, small med-pay, etc…). For litigated claims, we will communicate with claimant's attorneys, keep _____ updated on developments / communications. Erika will handle most communication with on-campus contacts (security, campus police, etc…).

Defense Counsel: Counsel will be assigned by _____. If we receive a Summons and Complaint directly, we will forward to her for counsel assignment.4-5 defense firms are used based on area of expertise.

Location Coding: Claims will be coded by location. We will be receiving a list of locations to be loaded onto our system.

Third Party Contracts: We will contact the client for information relating to third party service contracts. Most contracts are written to transfer loss to the third party should a claim occur.

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Vendors:	Defense counsel is assigned by ____. National Appraisal and Crawford and Co. are OK for appraisals and on-site investigations if needed.
Reserve Authority:	_____ is to be notified of all reserves above $50,000. Details explaining the reserves should be documented in the claim file notes.
Settlement Authority:	Settlement authority will initially be set at $0.
PMA Cinch:	_____ will have access to claim file information through PMA Cinch.

Notes: The XYZ Company will have exposures for the Schools of Veterinary Medicine and Dental Medicine. There will also be facility exposures from their three hospitals (Professional / Medical Malpractice coverage is through a different fund) and three hotels. Key issues for this account will be reserve accuracy and communication on all claims. Much of the fast-track may be handled internally, we will provide whatever support is needed on those losses. We will handle the larger exposure and bodily injury claims. There are numerous third party service providers, including security, food service, environmental, maintenance, etc…

We do not handle first party claims.

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PMA Companies

Summary of Losses - Cause of Accident by Policy

Account # [redacted]

All claims to October 1, 2022

There are no local accident date limits.

There are no local location limits.

Cause of Accident	Claims	% Claims (Frequency)	Total Incurred	% Incurred (Severity)	Average Incurred	Total Paid
All Losses						
MISCELLANEOUS CAUSES - OTHER MISCELLANEOUS, NOC	5,265	55.1%	30,638,120	27.8%	5,819	26,296,056.75
STRAIN OR INJURY BY- STRAIN OR INJURY BY, NOC	204	2.1%	8,818,909	8.0%	43,230	8,045,895.46
STRAIN OR INJURY BY - LIFTING	334	3.5%	7,588,561	6.9%	22,720	6,887,473.39
MISCELLANEOUS CAUSES- OTHER THAN PHYSICAL CAUSE OF INJURY	145	1.5%	6,471,991	5.9%	44,634	3,873,656.30
MISCELLANEOUS CAUSES - PERSON IN ACT OF A CRIME, (ROBBERY OR CRIMINAL ASSAULT)	109	1.1%	6,246,626	5.7%	57,308	3,814,533.30
STRAIN OR INJURY BY - PUSHING OR PULLING	115	1.2%	5,108,100	4.6%	44,418	3,744,145.15
FALL OR SLIP INJURY - FALL, SLIP OR TRIP INJURY, NOC	201	2.1%	3,514,942	3.2%	17,487	3,185,607.92
STRUCK OR INJURED BY - FALLING OR FLYING OBJECT	93	1.0%	3,089,326	2.8%	33,219	2,526,648.22
FALL OR SLIP INJURY - FROM DIFFERENT LEVEL (ELEVATION) (OFF WALL, CATWALK, BRIDGE	36	0.4%	2,871,896	2.6%	79,775	2,219,840.25
MISCELLANEOUS CAUSES- CUMULATIVE INJURY, NOC, (ALL OTHER)	66	0.7%	2,826,058	2.6%	42,819	2,349,825.95
FALL OR SLIP INJURY -SLIPPED, DID NOT FALL	30	0.3%	2,583,922	2.3%	86,131	1,840,597.50
STRUCK OR INJURED BY - FELLOW WORKER, PATIENT, (NOT IN ACT OF A CRIME)	706	7.4%	2,275,160	2.1%	3,223	2,171,800.15
FALL OR SLIP INJURY - ON STAIRS	88	0.9%	2,262,229	2.1%	25,707	1,910,918.24
MISCELLANEOUS CAUSES - ABSORPTION, INGESTION OR INHALATION, NOC	220	2.3%	2,258,268	2.1%	10,265	1,785,917.15
MOTOR VEHICLE- COLLISION OR SIDESWIPE WITH ANOTHER VEHICLE, (BOTH VEHICLES IN M	180	1.9%	2,247,023	2.0%	12,483	1,981,477.35
FALL OR SLIP INJURY - ON ICE OR SNOW	136	1.4%	2,040,502	1.9%	15,004	1,991,988.06
FALL OR SLIP INJURY - ON SAME LEVEL	95	1.0%	1,806,339	1.6%	19,014	1,341,067.65
CAUGHT IN OR BETWEEN - CAUGHT IN, UNDER OR BETWEEN, NOC	58	0.6%	1,620,202	1.5%	27,935	1,560,437.22
FALL OR SLIP INJURY - FROM LIQUID OR GREASE SPILLS	33	0.3%	1,530,982	1.4%	46,393	1,408,933.67
MOTOR VEHICLE - MOTOR VEHICLE, NOC	42	0.4%	1,390,256	1.3%	33,101	950,003.23
STRUCK OR INJURED BY - STRUCK OR INJURED BY, NOC, (INCLUDES KICKED, STABBED, BIT,	95	1.0%	1,036,668	0.9%	10,912	981,772.27
STRAIN OR INJURY BY - TWISTING	86	0.9%	969,627	0.9%	11,277	875,668.74
MISCELLANEOUS CAUSES - PANDEMIC	185	1.9%	929,137	0.8%	5,022	566,406.82
CUT, PUNCTURE, SCRAPE - CAUGHT, PUNCTURED, SCRAPED, NOC	87	0.9%	860,601	0.8%	9,892	181,461.95
CAUGHT IN OR BETWEEN - OBJECT HANDLED	61	0.6%	821,248	0.7%	13,463	680,544.04
STRAIN OR INJURY BY - JUMPING	31	0.3%	801,761	0.7%	25,863	720,841.62
STRIKING AGAINST OR STEPPING ON - STATIONARY OBJECT	85	0.9%	776,346	0.7%	9,133	776,349.61
STRAIN OR INJURY BY - HOLDING OR CARRYING	54	0.6%	758,812	0.7%	14,052	758,798.46
STRAIN OR INJURY BY- USING TOOL OR MACHINE	34	0.4%	756,869	0.7%	22,261	626,595.73
MISCELLANEOUS CAUSES - NATURAL DISASTER	1	0.0%	620,240	0.6%	620,240	620,239.71

Alternate versions to display frequency and severity are available for Cause, Cause Group, Part of Body, Nature of Injury. All are available by Policy; Location; Policy then Location; Location then Policy. All data is also available in .csv format.

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PMA Companies

Medical Cost Containment Savings by Policy

Account # [redacted]

For Payments Made from 1/1/2019 to 10/01/2022

Provider Type	# Bills	Amount Invoiced	Amount Paid	Duplicate Savings	Fee Schedule/ UCR Savings	PPN Savings	Other Savings	Total Saved	% Saved
Policy 202200 - Effective 05/18/22									
Physician	3	991.00	332.50	0.00	16.00	17.50	625.00	658.50	66.4%
Total	**3**	**991.00**	**332.50**	**0.00**	**16.00**	**17.50**	**625.00**	**658.50**	**66.4%**
Policy 202100 - Effective 05/18/21									
	16	9,932.68	10,120.16	0.00	0.00	0.00	0.00	0.00	0.0%
Hospital	5	11,488.20	3,769.04	312.00	611.17	475.42	6,320.57	7,719.16	67.2%
Other	1	480.00	189.00	0.00	270.00	21.00	0.00	291.00	60.6%
Physician	94	63,596.42	33,444.12	10,768.90	13,254.61	4,233.71	1,950.08	30,207.30	47.5%
Total	**116**	**85,497.30**	**47,522.32**	**11,080.90**	**14,135.78**	**4,730.13**	**8,270.65**	**38,217.46**	**44.7%**
Grand Total									
	16	9,932.68	10,120.16	0.00	0.00	0.00	0.00	0.00	0.0%
Hospital	5	11,488.20	3,769.04	312.00	611.17	475.42	6,320.57	7,719.16	67.2%
Other	1	480.00	189.00	0.00	270.00	21.00	0.00	291.00	60.6%
Physician	97	64,587.42	33,776.62	10,768.90	13,270.61	4,251.21	2,575.08	30,865.80	47.8%
Total	**119**	**86,488.30**	**47,854.82**	**11,080.90**	**14,151.78**	**4,747.63**	**8,895.65**	**38,875.96**	**44.9%**

Additional Cost Containment reports available by Location, Accident Year, Payment Year, State.
Preferred Provider Network Penetration reports available by Policy, Location, Accident Year, Payment Year, Provider, State, Location then Provider, State then Provider

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PMA Companies

WORKERS' COMPENSATION RESERVE CHANGES - LOSS LINE DETAIL

Changes from 08/31/22 to 09/30/22

Claim Number	Injured Worker	Accident Date	Location Code	Location Description	Loss Line	Begin Reserve	End Reserve	Reserve Change
Claim Period: 07/01/22 to 07/01/23								
		08/18/22		SOLID WASTE REFUSE COLLECTION	Medical	0	7,500	7,500
					Indemnity	0	2,901	2,901
					Expense	0	975	975
					Total	0	11,376	11,376
		09/29/22		FIRE FIREFIGHTERS	Medical	0	6,700	6,700
					Expense	0	871	871
					Total	0	7,571	7,571
		08/25/22		POLICE PATROL	Medical	0	4,570	4,570
					Indemnity	0	0	0
					Expense	0	557	557
					Total	0	5,127	5,127
		09/12/22		FIRE FIREFIGHTERS	Medical	0	4,200	4,200
					Indemnity	0	0	0
					Expense	0	546	546
					Total	0	4,746	4,746
		08/24/22		FIRE FIREFIGHTERS	Medical	2,700	6,187	3,487
					Expense	351	804	453
					Total	3,051	6,991	3,940
		08/06/22		POLICE PATROL	Medical	8,500	10,346	1,846
					Indemnity	0	0	0
					Expense	1,105	1,263	158
					Total	9,605	11,610	2,005
		07/11/22		POLICE ADMINISTRATIVE	Medical	0	600	600
					Expense	0	78	78
					Total	0	678	678
		07/06/22		POLICE CIVILIAN UNIFORMED	Medical	0	300	300
					Indemnity	0	0	0
					Expense	0	39	39
					Total	0	339	339

Additional detailed reports available by Claim; by Loss Line.
Summaries available by Policy Year; Account; Location; Accident Year; Claim; Claim then Location; Location then Policy Year.
Data in .csv format also available.

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PMA Companies

WORKERS' COMPENSATION INCURRED CHANGES BY POLICY YEAR

Changes from 08/31/22 to 09/30/22

Loss Line	Begin Incurred	End Incurred	Incurred Change	Incurred Change %	Begin Reserve	End Reserve	Reserve Change	Reserve Change%	Paid Change
Claim Period: 07/01/22 to 07/01/23									
Medical	33,761	64,375	30,614	90.7%	32,386	60,928	28,542	88.1%	2,072
Indemnity	895	6,994	6,099	681.5%	0	2,901	2,901	#INF	3,198
Expense	4,421	8,624	4,203	95.1%	4,319	7,463	3,143	72.8%	1,060
Total	39,077	79,993	40,916	104.7%	36,706	71,292	34,586	94.2%	6,330
Claim Period: 07/01/21 to 07/01/22									
Medical	873,723	1,071,153	197,430	22.6%	392,819	533,621	140,802	35.8%	56,628
Indemnity	474,153	528,696	54,543	11.5%	138,777	171,603	32,826	23.7%	21,717
Expense	132,097	140,569	8,472	6.4%	70,813	73,727	2,915	4.1%	5,557
Total	1,479,973	1,740,418	260,445	17.6%	602,408	778,951	176,543	29.3%	83,902
Claim Period: 07/01/20 to 07/01/21									
Medical	1,343,435	1,337,081	-6,354	-0.5%	228,418	196,014	-32,404	-14.2%	26,051
Indemnity	1,787,724	1,786,325	-1,399	-0.1%	850,009	826,947	-23,062	-2.7%	21,663
Expense	146,364	144,389	-1,975	-1.3%	33,207	22,732	-10,475	-31.5%	8,499
Total	3,277,523	3,267,795	-9,728	-0.3%	1,111,634	1,045,693	-65,940	-5.9%	56,214
Claim Period: 07/01/19 to 07/01/20									
Medical	1,437,130	1,437,453	323	0.0%	190,548	188,743	-1,805	-0.9%	2,129
Indemnity	765,394	765,394	0	0.0%	86,927	84,389	-2,538	-2.9%	2,538
Expense	158,440	158,451	11	0.0%	28,238	28,097	-141	-0.5%	152
Total	2,360,964	2,361,298	334	0.0%	305,713	301,229	-4,484	-1.5%	4,818
Claim Period: 07/01/18 to 07/01/19									
Medical	1,102,716	1,067,056	-35,660	-3.2%	68,329	31,349	-36,980	-54.1%	1,320
Indemnity	426,630	416,471	-10,159	-2.4%	122,050	36,114	-85,937	-70.4%	75,778
Expense	131,403	125,130	-6,273	-4.8%	22,018	15,680	-6,338	-28.8%	66
Total	1,660,749	1,608,657	-52,092	-3.1%	212,397	83,143	-129,254	-60.9%	77,164

Additional detailed reports available by Claim; by Loss Line.
Summaries available by Policy Year; Account; Location; Accident Year; Claim; Claim then Location; Location then Policy Year.
Data in .csv format also available.

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PMACOMPANIES WORKERS' COMPENSATION LOSS SUMMARY

Loss Period	Total Claims	Total Open	Total Closed	New This Period	Closed This Period	Total Recoveries		Paid Current Period	Total Paid-to-Date	Total Reserves	Total Incurred
07/01/22 to 07/01/23	64	28	36	26	6	0.00	Medical	2,072.08	3,447.04	60,928	64,375
							Indemnity	3,198.42	4,092.48	2,901	6,994
							Expense	1,059.73	1,161.26	7,463	8,624
								6,330.23	8,700.78	71,292	79,993
07/01/21 to 07/01/22	299	53	246	0	8	-1,814.67	Medical	56,627.67	537,529.62	533,621	1,071,153
							Indemnity	21,716.92	357,090.28	171,603	528,696
							Expense	5,557.04	66,840.91	73,727	140,569
								83,901.63	961,460.81	778,951	1,740,418
07/01/20 to 07/01/21	204	19	185	0	2	-1,384.30	Medical	26,051.06	1,141,066.66	196,014	1,337,081
							Indemnity	21,663.22	959,378.95	826,947	1,786,325
							Expense	8,499.32	121,656.00	22,732	144,389
								56,213.60	2,222,101.61	1,045,693	3,267,795
07/01/19 to 07/01/20	203	10	193	0	0	-46,145.59	Medical	2,128.56	1,248,709.83	188,743	1,437,453
							Indemnity	2,538.16	681,005.45	84,389	765,394
							Expense	151.76	130,348.84	28,097	158,451
								4,818.48	2,060,064.12	301,229	2,361,298
07/01/18 to 07/01/19	177	2	175	0	1	-19,292.99	Medical	1,320.19	1,035,708.57	31,349	1,067,056
							Indemnity	75,778.14	380,357.85	36,114	416,471
							Expense	65.62	109,453.84	15,680	125,130
								77,163.95	1,525,520.26	83,143	1,608,657
07/01/17 to 07/01/18	232	5	227	0	0	-31,058.68	Medical	9,375.14	2,911.46	19,089	22,000
							Indemnity	8,377.66	1,703,813.07	1,229,984	2,933,797
							Expense	1,095.29	1,023,817.96	69,409	1,093,228
								18,848.09	183,906.87	157,969	341,874
									2,914,449.36	1,476,451	4,390,899

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Alternate versions are available as detailed loss runs. All data is also available in .csv format.

PMA Companies

Location Summary

Account # [redacted]

Workers' Compensation Claims to Oct 1, 2022

There are no local accident date limits.

There are no local location limits.

For all active and inactive locations.

	Claims	Loss Line	Incurred	Paid	Reserve
[redacted] - undefined	2	Medical	130	130	0
		Indemnity	0	0	0
		Expense	25	25	0
		Totals:	**155**	**156**	**0**
[redacted] - CITY EMPLOYEE -ALL OTHER	103	Vocational Rehabilitation	20,000	1,595	18,405
		Medical	925,193	618,253	306,939
		Indemnity	765,232	277,620	487,612
		Expense	109,501	69,568	39,931
		Totals:	**1,819,926**	**967,036**	**852,887**
[redacted] - ADMINISTRATION	5	Medical	76,766	76,766	0
		Indemnity	41,898	41,898	0
		Expense	7,313	7,314	0
		Totals:	**125,977**	**125,978**	**0**
[redacted] - ENGINEERING AND DESIGN	12	Medical	78,294	77,844	450
		Indemnity	5,550	5,550	0
		Expense	11,830	11,774	57
		Totals:	**95,674**	**95,168**	**507**
[redacted] - CONSTRUCTION & INSPECTION	17	Medical	131,353	131,353	0
		Indemnity	41,807	41,807	0
		Expense	5,852	5,852	0
		Totals:	**179,012**	**179,013**	**0**
[redacted] - MAINTENANCE ADMINISTRATION	6	Medical	25,405	25,404	0
		Indemnity	92	92	0
		Expense	35	35	0
		Totals:	**25,532**	**25,530**	**0**
[redacted] - MAINTENANCE STREET &	46	Medical	632,272	506,223	126,051
		Indemnity	261,932	261,932	0
		Expense	70,254	49,605	20,650
		Totals:	**964,458**	**817,759**	**146,701**

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AGREEMENT FOR THIRD PARTY CLAIM ADMINISTRATIVE SERVICES

THIS IS AN AGREEMENT for third party claim administrative services ("**TPA services**") made as of the [insert number] day of [month], 202[ ], by and between PMA Management Corp. ("**PMA**"), a corporation duly incorporated under the laws of the Commonwealth of Pennsylvania, whose principal offices are located at 380 Sentry Parkway, Blue Bell, Pennsylvania 19422 and [Name of the Self Insured Client] ("**Client**"), [a corporation duly incorporated under the laws of the] [Commonwealth or State of] {or} [a political subdivision of the Commonwealth {or} State of], whose principal place of business is located at [insert complete business address].

RECITALS

CLIENT is authorized by the [State of] {or} [Commonwealth of] to self-insure its workers' compensation program, or has procured a policy of insurance with an insurance company for its workers' compensation insurance program;

PMA, a duly authorized provider of third party administrator ("**TPA**") services in the [State of] {or} [Commonwealth of], hereby agrees to provide Client TPA and other services which are more fully described herein; and

CLIENT, having selected PMA to provide TPA and other services, desires to enter into an agreement with PMA on the terms and conditions set forth herein.

ACCORDINGLY, in consideration of the foregoing and the mutual covenants contained herein, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties agree as follows:

1. DEFINITIONS

a) **"ALAE"** shall mean any cost or expense in connection with the administration, investigation, adjustment or defense of claims on behalf of Client.

b) **"Claim File"** shall mean the file, either electronic or paper, for any open or closed claim which is provided to PMA at the inception of this Agreement or created during this Agreement.

c) **"Indemnity Claim"** shall mean any reported workers' compensation claim that is not a Medical Only Claim or Record Only Claim.

d) **"Clinical Case Manager"** shall mean a nurse who provides either on-site or telephonic medical management services in connection with workers' compensation claims.

e) **"Medical Only Claim"** shall mean any reported workers' compensation claim meeting all of the following criteria: (1) there is no (a) subrogation activity, (b) litigation activity and the claim is not otherwise contested, (c) indemnity paid, salary in lieu of indemnity paid or time lost from work beyond the state prescribed waiting period, (d) investigation or review regarding compensability or liability assessment, or (e) carrier report, excess reporting requirement, client meeting (other than a routine meeting where the claim is noted) or settlement authority approval; (2) the claim is open for less than 12 months from the date of injury or accident; and (3) total paid amount does not exceed $3,500.

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f) **"Qualified Claim"** shall mean any Indemnity Claim, Medical Only Claim, or Record Only Claim occurring within the term of this Agreement, as well as any Takeover Claim that PMA agrees to service under this Agreement.

g) **"Record Only Claim"** shall mean any incident reported for statistical purposes only and specifically identified as a Record Only Claim at the time of the initial report, with no (1) reserve, (2) involvement of PMA personnel for follow up, outreach or any other activity other than recording the incident in PMA's system, (3) subrogation activity, (4) litigation activity and the claim is not otherwise contested, (5) payment of any type required or time lost from work, (6) investigation or review regarding compensability or liability assessment, or (7) carrier report, excess reporting requirement, client meeting or settlement authority approval.

h) **"Takeover Claim"** shall mean any open claim which has been: (1) administered by Client or Client's third party administrator prior to the inception of this Agreement; and (2) subsequently transferred to PMA for servicing on or after the inception of this Agreement. Closed claims with accident dates prior to the Effective Date (as defined below) and subsequently reopened during the term of this Agreement will be considered Takeover Claims.

2. TERM

This Agreement is effective beginning [month] [date], 202[ ] ("**Effective Date**") for a term of one year until [month] [date], 202[ ]; thereafter this Agreement shall automatically renew for successive one year terms until otherwise terminated in accordance with this Agreement. PMA will provide notice of any changes to the fees and charges set forth in this Agreement prior to the expiration of any term. If Client wishes to terminate this Agreement as a result of such price changes, it may, within 30 days of receipt of notice of such change, terminate this Agreement by providing 60 days' notice to PMA. The current fee structure will remain in effect during the 60 day period.

3. TPA SERVICES

a) PMA shall provide customary and appropriate workers' compensation claim handling services for all Qualified Claims, including up to X Indemnity and Y Medical Only Takeover Claims. Specifically, with regard to:

i. Indemnity Claims - PMA will provide the services required to make a determination regarding compensability, make reserve recommendations to the Client, pay the appropriate level of indemnity benefits and medical bills and expenses as provided in this Agreement, and under appropriate circumstances, attempt to resolve the claim.

ii. Medical Only Claims - PMA services will consist of the payment of medical bills and expenses as provided in this Agreement and making reserve recommendations to the Client.

iii. Record Only Claims - PMA services will consist only of making a record of the injury or accident.

PMA shall determine whether a claim is an Indemnity Claim, a Medical Only Claim, or a Record Only Claim for all purposes under this Agreement.

b) PMA shall provide claim handling services for Qualified Claims from the date of first report of injury or first notice of claim [for the term of this Agreement] {or} [through the resolution of the claim].

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i. [If Cradle to Grave is Selected] Client acknowledges that it is not entitled to any refund if Client requests that PMA cease servicing a Qualified Claim prior to resolution of any open claim or if PMA terminates this Agreement due to Client's breach.

ii. [If Cradle to Grave is Selected] Should PMA agree to service Client's Takeover Claims through the resolution of each such claim, then any early termination of this Agreement shall accelerate the Client's obligation to pay PMA all claim handling fees related to the Takeover Claims or, at PMA's option, PMA may cease servicing the claims prior to the resolution of any such claim.

c) PMA shall have full discretion to establish reserves for any Qualified Claim up to $25,000 ("**Discretionary Authority Limit**"). PMA shall have full discretion to settle any Qualified Claim for an amount not to exceed the Discretionary Authority Limit and shall not need the approval of Client to consummate such settlement. This amount may be changed at any time by Client upon 10 days prior written notice to PMA. Failure of PMA to settle a Qualified Claim within such limit, however, shall not subject PMA to any liability if a judgment, determination or a settlement of such Qualified Claim exceeds such limit.

d) PMA shall file all required forms in the adjustment of Qualified Claims pursuant to the applicable workers' compensation statutory and regulatory scheme.

e) Upon Client's request, PMA will provide status reports in accordance with PMA's customary business practice for all Qualified Claims having total incurred losses of $50,000 or above.

f) If requested by Client during the term of this Agreement, PMA will provide up to two telephonic claim reviews annually based on mutually agreed upon claims selection.

g) If requested by Client during the term of this Agreement, PMA will provide an annual stewardship report.

4. EXCESS REPORTING SERVICES

a) PMA will report to Client's excess insurance carrier or carriers ("**Carrier(s)**") all Qualified Claims serviced by PMA which meet Client's excess insurance reporting requirements, subject to the following requirements:

i. Client shall promptly provide PMA with copies of all applicable excess policies and contact information, as well as amended or modified policies, endorsements, and any excess claim reporting thresholds or standards agreed by the Client and Carrier(s).

ii. Client shall direct Carrier(s) to promptly provide PMA with copies of all claim notice confirmations, claim reports, and any similar reports provided by Carrier(s) to Client.

iii. Client shall promptly provide claim data for conversion to PMA's computer system for purposes of determining historical loss information.

iv. Client shall instruct its attorneys to advise PMA when in the attorney's professional opinion one of Client's claims meets the reporting thresholds or standards.

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b) Client's failure to meet the requirements set forth above shall relieve PMA of its obligation to report excess claims to Carrier(s). PMA shall not be obligated to report any claims not serviced by PMA.

c) PMA will attempt to collect non-aggregate excess claim recoveries on behalf of the Client for a period of 60 days (from the date of the initial request), after which PMA will turn over pursuit of the outstanding balance to the Client for the reimbursable funds, and possess no further collection obligations or responsibilities for that outstanding balance.

5. MANAGED CARE SERVICES

a) Client agrees to exclusively utilize the following PMA managed care services:

i. PMA's medical bill review and repricing services, which may include but are not limited to:

1. reviewing medical documents for appropriateness, relatedness to the injury or accident, unbundling, and conformity to applicable fee schedule or usual and customary re-pricing; and

2. utilizing PMA's complex bill review process to review certain medical bills for possible additional savings.

ii. PMA's managed care networks which include:

1. traditional networks (e.g. physicians and medical facilities);

2. specialty networks (e.g. providers of durable medical equipment, diagnostic testing, physical therapy, pain management, home health, and dental services);

3. state specific networks (e.g. California Medical Provider Network, Texas Health Care Network); and

4. out-of-network services from PMA and third party vendors.

iii. PMA's pharmacy benefit management program (e.g. bill repricing, home-delivery, brand-to-generic conversion, customized formularies, narcotic management, drug utilization review).

iv. Utilization of clinical case management services when any of the following criteria are met:

1. surgical procedure;
2. spinal cord injury;
3. occupational disease or a pandemic requiring medical treatment;
4. third degree burns;
5. multiple complex fractures;
6. crush injuries requiring poor initial medical outcome;
7. head injuries with cognitive impairment or loss of consciousness;
8. immediate post-injury hospital admission;
9. multiple trauma; or

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10. adjuster identified assignments.

Continued clinical case management will proceed at the discretion of PMA.

b) PMA shall also provide the Medicare related services set forth in Exhibit A to this Agreement.

c) PMA's Clinical Case Managers are authorized to provide PMA's pharmacy intervention services on all claims at PMA's discretion to assist with seeking improved claim outcomes. The Program will review incoming claimant medications which are outside of Centers for Disease Control guidelines, and recommend an intervention strategy which may include potential weaning, drug testing, and peer reviews to attempt to mitigate long term dependency at the point of sale.

d) PMA is authorized to employ utilization review services for evaluation of reasonableness, necessity, duration, and frequency of treatment or medication. These services may include, but are not limited to the following:

i. Prospective Review - a review prior to treatment or admission conducted by an experienced registered nurse to validate the necessity, frequency and duration of treatment.

ii. Concurrent Review - a review during the course of treatment conducted by an experienced registered nurse to evaluate treatment and planned procedures and establish target completion dates.

iii. Retrospective Utilization Review- a review after the completion of treatment conducted by an experienced registered nurse to identify inappropriate treatment utilization.

iv. Peer Review or Physician Advisor Review - physician-to-physician review and contact to resolve questions related to treatment and diagnosis.

e) PMA is authorized to employ prospective and concurrent utilization review services that may also include the use of physician advisor review such as for cases that are complicated and warrant physician review to resolve treatment or diagnosis questions.

f) Upon Client request, PMA will utilize PMA Care24 point of injury nurse triage to assist with determining the direction of care when an injury is reported. This service may include but is not limited to a Clinical Case Manager providing self-care recommendations to the claimant, first notice of loss reporting, direction of care into the network or to a panel provider, or a recommendation for use of emergency room care.

g) PMA may retain third party vendors for the purpose of providing specific medical management services.

6. RISK CONTROL SERVICES

a) Upon request, PMA will:

i. perform a risk management assessment;

ii. prepare a more detailed analysis of specific risk-related issues, or prepare custom risk control strategies and implementation plans;

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iii. provide the following risk control services: industrial hygiene assessment, ergonomic risk assessment, and consultation services (e.g. strategic risk control plan facilitation, and employee communication initiatives, as well as management, supervisor and employee development programs and occupational health service programs);

iv. create and administer a specific risk control service project mutually agreed upon with Client.

b) Any risk control services provided are solely to assist Client in reducing Client's exposure to risk of loss. Evaluations concern only such conditions and practices as may be evident at the time of PMA's visits. **THE SERVICES PERFORMED UNDER THIS AGREEMENT BY PMA SHALL NOT BE CONSTRUED AS APPROVAL BY PMA OF CLIENT'S OPERATIONS, PROCESSES, SERVICES, PRODUCT DESIGN OR PRODUCT FUNCTION. THE PARTIES AGREE THAT, WHILE PMA WILL PERFORM RISK CONTROL SERVICES WITHIN INDUSTRY STANDARDS, NO GUARANTEES OR OTHER SIMILAR ASSURANCES CAN BE MADE BY PMA THAT IT HAS DISCOVERED ALL OF CLIENT'S PAST, CURRENT, OR FUTURE RISKS OR HAZARDS. THE PARTIES FURTHER AGREE THAT BY PROVIDING THE SERVICES SPECIFIED HEREUNDER, PMA IS NOT MAKING ANY WARRANTY, EXPRESS OR IMPLIED, AS TO THE MERCHANTABILITY OR FITNESS OF CLIENT'S PRODUCTS OR PROCESSES FOR A PARTICULAR PURPOSE, COMPLIANCE WITH ANY LAW OR REGULATION, OR ANY OTHER WARRANTY, AND ANY LIABILITY OF PMA, ITS AFFILIATES OR AGENTS, FOR DIRECT, SPECIAL, INDIRECT OR CONSEQUENTIAL DAMAGES, INCLUDING LOST PROFITS, FROM ANY CAUSE WHATSOEVER, IS EXPRESSLY DISCLAIMED, EVEN IF PMA HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. THIS SECTION OF THE AGREEMENT SHALL SURVIVE THE TERMINATION OF THE AGREEMENT.**

7. RISK MANAGEMENT INFORMATION SYSTEM ("RMIS")

a) PMA will provide the following RMIS services:

i. upon request, a standard conversion of Client's existing claims data into PMA's claim system. A standard conversion shall be from one electronic source and a customized conversion shall be from two or more sources;

ii. access to PMA's RMIS for up to three users, provided Client agrees to the terms and conditions of the License Agreement when first accessing PMA's RMIS;

iii. standard reports available through PMA's RMIS;

iv. One monthly data file transfer to a single carrier or RMIS system ("**Standard Data Feed**");

v. customized reporting reasonably acceptable to PMA, subject to additional terms, conditions and fees as may be agreed upon by the parties. PMA will provide a reasonable estimate of the costs of preparation of any such reports to Client in advance;

vi. assist Client with Occupational Safety and Health Administration ("**OSHA**") recordkeeping services, including recordability decisions and time tracking in individual cases. PMA will provide Client access to PMA's RMIS reporting tool to generate OSHA 301 forms, OSHA 300 logs, and 300A summary reports, as well as verify data capture on Client's OSHA logs.

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1. PMA's OSHA related services are only intended to aid Client in its compliance obligations. Client remains responsible for compliance with OSHA requirements. PMA does not assume Client's OSHA obligations.

b) PMA warrants PMA's RMIS against malfunctions, errors, or loss of data which are due solely to errors on its part. If Client notifies PMA in writing and furnishes adequate documentation of any such malfunction, error or loss of data, then:

i. in the event of a malfunction, error or loss of data, upon notice from Client within 20 days of the event, PMA will recreate the reports designated by Client without an additional fee, using data as of the recreation date.

ii. the maximum and only liability of PMA for such malfunction, error or loss of data shall be its obligation to recreate reports or regenerate data as described above.

c) THE WARRANTIES STATED IN THIS SECTION ARE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. IN NO EVENT SHALL PMA BE LIABLE FOR ANY LOSS OR DAMAGE TO REVENUES, PROFITS, OR GOODWILL OR OTHER DIRECT, SPECIAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY KIND RESULTING FROM ITS PERFORMANCE OR FAILURE TO PERFORM UNDER THIS SECTION, INCLUDING WITHOUT LIMITATION ANY INTERRUPTION OF BUSINESS, EVEN IF PMA HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH LOSS OR DAMAGE. THIS SECTION OF THE AGREEMENT SHALL SURVIVE THE TERMINATION OF THE AGREEMENT.

d) Obligations of Client regarding use of PMA's RMIS:

i. Client shall adhere to state and federal law with regard to protecting the privacy of any claimant whose information may appear in PMA's RMIS. Client agrees to use all available security features and to notify PMA promptly of all potential and actual breaches of the system.

ii. Client agrees that no information in PMA's RMIS will be used as a pretext for retaliatory or other illegal or unfair discriminatory employment practices in violation of any federal or state statute or regulation.

e) General Provisions regarding PMA'S RMIS:

i. Client agrees to limit access to PMA's RMIS to those persons who perform the essential functions of claim and risk management, including protecting security access passwords and communications, except that this provision is not intended to limit Client from generating and using reports and statistics for legitimate business purposes.

ii. Unless otherwise stated, Client's access to PMA's RMIS will end upon termination of the Agreement.

8. LITIGATION SUPPORT SERVICES

a) In the event a Qualified Claim managed by PMA pursuant to this Agreement: (x) enters into litigation; or (y) is scheduled for a workers' compensation hearing; or (z) involves a potential third-

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party (subrogation) claim (collectively, (x), (y) and (z), "**Disputed Claim**"), PMA will:

i. make recommendations to Client regarding claim matters relevant to the Disputed Claim;

ii. assist Client in the retention and appointment of counsel selected by Client to represent Client in and regarding such legal matters, and assist Client in the selection of expert witnesses and vendors;

iii. pursue all appropriate subrogation claims as directed by Client.

b) If requested by Client, PMA will manage Disputed Claims in accordance with PMA's Defense Counsel Guidelines. PMA shall remain authorized to settle any Disputed Claim within the Discretionary Authority Limit or an amount in excess of the Discretionary Authority Limit that is authorized by Client.

c) PMA is authorized to utilize legal bill analyzer services to review and process legal invoices from all defense counsel utilized by the Client.

9. SECTION 111 REPORTING

a) Client understands and acknowledges that it is a Responsible Reporting Entity ("**RRE**") as defined by the Centers for Medicare and Medicaid Services ("**CMS**"), and is responsible for the reporting requirements as set forth in Section 111 of the Medicare, Medicaid, and SCHIP Extension Act of 2007.

b) Client authorizes PMA or PMA's designee to undertake Client's Section 111 reporting requirements as Client's Account Manager/Reporting Agent as it relates to Client's Qualified Claims. Client further agrees to fully cooperate with PMA, including the execution of any documents necessary for such authorization.

i. PMA shall not provide any Section 111 reporting services for Client's Record Only Claims.

ii. PMA shall not undertake Section 111 reporting activities for Client's claims which were converted from Client's prior TPA to PMA but were never serviced by PMA.

c) Client acknowledges and agrees to provide PMA with complete, accurate, and timely data, as well as completed CMS documentation, for Section 111 reporting purposes.

d) Upon receipt of complete, accurate claim data, PMA shall commence reporting of Client's data to CMS, and shall continue for as long as PMA provides claims handling services for Client's Qualified Claims.

e) PMA shall have no liability for any failure of (i) Client to register as a RRE; (ii) Client to execute any documents necessary to authorize PMA or PMA's designee as its Account Manager/Reporting Agent; or (iii) Client or its prior TPA to report Client's claims when they were first required to do so.

10. FUNDING of CLAIMS and EXPENSES

PMA will establish a non-interest bearing checking account in PMA's name ("**Payment Account**") with PMA's bank, which is to be funded by Client but which PMA will administer for the purposes of paying Qualified Claims

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and ALAE, in accordance with the procedures set forth in this Section. PMA will provide Client with a monthly schedule ("**Payment Register**") outlining all claim payments, ALAE, and correction items funded by PMA and will contain the name of the payee, date of payment, amount of payment, and claim number for all transactions occurring during the prior month.

a) **[Escrow with Monthly Reimbursement Option]** The Payment Account will initially be funded by Client in the amount of **$X,XXX** (equal to three months estimated claims payments and ALAE) which amount may be revised at PMA's discretion at any time based upon actual claims and expense payment history. Within 15 calendar days of the receipt of the Payment Register and statement, Client shall reimburse PMA for the total amount of payments made, which reimbursement shall replenish the Payment Account to its required balance. If at any time the Payment Account balance is depleted by 75% or more during the course of any given month, PMA shall provide written notice of such depletion to Client, and Client shall replenish the balance within two business days of receipt of notice.

b) **[ACH Debit Option Monthly]** PMA will automatically withdraw funds from Client's account at Client's bank through the Automated Clearing House System ("**ACH Debit**") for deposit to the Payment Account. ACH Debit activities will occur on a monthly basis. Client acknowledges that it has signed an Authorization to Access Account Form prior to the inception of PMA's services. The Payment Account will initially be funded by Client in the amount of **$X,XXX** (equal to one and one half months of estimated claims payments and ALAE) which amount may be revised at PMA's discretion at any time based upon actual claims and expense payment history. If at any time the Payment Account balance is depleted by 75% or more, PMA will automatically withdraw funds sufficient to replenish the Payment Account.

c) **[ACH Debit Option Weekly]** PMA will automatically withdraw funds from Client's account at Client's bank through the Automated Clearing House System ("**ACH Debit**") for deposit to the Payment Account. ACH Debit activities will occur on a weekly basis. Client acknowledges that it has signed an Authorization to Access Account Form prior to the inception of PMA's services. The Payment Account will initially be funded by Client in the amount of **$X,XXX** (equal to [two] weeks estimated claims payments and ALAE) which amount may be revised at PMA's discretion at any time based upon actual claims and expense payment history. If at any time the Payment Account is depleted by 75% or more, PMA will automatically withdraw funds sufficient to replenish the Payment Account.

d) **[ACH Debit Option Daily]** PMA will automatically withdraw funds from Client's account at Client's bank through the Automated Clearing House System ("**ACH Debit**") for deposit to the Payment Account. ACH Debit activities will occur on a daily basis. Client acknowledges that it has signed an Authorization to Access Account Form prior to the inception of PMA's services. The amount of the automatic withdrawal shall equal the total amount of payments made during that business day. Client shall not be required to maintain a minimum balance in the Payment Account.

e) Should Client fail at any time to maintain the required funding after receiving notification from PMA, PMA will stop providing all services, including ceasing to pay claims and expenses, until such funding has been restored and any related PMA bank charges, fees, or penalties have been paid by Client.

f) PMA is not obligated to pay any claims or expenses on behalf of Client unless the required funds are made available by Client to PMA to do so. Should PMA advance funding on the part of Client, then Client shall immediately reimburse PMA or PMA will stop providing services, including ceasing to pay claims and expenses, until full reimbursement has been received and any related PMA bank charges, fees, or penalties have been paid by Client. PMA shall have no liability to Client for any

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penalties, fines or assessments incurred due to Client's failure to maintain sufficient funds in the Payment Account or PMA's election to stop performing services as a result thereof.

g) **[If Cradle to Grave is Selected]** Upon termination of this Agreement, PMA reserves the right to modify Client's funding of claims and expenses to ensure sufficient and timely payment of claims and expenses. Client shall agree to complete and execute all necessary forms to facilitate any modification.

h) This Section of the Agreement shall survive the termination of the Agreement.

11. CLAIM HANDLING SERVICE FEE

a) **[Fixed Fee Accounts]** For claim handling services to be rendered under this Agreement, Client agrees to pay PMA an annual fee of **$X,XXX**, to be paid in [four/12] installments. Client further agrees to pay the initial installment at the inception of this Agreement and subsequent installments [quarterly/monthly] thereafter. If during the term of this Agreement, Client submits more than 10 claims/loss lines that PMA determines arise out of, result from or are otherwise related to any event, occurrence, disease, happening or condition or any series or group of related or like events, occurrences, disease, happenings or conditions, then the following additional claim handling fees shall apply:

i. **$X,XXX** for each Indemnity Claim;

ii. **$X,XXX** for each Medical Only Claim;

iii. **$X,XXX** for each Record Only Claim.

If PMA determines that additional claim handling fees apply, then PMA may bill such additional claim handling fees as they are incurred or in any other reasonable manner as PMA shall determine.

b) **[Variable Fee Accounts]** For claim handling services to be rendered under this Agreement, Client shall pay PMA an annual estimated fee, based upon the projected number of new claims to be serviced by PMA during the term of this Agreement. The annual estimated fee due to PMA is **$X,XXX**, to be paid in [four/12] installments. Client shall pay the initial installment at the inception of this Agreement and subsequent installments [quarterly/monthly] thereafter.

At any time during and/or after each term year of this Agreement, PMA may calculate the actual fees for services based upon the number of claims/loss lines multiplied by the following per claim fees:

i. **$X,XXX** for each Indemnity Claim;

ii. **$X,XXX** for each Medical Only Claim;

iii. **$X,XXX** for each Record Only Claim.

If PMA determines that additional claim handling fees apply, then PMA may bill such additional claim handling fees as they are incurred or in any other reasonable manner as PMA shall determine. Any reconciliation during a term year shall be duly accounted in the reconciliation after the term year. A Qualified Claim previously classified as a Record Only Claim or a Medical

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Only Claim may be reclassified during any reconciliation if the claim has evolved in a manner that satisfies the requirements for another type of Qualified Claim. In that case, only the difference between the prior rate and the new rate shall be charged as part of the reconciliation.

12. TAKEOVER CLAIM HANDLING SERVICE FEE

a) **[Fixed Fee Accounts]** For up to **X** Takeover Claims handling services, Client agrees to pay PMA an annual fee of $**X,XXX**, to be paid in [four/12] installments. Client shall pay the initial installment at the inception of this Agreement and subsequent installments [quarterly/monthly] thereafter.

Should the number of Client's Indemnity Takeover Claims exceed **X**, then PMA may bill and Client shall pay a fee of $**X,XXX** per claim for each and every Indemnity Takeover Claim starting with the **X**th + 1 claim.

b) **[Variable Fee Accounts]** Client shall pay PMA an annual estimated fee based upon the projected number of Takeover Claims to be serviced by PMA during the term of this Agreement. Client agrees to pay PMA an annual estimated fee of $**X,XXX**, to be paid in [four/12] equal installments of $**X,XXX**. Client shall pay the initial installment at the inception of this Agreement and subsequent installments [quarterly/monthly] thereafter.

At any time during and/or after each term year of this Agreement, PMA shall calculate the actual fees for services based upon the number of Takeover Claims multiplied by the following per claim fees:

i. $**X,XXX** for each Indemnity Claim;
ii. $**X,XXX** for each Medical Only Claim;
iii. $**X,XXX** for each Record Only Claim.

If PMA determines that additional claim handling fees apply, then PMA may bill such additional claim handling fees as they are incurred or in any other reasonable manner as PMA shall determine. Any reconciliation during a term year shall be duly accounted in the reconciliation after each term year. A Qualified Claim previously classified as a Record Only Claim or a Medical Only Claim may be reclassified during any reconciliation if the claim has evolved in a manner that satisfies the requirements for another type of Qualified Claim. In that case, only the difference between the prior rate and the new rate shall be charged as part of the reconciliation.

13. OTHER FEES

As compensation for the TPA services provided in this Agreement, Client agrees to pay PMA the fees identified in the Fee Schedule attached to this Agreement as Exhibit A and incorporated into
this Agreement by reference as an integral part of this Agreement. Payment shall be due as fees are incurred. Fees that are due annually or monthly shall be due on the effective date of this Agreement and each annual or monthly anniversary thereafter, as applicable. The fees set forth in Exhibit A can be changed by PMA if new arrangements are made by PMA and its third party vendors. PMA shall provide Client notice of any change in fees within 10 business days of the implementation of the change.

14. PAYMENT of FEES

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PMA will bill Client for fees when due. If the bills are not paid within 30 days after receipt, PMA reserves the right to charge Client interest at an annual rate of 12% on all overdue payments, and to stop providing services, including ceasing to pay claims and expenses, until such bills and interest have been paid in full.

15. CONFIDENTIALITY

a) The parties acknowledge and agree that information emanating from either party's business in any form may be confidential and proprietary in nature. Each party will use its reasonable best efforts during and after the termination of this Agreement to preclude the duplication, use or disclosure of any such confidential and proprietary information to any third party, unless such duplication or disclosure is specifically authorized under this Agreement or otherwise by the party claiming ownership. In addition, the parties agree that information contained in a Claim File or PMA's RMIS or otherwise provided in the context of this relationship shall be considered confidential and proprietary, and may constitute privileged and/or attorney work product protected from discovery by law and/or rules of court. Therefore, neither party will release any such information unless:

i. compelled by an order of a court of competent jurisdiction;

ii. mandated by an insurance code, claim practices act, workers' compensation law, or other applicable law or regulation to provide information to the claimant or other person; or

iii. mandated by applicable court discovery rules.

b) If there is an obligation to release part but not all of the information, the part deemed not responsive will be withheld, but nothing in this Agreement is intended to abrogate the duty of either party to comply in good faith with such discovery requests.

c) Each party agrees that the information contained within PMA's RMIS must be treated in a confidential manner by all users who may gain authorized access to PMA's RMIS.

d) Client agrees PMA (or its representative) may de-identify and thereafter utilize Client's information for benchmarking and related purposes.

e) PMA processes on behalf of Client personal information disclosed to it by Client and personal information that Client has asked PMA to collect for the purpose of administering Qualified Claims in accordance with this agreement (including managed care services, reporting, and other related support services) and providing risk control services. PMA shall not sell or share with third parties for marketing purposes personal information it collects pursuant to this Agreement. PMA shall not retain, use or disclose personal information relating to Client's injured workers for any commercial purpose other than for the purpose of administering Qualified Claims in accordance with this agreement (including managed care services, reporting, and other related support services), providing risk control services or as permitted by applicable law. PMA may disclose information to vendors to the extent necessary or advisable to provide the services required under this Agreement.

f) Where applicable, (1) PMA shall comply with all applicable sections of the California Consumer Privacy Act and the regulations promulgated thereunder as in effect from time to time (the "**CCPA**") and PMA shall notify Client if it determines it is unable to comply, (2) Client shall have the right, upon notice, to take reasonable and appropriate steps to stop and remediate PMA's

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unauthorized use of personal information under the CCPA and (3) Client shall inform PMA of any consumer request made pursuant to the CCPA with which it must comply.

g) Upon Client's request, PMA shall provide Client with its most recently completed SOC 2 or equivalent report.

h) This Section of the Agreement shall survive the termination of the Agreement.

16. NATURE of RELATIONSHIP

a) PMA agrees to perform the services described in this Agreement as an independent contractor and not as an agent or employee of Client. Client retains no control or direction over PMA, its employees or agents, or over the detail, manner or methods of the performance of the services described herein.

b) PMA retains third party vendors to provide services under this Agreement and PMA's charges to Client may vary from the itemized charge to PMA. Client acknowledges and agrees that PMA may receive allowances or payments from vendors in connection with PMA's utilization of vendor services as consideration for PMA's efforts in the management, administration and integration of the services. If Client requests the use of a vendor not offered by PMA ("Client Vendor"), PMA may disapprove the use of the Client Vendor in its sole discretion. If PMA does not disapprove the Client Vendor and the Client Vendor services Client's Qualified Claims, then Client shall be responsible for all aspects of managing and monitoring the Client Vendor's performance, including service levels, costs and data security requirements. Client authorizes and directs PMA to share with the Client Vendor information in its possession related to the Qualified Claims being serviced by the Client Vendor. PMA shall have no liability with respect to any act or omission of the Client Vendor and Client shall indemnify, defend and hold harmless PMA from any and all liabilities resulting from PMA's interaction with a Client Vendor. So long as funds are available in the Payment Account, PMA shall pay on behalf of Client all invoices submitted by a Client Vendor to PMA in the amount set forth in such invoice.

17. TERMINATION

a) This Agreement may be terminated upon 90 days advance written notice by either party with or without cause.

b) This Agreement may be terminated:

i. by mutual agreement of the parties;

ii. by PMA if Client is in default in payment of any fees or expenses due hereunder or fails to maintain the requisite claim funding levels as required herein and PMA has given Client prior written notice of such default five days prior to the date set for termination;

iii. by the non-breaching party if the other party breaches (other than a monetary breach) under any of the terms, covenants and conditions hereunder and the non-breaching party has given the breaching party prior written notice of such breach 20 days prior to the date set for termination and the breaching party has failed to cure such breach prior to the termination date;

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iv. by one party if the other party becomes insolvent or bankrupt, is placed into receivership, makes an assignment for the benefit of creditors, or is levied upon or sold by Sheriff's sale;

v. by PMA or Client if PMA fails to obtain any required state or federal licensing for providing services hereunder; or

vi. by PMA or Client if any state regulatory entity fails to approve or subsequently disapproves or revokes the self-insured status of Client. PMA or Client may choose to suspend all or part of PMA's obligations under this Agreement or terminate this Agreement with respect to a state or states where Client loses its self-insured status.

c) This Agreement shall be deemed terminated upon its normal expiration.

d) **[Insert if Cradle to Grave is selected]** Upon termination of this Agreement pursuant to paragraph (c) above, PMA shall service Client's remaining open claims pursuant to the terms of this Agreement, unless Client directs PMA to cease servicing the open claims. Upon termination of this Agreement pursuant to paragraph (b) above, PMA shall have no further obligation to service Client's remaining open claims and PMA shall be entitled to return the Claim Files to Client in electronic form. PMA may at its option keep a copy of the Claim Files for PMA's records. Client shall be responsible for payment of all fees incurred by PMA up to and including the date of termination.

e) **[Insert if Life of Contract is selected]** Upon termination of this Agreement, PMA will provide a final accounting of any amounts due either party. Client shall be responsible for payment of all fees incurred by PMA up to and including the date of termination. Upon final closing of the account, PMA shall return the Claim Files to Client in electronic form. PMA may at its option keep a copy of the Claim Files for PMA's records.

f) Client and PMA acknowledge that certain approved indemnity, medical and expense payments may still be in process of payment upon the date of termination. Therefore Client agrees that Client will remain responsible for payment of any and all indemnity, medical and expense payments which may be processed by PMA for a Qualified Claim, which shall include, at a minimum, the maintenance of a claim funding mechanism for at least 45 days after the Agreement terminates. In addition, PMA shall return to Client any outstanding checks remaining unpaid after termination. PMA shall not be responsible for Client's escheat obligations with regard to issued but unpresented checks either before or after the termination of this Agreement.

g) PMA may utilize the Payment Account for any outstanding amounts owed by Client to PMA prior to returning unallocated funding to Client.

h) This Section of the Agreement shall survive the termination of this Agreement. Nothing in this Section of the Agreement shall limit any other remedy that may be available to PMA.

18. INDEMNIFICATION, HOLD HARMLESS, and LIMITATION OF LIABILITY

a) To the fullest extent permitted by law, Client shall indemnify, defend and hold harmless PMA, and its parents, affiliates, officers, directors, employees, and agents, from and against all claims, losses, damages, costs, liability, penalties or expenses, including attorneys' fees, caused by or resulting from (i) claims from third parties alleging negligence or willful misconduct of Client, its officers, directors, employees or agents; (ii) a disclosure of confidential or proprietary information by Client to any third party; or (iii) Client's failure to maintain the funding required by this

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Agreement in the Payment Account.

b) To the fullest extent permitted by law, PMA shall indemnify, defend and hold harmless Client, its affiliates, officers, directors, employees, and agents, from and against all claims, losses, damages, costs, liability or expenses, including attorneys' fees, caused by or resulting from claims from third parties alleging negligence or willful misconduct of PMA, its officers, directors, employees or agents. However the parties agree that PMA, its directors, officers, agents or employees, will not be liable to Client or any third party for claims arising from PMA's performance under this Agreement in those cases where PMA acted at the request of or with the consent of Client.

c) Client agrees that it will not hold PMA liable for, or reduce the compensation of PMA with respect to, any failure of PMA to deliver any services resulting from (i) any failure to cooperate on the part of Client or the prior administrator, or (ii) any files for Takeover Claims which have not been properly maintained or are not delivered to PMA in good order.

d) Promptly after the receipt by any party seeking indemnification under this section ("**Indemnitee**") of notice of the commencement of any action or the assertion of any claim against such Indemnitee by a third party, such Indemnitee shall give such indemnifying party written notice thereof and the indemnifying party shall have the right to undertake the defense of such action or claim. If the indemnifying party fails to defend or, after undertaking such defense, fails to prosecute or withdraws from such defense, the Indemnitee shall have the right to undertake the defense and settlement thereof at the indemnifying party's expense. If the indemnifying party is defending such action or claim, the Indemnitee may retain separate counsel at its sole cost and expense and may participate in the defense of such action or claim. An indemnifying party may only settle an action or claim with the consent of the Indemnitee, which consent shall not be unreasonably withheld or delayed. If the Indemnitee does not consent to a settlement proposed by the indemnifying party that includes a full release of Indemnitee from all claims at issue, the Indemnitee shall be responsible for any settlement, award, judgment or damages incurred above the settlement amount proposed by the indemnifying party, as well as all costs and expenses, including attorneys' fees, incurred in the defense of the claims from the date of the proposal.

e) The indemnification provided in this section represents the sole remedy for actions or claims brought by third parties.

f) Neither party shall be liable to the other party for punitive or consequential damages.

g) Client agrees that PMA's total liability to Client under this Agreement (whether in contract, tort, or otherwise) shall not exceed the amount of claim handling fees billed and collected by PMA during the 12 month period immediately preceding the date Client first notifies PMA in writing of any potential action or claim.

h) Any claim under this Agreement must be brought by the party within one year of the event forming the basis of the claim.

i) This Section of the Agreement shall survive the termination of the Agreement.

In lieu of this indemnification language, PMA is willing to indemnify the City according to the indemnification clause set forth in PMA's standard form of contract for TPA services (please refer to section 18), a copy of which is enclosed with PMA's response.

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19. NOTICES

All notices required to be given by one party to the other under this Agreement will be in writing and will be sent by first class US mail, postage prepaid, or by nationally recognized overnight carrier and will be addressed as set forth below or to such other address as may be designated in writing by either party in accordance with the provisions of this Agreement and will be effective upon receipt.

For Client:

For PMA:
President
PMA Management Corp. .
380 Sentry Parkway
Blue Bell, PA 19422

With a copy to:
General Counsel
PMA Management Corp.
380 Sentry Parkway
Blue Bell, PA 19422

20. NON SOLICITATION of PMA'S EMPLOYEES

Client agrees not to directly solicit for employment, either as an employee or an independent contractor, employees of PMA during the term of this Agreement or for a period of one year following its termination. The parties acknowledge the difficulty in determining a specific damage amount for breach of this section, therefore, as liquidated damages and not as a penalty, if Client breaches the terms of this section, Client shall pay PMA an amount equal to one year's base salary of each employee hired. This section of the Agreement shall survive the termination of the Agreement.

21. ASSIGNMENT

This Agreement will be binding upon the parties, their successors and assigns. Client may not assign any of its rights or delegate any of its obligations under this Agreement without the prior written consent of PMA. Any purported assignment or delegation in violation of this Section is null and void. No assignment or delegation relieves the assigning or delegating party of any of its obligations under this Agreement.

22. COOPERATION

a) Client and its agents, representatives and employees will promptly report to PMA all notices of injuries, losses or claims for which Client may be liable under its self-insurance program, and to provide all necessary documents and materials to PMA, including but not limited to excess policies, which are necessary to provide the services hereunder.

b) Each party and its agents will cooperate fully with the other party in connection with its obligations hereunder and upon reasonable request, assist in the investigation, litigation, settlement and/or defense of a particular Qualified Claim. Upon prior notice from Client, all Claim Files will be open to Client's inspection at reasonable times, at the office of PMA. PMA may, at its own option within five business days of such request provide Client or Client's representative with limited access to PMA's RMIS for the purposes of reviewing Claim Files electronically.

c) This Section of the Agreement shall survive the termination of the Agreement.

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23. WARRANTIES and REPRESENTATIONS

a) By affixing its authorized signature below, Client warrants that it has been duly authorized and/or otherwise possesses all requisite authority and may lawfully enter into this Agreement.

b) By affixing its authorized signature below, PMA warrants that it has been duly authorized and/or otherwise possesses all requisite authority and may lawfully enter into this Agreement.

24. MODIFICATION

PMA may seek to modify fees if: (i) PMA's fees and charges were based upon inaccurate or erroneous data, or Client's business changes materially in the nature or volume of business or claims from what was originally contemplated at the inception of the Agreement; or (ii) during the term of this Agreement, legislative and/or regulatory changes materially impact or change the scope of PMA's services or responsibilities. If the parties are unable to reach an agreement with regard to the modification, then either party may terminate this Agreement with 60 days written notice to the other party, with the current fee structure remaining in effect. PMA will continue to provide services for the 60 day notice period, after which PMA will return all Claim Files to Client and submit a final billing to Client.

25. MISCELLANEOUS

a) **Governing Law; Jury Trial Waiver.** This Agreement and all disputes relating in any way to this Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, without regard to its principles of conflicts of laws. Both parties agree to waive any right to have a jury participate in the resolution of any dispute or claim between the parties arising under the Agreement.

b) **Entire Agreement.** This Agreement constitutes the entire agreement between the parties regarding the subject matter hereof, and supersedes all prior written or oral agreements, representations, warranties, negotiations, or understandings. The parties further represent and warrant that they have not relied on any representations, warranties or statements as an inducement to entering this Agreement other than what is expressly written herein. If PMA provides claims services for any Qualified Claim after the Qualified Claim exceeds the attachment point of any Client insurance policy, then (i) PMA shall comply with the terms of any such policy and the instructions of the insurance company issuing such policy and (ii) the terms of any agreement between the insurance company and PMA shall supersede the terms of this Agreement.

c) **No Waiver.** No delay or omission on the part of any party in exercising any right hereunder will operate as a waiver of such right or of any other right under this Agreement. A waiver on any one occasion will not be construed as a bar to or waiver of any right or remedy on any other occasion.

d) **Standard of Care.** PMA shall discharge its obligations under this Agreement with commercially reasonable care, skill, prudence and diligence.

e) **Force Majeure.** The obligations of either PMA or the Client under this Agreement will be suspended for the duration of any force majeure applicable to that party. The term "force majeure" means any cause not reasonably within the control of the party claiming suspension, including without limitation, an act of God, industrial disturbance, war, riot, weather related disaster, earthquake,

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and/or governmental action. Client's obligation to fund its claims and expenses shall continue uninterrupted during this Agreement and shall not be subject to a force majeure event. The party claiming suspension pursuant to this section of the Agreement shall take all commercially reasonable steps to resume performance as soon as possible without incurring unreasonably excessive costs.

f) **Severability.** The provisions of this Agreement are to be deemed severable, and the invalidity or unenforceability of any provision will, unless material and going to the essence of the Agreement as a whole, not affect or impair the remaining provisions which will continue in full force and effect.

g) **Counterparts; Electronic Signature.** This Agreement may be executed in one or more counterparts, each of which shall be an original, and all of which together shall constitute a single instrument. The intentional action in electronically signing this Agreement shall be evidence of consent to be legally bound by this Agreement. Further, the parties agree that this Agreement may be signed and/or transmitted by electronic mail of a .PDF document or electronic signature (e.g., DocuSign or similar electronic signature technology) and thereafter maintained in electronic form, and that such electronic record shall be valid and effective to bind the party so signing as a paper copy bearing such party's hand-written signature. The parties further consent and agree that the electronic signatures appearing on this Agreement shall be treated, for purpose of validity, enforceability and admissibility, the same as hand-written signatures. Each party agrees not to contest the admissibility or enforceability of the electronically signed copy of this Agreement in any proceeding arising out of this Agreement.

h) **Captions.** The captions and headings to the various Sections of this Agreement have been inserted for convenience of reference only, and shall not have the effect of amending or changing the express terms or provisions of this Agreement.

i) **Ambiguities.** The parties agree that the terms and language of this Agreement are the result of detailed negotiations between the parties and, as a result, there shall be no presumption that any ambiguities in this Agreement shall be resolved against either party. Any controversy over the construction of this Agreement shall be decided in light of its business purposes, without regard to events of authorship or negotiation. In the event of any inconsistency or conflict between the terms or provisions of this Agreement and the terms or provisions of any other pre-existing or contemporaneous document or agreement as to the subject matter of this Agreement, the terms and provisions of this Agreement shall control and shall supersede the terms or provisions of such other document or agreement.

j) **Calculation of Time.** All references herein to days shall be to calendar days, unless an express reference is made to business days. In the event the last day for compliance falls on a Saturday, Sunday, or Holiday, the period for compliance shall be deemed to include the following business day.

k) **Amendment.** Except as otherwise set forth in this Agreement, this Agreement will not be amended except as mutually agreed in a writing signed by both parties.

l) **Use of Client Name and/or Logo.** During the term of this Agreement, Client authorizes PMA to utilize Client's name and/or logo in promotional or marketing efforts.

This presentation and the information set forth herein have been prepared by and is the property of PMA. You should not share, distribute, copy, republish, or reproduce any portion of this presentation without prior express written consent from PMA.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized officers on the day and year first written above.

PMA MANAGEMENT CORP. [INSERT CLIENT'S NAME]

BY:_____ BY: _____

TITLE:_____ TITLE: _____

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Exhibit A – Other Services Fee Schedule

All fees are billed as incurred unless specifically agreed otherwise.

Service Type	Amount
Managed Care:	
Medical and pharmacy bill review and repricing	[$x.xx per bill, plus xx% of savings over and above fee schedule and/or usual and customary] [xx% of the total savings]
Utilization review	$125 per review
Clinical case management services	$105 per hour
Catastrophic Clinical Services	$185 per hour
Medical consultant review	$255 per review
PMA Care 24	$103 per call
PMA Care 24 Set-Up	$2,500 - $3,000
PMAcare Rx+ Pharmacy Intervention Services	$75 per review
Medical Director	$250 per hour
Medicare Solutions	
Section 111 Reporting	$9.50 per claim queried
Medicare Set-Aside Allocation	$2,200 each
CMS Submissions	$630 each
Update (of prior MSA report)	$800 - $2,200 per report
Rush Request of MSA	$500
Medicare Conditional Payment Research	$130 each
Medicare Conditional Payment Appeal or Dispute	$260 each
Medicare Conditional Payment Research Final Demand	$55 each
Medical Cost Projections	$1900 each
Evidenced Based MSA	$2,200 each
Life Care Plan	$185 per hour
Resolution Services	$130 per hour
Medicare/Social Security Verification	$225 each
Medicaid Conditional Payment Research	$260 each
Medicare Advantage Plan Conditional Payment Negotiation	$525 each
Treasury lien resolution	$750 - $1,250 each
Liability Conditional Payment Canvass	$90 each
Liability Conditional Payment Dispute or Appeal	$375 each
Liability Medicare Advantage Conditional Payment Dispute or Appeal	$525 each

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Provider Relations Specialist	$110 per hour
Information Systems:	
RMIS fee	$x,xxx per year for up to 3 users $500 per year each additional user
Standard Data Conversion	$x,xxx
Customized Reporting/Programming	$200 per hour
Standard Data Feed Set-Up	$3,000 per year
Standard Data Feed	$250-$300 per month
Risk Control:	
General	$145 per hour (AOS), $175 per hour (CA)
Industrial Hygiene Services	$180 per hour
Special Projects	To be determined
Claim Adjustment:	
Vocational Rehabilitation	$105 per hour
Claim Indexing	$19.75 flat fee per queried file or loss line
Legal Bill Analyzer	3% of gross billed charges
Other:	
Administrative	$XXXXX annually
Account Implementation	$XXXXX
Non-standard claim intake	$20 per claim
Subrogation Specialist Services	20% of gross recovery
Excess & Second Injury Fund Recovery Services	2% of gross recovery
Recover At Work	$125 per hour
Recover At Work Special Projects	To be determined
Standard Data Extract (upon termination)	$6,000
OSHA reporting preparation services	$20 per incident $3,000 annual minimum
OSHA Special Projects	To be determined
Each Claim Review in excess of two per year	$2,500 per review, per day plus PMA expenses
Onsite claim review	Travel incurred by PMA personnel is reimbursed in full by the client
Physical File Storage	To be determined

This presentation and the information set forth herein have been prepared by and is the property of PMA. You should not share, distribute, copy, republish, or reproduce any portion of this presentation without prior express written consent from PMA.

PMA COMPANIES

Thank you.

PMA Management Corp.
would be honored to be selected
as your TPA and Risk Services
partner.

pmacompanies.com/tpa

This presentation and the information set forth herein have been prepared by and is the property of PMA. You should not share, distribute, copy, republish, or reproduce any portion of this presentation without prior express written consent from PMA.

Specimen Copies of Policies

Midwest Employers Casualty
a Berkley Company

Excess Workers Compensation Quotation Sheet

Insurer: Midwest Employers Casualty Company

Policy Effective Date: 01/01/2026

Insured: City of Franklin, TN
Policy#: EWC009714

Quote Date: 06/19/2025
Quote Expiration Date: 60 Days

	QUOTE OPTIONS					
POLICY TERMS	**0257361**	**0257449**				
Named States	TN	TN				
SPECIFIC:						
Specific Limit	STATUTORY	STATUTORY				
Specific Retention	$500,000	$500,000				
Specific Retention - 7710 TN	$750,000	$750,000				
Specific Retention - 7720 TN	$750,000	$750,000				
EMPLOYERS LIABILITY:						
Employers Liability Limit	$1,000,000	$1,000,000				
Employers Liability Retention	See Specific	See Specific				
AGGREGATE:						
Aggregate Limit	$1,000,000	$1,000,000				
Rate as a % of Normal Premium	344.89%	310.4%				
Estimated Aggregate Retention	$2,403,390	$4,326,088				
Minimum Aggregate Retention	$2,355,322	$4,239,566				
Aggregate Loss Limitation	$500,000	$500,000				
RATING BASE:						
Est. Annual Payroll	$53,312,525	$53,312,525				
Est. Annual Manual Premium	$696,857	$696,857				
Length of Policy (Years)	1.000000	2.000000				
Est. Policy Normal Premium	$696,857	$1,393,714				
Rate as a % of Normal Premium	22.26%	22.26%				
PREMIUM:						
Total Est Policy Prd Premium (including Flat Charges)	$155,120	$310,240				
Policy Minimum Premium	$139,608	$279,217				
Deposit Premium	$155,120	$155,120				
Deposit Flat Charge(s)	NA	NA				
Total Deposit Due	$155,120	$155,120				
Terrorism Risk Ins Act of 2002 (incl In Total Deposit Due above)	$4,654	$4,654				

CONDITIONS / COMMENTS:

* MECC must be notified of any aircraft changes occurring during the policy period.

Date Printed: 06/19/2025

Midwest Employers Casualty
a Berkley Company

Endorsement Schedule Quotation

Insurer:	Midwest Employers Casualty Company	Policy Effective Date:	01/01/2026
Insured:	City of Franklin, TN	Quote Date:	06/19/2025
Policy #:	EWC009714	Quote Expiration Date:	60 Days

Quote Option(s) 0257449 Include(s) the following Endorsements:

CMB-187	Two Year Policy Short Rate Table
ISI-285	More Than One Premium Adjustment

The following endorsements apply to all quote options:

CMB-6-CLS	Amendment to Schedule Item 6
CMB-11	Amendment to Schedule Item 11
CMB-199	Policyholder Disclosure Notice of Terrorism Insurance
ISI-254-EXC	Aircraft Exclusion
ISI-TN	Tennessee

Midwest Employers Casualty
a Berkley Company

Policyholder Disclosure
Notice of Terrorism
Insurance Coverage

Coverage for acts of terrorism, as defined in the Terrorism Risk Insurance Act as amended, (the "Act"), is included in the quote for your policy.

As defined in Section 102(1) of the Act: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury—in consultation with the Secretary of Homeland Security, and the Attorney General of the United States—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion. Under your coverage, any losses resulting from certified acts of terrorism may be partially reimbursed by the United States Government under a formula established by the Act.

However, your policy may contain other exclusions which might affect your coverage, such as an exclusion for nuclear events. Under the formula, the United States Government generally reimburses 80% beginning on January 1, 2020 of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The Act contains a $100 billion cap that limits U.S. Government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds $100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed $100 billion, your coverage may be reduced.

The portion of your annual premium that is attributable to coverage for acts of terrorism, as defined in the Act is shown below, and does not include any charges for the portion of losses covered by the United States government under the Act.

Quote Option	0257361	0257449
TRIA Charge:	$4,654	$4,654

Name of Insurer: Midwest Employers Casualty Company

Name of Insured: City of Franklin, TN

Midwest Employers Casualty Company
A BERKLEY COMPANY®

Endorsement

Endorsement Effective:

Policy No.:

Named Insured:

Aircraft Exclusion Endorsement

This Policy does not cover any Loss arising out of the ownership, maintenance, operation or use of any aircraft that is leased, owned (in whole or in part) or operated by you, your executive officer(s), director(s), Employee(s), parent company or subsidiary. This exclusion does not apply to regularly scheduled commercial airlines or chartered aircraft.

Countersigned

MIDWEST EMPLOYERS CASUALTY COMPANY

Authorized Representative

Secretary

President

This endorsement forms part of the Policy to which attached, effective on the inception date of the Policy unless otherwise stated herein. All other terms and conditions of the Policy remain unchanged.

ISI-254-EXC (8-13)

Date Printed:

Midwest Employers Casualty Company
A BERKLEY COMPANY®

Endorsement

Endorsement Effective:
Policy No.:
Named Insured:

Amendment to Schedule Item 11

Schedule Item 11 is amended to read as follows:

11. Classification of Operations:

Total Manual Premium:
(a) Experience Modification Factor:
(b) Other Modification Factor:
Normal Premium:

Countersigned

MIDWEST EMPLOYERS CASUALTY COMPANY

Authorized Representative

Secretary

President

This endorsement forms part of the Policy to which attached, effective on the inception date of the Policy unless otherwise stated herein. All other terms and conditions of the Policy remain unchanged.

Midwest Employers Casualty Company
A BERKLEY COMPANY®

Endorsement

Endorsement Effective:

Policy No.:

Named Insured:

Amendment to Schedule Item 6

Schedule Item 6 is amended to read as follows:

6. Specific Retention:

Classification	Specific Retention
All Other	

The term "All Other" refers to any class code on the Policy which is not specifically named above.

If an accident involves multiple Employees in separate classifications with different Specific Retentions, then the greatest of the Specific Retentions will apply.

Countersigned

MIDWEST EMPLOYERS CASUALTY COMPANY

Authorized Representative

Secretary

President

This endorsement forms part of the Policy to which attached, effective on the inception date of the Policy unless otherwise stated herein. All other terms and conditions of the Policy remain unchanged.

CMB-6-CLS (8-13)

Date Printed:

Midwest Employers Casualty Company
A BERKLEY COMPANY®

Endorsement

Endorsement Effective:

Policy No.:

Named Insured:

More Than One Premium Adjustment Endorsement

Part Five – Premium of the Policy is amended to read as follows:

PART FIVE - PREMIUM

A. Deposit and Adjustment Premiums. At the beginning of each Payroll Reporting Period set forth in Schedule Item 12, you must pay us the Deposit Premium and any flat charges shown in the Schedule.

1. At the end of each Payroll Reporting Period set forth in Schedule Item 12 you shall owe us the amount by which the Final Premium is greater than the Deposit Premium.;

2. At the end of the last Payroll Reporting Period, if the sum of the Deposit Premiums for all Payroll Reporting Periods is greater than the sum of the Final Premiums for all Payroll Reporting Periods, we shall owe you the difference.

B. Payroll Report. Within forty-five (45) days after the end of each Payroll Reporting Period, you must send us a report showing the amount of Payroll earned by your Employees during the Payroll Reporting Period. The report must show Payroll separately for each classification identified in Schedule Item 11.

C. Final Premium. The Final Premium due to us for each Payroll Reporting Period shall be computed as shown in Schedule Item 12(a).

Normal Premium means the sum of the products of your audited Payroll within each classification shown in Schedule Item 11 for each State named in Schedule Item 3 multiplied by the rate shown in Schedule Item 11 for the respective classification, the product of which shall be further multiplied by the Experience Modification Factor shown in Schedule Item 11(a) and/or any Other Modification Factor shown in Schedule Item 11(b).

Unless this Policy is cancelled, Final Premium shall be at least the Minimum Premium shown in the Schedule.

When determining Final Premium, any flat charges shown in the Schedule are not subject to additional computations or modification factors.

If we cancel this Policy, Final Premium shall be calculated pro rata based on the time this Policy was in force. Final Premium shall not be less than the pro rata share of the Minimum Premium shown in the Schedule.

If you cancel this Policy, you owe us the Final Premium due for all Payroll Reporting Periods. Final Premium shall be more than pro rata; it shall be based on the time this Policy was in force, and increased by the customary short rate table and procedure. Final Premium shall not be less than the Minimum Premium shown in the Schedule.

If this Policy is automatically cancelled because of the loss of your duly qualified self-insurer status as stated in Section A. Self-Insurance of the General Section of this Policy, you owe us the Final Premium due for all Payroll Reporting Periods. Final Premium shall be more than pro rata; it shall be based on the time this Policy was in force, and increased by the customary short rate table and procedure. Final Premium shall not be less than the total Minimum Premium shown in the Schedule.

The Final Premium due to us shall not be reduced by the existence of any other insurance, reinsurance, indemnity agreement or other reimbursement agreement protecting you against Loss covered by this Policy.

Endorsement Effective:

Policy No.:

Named Insured:

D. Payroll means the gross pay of your Employees for each Payroll Reporting Period plus other amounts and items earned by your Employees as part of their pay for each Payroll Reporting Period. Payroll also includes:

1. Gross pay plus other amounts and items earned by your officers if covered under this Policy;

2. The contract price for materials and services performed by any individual deemed to be your Employee for liability purposes under the Workers' Compensation Law, if you do not have Payroll records for this individual; and

3. Assigned Payroll attributed to volunteers for whom you are legally obligated to provide benefits under the Workers' Compensation Law. Assigned Payroll means:

   a. For volunteers other than volunteer firefighters and volunteer police officers, the federal minimum hourly wage as of the effective date of this Policy multiplied by the hours worked by the volunteers, unless the work performed by the volunteers is similar to work performed by a paid Employee who is receiving more than the federal minimum hourly wage, in which event the wage reported for the volunteer worker shall be the same as the wage reported for the paid Employee; and
   b. For volunteer firefighters or volunteer police officers, the greater of $12,500 per year or the same wage as reported for a paid Employee performing similar work shall be included in Payroll for each such volunteer firefighter or volunteer police officer.

   Duties performed by volunteers shall be assigned to the classification code which the duties would be assigned to if performed by regular Employees.

   No amount is included in Assigned Payroll for any volunteer worker who is not covered under the Workers' Compensation Law because Part One of this Policy does not apply with respect to that worker.

E. Records. You shall keep records of information needed to compute premium. You shall provide us with copies of those records when we ask for them.

F. Audit. Upon our request, you shall let us or our representatives examine and audit all your Payroll records. Payroll records include, but are not limited to, ledgers, journals, registers, vouchers, contracts, tax reports, Payroll and disbursement records, and programs for storing and retrieving data. The audits may be conducted during your regular business hours.

Countersigned

MIDWEST EMPLOYERS CASUALTY COMPANY

Authorized Representative

Secretary

President

This endorsement forms part of the Policy to which attached, effective on the inception date of the Policy unless otherwise stated herein. All other terms and conditions of the Policy remain unchanged.

Midwest Employers Casualty Company
A BERKLEY COMPANY®

Endorsement

Endorsement Effective:
Policy No.:
Named Insured:

Policyholder Disclosure Notice of Terrorism Insurance Coverage Endorsement

Coverage for acts of terrorism, as defined in the Terrorism Risk Insurance Act as amended, (the "Act"), is included in your Policy. As defined in Section 102(1) of the Act: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury—in consultation with the Secretary of Homeland Security, and the Attorney General of the United States—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion. Under your coverage, any losses resulting from certified acts of terrorism may be partially reimbursed by the United States Government under a formula established by the Act. However, your policy may contain other exclusions which might affect your coverage, such as an exclusion for nuclear events. Under the formula, the United States Government generally reimburses 80% beginning on January 1, 2020 of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The Act contains a $100 billion cap that limits U.S. Government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds $100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed $100 billion, your coverage may be reduced.

A. The portion of your annual premium that is attributable to coverage for acts of terrorism, as defined in the Act is: $____ and does not include any charges for the portion of losses covered by the United States government under the Act.

Name of Insurer: Midwest Employers Casualty Company
Policy Number:

Countersigned

MIDWEST EMPLOYERS CASUALTY COMPANY

Authorized Representative

Secretary

President

This endorsement forms part of the Policy to which attached, effective on the inception date of the Policy unless otherwise stated herein. All other terms and conditions of the Policy remain unchanged.

Midwest Employers Casualty Company
A BERKLEY COMPANY®

Endorsement

Endorsement Effective:

Policy No.:

Named Insured:

Tennessee Endorsement

This endorsement applies only to coverage provided by this Policy because Tennessee is named in Item 3 of the Schedule Page.

Section C. Loss of Part One – Workers' Compensation Excess Indemnity of this Policy is amended to read as follows:

C. Loss under Part One of this Policy means the amount actually paid by you, after deduction of any Recovery, for regular benefits provided under the Tennessee Workers' Compensation Law in effect on the date the accident or exposure to disease occurs. Loss shall include, but is limited to:

1. Payments made by you as required by the Tennessee Workers' Compensation Law;
2. Payments, as required in the Tennessee Workers' Compensation Law, that are due and owing to claimants;
3. Payments made on your behalf by any form of security as required by Tenn. Comp. R. & Regs. 0780-01-83-.06;
4. Reimbursable Claim Handling Expense as defined in Part Four – Claims, Section L. of this Policy.

Section C. Bankruptcy or Insolvency of Part Six – Conditions of this Policy is amended to read as follows:

C. Bankruptcy or Insolvency. Your bankruptcy or insolvency shall not relieve us from the payment of any Loss covered by this Policy. After the Retention shown on the Schedule has been paid, payments shall be made by us as if you had not become bankrupt or insolvent but not in excess of the Specific Limit or the Aggregate Limit shown on the Schedule. Payment shall be made to the Trustee in Bankruptcy, as directed by an appropriate court or to the Commissioner of Commerce and Insurance. We shall never make payments below the Retention shown on the Schedule, nor shall our indemnity obligations under this Policy ever be increased or broaden because of your bankruptcy or insolvency. In the event of insolvency, the Commissioner of Commerce and Insurance shall assume your rights and responsibilities under this Policy.

Section I. Cancellation of Part Six – Conditions of this Policy is amended to read as follows:

I. Cancellation and Non-Renewal.

1. You may cancel this Policy by giving us and the authority shown below at least sixty (60) days advance notice by registered mail stating the cancellation date. We may cancel this Policy by giving you and the authority shown below at least sixty (60) days advance notice by registered mail stating the cancellation date. Our mailing of registered notice to your address shown in Schedule Item 2 will be sufficient proof that we cancelled this Policy.

   Tennessee Department of Commerce and Insurance
   Self-Insurance Division
   500 James Robertson Parkway, 4th Floor
   Nashville, Tennessee 37243

Endorsement Effective:

Policy No.:

Named Insured:

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2. If by mutual consent we agree with you to cancel this Policy, we will mail to the authority shown above a copy of the cancellation endorsement that you and we have signed.

   If this Policy is cancelled, the Policy Period shall end at 12:01 A.M. on the cancellation date. This Policy does not apply to loss or liability which arises out of bodily injury by accident or bodily injury by disease that occurs after the effective date of such cancellation.

   In the event of cancellation of this Policy, Final Premium shall be calculated as set forth in Part Five – Premium, Section C. Final Premium of this Policy.

3. We may non-renew this policy by giving you and the authority shown above, by registered mail, at least sixty (60) days advance notice of the Policy expiration date. Our mailing of registered notice to your address shown in Schedule Item 2 will be sufficient proof that we non-renewed this Policy.

Countersigned

MIDWEST EMPLOYERS CASUALTY COMPANY

Authorized Representative

Secretary

President

This endorsement forms part of the Policy to which attached, effective on the inception date of the Policy unless otherwise stated herein. All other terms and conditions of the Policy remain unchanged.

Midwest Employers Casualty Company
A BERKLEY COMPANY®

Endorsement

Endorsement Effective:

Policy No.:

Named Insured:

Two Year Policy Short Rate Table Endorsement

If you cancel this Policy prior to the expiration of the two-year Policy Period shown in Schedule Item 5, the following short rate table will apply to the Total Estimated Policy Premium shown in Schedule Item 12(c):

Month When Cancellation Effective	Short Rate Percentage
1	13%
2	19%
3	23%
4	27%
5	31%
6	35%
7	39%
8	43%
9	47%
10	51%
11	55%
12	59%
13	63%
14	67%
15	71%
16	75%
17	79%
18	82%
19	85%
20	88%
21	91%
22	94%
23	97%
24	100%

Countersigned

MIDWEST EMPLOYERS CASUALTY COMPANY

Authorized Representative

Secretary

President

This endorsement forms part of the Policy to which attached, effective on the inception date of the Policy unless otherwise stated herein. All other terms and conditions of the Policy remain unchanged.

CMB-187 (8-13)

Date Printed:

Midwest Employers Casualty Company
A BERKLEY COMPANY®

Individual Self-Insured Excess Workers' Compensation and Employers Liability Indemnity Policy

In return for the payment of premium and subject to all of the terms of this Policy, we (Midwest Employers Casualty Company) agree to provide you (the Insured Named in Schedule Item 1) with the excess indemnity coverage stated on the Schedule and further agree with you as follows:

GENERAL SECTION

A. Self-Insurance. Our obligations under this Policy are subject to the condition that you are, at the inception of this Policy and shall remain until the end of the Policy Period, a duly qualified self-insurer in each State named in Schedule Item 3. If at any time during the Policy Period your status as a duly qualified self-insurer is suspended, cancelled, revoked, voluntarily surrendered, or terminated in any of the States named in Schedule Item 3, this Policy shall be immediately cancelled. The effective date of such cancellation shall be the date of said loss of your duly qualified self-insurer status.

B. Insured. The Insured is named in Schedule Item 1. The words "you" or "your" as used in this Policy refer to the Insured. If the Insured is a partnership or joint venture, each partner or member of the joint venture is insured only in the capacity as employer of employees of the partnership or joint venture.

C. Insurer. The Insurer is Midwest Employers Casualty Company. The words "we," "us," and "our" as used in this Policy refer to the Insurer.

D. The Policy. This Policy includes the Schedule and any attached endorsements. It is an indemnity agreement between you and us. The only provisions relating to this indemnity agreement are stated in this Policy. The terms of this Policy may not be changed or waived except by endorsement issued by us to be a part of this Policy. Endorsements amending Schedule Items 1, 3, 4, 6, 7 or 8 apply with respect to bodily injury by accident and bodily injury by disease occurring on or after 12:01 A.M. on the effective date of the applicable endorsement(s).

E. Policy Period means the period of time covered by this Policy as shown in Schedule Item 5. If this Policy is cancelled, the Policy Period shall end at 12:01 A.M. on the cancellation date.

F. Workers' Compensation Law means the workers' compensation law and occupational disease law of a State, including any amendments to such law which are in effect during the Policy Period. The definition of "Workers' Compensation Law" does not include the provisions of any law that provide nonoccupational disability benefits. The definition of "Workers' Compensation Law" also does not include any federal workers' compensation law, federal occupational disease law or any other federal law.

G. State means any state of the United States of America and the District of Columbia.

H. Employee means an individual that you hire and regularly pay, who normally performs work for you under your direction and control in a State listed in Schedule Item 3. The definition of "Employee" does not include an independent contractor, subcontractor or an agent of a third party. If the Workers' Compensation Law in a state listed in Schedule Item 3 deems an individual to be your employee for liability purposes, then the individual shall be considered an Employee under Part One of this Policy.

I. Service Company means the entity named in Schedule Item 14 that is retained by you to act on your behalf, as the third party administrator for Claims.

PART ONE – WORKERS' COMPENSATION EXCESS INDEMNITY

A. How This Part Applies. Part One of this Policy applies to Loss paid by you because of liability imposed upon you by the Workers' Compensation Law of any State named in Schedule Item 3, which arises out of or results from bodily injury by accident or bodily injury by disease sustained by your Employee. Part One of this Policy also applies to Loss paid by you because of liability imposed upon you by the Workers' Compensation Law of any other State which is not named in Schedule Item 4, which arises out of or results from bodily injury by accident or bodily injury by disease sustained by your Employee, provided that the work giving rise to the bodily injury was temporary and incidental to your work in any State named in Schedule Item 3.

Bodily injury by accident must occur during the Policy Period.

Bodily injury by disease must be caused or aggravated by the conditions of your employment. Bodily injury by disease includes cumulative trauma. The Employee's last day of last exposure to the conditions of your employment causing or

aggravating such bodily injury by disease must occur during the Policy Period. Bodily injury by disease does not include disease that results directly from bodily injury by accident.

Bodily injury includes resulting death.

B. Specific Excess Indemnity Coverage.

THIS SECTION B SHALL NOT APPLY, AND THE COVERAGE AFFORDED UNDER THIS SECTION B SHALL NOT BE PROVIDED TO YOU, IF THE WORDS "NOT APPLICABLE" ARE STATED IN SCHEDULE ITEMS 7(a) AND 8(a).

1. **Your Specific Retention.** You must retain Loss as shown in Schedule Item 6. Your Specific Retention applies to Part One Loss and to Part Two Loss combined. IT IS IMPORTANT FOR YOU TO UNDERSTAND THAT YOUR SPECIFIC RETENTION FOR DISEASE APPLIES SEPARATELY TO EACH EMPLOYEE. Naming more than one Insured in Schedule Item 1 does not increase your Specific Retention.

2. **Our Specific Indemnity.** We shall indemnify you under Part One of this Policy only for Loss paid by you in excess of your Specific Retention.

3. **Our Specific Limit.** The maximum Loss we shall indemnify you for under Part One of this Policy with respect to each accident is shown in Schedule Item 7(a). The maximum Loss we shall indemnify you for under Part One of this Policy with respect to each Employee for disease is shown in Schedule Item 8(a). Naming more than one Insured in Schedule Item 1 does not increase our Specific Limit under Part One of this Policy.

C. Loss under Part One of this Policy means the amount actually paid by you, after deduction of any Recovery, for regular benefits provided under the Workers' Compensation Law in effect on the date the accident or exposure to disease occurs. Loss shall include, but is limited to:

1. The amount paid by you in reasonable settlement of claims for regular benefits under the Workers' Compensation Law;

2. The amount paid by you in satisfaction of awards or judgments for regular benefits under the Workers' Compensation Law; and

3. Reimbursable Claim Handling Expense as defined in Part Four – Claims, Section L. of this Policy.

D. Exclusions From Loss. Part One of this Policy does not cover:

1. Any Service Company fees, costs and expenses;

2. Fees, costs and expenses (including salaries, wages and other compensation paid to your Employees and independent contractors) of self-administration of Claims;

3. Loss insured by any other workers' compensation or employers liability insurance policy;

4. Loss payable under the Workers' Compensation Law of any State which is not named in Schedule Item 3, if you are insured for such loss by any other insurance;

5. Any loss arising out of operations for which you have rejected or elected to opt out of any Workers' Compensation Law;

6. Fines, penalties, sanctions, interest, costs, or attorney's fees assessed against you for any violation of any Workers' Compensation Law or other applicable statute, rule or regulation. (This exclusion does not apply to attorney's fees and costs you are ordered to pay to the prevailing party in a Claim in which you contested, in good faith, your liability to pay benefits under the Workers' Compensation Law);

7. Punitive or exemplary damages because of bodily injury sustained by any Employee;

8. Punitive, exemplary or compensatory damages because of your conduct, or the conduct of anyone acting for you:

   a. In the investigation, trial or settlement of any claim under the Workers' Compensation Law; or
   b. In failing to pay or in delaying payment of benefits under the Workers' Compensation Law;

9. Any assessment, tax or surcharge made upon employers or self-insurers, whether imposed by statute, regulation or otherwise; or

10. Any payments in excess of the benefits regularly provided by any Workers' Compensation Law, including those required because:

    a. Of your serious, gross and willful misconduct;

b. You knowingly employed an Employee in violation of applicable law;
c. You failed to comply with an applicable health or safety law or regulation;
d. You discharged, coerced or otherwise discriminated against any Employee in violation of the Workers' Compensation Law; or
e. You violated or failed to comply with any applicable Workers' Compensation Law.

PART TWO – EMPLOYERS LIABILITY EXCESS INDEMNITY

A. How This Part Applies. Part Two of this Policy applies to Loss paid by you for Damages imposed upon you by the laws of any State shown in Schedule Item 3, which arises out of or results from bodily injury by accident or bodily injury by disease sustained by your Employee. Part Two of this Policy also applies to Loss paid by you for Damages imposed upon you by the law of any other State which is not shown in Schedule Item 4, which arises out of or results from bodily injury by accident or bodily injury by disease sustained by your Employee, provided that the work giving rise to the bodily injury was temporary and incidental to your work in any State named in Schedule Item 3.

Bodily injury must arise out of and in the course of the injured Employee's employment by you.

Bodily injury by accident must occur during the Policy Period.

Bodily injury by disease must be caused or aggravated by the conditions of your employment. Bodily injury by disease includes cumulative trauma. The Employee's last day of last exposure to the conditions of your employment causing or aggravating such bodily injury by disease must occur during the Policy Period. Bodily injury by disease does not include disease that results directly from bodily injury by accident.

Bodily injury includes resulting death.

B. Specific Excess Indemnity Coverage.

THIS SECTION B SHALL NOT APPLY, AND THE COVERAGE AFFORDED UNDER THIS SECTION B SHALL NOT BE PROVIDED TO YOU, IF THE WORDS "NOT APPLICABLE" ARE STATED IN SCHEDULE ITEMS 7(b) AND 8(b).

1. **Your Specific Retention.** You must retain Loss as shown in Schedule Item 6. This Specific Retention applies to Part One Loss and to Part Two Loss combined. IT IS IMPORTANT FOR YOU TO UNDERSTAND THAT YOUR SPECIFIC RETENTION FOR DISEASE APPLIES SEPARATELY TO EACH EMPLOYEE. Naming more than one Insured in Schedule Item 1 does not increase your Specific Retention.

2. **Our Specific Indemnity.** We shall indemnify you under Part Two of this Policy only for Loss paid by you in excess of your Specific Retention.

3. **Our Specific Limit.** The maximum Loss we shall indemnify you for under Part Two of this Policy with respect to each accident is shown in Schedule Item 7(b). The maximum Loss we shall indemnify you for under Part Two of this Policy with respect to each Employee for disease is shown in Schedule Item 8(b). Naming more than one Insured in Schedule Item 1 does not increase our Specific Limit under Part Two of this Policy.

C. Loss under Part Two of this Policy means the amount actually paid by you, after deduction of any Recovery, for Damages imposed upon you by law. Loss shall include, but is limited to:

1. The amount paid by you in reasonable settlement of claims or suits for Damages;

2. The amount paid by you in satisfaction of awards or judgments for Damages; and

3. Reimbursable Claim Handling Expense as defined in Part Four – Claims, Section L. of this Policy.

D. Damages includes, and is limited to:

1. Damages for which you are liable to a third party by reason of a claim or suit against you by that third party to recover the damages claimed against such third party as a result of injury to your Employee;

2. Damages for care and loss of services;

3. Damages for consequential bodily injury to a spouse, child, parent, brother or sister of the injured Employee; provided that these damages are the direct consequence of bodily injury that arises out of and in the course of the injured Employee's employment by you; and

4. Damages because of bodily injury to your Employee that arise out of and in the course of employment, claimed against you in a capacity other than as employer.

E. Exclusions From Loss. Part Two does not cover:

1. Any Service Company fees, costs and expenses;

2. Fees, costs and expenses (including salaries, wages and other compensation paid to your Employees and independent contractors) of self-administration of Claims;

3. Loss or liability assumed under a contract or agreement;

4. Loss or liability voluntarily assumed by you;

5. Loss payable under the laws of any State which is not named in Schedule Item 3, if you are protected from the loss by any other insurance;

6. Punitive or exemplary damages;

7. Bodily injury to an Employee while employed in violation of law with your actual knowledge or the actual knowledge of any of your executive officers or managers;

8. Any obligation imposed by any Workers' Compensation Law, unemployment compensation law, disability benefits law, or any similar law;

9. Bodily injury intentionally caused or aggravated by you;

10. Bodily injury resulting from your conduct which is determined to be malicious, deliberate, willful, with reckless disregard, substantially certain to cause injury, the equivalent to an intentional tort (regardless of how that term is defined or interpreted), or otherwise tortuous, such that you lose your immunity from civil liability under any Workers' Compensation Law;

11. Bodily injury to an Employee when you are deprived of common law defenses or are subject to a penalty because of your failure to secure your obligations under the applicable Workers' Compensation Law or otherwise fail to comply with that law;

12. Damages arising out of coercion, criticism, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination against or termination of any Employee, or any personnel practices, policies, acts or omissions;

13. Bodily injury occurring outside the United States of America. This exclusion does not apply to bodily injury to an Employee who is a citizen or resident of the State(s) listed in Schedule Item 3 who is temporarily working outside the United States of America for you;

14. Damages arising out of operations for which you have:

    (a) Violated or failed to comply with any Workers' Compensation Law; or
    (b) Rejected or elected to opt out of any Workers' Compensation Law;

15. Bodily injury to any Employee in work subject to the Longshore and Harbor Workers' Compensation Act (33 USC Sections 901–950), the Non-appropriated Fund Instrumentalities Act (5 USC Sections 8171–8173), the Outer Continental Shelf Lands Act (43 USC Sections 1331–1356a), the Defense Base Act (42 USC Sections 1651–1654), the Federal Mine Health and Safety Act of 1969 (30 USC Sections 801–945), the Federal Employers' Liability Act (45 USC Sections 51–60), the Migrant and Seasonal Agricultural Worker Protection Act (29 USC Sections 1801–1872), the Merchant Marine Act of 1920 also known as the Jones Act (46 USC Section 688) and any other federal workers' compensation law or other federal occupational disease law, or any amendments to these laws, obligating an employer to pay damages to an employee due to bodily injury arising out of or in the course of employment;

16. Bodily injury to a master or member of the crew of any vessel; or

17. Fines or penalties imposed for violation of any federal or State law.

PART THREE – AGGREGATE EXCESS INDEMNITY

THIS PART THREE SHALL NOT APPLY, AND THE COVERAGE AFFORDED UNDER THIS PART THREE SHALL NOT BE PROVIDED TO YOU, IF THE WORDS "NOT APPLICABLE" ARE STATED IN SCHEDULE ITEMS 9(a), 9(b), 9(c), 9(d) AND 10.

A. Your Aggregate Retention. The amount of Loss you must retain as a result of all accidents and disease exposures occurring during the Policy Period shall be computed as shown in Schedule Item 9(a). This Aggregate Retention applies to Part One Loss and to Part Two Loss combined. In calculating your Aggregate Retention, Loss pertaining to each accident or disease shall be limited to the respective amount shown in Schedule Item 9(d). Unless we cancel this Policy,

your Aggregate Retention shall not be less than the Minimum Retention shown in Schedule Item 9(c). If we cancel this Policy, your Aggregate Retention shall not be less than the pro rata portion of the Minimum Retention shown in Schedule Item 9(c) based upon the number of days from the effective date of this Policy to (and including) the date of cancellation. Naming more than one Insured in Schedule Item 1 does not increase your Aggregate Retention.

Normal Premium is defined in Part Five – Premium, Section C. Final Premium of this Policy.

B. Our Aggregate Indemnity. We shall indemnify you under Part Three of this Policy for Loss paid by you in excess of your Aggregate Retention as a result of all accidents and disease exposures occurring during the Policy Period. In calculating our indemnity, Loss pertaining to each accident or disease shall be limited to the respective amount shown in Schedule Item 9(d).

C. Our Aggregate Limit. The maximum Loss we shall indemnify you for under Part Three of this Policy as a result of all accidents and disease exposures occurring during the Policy Period is shown in Schedule Item 10. This limit applies to Part One Loss and to Part Two Loss combined. Naming more than one Insured in Schedule Item 1 does not increase our Aggregate Limit under Part Three of this Policy.

PART FOUR – CLAIMS

A. Claim means any administrative filing, cause of action, demand, suit, legal action, proceeding or liability asserted against or imposed upon you for which you have paid Loss or may be liable to pay Loss under Part One, Part Two or Part Three of this Policy.

B. Claims Information means any information collected, maintained, analyzed or generated by you, your Service Company, claims consultant, attorney, pharmacy benefits manager, bill reviewer and any other outside vendors or entities retained on your behalf, that relates to any Claim, injury or Loss occurring during the Policy Period.

C. Electronic Data Interchange means the secure transmission of Claims Information from you to us by electronic means, in a specific form and manner that is approved by us.

D. First Notice of Loss means a written form acceptable to us that provides the complete details of the injury, disease, death or Claim. Providing a loss run, or Claims Information as required by Section H. Your Duty to Send Claims Information, does not constitute a First Notice of Loss.

E. Full and Final Settlement means a settlement that extinguishes and releases you from liability to make any future monetary payments on a Claim by your payment of a sum certain amount, which may include a lump sum, annuity premium, seed money, attorney fees, costs, lien waiver and/or other consideration.

F. Your Claims Handling Duties. It is your duty and responsibility to investigate, handle, settle, defend and appeal all Claims.

G. Your Specific Claims Reporting Duties. To the extent that this Policy provides Specific Excess Indemnity coverage as stated in the Schedule, it is your duty and responsibility to provide us with a First Notice of Loss for each injury or Claim as specified by this Section.

1. **Catastrophic and Serious Injury Claims – Requiring First Notice of Loss Within Five (5) Days.** You must send us a First Notice of Loss within five (5) days after the occurrence of any accident or disease exposure involving an Employee who sustained any of the following injuries, even if you are contesting your liability:

   a. Fatality;
   b. Brain injury;
   c. Spinal cord injury;
   d. Paralysis of any part of the body;
   e. Serious burn injury (burns over 25% or more of the body);
   f. Amputation of a major extremity;
   g. Crushing or massive internal injury; or
   h. Partial or total loss of vision in one or both eyes.

2. **Employer Liability Claims – First Notice of Loss Within Thirty (30) Days.** You must send us a First Notice of Loss within thirty (30) days of your notice of a Claim that may fall under Part Two – Employers Liability of this Policy.

3. **Other Claims Requiring Reporting by First Notice of Loss Within Thirty (30) Days.** You must send us a First Notice of Loss within thirty (30) days after the occurrence of any of the following events on an individual Claim:

   a. The total paid Loss exceeds $250,000 or the total incurred amount of Loss (paid and reserves) exceeds 50% of your Specific Retention, whichever event occurs first;

b. An injured Employee misses fifty-two (52) weeks of work as a result of the injury, even if the Claim is being contested by you;
c. An injured Employee has petitioned to be deemed, is accepted as, awarded, or found to be catastrophically or permanently and totally disabled under the Workers' Compensation Law;
d. An accident or disease exposure involving injury to two or more Employees; or
e. An Employee is diagnosed with cancer, heart disease, lung disease, infectious disease or other disease that is presumed to be, or found to be, compensable under the Workers' Compensation Law.

4. **Consequence of Your Failure to Send Us A Timely First Notice of Loss.** If you do not send us a First Notice of Loss of an injury or Claim within the time specified in this Section and we are prejudiced as a result, we may deny you indemnification under this Policy for Loss that arises out of or results from that injury or Claim.

H. Your Duty to Send Claims Information. You agree to provide us with any Claims Information that we may request, which may include, but is not limited to:

1. Providing detailed Claims Information on a specific individual Claim;

2. Sending us specified Claims Information on a periodic and recurring basis for all Claims within the Policy Period;

3. Transmitting Claims Information through Electronic Data Interchange; and

4. Granting us on-line read-only access to your Service Company's or, if you are self-administered, your computerized Claims system, so that we may view Claims Information.

You authorize the release and disclosure of requested Claims Information directly to us from your Service Company or any other third party that possesses such Claims Information.

I. Claims Participation by Us. At our own election and expense, we have the right and shall be given the opportunity to participate with you in the investigation, handling, settlement, defense or appeal of any Claim which might involve a Loss to us, and you agree to fully cooperate with us if we so elect to participate. We have no duty to investigate, handle, settle, defend or appeal any Claim.

J. Good Faith Claims Handling and Settlements. It is your duty and responsibility to use diligence, prudence and good faith in the investigation, handling, defense, settlement and appeal of all Claims. Your duty and responsibility include, but are not limited to, the following:

1. **Investigation and Defense.** You shall diligently and competently investigate, handle and defend all Claims. You shall not engage in frivolous litigation or conduct that is unreasonable, sanctionable or in bad faith. You shall comply with all applicable Workers' Compensation Laws and court rules that govern the investigation, handling and defense of Claims.

2. **Pursuit of Settlement.** You shall pursue settlement of each Claim when it is reasonable to do so. You shall engage in settlement discussions and participate in good faith in settlement conferences and voluntary mediation when available.

3. **Settlement Within Your Retention.** If you are presented with a reasonable opportunity to reach a Full and Final Settlement of a Claim within your Retention, you shall settle it. If a Claim is filed in a State that will not allow a Full and Final Settlement, and you are presented with a reasonable opportunity to reach a partial settlement of the Claim within your Retention, you shall settle it.

4. **Settlement Involving Loss to Us.** You shall not agree to any voluntary settlement or make a voluntary lump sum settlement payment involving Loss to us under this Policy without our written consent. If we give you our written consent to a reasonable settlement which involves Loss to us, you shall not refuse to accept the settlement. You shall do what is necessary to consummate such settlement, including executing all necessary settlement documents and remitting the settlement payment in a timely fashion.

K. Recovery.

1. **Recovery** means any amount recovered which may mitigate Loss covered by this Policy, including, but not limited to amounts paid:

a. On behalf of any third party, person or entity that may be liable for any injury, Loss or Claim covered by this Policy;
b. By the applicable State second injury fund, special disability fund or similar fund or trust existing under the Workers' Compensation Law or other State law, which entitle you to reimbursement for past payments or benefits made by you and/or reduce your liability to make future payments or benefits;
c. In satisfaction of your statutory lien rights; or
d. On account of overpayments, offsets, deductions or credits against your obligations to make payments or provide benefits under the Workers' Compensation Law or other State law.

2. **Your Duty to Pursue Recovery.** It is your duty and responsibility to diligently, prudently and in good faith, investigate and prosecute your rights to Recovery.

3. **Subrogation of Your Rights.** To the extent that we have paid Loss or we believe that we may incur Loss under this Policy, we shall be subrogated to your rights to Recovery. You shall do everything necessary to protect those rights for us and to help us enforce them. At our election, we may take over your rights to Recovery and you agree to fully assist us, including assigning or transferring your rights to us or allowing us to pursue the prosecution in your name.

4. **Allocation of Amounts Recovered.** Any Recovery received by you or us shall first be used to pay reasonable expenses of collection and then to reimburse us for any amount we have paid to you under this Policy. The balance of Recovery, if any, shall be payable to you and shall reduce the Loss paid by you under your Specific Retention for this Policy.

5. **Non-Waiver of Your Recovery Rights.** You agree not to waive, settle or compromise your right to Recovery without our written consent if we have paid Loss or may incur Loss under this Policy.

6. **Good Faith Settlement of Recovery Actions.** You agree not to refuse to settle any right to Recovery which, in the exercise of good faith and sound judgment, should be settled.

L. Reimbursable Claim Handling Expense. Reimbursable Claim Handling Expense means and is limited to the following expenses, but only if they are reasonable and directly allocated to a particular Claim covered by this Policy:

1. Fees for attorneys or their authorized representatives that are directly involved in litigation of the Claim;

2. Litigation expenses including court costs, deposition costs, witness fees, subpoena and summons service fees;

3. Alternative dispute expenses such as mediation and arbitration fees and expenses;

4. Appeal bonds and appeal fees;

5. Surveillance and investigation fees;

6. Expert witness fees;

7. Independent medical and forensic examination fees;

8. Independent nurse case management and rehabilitation consultant fees;

9. Fees for medical treatment utilization reviews if performed by a nurse or doctor;

10. Medical bill review, auditing or re-pricing costs;

11. Medical preferred provider network/organization (PPN/PPO) fees;

12. Medical fee review panel expenses; and

13. Expenses which are required by the applicable Workers' Compensation Law.

If any other expense that is not listed above and is not otherwise excluded from Loss is nevertheless directly related to a specific covered Claim, it shall be considered a Reimbursable Claim Handling Expense only if we give you written consent prior to the expense being incurred.

M. Proof of Loss. You must provide us with a Proof of Loss acceptable to us to receive prompt indemnification under this Policy for the particular excess indemnity coverage provided to you as stated on the Schedule. A Proof of Loss shall contain the following information:

1. **Specific Proof of Loss.** You must provide us with a payment register listing all payments made on the Claim and any supporting documentation that we request, in a form acceptable to us.

2. **Aggregate Proof of Loss.** You must provide us with a detailed loss run listing each Claim in the Policy Period, the date of Loss of each Claim, the amount paid, any remaining reserves, and any supporting documentation that we request, in a form acceptable to us.

N. Commutation by Mutual Agreement. With regard to any outstanding or unsettled Claims reported hereunder, either party may request that our liability for incurred Loss that exceeds the Specific Retention in Schedule Item 6 of this Policy be commuted. If there is mutual agreement between you and us that a commutation should be considered with regard to a Claim or Claims, then the following shall apply:

1. Within sixty (60) days after such mutual agreement to commute, you shall submit a statement of valuation for the outstanding Claim or Claims showing the elements considered reasonable to establish the commuted value of Loss.

2. The commuted value of Loss shall be calculated as the discounted present value of the Loss that exceeds the Specific Retention in Schedule Item 6, subject to the limits of liability shown in Schedule Items 7 and 8.

3. If the commuted value submitted by you is not acceptable to us, we may submit a counterproposal to you for commutation. If both parties are unable to reach an agreement on the commuted value, then the parties shall either abandon the commutation effort or agree to mutually appoint an actuary or appraiser to investigate and determine the commuted value. If both parties then agree to the commuted value arrived at by the actuary/appraiser, we shall pay the amount determined to be the commuted value of the Claim or Claims under this Policy.

4. If the commuted value determined by the appraiser above is not acceptable to both parties, they shall either abandon the commutation effort or agree to settle any difference using a panel of three actuaries, one to be chosen by each party, and a third chosen by the two so chosen. If the two actuaries fail to agree on the selection of a third actuary within sixty (60) days of their appointment, each of them shall name two, of whom the other shall decline one and the decision shall be made by drawing lots. All the actuaries shall be regularly engaged in the valuation of workers' compensation claims and shall be Fellows or Associates in the Casualty Actuarial Society. None of the actuaries shall have a financial interest in nor be a current or former employee of the parties, and all of the actuaries shall be disinterested in the outcome of the commutation.

   Each party shall submit its case to its actuary within sixty (60) days of the appointment of the third actuary. The decision in writing of any two actuaries (from the panel of three), when filed with the parties hereto shall be final and binding on both parties and we shall pay the amount so determined to be the commuted value of the Claim or Claims. The expense of the actuaries and of the commutation shall be equally divided between both parties. Said commutation shall take place in St. Louis County, Missouri, unless some other location is mutually agreed upon by the parties.

5. Payment by us of the commuted value of the Claim or Claims shall constitute full and final release of our liability for such Claim or Claims and your receipt of such payment shall constitute a full and final release of any and all obligations we have under this Policy.

O. Claims Audit and Computer Access. You shall let us or our representatives examine and audit Claims files upon our request. You shall also let us or our representatives examine and audit your Service Company's or, if you are self-administered, your Claims practices, procedures, and records relating to Claims handling, disability and medical management, reserving, Claims reporting compliance and file conclusion. You agree to grant us access to your Service Company's or, if you are self-administered, your computerized Claims system, including on-line read-only access.

P. Inspection. You shall let us or our representatives inspect your premises, workplaces and equipment upon our request. Any such inspection is not a safety inspection. If we communicate any findings or issues to you after an inspection, it shall be for general purposes only. By performing an inspection we are not undertaking any duty to assure that your premises, workplaces and equipment are safe and in compliance with applicable laws or industry standards.

PART FIVE – PREMIUM

A. Deposit and Adjustment Premiums. At the beginning of the Policy Period, you must pay us the Deposit Premium and any flat charges shown in the Schedule.

At the end of the Policy Period:

1. You shall owe us the amount by which the Final Premium is greater than the Deposit Premium; or

2. We shall owe you the amount by which the Deposit Premium is greater than the Final Premium.

B. Payroll Report. Within forty-five (45) days after the end of the Policy Period, you must send us a report showing the amount of Payroll earned by your Employees during the Policy Period. The report must show Payroll separately for each classification identified in Schedule Item 11.

C. Final Premium. The Final Premium due to us for the Policy Period shall be computed as shown in Schedule Item 12(a).

Normal Premium means the sum of the products of your audited Payroll within each classification shown in Schedule Item 11 for each State named in Schedule Item 3 multiplied by the rate shown in Schedule Item 11 for the respective classification, the product of which shall be further multiplied by the Experience Modification Factor shown in Schedule Item 11(a) and/or any Other Modification Factor shown in Schedule Item 11(b).

Unless this Policy is cancelled, Final Premium shall be at least the Minimum Premium shown in the Schedule.

When determining Final Premium, any flat charges shown in the Schedule are not subject to additional computations or modification factors.

If we cancel this Policy, Final Premium shall be calculated pro rata based on the time this Policy was in force. Final Premium shall not be less than the pro rata share of the Minimum Premium shown in the Schedule.

If you cancel this Policy, Final Premium shall be more than pro rata; it shall be based on the time this Policy was in force, and increased by the customary short rate table and procedure. Final Premium shall not be less than the Minimum Premium shown in the Schedule.

If this Policy is automatically cancelled because of the loss of your duly qualified self-insurer status as stated in Section A. Self-Insurance of the General Section of this Policy, Final Premium shall be more than pro rata; it shall be based on the time this Policy was in force, and increased by the customary short rate table and procedure. Final Premium shall not be less than the Minimum Premium shown in the Schedule.

The Final Premium due to us shall not be reduced by the existence of any other insurance, reinsurance, indemnity agreement or other reimbursement agreement protecting you against Loss covered by this Policy.

D. Payroll means the gross pay of your Employees for the Policy Period plus other amounts and items earned by your Employees as part of their pay for the Policy Period. Payroll also includes:

1. Gross pay plus other amounts and items earned by your officers if covered under this Policy;

2. The contract price for materials and services performed by any individual deemed to be your Employee for liability purposes under the Workers' Compensation Law, if you do not have Payroll records for this individual; and

3. Assigned Payroll attributed to volunteers for whom you are legally obligated to provide benefits under the Workers' Compensation Law. Assigned Payroll means:

   a. For volunteers other than volunteer firefighters and volunteer police officers, the federal minimum hourly wage as of the effective date of this Policy multiplied by the hours worked by the volunteers, unless the work performed by the volunteers is similar to work performed by a paid Employee who is receiving more than the federal minimum hourly wage, in which event the wage reported for the volunteer worker shall be the same as the wage reported for the paid Employee; and
   b. For volunteer firefighters or volunteer police officers, the greater of $12,500 per year or the same wage as reported for a paid Employee performing similar work shall be included in Payroll for each such volunteer firefighter or volunteer police officer.

   Duties performed by volunteers shall be assigned to the classification code which the duties would be assigned to if performed by regular Employees.

   No amount is included in Assigned Payroll for any volunteer worker who is not covered under the Workers' Compensation Law because Part One of this Policy does not apply with respect to that worker.

E. Records. You shall keep records of information needed to compute premium. You shall provide us with copies of those records when we ask for them.

F. Audit. Upon our request, you shall let us or our representatives examine and audit all your Payroll records. Payroll records include, but are not limited to, ledgers, journals, registers, vouchers, contracts, tax reports, Payroll and disbursement records, and programs for storing and retrieving data. The audits may be conducted during your regular business hours.

PART SIX – CONDITIONS

A. Agreement Upon Terms. Your acceptance of this Policy means that you agree with us upon the terms of this Policy, the Schedule and any attached endorsements. You warrant that the statements you made in the application, and in any supplemental materials or information you submitted to us, are true and accurate, and understand that we have issued this Policy in reliance upon those representations. You agree that your full compliance with all of the terms and conditions of this Policy is a condition precedent to our indemnity obligations under this Policy. You shall have no right of action against us unless you have complied with all of the terms and conditions of this Policy.

B. Sole Representative. The Insured first named in Schedule Item 1 shall act on behalf of all Insureds to accept any agreed upon change to this Policy, to accept Loss payments, to receive return premium and to give or receive notice of cancellation.

C. Bankruptcy or Insolvency. Your bankruptcy or insolvency shall not relieve us from the payment of any Loss covered by this Policy. After the Retention shown on the Schedule has been paid, payments shall be made by us as if you had not become bankrupt or insolvent but not in excess of the Specific Limit or the Aggregate Limit shown on the Schedule. Payment shall be made to the Trustee in Bankruptcy or as directed by an appropriate court. We shall never make payments below the Retention shown on the Schedule, nor shall our indemnity obligations under this Policy ever be increased or broaden because of your bankruptcy or insolvency.

D. Other Insurance. If any other insurance, reinsurance, indemnity agreement or other reimbursement agreement exists protecting you against Loss covered by this Policy, the indemnity coverage afforded under this Policy shall apply in excess of such other insurance, reinsurance, indemnity agreement or other reimbursement agreement.

E. Offset. We have the right to offset any balance or amount you owe us, whether such balance is on account of premium due, Recovery due, expenses, or other amount owed, against any indemnification for Loss, premium refund or other amount we owe you under this Policy or under any other policy or agreement entered into between you and us.

F. Transfer or Assignment of Your Rights and Duties. Your rights or duties under this Policy shall not be transferred without our express written consent.

G. No Third-Party Rights. This Policy is solely between you and us. Nothing in this Policy shall in any manner create any obligations or establish any rights of action against us in favor of any third parties, or persons not a party to this Policy, including but not limited to any Employees or claimants.

H. Service and Administration. This Policy contemplates the concurrent and continued existence of a separate service agreement between you and the Service Company named in Schedule Item 14 relating to the administration of Claims. You agree to provide us a copy of such service agreement at our request. You further agree to immediately notify us in the event that the service agreement is amended, cancelled or terminated. We must agree to any change in the Service Company.

If Schedule Item 14 states "Approved for Self-Administration," then we have agreed to your self-administration of Claims covered by this Policy. If you have been approved for self-administration, you must obtain our consent prior to moving your administration of Claims to a Service Company.

The obligations under this Section shall survive the expiration of the Policy Period and any subsequent renewal of this Policy.

I. Cancellation. You may cancel this Policy by giving us at least sixty (60) days advance written notice stating the cancellation date. We may cancel this Policy by giving you at least sixty (60) days advance written notice stating the cancellation date. Our delivery of notice to your address shown in Schedule Item 2 shall be sufficient proof that we cancelled this Policy.

If this Policy is cancelled, the Policy Period shall end at 12:01 A.M. on the cancellation date. This Policy does not apply to loss or liability which arises out of bodily injury by accident or bodily injury by disease that occurs after the effective date of such cancellation.

If you fail to pay premium due to us by the due date, we have the right to cancel with ten (10) days written notice to you.

In the event of cancellation of this Policy, Final Premium shall be calculated as set forth in Part Five – Premium, Section C. Final Premium of this Policy.

J. Non-Conformance. If the terms of this Policy are in conflict with any law applicable to this Policy, this statement amends this Policy to conform to such law.

We have executed this Policy by printing below the facsimile signatures of our President and Secretary and by the actual signature of our authorized representative on the Schedule if required by law.

MIDWEST EMPLOYERS CASUALTY COMPANY



Signature
Secretary

Signature
President

Midwest Employers Casualty
A Berkley Company

Privacy Notice

Midwest Employers Casualty Company (the "Company"), a member company of the W. R. Berkley Corporation ("Berkley") group of companies and each other member of the Berkley group of companies ("Affiliates") understands our customers' concern about privacy of their information collected by the Company. Our Company is dedicated to protecting the confidentiality and security of nonpublic personal information we collect about our customers in accordance with applicable laws and regulations. This notice refers to the Company by using the terms "us," "we," or "our." This notice describes our privacy policy and describes how we treat the nonpublic personal information about our customers that we receive from them ("Information").

Why We Collect and How We Use Information

We collect and use Information for business purposes with respect to our insurance products and services and other business relations involving our customers. We gather this Information to evaluate your request for insurance, to evaluate your insurance claims, to administer, maintain or review your insurance policy, and to process your insurance transactions. We also accumulate certain information about you as may be required or permitted by law.

Your insurance agent or broker also collects this Information and may use it to help with your overall insurance program or to market additional products and services to you. We may also use Information to offer you other products or services that we or our Affiliates provide.

How We Collect Information

Most Information collected by us is provided by you or your insurance agent or broker to us. We obtain Information from (i) applications or other forms submitted by you, your insurance agent or broker or your authorized representatives to us and our Affiliates, and (ii) your transactions with us or our Affiliates. We may also obtain Information from other sources such as (i) consumer reporting agencies, (ii) other institutions or information services providers (third party administrators), (iii) employers, (iv) other insurers, or (v) your family members.

Information We Disclose

We disclose any Information which we believe is necessary to conduct our business as permitted by applicable law or where required by applicable law. This disclosure may include (i) Information we receive from you on applications or other forms provided to us and our Affiliates, such as names, addresses, social security numbers, assets, employer information, salaries, etc. (ii) Information about your transactions with us and our Affiliates, such as policy coverages, premiums, payment history, etc., and (iii) Information we receive from a consumer reporting agency, such as credit worthiness and credit history.

To Whom We Disclose Information

We may, as permitted or required by applicable law, disclose your Information to nonaffiliated third parties, such as (i) your insurance agent or broker, (ii) independent claims adjusters, (iii) insurance support organizations, (iv) processing companies , (v) actuarial organizations, (vi) law firms, (vii) other insurance companies involved in an insurance transaction with you, (viii) law enforcement, regulatory, or governmental agencies, (ix) courts or parties therein pursuant to a subpoena or court order, (x) businesses with whom we have a marketing agreement, or (xi) our Affiliates.

We may share Information with our Affiliates so that they may offer you products and services from the Berkley group of companies or to analyze our book of business and to consolidate necessary information. We do not disclose Information to other companies or organizations not affiliated with us for the purpose of using Information to sell their products or services to you. For example, we do not sell your name to unaffiliated mail order or direct marketing companies.

How We Protect Information

We require our employees to protect the confidentiality of Information as required by applicable law. Access to Information by our employees is limited to administering, offering, servicing, processing or maintaining of our products and services. We also maintain physical, electronic and procedural safeguards designed to protect Information. When we share or provide Information to other persons or organizations, we contractually obligate them, if required by law, to treat Information as confidential and conform to our privacy policy and applicable laws and regulations.

Correction and Access to Information

Upon our receipt of your written request to us at Midwest Employers Casualty Company, 14755 North Outer Forty Drive, Suite 300, Chesterfield, MO 63017 (Attn: Stephanie Wilmotte, Assistant Secretary), we will, generally, make available Information for your review. If you believe the Information we have about you is incorrect or inaccurate, you may request that we make any necessary corrections, additions or deletions. If we agree with your belief, we will correct our records if required by applicable law. If we do not agree, you may submit to us a short statement of dispute, which we will include in any future disclosure by us of such Information if required by applicable law.

Requirements for Privacy Notice

This privacy notice is being provided due to recently enacted federal and state laws and regulations establishing new privacy standards and requires us to provide this privacy policy. For additional information regarding our privacy policy, please write to us at Midwest Employers Casualty Company, 14755 North Outer Forty Drive, Suite 300, Chesterfield, MO 63017 (Attn: Stephanie Wilmotte, Assistant Secretary).

Adopted: July 1, 2001

COMMON POLICY CONDITIONS – DELUXE

All Coverage Parts included in this policy are subject to the following conditions.

A. 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. 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 nonpayment of premium; or
   b. 60 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. If the policy is cancelled, that date will become the end of the policy period. If a Coverage Part is cancelled, that date will become the end of the policy period as respects that Coverage Part only.

   Cancellation will not affect coverage on any shipment in transit on the date of the cancellation. Coverage will continue in full force until such property is delivered and accepted.
5. If this policy or any Coverage Part 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.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. CHANGES

This policy contains all the 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.

C. 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.

D. INSPECTIONS AND SURVEYS

1. We have the right but not obligated to:
   a. Make inspections and surveys at any time;
   b. Give you reports on the conditions we find; and
   c. Recommend changes.
2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake related only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
   a. Are safe or healthful; or
   b. Comply with laws, regulations, codes or standards.
3. Paragraphs **1.** and **2.** of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
4. Paragraph **2.** of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

E. PREMIUMS

1. The first Named Insured shown in the Declarations:
   a. Is responsible for the payment of all premiums; and
   b. Will be the payee for any return premiums we pay.
2. We compute all premiums for this policy in accordance with our rules, rates, rating plans,

premiums and minimum premiums. The premium shown in the Declarations was computed based on rates and rules in effect at the time the policy was issued. On each renewal continuation or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.

F. TRANSFER OF YOUR RIGHTS AND DUTIES UNDER THIS POLICY

Your rights and duties under this policy may not be transferred without 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 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.

G. WHEN WE DO NOT RENEW

If we decide not to renew this policy we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 60 days before the expiration date.

H. DELUXE PROPERTY COVERAGE PART-REFERENCE TO FORMS AND ENDORSEMENTS

In some instances, the Deluxe Property Declarations may list endorsements included in the Deluxe Property Coverage Part that reference:

1. The Commercial Property Coverage Part;
2. The Commercial Inland Marine Coverage Part;
3. Commercial Property forms including, but not limited to, the following:
   a. Building and Personal Property Coverage Form;
   b. Business Income Coverage Form;
   c. Commercial Property Conditions;
   d. Causes of Loss – Special Form;
   e. Causes of Loss – Earthquake Form.
4. Commercial Inland Marine Forms including but not limited to the Transportation Coverage – Special Form

Endorsements referencing the Commercial Property Coverage Part, Commercial Inland Marine Coverage Part, Commercial Property Forms, or Commercial Inland Marine Forms apply to the Deluxe Property Coverage Forms in the same manner as they apply to the Forms they reference.

I. INSURANCE UNDER TWO OR MORE COVERAGE PARTS

If two or more of this policy's Coverage Parts apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

This policy consists of the Common Policy Declarations and the Coverage Parts and endorsements listed in that declarations form.

In return for payment of the premium, we agree with the Named Insured to provide the insurance afforded by a Coverage Part forming part of this policy. That insurance will be provided by the company indicated as insuring company in the Common Policy Declarations by the abbreviation of its name opposite that Coverage Part.

One of the companies listed below (each a stock company) has executed this policy, and this policy is countersigned by the officers listed below:

The Travelers Indemnity Company (IND)

The Phoenix Insurance Company (PHX)

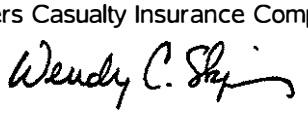
The Charter Oak Fire Insurance Company (COF)

Travelers Property Casualty Company of America (TIL)

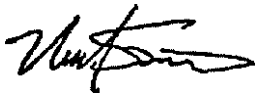
The Travelers Indemnity Company of Connecticut (TCT)

The Travelers Indemnity Company of America (TIA)

Travelers Casualty Insurance Company of America (ACJ)



Secretary



President

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LOCATION SCHEDULE **POLICY NUMBER:** H-630-6P798466-IND-24

This Schedule of Locations and Buildings applies to the Common Policy Declarations for the period

07-01-24 to 07-01-25.

Loc. No.	Bldg. No.	Address	Occupancy
1	1	109 THIRD AVE SOUTH FRANKLIN, TN 37064	CITY HALL
1	2	109 THIRD AVE SOUTH FRANKLIN, TN 37064	CITY HALL PROPERTY IN THE OPEN
2	3	112 SECOND AVE FRANKLIN, TN 37064	THEATER - LEASED TO PULL TIGHT PLAY
3	4	708 COLUMBIA AVE FRANKLIN, TN 37064	TRANSIT BUILDING - LEASED TO FRANKL
4	5	501 COLUMBIA AVE FRANKLIN, TN 37064	WEST MAIN AT FIVE POINTS - LEASED T
5	6	108 SE PARKWAY FRANKLIN, TN 37064	OFFICE AND WAREHOUSE - LEASED TO GR
6	7	108 SECOND AVE S FRANKLIN, TN 37064	PARKING GARAGE
7	8	115 FOURTH AVE S FRANKLIN, TN 37064	PARKING GARAGE
8	9	900 COLUMBIA AVE FRANKLIN, TN 37064	POLICE HEADQUARTERS
8	10	900 COLUMBIA AVE FRANKLIN, TN 37064	POLICE GENERATOR 1
8	11	900 COLUMBIA AVE FRANKLIN, TN 37064	POLICE GENERATOR 2
8	12	900 COLUMBIA AVE FRANKLIN, TN 37064	POLICE HEADQUARTERS PROPERTY IN THE
9	13	415 CENTURY CT FRANKLIN, TN 37064	POLICE SHOOT HOUSE

LOCATION SCHEDULE **POLICY NUMBER: H-630-6P798466-IND-24**

This Schedule of Locations and Buildings applies to the Common Policy Declarations for the period 07-01-24 to 07-01-25.

Loc. No.	Bldg. No.	Address	Occupancy
9	14	415 CENTURY CT FRANKLIN, TN 37064	POLICE SHOOTING RANGE TOWER
9	15	415 CENTURY CT FRANKLIN, TN 37064	POLICE SHOOTING RANGE STORAGE SHED
9	16	415 CENTURY CT FRANKLIN, TN 37064	POLICE SHOOTING RANGE
9	17	415 CENTURY CT FRANKLIN, TN 37064	POLICE SHOOTING RANGE BLEACHERS AND
10	18	500 NEW HWY 96 W FRANKLIN, TN 37064	FIRE STATION 1
10	19	500 NEW HIGHWAY 96 WEST FRANKLIN, TN 37064	PIO FIRE STATION #1
11	20	907 MURFREESBORO RD FRANKLIN, TN 37064	FIRE STATION 2
11	21	907 MURFREESBORO ROAD FRANKLIN, TN 37064	PIO FIRE STATION #2
12	22	298 MALLORY STATION RD FRANKLIN, TN 37064	FIRE STATION 3
12	23	298 MALLORY STATION ROAD FRANKLIN, TN 37067	PIO FIRE STATION #3
13	24	2039 FIELDSTONE PKWY FRANKLIN, TN 37064	FIRE STATION 4
13	25	2039 FIELDSTONE PARKWAY FRANKLIN, TN 37069	PIO FIRE STATION #4
14	26	215 NOAH DR FRANKLIN, TN 37064	FIRE STATION 5

LOCATION SCHEDULE **POLICY NUMBER:** H-630-6P798466-IND-24

This Schedule of Locations and Buildings applies to the Common Policy Declarations for the period 07-01-24 to 07-01-25.

Loc. No.	Bldg. No.	Address	Occupancy
14	27	215 NOAH DRIVE FRANKLIN, TN 37064	PIO FIRE STATION #5
15	28	1061 COOL SPRINGS BLVD FRANKLIN, TN 37064	FIRE STATION 6
15	29	1061 COOL SPRINGS BOULEVARD FRANKLIN, TN 37067	PIO FIRE STATION #6
16	30	200 FRONT ST FRANKLIN, TN 37064	FIRE STATION 8
16	31	200 FRONT STREET FRANKLIN, TN 37064	PIO FIRE STATION #8
17	32	419 CENTURY CT FRANKLIN, TN 37064	FIRE DEPARTMENT TRAINING CENTER
17	33	419 CENTURY CT FRANKLIN, TN 37064	FIRE TRAINING TOWER
17	34	419 CENTURY CT FRANKLIN, TN 37064	FIRE DEPARTMENT TRAINING ANNEX
17	35	419 CENTURY CT FRANKLIN, TN 37064	FIRE TRAINING WATER TANK
17	36	419 CENTURY CT FRANKLIN, TN 37064	FIRE AND EXPLOSIVE TRAINING SIMULAT
17	37	419 CENTURY CT FRANKLIN, TN 37064	FIRE TRAINING PROPS
17	38	419 CENTURY COURT FRANKLIN, TN 37064	PIO FIRE DEPT TRAINING CTR
18	39	HILLSBORO RD FRANKLIN, TN 37064	TWO GATEWAY ROCK SIGNS

LOCATION SCHEDULE **POLICY NUMBER:** H-630-6P798466-IND-24

This Schedule of Locations and Buildings applies to the Common Policy Declarations for the period 07-01-24 to 07-01-25.

Loc. No.	Bldg. No.	Address	Occupancy
19	40	113 FORT GRANGER DR FORT GRANGER PARK FRANKLIN, TN 37064	BRIDGE AND LOOKOUT
19	41	113 FORT GRANGER DR FORT GRANGER PARK FRANKLIN, TN 37064	STACKED ROCK SIGN
19	42	113 FORT GRANGER DR FORT GRANGER PARK FRANKLIN, TN 37064	FENCING
19	43	113 FORT GRANGER DR FORT GRANGER PARK FRANKLIN, TN 37064	PAVILION
20	44	1259 COLUMBIA AVE ASSAULT ON COTTON GIN PARK FRANKLIN, TN 37064	MONUMENT, FENCE, SIGN 5 CANNONS AN
21	45	3200 ASPEN GROVE DR ASPEN GROVE PARK FRANKLIN, TN 37064	PLAYGROUND EQUIPMENT AND SURFACING
21	46	3200 ASPEN GROVE DR ASPEN GROVE PARK FRANKLIN, TN 37064	PEDESTRIAN BRIDGE ALONG HARPETH RIV
21	47	3200 ASPEN GROVE DR ASPEN GROVE PARK FRANKLIN, TN 37064	STACKED ROCK ENTRANCE SIGN
21	48	3200 ASPEN GROVE DR ASPEN GROVE PARK FRANKLIN, TN 37064	TABLES-BENCHES, BINS-SWINGS
21	49	3200 ASPEN GROVE DR ASPEN GROVE PARK FRANKLIN, TN 37064	TRAIL SYSTEM, STEPS-RAILINGS
21	50	3200 ASPEN GROVE DR ASPEN GROVE PARK FRANKLIN, TN 37064	PARK PAVILION

LOCATION SCHEDULE **POLICY NUMBER:** H-630-6P798466-IND-24

This Schedule of Locations and Buildings applies to the Common Policy Declarations for the period 07-01-24 to 07-01-25 .

Loc. No.	Bldg. No.	Address	Occupancy
21	51	3200 ASPEN GROVE DR ASPEN GROVE PARK FRANKLIN, TN 37064	RESTROOMS
21	52	3200 ASPEN GROVE DR ASPEN GROVE PARK FRANKLIN, TN 37064	PEDESTRIAN BRIDGE 1
21	53	3200 ASPEN GROVE DR ASPEN GROVE PARK FRANKLIN, TN 37064	PEDESTRIAN BRIDGE 2
21	54	3200 ASPEN GROVE DR ASPEN GROVE PARK FRANKLIN, TN 37064	PEDESTRIAN BRIDGE 3
22	55	429 COOL SPRINGS BLVD ASPEN GROVE PARK FRANKLIN, TN 37064	PERGOLA
22	56	429 COOL SPRINGS BLVD ASPEN GROVE PARK FRANKLIN, TN 37064	PARKING LOT BRIDGE
23	57	214 NORTH MARGIN ST BICENTENNIAL PARK FRANKLIN, TN 37064	PAVILION 1
23	58	214 NORTH MARGIN ST BICENTENNIAL PARK FRANKLIN, TN 37064	PAVILION 2
23	59	214 NORTH MARGIN ST BICENTENNIAL PARK FRANKLIN, TN 37064	POINT PARK - OVERLOOK, TRAIL SYSTEM
24	60	CITY CEMETERY N MARGIN ST AND FOURTH AVE FRANKLIN, TN 37064	STONE WALL
25	61	418 LEWISBURG AVE COLLINS FARM FRANKLIN, TN 37064	HISTORIC HOME

LOCATION SCHEDULE **POLICY NUMBER: H-630-6P798466-IND-24**

This Schedule of Locations and Buildings applies to the Common Policy Declarations for the period 07-01-24 to 07-01-25.

Loc. No.	Bldg. No.	Address		Occupancy
25	62	418 LEWISBURG AVE FRANKLIN, TN 37064	COLLINS FARM	WELL
25	63	418 LEWISBURG AVE FRANKLIN, TN 37064	COLLINS FARM	CARRIAGE HOUSE
25	64	418 LEWISBURG AVE FRANKLIN, TN 37064	COLLINS FARM	SMOKEHOUSE
25	65	418 LEWISBURG AVE FRANKLIN, TN 37064	COLLINS FARM	FENCING
26	66	1100 DEL RIO CT FRANKLIN, TN 37064	DEL RIO PARK	PLAYGROUND EQUIPMENT
26	67	1100 DEL RIO CT FRANKLIN, TN 37064	DEL RIO PARK	GAZEBO
27	68	7001 MOORES LN FRANKLIN, TN 37064	DRY BRANCH WETLANDS	OBSERVATION DECK
27	69	7001 MOORES LN FRANKLIN, TN 37064	DRY BRANCH WETLANDS	BRIDGE 1
27	70	7001 MOORES LN FRANKLIN, TN 37064	DRY BRANCH WETLANDS	BRIDGE 2
27	71	7001 MOORES LN FRANKLIN, TN 37064	DRY BRANCH WETLANDS	INTERPRETIVE SIGNAGE
27	72	7001 MOORES LN FRANKLIN, TN 37064	DRY BRANCH WETLANDS	FENCING
28	73	1368 EASTERN FLANK CIR FLANK BATTLEFIELD PARK FRANKLIN, TN 37064	EASTERN	TRAINING AND EVENT BUILDING
28	74	1368 EASTERN FLANK CIR FLANK BATTLEFIELD PARK FRANKLIN, TN 37064	EASTERN	RESTROOMS

LOCATION SCHEDULE **POLICY NUMBER:** H-630-6P798466-IND-24

This Schedule of Locations and Buildings applies to the Common Policy Declarations for the period

07-01-24 to 07-01-25.

Loc. No.	Bldg. No.	Address	Occupancy
28	75	1368 EASTERN FLANK CIR EASTERN FLANK BATTLEFIELD PARK FRANKLIN, TN 37064	FENCING
28	76	1368 EASTERN FLANK CIR EASTERN FLANK BATTLEFIELD PARK FRANKLIN, TN 37064	STACKED ROCK SIGN AND FOOTBRIDGE
28	77	1368 EASTERN FLANK CIR EASTERN FLANK BATTLEFIELD PARK FRANKLIN, TN 37064	GAZEBO
28	78	1368 EASTERN FLANK CIR EASTERN FLANK BATTLEFIELD PARK FRANKLIN, TN 37064	GATE
28	79	1368 EASTERN FLANK CIR EASTERN FLANK BATTLEFIELD PARK FRANKLIN, TN 37064	EVENT RENTAL SPACE WITH LIGHTS, ROC
28	80	1368 EASTERN FLANK CIR EASTERN FLANK BATTLEFIELD PARK FRANKLIN, TN 37064	FLEMING CENTER PARKING LOT AND SOLA
29	81	1377 HILLSBORO RD FIELDSTONE PARK FRANKLIN, TN 37064	CONCESSION STAND-RESTROOM
29	82	1377 HILLSBORO RD FIELDSTONE PARK FRANKLIN, TN 37064	BALLFIELD LIGHTS AND FENCING
29	83	1377 HILLSBORO RD FIELDSTONE PARK FRANKLIN, TN 37064	PARK PICNIC TABLES-BENCHES-SCORE TA
29	84	1377 HILLSBORO RD FIELDSTONE PARK FRANKLIN, TN 37064	LARGE PAVILION
29	85	1377 HILLSBORO RD FIELDSTONE PARK FRANKLIN, TN 37064	SOFTBALL FIELD BLEACHERS
29	86	1377 HILLSBORO RD FIELDSTONE PARK FRANKLIN, TN 37064	SIGN

LOCATION SCHEDULE **POLICY NUMBER:** H-630-6P798466-IND-24

This Schedule of Locations and Buildings applies to the Common Policy Declarations for the period 07-01-24 to 07-01-25.

Loc. No.	Bldg. No.	Address	Occupancy
29	87	1377 HILLSBORO RD FIELDSTONE PARK FRANKLIN, TN 37064	SOFTBALL FIELD DUGOUTS
29	88	1377 HILLSBORO RD FIELDSTONE PARK FRANKLIN, TN 37064	PLAYGROUND EQUIPMENT AND SURFACING
29	89	1377 HILLSBORO RD FIELDSTONE PARK FRANKLIN, TN 37064	SMALL PAVILION
29	90	1377 HILLSBORO RD FIELDSTONE PARK FRANKLIN, TN 37064	SCOREBOARDS
30	91	239 FRANKLIN RD THE PARK AT HARLINSDALE FARM FRANKLIN, TN 37064	HARLINSDALE FARM MAIN BARN AND FENC
30	92	239 FRANKLIN RD THE PARK AT HARLINSDALE FARM FRANKLIN, TN 37064	HARLINSDALE FARM DOG PARK AND FENCI
30	93	239 FRANKLIN RD THE PARK AT HARLINSDALE FARM FRANKLIN, TN 37064	HARLINSDALE FARM BREEDING BARN AND
30	94	239 FRANKLIN RD THE PARK AT HARLINSDALE FARM FRANKLIN, TN 37064	HARLINSDALE FARM MARES' BARN AND FE
30	95	239 FRANKLIN RD THE PARK AT HARLINSDALE FARM FRANKLIN, TN 37064	HARLINSDALE FARM MAIN RESIDENCE - H
30	96	239 FRANKLIN RD THE PARK AT HARLINSDALE FARM FRANKLIN, TN 37064	FENCING
30	97	239 FRANKLIN RD THE PARK AT HARLINSDALE FARM FRANKLIN, TN 37064	SIGN

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Loc. No.	Bldg. No.	Address	Occupancy
30	98	239 FRANKLIN RD THE PARK AT HARLINSDALE FARM FRANKLIN, TN 37064	HARLINSDALE FARM - HAYES BARN
30	99	239 FRANKLIN RD THE PARK AT HARLINSDALE FARM FRANKLIN, TN 37064	HARLINSDALE FARM CONCESSION STAND A
30	100	239 FRANKLIN RD THE PARK AT HARLINSDALE FARM FRANKLIN, TN 37064	HORSE ARENA
30	101	239 FRANKLIN RD THE PARK AT HARLINSDALE FARM FRANKLIN, TN 37064	JUDGING BOOTHS
30	102	239 FRANKLIN RD THE PARK AT HARLINSDALE FARM FRANKLIN, TN 37064	POND AND ALUMINUM FLOATING DOCK
30	103	239 FRANKLIN RD THE PARK AT HARLINSDALE FARM FRANKLIN, TN 37064	WARM UP ARENA
30	104	239 FRANKLIN RD FRANKLIN, TN 37064	PIO HARLINSDALE FARM
31	105	705 BOYD MILL AVE JIM WARREN PARK FRANKLIN, TN 37064	FRONT SHOP BUILDING
31	106	705 BOYD MILL AVE JIM WARREN PARK FRANKLIN, TN 37064	CONCESSION STAND - PHASE III
31	107	705 BOYD MILL AVE JIM WARREN PARK FRANKLIN, TN 37064	LARGE PAVILION AND FOUNTAIN
31	108	705 BOYD MILL AVE JIM WARREN PARK FRANKLIN, TN 37064	COWBOYS' CONCESSION STAND
31	109	705 BOYD MILL AVE JIM WARREN PARK FRANKLIN, TN 37064	BASEBALL FIELDS 1-4 LIGHTING-FENCIN

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This Schedule of Locations and Buildings applies to the Common Policy Declarations for the period 07-01-24 to 07-01-25.

Loc. No.	Bldg. No.	Address	Occupancy
31	110	705 BOYD MILL AVE JIM WARREN PARK FRANKLIN, TN 37064	CONCESSION STAND PHASE II
31	111	705 BOYD MILL AVE JIM WARREN PARK FRANKLIN, TN 37064	BASEBALL FIELDS 5-8 LIGHTING-FENCIN
31	112	705 BOYD MILL AVE JIM WARREN PARK FRANKLIN, TN 37064	REAR SHOP MAINTENANCE BUILDING AND
31	113	705 BOYD MILL AVE JIM WARREN PARK FRANKLIN, TN 37064	BASEBALL FIELDS 9-12 LIGHTING-FENCI
31	114	705 BOYD MILL AVE JIM WARREN PARK FRANKLIN, TN 37064	CONCESSION STAND - PHASE I
31	115	705 BOYD MILL AVE JIM WARREN PARK FRANKLIN, TN 37064	PARK ADMINISTRATION BUILDING
31	116	705 BOYD MILL AVE JIM WARREN PARK FRANKLIN, TN 37064	FOOTBALL FIELD 1 LIGHTS AND FENCES
31	117	705 BOYD MILL AVE JIM WARREN PARK FRANKLIN, TN 37064	FOOTBALL FIELD 2 LIGHTS AND FENCES
31	118	705 BOYD MILL AVE JIM WARREN PARK FRANKLIN, TN 37064	BASEBALL FIELD DUGOUTS PHASE I
31	119	705 BOYD MILL AVE JIM WARREN PARK FRANKLIN, TN 37064	BASEBALL FIELD DUGOUTS - PHASE II
31	120	705 BOYD MILL AVE JIM WARREN PARK FRANKLIN, TN 37064	PLAYGROUND EQUIPMENT AND SURFACING
31	121	705 BOYD MILL AVE JIM WARREN PARK FRANKLIN, TN 37064	TENNIS COURTS-LIGHTING AND FENCING
31	122	705 BOYD MILL AVE JIM WARREN PARK FRANKLIN, TN 37064	BASEBALL FIELD DUGOUTS - PHASE III

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Loc. No.	Bldg. No.	Address	Occupancy
31	123	705 BOYD MILL AVE JIM WARREN PARK FRANKLIN, TN 37064	PLAYGROUND EQUIPMENT - PHASE IV
31	124	705 BOYD MILL AVE JIM WARREN PARK FRANKLIN, TN 37064	FOOTBALL FIELDS 3 AND 4 LIGHTS-FENC
31	125	705 BOYD MILL AVE JIM WARREN PARK FRANKLIN, TN 37064	JIM WARREN PARK SKATE PARK WITH CAM
31	126	705 BOYD MILL AVE JIM WARREN PARK FRANKLIN, TN 37064	COWBOYS' CONCESSION STAND
31	127	705 BOYD MILL AVE JIM WARREN PARK FRANKLIN, TN 37064	COWBOYS' EQUIPMENT STORAGE BUILDING
31	128	705 BOYD MILL AVE JIM WARREN PARK FRANKLIN, TN 37064	BATTING CAGES-NETS-FENCING-TURF - P
31	129	705 BOYD MILL AVE JIM WARREN PARK FRANKLIN, TN 37064	STACKED ROCK ENTRANCE SIGN AT HIGHW
31	130	705 BOYD MILL AVE JIM WARREN PARK FRANKLIN, TN 37064	PARK PICNIC TABLES-BENCHES
31	131	705 BOYD MILL AVE JIM WARREN PARK FRANKLIN, TN 37064	FOOTBALL COMPLEX FENCING
31	132	705 BOYD MILL AVE JIM WARREN PARK FRANKLIN, TN 37064	FOOTBALL BLEACHERS WITH RAILS
31	133	705 BOYD MILL AVE JIM WARREN PARK FRANKLIN, TN 37064	PHASE I PARK SAFETY NETS
31	134	705 BOYD MILL AVE JIM WARREN PARK FRANKLIN, TN 37064	PHASE II PARK SAFETY NETS
31	135	705 BOYD MILL AVE JIM WARREN PARK FRANKLIN, TN 37064	PHASE III BASEBALL BLEACHERS

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Loc. No.	Bldg. No.	Address	Occupancy
31	136	705 BOYD MILL AVE JIM WARREN PARK FRANKLIN, TN 37064	PHASE V FOOTBALL SCOREBOARDS
31	137	705 BOYD MILL AVE JIM WARREN PARK FRANKLIN, TN 37064	FOOTBALL FIELD 1 BLEACHERS-BENCHES
31	138	705 BOYD MILL AVE JIM WARREN PARK FRANKLIN, TN 37064	BASEBALL FIELD BLEACHERS AND PICNIC
31	139	705 BOYD MILL AVE JIM WARREN PARK FRANKLIN, TN 37064	BASEBALL BLEACHERS AND PICNIC TABLE
31	140	705 BOYD MILL AVE JIM WARREN PARK FRANKLIN, TN 37064	BASKETBALL GOALS - PHASE III
31	141	705 BOYD MILL AVE JIM WARREN PARK FRANKLIN, TN 37064	PICNIC SHELTER AT CORNER OF TENNIS
31	142	705 BOYD MILL AVE JIM WARREN PARK FRANKLIN, TN 37064	BASKETBALL COURT BLEACHERS - PHASE
31	143	705 BOYD MILL AVE JIM WARREN PARK FRANKLIN, TN 37064	SIGNS AND STONE WALL AT CULBERSON R
31	144	705 BOYD MILL AVE JIM WARREN PARK FRANKLIN, TN 37064	FOOTBALL FIELDS 3 AND 4 GOAL POSTS
31	145	705 BOYD MILL AVE JIM WARREN PARK FRANKLIN, TN 37064	JIM WARREN PARK ADMINISTRATION ENTR
31	146	705 BOYD MILL AVE JIM WARREN PARK FRANKLIN, TN 37064	SKATE PARK PERGOLA
31	147	705 BOYD MILL AVE JIM WARREN PARK FRANKLIN, TN 37064	BATTING CAGES-NETS-FENCING-TURF PHA
31	148	705 BOYD MILL AVE JIM WARREN PARK FRANKLIN, TN 37064	FOOTBALL FIELD 3 AND 4 BLEACHERS

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Loc. No.	Bldg. No.	Address	Occupancy
31	149	705 BOYD MILL AVE JIM WARREN PARK FRANKLIN, TN 37064	SHOP YARD FENCE AND POLE BARN
31	150	705 BOYD MILL AVE JIM WARREN PARK FRANKLIN, TN 37064	CHEMICAL STORAGE LOCKERS
31	151	705 BOYD MILL AVE JIM WARREN PARK FRANKLIN, TN 37064	PARK SIGNAGE (GREEN AND WHITE) AND
31	152	705 BOYD MILL AVE JIM WARREN PARK FRANKLIN, TN 37064	ARBORIST SHED
31	153	705 BOYD MILL AVE JIM WARREN PARK FRANKLIN, TN 37064	OFFICE - LEASED TO TRPA
31	154	705 BOYD MILL AVE JIM WARREN PARK FRANKLIN, TN 37064	UFO BUILDING
32	155	2080 TURNING WHEEL LN LIBERTY PARK FRANKLIN, TN 37064	CONCESSION AND RESTROOMS
32	156	2080 TURNING WHEEL LN LIBERTY PARK FRANKLIN, TN 37064	BALLFIELD FENCING AND NETTING AND L
32	157	2080 TURNING WHEEL LN LIBERTY PARK FRANKLIN, TN 37064	BLEACHERS
32	158	2080 TURNING WHEEL LN LIBERTY PARK FRANKLIN, TN 37064	SIGNAGE
32	159	2080 TURNING WHEEL LN LIBERTY PARK FRANKLIN, TN 37064	FENCES, BENCHES AND TABLES
32	160	2080 TURNING WHEEL LN LIBERTY PARK FRANKLIN, TN 37064	BRIDGE - PHASE II
32	161	2080 TURNING WHEEL LN LIBERTY PARK FRANKLIN, TN 37064	PLAYGROUND EQUIPMENT

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Loc. No.	Bldg. No.	Address	Occupancy
32	162	2080 TURNING WHEEL LN LIBERTY PARK FRANKLIN, TN 37064	ADMINISTRATION AND MAINTENANCE BUIL
32	163	2080 TURNING WHEEL LN LIBERTY PARK FRANKLIN, TN 37064	ADMINISTRATION BUILDING FENCING
32	164	2080 TURNING WHEEL LN LIBERTY PARK FRANKLIN, TN 37064	DISC GOLF COURSE - PHASE II
32	165	2080 TURNING WHEEL LN LIBERTY PARK FRANKLIN, TN 37064	DOG PARK-FENCING-AGILITY EQUIPMENT-
32	166	2080 TURNING WHEEL LN LIBERTY PARK FRANKLIN, TN 37064	BATTING CAGES-NETS-FENCING-TURF
32	167	2080 TURNING WHEEL LN LIBERTY PARK FRANKLIN, TN 37064	BALL FIELD DUGOUTS
32	168	2080 TURNING WHEEL LN LIBERTY PARK FRANKLIN, TN 37064	SUNSHADES
32	169	2080 TURNING WHEEL LN LIBERTY PARK FRANKLIN, TN 37064	SALT SHED
32	170	2080 TURNING WHEEL LANE FRANKLIN, TN 37067	PIO SALT SHED BUILDING
32	171	2080 TURNING WHEEL LANE FRANKLIN, TN 37067	PIO ADMINISTRATION & MAINTENANCE
33	172	405 MURFREESBORO RD PINKERTON PARK FRANKLIN, TN 37064	RESTROOMS
33	173	405 MURFREESBORO RD PINKERTON PARK FRANKLIN, TN 37064	TINKERBELL-ENTRYWAY PLAYGROUND EQUI
33	174	405 MURFREESBORO RD PINKERTON PARK FRANKLIN, TN 37064	PEDESTRIAN BRIDGE - DECORATIVE LIGH

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Loc. No.	Bldg. No.	Address	Occupancy
33	175	405 MURFREESBORO RD PINKERTON PARK FRANKLIN, TN 37064	OUTSIDE TINKERBELL PLAYGROUND EQUIP
33	176	405 MURFREESBORO RD PINKERTON PARK FRANKLIN, TN 37064	STACKED ROCK ENTRANCE SIGN
33	177	405 MURFREESBORO RD PINKERTON PARK FRANKLIN, TN 37064	PARK SHELTER 1 - TINKERBELL WITH PI
33	178	405 MURFREESBORO RD PINKERTON PARK FRANKLIN, TN 37064	PARK SHELTER 2 - MIDDLE
33	179	405 MURFREESBORO RD PINKERTON PARK FRANKLIN, TN 37064	PARK SHELTER 3 - RIVER
33	180	405 MURFREESBORO RD PINKERTON PARK FRANKLIN, TN 37064	PERGOLA
33	181	405 MURFREESBORO RD PINKERTON PARK FRANKLIN, TN 37064	PINKERTON PARK LIFE TRAIL FITNESS S
33	182	405 MURFREESBORO RD PINKERTON PARK FRANKLIN, TN 37064	SUNSHADES
33	183	405 MURFREESBORO RD PINKERTON PARK FRANKLIN, TN 37064	PICNIC TABLES-ADULT SWINGS-PADS
34	184	4023 COLUMBIA PIKE WINSTEAD HILL PARK FRANKLIN, TN 37064	STACKED ROCK ENTRANCE SIGN
34	185	4023 COLUMBIA PIKE WINSTEAD HILL PARK FRANKLIN, TN 37064	RESTROOM BUILDING WITH RETAINING WA
34	186	4023 COLUMBIA PIKE WINSTEAD HILL PARK FRANKLIN, TN 37064	TRAILHEAD KIOSK AND ROCK WALL

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Loc. No.	Bldg. No.	Address	Occupancy
34	187	4023 COLUMBIA PIKE WINSTEAD HILL PARK FRANKLIN, TN 37064	FOOT BRIDGES
35	188	1228 LIBERTY PIKE COLUMBIA STATE CC PARK FRANKLIN, TN 37064	MOUNTAIN BIKE TRAIL
36	189	417 CENTURY CT FRANKLIN, TN 37064	SOLID WASTE OFFICE BUILDING
36	190	417 CENTURY CT FRANKLIN, TN 37064	COVERED TRUCK SHELTER 1
36	191	417 CENTURY CT FRANKLIN, TN 37064	COVERED TRUCK SHELTER 2
36	192	417 CENTURY CT FRANKLIN, TN 37064	STORAGE SHED
36	193	417 CENTURY CT FRANKLIN, TN 37064	BOPAE SHED
36	194	417 CENTURY COURT FRANKLIN, TN 37064	PIO SOLID WASTE OFFICE
37	195	409 CENTURY CT FRANKLIN, TN 37064	SCALE HOUSE AND SCALES
38	196	411 CENTURY CT FRANKLIN, TN 37064	TRANSFER STATION AND (3) STORMWATER
39	197	417 CENTURY CT FRANKLIN, TN 37064	GRINDER SHED AND COVER
39	198	417 CENTURY CT FRANKLIN, TN 37064	EMPLOYEE SHED AND COVER
40	199	1117 INCINERATOR RD FRANKLIN, TN 37064	SALT STORAGE BUILDING

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Loc. No.	Bldg. No.	Address	Occupancy	
41	200	2080 TURNING WHEEL LN FRANKLIN, TN 37064	SALT STORAGE BUILDING	
42	201	FRANKLIN PUBLIC SQUARE AT INTERSECTION OF MAIN ST AND THIRD A FRANKLIN, TN 37064	FOUR CANNONS AND CARRIAGES	
43	202	108 SE PARKWAY FRANKLIN, TN 37064	GARAGE AND STORAGE	
43	203	108 SE PARKWAY FRANKLIN, TN 37064	VEHICLE STORAGE SHED	
44	204	MCEWEN DR AT I-65 FRANKLIN, TN 37064	STACKED ROCK SIGN	
44	205	MCEWEN DR AT I-65 FRANKLIN, TN 37064	STACKED ROCK SIGN	
45	206	1117 INCINERATOR RD FRANKLIN, TN 37064	EQUIPMENT STORAGE FACILITY	
46	207	135 CLAUDE YATES RD FRANKLIN, TN 37064	WASTEWATER TREATMENT PLANT	12.5
46	208	135 CLAUDE YATES RD FRANKLIN, TN 37064	STORAGE BUILDING - PARTS	
46	209	135 CLAUDE YATES RD FRANKLIN, TN 37064	STORAGE BUILDING	
46	210	135 CLAUDE YATES RD FRANKLIN, TN 37064	STORAGE BUILDING	
46	211	135 CLAUDE YATES RD FRANKLIN, TN 37064	STORAGE BUILDING	
46	212	135 CLAUDE YATES RD FRANKLIN, TN 37064	MAIN INFLUENT PUMPING STATION	

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Loc. No.	Bldg. No.	Address	Occupancy
46	213	135 CLAUDE YATES RD FRANKLIN, TN 37064	AERATION/CLARIFIER PUMP STATION
46	214	135 CLAUDE YATES RD FRANKLIN, TN 37064	STORAGE BUILDING
46	215	135 CLAUDE YATES RD FRANKLIN, TN 37064	BIO FILTRATION SYSTEM
46	216	135 CLAUDE YATES RD FRANKLIN, TN 37064	GRIT DUMPSTER BUILDING
46	217	135 CLAUDE YATES RD FRANKLIN, TN 37064	STORAGE BUILDING
46	218	135 CLAUDE YATES RD FRANKLIN, TN 37064	OXIDATION BASIN #1
46	219	135 CLAUDE YATES RD FRANKLIN, TN 37064	OXIDATION BASIN #2
46	220	135 CLAUDE YATES RD FRANKLIN, TN 37064	CLARIFIER #5
46	221	135 CLAUDE YATES RD FRANKLIN, TN 37064	CLARIFIER #6
46	222	135 CLAUDE YATES RD FRANKLIN, TN 37064	CLARIFIER #7
46	223	135 CLAUDE YATES RD FRANKLIN, TN 37064	NEW DENITRIFICATION FILTERS
46	224	135 CLAUDE YATES RD FRANKLIN, TN 37064	FILTER BLOWER PAD
46	225	135 CLAUDE YATES RD FRANKLIN, TN 37064	FILTER ELECTRIC BUILDING

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Loc. No.	Bldg. No.	Address	Occupancy
46	226	135 CLAUDE YATES RD FRANKLIN, TN 37064	ULTRAVIOLET DISINFECTION
46	227	135 CLAUDE YATES RD FRANKLIN, TN 37064	VAULT
46	228	135 CLAUDE YATES RD FRANKLIN, TN 37064	OXIDATION BASIN #3
46	229	135 CLAUDE YATES RD FRANKLIN, TN 37064	CLARIFIER #8
46	230	135 CLAUDE YATES RD FRANKLIN, TN 37064	CLARIFIER #9
46	231	135 CLAUDE YATES RD FRANKLIN, TN 37064	CLARIFIER #10
46	232	135 CLAUDE YATES RD FRANKLIN, TN 37064	POST AERATION TANK
46	233	135 CLAUDE YATES RD FRANKLIN, TN 37064	ELECTRIC CONTROL BUILDING
46	234	135 CLAUDE YATES RD FRANKLIN, TN 37064	CLARIFIER DISTRIBUTION SPLITTER
46	235	135 CLAUDE YATES RD FRANKLIN, TN 37064	CLARIFIER FINAL PUMP STATION
46	236	135 CLAUDE YATES RD FRANKLIN, TN 37064	MAIN PLANT GENERATOR
46	237	135 CLAUDE YATES RD FRANKLIN, TN 37064	FILTER SPLITTER (1)
46	238	135 CLAUDE YATES RD FRANKLIN, TN 37064	UPDATED PUMP STATION (5 PUMPS)

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Loc. No.	Bldg. No.	Address	Occupancy
46	239	135 CLAUDE YATES RD FRANKLIN, TN 37064	SEWER PLANT PIO
46	240	135 CLAUDE YATES RD FRANKLIN, TN 37064	FLOW EQ BASIN
46	241	135 CLAUDE YATES RD FRANKLIN, TN 37064	ODOR CONTROL - EQ BASIN
46	242	135 CLAUDE YATES RD FRANKLIN, TN 37064	ODOR CONTROL HEADWORKS
46	243	135 CLAUDE YATES RD FRANKLIN, TN 37064	NEW HEADWORKS
46	244	135 CLAUDE YATES RD FRANKLIN, TN 37064	NEW ELECTRICAL BUILDING
46	245	135 CLAUDE YATES RD FRANKLIN, TN 37064	ALUM FEED / STORAGE
46	246	135 CLAUDE YATES RD FRANKLIN, TN 37064	NEW BLOWER PAD - BNR
46	247	135 CLAUDE YATES RD FRANKLIN, TN 37064	NEW BNR SPLITTER BOX
46	248	135 CLAUDE YATES RD FRANKLIN, TN 37064	SCUM HOLDING TANKS
46	249	135 CLAUDE YATES RD FRANKLIN, TN 37064	WAS STORAGE TANK
46	250	135 CLAUDE YATES RD FRANKLIN, TN 37064	SOLIDS PROCESSING BLDG
46	251	135 CLAUDE YATES RD FRANKLIN, TN 37064	ODOR CONTROL - SOLIDS

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Loc. No.	Bldg. No.	Address	Occupancy
46	252	135 CLAUDE YATES RD FRANKLIN, TN 37064	BIOSOLIDS STORAGE TANK
46	253	135 CLAUDE YATES RD FRANKLIN, TN 37064	DIGESTER BUILDING
46	254	135 CLAUDE YATES RD FRANKLIN, TN 37064	ANAEROBIC DIESGTER (E)
46	255	135 CLAUDE YATES RD FRANKLIN, TN 37064	ANAEROBIC DIESGTER (W)
46	256	135 CLAUDE YATES RD FRANKLIN, TN 37064	COMBINED HEAT / POWER SYSTEM
46	257	135 CLAUDE YATES DRIVE FRANKLIN, TN 37064	WASTE GAS FLARE
46	258	135 CLAUDE YATES DRIVE FRANKLIN, TN 37064	THERMAL HYDROLYSIS SYSTEM
46	259	135 CLAUDE YATES DRIVE FRANKLIN, TN 37064	NEW UV DISINFECTION
46	260	135 CLAUDE YATES DRIVE FRANKLIN, TN 37064	EFFLUENT FLOWMETER VAULT
46	261	135 CLAUDE YATES DRIVE FRANKLIN, TN 37064	EQ EFFLUENT METER VAULT
46	262	135 CLAUDE YATES DRIVE FRANKLIN, TN 37064	EQ INFLUENT METER & VALVE
46	263	135 CLAUDE YATES DRIVE FRANKLIN, TN 37064	IN-PLANT PIPING (IN-GROUND)
46	264	135 CLAUDE YATES DRIVE FRANKLIN, TN 37064	IN-PLANT ELECTRICAL (IN-GROUND)

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Loc. No.	Bldg. No.	Address	Occupancy
47	265	9384 CLOVERCROFT DR FRANKLIN, TN 37064	SEWER LIFT PUMPING STATION
48	266	1364 ASCOT LN FRANKLIN, TN 37064	SEWER LIFT PUMPING STATION
49	267	103 BAYHILL CIR FRANKLIN, TN 37064	SEWER LIFT PUMPING STATION
50	268	528 EXCALIBUR CT FRANKLIN, TN 37064	SEWER LIFT PUMPING STATION
51	269	266 PENNYSTONE CIR FRANKLIN, TN 37064	SEWER LIFT PUMPING STATION
52	270	1501 BEDFORD COMMON FRANKLIN, TN 37064	SEWER LIFT PUMPING STATION
53	271	1811 CARTERS CREEK PIKE FRANKLIN, TN 37064	SEWER LIFT PUMPING STATION
54	272	301 WATERCRESS DR FRANKLIN, TN 37064	SEWER LIFT PUMPING STATION
55	273	285 SPENCER CREEK RD FRANKLIN, TN 37064	SEWER LIFT PUMPING STATION
56	274	391 CIRCUIT RD FRANKLIN, TN 37064	SEWER LIFT PUMPING STATION
57	275	153 CLIFFE RUN DR FRANKLIN, TN 37064	SEWER LIFT PUMPING STATION
58	276	403 MCPHAIL CT FRANKLIN, TN 37064	SEWER LIFT PUMPING STATION
59	277	4318 S CAROTHERS RD FRANKLIN, TN 37064	SEWER LIFT PUMPING STATION

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Loc. No.	Bldg. No.	Address	Occupancy
60	278	1357 HILLSBORO RD FRANKLIN, TN 37064	SEWER LIFT PUMPING STATION
61	279	2420 FIELDSTONE PKWY FRANKLIN, TN 37064	SEWER LIFT PUMPING STATION
62	280	1130 HILLSBORO RD FRANKLIN, TN 37064	SEWER LIFT PUMPING STATION
63	281	133 HOLIDAY CT FRANKLIN, TN 37064	SEWER LIFT PUMPING STATION
64	282	344 LAKEMONT CIR FRANKLIN, TN 37064	SEWER LIFT PUMPING STATION
65	283	1729 MALLORY LN FRANKLIN, TN 37064	SEWER LIFT PUMPING STATION
66	284	4128 CLOVERCROFT RD FRANKLIN, TN 37064	SEWER LIFT PUMPING STATION
67	285	1309 OLYMPIA PL FRANKLIN, TN 37064	SEWER LIFT PUMPING STATION
68	286	870 OLD CHARLOTTE PIKE E FRANKLIN, TN 37064	SEWER LIFT PUMPING STATION
69	287	724 RIVERVIEW DR FRANKLIN, TN 37064	SEWER LIFT PUMPING STATION
70	288	922 RIVERVIEW DR FRANKLIN, TN 37064	SEWER LIFT PUMPING STATION
71	289	1100 DEL RIO CT FRANKLIN, TN 37064	SEWER LIFT PUMPING STATION
72	290	111 TREMONT LN FRANKLIN, TN 37064	SEWER LIFT PUMPING STATION

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This Schedule of Locations and Buildings applies to the Common Policy Declarations for the period 07-01-24 to 07-01-25 .

Loc. No.	Bldg. No.	Address	Occupancy
73	291	870 TREMONT LN FRANKLIN, TN 37064	SEWER LIFT PUMPING STATION
74	292	1275 OLD HILLSBORO RD FRANKLIN, TN 37064	WATER BOOSTER STATION
75	293	400 LEGENDS PARK CIR FRANKLIN, TN 37064	WATER BOOSTER STATION
76	294	212 OLD PEYTONSVILLE RD FRANKLIN, TN 37064	WATER BOOSTER STATION
77	295	301 DONELSON CREEK PKWY FRANKLIN, TN 37064	WATER BOOSTER STATION
78	296	214 NORTH ROYAL OAKS BLVD FRANKLIN, TN 37064	WATER BOOSTER STATION
79	297	LONG LN AND ALFRED LADD RD FRANKLIN, TN 37064	WATER STORAGE TANK
80	298	4048 COLUMBIA PIKE FRANKLIN, TN 37064	WATER STORAGE TAN
81	299	300 ASH DR FRANKLIN, TN 37064	WATER STORAGE TANK
82	300	1744 W MAIN ST FRANKLIN, TN 37064	WATER STORAGE TANK
83	301	EDWARD CURD LN FRANKLIN, TN 37064	WATER STORAGE
84	302	231 GENERAL J B HOOD DR FRANKLIN, TN 37064	WATER STORAGE TANK
85	303	4315 LONG LN FRANKLIN, TN 37064	WATER STORAGE TANK

LOCATION SCHEDULE **POLICY NUMBER:** H-630-6P798466-IND-24

This Schedule of Locations and Buildings applies to the Common Policy Declarations for the period 07-01-24 to 07-01-25.

Loc. No.	Bldg. No.	Address	Occupancy	
86	304	214 N ROYAL OAKS BLVD FRANKLIN, TN 37064	WATER STORAGE TANK	
87	305	410 COTTON LN FRANKLIN, TN 37064	WATER PUMPING STATION	
88	306	HILLSBORO RD AT SNEED RD FRANKLIN, TN 37064	METER AND TELEMETRY VAULT	
89	307	1930 OLD NATCHEZ TRACE FRANKLIN, TN 37064	METER VAULT	
89	308	1930 OLD NATCHEZ TRACE FRANKLIN, TN 37064	TELEMETRIC VAULT	
90	309	838 LEWISBURG AVE FRANKLIN, TN 37064	WATER TREATMENT PLANT	
90	310	838 LEWISBURG AVE FRANKLIN, TN 37064	WATER TREATMENT PLANT (OLD)	2.1
90	311	838 LEWISBURG AVE FRANKLIN, TN 37064	CHEMICAL FEED BUILDING	
90	312	838 LEWISBURG AVE FRANKLIN, TN 37064	CHLORINE FEED BUILDING	
90	313	838 LEWISBURG AVE FRANKLIN, TN 37064	SETTLING AND FLOCCULATION BASINS	
90	314	838 LEWISBURG AVE FRANKLIN, TN 37064	PRE-TREATMENT TANK	
90	315	838 LEWISBURG AVE FRANKLIN, TN 37064	SLUDGE PUMPING STATION	
90	316	838 LEWISBURG AVE FRANKLIN, TN 37064	CLEARWELL STRUCTURE	

LOCATION SCHEDULE **POLICY NUMBER:** H-630-6P798466-IND-24

This Schedule of Locations and Buildings applies to the Common Policy Declarations for the period 07-01-24 to 07-01-25 .

Loc. No.	Bldg. No.	Address	Occupancy
90	317	838 LEWISBURG AVE FRANKLIN, TN 37064	BACKWASH WATER RECOVERY TANK
90	318	838 LEWISBURG AVE FRANKLIN, TN 37064	FINISHED WATER METER PIT
90	319	838 LEWISBURG AVE FRANKLIN, TN 37064	PRESSURE VALVE PIT
90	320	838 LEWISBURG AVE FRANKLIN, TN 37064	RAW WATER INTAKE STRUCTURE
90	321	838 LEWISBURG AVE FRANKLIN, TN 37064	RAW WATER METER PIT
90	322	838 LEWISBURG AVE FRANKLIN, TN 37064	STORAGE SHED
90	323	838 LEWISBURG AVE FRANKLIN, TN 37064	RESERVOIR MEMBRANE LINER, AERATER,
90	324	838 LEWISBURG AVE FRANKLIN, TN 37064	WATER PLANT PROPERTY IN THE OPEN
90	325	838 LEWISBURG AVENUE FRANKLIN, TN 37064	WATER PLANT
91	326	124 LUMBER DR FRANKLIN, TN 37064	PUBLIC WORKS OFFICE AND GARAGE
91	327	124 LUMBER DR FRANKLIN, TN 37064	FLEET MAINTENANCE AND STORAGE
91	328	124 LUMBER DR FRANKLIN, TN 37064	PUBLIC WORKS SHED 1
91	329	124 LUMBER DR FRANKLIN, TN 37064	PUBLIC WORKS SHED 2

LOCATION SCHEDULE **POLICY NUMBER:** H-630-6P798466-IND-24

This Schedule of Locations and Buildings applies to the Common Policy Declarations for the period 07-01-24 to 07-01-25 .

Loc. No.	Bldg. No.	Address	Occupancy
91	330	124 LUMBER DR FRANKLIN, TN 37064	PUBLIC WORKS SHED 3
91	331	124 LUMBER DR FRANKLIN, TN 37064	PUBLIC WORKS SHED 4
91	332	124 LUMBER DR FRANKLIN, TN 37064	PUBLIC WORKS MATERIAL STORAGE SHED
91	333	124 LUMBER DR FRANKLIN, TN 37064	PUBLIC WORKS GENERATOR
91	334	124 LUMBER DR FRANKLIN, TN 37064	PUBLIC WORKS PROPERTY IN THE OP
92	335	1972 JOHN FITZGERALD DR FRANKLIN, TN 37064	FIRE STATION #7
93	336	4125 LONG LANE FRANKLIN, TN 37064	FIRE STATION #7 MOBILE HOME
94	337	4126 LONG LANE FRANKLIN, TN 37064	FIRE STATION #7 MOBILE HOME PIO
95	338	4127 LONG LANE FRANKLIN, TN 37064	FIRE STATION #7 POLE BARN
96	339	2080 TURNING WHEEL LANE FRANKLIN, TN 37064	DOG PARK PIO
97	340	239 FRANKLIN RD FRANKLIN, TN 37064	PEDESTRIAN BRIDGE
98	341	THOMPSON ALLEY FRANKLIN, TN 37064	PARK WITH ROCK WALLS, SIGNAGE, PERG

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDING IL T0 03 04 96 - LOCATION SCHEDULE
THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:

COMMON POLICY DECLARATION PART
THIS SCHEDULE OF LOCATIONS AND BUILDINGS APPLIES TO THE COMMON POILCY DECLARATIONS AS FOLLOWS:

LOC. NO.	BLDG. NO.	OCCUPANCY
100	335	PARK WITH ROCK WALLS, SIGNAGE, PERGOLA, PING PONG TABLE, GRILL, PICNIC BENCHES AND CORNHOLE

DELUXE PROPERTY

DELUXE PROPERTY

DELUXE PROPERTY COVERAGE PART DECLARATIONS

POLICY NUMBER: H-630-6P798466-IND-24
ISSUE DATE: 07-12-24

INSURING COMPANY:
THE TRAVELERS INDEMNITY COMPANY

EFFECTIVE DATE: Same as policy unless otherwise specified:

DELUXE PROPERTY COVERAGE FORM

COVERAGES AND LIMITS OF INSURANCE - DESCRIBED PREMISES

Insurance applies on a BLANKET basis only to a coverage or type of property for which a Limit of Insurance is shown below, and then only at the premises locations for which a value for such coverage or property is shown on the Statement of Values dated 05/30/24, or subsequently reported to and insured by us. For Insurance that applies to a specific premises location see Deluxe Property Coverage Part Schedule - Specific Limits.

Blanket Description of Coverage or Property	Limits of Insurance
Building(s) and Your Business Personal Property	$ 543,520,824

COINSURANCE PROVISION:

Coinsurance does not apply to the Blanket coverages as shown above.

VALUATION PROVISION:

Replacement cost (subject to limitations) applies to most types of covered property (See Valuation Loss Condition in DX T1 00).

DELUXE PROPERTY COVERAGE PART SCHEDULE - SPECIFIC LIMITS - DESCRIBED PREMISES

Insurance applies only to a premises location and building number and to a coverage or type of property for which a Specific Limit of Insurance is shown on schedule DX 00 03.

COINSURANCE PROVISION:

Coinsurance does not apply to any Building, Personal Property or "Stock" coverage for which a Specific Limit of Insurance applies as shown on schedule DX 00 03.

DELUXE PROPERTY COVERAGE PART DECLARATIONS

POLICY NUMBER: H-630-6P798466-IND-24
ISSUE DATE: 07-12-24

VALUATION PROVISION:

Replacement cost (subject to limitations) applies to most types of covered property (See Valuation Loss Condition in DX T1 00).

EXCEPTION(S):

Building(s)	Actual Cash Value
Your Business Personal Property	Actual Cash Value

Other: ACV BUILDINGS: 3, 61, 62, 63, 64 - RC BUILDING: 340
BUILDING REPRODUCTION COST: 91, 95

ADDITIONAL COVERED PROPERTY	Limits of Insurance
Personal Property at Undescribed Premises:	
At any "exhibition" premises	$ 50,000
At any installation premises or temporary storage premises	Not Covered
At any other not owned, leased or regularly operated premises	$ 50,000
Personal Property in Transit:	$ 50,000

DELUXE PROPERTY COVERAGE FORM - ADDITIONAL COVERAGES & COVERAGE EXTENSIONS

The Limits of Insurance shown in the left column are included in the coverage form and apply unless a Revised Limit of Insurance or Not Covered is shown in the Revised Limits of Insurance column on the right. The Limits of Insurance apply in any one occurrence unless otherwise stated.

	Limits of Insurance	Revised Limits of Insurance
Accounts Receivable		
At all described premises	$ 50,000	$ 500,000
In transit or at all undescribed premises	$ 25,000	$ 500,000
Appurtenant Buildings and Structures	$ 100,000	
Claim Data Expense	$ 25,000	
Covered Leasehold Interest - Undamaged Improvements & Betterments		
Lesser of Your Business Personal Property limit or:	$ 100,000	
Debris Removal (additional amount)	$ 250,000	$ 500,000
Deferred Payments	$ 25,000	

DELUXE PROPERTY COVERAGE PART DECLARATIONS

POLICY NUMBER: H-630-6P798466-IND-24
ISSUE DATE: 07-12-24

DELUXE PROPERTY COVERAGE FORM - ADDITIONAL COVERAGES & COVERAGE EXTENSIONS (continued)

	Limits of Insurance	Revised Limits of Insurance
Duplicate Electronic Data Processing Data and Media	$ 50,000	
Electronic Data Processing Data and Media		
At all described premises	$ 50,000	
Employee Tools		
In any one occurrence	$ 25,000	
Any one item	$ 2,500	
Expediting Expenses	$ 25,000	$ 500,000
Extra Expense	$ 25,000	
Fine Arts		
At all described premises	$ 50,000	$ 100,000
In transit	$ 25,000	
Fire Department Service Charge	Included*	
Fire Protective Equipment Discharge	Included*	
Green Building Alternatives - Increased Cost		
Percentage 1 %		
Maximum amount - each building	$ 100,000	
Green Building Reengineering and Recertification Expense	$ 25,000	
Limited Coverage for Fungus, Wet Rot or Dry Rot - Annual Aggregate	$ 25,000	
Loss of Master Key	$ 25,000	
Newly Constructed or Acquired Property:		
Building - each	$ 2,000,000	
Personal Property at each premises	$ 1,000,000	
Non-Owned Detached Trailers	$ 25,000	
Ordinance or Law Coverage	$ 250,000	$ 500,000
Outdoor Property	$ 25,000	$ 50,000
Any one tree, shrub or plant	$ 2,500	
Outside Signs		
At all described premises	$ 100,000	$ 500,000
At all undescribed premises	$ 5,000	$ 10,000
Personal Effects	$ 25,000	$ 50,000
Personal Property At Premises Outside of the Coverage Territory	$ 50,000	
Personal Property In Transit Outside of the Coverage Territory	$ 25,000	$ 50,000
Pollutant Cleanup and Removal - Annual Aggregate	$ 100,000	
Preservation of Property		
Expenses to move and temporarily store property	$ 250,000	
Direct loss or damage to moved property	Included*	

DELUXE PROPERTY COVERAGE PART DECLARATIONS

POLICY NUMBER: H-630-6P798466-IND-24
ISSUE DATE: 07-12-24

DELUXE PROPERTY COVERAGE FORM - ADDITIONAL COVERAGES & COVERAGE EXTENSIONS (continued)

	Limits of Insurance	Revised Limits of Insurance
Reward Coverage		
25% of covered loss up to maximum of:	$ 25,000	
Stored Water	$ 25,000	
Theft Damage to Rented Property	Included*	
Undamaged Parts of Stock In Process	$ 50,000	
Valuable Papers and Records - Cost of Research		
At all described premises	$ 50,000	$ 500,000
In transit or at all undescribed premises	$ 25,000	$ 500,000
Water or Other Substance Loss - Tear Out and Replacement Expense	Included*	

*Included means included in applicable Covered Property Limit of Insurance

DELUXE BUSINESS INCOME(AND EXTRA EXPENSE) COVERAGE FORM - DESCRIBED PREMISES

Premises Location No.	Building No.	Limits of Insurance
001-098	001-341	$ 9,000,000

Rental Value: Included
Ordinary Payroll: Limited - 90 days

DELUXE BUSINESS INCOME - ADDITIONAL COVERAGES AND COVERAGE EXTENSIONS

The Limits of Insurance, Coverage Period and Coverage Radius shown in the left column are included in the coverage form and apply unless a revised Limit of Insurance, Coverage Period, Coverage Radius or Not Covered is shown under the column on the right. The Limits of Insurance apply in any one occurrence unless otherwise stated.

	Limits of Insurance, Coverage Period or Coverage Radius	Revised Limits of Insurance, Coverage Period or Coverage Radius
Business Income From Dependent Property		
At Premises Within the Coverage Territory	$ 100,000	$ 500,000
At Premises Outside of the Coverage		

DELUXE BUSINESS INCOME - ADDITIONAL COVERAGES AND COVERAGE EXTENSION (continued)

	Limits of Insurance, Coverage Period or Coverage Radius	Revised Limits of Insurance, Coverage Period or Coverage Radius
Territory	$ 100,000	
Civil Authority		
Coverage Period	30 days	
Coverage Radius	100 miles	
Claim Data Expense	$ 25,000	
Contract Penalties	$ 25,000	
Extended Business Income		
Coverage Period	180 days	
Fungus, Wet Rot or Dry Rot - Amended Period of Restoration		
Coverage Period	30 days	
Green Building Alternatives - Increased Period of Restoration		
Coverage Period	30 days	
Ingress or Egress	$ 25,000	
Coverage Radius	1 mile	
Newly Acquired Locations	$ 500,000	
Ordinance or Law - Increased Period of Restoration	$ 250,000	
Pollutant Cleanup and Removal - Annual Aggregate	$ 25,000	
Transit Business Income	$ 25,000	
Undescribed Premises	$ 25,000	

CAUSES OF LOSS - EARTHQUAKE - aggregate in any one policy year, for all losses covered under the Causes of Loss - Earthquake endorsement, commencing with the inception date of this policy:

	Annual Aggregate Limit
1. Applies at the following Building(s) numbered:	
001-341	$ 5,000,000

CAUSES OF LOSS - EARTHQUAKE (continued)

If more than one Annual Aggregate Limit applies in any one occurrence, the most we will pay is the highest involved Annual Aggregate Limit. The most we will pay during each annual period is the highest of the Annual Aggregate Limits shown.

CAUSES OF LOSS - BROAD FORM FLOOD - aggregate in any one policy year, for all losses covered under the Causes of Loss - Broad Form Flood endorsement, commencing with the inception date of this policy:

	Annual Aggregate Limit
1. Applies at the following Building(s) numbered: 001-038,040-044,066,067,073-080,091-171, 184-206,265,267-277,281-300,302-306, 309-324,326-339	$ 5,000,000
2. Applies at the following Building(s) numbered: 039,045-065,068-072,081-090,172-183, 207-256,266,278-280,301,307,308	$ 500,000

If more than one Annual Aggregate Limit applies in any one occurrence, the most we will pay is the highest involved Annual Aggregate Limit. The most we will pay during each annual period is the highest of the Annual Aggregate Limits shown.

EXCESS OF LOSS LIMITATION APPLIES - See Causes of Loss - Broad Form Flood endorsement.

UTILITY SERVICES

	Limits of Insurance
Direct Damage - in any one occurrence: (See Utility Services - Direct Damage endorsement)	$ 50,000

Coverage is provided for the following:

Water Supply
Communication Supply
Power Supply

Coverage for Overhead Transmission Lines is: excluded.

DELUXE PROPERTY COVERAGE PART DECLARATIONS

POLICY NUMBER: H-630-6P798466-IND-24
ISSUE DATE: 07-12-24

DEDUCTIBLES:

BY EARTHQUAKE:

1. In any one occurrence, at the following Building(s) numbered:

001-341 $ 50,000

As respects Business Income Coverage a 72 hour deductible applies at all premises locations.

BY "FLOOD":

1. At the premises location(s) of the following Building(s) numbered:

001-038,040-044,066,067,073-080,091-171,184-206,265, 267-277,281-300,302-306,309-324,326-339
in any one occurrence $ 25,000

As respects Business Income Coverage a 72 hour deductible applies at all premises locations.

2. At the premises location(s) of the following Building(s) numbered:

039,045-065,068-072,081-090,172-183,207-256,266,278-280, 301,307,308
in any one occurrence $ 100,000

As respects Business Income Coverage a 72 hour deductible applies at all premises locations.

DELUXE PROPERTY COVERAGE PART DECLARATIONS

POLICY NUMBER: H-630-6P798466-IND-24
ISSUE DATE: 07-12-24

DEDUCTIBLES: (continued)

BY WINDSTORM OR HAIL:

At the following described premises:

Premises Location No.	Buildings No.
001-098	001-341

the following percentage applies: 2 %
subject to the following minimum, in any one occurrence: $ 100,000

As respects Business Income Coverage a 72 hour deductible applies at all premises locations above.

TO UTILITY SERVICES:

Direct Damage, in any one occurrence: $ 2,500

TO TO LAW ENFORCEMENT ANIMALS,
in any one occurrence: $ 2,500

BUSINESS INCOME:

As respects Business Income Coverage, for which no other deductible is stated above or in the coverage description, a 72 hour deductible applies.

ANY OTHER COVERED LOSS in any one occurrence: $ 25,000

POLICY NUMBER: H-630-6P798466-IND-24 ISSUE DATE: 07-12-24

DELUXE PROPERTY COVERAGE PART SCHEDULE - SPECIFIC LIMITS

Prem. No.	Bldg. No.	Description of Coverage or Property	Limits of Insurance
2	3	Building	$ 120,856
25	61	Building	$ 160,514
25	62	Building	$ 60,458
25	63	Building	$ 130,285
25	64	Building	$ 17,363
30	91	Building	$ 1,362,804
30	91	Your Business Personal Property	$ 13,608
30	95	Building	$ 1,800,000
97	340	Building	$ 3,500,000

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DELUXE PROPERTY COVERAGE PART

The following indicates the contents of the principal Forms which may be attached to your policy. It contains no reference to the Declarations or Endorsements which also may be attached.

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DELUXE PROPERTY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in q uotation marks have special meaning. REFER TO SECTION J. – DEFINITIONS.

A. COVERAGE

We will pay for direct physical loss of or damage to Covered Property caused by or resulting from a Covered Cause of Loss.

1. Covered Property

Covered Property, as used in this Coverage Part, means each of the following types of property described in this Section **A.1.**, and limited in Section **A.2.**, Property and Costs Not Covered, if a Limit of Insurance is shown in the Declarations for that type of property.

a. Building(s), meaning the designated building or structure at the premises described in the Declarations, including:

(1) Completed additions;

(2) Fixtures, including outdoor fixtures;

(3) Foundations;

(4) Glass that is a part of the building or structure;

(5) Machinery and equipment permanently attached to the building or structure;

(6) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:

(a) Fire extinguishing equipment;

(b) Outdoor furniture;

(c) Floor coverings;

(d) Lobby and hallway furnishings owned by you;

(e) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;

(f) Lawn maintenance and snow removal equipment;

(g) Heating, air conditioning and ventilation equipment; and

(h) Building systems and equipment including alarm, communication, security and monitoring devices; and

(7) If not covered by other insurance:

(a) Additions under construction, alterations and repairs to the building or structure; and

(b) Materials, equipment, supplies and temporary structures, on or within 1,000 feet of the described premises, used for making additions, alterations or repairs to the buildings or structures.

b. Your Business Personal Property located in or on the designated building or structure at the premises described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the described premises, consisting of the following unless otherwise specified in the Declarations:

(1) Furniture and fixtures;

(2) Machinery and equipment (including "electronic data processing equipment");

(3) "Stock";

(4) All other personal property owned by you and used in your busines s;

(5) Labor, materials or services furnished or arranged by you on personal property of others;

(6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:

(a) Made a part of the building or structure you occupy or lease but do not own; and

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(b) You acquired or made at your expense, but cannot legally remove;

(7) Leased personal property for which you have a contractual responsibility to insure, unless otherwise insured under Personal Property of Others; and

(8) Building glass that is not a tenant improvement and betterment but which, as a tenant, you are contractually required to insure under a written lease agreement.

c. Personal Property of Others meaning others' personal property in your care, custody, or control that is located in or on the designated building or structure at the premises described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the described premises.

However, our payment for loss of or damage to Personal Property of Others will only be for the account of the owner of the property.

d. Personal Property At Undescribed Premises meaning Your Business Personal Property and Personal Property of Others in your care, custody or control that:

(1) Is at "exhibition" premises located worldwide including while in transit to and from the "exhibition" premises provided that no trade sanction, embargo or similar regulation imposed by the United States of America prohibits us from covering the loss or damage;

(2) Is at installation premises or temporary storage premises while awaiting installation that you do not own, lea se or regularly operate. This coverage applies only to such property that will or has become a permanent part of an installation project being performed for others by you or on your behalf. This coverage will end when any of the following first occurs:

(a) Your interest in the property ceases;

(b) The installation is accepted by the customer;

(c) The installation is abandoned by you;

(d) The property is more specifically insured; or

(e) This policy is cancelled or expires, whichever occurs first; or

(3) Is temporarily at any other premises not described in the Declarations, which you do not own, lease or regularly operate.

Coverage does not include Sales Representative Property as defined in Paragraph **A.1.f.** below.

e. Personal Property in Transit as follows:

(1) This coverage for Personal Property in Transit applies to:

(a) Your Business Personal Property; and

(b) Personal Property of Others;

away from the described premises while in transit between points within the Coverage Territory.

(2) Unless a mode of transportation or type of shipment is specifically excluded in the Declarations or by endorsement, this coverage applies to property in transit being shipped by any type of carrier or vehicle.

(3) This coverage applies from the time the property leaves the premises where the shipment begins until the shipment arrives at its final destination. If the property is not delivered, we cover the return of the property to you, including while the property is temporarily held by the receiver or the carrier while awaiting return shipment to you.

(4) Subject to the Limit of Insurance that applies to the Personal Property in Transit coverage, we will also pay for:

(a) Any general average or salvage charges you incur as respects losses to covered waterborne shipments;

(b) Your interest in covered shipments sold Free On Board if you cannot collect payment for the loss or damage from the consignee; and

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(c) Loss of or damage to Covered Property resulting from the unintentional acceptance of any fraudulent Bill of Lading, order or shipping receipt by you, your employees or authorized representatives or by your agent, customer or consignee from anyone representing themselves to be the proper person to receive goods for shipment or accept goods for delivery.

(5) This coverage does not apply to:

(a) Accounts receivable;

(b) "Employee tools";

(c) "Fine arts";

(d) Sales representative property;

(e) Personal property in transit to or from an "exhibition" site; or

(f) "Valuable papers and records".

f. Sales Representative Property meaning goods or merchandise which are Your Business Personal Property and Personal Property of Others in the custody of independent contractors whom you authorize to sell such goods or merchandise. This coverage applies worldwide while the property is:

(1) At any premises away from the described premises; or

(2) In transit;

provided that no trade sanction, embargo or similar regulation imposed by the United States of America prohibits us from covering the loss or damage.

2. Property and Costs Not Covered

Unless the following property is added by endorsement to this Coverage Form, Covered Property does not include:

a. Accounts, bills, currency, food stamps or other evidences of debt, money, notes, checks, drafts or securities except as provided in the Accounts Receivable Coverage Extension. Lottery tickets held for sale are not securities;

b. Aircraft or watercraft;

c. Animals;

d. Automobiles, motorcycles, motor trucks, motor homes and similar vehicles held for sale, lease, loan or rent;

e. Bulkheads, pilings, piers, wharves, docks, dikes or dams;

f. Contraband or property in the course of illegal transportation or trade;

g. "Electronic data processing data and media" that is obsolete or no longer used by you;

h. "Employee tools" except as provided in the Employee Tools Coverage Extension;

i. Export and import shipments while covered under an ocean marine cargo or other insurance policy;

j. "Fine arts", except as provided in the Personal Effects and Fine Arts Coverage Extensions;

k. Harvested grain, hay, straw or other crops while outside of buildings, growing crops or standing timber;

l. Human body parts and fluids including organs, tissue, blood and cells;

m. Land, whether in its natural state or otherwise (including land on which the property is located), land improvements or the cost of restoring or stabilizing land;

n. Personal property sold by you under an installment plan, conditional sale, trust agreement or other deferred payment plan after delivery to the purchasers except as provided in the Deferred Payments Coverage Extension;

o. Property of others for which you are responsible while acting as a common or contract carrier, car-loader, freight forwarder, freight consolidator, freight broker, shipping association or similar arranger of transportation, or as a public warehouseman;

p. Property that is covered under another coverage form or endorsement of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;

q. Property while waterborne except while in transit by inland water carriers or by coastwise vessels operating within "territorial waters";

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r. Shipments by a government postal service except by registered mail;

s. The cost of excavations, grading, backfilling or filling. This does not apply to costs necessarily incurred to repair or replace covered loss or damage to Covered Property, but any costs associated with land stabilization and land reconstruction are excluded;

t. The cost to research, replace or restore the information on "valuable papers and records" and "electronic data processing data and media", except as provided in the Valuable Papers and Records – Cost of Research and Electronic Data Processing Data and Media Coverage Extensions;

u. The following property while outside of buildings:

(1) Bridges, roadways, walks, patios, or other paved surfaces;

(2) Artificial turf and associated underlayment;

(3) Retaining walls that are not part of a building;

(4) Fences;

(5) Trees, shrubs, plants or lawns (including fairways, greens and tees), but not including vegetative roofs on Covered Buildings nor "stock" of trees, shrubs or plants;

except as provided in the Outdoor Property Coverage Extension.

v. The following underground property:

(1) Wires;

(2) Pipes, flues and drains;

(3) Tanks (including their contents);

(4) Tunnels (whether or not connected to buildings);

(5) Mines or mining property;

w. Vehicles or self-propelled machines that:

(1) Are licensed for use on public roads; or

(2) Are operated principally away from the described premises;

But this does not apply to:

(a) Vehicles, self-propelled machines or autos you manufacture, process or warehouse;

(b) Vehicles or self-propelled machines you hold for sale, lease, loan or rent other than those excluded under **A.2.d.** above; or

(c) Trailers and Semi-trailers to the extent covered under the Non-Owned Detached Trailers Coverage Extension;

x. Water, whether in its natural state or otherwise, and whether above or below ground or the cost of reclaiming or restoring water.

But this does not apply to:

(1) Water contained in storage tanks used in your manufacturing or processing operations as specifically insured under the Stored Water Additional Coverage; or

(2) Bottled water.

3. Additional Coverages

Each of the following Additional Coverages applies subject to the Limit(s) of Insurance stated in this Coverage Form unless a revised Limit of Insurance or *Not Covered* is indicated in the Declarations or the coverage is otherwise amended by endorsement:

a. Debris Removal

(1) We will pay your expense to remove debris of Covered Property, and other debris that is on the described premises, when such debris is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.

This Additional Coverage does not apply to costs to:

(a) Remove debris of property you own that is not insured under this policy, or property of others in your care, custody or control that is not Covered Property;

(b) Remove debris of property owned by or leased to the landlord of the building where your described premises are located, unless you have a contractual responsibility to insure such property and it is insured under this policy;

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(c) Remove debris of any outdoor property of a type described in the Outdoor Property Coverage Extension, whether the property is your property or the property of others;

(d) Remove any property that is included under Section **A.2.** Property and Costs Not Covered;

(e) Remove property of others of a type that is not Covered Property under this Coverage Form;

(f) Extract "pollutants" from land or water; or

(g) Remove, restore or replace polluted land or water.

(2) The most we will pay under this Additional Coverage for your expense to remove the debris of Covered Property is 25% of:

(a) The amount we pay for the direct physical loss of or damage to Covered Property; plus

(b) The deductible in this Coverage Part applicable to that loss or damage.

Except as provided in Paragraph **(3)** below, this payment for your expense to remove the debris of Covered Property is included within the applicable Covered Property Limit of Insurance.

(3) If:

(a) Your expense to remove debris of Covered Property exceeds the above 25% limitation; or

(b) The sum of the amount we pay for loss of or damage to Covered Property and the expense for removal of its debris exceeds the applicable Limit of Insurance;

we will pay an additional amount for your expense to remove the debris of Covered Property, up to $250,000 in any one occurrence.

(4) The most we will pay in any one occurrence under this Additional Coverage for your expense to remove the debris of any property that is not Covered Property (if such removal is covered under this Additional Coverage) is $25,000. This is additional insurance.

b. Expediting Expenses

In the event of covered loss or damage to Covered Property, we will pay for the reasonable and necessary additional expenses you incur to make temporary repairs to, or expedite the permanent repairs or replacement of the Covered Property at the premises sustaining loss or damage. Expediting expenses include overtime wages and the extra cost of express or other rapid means of transportation. Expediting expenses do not include expenses you incur for the temporary rental of property or temporary replacement of damaged property.

The most we will pay in any one occurrence under this Additional Coverage is $25,000.

c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay for your liability for fire department service charges:

(1) Assumed by contract or agreement prior to loss; or

(2) Required by local ordinance.

No deductible applies to this Additional Coverage.

d. Fire Protective Equipment Discharge

If fire protective equipment at the described premises discharges accidentally or to control a Covered Cause of Loss, we will pay your cost to:

(1) Refill or recharge the system with the extinguishing agents that were discharged; and

(2) Replace or repair faulty valves or controls which caused the discharge.

e. Green Building Alternatives – Increased Cost

(1) If direct physical loss or damage by a Covered Cause of Loss occurs to a building that is Covered Property, we will pay for:

(a) The reasonable additional cost you incur to repair or replace the lost or damaged portions of the

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building using products or materials that:

(i) Are "green" alternatives to the products or materials of the lost or damaged property, in accordance with a documented "green authority"; and

(ii) Are otherwise of comparable quality and function to the damaged property;

and

(b) The reasonable additional cost you incur to employ "green" methods or processes of construction, disposal or recycling in the course of the repair and replacement of the lost or damaged building, in accordance with the documented standards of a "green authority".

(2) The insurance provided under this Additional Coverage applies only if replacement cost valuation applies to the lost or damaged building and then only if the building is actually repaired or replaced as soon as reasonably possible after the loss or damage.

(3) The insurance provided under this Additional Coverage does not apply to any building that has been "vacant" for more than 60 consecutive days before the loss or damage occurs.

(4) The most we will pay for the additional cost incurred with respect to each building in any one occurrence under this Additional Coverage is determined by multiplying:

(a) A factor of 1% (unless a higher increased cost percentage is shown in the Declarations); times

(b) The lesser of:

(i) The amount we would otherwise pay for direct physical loss of or damage to the building, prior to application of any applicable deductible; or

(ii) The value you reported to us for the building, as stated on the latest Statement of Values or other documentation on file with us prior to the loss or damage.

Unless otherwise stated in the Declarations, this resultant amount is subject to a maximum amount of insurance of $100,000 for each building.

f. Green Building Reengineering and Recertification Expense

(1) If, as a result of direct physical loss or damage by a Covered Cause of Loss to a building that is Covered Property, the pre-loss level of "green" building certification by a "Green Authority" on the building is lost, we will pay for the following reasonable additional expenses you incur to re-attain the pre-loss level of "green" building certification from that "Green Authority":

(a) The reasonable additional expense you incur to hire a qualified engineer or other professional required by the "Green Authority" to be involved in:

(i) Designing, overseeing or documenting the repair or replacement of the lost or damaged building; or

(ii) Testing and recalibrating the systems and mechanicals of the lost or damaged building to verify that the systems and mechanicals are performing in accordance with the design of such systems and mechanicals or the specifications of the manufacturer;

and

(b) The reasonable registration and recertification fees charged by the "Green Authority".

(2) This Additional Coverage applies to the additional expenses described above that you incur to achieve the pre-loss level of "green" building certification in accordance with the standards of the "Green Authority" that exist at the time of repair or replacement, even if the standards have changed since the original certification was achieved.

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(3) The most we will pay in any one occurrence under this Additional Coverage for:

(a) All expenses incurred with respect to each building is 5% of the sum of:

(i) The amount we pay for the direct physical loss of or damage to the building, including any amount paid under the Green Building Alternatives – Increased Cost Additional Coverage; and

(ii) The deductible amount applied to the loss payment for direct physical loss or damage to the building;

(b) All expenses incurred, regardless of the number of buildings involved, is $25,000.

g. Limited Coverage for Fungus, Wet Rot or Dry Rot

(1) The coverage provided in Paragraph **(2)** below only applies when "fungus", wet rot or dry rot is the result of any of the "specified causes of loss", other than fire or lightning, that occurs during the policy period, and only if all reasonable means have been used to save and preserve the property from further damage at the time of and after the occurrence of such "specified causes of loss".

(2) We will pay for direct physical loss of or damage to Covered Property caused by "fungus", wet rot or dry rot, including:

(a) The cost of removal of the "fungus", wet rot or dry rot;

(b) The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet rot or dry rot; and

(c) The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet rot or dry rot are present.

(3) The most we will pay for the total of all loss or damage under this Additional Coverage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) occurring during each separate 12 month period of this policy beginning with the effective date of this policy is $25,000.

(4) The coverage provided under this Additional Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet rot or dry rot, and other loss or damage, we will not pay more for the total of all loss or damage than the applicable Limit of Insurance on the Covered Property.

If there is covered loss or damage to Covered Property that is not caused by "fungus", wet rot or dry rot, loss payment will not be limited by the terms of this Additional Coverage, except to the extent that "fungus", wet rot or dry rot causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Additional Coverage.

h. Ordinance or Law Coverage

(1) In the event of covered direct physical loss or damage to a building that is Covered Property, the following coverages apply, but only with respect to that lost or damaged building:

(a) Coverage A – Coverage For Loss To The Undamaged Portion of The Building

We will pay under Coverage **A** for the loss in value of the undamaged portion of the building as a consequence of enforcement of an ordinance or law that requires demolition of undamaged parts of the same building.

(b) Coverage B – Demolition Cost Coverage

We will pay under Coverage **B** the cost to demolish the building and clear the site of undamaged parts of the same building, as a consequence of enforcement of

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an ordinance or law that requires demolition of such undamaged property.

(c) Coverage C – Increased Cost of Construction

We will pay under Coverage **C** the increased cost to:

(i) Repair or reconstruct damaged portions of that building; or

(ii) Reconstruct or remodel undamaged portions of that building, whether or not demolition is required;

when the increased cost is a consequence of enforcement of the minimum requirements of the ordinance or law.

This Coverage **C** applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance. This Coverage **C** does not apply if the building is not repaired, reconstructed or remodeled.

(2) The coverages described in **(1)** above apply only if the provisions in Paragraphs **(a)** and **(b)** below are satisfied and are then subject to the qualifications set forth in Paragraph **(c)** below:

(a) The ordinance or law:

(i) Regulates the demolition, construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and

(ii) Is in force at the time of loss.

But this Additional Coverage applies only in response to the minimum requirements of the ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered.

(b) The building either:

(i) Sustains direct physical loss or damage that is covered under this Coverage Part and such damage results in enforcement of the ordinance or law; or

(ii) Sustains both direct physical loss or damage that is covered under this Coverage Part and direct physical loss or damage that is not covered under this Coverage Part and the building damage in its entirety results in enforcement of the ordinance or law.

If the building sustains direct physical loss or damage that is not covered under this Coverage Part, and such damage is the subject of the ordinance or law, then there is no coverage under this Additional Coverage even if the building has also sustained covered direct physical loss or damage.

(c) In the situation described in **(b)(ii)** above, we will not pay the full amount of loss otherwise payable under the terms of Coverage **A**, **B** or **C** of this Additional Coverage. Instead, we will pay a proportion of such loss. The proportion of such loss that we will pay is the proportion that the covered direct physical loss or damage bears to the total direct physical loss or damage.

However, if covered direct physical loss or damage, alone, would have resulted in the enforcement of the ordinance or law, then we will pay the full amount of loss otherwise payable under the terms of Coverage **A**, **B**, or **C** of this Additional Coverage.

(3) We will not pay under this Additional Coverage for:

(a) Enforcement of any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remedia-

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tion of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet rot or dry rot;

(b) The costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet rot or dry rot; or

(c) Loss due to any ordinance or law that:

(i) You were required by the ordinance or law to comply with before the loss, even if the building was undamaged; and

(ii) You failed to comply with.

(4) Exclusion **C.1.h.** Ordinance or Law does not apply to the insurance specifically provided under this Additional Coverage.

(5) The most we will pay under this Additional Coverage for loss with respect to all buildings lost or damaged in any one occurrence, regardless of the number of buildings involved, is $250,000.

i. Pollutant Cleanup and Removal

We will pay your expense to extract "pollutants" from land or water at the described premises, if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from any of the "specified causes of loss" which occurs:

(1) On the described premises;

(2) To Covered Property; and

(3) During the policy period.

The expenses will be paid only if they are reported to us within 180 days of the date on which the covered "specified cause of loss" occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage is $100,000 for the sum of all covered expenses arising out of all "specified causes of loss" occurring during each separate 12 month period of this policy (beginning with the effective date of the policy).

j. Preservation of Property

If it is necessary to temporarily move Covered Property from the described premises to preserve it from the threat of imminent loss or damage by a Covered Cause of Loss:

(1) We will pay for the reasonable and necessary expenses actually incurred by you to remove the Covered Property from the described premises, temporarily store the Covered Property at another location and move the Covered Property back to the described premises within a reasonable time after the threat of imminent loss or damage to the property by the Covered Cause of Loss passes. The most we will pay for the sum of all such expenses that you incur due to the threat of loss or damage from any one occurrence is $250,000, subject to the following:

(a) This Limit of Insurance is an additional amount of insurance that is not included in, and does not reduce, the Covered Property Limits of Insurance.

(b) When the Causes of Loss – Earthquake endorsement or Causes of Loss – Earthquake Sprinkler Leakage endorsement is included in this Coverage Part, our payment for the sum of all expenses incurred due to the threat of loss or damage to Covered Property from all threatened occurrences of all such Covered Causes of Loss in any one policy year will not exceed $250,000. This limit is not included in, and does not reduce, the Limits of Insurance that apply to loss or damage to which the Causes of Loss – Earthquake endorsement

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or the Causes of Loss – Earthquake Sprinkler Leakage endorsement applies.

(c) When the Causes of Loss – Broad Form Flood endorsement is included in this Coverage Part, our payment for the sum of all expenses incurred due to the threat of loss or damage to Covered Property from all threatened occurrences of such Covered Cause of Loss in any one policy year will not exceed $250,000. This limit is not included in, and does not reduce, the Limits of Insurance that apply to loss or damage to which the Causes of Loss – Broad Form Flood endorsement applies.

(d) If the threat of imminent direct physical loss or damage to Covered Property from the same occurrence spans over multiple policy years, only the limit that applies to this Coverage in the policy year in which the expenses are first incurred by you will apply to the total of the expenses incurred due to the threat of loss or damage from that occurrence.

This Coverage is subject to the deductible that applies to loss or damage to the Covered Property by the Covered Cause of Loss from which the property is being preserved.

(2) We will also pay for any direct physical loss of or damage to the Covered Property while it is being moved from the described premises, while temporarily stored at another location or while being moved back to the described premises, subject to the following:

(a) This Coverage is subject to, and does not increase the applicable Covered Property Limit of Insurance.

(b) This Coverage will only apply if the loss or damage occurs within 180 days after the Covered Property is first moved and will end when any of the following first occurs:

(i) The policy is amended to provide insurance at the new location;

(ii) The Covered Property is returned to the original location; or

(iii) This policy expires.

k. Reward Coverage

We will reimburse you for rewards you have incurred leading to:

(1) The successful return of undamaged stolen articles of Covered Property to a law enforcement agency; or

(2) The arrest and conviction of any person(s) who have damaged or stolen any of your Covered Property.

The most we will pay in any one occurrence under this Additional Coverage is 25% of the covered loss (prior to the application of any applicable deductible and recovery of undamaged stolen articles) up to a maximum of $25,000 for the payments of rewards you make. These reward payments must be documented. No deductible applies to this Additional Coverage.

l. Stored Water

(1) We will pay the cost you incur to replace water that is used in your manufacturing or processing operations which is contained in any:

(a) Above-ground storage tank; or

(b) Manufacturing or processing equipment (including related piping) at the described premises,

when the water has been released or rendered unusable for its intended purpose due to direct physical loss of or damage to such tank, equipment or piping by a Covered Cause of Loss.

(2) This Additional Coverage does not apply to costs to restore or replace water contained in any fire suppression system.

(3) The most we will pay in any one occurrence under this Additional Coverage is $25,000.

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m. Water or Other Substance Loss – Tear Out and Replacement Expense

In the event of covered loss or damage caused by or resulting from water (or steam), other liquid, powder or molten material, we will also pay:

(1) The necessary cost of tearing out and replacing any part of a Covered Building or Structure to repair damage to the system or appliance from which the water (or steam), other liquid, powder or molten material escapes; and

(2) The cost to repair or replace damaged parts of fire extinguishing equipment if:

(a) The damage results in discharge of any substance from an automatic fire protective system; or

(b) Is directly caused by freezing.

Except as provided under **(2)** above, we will not pay the cost to repair any defect in a system or appliance from which the water (or steam), other liquid, powder or molten material escapes.

4. Coverage Extensions

Each of the following Coverage Extensions applies subject to the Limit(s) of Insurance stated in this Coverage Form, unless a revised Limit of Insurance or *Not Covered* is indicated in the Declarations or the coverage is otherwise amended by endorsement:

a. Accounts Receivable

(1) You may extend the insurance that applies to Your Business Personal Property to apply to losses and expenses described below that you incur resulting from direct physical loss or damage by a Covered Cause of Loss to your accounts receivable records. Credit card company charge media will be considered accounts receivable until delivered to the credit card company.

We will pay:

(a) Amounts due from your customers that you are unable to collect;

(b) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;

(c) Collection expenses in excess of your normal collection expenses that are made necessary by the loss; and

(d) Other reasonable expenses that you incur to re-establish your records of accounts receiv able.

(2) If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss, we will:

(a) Determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss occurs;

(b) Adjust the total for any normal fluctuations in the amount of accounts receivable for the month in which the loss occurred or for any demonstrated variance from the average for that month; and

(c) Deduct the following from the total amount of accounts receivable, however that amount is established:

(i) The amount of the accounts for which there is no loss;

(ii) The amount of the accounts that you are able to re-establish or collect;

(iii) An amount to allow for probable bad debts that you are normally unable to collect; and

(iv) All unearned interest and service charges.

(3) The most we will pay in any one occurrence under this Extension for loss and expenses resulting from loss of or damage to your records of accounts receivable:

(a) At or within 1,000 feet of the described premises is $50,000; and

(b) While in transit or at all undescribed premises is $25,000.

b. Appurtenant Buildings and Structures

(1) At the described premises where Building coverage applies:

(a) You may extend the insurance that applies to your buildings to

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apply to direct physical loss or damage by a Covered Cause of Loss to incidental appurtenant buildings and structures which are at the described premises but not specifically described in the Declarations; and

(b) You may extend the insurance that applies to Your Business Personal Property and Personal Property of Others, if any, to apply to direct physical loss or damage by a Covered Cause of Loss to such property located within incidental appurtenant buildings or structures which are at the described premises but not specifically described in the Declarations.

(2) Incidental appurtenant buildings or structures include storage buildings, garages, pump houses, above ground tanks, television and radio towers, antennas, satellite dishes and solar panels mounted on the ground or on poles not attached to buildings and structures. But incidental appurtenant buildings an d structures do not include:

(a) Outside signs, whether or not attached to buildings or structures;

(b) Any property to which the Outdoor Property Coverage Extension applies; or

(c) Any property excluded under Section **A.2.** Property and Costs Not Covered.

(3) The most we will pay for loss or damage in any one occurrence under this Extension is $100,000.

c. Claim Data Expense

(1) You may extend the insurance provided by this Coverage Form to apply to the reasonable expenses you incur in preparing claim data when we require it to adjust a covered loss. This includes the cost of taking inventories, making appraisals and preparing other documentation to show the extent of loss.

(2) We will not pay for:

(a) Any expenses incurred, directed, or billed by or payable to attorneys, insurance adjusters or their associates or subsidiaries;

(b) Any costs as provided in the Appraisal Loss Condition **(G.2.)**; or

(c) Any expenses incurred, directed, or billed by or payable to insurance brokers or agents, or their associates or subsidiaries, without our written consent prior to such expenses being incurred.

(3) The most we will pay for claim data expense in any one occurrence under this Extension is $25,000.

d. Covered Leasehold Interest – Undamaged Improvements and Betterments

(1) You may extend the insurance that applies to Your Business Personal Property at the described premises which you lease from others to apply to your interest as tenant in improvements and betterments, as defined in Section **A.1.b.(6)** of this Coverage Form, which are not damaged or destroyed, but which you lose due to the cancellation of your lease by your landlord. The cancellation of your lease by your landlord must:

(a) Result from direct physical loss of or damage to property at the described premises where your improvements and betterments are located, caused by or resulting from a Covered Cause of Loss; and

(b) Be permitted in accordance with the conditions of your written lease agreement.

(2) The most we will pay for loss in any one occurrence under this Extension is:

(a) The applicable Your Business Personal Property Limit of Insurance; or

(b) $100,000;

whichever is less.

e. Deferred Payments

(1) You may extend the insurance that applies to Your Business Personal Property to apply to your interest in

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such business personal property that is sold by you under an installment plan, conditional sale, trust agreement or other deferred payment plan when, as a result of direct physical loss of or damage to such property:

(a) Occurring within the Coverage Territory at any location, or in transit, after delivery to buyers; and

(b) Caused by a Covered Cause of Loss;

the buyer refuses to continue payments owed to you for such property and, as a result, you repossess the remaining damaged property of value, if any.

(2) The value of your loss under this Extension will be determined as follows:

(a) In the event of partial loss to property, the value of your loss will be:

(i) The unpaid balance shown on your books as due from the buyer for such property, excluding any interest or fees due; minus

(ii) The actual cash value of the repossessed damaged property.

(b) In the event of a total loss to property, the value of your loss will be the unpaid balance shown on your books as due from the buyer for such property, excluding any interest or fees due.

(3) The most we will pay for loss in any one occurrence under this Extension is $25,000.

f. Duplicate Electronic Data Processing Data and Media

(1) You may extend the insurance that applies to Your Business Personal Property and Personal Property of Others to apply to direct physical loss or damage by a Covered Cause of Loss to duplicates of your "electronic data processing data and media" while stored in a separate, unattached building anywhere in the Coverage Territory from where your original "electronic data processing data and media" are kept.

(2) The most we will pay for loss or damage in any one occurrence under this Extension is $50,000.

g. Electronic Data Processing Data and Media

(1) You may extend the insurance that applies to Your Business Personal Property and Personal Property of Others to apply to your costs to research, replace or restore the lost information on lost or damaged "electronic data processing data and media" for which duplicates do not exist. The loss or damage to the "electronic data processing data and media" must be caused by a Covered Cause of Loss.

(2) The most we will pay in any one occurrence under this Extension for loss or damage to "electronic data processing data and media":

(a) At or within 1,000 feet of the described is as follows:

(i) $50,000 at all described premises unless a different Limit of Insurance or *Not Covered* is shown in the Declarations or Paragraph **(ii)** below applies;

(ii) When *Included* is shown in the Declarations as the Limit of Insurance, the insurance provided for such property is included in, and does not increase the Limit(s) of Insurance that otherwise apply to loss or damage to Your Business Personal Property and Personal Property of Others at the described premises where the loss occurs;

and

(b) At any other location where the insurance provided under this Coverage Form for Your Business Personal Property and Personal Property of Others applies, including while in transit, is included in and does not increase the Limit of Insurance that otherwise applies to loss or damage to

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Your Business Personal Property and Personal Property of Others at that location or in transit. But, in no event will the amount we pay for such loss or damage to "electronic data processing data and media" under this Extension exceed the amount we would have paid had the loss to "electronic data processing data and media" occurred at or within 1,000 feet of the described premises.

h. Employee Tools

(1) You may extend the insurance that applies to Your Business Personal Property to apply to direct physical loss or damage by a Covered Cause of Loss to "employee tools" at the described premises or while in the care, custody or control of your employees at job sites or while in transit betw een these locations.

(2) The most we will pay for loss or damage in any one occurrence under this Extension is $25,000, but not more than $2,500 for any one item.

i. Extra Expense

(1) You may extend the insurance provided by this Coverage Form to apply to the reasonable and necessary Extra Expense you incur, during the period of restoration, due to direct physical loss or damage to property at or within 1,000 feet of the described premises caused by or resulting from a Covered Cause of Loss.

(2) If you occupy only a portion of a building in which the described premises are located, such premises include all routes within the building to gain access to the portion of the building which you own, rent, lease or occupy.

(3) As used in this Extension:

(a) Extra Expense means necessary expenses you incur that you would not have incurred if there had been no direct physical loss or damage to property:

(i) To avoid or minimize the suspension of business and to continue your normal business operations:

- At the described premises; or
- At replacement premises or at temporary locations, including relocation expenses and costs to equip and operate the replacement or temporary locations;

(ii) To minimize the suspension of business if you cannot continue your normal business operations at the described premises; or

(iii) To the extent that it reduces the amount of loss that otherwise would have been payable under this Coverage Form:

- To repair or replace any property;
- To research, replace or restore the lost information on lost or damaged "electronic data processing data and media" or "valuable papers and records".

(b) Period of restoration means the period of time that:

(i) Begins with the date of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and

(ii) Ends on the earlier of:

- The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
- The date when business is resumed at a new permanent location.

Period of restoration does not include any increased period re-

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quired due to the enforcement of any ordinance or law that:

(i) Regulates the construction, use or repair, or requires the tearing down of any property; or

(ii) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to the effects of "pollutants".

The expiration date of this policy will not cut short the period of restoration.

(4) The most we will pay for all Extra Expense in any one occurrence under this Extension is $25,000.

j. Fine Arts

(1) You may extend the insurance that applies to Your Business Personal Property and Personal Property of Others to apply to direct physical loss or damage by a Covered Cause of Loss to "fine arts" at the described premises or in transit.

(2) The most we will pay in any one occurrence under this Extension for loss of or damage to "fine arts":

(a) At or within 1,000 feet of the described premises is $50,000; and

(b) While in transit is $25,000.

k. Loss of Master Key

(1) If a master key or key card to buildings, rooms or compartments that are Covered Property or house Covered Property is lost or damaged by a Covered Cause of Loss, you may extend the insurance provided by this Coverage Form to apply to the actual and necessary costs you incur to:

(a) Replace keys and either:

(i) Adjust existing locks to accept the new keys; or

(ii) Replace existing locks, but only if necessary or less expensive than the cost of adjusting the existing locks;

or

(b) Re-program the key card access control device to accept replacement key cards.

(2) With respect only to the insurance provided by this Extension, the following changes apply to the Exclusions in Section **C.** and Limitations in Section **D.** of this Coverage Form:

(a) The exclusion of loss or damage caused by or resulting from dishonest or criminal act under Exclusion **C.2.c.** (Dishonesty) does not apply, except with respect to dishonest or criminal act by you or any of your partners, directors or trustees;

(b) The exclusion of loss of property when there is no physical evidence to show what happened to the property under Limitations **D.1.d.** does not apply.

(3) The most we will reimburse you for costs under this Extension is $25,000 in total arising out of all occurrences occurring during each separate 12 month period of this policy (beginning with the effective date of the policy).

l. Newly Constructed or Acquired Property

(1) You may extend the insurance provided by this Coverage Form to apply to direct physical loss or damage by a Covered Cause of Loss to:

(a) Your new buildings or additions while being built on the described premises or newly acquired premises including materials, equipment, supplies and temporary structures, on or within 1,000 feet of the premises;

(b) Buildings you acquire at locations other than the described premises; and

(c) Buildings which you become newly required to insure under a written contract.

The most we will pay for loss or damage to Buildings in any one occurrence under this Extension is $2,000,000 at each building.

(2) You may extend the insurance that applies to Your Business Personal

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Property and Personal Property of Others to apply to direct physical loss or damage by a Covered Cause of Loss to that type of property at:

(a) A building you newly acquire or construct at a location described in the Declarations; and

(b) Any other location you acquire by purchase or lease (other than at "exhibitions").

The most we will pay for loss or damage to Your Business Personal Property and Personal Property of Others in any one occurrence under this Extension is $1,000,000 in total at each newly acquired premises.

(3) Insurance provided under this Extension for each newly acquired or constructed property will end when any of the following first occurs:

(a) This policy is cancelled or expires;

(b) 180 days expire after you acquire or begin to construct the property;

(c) You report values to us; or

(d) The property is more specifically insured.

We will charge you additional premium for values reported from the date construction begins or you acquire the property.

m. Non-Owned Detached Trailers

(1) You may extend the insurance that applies to Your Business Personal Property to apply to direct physical loss or damage by a Covered Cause of Loss to trailers or semi-trailers that you do not own, provided that:

(a) The trailer or semi-trailer is used in your business;

(b) The trailer or semi-trailer is in your care, custody or control at the described premises; and

(c) You have a contractual responsibility to pay for loss or damage to the trailer or semi-trailer.

(2) We will not pay for any loss or damage that occurs:

(a) While the trailer or semi-trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion; or

(b) During hitching or unhitching operations, or when a trailer or semi-trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.

(3) The most we will pay for loss or damage in any one occurrence under this Extension is $25,000.

(4) This insurance is excess over the amount due from any other insurance covering such property, whether you can collect on it or not.

n. Outdoor Property

(1) You may extend the insurance provided by this Coverage Form to apply to:

(a) Direct physical loss or damage to your outdoor:

(i) Fences;

(ii) Retaining walls that are not part of a building;

(iii) Lawns (including fairways, greens and tees), artificial turf (including underlayment) trees, shrubs and plants (other than "stock" of trees, shrubs or plants);

(iv) Bridges, walks, roadways, patios or other paved surfaces;

at the described premises cau sed by or resulting from a cause of loss described in **(2)** below;

and

(b) The reasonable and necessary expense that you incur to remove debris of your outdoor property listed above and similar property of others at your described premises caused by a Cause of Loss listed in **(2)** below that occurs during the policy period. Such expenses will be paid only if they are reported to us in writing within 180 days of the direct physical loss or damage. Such payment will not increase the Limit of In-

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surance that applies to this Extension.

(2) This Extension applies only if the loss or damage is caused by or results from the following cause s of loss, and then only if they are a Covered Cause of Loss:

(a) Fire;

(b) Lightning;

(c) Explosion;

(d) Riot or Civil Commotion;

(e) Aircraft;

(f) Falling Objects; or

(g) "Sinkhole Collapse".

(3) The most we will pay for loss or damage and debris removal expense in any one occurrence under this Extension is $25,000, but we will not pay more than $2,500 for any one tree, shrub or plant.

o. Outside Signs

(1) You may extend the insurance provided by this Coverage Form to apply to direct physical loss or damage by a Covered Cause of Loss to outside signs, whether or not attached to a building, at or within 1,000 feet of the described premises or at any undescribed premises.

(2) The most we will pay in any one occurrence under this Extension for loss or damage to all outside signs:

(a) At or within 1,000 feet of the described premises is $100,000;

(b) At all undescribed premises is $5,000.

p. Personal Effects

(1) You may extend the insurance that applies to Your Business Personal Property to apply to direct physical loss or damage by a Covered Cause of Loss to personal effects or "fine arts" owned by your officers, your partners or your employees while such property is at the described premises.

(2) The most we will pay for loss or damage in any one occurrence under this Extension is $25,000 at each described premises.

(3) Our payment for loss or damage under this Extension will only be for the account of the owner of the property.

q. Personal Property At Premises Outside of the Coverage Territory

(1) You may extend the insurance that applies to Your Business Personal Property and Personal Property of Others to apply to direct physical loss or damage by a Covered Cause of Loss to such property occurring at premises anywhere in the world outside of the Coverage Territory provided that no trade sanction, embargo or similar regulation imposed by the United States of America prohibits us from covering the loss or damage.

(2) This Extension does not apply to:

(a) Personal property at an "exhibition";

(b) Property at any installation site or at temporary storage premises awaiting installation;

(c) Sales representative property; or

(d) Personal property in transit.

(3) The most we will pay for loss or damage in any one occurrence under this Extension is $50,000.

r. Personal Property In Transit Outside of the Coverage Territory

(1) Unless otherwise indicated in the Declarations or by endorsement, you may extend the insurance provided for Personal Property in Transit in Section **A.1.e.** (including any mode of transportation or type of shipment exclusion), to apply to Your Business Personal Property and Personal Property of Others in your care, custody or control in transit anywhere in the world outside of the Coverage Territory provided that no sanction, embargo or similar regulation imposed by the United States of America prohibits us from covering the loss or damage.

(2) This Extension also applies to Covered Property in transit which is in the custody of your officers or employees.

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(3) The most we will pay for loss or damage in any one occurrence under this Extension is $25,000.

s. Theft Damage to Rented Property

(1) You may extend the insurance that applies to Your Business Personal Property to apply to direct physical loss or damage by theft or attempted theft to:

(a) That part of any building at the described premises that you occupy, but do not own, and which contains the Covered Property; and

(b) Property within such non-owned building used for maintenance or service of the non-owned building.

(2) This Extension applies only if you are a tenant and are required in your lease to cover the expense.

(3) We will not be liable under this Extension for loss or damage by fire or explosion, or to glass (other than glass building blocks) or to any lettering, ornamentation or burglar alarm tape on glass.

(4) Payment under this Extension will not increase the Limit of Insurance that applies to Your Business Personal Property at the described premises where the direct physical loss or damage occurs.

t. Undamaged Parts of Stock in Process

(1) You may extend the insurance that applies to Your Business Personal Property and Personal Property of Others to apply to the reduction in value of undamaged parts of covered products or "stock" in process which become unmarketable. The reduction in value must be the direct result of direct physical loss or damage by a Covered Cause of Loss to other parts of the covered products or "stock" in process at the described premises.

(2) The most we will pay for loss or damage in any one occurrence under this Extension is $50,000.

u. Valuable Papers and Records – Cost of Research

(1) You may extend the insurance that applies to Your Business Personal Property to apply to your costs to research, replace or restore the lost information on lost or damaged "valuable papers and records" for which duplicates do not exist. The loss or damage to "valuable papers and records" must be caused by a Covered Cause of Loss.

(2) The most we will pay for loss or damage in any one occurrence under this Extension:

(a) At or within 1,000 feet of the described premises is $50,000; and

(b) While in transit or at all undescribed premises is $25,000.

B. COVERED CAUSES OF LOSS

Covered Causes of Loss means RISKS OF DIRECT PHYSICAL LOSS unless the loss is:

1. Excluded in Section **C.**, Exclusions;

2. Limited in Section **D.**, Limitations; or

3. Excluded or limited in the Declarations or by endorsement.

C. EXCLUSIONS

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage. Exclusions **C.1.a.** through **C.1.l.** apply whether or not the loss event results in widespread damage or affects a substantial area.

a. Certain Computer-Related Losses

(1) Failure, malfunction or inadequacy of:

(a) Any of the following, whether belonging to any insured or to others:

(i) Computer hardware, including microprocessors;

(ii) Computer application software;

(iii) Computer operating systems and related software;

(iv) Computer networks;

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(v) Microprocessors (computer chips) not part of any computer system; or

(vi) Any other computerized or electronic equipment or components;

or

(b) Any other products and services, data or functions, that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph **(1)(a)** above;

due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times.

(2) Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you to determine, rectify or test for, any potential or actual problems described in Paragraph **(1)** above.

If an excluded Cause of Loss as described in Paragraphs **(1)** and **(2)** above results in any of the "specified causes of loss", or in elevator collision resulting from mechanical breakdown, we will pay only for the loss or damage caused by such "specified causes of loss" or elevator collision.

We will not pay for repair, replacement or modification of any items in Paragraphs **(1)** and **(2)** above to correct any deficiencies or change in features.

b. Earth Movement

(1) Any of the following, all whether naturally occurring or due to man-made or other artificial causes:

(a) Earthquake, including tremors and aftershocks, and earth sinking, rising or shifting related to such event;

(b) Landslide, including any earth sinking, rising or shifting related to such event;

(c) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

(d) Earth sinking (other than "sinkhole collapse"), rising, or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface; or

(e) Volcanic eruption, explosion or effusion.

(2) If Earth Movement as described in:

(a) Paragraphs **(1)(a)** through **(1)(d)** above results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion; or

(b) Paragraph **(1)(e)** above, results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

Volcanic Action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

(i) Airborne volcanic blast or airborne shock waves;

(ii) Ash, dust or particulate matter; or

(iii) Lava flow.

With respect to coverage for Volcanic Action as set forth in **(i)**, **(ii)** and **(iii)** above, volcanic eruptions that occur within any 168-hour period will constitute a single occurrence. Volcanic Action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

(3) This exclusion does not apply to:

(a) Personal property in transit;

(b) Personal property at an "exhibition";

(c) Sales representative property; or

(d) Personal property in the custody of any officer or employee of the

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insured while traveling outside of the Coverage Territory.

c. Fungus, Wet Rot or Dry Rot

Presence, growth, proliferation, spread or any activity of "fungus", wet rot or dry rot.

But if "fungus", wet rot or dry rot re sults in any of the "specified causes of loss", we will pay for the loss or damage caused by such "specified causes of loss".

This exclusion does not apply:

(1) When "fungus", wet rot or dry rot results from fire or lightning; or

(2) To the extent that coverage is provided under the Limited Coverage for Fungus, Wet Rot or Dry Rot Additional Coverage.

d. Governmental Action

Seizure or destruction of property by order of governmental authority except as provided for under the Additional Coverage – Ordinance or Law Coverage.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Part.

e. Intentional Loss

Any act an insured commits or conspires to commit with the intent to cause a loss.

In the event of such loss, no insured is entitled to coverage, including insureds who did not commit or conspire to commit the act causing the loss.

f. Neglect

Neglect of an insured to use reasonable means to save and preserve property from further damage at and after the time of loss.

g. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination results in fire, we will pay for the loss or damage caused by that fire.

h. Ordinance or Law

(1) The enforcement of any ordinance or law:

(a) Regulating the construction, use or repair of any property; or

(b) Requiring the tearing down of any property, including the cost of removing its debris.

(2) This exclusion, Ordinance or Law, applies whether the loss res ults from:

(a) An ordinance or law that is enforced even if the property has not been damaged; or

(b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

i. Utility Services

The failure or fluctuation of power, communication, water or other utility service supplied to the described premises, however caused, if the failure or fluctuation:

(1) Originates away from the described premises; or

(2) Originates at the described premises, but only if such failure or fluctuation involves equipment used to supply the utility service to the described premises from a source away from the described premises.

Failure or fluctuation of any utility service includes lack of sufficient capacity and reduction in supply.

But if the failure or fluctuation of power, communication, water or other utility service results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause or Loss.

Communication services include service relating to Internet access or access to any electronic, cellular or satellite network.

j. Virus or Bacteria

(1) Any virus, bacterium, or other microorganism that induces or is capable of inducing physical distress, illness or disease.

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(2) With respect to any loss or damage subject to this exclusion, this exclusion supersedes any exclusion relating to "pollutants".

k. War and Military Action

(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; or

(3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

l. Water

(1) Any of the following, all whether naturally occurring or due to man-made or other artificial causes:

(a) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether driven by wind (including storm surge) or not;

(b) Mudslide or mudflow;

(c) Water or sewage that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment. However, this exclusion does not apply to the backup or overflow of water or sewage from drains within a building if the backup or overflow is not otherwise directly or indirectly caused by the Water Exclusions in Paragraphs **(a)** or **(b)** above or in Paragraphs **(d)** or **(e)** below.

(d) Water under the ground surface pressing on, or flowing or seeping through:

(i) Foundations, walls, floors or paved surfaces;

(ii) Basements, whether paved or not; or

(iii) Doors, windows or other openings; or

(e) Waterborne material carried or otherwise moved by any of the water referred to in Paragraphs **(a)**, **(c)** and **(d)** above, or material carried or otherwise moved by mudslide or mudflow.

But if **Water**, as described in **(a)** through **(e)** above, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

(2) This exclusion does not apply to:

(a) Personal property in transit;

(b) Personal property at an "exhibition";

(c) Sales representative property; or

(d) Personal property in the custody of any officer or employee of the insured while traveling outside of the Coverage Territory.

2. We will not pay for loss or damage caused by or resulting from any of the following:

a. Collapse

(1) Collapse, including any of the following conditions of property or any portion of the property:

(a) An abrupt falling down or caving in;

(b) Loss of structural integrity, including separation of portions of the property or property in danger of falling down or caving in; or

(c) Any cracking, bulging, sagging, bending, leaning, settling, shrinkage, or expansion as such condition relates to Paragraphs **(a)** or **(b)** above.

But if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.

(2) This Exclusion does not apply:

(a) To an abrupt collapse to the extent that coverage is provided under the Abrupt Collapse Additional Coverage in **(3)** below; or

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(b) To collapse of Covered Property caused by one or more of the following:

(i) Any of the "specified causes of loss" or breakage of building glass, all only as insured against in this Coverage Part;

(ii) Weight of rain that collects on a roof; or

(iii) Weight of people or personal property.

(3) Abrupt Collapse Additional Coverage

The term Covered Cause of Loss includes abrupt collapse as described and limited under Paragraphs **(a)** through **(g)** below.

(a) As used in this Additional Coverage, abrupt collapse means abrupt falling down or caving in of a building or any portion of a building with the result that the building or portion of the building cannot be occupied for its intended purpose.

(b) We will pay for direct physical loss of or damage to Covered Property, caused by abrupt collapse of a building or any portion of a building that is insured under this Coverage Form, or that contains Covered Property insured under this Coverage Form, if such collapse is caused by one or more of the following:

(i) Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;

(ii) Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;

(iii) Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation;

(iv) Use of defective material or methods of construction, remodeling or renovation if the abrupt collapse occurs after the construction, remodeling, or renovation is complete, but only if the collapse is caused in part by:

- A cause of loss listed in Paragraphs **(3)(b)(i)** or **(3)(b)(ii)** above;
- One or more of the "specified causes of loss";
- Breakage of building glass;
- Weight of people or property; or
- Weight of rain that collects on a roof.

(c) Abrupt collapse under Paragraphs **(3)(a)** and **(b)** above does not apply to:

(i) A building or any portion of a building that is in danger of falling down or caving in;

(ii) A portion of a building that is standing, even if it has separated from another portion of the building; or

(iii) A building that is standing or any portion of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

(d) With respect to the following property:

(i) Television and radio towers, antennas, satellite dishes, guy wires, lead-in wiring and masts;

(ii) Awnings, canopies, gutters, downspouts and fences;

(iii) Yard fixtures;

(iv) Outdoor swimming pools;

(v) Bulkheads, pilings, piers, wharves and docks;

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(vi) Beach or diving platforms or appurtenances;

(vii) Retaining walls;

(viii) Underground pipes, flues or drains; and

(ix) Walkways, roadways and other paved surfaces;

if abrupt collapse is caused by a Cause of Loss listed in Paragraphs **(3)(b)(i)** through **(3)(b)(iv)** above, we will pay for loss or damage to that property only if:

(i) Such loss or damage is a direct result of the abrupt collapse of a building or any portion of a building insured under this Coverage Form; and

(ii) The property is Covered Property under this Coverage Form.

(e) If personal property abruptly falls down or caves in and such collapse is not the result of abrupt collapse of a building or any portion of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:

(i) The collapse of personal property was caused by a Cause of Loss listed in Paragraphs **(3)(b)(i)** through **(3)(b)(iv)** above;

(ii) The personal property which collapses is inside a building; and

(iii) The personal property which collapses is not of a kind listed in Paragraph **(3)(d)** above, regardless of whether that kind of property is considered to be personal property or real property.

(f) This Abrupt Collapse Additional Coverage does not apply to personal property that has not abruptly fallen down or caved in, even if the personal property shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

(g) This Abrupt Collapse Additional Coverage will not increase the Limits of Insurance provided in this Coverage Part.

b. Consequential Loss

(1) Delay, loss of use or loss of market; or

(2) Loss of business income or extra expense except as specifically provided in this Coverage Part.

c. Dishonesty

Dishonest or criminal act by you, any of your partners, members, officers, managers, employees (including leased employees), directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:

(1) Acting alone or in collusion with others; or

(2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees (including leased employees), but theft by employees is not covered.

This exclusion does not apply to carriers for hire.

d. Electrical Damage or Disturbance

Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs or otherwise interferes with any:

(1) Electrical or electronic wire, device, appliance, system or network; or

(2) Device, appliance, system or network utilizing cellular or satellite technology.

Electrical, magnetic or electromagnetic energy includes:

(1) Electrical current, including arcing;

(2) Electrical charge produced or conducted by a magnetic or electromagnetic field;

(3) Pulse of electromagnetic energy;

(4) Electromagnetic waves or microwaves.

But if fire results, we will pay for the loss or damage caused by that fire.

This Exclusion does not apply to loss or damage to "electronic data processing

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equipment" or "electronic data processing data and media".

e. Explosion

Explosion of steam boilers, steam generators, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control.

But if explosion of steam boilers, steam generators, steam pipes, steam engines, or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

f. Exposed Property

Rain, snow, sand, dust, ice or sleet to personal property in the open (other than to property in the custody of a carrier for hire).

g. Freezing

Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning, ventilation or other equipment (except fire protective systems) caused by or resulting from freezing, unless:

(1) You do your best to maintain heat in the building or structure; or

(2) You drain the equipment and shut off the supply if the heat is not maintained.

h. Liquid Seepage or Leakage

Continuous or repeated seepage or leakage of water or other liquid, or the presence or condensation of humidity, moisture or vapor that occurs over a period of 14 days or more.

i. Other Types of Losses

(1) Wear and tear;

(2) Rust, or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;

(3) Smog;

(4) Settling, cracking, shrinking, bulging or expansion;

(5) Nesting or infestation or discharge or release of waste products or secretions, by insects, birds, rodents or other animals;

(6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision.

This Exclusion does not apply to loss or damage to "electronic data processing equipment" or "electronic data processing data and media";

(7) The following causes of loss to personal property:

(a) Dampness or dryness of atmosphere;

(b) Changes in or extremes of temperature;

(c) Changes in flavor, color, texture or finish;

(d) Contamination by other than "pollutants"; and

(e) Marring or scratching.

But if an excluded cause of loss that is listed in Paragraphs **(1)** through **(7)** above results in any of the "specified causes of loss" or building glass breakage, we will pay for the loss or damage caused by such "specified causes of loss" or building glass breakage.

Also, if an excluded caus e of loss listed in Paragraphs **(1)** through **(5)** or **(7)** above results in mechanical breakdown of "electronic data processing equipment", we will pay for the loss or damage caused by that mechanical breakdown of "electronic data processing equipment".

j. Pollution

Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in any of the "specified causes of loss", we will pay for the loss or damage caused by such "specified causes of loss".

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k. Smoke, Vapor or Gas

Smoke, vapor or gas from agricultural smudging or industrial operations.

This exclusion does not apply to emissions or puff backs of smoke, soot, fumes or vapors from a boiler, furnace or related equipment.

l. Voluntary Parting

Voluntary parting with any property by you or anyone else to whom you have entrusted the property.

This Exclusion does not apply to insurance provided under this Coverage Form for personal property in transit if the loss to Covered Property is caused by your acceptance, in good faith, of false bills of lading or shipping receipts.

3. We will not pay for loss or damage caused by or resulting from any of the following, **3.a.** through **3.c.**, but if an excluded cause of loss that is listed in **3.a.** and **3.b.** below results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in **C.1.** above to produce the loss or damage.

b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body except as provided in the Additional Coverage – Ordinance or Law Coverage.

c. Faulty, inadequate or defective:

(1) Planning, zoning, development, surveying, siting;

(2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;

(3) Materials used in repair, construction, renovation or remodeling; or

(4) Maintenance;

of part or all of any property on or off the described premises.

If an excluded cause of loss that is listed in **3.c.** above results in a Covered Cause of Loss, we will pay for the resulting loss or damage caused by that Covered Cause of Loss. But we will not pay for:

(1) Any cost of:

(a) Correcting or making good the fault, inadequacy or defect itself; or

(b) Tearing down, tearing out, repairing or replacing any part of any property to correct the fault, inadequacy or defect;

except as specifically provided under the Water or Other Substance Loss – Tear Out and Replacement Expense Additional Coverage; or

(2) Any resulting loss or damage by a Covered Cause of Loss to the property that has the fault, inadequacy or defect until the fault inadequacy or defect is corrected.

4. Special Exclusions

The following exclusions apply only with respect to the specified coverage or property.

a. Accounts Receivable

Under the Accounts Receivable Coverage Extension, we will not pay for:

(1) Loss or damage caused by or resulting from bookkeeping, accounting or billing errors or omissions;

(2) Any loss or damage that requires an audit of records or an inventory computation to prove its factual existence; or

(3) Loss or damage caused by or resulting from alteration, falsification, concealment or destruction of records of accounts receivable done to conceal wrongful giving, taking or withholding of money, securities or other property. But this exclusion only applies to the wrongful giving, taking or withholding.

b. Valuable Papers and Records

We will not pay for any loss of or damage to "valuable papers and records" caused by or resulting from the following. In addition, we will not pay for any loss that is a consequence of such loss or damage.

(1) Unauthorized viewing, copying or use of electronic data (or any proprietary or confidential information or intellectual property in any form) by any person, even if such activity is characterized as theft;

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(2) Errors or omissions in processing or copying. But if errors or omissions in processing or copying results in fire or explosion, we will pay for the resulting loss or damage caused by that fire or explosion; or

(3) Unauthorized instructions to transfer property to any person or place.

c. **Electronic Data Processing Equipment and Electronic Data Processing Data and Media**

(1) We will not pay for loss of or damage to "electronic data processing equipment", any other programmable electronic machines, "electronic data processing data and media" or other electronic data caused by or resulting from the following. In addition, we will not pay for any loss that is a consequence of such loss or damage.

(a) Programming errors, omissions or incorrect instructions to a machine. But if programming errors, omissions or incorrect instructions to a machine result in any of the "specified causes of loss" or result in mechanical breakdown of "electronic data processing equipment", we will pay for the loss or damage caused by that "specified cause of loss" or mechanical breakdown of "electronic data processing equipment";

(b) Unauthorized viewing, copying or use of "electronic data processing data and media" by any person, even if such activity is characterized as theft;

(c) Errors or deficiency in design, installation, maintenance, repair or modification of your electronic data processing system or any electronic data processing system or network to which your system is connected or on which your system depends (including the electronic data in such system or network). But if errors or deficiency in design, installation, maintenance, repair or modification of your electronic data processing system or any electronic data processing system or network to which your system is connected or on which your system depends (including the electronic data in such system or network) results in any of the "specified causes of loss" or results in mechanical breakdown of "electronic data processing equipment", we will pay for the loss or damage caused by that "specified cause of loss" or mechanical breakdown of "electronic data processing equipment"; or

(d) Unexplained or indeterminable failure, malfunction or slowdown of any electronic data processing system or network, including the electronic data in such system or network, and the inability to access or properly manipulate the electronic data.

(2) We will not pay for loss of or damage to "electronic data processing data and media" or other electronic data while being sent electronically. In addition, we will not pay for any loss that is a consequence of such loss or damage.

5. **Additional Exclusion**

The following exclusion applies only to loss or damage to the specified property and to loss that is a consequence of such loss or damage to the specified property.

Loss or Damage to Products

We will not pay for loss of or damage to any merchandise, goods or other product caused by or resulting from error or omission by any person or entity (including those having possession under an arrangement where work or a portion of the work is outsourced) in any stage of the development, production or use of the product, including planning, testing, processing, packaging, installation, maintenance or repair. This exclusion applies to any effect that compromises the form, substance, or quality of the product. But, if such error or omission results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

D. LIMITATIONS

The following limitations apply to all coverage forms and endorsements unless otherwise stated.

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1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.
   a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
   b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
   c. The "interior of a building or structure", or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
      (1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
      (2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
   d. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.

      This limitation does not apply to property in the custody of a carrier for hire.
   e. Property that has been transferred to a person or place outside the described premises on the basis of unauthorized instructions.
   f. Trees, shrubs, plants or lawns on a vegetative roof or "stock" of outdoor trees, shrubs and plants caused by or resulting from:
      (1) Dampness or dryness of atmosphere;
      (2) Changes in or extremes of temperature; or
      (3) Rain, snow, sand, dust, ice or sleet.

2. The special limit shown for each category, **a.** through **c.**, is the total limit for loss of or damage to all property in each category. The special limit applies to any one occurrence of theft, regardless of the types or number of articles that are lost or damaged in that occurrence. The special limits are:
   a. $25,000 for furs, fur garments and garments trimmed with fur.
   b. $25,000 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals, but;
      (1) This limit is increased to $50,000 for gold, silver, platinum, and other precious alloys or metals used as a raw material in your manufacturing process; and
      (2) This limit does not apply to jewelry and watches worth $100 or less per item.
   c. $5,000 for stamps, tickets (including lottery tickets held for sale) and letters of credit.

   These special limits are part of, not in addition to, the Limit of Insurance applicable to the Covered Property.
3. If the building where loss or damage occurs has been "vacant" for a period of more than 60 consecutive days before that loss or damage occurs:
   a. We will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:
      (1) Vandalism;
      (2) Sprinkler leakage, unless you have protected the system against freezing;
      (3) Building glass breakage;
      (4) Water damage;
      (5) Theft; or
      (6) Attempted theft.
   b. With respect to Covered Causes of Loss other than those listed in **a.(1)** through **a.(6)** above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

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E. LIMITS OF INSURANCE

The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations, Schedules, Coverage Form(s), or Endorsement(s).

Payments under:

1. The following Additional Coverages:
   a. Fire Department Service Charge;
   b. Fire Protective Equipment Discharge;
   c. Limited Coverage for Fungus, Wet Rot or Dry Rot;
   d. Stored Water; and
   e. Water or Other Substance Loss – Tear Out and Replacement Expense;

   and
2. The following Coverage Extensions:
   a. Covered Leasehold Interest – Undamaged Improvements and Betterments; and
   b. Theft Damage To Rented Property;

are included in and do not increase the applicable Limits of Insurance.

Payments under the Debris Removal Additional Coverage and the Preservation of Property Additional Coverage are included in the applicable Covered Property Limit(s) of Insurance and/or are additional insurance, as described in the Debris Removal Additional Coverage in Section **A.3.a.** and the Preservation of Property Additional Coverage in Section **A.3.j.**

Payments under the Electronic Data Processing Data and Media Coverage Extension are included in the applicable Covered Property Limit(s) of Insurance and/or are additional insurance, as described in the Electronic Data Processing Data and Media Coverage Extension in Section **A.4.g.**

The remaining Additional Coverages in Section **A.3.** and the remaining Coverage Extensions in Section **A.4.** are additional insurance.

F. DEDUCTIBLE

We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the applicable Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the applicable Deductible, up to the applicable Limit of Insurance.

Unless otherwise stated, if more than one deductible amount applies to loss or damage in any one occurrence, the total of the deductible amounts applied in that occurrence will not exceed the amount of the largest applicable deductible.

G. LOSS CONDITIONS

The following conditions apply in addition to the Common Policy Conditions – Deluxe:

1. **Abandonment**

   There can be no abandonment of any property to us.
2. **Appraisal**

   If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:
   a. Pay its chosen appraiser; and
   b. Bear the other expenses of the appraisal and umpire equally.

   If there is an appraisal, we will still retain our right to deny the claim.
3. **Duties in the Event of Loss or Damage**
   a. You must see that the following are done in the event of loss of or damage to Covered Property:
      (1) Notify the police if a law may have been broken.
      (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
      (3) As soon as possible, give us a description of how, when, and where the loss or damage occurred.
      (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set

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the damaged property aside and in the best possible order for examination.

(5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.

(6) As often as may be reasonably required, permit us to inspect the property and records proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis and permit us to make copies from your books and records.

(7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

(8) Cooperate with us in the investigation or settlement of the claim.

(9) You will not, except at your own cost, voluntarily make a payment, assume any obligation, or incur any expense without our consent except as respects to protecting property from further damage.

b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's book s and records. In the event of an examination, an insured's answers must be signed.

4. Loss Payment

a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:

(1) Pay the value of lost or damaged property;

(2) Pay the cost of repairing or replacing the lost or damaged property subject to **b.**, **c.**, **d.** and **e.** below;

(3) Take all or any part of the property at an agreed or appraised value; or

(4) Repair, rebuild, or replace the property with other property of like kind and quality subject to **b.**, **c.**, **d.** and **e.** below.

b. A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable Coverage Part provisions including Limits of Insurance, the Valuation Loss Condition and all other provisions of this Loss Payment Loss Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Additional Condition – Transfer of Rights of Recovery Against Others To Us in this Coverage Form.

c. Except as provided in the Additional Coverage - Ordinance or Law Coverage, the cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

d. The following loss payment provisions are subject to the apportionment procedures set forth in Additional Coverage – Ordinance or Law Coverage:

The most we will pay, for the total of all covered losses in any one occurrence under Coverage **A** – Coverage For Loss To The Undamaged Portion of the Building, Coverage **B** – Demolition Cost Coverage and Coverage **C** – Increased Cost of Construction Coverage, is the Combined Limit of Insurance shown in the Declarations for Ordinance or Law Coverage. Subject to this Combined Limit of Insurance, the following loss payment provisions apply:

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(1) For a loss in value of an undamaged portion of a building to which Coverage **A** applies, the loss payment for that undamaged portion of the building will be determined as follows:

(a) If Replacement Cost Coverage applies and the property is being repaired or replaced, on the same or another location, we will not pay more than the lesser of:

(i) The cost to repair, rebuild or reconstruct the undamaged portion of the building that was necessarily demolished as a consequence of the ordinance or law but not for more than the amount it would cost to restore that undamaged portion of the building on the same location and to the same height, floor area, style and comparable quality of the original property insured; or

(ii) The Combined Limit of Insurance shown in the Declarations for the Additional Coverage – Ordinance or Law Coverage.

(b) If Replacement Cost Coverage applies and the property is not repaired or replaced, or if Replacement Cost Coverage does not apply, we will not pay more than the lesser of:

(i) The Actual Cash Value at the time of loss of the undamaged portion of the building that is required to be demolished as a consequence of the ordinance or law; or

(ii) The Combined Limit of Insurance shown in the Declarations for the Additional Coverage – Ordinance or Law Coverage.

(2) Loss payment under Coverage **B** will be determined as follows:

(a) The amount you actually spend to demolish and clear the site; or

(b) The Combined Limit of Insurance shown in the Declarations for the Additional Coverage – Ordinance or Law Coverage;

whichever is less.

(3) Loss payment under Coverage **C** will be determined as follows:

(a) We will not pay under Coverage **C**:

(i) Until the property is actually repaired or replaced, at the same or another location; and

(ii) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

(b) If the building is repaired or replaced at the same location, or if you elect to rebuild at another location, the most we will pay under Coverage **C** is the lesser of:

(i) The increased cost of construction at the same location; or

(ii) The Combined Limit of Insurance shown in the Declarations for the Additional Coverage – Ordinance or Law Coverage.

(c) If the ordinance or law requires relocation to another location, the most we will pay under Coverage **C** is the lesser of:

(i) The increased cost of construction at the new location; or

(ii) The Combined Limit of Insurance shown in the Declarations for the Additional Coverage – Ordinance or Law Coverage.

e. Except as specifically provided under the:

(1) Green Building Alternatives – Increased Cost Additional Coverage; and

(2) Green Building Reengineering and Recertification Expense Additional Coverage;

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the cost to repair, rebuild or replace does not include any cost incurred to reattain a pre-loss level of "green building" certification from a "Green Authority".

f. With respect to our options listed in **4.a.(1)** through **4.a.(4)** above, we will give notice of our intentions within 30 days after we receive the proof of loss.

g. We will not pay you more than your financial interest in the Covered Property.

h. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owner's property. We will not pay the owners more than their financial interest in the Covered Property.

i. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.

j. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if:

(1) You have complied with all of the terms of this Coverage Part; and

(2) **(a)** We have reached agreement with you on the amount of loss; or

(b) An appraisal award has been made.

k. At our option, we may make a partial payment toward any claims, subject to the policy provisions and our normal adjustment process. To be considered for a partial claim payment, you must submit a partial sworn proof of loss with supporting documentation. Any applicable policy deductibles must be satisfied before any partial payments are made.

5. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property.

a. We will pay:

(1) Recovery expenses; and

(2) Costs to repair the recovered property;

b. But the amount we will pay will not exceed:

(1) The total of **a.(1)** and **a.(2)** above;

(2) The value of the recovered property; or

(3) The Limit of Insurance;

whichever is less.

6. Valuation

We will determine the value of Covered Property in the event of loss or damage as follows:

a. At replacement cost as of the time of loss or damage, except as otherwise provided in this Valuation Loss Condition. Replacement cost is the cost to replace Covered Property at the time of loss or damage without deduction for depreciation.

(1) You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim on a replacement cost basis if you notify us of your intent to do so within 180 days after the loss or damage.

(2) We will not pay on a replacement cost basis for any loss or damage:

(a) Until the lost or damaged property is actually repaired or replaced; and

(b) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

Instead, we will pay on an actual cash value basis. This restriction does not apply to losses less than $10,000.

(3) We will not pay more for loss or damage on a replacement cost basis than the least of **(a)**, **(b)**, or **(c)**, subject to **(4)** below:

(a) The Limit of Insurance applicable to the lost or damaged property;

(b) The cost to replace, at the same premises, the lost or damaged property with other property;

(i) Of comparable material and quality; and

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(ii) Used for the same purpose; or

(c) The amount you actually spend that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a different premises, the cost described in (b) above is limited to the cost which would have been incurred had the building been built at the original premises.

(4) The cost to repair, rebuild, or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property, except as provided in the Additional Coverage - Ordinance or Law Coverage.

b. "Electronic data processing equipment" will be valued at replacement cost as of the time and place of loss, in accordance with the replacement cost provisions contained in this Valuation Loss Condition. However, if replacement of "electronic data processing equipment" with comparable property is impossible, the replacement cost will be the cost of items that are similar to the damaged or destroyed equipment and intended to perform the same function, but which may include technological advances.

In no event will the value determined for:

(1) "Electronic data processing equipment" owned by others exceed the amount for which you are liable; or

(2) "Electronic data processing equipment" that is obsolete or no longer used by you exceed the actual cash value of such equipment at the time of loss.

c. "Electronic data processing data and media" will be valued at:

(1) The cost of blank media; and

(2) The cost of labor to copy the electronic data from a duplicate of the electronic data, but only if the lost electronic data is actually copied.

The restoration of "electronic data processing data and media" for which duplicates do not exist is provided under the Electronic Data Processing Data and Media Coverage Extension.

d. Tenant's improvements and betterments at:

(1) Replacement cost of the lost or damaged property if it is actually repaired or replaced as soon as reasonably possible.

(2) A proportion of your original cost if you do not make repairs as soon as reasonably possible. We will determine the proportionate value as follows:

(a) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and

(b) Divide the amount determined in (a) above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

(3) Nothing if others pay for repairs or replacement.

e. Personal property you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.

f. Personal property of others at the lesser of:

(1) The valuation of such property if it were owned by you; or

(2) The amount for which you are contractually liable, not to exceed the replacement cost.

g. "Stock" in process at the cost of raw materials and labor, plus the proper proportion of overhead charges.

h. Finished "stock" you manufacture at:

(1) The selling price, as if no loss or damage occurred;

(2) Less discounts and expenses you otherwise would have had.

i. Personal property in transit at:

(1) (a) The amount of invoice; or

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(b) In the absence of an invoice, the least of the following:

(i) The value of the Covered Property;

(ii) The cost of reasonably restoring that property to its condition immediately before loss or damage; or

(iii) The cost of replacing that property with substantially the same property;

plus

(2) The amount of any prepaid freight charges and other shipping costs or charges that are incurred while the property is in transit.

j. Glass at:

(1) The cost of replacement with safety glazing material if required by law;

plus

(2) The amount of reasonable expenses incurred to put up temporary plates or board up openings if repair or replacement of the damaged glass is delayed.

k. "Valuable papers and records" at the cost of:

(1) Blank material for reproducing the records; and

(2) Labor to transcribe or copy records for which duplicates exist.

The restoration of data on "valuable papers and records" for which duplicates do not exist is provided under the Valuable Papers and Records – Cost of Research Coverage Extension.

l. Works of arts, antiques or rare articles at the least of:

(1) The price at which the property could likely be sold prior to loss or damage if offered for sale in a fair market on the date the loss or damage occurred;

(2) The cost of reasonably restoring that property; or

(3) The cost of replacing that property with substantially the same property.

m. Personal property at "exhibitions" at the lesser of replacement cost or the original cost to you.

n. Patterns, dies, molds, and forms not in current usage at actual cash value. If loss is paid on an actual cash value basis, and within 24 months from the date of the loss you need to repair or replace one or more of them, we will pay you, subject to the conditions of this insurance, the difference between actual cash value and replacement cost for those patterns, molds and dies which are actually repaired or replaced.

o. Personal property valuation includes the pro-rated value of non-refundable and non-transferable extended warranties, maintenance contracts or service contracts that you purchased, on lost or damaged personal property that you repair or replace. This applies only when the extended warranty, maintenance contract or service contract is voided due to the loss or damage to the personal property.

p. If branded or labeled merchandise that is Covered Property is damaged by a Covered Cause of Loss and we take all or part of the property at an agreed or appraised value, we will pay, subject to the Limit of Insurance that applies to the damaged property:

(1) The reasonable expenses you incur to:

(a) Stamp the word *Salvage* on the merchandise or its containers, if the stamp will not physically damage the merchandise; or

(b) Remove the brands or labels, if doing so will not physically damage the merchandise. You must re-label the merchandise or its containers to comply with the law.

(2) The reduction in the salvage value of the damaged merchandise with the brand or label removed.

q. If you decide to repair or rebuild buildings which have sustained loss or damage, our payment will include any reasonable and necessary architectural, engineering, consulting or supervisory fees incurred. This will not increase the applicable Limits of Insurance.

r. Pairs, sets or parts:

(1) In case of loss to any part of a pair or set we may at our option:

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(a) Repair or replace any part to restore the pair or set to its value before the loss; or

(b) Pay the difference between the value of the pair or set before and after the loss.

(2) In case of loss to any part of Covered Property consisting of several parts when complete, we will only pay for the value of the lost or damaged part.

H. ADDITIONAL CONDITIONS

The following conditions apply in addition to the Common Policy Conditions – Deluxe:

1. Concealment, Misrepresentation or Fraud

This Coverage Part is void in any case of fraud by you as it relates to this Coverage Part at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

a. This Coverage Part;

b. The Covered Property;

c. Your interest in the Covered Property; or

d. A claim under this Coverage Part.

2. Control of Property

The breach of any condition of this Coverage Part as a result of act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

3. Currency

The amounts used within this Coverage Part are in the currency of the United States of America and all premium and losses are payable in United States currency. In the event of a loss adjustment involving currency other than United States currency, the conversion into United States currency will be at the published rate of exchange as of the date of the loss.

4. Legal Action Against Us

No one may bring a legal action against us under this Coverage Part unless:

a. There has been full compliance with all of the terms of this Coverage Part; and

b. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

5. Liberalization

If we adopt any revision that would broaden the coverage under this Coverage Part without additional premium within 60 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Part.

6. Mortgageholders

a. The term mortgageholder includes trustee.

b. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.

c. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.

d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:

(1) Pays any premium due under this Coverage Part at our request if you have failed to do so;

(2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and

(3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All of the terms of this Coverage Part will then apply directly to the mortgageholder.

e. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

(1) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and

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(2) The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

f. If we cancel this policy, we will give written notice to the mortgageholder at least:

(1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or

(2) 60 days before the effective date of cancellation if we cancel for any other reason.

g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 60 days before the expiration date of this policy.

7. No Benefit to Bailee

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

8. Other Insurance

a. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.

b. If there is other insurance covering the same loss or damage, other than that described in Paragraph **a.** above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

c. If loss or damage is also covered by a service agreement, any amounts payable for such loss or damage under this Coverage Part will be excess over any amounts payable under such agreement. Service agreement means a service plan, property restoration plan, or similar service warranty agreement, even if it is characterized as insurance.

9. Policy Period, Coverage Territory

Under this Coverage Part:

a. We cover loss or damage commencing:

(1) During the policy period shown in the Declarations; and

(2) Within the Coverage Territory.

b. Except as otherwise specifically provided, the Coverage Territory is:

(1) The United States of America (including its territories and pos sessions);

(2) Puerto Rico; and

(3) Canada.

10. Transfer of Rights of Recovery Against Others to Us

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do n othing after loss to impair them. But you may waive your rights against another party in writing:

a. Prior to a loss under this Coverage Part.

b. After a loss under this Coverage Part only if, at time of loss, that party is one of the following:

(1) Someone insured by this insurance;

(2) A business firm:

(a) Owned or controlled by you; or

(b) That owns or controls you; or

(3) Your tenant.

This will not restrict your insurance.

11. Unintentional Errors In Description

Your error in ho w you describe the addre ss of a location in the Location Schedule shall not prejudice coverage afforded by this policy, provided such error is not intentional. Any such error shall be reported and corrected when discovered and appropriate premium charged.

I. OPTIONAL COVERAGES

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.

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1. **Actual Cash Value** replaces the term Replacement Cost where used in the Valuation Loss Conditions in Section **G.6.** of this Coverage Form.

2. **Inflation Guard**

   a. The Limit of Insurance for property to which this Optional Coverage applies will automatically increase by the annual percentage shown in the Declarations.

   b. The amount of increase will be:

      (1) The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance; times

      (2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08); times

      (3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

   Example:

   If:

   The applicable Limit of Insurance is: $100,000

   The annual percentage increase is: 8%

   The number of days since the beginning of the policy year (or last policy change) is: 146

   The amount of the increase is: $100,000 x .08 x 146/365 = $3,200

J. DEFINITIONS

1. **"Electronic Data Processing Data and Media"** means the following:

   a. "Electronic data processing data and media" means:

      (1) Data stored on, created or used on, or transmitted to or from computer software (including systems and applications software) on electronic data processing recording or storage media such as hard or floppy disks, CDs, DVDs, flash memory, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment;

      (2) The electronic media on which the data is stored; and

      (3) Programming records and instructions used with "electronic data processing equipment".

   b. "Electronic data processing data and media" does not mean:

      (1) Prepackaged software;

      (2) Property that you manufacture or hold for sale; or

      (3) Property that is licensed, leased, or rented to others.

2. **"Electronic Data Processing Equipment"** means the following:

   a. "Electronic data processing equipment" means any of the following equipment used in your data processing operations:

      (1) Electronic data processing equipment, facsimile machines, word processors, multi-functional telephone equipment and laptop and portable computers; and

      (2) Any component parts or peripherals of such equipment, including related surge protection devices.

   b. "Electronic data processing equipment" does not mean:

      (1) Property that is in the course of manufacture, or held for sale or distribution by you;

      (2) Property that is leased or rented to others; or

      (3) Equipment that is used to control or operate production-type machinery or equipment.

3. **"Employee Tools"** means tools and equipment owned by your employees and used in your business operations.

4. **"Exhibition"** means the temporary display of personal property at a convention, exposition, trade show or similar event at a location you do not own or regularly occupy.

5. **"Fine Arts"** means paintings, etchings, pictures, tapestries, art glass windows, valuable rugs, statuary, marbles, bronzes, antique furniture, rare books, antique silver, manuscripts, porcelains, rare glass, bric-a-brac and

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similar property of rarity, historical value, or artistic merit.

6. **"Fungus"** means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents, or by-products produced or released by fungi.
7. **"Green"** means products, materials, methods and processes that conserve natural resources, reduce energy or water consumption, avoid toxic or other polluting emissions or otherwise minimize the environmental impact.
8. **"Green Authority"** means a recognized authority on "green" building or "green" products, materials or processe s.
9. **"Interior of a Building or Structure"** means any portion of a building or structure that is within the exterior-facing surface material of the building or structure.
10. **"Pollutants"** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, waste and any unhealthful or hazardous building materials (including but not limited to asbestos and lead products or materials containing lead). Waste includes materials to be recycled, reconditioned or reclaimed.
11. **"Sinkhole Collapse"** means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite.

    This cause of loss does not include:

    (1) The cost of filling sinkholes; or

    (2) Sinking or collapse of land into man made underground cavities.
12. **"Specified Causes of Loss"** means the following: Fire; lightning; explosion; windstorm or hail; smoke (including the emission or puff back of smoke, soot, fumes or vapors from a boiler, furnace or related equipment); aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; "sinkhole collapse"; volcanic action; falling objects as limited below; weight of snow, ice or sleet; "water damage", all only as otherwise insured against in this Coverage Part.

    Falling objects does not include loss or damage to:

    a. Personal property in the open; or

    b. The "interior of a building or structure", or property inside a building or structure, unless the roof or an exterior wall of the building or structure is first damaged by a falling object.

    When the Causes of Loss – Earthquake endorsement, Causes of Loss – Earthquake Sprinkler Leakage endorsement or Causes of Loss – Broad Form Flood endorsement is included in this Coverage Part, "specified causes of loss" also includes such cause of loss, but only to the extent such cause of loss is insured against under this Coverage Part.
13. **"Stock"** means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.
14. **"Territorial Waters"** means that portion of the sea which is immediately adjacent to the shores of any country and over which the sovereignty and exclusive jurisdiction of that country extends, but not exceeding 12 nautical miles from the mean low-water mark of the shore of that country.
15. **"Vacant"** means the following:

    a. When this policy is issued to a tenant, a building is "vacant" when it does not contain enough business personal property to conduct customary operations. With respect to tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant.

    b. When this policy is issued to the owner or general lessee of a building, a building is "vacant" unless at least 31% of its total square footage is:

    (1) Rented to a lessee or sub-lessee and used by the lessee or sub-lessee to conduct its customary operations; and/or

    (2) Used by the building owner to conduct customary operations.

    With respect to the owner or general lessee's interest in Covered Property, building means the entire building.

    c. A building under construction or renovation is not considered "vacant".
16. **"Valuable Papers and Records"** means inscribed, printed or written documents, manuscripts or records, including abstracts, books, deeds, drawings, films, maps and mortgages.

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But "Valuable papers and records" does not mean:

a. Accounts receivable;

b. Money or securities; or

c. "Electronic data processing data and media" or any other data that exists on electronic media.

17. "Water damage" means:

a. Accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts) that is located on the described premises and contains water or steam; and

b. Accidental discharge or leakage of water as the direct result of the breaking apart or cracking of a water or sewer pipe that is located off the described premises, if the breakage or cracking is caused by wear and tear. This provision serves as an exception to the wear and tear exclusion under the Other Types of Losses Exclusion in Section **(C.2.i.)**. But water damage does not include loss or damage otherwise excluded under the terms of the Water Exclusion **(C.1.l.)**.

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DELUXE BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. REFER TO SECTION G. – DEFINITIONS in this Coverage Form and SECTION J. – DEFINITIONS in the Deluxe Property Coverage Form.

A. COVERAGE

We will pay for:

- The actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration"; and
- The actual Extra Expense you incur during the "period of restoration";

caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business Income and Extra Expense Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 1,000 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

- The portion of the building which you rent, lease or occupy; and
- Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

1. Business Income

a. Business Income means the sum of the:

(1) Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; plus

(2) Continuing normal operating expenses incurred, including payroll.

For manufacturing risks, Net Income includes the net sales value of production.

b. The coverage provided for Business Income is based on the entry shown in the Declarations for "Rental Value". When:

(1) *Included* is shown, the term Business Income includes "Rental Value";

(2) *Excluded* is shown, the term Business Income excludes "Rental Value";

(3) *Only* is shown, the term Business Income means "Rental Value" only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

2. Extra Expense

Extra Expense means reasonable and necessary expenses described in **a.**, **b.** and **c.** below that you incur during the "period of restoration" and that you would not have incurred if there had been no direct physical loss of or damage to property caused by or resulting from a Covered Cause of Loss:

a. Expenses to avoid or minimize the "suspension" of business and to continue "operations" at:

(1) The described premises; or

(2) Replacement premises or temporary locations, including:

(a) Relocation expenses; and

(b) Costs to equip and operate the replacement premises or temporary locations;

b. Expenses to minimize the "suspension" of business if you cannot continue "operations"; or

c. Expenses to repair or replace property, but only to the extent the amount of loss that otherwise would have been payable under this Coverage Form is reduced.

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3. Covered Causes of Loss

Covered Causes of Loss means RISKS OF DIRECT PHYSICAL LOSS unless the loss is excluded or limited in:

a. Section **C.** Exclusions or Section **D.** Limitations of the Deluxe Property Coverage Form; or

b. Section **B.** Exclusions and Limitation of this Coverage Form; or

c. In the Declarations or by endorsement.

4. Additional Coverages

Each of the following Additional Coverages applies subject to the Limit(s) of Insurance stated in this Coverage Form, unless a revised Limit of Insurance or *Not Covered* is indicated in the Declarations or the coverage is otherwise amended by endorsement:

a. Alterations and New Buildings

We will pay for the actual loss of Business Income you sustain and the actual Extra Expense you incur due to direct physical loss or damage at the described premises caused by or resulting from a Covered Cause of Loss to:

(1) New buildings or structures, whether complete or under construction;

(2) Alterations or additions to existing buildings or structures; and

(3) Machinery, equipment, supplies or building materials located on or within 1,000 feet of the described premises and:

(a) Used in the construction, alterations or additions; or

(b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" for Business Income coverage will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred. This change in the start of the "period of restoration" does not apply to Extra Expense.

b. Business Income From Dependent Property

(1) We will pay for:

(a) The actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration"; and

(b) The actual Extra Expense you incur during the "period of restoration";

caused by direct physical loss of or damage to property at the premises of a "dependent property" located anywhere in the world provided that no sanction, embargo or similar regulation imposed by the United States of America prohibits us from covering such loss. The loss or damage to the property must be caused by or result from a Covered Cause of Loss.

(2) This Additional Coverage does not apply to "dependent property" for which you have more specific insurance under this or any other policy.

(3) The most we will pay in any one occurrence under this Additional Coverage for loss of Business Income and Extra Expense arising out of damage to property at the premises of a "dependent property" located:

(a) Within the Coverage Territory is $100,000; and

(b) Anywhere in the world outside of the Coverage Territory is $100,000.

(4) With respect only to the insurance provided under this Additional Coverage, the phrase, *at the described premises*, as used in the definition of "period of restoration" is deleted and replaced by the phrase *at the premises of a "dependent property"*.

c. Civil Authority

(1) When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and the actual Extra Expense you incur caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

(a) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and

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the described premises are within that area but are not more than 100 miles from the damaged property; and

(b) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

(2) Civil Authority Coverage for Business Income will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to thirty consecutive days from the date on which such coverage began.

(3) Civil Authority Coverage for Extra Expense will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end:

(a) Thirty consecutive days after the date of that action; or

(b) When your Civil Authority Coverage for Business Income ends;

whichever is later.

d. Contract Penalties

(1) We will pay for Contract Penalties you incur due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" of your "operations" must be caused by direct physical loss or damage by a Covered Cause of Loss to property at the described premises, including "finished stock" and personal property in the open (or in a vehicle) within 1,000 feet of the described premises.

(2) As used in this Additional Coverage, Contract Penalties means amounts which, under the terms of a written contract that is in effect at the time of the direct physical loss or damage, you are required to pay to your customers for failure to deliver your products or services on time.

(3) The most we will pay for all Contract Penalties incurred in any one occurrence under this Additional Coverage, regardless of the number of contracts involved is $25,000.

e. Extended Business Income

(1) Business Income Other Than "Rental Value"

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this Coverage Part, we will pay for the actual loss of Business Income you incur during the period that:

(a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and

(b) Ends on the earlier of:

(i) The date you could restore your "operations", with reasonable speed, to the level which would generate the Business Income amount that would have existed if no direct physical loss or damage had occurred; or

(ii) 180 consecutive days after the date determined in **(1)(a)** above, unless otherwise stated in the Declarations or by endorsement.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss of or damage to property at the described premises caused by or resulting from a Covered Cause of Loss.

(2) "Rental Value"

If the necessary "suspension" of your "operations" produces a "Rental Value" loss payable under this Coverage Part, we will pay for the actual loss of "Rental Value" you incur during the period that:

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(a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and

(b) Ends on the earlier of:

(i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or

(ii) 180 consecutive days after the date determined in **(2)**(a) above, unless otherwise stated in the Declarations or by endorsement.

However, Extended Business Income does not apply to loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from a Covered Cause of Loss.

f. Fungus, Wet Rot or Dry Rot – Amended Period of Restoration

(1) The coverage described in **f.(2)** and **f.(3)** below only applies when "fungus", wet rot or dry rot is the result of any of the "specified causes of loss", other than fire or lightning, that occurs at the described premises during the policy period, and only if all reasonable means have been used to save and preserve the property from further damage at the time of and after that occurrence.

(2) If the cause of loss at the described premises which results in "fungus", wet rot or dry rot does not, in itself, necessitate a "suspension" of "operations", but such "suspension" of "operations" is necessary due to loss or damage to property at the described premises caused by "fungus", wet rot or dry rot, then our payment for loss of Business Income and Extra Expense is limited to the actual amount of such loss and expense sustained during a period of not more than 30 days unless another number of days is shown in the Declarations. The days need not be consecutive.

(3) If a covered "suspension" of "operations" is caused by a cause of loss at the described premises other than "fungus", wet rot or dry rot, but remediation of resulting loss by "fungus", wet rot or dry rot prolongs the "period of restoration", we will pay for the actual loss of Business Income and the actual Extra Expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to a period of not more than 30 days unless another number of days is shown in the Declarations. The days need not be consecutive.

(4) The Fungus, Wet Rot or Dry Rot exclusion in Section **C.1.c.** of the Deluxe Property Coverage Form does not apply to the insurance specifically provided under this Additional Coverage.

g. Green Building Alternatives – Increased Period of Restoration

If direct physical loss or damage by a Covered Cause of Loss occurs to a building at a described premises, we will pay for the actual loss of Business Income you sustain and the actual Extra Expense you incur during the reasonable and necessary increase in the "period of restoration" that is incurred to:

(1) Repair or replace the lost or damaged portions of the building using products or materials that:

(a) Are "green" alternatives to the products or materials of the lost or damaged property, in accordance with the documented standards of a "Green Authority"; and

(b) Are otherwise of comparable quality and function to the damaged property;

and

(2) Employ "green" methods or processes of construction, disposal or recycling in the course of repair and replacement of the lost or damaged

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building, in accordance with the documented standards of a "Green Authority";

subject to a maximum of 30 additional days, unless another number of days is shown in the Declarations, from the date the "period of restoration" would otherwise have ended.

h. Ordinance or Law – Increased Period of Restoration

(1) If direct physical loss or damage by a Covered Cause of Loss occurs to property at the described premises, we will pay for the actual loss of Business Income you sustain and the actual Extra Expense you incur during the reasonable and necessary increase in the "period of restoration" caused by or resulting from the enforcement of any ordinance or law which:

(a) Regulates the construction or repair of any property;

(b) Requires the tearing down of parts of property not damaged by a Covered Cause of Loss; and

(c) Is in force at the time of loss.

However, this Additional Coverage applies only to the increased period required to repair or reconstruct the property to comply with the minimum standards of such ordinance or law.

(2) This Additional Coverage does not apply to any loss caused by or resulting from:

(a) The enforcement of any ordinance or law which requires:

(i) The demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet rot or dry rot; or

(ii) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet rot or dry rot;

or

(b) The enforcement of any ordinance or law which:

(i) You were required to comply with before the loss, even if the building was undamaged; and

(ii) You failed to comply with.

(3) The Ordinance or Law exclusion in Section **C.1.h.** of the Deluxe Property Coverage Form does not apply to the insurance specifically provided under this Additional Coverage.

(4) The most we will pay for loss and expense in any one occurrence under this Additional Coverage is $250,000.

5. Coverage Extensions

Each of the following Coverage Extensions applies subject to the Limit of Insurance stated in this Coverage Form, unless a different Limit of Insurance or *Not Covered* is indicated in the Declarations, or the coverage is otherwise amended by endorsement:

a. Claim Data Expense

(1) You may extend the insurance provided by this Coverage Form to apply to the reasonable expenses you incur in the preparation of claim data when we require it to adjust a covered loss. This includes the cost of preparing income statements and other documentation to show the extent of loss.

(2) We will not pay for:

(a) Any expenses incurred, directed or billed by or payable to attorneys, insurance adjusters or their associates or subsidiaries;

(b) Any costs as provided in the Appraisal Loss Condition; or

(c) Any expenses incurred, directed or billed by or payable to insurance brokers or agents, or their associates or subsidiaries, without our written consent prior to such expenses being incurred.

(3) The most we will pay in any one occurrence under this Extension is $25,000.

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b. Ingress or Egress

(1) You may extend the insurance provided by this Coverage Form for:

(a) The actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration"; and

(b) The actual Extra Expense you incur during the "period of restoration";

to apply to the actual amount of such loss of Business Income and Extra Expense that you incur when ingress to or egress from the described premises is prevented (other than as provided in the Civil Authority Additional Coverage).

(2) The prevention of ingress to or egress from the described premises must be caused by direct physical loss or damage by a Covered Cause of Loss to property that is away from, but within 1 mile of the described premises, unless a different number of miles is shown in the Declarations. This coverage will apply for up to 30 consecutive days from the date when the ingress or egress is first prevented.

(3) The most we will pay under this Extension for the sum of Business Income loss and Extra Expense incurred in any one occurrence is $25,000.

c. Newly Acquired Locations

(1) You may extend the insurance provided by this Coverage Form for:

(a) The actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration"; and

(b) The actual Extra Expense you incur during the "period of restoration";

to apply to the actual amount of such loss of Business Income and Extra Expense that you incur caused by direct physical loss or damage by a Covered Cause of Loss to property (including property under construction) at any location you newly acquire by purchase, lease or otherwise, other than at "exhibitions".

(2) The most we will pay under this Extension for the sum of Business Income loss and Extra Expense incurred in any one occurrence is $500,000 at each newly acquired location.

(3) With respect only to the insurance provided under this Extension, the phrase, *at the described premises*, as used in the definition of "period of restoration" is deleted and replaced by the phrase *at a newly acquired location*.

(4) Insurance under this Extension for each newly acquired location will end when any of the following first occurs:

(a) This policy expires;

(b) 180 days expire after you acquire or begin to construct the property;

(c) You report the location to us; or

(d) Coverage for Business Income and Extra Expense at the location is more specifically insured.

We will charge you additional premium for values reported from the date you acquire the property.

d. Pollutant Cleanup and Removal

(1) You may extend the insurance provided by this Coverage Form for:

(a) The actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration"; and

(b) The actual Extra Expense you incur during the "period of restoration";

to apply to the actual amount of such loss of Business Income and Extra Expense that you incur during the increased period of time necessarily required to extract "pollutants" from land or water at the described premises.

(2) The insurance provided under this Extension applies only if the discharge, dispersal, seepage, migration, release or escape of the "pollut-

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ants" into the land or water is caused by or results from direct physical loss or damage by any of the "specified causes of loss" which occurs:

(a) To property at the described premises that is Covered Property under the Deluxe Property Coverage Form of this policy; and

(b) During the Policy Period.

(3) The most we will pay under this Extension for the sum of Business Income loss and Extra Expense incurred arising out of all "specified causes of loss" that occur during each separate 12 month period of this policy (beginning with the effective date of this policy), is $25,000.

e. Transit Business Income

(1) You may extend the insurance provided by this Coverage Form for:

(a) The actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration"; and

(b) The actual Extra Expense you incur during the "period of restoration";

to apply to the actual amount of such loss of Business Income and Extra Expense that you incur caused by direct physical loss or damage by a Covered Cause of Loss to property while in the due course of transit at your risk within the Coverage Territory.

(2) This Extension does not apply to loss caused by or resulting from loss of or damage to:

(a) Shipments by a government postal service, except by registered mail;

(b) Export and import shipments while covered under an ocean marine cargo or other insurance policy;

(c) Property while waterborne except while in transit by inland water carriers or by coastwise vessels operating within "territorial waters";

(d) Property of others for which you are responsible while acting as a common or contract carrier, carloader, freight forwarder, freight consolidator, freight broker, shipping association or similar arranger of transportation, or as a public warehouseman;

(e) Property within a conveyance or container caused by theft while the conveyance or container is unattended unless the portion of the conveyance or container containing the property is fully enclosed and securely locked, and the theft is by forcible entry of which there is visible evidence; or

(f) The transporting conveyance.

(3) With respect only to the insurance provided under this Extension, the phrase, *at the described premises*, as used in the definition of "period of restoration" is deleted and replaced by the phrase *in the due course of transit*.

(4) The most we will pay under this Extension for the sum of Business Income loss and Extra Expense incurred in any one occurrence is $25,000.

f. Undescribed Premises

(1) You may extend the insurance provided by this Coverage Form for:

(a) The actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration"; and

(b) The actual Extra Expense you incur during the "period of restoration";

to apply to the actual amount of such loss of Business Income and Extra Expense that you incur caused by direct physical loss or damage by a Covered Cause of Loss to property at Undescribed Premises, as defined in **(2)** below.

(2) Undescribed Premises, as used in this Extension, means premises:

(a) Owned, leased or operated by you; or

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(b) Not owned, leased or operated by you, where your business personal property or business personal property of others in your care custody or control is located;

that are within the Coverage Territory and not described in the Declarations nor reported to or accepted by us for coverage under this Coverage Form.

(3) This Extension does not apply to loss caused by or resulting from loss or damage to property:

(a) At the premises of a "dependent property";

(b) At any location to which the Newly Acquired Locations Coverage Extension applies; or

(c) In the due course of transit.

(4) The most we will pay under this Extension for the sum of Business Income loss and Extra Expense incurred in any one occurrence is $25,000.

(5) With respect only to the insurance provided under this Extension, the phrase *at the described premises*, as used in the definition of "period of restoration", is replaced by the phrase *at Undescribed Premises*.

B. EXCLUSIONS AND LIMITATION

The following exclusions and limitation apply in addition to the exclusions and limitations contained in the Deluxe Property Coverage Form.

1. Exclusions

We will not pay for:

a. Any loss caused by or resulting from:

(1) Damage or destruction of "finished stock"; or

(2) The time required to reproduce "finished stock".

This exclusion does not apply to Extra Expense or to the insurance provided under the Contract Penalty Additional Coverage.

b. Any loss caused by or resulting from direct physical loss of or damage to the following property:

(1) Harvested grain, hay, straw or other crops while outside of buildings;

(2) Outdoor trees, shrubs, plants, lawns (including fairways, greens and tees), artificial turf and associated underlayment, growing crops, land or water;

(3) Communication, radio or television antennas (including satellite dishes), and their lead-in wiring, masts or towers;

(4) Animals, unless the loss is caused by or results from a "specified cause of loss", and then only if, as a direct result of the "specified cause of loss", the animals are killed or their death or destruction is made necessary; or

(5) Human body parts and fluids, including organs, tissues, blood and cells.

c. Any increase of loss caused by or resulting from:

(1) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or

(2) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the "suspension" of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage or any variation thereof.

d. Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration".

e. Any other consequential loss including fines and penalties, except as specifically provided under the Contract Penalties Additional Coverage.

2. Limitation – Electronic Media and Records

a. We will not pay for any loss of Business Income caused by direct physical loss of or damage to electronic media and records after the longer of:

(1) 60 consecutive days from the date of direct physical loss or damage; or

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(2) The period, beginning with the date of direct physical loss or damage, necessary to repair, rebuild or replace, with reasonable speed and similar quality, other property at the described premises (or other location of the loss to which this insurance applies) which suffered loss or damage in the same occurrence.

This Limitation does not apply to Extra Expense.

b. Electronic Media and Records are:

(1) Electronic data processing, recording or storage media such as hard or floppy disks, CDs, DVDs, flash memory, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment;

(2) Data stored on such media; or

(3) Programming records used for electronic data processing or electronically controlled equipment.

EXAMPLE NO. 1

A Covered Cause of Loss damages a computer on June 1. It takes until September 1 to replace the computer, and until October 1 to restore the computer data that was lost when the damage occurred. We will only pay for the Business Income loss sustained during the period June 1 - September 1. Loss during the period September 2 - October 1 is not covered.

EXAMPLE NO. 2

A Covered Cause of Loss results in the loss of data processing programming records on August 1. The records are replaced on October 15. We will only pay for the Business Income loss sustained during the period August 1 - September 29 (60 consecutive days). Loss during the period September 30 - October 15 is not covered.

C. LIMITS OF INSURANCE

The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations, Schedules, Coverage Form(s), or Endorsement(s).

Payments under:

1. The following Additional Coverages:

a. Alterations and New Buildings;

b. Civil Authority;

c. Extended Business Income;

d. Fungus, Wet Rot or Dry Rot – Amended Period of Restoration;

e. Green Building Alternatives – Increased Period of Restoration;

and

2. The Ingress or Egress Coverage Extension;

are included in and do not increase the applicable Limits of Insurance.

The remaining Additional Coverages in Section **A.4.** and the remaining Coverage Extensions in Section **A.5.** are additional insurance.

D. DEDUCTIBLE

1. An hour deductible applies to your Business Income coverage. We will not pay for loss of Business Income in any one occurrence that is incurred during the period of time that:

a. Begins at the time of direct physical loss or damage that triggers the Business Income coverage; and

b. Continues for the consecutive number of hours shown in the Declarations as the applicable Business Income hour deductible.

2. The Business Income hour deductible described in **1.** above does not:

a. Apply to or alter the coverage period that applies to the Business Income coverage provided under the Civil Authority Additional Coverage; or

b. Apply to the Contract Penalties Additional Coverage.

3. If a separate dollar deductible applies to other loss or damage in that same occurrence under this Coverage Part, such dollar deductible will apply to that other loss or damage and only the hourly deductible will apply to your loss of Business Income.

4. No deductible applies to Extra Expense.

E. LOSS CONDITIONS

The following conditions apply in addition to the Common Policy Conditions – Deluxe, the Loss Condition – Duties in the Event of Loss in the Deluxe Property Coverage Form and the Additional Conditions in the Deluxe Property Coverage Form:

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1. Appraisal

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

a. Pay its chosen appraiser; and

b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

2. Duties in the Event of Loss – Additional Duty

The following duty applies in addition to the duties specified in the Loss Condition – Duties in the Event of Loss in the Deluxe Property Coverage Form:

If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

3. Loss Determination

a. The amount of Business Income loss will be determined based on:

(1) The Net Income of the business before the direct physical loss or damage occurred;

(2) The likely Net Income of the business if no physical loss or damage occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business as a result of favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;

(3) The operating expenses, including payroll expenses necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and

(4) Other relevant sources of information, including:

(a) Your financial records and accounting procedures;

(b) Bills, invoices and other vouchers; and

(c) Deeds, liens or contracts.

b. The amount of Extra Expense will be determined based on:

(1) All reasonable and necessary expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period or restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:

(a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and

(b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and

(2) All reasonable and necessary expenses that reduce the Extra Expense loss that otherwise would have been incurred.

c. Resumption of Operations

We will reduce the amount of your:

(1) Business Income loss, other than Extra Expense, to the extent you can resume your "operations" in whole or in part, by using damaged or undamaged property (including merchandise or "stock") at the described premises or elsewhere and, with respect to the Business Income From Dependent Property Additional Coverage, by using any other available source of materials or outlet for your products.

(2) Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.

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d. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as pos sible.

4. Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if:

a. You have complied with all of the terms of this Coverage Part; and

b. (1) We have reached agreement with you on the amount of loss; or

(2) An appraisal award has bee n made.

F. OPTIONAL COVERAGES

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.

1. Maximum Period of Indemnity

The most we will pay for the total loss of Business Income, including the Extended Business Income Additional Coverage, and Extra Expense is the lesser of:

a. The amount of loss sustained and expenses incurred during the 120 days immediately following the beginning of the "period of restoration"; or

b. The Limit of Insurance shown in the Declarations.

2. Monthly Limit of Indemnity

The most we will pay for loss of Business Income, including the Extended Business Income Additional Coverage, in each period of 30 consecutive days after the beginning of the "period of restoration" is:

a. The Limit of Insurance, multiplied by

b. The fraction sho wn in the D eclarations for this Optional Coverage.

EXAMPLE:

When: The Limit of Insurance is: $120,000

The fraction shown in the Declarations for this Optional Coverage is: 1/4

The most we will pay for loss in each period of 30 consecutive days is:

$120,000 x 1/4 = $30,000

If in this example, the actual amount of loss is:

Days 1 – 30	$40,000
Days 31 – 60	$20,000
Days 61 – 90	$30,000
	$90,000

We will pay:

Days 1 – 30	$30,000
Days 31 – 60	$20,000
Days 61 – 90	$30,000
	$80,000

The remaining $10,000 is not covered.

3. Ordinary Payroll Exclusion or Limitation

a. When the Declarations sho ws:

(1) Ordinary Payroll is excluded, the Business Income coverage provided for continuing normal operating expenses incurred does not include Ordinary Payroll;

(2) Ordinary payroll is limited to a specified number of days, the Business Income coverage provided for continuing normal operating expenses incurred only includes Ordinary Payroll for the specified number of days. The number of days may be used in two separate periods during the "period of restoration".

b. Ordinary payroll expenses mean payroll expenses for all your employees except:

(1) Officers;

(2) Executives;

(3) Department managers;

(4) Employees under contract; and

(5) Additional Exemptions, shown by endorsement as:

(a) Job Classifications; or

(b) Employees.

c. Ordinary payroll expenses include:

(1) Payroll;

(2) Employee benefits, if directly related to payroll;

(3) FICA payments you pay;

(4) Union dues you pay; and

(5) Worker's compensation premiums.

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G. DEFINITIONS

1. "**Dependent Property**" means property operated by others you directly depend on to:
   a. Deliver materials or services to you, or to others for your account (Contributing Locations). But any property which delivers the following services is not a Contributing Location with respect to such services:
      (1) Water supply services;
      (2) Power supply services; or
      (3) Communication services, including services relating to internet access or access to any electronic, cellular or satellite network.
   b. Accept your products or services (Recipient Locations);
   c. Manufacture products for delivery to your customers under contract of sale (Manufacturing Locations); or
   d. Attract customers to your business (Leader Locations).
2. "**Finished Stock**" means "stock" you have manufactured.

   "Finished Stock" also includes whiskey and alcoholic products being aged.

   "Finished Stock" does not include "stock" you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.
3. "**Operations**" means:
   a. Your business activities occurring at the described premises even if such activities would not have produced income during the "period of restoration", such as research and development activities; and
   b. The tenantability of the described premises, if coverage for Business Income including "Rental Value" or "Rental Value" only applies.
4. **"Period of Restoration"**
   a. "Period of Restoration" means the period of time that:
      (1) (a) For Business Income coverage, begins once the number of hours of the applicable Business Income hour deductible, if any, expires following the time of direct physical loss or damage; and
      (b) For Extra Expense coverage begins immediately after the time of direct physical loss or damage;

      caused by or resulting from a Covered Cause of Loss at the described premises; and
      (2) Ends on the earlier of:
         (a) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
         (b) The date when business is resumed at a new permanent location.
   b. "Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:
      (1) Regulates the construction, use or repair, or requires the tearing down, of any property, except as provided in the Ordinance or Law-Increased Period of Restoration Additional Coverage; or
      (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "fungus", wet rot or dry rot, except as provided in the Fungus, Wet Rot or Dry Rot - Amended Period of Restoration Additional Coverage; or
      (3) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants" except as provided in the Pollutant Clean Up and Removal Coverage Extension.
   c. "Period of restoration" does not include any increased period required to attain a pre-loss level of "green" building certification from a "Green Authority". But this does not apply to any increase in the "period of restoration" otherwise insured under the Green Buildings Alternatives – Increased Period of Restoration Additional Coverage.

The expiration date of this policy will not cut short the "period of restoration".

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5. "**Rental Value**" means Business Income that consists of:
   a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of such described premises which is occupied by you; and
   b. Continuing normal operating expenses incurred in connection with such premises, including:
      (1) Payroll; and
      (2) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.
6. "**Suspension**" means:
   a. The partial or complete cessation of your business activities; or
   b. That a part or all of the described premises is rendered untenantable, if coverage for Business Income including "Rental Value" or "Rental Value" only applies.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DELUXE PROPERTY COVERAGE PART AMENDATORY ENDORSEMENT

LIMITED DRAIN BACK-UP COVERAGE

This endorsement modifies insurance provided under the following:

DELUXE PROPERTY COVERAGE PART

A. Under paragraph **(1)(c)** of the Water Exclusion contained in Section **C.1.l.** of the Deluxe Property Coverage Form, is replaced by the following:

(c) Water or sewage that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment, except as provided under the Limited Drain Back-Up Coverage;

B. The following coverage is added:

Limited Drain Back-Up Coverage

1. Covered Causes of Loss and "specified causes of loss" are extended to include Drain Back-Up, meaning water or sewage that backs up or overflows from any drains within a building.

2. The exclusion of loss or damage caused by water or sewage that backs up from a sewer or drain in Section **A.** of this endorsement does not apply to this coverage. But we will not pay for loss or damage caused by or resulting from:

a. The emanation of water or se wage from a sump or similar device designed to prevent overflow or seepage or leakage of subsurface water; or

b. The emanation of water or sewage from any drain that is itself directly or indirectly caused by or the result of:

(1) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or their spray, all whether driven by wind (including storm surge)or not;

(2) Mudslide or mudflow;

(3) Water under the ground surface pressing on, or flowing or seeping through foundations, walls, floors, paved surfaces or basements (whether paved or not), or doors, windows or other openings; or

(4) Waterborne material carried or otherwise moved by any water excluded in **2.a.**, **2.b.(1)** or **2.b.(3)** above, or carried or otherwise moved by mudslide or mudflow.

3. The most we will pay for loss or damage caused directly or indirectly by Drain Back-Up in any one occurrence under this coverage is the Limit of Insurance shown in the Schedule of this endorsement. This limit is part of, and not in addition to, the Limits of Insurance provided in this Coverage Part. Amounts payable under any coverage, including any Additional Coverage or Coverage Extension, do not increase this limit.

SCHEDULE

Drain Back-Up Limit of Insurance:	$ 50,000

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DELUXE PROPERTY COVERAGE PART AMENDATORY ENDORSEMENT

LAW ENFORCEMENT ANIMALS

This endorsement modifies insurance provided under the following:

DELUXE PROPERTY COVERAGE FORM

The following coverage is added to Section **A.4. Coverage Extensions**:

Law Enforcement Animals

1. As used in this Extension, a law enforcement animal means an animal that participates in law enforcement duties for you under the direction of your law enforcement agency and its employees, and includes police dogs and horses from equestrian units.
2. We will pay for direct physical loss of your law enforcement animals caused by any of the following causes of loss:
   a. Any of the "specified causes of loss"; or
   b. Theft, shooting, stabbing or poisoning by other than:
      (1) You or your employees;
      (2) Anyone acting under your or your employees' direction or with your consent; or
      (3) Anyone else to whom you entrust the animals;

   that results in the death, necessary humane destruction or, in the case of theft, the total loss of the animals.
3. Under Section **A.2.c.** Property and Costs Not Covered, the exclusion of animals does not apply to the coverage provided by this Extension.
4. The insurance provided under this Extension does not apply to loss caused by the necessary humane destruction of any animal unless the humane destruction is itself made necessary by a cause of loss listed in provision **2.** above.
5. The most we will pay for loss of all law enforcement animals in any one occurrence under this Extension is the Limit of Insurance shown in the Schedule below for All Law Enforcement Animals.

   Subject to the All Law Enforcement Animals Limit of Insurance, the value of each animal lost in any one occurrence is agreed to be the Limit of Insurance shown in the Schedule below for Any One Law Enforce ment Animal.

SCHEDULE

Law Enforcement Animals Limit of Insurance:

- All Law Enforcement Animals: **$ 50,000**
- Any One Law Enforcement Animal: **$ 15,000**

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POLICY NUMBER: H-630-6P798466-IND-24 ISSUE DATE: 07-12-24

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DELUXE PROPERTY COVERAGE PART AMENDATORY ENDORSEMENT

PUBLIC ENTITY PROPERTY EXTENSIONS

This endorsement modifies insurance provided under the following:

DELUXE PROPERTY COVERAGE FORM

The following coverages are added to Section **A.4. Coverage Extensions:**

1. **Confiscated Property**
   - **a.** The insurance that applies to Your Business Personal Property is extended to apply to direct physical loss or damage by a Covered Cause of Loss to personal property of others which you legally confiscate in the course of your governmental authority operations.
   - **b.** Exclusion **C.1.d.** Governmental Action does not apply to the coverage provided by this Extension.
   - **c.** The most we will pay for loss or damage in any one occurrence under this Coverage Extension is the Limit of Insurance shown in the Schedule below for Confiscated Property. This is additional insurance.
2. **Municipal Property Extension**
   - **a.** The insurance provided by this Coverage Form is extended to apply to direct physical loss or damage by a Covered Cause of Loss to the following types of property for which a Limit of Insurance is shown in the Schedule below, that are located off the described premises but within the jurisdictional boundaries of your municipality:
     - **(1)** Street Lights;
     - **(2)** Street Signs;
     - **(3)** Traffic Signs and Lights; and
     - **(4)** Stadium Lights.
   - **b.** The most we will pay for loss or damage to any one type of property in any one occurrence under this Coverage Extension is the Per Occurrence Limit of Insurance shown in the Schedule below for that type of property. But we will not pay more for any one item of any type of property than the Each Item Limit of Insurance shown in the Schedule below for that type of property. This is additional insurance.
   - **c.** We will not pay for loss or damage to any one type of property in any one occurrence under this Coverage Extension until the total amount of the adjusted loss or damage exceeds the Deductible shown in the Schedule below for that type of property. If no deductible is shown, the Deductible that otherwise applies to loss or damage under the Deluxe Property Coverage Form shall apply.

SCHEDULE

Confiscated Property: $ 100,000 in any one occurrence unless a higher limit is shown: $ 100,000

Municipal Property:	**Per Occurrence Limit of Insurance**	**Each Item Limit of Insurance**	**Deductible**
Street Lights	$ 50,000	$ 2,500	$
Street Signs	$ 50,000	$ 2,500	$
Traffic Signs and Lights	$ 50,000	$ 2,500	$
Stadium Lights	$ 50,000	$ 2,500	$

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DELUXE PROPERTY COVERAGE PART AMENDATORY ENDORSEMENT

MUNICIPAL SALES TAX REVENUE COVERAGE

This endorsement modifies insurance provided under the following:

DELUXE PROPERTY COVERAGE FORM

The following is added to Section **A.4. Coverage Extensions:**

Loss of Municipal Sales Tax Revenue

1. The insurance provided by this Coverage Form is extended to apply to:

a. The actual loss of Municipal Sales Tax Revenue you sustain due to the necessary suspension of business operations at a Tax Revenue Property during the Period of Restoration. The suspension must be caused by direct physical loss or damage by a Covered Cause of Loss to property at the premises of the Tax Revenue Property.

b. The actual loss of Municipal Sales Tax Revenue you sustain caused by action of civil authority that prohibits access to a Tax Revenue Property. The Civil Authority action must be due to direct physical loss of or damage to property at locations other than the Tax Revenue Property, caused by or resulting from a Covered Cause of Loss. This coverage will apply for a period of up to 30 consecutive days from the date of the civil authority action.

2. As used in this endorsement:

a. Municipal Sales Tax Revenue means your municipal sales tax on the retail price of merchandise sold at a Tax Revenue Property, which you would have realized from the Tax Revenue Property had no loss or damage occurred.

b. Tax Revenue Property means property that:

(1) Is owned and operated by others;

(2) You have exacted a municipal sales tax upon by legislative authority;

(3) You depend upon for municipal sales tax revenues; and

(4) Is described in the Schedule of this endorsement.

c. Period of Restoration means the per iod of time that:

(1) Begins with the date and time of direct physical loss or damage to property at the premises of the Tax Revenue Property; and

(2) Ends on the earliest of:

(a) The date when the property at the Tax Revenue Property should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

(b) 180 consecutive days after the date determined in **2.c.(1)** above; or

(c) The date when the business operations of the Tax Revenue Property are resumed at a new permanent location within your municipality.

Period of Restoration does not include any increased period required due to the enforcement of any ordinance or law that:

(1) Regulates the construction, use, repair, replacement or requires the tearing down of any property; or

(2) Requires any entity to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the Period of Restoration.

3. All of the exclusions in the Deluxe Property Coverage Form apply to this Extension. In addition, the following exclusions apply to this Extension:

a. We will not pay for loss caused by or resulting from:

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(1) Errors in accounting or bookkeeping activities;

(2) The disappearance or destruction of tax records;

(3) Dishonest acts by those persons responsible for determining tax liability for the busines s operations of the Tax Revenue Properties; or

(4) Direct physical loss or damage to outdoor trees, shrubs, plants or lawns, growing crops, standing timber, land, water, or radio or television antennas (including satellite dishes) and their lead in wiring, masts or towers.

b. We will not pay for any increase in loss caused by or resulting from:

(1) Delay in rebuilding, repairing or replacing the property or resuming business operations due to interference at the location of the rebuilding, repair or replacement by strikers or other persons;

(2) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the suspension of business operations at the Tax Revenue Property, we will cover such loss that affects your Municipal Sales Tax Revenue from that Tax Revenue Property during the Period of Restoration; or

(3) The time necessary to replace or restore loss or damage to electronic media and records after the longer of:

(a) 60 days from the date of direct physical loss; or

(b) The period necessary to repair, rebuild or replace, with reasonable speed and similar quality, other property at the Tax Revenue Property which suffered loss or damage in the same occurrence.

c. We will not pay for:

(1) Loss of any tax revenue other than Municipal Sales Tax Revenue;

(2) Any loss of Municipal Sales Tax Revenue paid for or refunded to you by the Federal government, your state or other government entity;

(3) Any other consequential loss.

4. The most we will pay for all loss of Municipal Sales Tax Revenue incurred in any one occurrence, regardless of the number of Tax Revenue Properties involved is the Municipal Sales Tax Revenue Limit of Insurance shown in the Schedule of this endorsement.

5. We will not pay for loss in any one occurrence under this Extension until the total amount of the loss exceeds the Municipal Sales Tax Revenue Deductible shown in the Schedule of this endorsement.

6. The amount of your Municipal Sales Tax Revenue loss will be determined based upon:

a. The Municipal Sales Tax Revenue from the Tax Revenue Property before the direct physical loss or damage occurred;

b. The likely Municipal Sales Tax Revenue from the Tax Revenue Property if no direct physical loss or damage had occurred to property at the premises of that Tax Revenue Property, but not including any likely increase in Municipal Sales Tax Revenue from the Tax Revenue Property attributable to an increase in the volume of sales as a result of favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other busines ses; and

c. Other sources of information, such as your financial records and accounting procedures, tax records, and vouchers, deeds, liens or contracts.

We will reduce the amount of your Municipal Sales Tax Revenue loss from any Tax Revenue Property by the amount of Municipal Sales Tax Revenue from other properties that would not likely have been generated had the business operations of the Tax Revenue Property not been suspende d.

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SCHEDULE

Municipal Sales Tax Revenue:

- Limit of Insurance: $ 250,000
- Deductible: $ 25,000

Schedule of Tax Revenue Properties:

INCLUDING ALL TENANTS IN COOL SPRINGS GALLERIA LOCATED AT 1800 GALLERIA BLVD., FRANKLIN, TN 37067

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DELUXE PROPERTY COVERAGE PART AMENDATORY ENDORSEMENT

CAUSES OF LOSS – EARTHQUAKE

This endorsement modifies insurance provided under the following:

DELUXE PROPERTY COVERAGE PART

A. APPLICATION OF THIS ENDORSEMENT

1. This endorsement applies at the premises location(s) of the building number(s) for which an Earthquake Limit of Insurance is shown in the Declarations.

This endorsement also applies to:

a. The Newly Constructed or Acquired Property Coverage Extension in the Deluxe Property Coverage Form;

b. The Newly Acquired Locations Coverage Extension in the Business Income (And Extra Expense), Business Income (Without Extra Expense) and Extra Expense Coverage Forms;

c. The Civil Authority Additional Coverage in the Business Income (And Extra Expense), Business Income (Without Extra Expense) and Extra Expense Coverage Forms, but only with respect to such loss of Business Income and/or Extra Expense incurred at the premises of the building number(s) for which an Earthquake Limit of Insurance is shown in the Declarations; and

d. Utility Services – Direct Damage or Utility Services – Time Element coverage provided under this Coverage Part, if any, but only with respect to such direct damage loss or loss of Business Income and/or Extra Expense that is incurred at the premises of the building number(s) for which an Earthquake Limit of Insurance is shown in the Declarations.

2. Except as provided in **A.1.a.** through **A.1.d.** above, this endorsement does not apply to loss or damage caused by or resulting from Earthquake or Volcanic Eruption that occurs away from the premises location(s) of the building number(s) for which an Earthquake Limit of Insurance is shown in the Declarations.

3. This endorsement does not apply to, or modify, any limits or deductibles that apply to:

a. The insurance otherwise provided under this Coverage Part for loss or damage by fire or explosion that results from earth movement other than volcanic eruption, explosion or effusion, or for loss or damage by fire, building glass breakage or volcanic action that results from a volcanic eruption, explosion or effusion; or

b. Any other insurance provided under this Coverage Part for loss or damage to which the Earth Movement exclusion does not apply.

B. COVERED CAUSES OF LOSS

The following are added to the Covered Causes of Loss and the "specified causes of loss":

1. Earthquake, meaning a shaking or trembling of the earth's crust, caused by underground volcanic or tectonic forces or by breaking or shifting of rock beneath the surface of the ground from natural causes.

2. Volcanic Eruption, meaning the eruption, explosion or effusion of a volcano.

All earthquake shocks or volcanic eruptions that occur within any 168-hour period will constitute a single Earthquake or Volcanic Eruption. The expiration of this policy will not reduce the 168-hour period.

C. EXCLUSIONS, LIMITATIONS AND RELATED PROVISIONS

1. The Earth Movement exclusion contained in Section **C.1.b.** of the Deluxe Property Coverage Form does not apply to the coverage provided under this endorsement. The remaining Exclusions and the Limitations that apply to this Coverage Part apply to the coverage provided under this endorsement. For example, loss caused directly or indirectly by a cause of loss excluded under provisions **(1)(a)** through **(1)(e)** of the Water exclusion

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contained in Section **C.1.l.** of the Deluxe Property Coverage Form, such as flood or tidal wave, is excluded even if the flood or tidal wave is attributable to an Earthquake or Volcanic Eruption.

2. The following additional exclusions apply to the coverage provided under this endorsement:

a. We will not pay for loss or damage caused by or resulting from any earthquake or volcanic eruption that begins before the inception of this insurance.

b. We will not pay for the cost of restoring or stabilizing land or for loss resulting from the time required to restore or stabilize land.

3. The following additional Limitation applies to the coverage provided by this endorsement:

We will not pay for loss of or damage to exterior masonry veneer (except stucco) on wood frame walls caused by or resulting from Earthquake or Volcanic Eruption. The value of such veneer will not be included in the value of Covered Property or the amount of loss when applying the Deductible applicable to this endorsement.

This limitation does not apply:

a. If less than 10% of the total outside wall area is faced with masonry veneer (excluding stucco); or

b. At any premises location(s) of the building number(s) to which the Cause of Loss – Earthquake Masonry Veneer Coverage endorsement applies, as indicated in the Schedule of that endorsement when it is attached to this policy.

D. UNDERGROUND WIRES, PIPES, FLUES AND DRAINS EXTENSION

Under the Deluxe Property Coverage Form, when Building coverage applies at premises locations to which this endorsement applies, the insurance provided by this endorsement is extended to also apply to direct physical loss or damage by Earthquake or Volcanic Eruption to underground wires, pipes, flues and drains at such premises locations. The exclusion of underground wires, pipes, flues and drains under Section **A.2.**, Property and Costs Not Covered, of the Deluxe Property Coverage Form does not apply to this Extension.

This Extension does not increase the Earthquake Limit of Insurance that applies at such premises locations.

E. LIMITS OF INSURANCE

1. The most we will pay under this endorsement for the total of all loss or damage caused by or resulting from all earthquakes and volcanic eruptions in a 12 month period of this policy (beginning with the effective date of this policy) is the single highest Annual Aggregate Limit of Insurance shown in the Declarations for Earthquake.

Subject to the single highest Annual Aggregate Limit of Insurance shown in the Declarations for Earthquake:

a. Any individual Annual Aggregate Limit of Insurance shown in the Declarations for Earthquake is the most we will pay under this endorsement for the total of all loss or damage caused by or resulting from all earthquakes and volcanic eruptions in a 12 month period of this policy (beginning with the effective date of this policy) to which such individual Annual Aggregate Limit of Insurance shown in the Declarations for Earthquake applies.

b. If more than one Annual Aggregate Limit of Insurance applies to loss or damage under this endorsement in any one occurrence, each limit will be applied separately, but the most we will pay under this endorsement for all loss or damage in that occurrence is the single highest involved Annual Aggregate Limit of Insurance applicable to that occurrence.

c. The most we will pay under this endorsement for the total of:

(1) All loss or damage under the Newly Constructed or Acquired Property Coverage Extension in the Deluxe Property Coverage Form; and

(2) All loss under the Newly Acquired Locations Coverage Extension in the Business Income (And Extra Expense), Business Income (Without Extra Expense) and Extra Expense Coverage Forms;

caused by or resulting from all earthquakes and volcanic eruptions in a 12 month period of this policy (beginning with the effective date of this policy) is $100,000.

The Annual Aggregate Limit(s) of Insurance applicable to loss or damage under this endorsement is included in and does not increase the Limits of Insurance provided under

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this Coverage Part. For example, subject to the applicable Earthquake Annual Aggregate Limit(s) of Insurance, our payment for loss under any Utility Services – Direct Damage or Utility Services –Time Element coverage that is attributable to an Earthquake or Volcanic Eruption to which this endorsement applies will not exceed the Limit of Insurance that applies to that Utility Services – Direct Damage or Utility Services –Time Element coverage.

2. The Annual Aggregate Limit(s) of Insurance applicable to loss or damage under this endorsement applies regardless of the items or types of property, number or types of coverages (including business income and extra expense coverages) or number of premises locations involved. Amounts payable under this endorsement for any item or type of property, or under any coverage, Additional Coverage or Coverage Extension, are subject to the Annual Aggregate Limit(s) of Insurance applicable to loss or damage under this endorsement, and will not:

   a. Exceed the applicable property and coverage Limits of Insurance provided under this Coverage Part; nor

   b. Increase the applicable Annual Aggregate Limit(s) of Insurance under this endorsement.

   This includes payments under any Debris Removal or Ordinance or Law coverage for loss that is attributable to earthquake or volcanic eruption at premises locations to which this endorsement applies, and covered as a result of the insurance provided under this endorsement.

F. DEDUCTIBLES

The following Deductible provisions apply to the insurance provided by this endorsement. The Deductible(s) applicable to loss or damage under this endorsement apply separately to each occurrence and apply in addition to any other Deductibles in this Coverage Part that apply to loss or damage in the same occurrence.

1. Percent Deductible

If a percentage (%) is shown in the Declarations as applicable, the following applies:

a. This Deductible is calculated separately for, and applies separately to each of the following items of insurance:

   (1) Each building, if two or more buildings sustain loss or damage;

   (2) The building and to personal property in that building, if both sustain loss or damage;

   (3) Personal property at each building, if personal property at two or more buildings sustains loss or damage;

   (4) Personal property in the open; and

   (5) Any other property insured under this Coverage Part.

b. In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2%, 5% or 10% (as shown in the Declarations) of:

   (1) The Limit of Insurance applicable to each item of insurance that has sustained loss or damage when specific insurance applies to that item of insurance, meaning a separate Limit of Insurance applies only to that item of insurance (for example, each building or personal property in a building); or

   (2) The value of each item of insurance that has sustained loss or damage when blanket insurance applies to that item of insurance, meaning a single Limit of Insurance applies to two or more items of insurance (for example, a building and personal property in that building or two buildings). The value to be used is the value shown in the most recent Statement of Values on file with us. If there is no value on file with us for the item of insurance property, we will use the value(s) of the property at the time of loss.

   For newly constructed or acquired property to which the Newly Constructed or Acquired Property Coverage Extension in the Deluxe Property Coverage Form applies, we will deduct an amount equal to a percentage of the value of each item of insurance at the time of loss. The applicable percentage used will be the highest percentage that applies at the premises location of any building number for which a percentage Deductible is shown in the Declarations.

c. When the percentage Deductible shown in the Declarations is subject to:

   (1) A minimum dollar amount in any one occurrence; or

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(2) A minimum dollar amount in any one occurrence at each premises location;

the percentage Deductible will be calculated as described in **1.a.** and **1.b.** above, but the minimum amount we will deduct in any one occurrence, or in any one occurrence at each premises location (as indicated in the Declarations), is the minimum dollar amount shown in the Declarations.

d. We will not pay for loss or damage in any one occurrence under this endorsement until the amount of loss or damage exceeds the applicable Deductible. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limits of Insurance.

2. Dollar Deductible

When:

a. A dollar amount in any one occurrence; or

b. A dollar amount in any one occurrence at each premises location;

is shown as the applicable Deductible in the Declarations, we will not pay for loss or damage in any one occurrence, or in any one occurrence at each premises location (as indicated in the Declarations), until the amount of loss or damage exceeds the applicable Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limits of Insurance.

When no percentage Deductible applies to the insurance provided under this endorsement, the Deductible applicable to newly acquired or constructed property to which the Newly Constructed or Acquired Property Coverage Extension in the Deluxe Property Coverage Form applies is the highest dollar Deductible shown in the Declarations for the premises location of any building number to which this endorsement applies.

3. Hour Deductible

When an hour Deductible is stated in the Declarations, the following is applicable to your Business Income Coverage to which this endorsement applies:

We will not pay for loss of Business Income in any one occurrence that you incur during the period of time that:

a. Begins at the time of direct physical loss or damage by Earthquake or Volcanic Eruption that triggers the Business Income coverage; and

b. Continues for the consecutive number of hours shown in the Declarations as the applicable Business Income hour Deductible.

The Deductible applicable to Business Income coverage at locations to which the Newly Acquired Locations Coverage Extension in the Business Income (and Extra Expense) Coverage Form or Business Income (Without Extra Expense) Coverage Form applies, is the highest hour Deductible shown in the Declarations for any premises location to which this endorsement applies.

4. No Deductible applies to Extra Expense.

5. When a Deductible is shown in the Declarations for Utility Service – Direct Damage coverage or Utility Services – Time Element coverage, that Deductible will apply to the insurance provided under the Utility Service – Direct Damage coverage or Utility Services – Time Element coverage for loss that is attributable to an Earthquake or Volcanic Eruption to which this endorsement applies. Otherwise, the above Deductible provisions apply to loss under the Utility Service – Direct Damage coverage or Utility Services – Time Element coverage that is attributable to an Earthquake or Volcanic Eruption to which this endorsement applies.

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DELUXE PROPERTY COVERAGE PART AMENDATORY ENDORSEMENT

CAUSES OF LOSS – BROAD FORM FLOOD

This endorsement modifies insurance provided under the following:

DELUXE PROPERTY COVERAGE PART

A. APPLICATION OF THIS ENDORSEMENT

1. When a Broad Form Flood Limit of Insurance is shown in the Declarations for a building number, this endorsement applies at the premises location(s) of such building number(s) for which a Broad Form Flood Limit of Insurance is shown.

2. When a Broad Form Flood Limit of Insurance is shown in the Declarations for property at the described premises within a Flood Zone or a non-participating or suspended community (as classified under the National Flood Insurance Program), this endorsement applies at the premises described in the Declarations for coverage under this Coverage Part with respect to covered loss resulting from "flood" to buildings, structures or personal property in the open within such Flood Zone(s) or community(ies) for which a Broad Form Flood Limit of Insurance is shown, or to personal property at the described premises in or on the buildings or structures within such Flood Zone(s) or community(ies).

If, at the time of loss, a building, a structure or personal property in the open is located within more than one Flood Zone or community, coverage under this endorsement for loss or damage to, or loss that is a consequence of loss or damage to that building, structure or personal property in the open will be subject to the insurance, Annual Aggregate Limit of Insurance and deductible, if any, that would apply under this policy if that building, structure or personal property in the open was wholly located within the most hazardous of the Flood Zones or communities, as stated below, in which it is located. The most hazardous Flood Zone or community that is determined to apply to a building or structure will also apply with respect to the coverage under this endorsement for loss or damage to, or loss or damage that is a consequence of loss or damage to any personal property in or on such building or structure.

The following listing of Flood Zones and communities, as classified under the National Flood Insurance Program, is in order of the most hazardous to least hazardous:

a. Flood Zone V and Flood Zones prefixed V;

b. Flood Zone A and Flood Zones prefixed A;

c. Flood Zone D;

d. Non-Participating or Suspended communities;

e. Flood Zone B, Flood Zone X (shaded) and Flood Zone X-500;

f. Flood Zone C and Flood Zone X (unshaded).

3. This endorsement also applies to:

a. The Newly Constructed or Acquired Property Coverage Extension in the Deluxe Property Coverage Form, regardless of the Flood Zone or community in which the property is located;

b. The Newly Acquired Locations Coverage Extension in the Business Income (And Extra Expense), Business Income (Without Extra Expense) and Extra Expense Coverage Forms, regardless of the Flood Zone or community in which the newly acquired locations are located;

c. The Civil Authority Additional Coverage in the Business Income (And Extra Expense), Business Income (Without Extra Expense) and Extra Expense Coverage Forms, regardless of the Flood Zone or community in which the "flood" loss that triggers the coverage occurs, but only with respect to such loss of Business Income and/or Extra Expense that you in-

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cur at the premises described in **A.1.** or **A.2.** above; and

d. Utility Services – Direct Damage or Utility Services – Time Element coverage provided under this Coverage Part, if any, regardless of the Flood Zone or community in which the "flood" loss to the utility services property that triggers the coverage occurs, but only with respect to such direct damage loss or loss of Business Income and/or Extra Expense that is incurred at the premises described in **A.1.** or **A.2.** above.

4. Except as provided in **A.3.a.** through **A.3.d.** above, this endorsement does not apply to loss or damage caused by or resulting from "flood" that occurs away from the premises described in **A.1.** and **A.2.** above.

5. This endorsement does not apply to, or modify, any limits or deductibles that apply to:

a. The insurance otherwise provided under this Coverage Part for loss or damage by:

(1) Fire, explosion or sprinkler leakage that results from "flood"; or

(2) Water or sewage from drains within a building if the backup or overflow is not otherwise directly or indirectly caused by Water that is excluded in provisions **(a)**, **(b)**, **(d)** or **(e)** of the Water exclusion in Section **C.1.l.** of the Deluxe Property Coverage Form;

or

b. Any other insurance provided under this Coverage Part for loss or damage to which the Water exclusion in Section **C.1.l.** of the Deluxe Property Coverage Form does not apply.

B. COVERED CAUSES OF LOSS

"Flood" is added to the Covered Causes of Loss and the "specified causes of loss".

All "flood" loss that occurs:

1. During a continuous or protracted event, such as a period of continued rising or overflow of any river(s), stream(s) or any body(ies) of water and the subsidence of same within the banks of such river(s), stream(s) or body(ies) of water; or

2. Due to any tidal wave or series of tidal waves that occur within any 168 hour period;

will constitute a single "flood" occurrence. If "flood" loss commences prior to the expiration date of this policy and the "flood" occurrence extends beyond the expiration date of this policy, the expiration date of this policy will not reduce the "flood" occurrence period.

C. FLOOD DEFINED

The following is added to the Section **J.**, Definitions, in the Deluxe Property Coverage Form:

"Flood" means the following, all whether naturally occurring or due to man-made or other artificial causes, and includes waterborne material carried or otherwise moved by any of the water referred to in paragraphs **1.**, **3.** and **4.** below and material carried or otherwise moved by mudslide or mudflow:

1. Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether driven by wind (including storm surge) or not;

2. Mudslide or mudflow;

3. Water or sewage that backs up, overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment (other than the backup or overflow of water or sewage from drains within a building to which the exception in provision **(c)** of the Water exclusion in Section **C.1.l.** of the Deluxe Property Coverage Form applies); and

4. Water under the ground surface pressing on, or flowing or seeping through:

a. Foundations, walls, floors or paved surfaces;

b. Basements, whether paved or not; or

c. Doors, windows or other openings.

D. EXCLUSIONS, LIMITATIONS AND RELATED PROVISIONS

1. Under the Exclusions contained in Section **C.1.** of the Deluxe Property Coverage Form:

a. Exclusion **b.**, Earth Movement, does not apply to the insurance otherwise provided under this endorsement for loss or damage caused by or resulting from:

(1) Mudslide or mudflow that is caused by or precipitated by the accumulation or runoff of water on or below the surface of the ground; or

(2) "Flood" that is attributable to an Earth Movement, such as tsunami, but this exception does not apply to loss or damage caused by or resulting from

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any excluded Earth Movement that results from such "Flood".

b. Exclusion I., Water, does not apply to the coverage provided under this endorsement.

The remaining Exclusions and the Limitations that apply to this Coverage Part apply to the coverage provided under this endorsement.

2. The following additional exclusions apply to the coverage provided under this endorsement:

a. We will not pay for loss or damage caused by or resulting from any "flood" occurrence that begins before the inception of this insurance.

b. We will not pay for the cost of restoring, recovering or de-watering land or for loss resulting from the time required to restore, recover or de-water land.

3. The following LIMITATION is added as respects coverage provided by this endorsement:

EXCESS OF LOSS LIMITATION

a. Unless otherwise indicated in the Declarations or by endorsement, this Excess of Loss Limitation applies to the coverage provided for direct physical loss of or damage to:

(1) Buildings, structures and personal property in the open which are:

(a) Covered Property at the premises described in Section **A.1.** and **A.2.** of this endorsement, or newly constructed or acquired property to which the Newly Constructed or Acquired Property Coverage Extension in the Deluxe Property Coverage Form applies; and

(b) Located, in whole or in part, in Flood Zone A, Flood Zones prefixed A, Flood Zone V or Flood Zones prefixed V, as classified under the National Flood Insurance Program at the time of loss;

and

(2) Personal property which is Covered Property located in or on a building or structure described in **(1)** above, and personal property to which the Newly Constructed or Acquired Property Coverage Extension in the Deluxe Property Coverage Form applies.

b. If the property is eligible to be written under a National Flood Insurance Program (NFIP) policy, we will pay only for the amount of loss in excess of the maximum limit that can be insured under that NFIP policy. This provision applies whether or not the maximum NFIP limit was obtained or maintained, and whether or not you can collect on the NFIP policy.

c. The Deductible provisions applicable to the coverage provided under this endorsement apply in addition to any applicable Excess of Loss Limitation.

E. UNDERGROUND WIRES, PIPES, FLUES AND DRAINS EXTENSION

Under the Deluxe Property Coverage Form, when Building coverage applies at premises locations to which this endorsement applies, the insurance provided by this endorsement is extended to also apply to direct physical loss or damage by "flood" to underground wires, pipes, flues and drains at such premises locations. The exclusion of underground wires, pipes, flues and drains under Section **A.2.**, Property and Costs Not Covered, of the Deluxe Property Coverage Form does not apply to this Extension.

This Extension does not increase the Broad Form Flood Limit of Insurance that applies at such premises locations.

F. LIMITS OF INSURANCE

1. The most we will pay under this endorsement for the total of all loss or damage caused by or resulting from "flood" in a 12 month period of this policy (beginning with the effective date of this policy) is the single highest Annual Aggregate Limit of Insurance shown in the Declarations for Broad Form Flood.

Subject to the single highest Annual Aggregate Limit of Insurance shown in the Declarations for Broad Form Flood:

a. Any individual Annual Aggregate Limit of Insurance shown in the Declarations for Broad Form Flood is the most we will pay under this endorsement for the total of all loss or damage caused by or resulting from all "flood" occurrences in a 12 month period of this policy (beginning with the effective date of this policy) to which such individual Annual Aggregate Limit of In-

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surance shown in the Declarations for Broad Form Flood applies.

b. If more than one Annual Aggregate Limit of Insurance applies to loss or damage under this endorsement in any one occurrence, each limit will be applied separately, but the most we will pay under this endorsement for all loss or damage in that occurrence is the single highest involved Annual Aggregate Limit of Insurance applicable to that occurrence.

c. The most we will pay under this endorsement for the total of:

(1) All loss or damage under the Newly Constructed or Acquired Property Coverage Extension in the Deluxe Property Coverage Form; and

(2) All loss under the Newly Acquired Locations Coverage Extension in the Business Income (And Extra Expense), Business Income (Without Extra Expense) and Extra Expense Coverage Forms;

caused by or resulting from all "flood" occurrences in a 12 month period of this policy (beginning with the effective date of this policy) is $100,000.

The Annual Aggregate Limit(s) of Insurance applicable to loss or damage under this endorsement is included in and does not increase the Limits of Insurance provided under this Coverage Part. For example, subject to the applicable Broad Form Flood Annual Aggregate Limit(s) of Insurance, our payment for loss under any Utility Services – Direct Damage or Utility Services –Time Element coverage that is attributable to "flood" to which this endorsement applies will not exceed the Limit of Insurance that applies to that Utility Services -- Direct Damage or Utility Services – Time Element coverage.

2. The Annual Aggregate Limit(s) of Insurance applicable to loss or damage under this endorsement applies regardless of the items or types of property, number or types of coverages (including business income and extra expense coverages) or number of premises locations involved. Amounts payable under this endorsement for any item or type of property, or under any coverage, Additional Coverage or Coverage Extension, are subject to the Annual Aggregate Limit(s) of Insurance applicable to loss or damage under this endorsement, and will not:

a. Exceed the applicable property and coverage Limits of Insurance provided under this Coverage Part; nor

b. Increase the applicable Annual Aggregate Limit(s) of Insurance under this endorsement.

This includes payments under any Debris Removal or Ordinance or Law coverage for loss that is attributable to "flood" at premises locations to which this endorsement applies, and covered as a result of the insurance provided under this endorsement.

G. DEDUCTIBLES

The following Deductible provisions apply to the insurance provided by this endorsement. The Deductible(s) applicable to loss or damage under this endorsement apply separately to each occurrence and apply in addition to any other Deductibles in this Coverage Part that apply to loss or damage in the same occurrence.

1. Dollar Deductible

When:

a. A dollar amount in any one occurrence; or

b. A dollar amount in any one occurrence at each premises location,

is shown as the applicable deductible in the Declarations, we will not pay for loss or damage in any one occurrence, or in any one occurrence at each premises location (as indicated in the Declarations), until the amount of loss or damage exceeds the applicable Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limits of Insurance.

The Deductible applicable to newly acquired or constructed property to which the Newly Constructed or Acquired Property Coverage Extension in the Deluxe Property Coverage Form applies is the highest dollar deductible shown in the Declarations for any premises location to which this endorsement applies.

2. Hour Deductible

When an hour Deductible is stated in the Declarations, the following is applicable to your Business Income Coverage to which this endorsement applies:

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We will not pay for loss of Business Income in any one occurrence that you incur during the period of time that:

a. Begins at the time of direct physical loss or damage by "flood" that triggers the Business Income coverage; and

b. Continues for the consecutive number of hours shown in the Declarations as the applicable Business Income hour deductible.

The Deductible applicable to Business Income coverage at locations to which the Newly Acquired Locations Coverage Extension in the Business Income (and Extra Expense) Coverage Form or Business Income (Without Extra Expense) Coverage Form applies, is the highest hour Deductible shown in the Declarations for any premises location to which this endorsement applies.

3. No Deductible applies to Extra Expense.

4. When a Deductible is shown in the Declarations for Utility Service – Direct Damage coverage or Utility Services – Time Element coverage, that Deductible will apply to the insurance provided under the Utility Service – Direct Damage coverage or Utility Services – Time Element coverage for loss that is attributable to "flood" to which this endorsement applies. Otherwise, the above Deductible provisions apply to loss under the Utility Service – Direct Damage coverage or Utility Services – Time Element coverage that is attributable to "flood" to which this endorsement applies.

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POLICY NUMBER: H-630-6P798466-IND-24 ISSUE DATE: 07-12-24

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DELUXE PROPERTY COVERAGE PART AMENDATORY ENDORSEMENT

SPOILAGE COVERAGE EXTENSION

This endorsement modifies insurance provided under the following:

DELUXE PROPERTY COVERAGE FORM

The following coverage is added to Section **A.4. Coverage Extensions**:

Spoilage – Direct Damage

1. The insurance that applies to Your Business Personal Property and Personal Property of Others is extended to apply to direct physical loss of or damage to such Covered Property that is "perishable property" inside buildings caused by or resulting from:
   a. Change in temperature or humidity resulting from mechanical breakdown or failure of temperature or humidity control apparatus or equipment;
   b. Contamination by a refrigerant, ammonia or any other substance that is declared to be hazardous to health by a governmental agency resulting from mechanical breakdown or failure of equipment; or
   c. Change in temperature or humidity resulting from complete or partial interruption of electric power, either on or off the described premises, due to conditions beyond your control.
2. With respect only to the insurance provided under this Extension, the following changes apply to the Exclusions in Section **C.** and Limitations in Section **D.** of the Deluxe Property Coverage Form:
   a. Exclusion **C.1.i.**, Utility Services does not apply;
   b. None of the Exclusions in Section **C.2.** or **C.3.** and none of the Limitations in Section **D.** apply.
   c. The following additional exclusions apply:

   We will not pay for loss or damage caused by or resulting from:
   (1) The disconnection of any refrigeration, cooling, heating or humidity control equipment or apparatus from the source of power;
   (2) The deactivation or reduction of electrical power caused by the manipulation of any switch or other device used to control the flow of electrical power or current, including deactivation or reduction of electrical power from an electrical utility company or other power source caused by deliberate acts taken to shed load or to maintain system integrity; or
   (3) The inability of an electrical utility company or other power source to provide sufficient power due to lack of fuel, governmental order or lack of generating capacity to meet demand.
3. The following Definition is added as respects this Coverage Extension:

   "Perishable property" means personal property:
   a. Maintained under controlled conditions for its preservation; and
   b. Susceptible to spoilage or decay if the controlled conditions change.
4. The most we will pay for loss or damage in any one occurrence under this Extension is the Limit of Insurance shown in the Schedule of this endorsement. This limit is part of, and not in addition to, the Limit of Insurance that applies to the lost or damaged Covered Property.

SCHEDULE

Spoilage Limit of Insurance: $ 10,000

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POLICY NUMBER: H-630-6P798466-IND-24 ISSUE DATE: 07-12-24

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DELUXE PROPERTY COVERAGE PART AMENDATORY ENDORSEMENT

CAUSES OF LOSS – EQUIPMENT BREAKDOWN

This endorsement modifies insurance provided under the Deluxe Property Coverage Part.

A. ADDITIONAL COVERED CAUSE OF LOSS – EQUIPMENT BREAKDOWN

Covered Causes of Loss and "specified causes of loss" are extended to include Equipment Breakdown, meaning a Breakdown to Covered Equipment as defined and limited in this endorsement.

1. Breakdown

a. Breakdown means:

(1) Failure of pressure or vacuum equipment;

(2) Mechanical failure, including rupture or bursting caused by centrifugal force; or

(3) Electrical failure, including arcing;

that causes physical damage to Covered Equipment and necessitates its repair or replacement.

b. Breakdown does not mean or include:

(1) Malfunction including but not limited to adjustment, alignment, calibration, cleaning or modification;

(2) Leakage at any valve, fitting, shaft seal, gland packing, joint or connection;

(3) Damage to any vacuum tube, gas tube, or brush;

(4) Damage to any structure or foundation supporting the Covered Equipment or any of its parts;

(5) The functioning of any safety or protective device; or

(6) The cracking of any part on an internal combustion gas turbine exposed to the products of combustion.

c. If an initial Equipment Breakdown causes other Equipment Breakdowns, all will be considered one Equipment Breakdown. All Equipment Breakdowns that manifest themselves at the same time and are the direct result of the same cause will also be considered one Equipment Breakdown.

2. Covered Equipment

a. Covered Equipment means equipment of a type listed in provision **2.b.** below that is:

(1) At any of the following locations:

(a) At or within 1,000 feet of the described premises; or

(b) At any of the following locations, but only to the extent that coverage for direct physical loss or damage to Covered Property at such locations or for Business Income and/or Extra Expense resulting from direct physical loss or damage to property at such locations is otherwise specifically insured and limited under this Coverage Part:

(i) Newly acquired or constructed property locations, or within 1,000 feet of such locations;

(ii) Undescribed premises; or

(iii) "Dependent property" locations;

and

(2) **(a)** Owned or leased by you or operated under your control; or

(b) Owned or leased by, or operated under the control of others who own, lease or operate the undescribed premises or "dependent property" locations where the insurance provided under this Coverage Part applies;

and

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(3) Not otherwise excluded under provision **2.c.** below.

b. Covered Equipment includes the following types of equipment:

(1) Equipment designed and built to operate under internal pressure or vacuum other than weight of contents;

(2) Electrical or mechanical equipment that is used in the generation, transmission or utilization of energy; and

(3) Fiber optic cable.

c. Covered Equipment does not mean or include any:

(1) Electronic data processing, recording or storage media such as films, tapes, discs, drums or cells;

(2) Part of pressure or vacuum equipment that is not under internal pressure of its contents or internal vacuum;

(3) Insulating or refractory material;

(4) Non-metallic pressure or vacuum equipment, unless it is constructed and used in accordance with the American Society of Mechanical Engineers (A.S.M.E.) code or a Code that has been accepted by the National Board of Boiler and Pressure Vessel Inspectors;

(5) Catalyst;

(6) Pressure vessels and piping that are buried below ground and require the excavation of materials to inspect, remove, repair or replace;

(7) Structure, foundation, cabinet or compartment supporting or containing the Covered Equipment or part of the Covered Equipment including penstock, draft tube or well casing;

(8) Vehicle, aircraft, self-propelled equipment or floating vessel, including any equipment mounted on or used solely with any vehicle, aircraft, self-propelled equipment or floating vessel;

(9) Dragline, power shovel, excavation or construction equipment including any equipment mounted on or u sed solely with any dragline, power shovel, excavation or construction equipment;

(10) Felt, wire, screen, mold, form, pattern, die, extrusion plate, swing hammer, grinding disc, cutting blade, non-electrical cable, chain, belt, rope, clutch plate, brake pad, non-metal part or any part or tool subject to periodic replacement;

(11) Astronomical telescope, cyclotron, nuclear reactor, particle accelerator, satellites and/or spacecraft (including satellite or spacecraft contents and/or their launch sites);

(12) Computer equipment or electronic data processing equipment unless used to control or operate production-type machinery or other equipment that is Covered Equipment;

(13) Equipment or any part of such equipment manufactured by you for sale; or

(14) Equipment while in the due course of transit.

B. EQUIPMENT BREAKDOWN COVERAGE EXTENSIONS

1. Spoilage

a. Under the Deluxe Property Coverage Form, the insurance that applies to Your Business Personal Property and Per sonal Property of Others is extended to apply to direct physical loss or damage to such Covered Property that is:

(1) Maintained under controlled conditions for its preservation; and

(2) Susceptible to loss or damage if the controlled conditions change;

due to spoilage resulting from lack or excess of power, light, heat, steam or refrigeration that is caused solely by a Breakdown to Covered Equipment.

Insurance under this Coverage Extension includes the reasonable expense you incur to reduce or avert the spoilage loss or damage, but only to the extent the amount of loss otherwise payable under this Coverage Extension is reduced.

b. The most we will pay for loss or damage under this Coverage Extension arising out of any one Equipment Breakdown is the Spoilage Limit of Insurance shown in the Schedule of this endorsement. This limit is part of and not in addition to the Limit of

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Insurance that applies to the lost or damaged Covered Property.

c. We will not pay for any loss or damage under this Coverage Extension that results from your failure to use due diligence and dispatch and all reasonable means to protect the property from spoilage damage following a Breakdown to Covered Equipment.

2. Utility Services Property

a. Subject to provision **2.b.** below, Covered Equipment is extended to include equipment, wherever located within the Coverage Territory, that is:

(1) Owned, operated or controlled by a local public or private utility or distributor that directly generates, transmits, distributes or provides utility services to the described premises; and

(2) Used to supply water, communication or power services to the described premises.

b. This Coverage Extension applies:

(1) Only with respect to; and

(2) Subject to the Limit(s) of Insurance that apply to;

the insurance, if any, otherwise provided under this Coverage Part for loss or damage caused by an interruption of power or other utility service supplied to the described premises caused by or resulting from a Covered Cause of Loss to the utility services equipment described in **2.a.** above.

C. EQUIPMENT BREAKDOWN EXCLUSIONS

All of the Exclusions that apply to this Coverage Part apply to loss or damage under this endorsement, except as follows:

1. Under the Exclusions contained in Section **C.** of the Deluxe Property Coverage Form, the following Exclusions do not apply:

a. Exclusion **C.2.d.** Electrical Damage or Disturbance;

b. Exclusion **C.2.i.(6)** mechanical breakdown under the Other Type of Losses Exclusion; and

c. Exclusion **C.2.e.** Explosion.

2. The following additional Exclusions apply to the insurance provided by this endorsement:

We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

a. Lack or excess of power, light, heat, steam or refrigeration. But this Exclusion does not apply to:

(1) Business Income coverage or Extra Expense coverage; or

(2) The Spoilage Coverage Extension or Utility Services Property Coverage Extension;

b. Hydrostatic, pneumatic or gas pressure testing of any boiler, fired vessel or electrical steam generator; or

c. Insulation breakdown testing of any type of electrical or electronic equipment.

D. EQUIPMENT BREAKDOWN LIMITATIONS

All of the Limitations that apply to this Coverage Part apply to loss or damage under this endorsement, except as follows:

1. Under the Limitations contained in Section **D.** of the Deluxe Property Coverage Form, Limitations **1.a.** and **1.b.** do not apply.

2. The following additional Limitations apply to the insurance provided by this endorsement. These Limitations are included in, and do not increase the applicable Limit(s) of Insurance.

a. Ammonia Contamination Limitation

The most we will pay for loss or damage to property caused by ammonia contamination that directly results from a Breakdown to Covered Equipment is the Ammonia Contamination Limit of Insurance shown in the Schedule of this endorsement.

This limitation does not apply to Business Income coverage or to Extra Expense coverage.

b. Hazardous Substance Limitation

If as a direct result of a Breakdown to Covered Equipment, property is damaged, contaminated or polluted by a substance, other than ammonia, that is declared to be hazardous to health by a governmental agency, the Hazardous Substance Limit of Insurance shown in

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the Schedule of this endorsement is the most we will pay for:

(1) Any additional expenses you incur to clean up, repair, replace or dispose of any such property that is Covered Property under this Coverage Part; and

(2) Any increase in loss of Business Income or Extra Expense due to the additional time required to clean up, repair, replace or dispose of the property, provided Business Income or Extra Expense loss resulting from damage to such property is otherwise insured against under this Coverage Part. Subject to the Hazardous Substance Limit of Insurance, the term "period of restoration", as used in the Business Income and/or Extra Expense insurance provided under this Coverage Part is extended to include this additional period of time.

As used in this Limitation, additional expenses and increase in loss mean expenses and loss incurred beyond the expenses and loss for which we would have been liable had no substance declared to be hazardous to health by a governmental agency been involved.

E. EQUIPMENT BREAKDOWN LIMITS OF INSURANCE

1. The insurance provided under this endorsement for loss or damage caused by or resulting from Equipment Breakdown is included in, and does not increase the Covered Property, Business Income, Extra Expense and other coverage Limits of Insurance that otherwise apply under this Coverage Part.

2. Payments under the Equipment Breakdown Coverage Extensions will not increase the applicable Limit(s) of Insurance.

F. EQUIPMENT BREAKDOWN DEDUCTIBLE

1. Unless otherwise indicated in the Schedule of this endorsement, the insurance provided under this endorsement for loss or damage caused by or resulting from Equipment Breakdown is subject to the deductibles that otherwise apply under this Coverage Part.

2. When one or more separate deductibles are indicated in the Schedule of this endorsement, each such deductible shall be applied separately to the applicable coverage for which the deductible is indicated, as follows:

a. Dollar Deductible

If a dollar deductible is shown in the Schedule, we will not pay for loss or damage until the amount of loss or damage to which the deductible applies exceeds the applicable dollar deductible. We will then pay the amount of loss or damage in excess of the dollar deductible, up to the applicable Limit of Insurance.

b. Time Period Deductible

If a time period deductible is shown in the Schedule, we will not pay for any loss to which the deductible applies that occurs during the specified time period immediately following a Breakdown to Covered Equipment.

c. Average Daily Value Deductible

If an average daily value deductible is shown in the Schedule, this deductible will be calculated as fol lows:

(1) For all of the described premises where you incur Business Income or Extra Expense loss due to a Breakdown to Covered Equipment, determine the total amount of Business Income that would have been earned or incurred by you during the "period of restoration" had no Breakdown to Covered Equipment occurred.

(2) Divide the amount determined in paragraph **(1)** by the number of days the business would have been open during the "period of restoration". The result is the av erage daily value.

(3) Multiply the average daily value in paragraph **(2)** by the Multiple of Average Daily Value shown in the Schedule. We will first subtract this deductible amount from any loss we would otherwise pay. We will then pay the amount of loss or damage in excess of the deductible, up to the applicable Limit of Insurance.

d. Percentage of Loss Deductible

If a deductible is expressed as a percentage of loss in the Schedule, we will not be liable for the indicated percentage of the gross amount of loss or damage insured under the applicable coverage.

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G. EQUIPMENT BREAKDOWN ADDITIONAL CONDITION

The following Additional Condition applies to the insurance provided under this endorsement:

Suspension

If any Covered Equipment is found to be in, or exposed to a dang erous condition, any of our representatives may immediately suspend the insurance provided by this endorsement for loss or damage caused by or resulting from a Breakdown to that Covered Equipment. This can be done by delivering or mailing a notice of suspension to:

1. Your last known addres s; or
2. The address where the Covered Equipment is located.

Once suspended in this way, such insurance can only be reinstated by a written endorsement issued by us. If we suspend your insurance, you will get a pro rata refund of premium for that Covered Equipment. But the suspension will be effective even if we have not yet made or offered a refund.

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EQUIPMENT BREAKDOWN SCHEDULE

Limits of Insurance:

• Spoilage:	$25,000 unless a higher amount is shown:	$ 250,000
• Ammonia Contamination:	$25,000 unless a higher amount is shown:	$ 250,000
• Hazardous Substance:	$25,000 unless a higher amount is shown:	$ 250,000

Deductible Exceptions: Deluxe Property Coverage Part Deductibles apply to loss or damage under this endorsement, except as follows:

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DELUXE PROPERTY COVERAGE PART AMENDATORY ENDORSEMENT

BUILDING REPRODUCTION COST

This endorsement modifies insurance provided under the following:

DELUXE PROPERTY COVERAGE FORM

A. SCHEDULE

Prem. No.	Bldg. No.	Description of Building or Specific Building Features	Limit of Insurance
30	91	HARLINSDALE FARM MAIN BARN	$ $1,362,804
30	95	RESIDENCE HAYES HOME	$1,800,000

B. PROVISIONS - The provisions of this endorsement only apply to the building or specific building features stated in the SCHEDULE above. **The Newly Constructed or Acquired Property** Coverage Extension does not apply.

The following is added to the LOSS CONDITIONS - Valuation:

Building Reproduction Cost

1. In the event of loss or damage to the Covered Property, we will determine the value at "Reproduction Cost" for the building or specific building features at the premises described in the Schedule above.

"Reproduction Cost" means the cost to reproduce the damaged building or specific build-

ing features to the exact same design, decorative style and dimensions as existed at the time of loss, using identical materials with respect to kind and quality. Substitution of materials and architectural features with those of like kind and quality will be required only if the identical materials and features can not be reasonably obtained.

2. The limit of insurance shown in the above SCHEDULE is the only limit of insurance applicable to each building or specific building features.

3. If a Coinsurance provision is attached to this policy it does not apply to the scheduled building or specific building features indicated above. If a building containing a scheduled specific feature is subject to Coinsurance, the value of that feature will be deducted from the building value when applying the coinsurance provision.

4. Our payment under this endorsement will not exceed the least of the following:
   a. The Limit of Insurance applicable to the damaged building or specific building features. as shown in the SCHEDULE above;
   b. "Reproduction Cost" if you contract to reproduce the damaged building or specific building features shown in the schedule above for the same occupancy and use, within 180 days of the damage unless we and you agree to a further extension;
   c. Replacement Cost, without deduction for depreciation, using modern materials and workmanship, if you do not contract to reproduce the building or specific building features shown in the SCHEDULE above for the same occupancy and use, within 180 days of the damage unless we and you agree to a further extension; or
   d. Actual Cash Value if you decide not to reproduce or replace the building or specific building features.

5. We will pay up to an additional $25,000 in any occurrence for research costs to consult with Local Register, National Register, National Landmark Register of Historic Places, or experts to determine the building or specific building features' original material and design. This amount is in addition to the Limits of Insurance.

POLICY NUMBER: H-630-6P798466-IND-24 ISSUE DATE: 07-12-24

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DELUXE PROPERTY COVERAGE PART AMENDATORY ENDORSEMENT

ADDITIONAL COVERED PROPERTY

This endorsement modifies insurance provided under the following:

DELUXE PROPERTY COVERAGE FORM

The property described in the Schedule below is withdrawn from Paragraph **A.2.** Property And Costs Not Covered and added to Covered Property.

When a Limit of Insurance is shown in the Schedule below for any property described in the Schedule, that Limit of Insurance is the most we will pay for loss or damage to that property in any one occurrence. If a Limit of Insurance is not shown in the Schedule below for any property described in the Schedule, the most we will pay for loss or damage to that property in any one occurrence is the applicable Covered Property Limit of Insurance sh own in the Declarations.

SCHEDULE

Prem. Loc. No.	Bldg. No.	Description of Property	Limit of Insurance
19	40	BUILDING COVERAGE: BRIDGES, ROADWAYS, WALKS, PATIOS OR OTHER PAVED SURFACES	$ 153,119
19	42	BUILDING COVERAGE: FENCES OUTSIDE OF BUILDINGS	5,262
20	44	BUILDING COVERAGE: FENCES OUTSIDE OF BUILDINGS	185,460
21	45	Building Coverage: Bridges, roadways, walks, patios or other paved surfaces.	146,778
21	46	BUILDING COVERAGE: BRIDGES, ROADWAYS, WALKS, PATIOS OR OTHER PAVED SURFACES	235,547
21	52	BUILDING COVERAGE: BRIDGES, ROADWAYS, WALKS, PATIOS OR OTHER PAVED SURFACES	69,746

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SCHEDULE

Prem. Loc. No.	Bldg. No.	Description of Property	Limit of Insurance
21	53	BUILDING COVERAGE: BRIDGES, ROADWAYS, WALKS, PATIOS OR OTHER PAVED SURFACES	$ 58,145
21	54	Building Coverage: Bridges, roadways, walks, patios or other paved surfaces.	72,714
22	56	BUILDING COVERAGE: BRIDGES, ROADWAYS, WALKS, PATIOS OR OTHER PAVED SURFACES	961,881
25	65	BUILDING COVERAGE: FENCES OUTSIDE OF BUILDINGS	25,093
27	69	BUILDING COVERAGE: BRIDGES, ROADWAYS, WALKS, PATIOS OR OTHER PAVED SURFACES	98,347
27	70	Building Coverage: Bridges, roadways, walks, patios or other paved surfaces.	330,790

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DELUXE PROPERTY COVERAGE PART AMENDATORY ENDORSEMENT

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SCHEDULE

Prem. Loc. No.	Bldg. No.	Description of Property	Limit of Insurance
27	72	BUILDING COVERAGE: FENCES OUTSIDE OF BUILDINGS	$ 24,283
28	75	BUILDING COVERAGE: FENCES OUTSIDE OF BUILDINGS	53,544
28	76	BUILDING COVERAGE: BRIDGES, ROADWAYS, WALKS, PATIOS OR OTHER PAVED SURFACES	77,201
29	82	Building Coverage: Fences outside of buildings.	957,026
29	88	BUILDING COVERAGE: BRIDGES, ROADWAYS, WALKS, PATIOS OR OTHER PAVED SURFACES	60,708
30	91	BUILDING COVERAGE: FENCES OUTSIDE OF BUILDINGS	500,000

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DELUXE PROPERTY COVERAGE PART AMENDATORY ENDORSEMENT

ADDITIONAL COVERED PROPERTY

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DELUXE PROPERTY COVERAGE FORM

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SCHEDULE

Prem. Loc. No.	Bldg. No.	Description of Property	Limit of Insurance
30	92	Building Coverage: Fences outside of buildings.	$ 87,690
30	93	Building Coverage: Fences outside of buildings.	116,424
30	94	BUILDING COVERAGE: FENCES OUTSIDE OF BUILDINGS	111,163
30	96	BUILDING COVERAGE: FENCES OUTSIDE OF BUILDINGS	172,680
30	102	BUILDING COVERAGE: BULKHEADS, PILINGS, PIERS, WHARVES OR DOCKS	11,880
31	109	Building Coverage: Fences outside of buildings.	792,574

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DELUXE PROPERTY COVERAGE PART AMENDATORY ENDORSEMENT

ADDITIONAL COVERED PROPERTY

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SCHEDULE

Prem. Loc. No.	Bldg. No.	Description of Property	Limit of Insurance
31	111	BUILDING COVERAGE: FENCES OUTSIDE OF BUILDINGS	$ 730,517
31	113	BUILDING COVERAGE: FENCES OUTSIDE OF BUILDINGS	287,755
31	116	BUILDING COVERAGE: FENCES OUTSIDE OF BUILDINGS	228,396
31	117	Building Coverage: Fences outside of buildings.	207,081
31	120	BUILDING COVERAGE: BRIDGES, ROADWAYS, WALKS, PATIOS OR OTHER PAVED SURFACES	249,307
31	121	BUILDING COVERAGE: FENCES OUTSIDE OF BUILDINGS	1,425,600

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DELUXE PROPERTY COVERAGE PART AMENDATORY ENDORSEMENT

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SCHEDULE

Prem. Loc. No.	Bldg. No.	Description of Property	Limit of Insurance
31	124	BUILDING COVERAGE: FENCES OUTSIDE OF BUILDINGS	$ 333,623
31	125	Building Coverage: Bridges, roadways, walks, patios or other paved surfaces.	763,840
31	128	Building Coverage: Fences outside of buildings.	185,226
31	131	BUILDING COVERAGE: FENCES OUTSIDE OF BUILDINGS	59,494
31	147	BUILDING COVERAGE: FENCES OUTSIDE OF BUILDINGS	94,704
21	49	Building Coverage: Fences outside of buildings.	53,558

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SCHEDULE

Prem. Loc. No.	Bldg. No.	Description of Property	Limit of Insurance
32	156	BUILDING COVERAGE: FENCES OUTSIDE OF BUILDINGS	$ 579,827
32	159	BUILDING COVERAGE: FENCES OUTSIDE OF BUILDINGS	72,849
32	160	BUILDING COVERAGE: BRIDGES, ROADWAYS, WALKS, PATIOS OR OTHER PAVED SURFACES	1,057,531
32	163	Building Coverage: Fences outside of buildings.	63,811
32	165	BUILDING COVERAGE: FENCES OUTSIDE OF BUILDINGS	82,899
32	166	BUILDING COVERAGE: FENCES OUTSIDE OF BUILDINGS	98,751

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DELUXE PROPERTY COVERAGE FORM

The property described in the Schedule below is withdrawn from Paragraph **A.2.** Property And Costs Not Covered and added to Covered Property.

When a Limit of Insurance is shown in the Schedule below for any property described in the Schedule, that Limit of Insurance is the most we will pay for loss or damage to that property in any one occurrence. If a Limit of Insurance is not shown in the Schedule below for any property described in the Schedule, the most we will pay for loss or damage to that property in any one occurrence is the applicable Covered Property Limit of Insurance sh own in the Declarations.

SCHEDULE

Prem. Loc. No.	Bldg. No.	Description of Property	Limit of Insurance
33	173	BUILDING COVERAGE: BRIDGES, ROADWAYS, WALKS, PATIOS OR OTHER PAVED SURFACES.	$ 729,168
33	174	Building Coverage: Bridges, roadways, walks, patios or other paved surfaces.	1,071,156
34	185	BUILDING COVERAGE: RETAINING WALLS THAT ARE NOT PART OF A BUILDING	122,495
34	187	BUILDING COVERAGE: BRIDGES, ROADWAYS, WALKS, PATIOS OR OTHER PAVED SURFACES	50,724
97	340	BUILDING COVERAGE: BRIDGES, ROADWAYS, WALKS, PATIOS OR OTHER PAVED SURFACES	3,500,000
21	54	BUILDING COVERAGE: BRIDGE	67328

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POLICY NUMBER: H-630-6P798466-IND-24 ISSUE DATE: 07-12-24

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DELUXE PROPERTY COVERAGE PART AMENDATORY ENDORSEMENT

ADDITIONAL COVERED PROPERTY

This endorsement modifies insurance provided under the following:

DELUXE PROPERTY COVERAGE FORM

The property described in the Schedule below is withdrawn from Paragraph **A.2.** Property And Costs Not Covered and added to Covered Property.

When a Limit of Insurance is shown in the Schedule below for any property described in the Schedule, that Limit of Insurance is the most we will pay for loss or damage to that property in any one occurrence. If a Limit of Insurance is not shown in the Schedule below for any property described in the Schedule, the most we will pay for loss or damage to that property in any one occurrence is the applicable Covered Property Limit of Insurance sh own in the Declarations.

SCHEDULE

Prem. Loc. No.	Bldg. No.	Description of Property	Limit of Insurance
24	60	BUILDING COVERAGE: RETAINING WALL	$ 317030
30	91	BUILDING COVERAGE: FENCES OUTSIDE OFBUILDINGS	500000
30	92	BUILDING COVERAGE: FENCES OUTSIDE OF BUILDINGS	81194
30	94	BUILDING COVERAGE: FENCES OUTSIDE OF BUILDINGS	102929
30	102	BUILDING COVERAGE: DOCKS	11000

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POLICY NUMBER: H-630-6P798466-IND-24 ISSUE DATE: 07-12-24

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DELUXE PROPERTY COVERAGE PART AMENDATORY ENDORSEMENT

ADDITIONAL PROPERTY AND COSTS NOT COVERED

This endorsement modifies insurance provided under the following:

DELUXE PROPERTY COVERAGE FORM

The following is added to Paragraph **A.2.** Property And Costs Not Covered:

SCHEDULE

Prem. Loc. No.	Bldg. No.	Description of Property
1	1	ANY EDP COVERED UNDER TRAVELERS PROPERTY CASUALTY COMPANY OF AMERICA POLICY #QT 660-1C334198-TIL-20

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POLICY NUMBER: H-630-6P798466-IND-24 ISSUE DATE: 07-12-24

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DELUXE PROPERTY COVERAGE PART AMENDATORY ENDORSEMENT

LOSS PAYABLE PROVISIONS

This endorsement modifies insurance provided under the following:

DELUXE PROPERTY COVERAGE FORM

Nothing in this endorsement increases the applicable Limit of Insurance. We will not pay any Loss Payee more than their financial interest in the Covered Property, and we will not pay more than the applicable Limit of Insurance on the Covered Property.

Each of the following Clauses, **A**, **B**, **C** and **D**, is added to the Loss Payment Loss Condition as indicated in the Schedule below.

A. LOSS PAYABLE CLAUSE

For Covered Property in which both you and a Loss Payee shown in the Schedule below have an insurable interest, we will:

1. Adjust losses with you; and

2. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.

B. LENDER'S LOSS PAYABLE CLAUSE

1. The Loss Payee shown in the Schedule below is a creditor, including a mortgageholder or trustee, whose interest in Covered Property is established by such written instruments as:

a. Warehouse receipts:

b. A contract for deed:

c. Bills of lading:

d. Financing statements; or

e. Mortgages, deeds of trust, or security agreements.

2. For Covered Property in which both you and a Loss Payee have an insurable interest:

a. We will pay for covered loss or damage to each Loss Payee in their order or precedence, as interest may appear.

b. The Loss Payee has the right to receive loss payment even if the Loss Payee has started foreclosure or similar action on the Covered Property.

c. If we deny your claim because of your acts or because you have failed to comply with terms of this Coverage Part, the Loss Payee will still have the right to receive loss payment if the Loss Payee:

(1) Pays any premium due under this Coverage Part at our request if you have failed to do so:

(2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and

(3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the Loss Payee.

All of the terms of this Coverage Part will then apply directly to the Loss Payee.

d. If we pay the Loss Payee for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

(1) The Loss Payee's rights will be transferred to us to the extent of the amount we pay; and

(2) The Loss Payee's rights to recover the full amount of the Loss Payee's claim will not be impaired.

At our option, we may pay to the Loss Payee the whole principal on the debt plus any accrued interest. In this event, you will pay your remaining debt to us.

At our option, we may pay to the Loss Payee the whole principal on the debt plus any accrued interest. In this event, you will pay your remaining debt to us.

3. If we cancel this policy, we will give written notice to the Loss Payee at least:

a. 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or

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b. 30 days before the effective date of cancellation if we cancel for any other reason.

4. If we elect not to renew this policy, we will give written notice to the Loss Payee at least 10 days before the expiration date of this policy.

C. CONTRACT OF SALE CLAUSE

1. The Loss Payee shown in the Schedule below is a person or organization you have entered into a contract with for the sale of Covered Property.

2. For Covered Property in which both you and the Loss Payee have an insurable interest, we will:

a. Adjust losses with you; and

b. Pay any claim for loss or damage jointly to you and the Loss Payee, as interest may appear.

3. The following is added to the Other Insurance Condition:

For Covered Property that is the subject of a contract of sale, the word "you" includes the Loss Payee.

D. BUILDING OWNER LOSS PAYABLE CLAUSE

1. The Loss Payee shown in the Schedule below is the owner of the described building, in which you are a tenant.

2. We will adjust losses to the described building with the Loss Payee. Any loss payment made to the Loss Payee will satisfy your claims against us for the owner's property.

3. We will adjust losses to tenants' improvements and betterments with you, unless the lease provides otherwise.

SCHEDULE

Premises Location Number: **Building Number:** **Applicable Clause (Indicate A, B, C or D):**

Description of Property:

SEE DX T8 93 03 99

Loss Payee Name:

Loss Payee Address:

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LOSS PAYABLE PROVISIONS SCHEDULE

Loss Payee (Name & Address)

BANK OF AMERICA PUBLIC CAPITAL CORP

P.O. BOX 4431

ATLANTA GA 30302-4431

Prem. No.	Bldg. No.	Description of Property	Provisions Applicable
9	13	CONTENTS / PERSONAL PROPERTY	Loss Payable

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DELUXE PROPERTY COVERAGE PART AMENDATORY ENDORSEMENT

UTILITY SERVICES – DIRECT DAMAGE

This endorsement modifies insurance provided under the following:

DELUXE PROPERTY COVERAGE FORM

A. Coverage

If indicated in the Declarations, we will pay for loss of or damage to Covered Property at the described premises caused by the interruption of utility service to the described premises. The interruption of utility service must result from direct physical loss or damage by a Covered Cause of Loss to any of the Utility Supply Services Properties defined in Section **B.** below, if such property is indicated in the Declarations and is:

1. Located away from the described premises; or

2. Located at the described premises and used to supply the utility service to the described premises from a source away from the described premises.

B. Utility Supply Services Properties

1. Water Supply Services Property, meaning the following types of property supplying water to the described premises:

a. Pumping stations; and

b. Water mains.

2. Communication Supply Services Property, meaning the following types of property supplying communication services, including telephone, radio, microwave or television services, to the described premises, such a s:

a. Communication transmission lines, including optic fiber transmission lines;

b. Coaxial cables; and

c. Microwave radio relays except satellites.

Coverage does not include loss caused by or resulting from loss or damage to Overhead Transmission Lines unless *Included* or a separate Limit of Insurance is shown in the Declarations for Overhead Transmission Lines.

3. Power Supply Services Property, meaning the following types of property supplying electricity, steam or gas to the described premises:

a. Utility generating plants;

b. Switching stations;

c. Substations;

d. Transformers; and

e. Transmission lines.

Coverage does not include loss caused by or resulting from loss or damage to Overhead Transmission Lines unless *Included* or a separate Limit of Insurance is shown in the Declarations for Overhead Transmission Lines.

C. Deductible

We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the applicable Deductible stated in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible up to the applicable Limit of Insurance.

D. Limits of Insurance

The most we will pay for loss or damage in any one occurrence is the applicable Utility Services – Direct Damage Limit of Insurance stated in the Declarations.

If a separate Limit of Insurance is shown in the Declarations for Overhead Transmission Lines, that limit is the most we will pay for loss or damage in any one occurrence resulting from loss or damage to Overhead Transmission Lines to which this coverage applies. This applies even if this coverage applies to both Communication Supply Services Property and Power Supply Services Property.

The Limit(s) of Insurance applicable to this endorsement are part of, and not in addition to, the applicable Covered Property Limit(s) of Insurance.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FEDERAL TERRORISM RISK INSURANCE ACT DISCLOSURE

This endorsement modifies insurance provided under the following:

DELUXE PROPERTY COVERAGE PART

The federal Terrorism Risk Insurance Act of 2002 as amended ("TRIA") establishes a program under which the Federal Government may partially reimburse "Insured Losses" (as defined in TRIA) caused by "Acts Of Terrorism" (as defined in TRIA). "Act Of Terrorism" is defined in Section 102(1) of TRIA to mean any act that is certified by the Secretary of the Treasury – in consultation with the Secretary of Homeland Security and the Attorney General of the United States – to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States Mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

The Federal Government's share of compensation for such Insured Losses is 80% of the amount of such Insured Losses in excess of each Insurer's "Insurer Deductible" (as defined in TRIA), subject to the "Program Trigger" (as defined in TRIA).

In no event, however, will the Federal Government be required to pay any portion of the amount of such Insured Losses occurring in a calendar year that in the aggregate exceeds $100 billion, nor will any Insurer be required to pay any portion of such amount provided that such Insurer has met its Insurer Deductible. Therefore, if such Insured Losses occurring in a calendar year exceed $100 billion in the aggregate, the amount of any payments by the Federal Government and any coverage provided by this policy for losses caused by Acts Of Terrorism may be reduced.

The charge for such Insured Losses under this Coverage Part is included in the Coverage Part premium. The charge for such Insured Losses that has been included for this Coverage Part is indicated below, and does not include any charge for the portion of such Insured Losses covered by the Federal Government under TRIA:

- 7% of your total Deluxe Property Coverage Part premium if your primary location is in a Designated City (as listed below).
- 3% of your total Deluxe Property Coverage Part premium if your primary location is not in a Designated City (as listed below).

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Designated Cities are:

Albuquerque, NM	El Paso, TX	Miami, FL	San Antonio, TX
Atlanta, GA	Fort Worth, TX	Milwaukee, WI	San Diego, CA
Austin, TX	Fresno, CA	Minneapolis, MN	San Francisco, CA
Baltimore, MD	Honolulu, HI	Nashville-Davidson, TN	San Jose, CA
Boston, MA	Houston, TX	New Orleans, LA	Seattle, WA
Charlotte, NC	Indianapolis, IN	New York, NY	St. Louis, MO
Chicago, IL	Jacksonville, FL	Oakland, CA	Tucson, AZ
Cleveland, OH	Kansas City, MO	Oklahoma City, OK	Tulsa, OK
Colorado Springs, CO	Las Vegas, NV	Omaha, NE	Virginia Beach, VA
Columbus, OH	Long Beach, CA	Philadelphia, PA	Washington, DC
Dallas, TX	Los Angeles, CA	Phoenix, AZ	Wichita, KS
Denver, CO	Memphis, TN	Portland, OR	
Detroit, MI	Mesa, AZ	Sacramento, CA	

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DELUXE PROPERTY COVERAGE PART AMENDATORY ENDORSEMENT

DIGITAL ASSETS EXCLUSIONS – DIGITAL CURRENCY AND NON-FUNGIBLE TOKENS

This endorsement modifies insurance provided under the following:

DELUXE PROPERTY COVERAGE PART

A. The following is added to Paragraph **2. Property and Costs Not Covered** of Section **A. COVERAGE** of the DELUXE PROPERTY COVERAGE FORM:

Covered Property also does not include:

(1) Any "digital currency"; or

(2) Any "non-fungible token".

B. The following is added to any definition of "money", "securities" and "fine arts":

This definition does not include:

(1) Any "digital currency"; or

(2) Any "non-fungible token".

C. The following exclusion is added to Paragraph **1. Exclusions** of Section **B. Exclusions and Limitations** of the DELUXE BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM, DELUXE BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM or DELUXE EXTRA EXPENSE COVERAGE FORM, if any such coverage form is part of your policy:

We will not pay for any loss caused by or resulting from loss of or damage to:

(1) Any "digital currency"; or

(2) Any "non-fungible token".

D. The following are added to Section **J. DEFINITIONS** of the DELUXE PROPERTY COVERAGE FORM:

"Digital currency" means any exclusively digital, electronic or virtual currency, including crypto currency, that is a representation of value and may be used as a medium of exchange or held as an investment.

"Non-fungible token" means any unique or semi-unique unit of data, digital file or token or other digital identifier that is recorded in a digital ledger, such as a blockchain.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DELUXE PROPERTY COVERAGE PART AMENDATORY ENDORSEMENT

ELECTRONIC VANDALISM LIMITATION AND OTHER CHANGES

This endorsement modifies insurance provided under the following:

DELUXE PROPERTY COVERAGE PART

SCHEDULE

Electronic Vandalism Limit of Insurance,
aggregate in any 12-month period of this policy: **$ 10,000** unless a higher limit is shown: $

This endorsement restricts the insurance provided under this Coverage Part for direct physical loss or damage caused by or resulting from "electronic vandalism" and for loss that is a consequence of such direct physical loss or damage.

A. LIMITATION – ELECTRONIC VANDALISM

The following LIMITATION is added:

The most we will pay for all loss or damage caused directly or indirectly by or resulting from "electronic vandalism" in any one policy year, commencing with the inception date of this endorsement, is the Electronic Vandalism Limit of Insurance shown in the Schedule of this endorsement. This Electronic Vandalism Limit of Insurance applies regardless of the number of locations, items or types of property or coverages or Coverage Forms involved and is part of, and does not increase the Limits of Insurance provided under this policy.

But if "electronic vandalism" results in a "specified cause of loss", other than:

1. Vandalism that is "electronic vandalism"; or

2. Equipment breakdown when, and to the extent, it is otherwise specifically added as a "specified cause of loss" under this Coverage Part;

this Limitation will not apply to the resulting loss or damage caused by that "specified cause of loss".

This Limitation does not create coverage for any loss or damage that would not otherwise be covered under this Coverage Part, including any loss or damage subject to the exclusions in Section **B.** below.

B. UTILITY SERVICES AND SPOILAGE - ELECTRONIC VANDALISM CHANGES

1. The following replaces the Utility Services Exclusion in Section **C.1.i.** of the DELUXE PROPERTY COVERAGE FORM :

i. Utility Services

The failure or fluctuation of power, communication, water or other utility service supplied to the described premises, however caused, if the failure or fluctuation:

(1) Originates away from the described premises; or

(2) Originates at the described premises, but only if such failure or fluctuation involves equipment used to supply the utility service to the described premises from a source away from the described premises.

Failure or fluctuation of any utility service includes lack of sufficient capacity and reduction in supply. Communication services include service relating to Internet access or access to any electronic, cellular or satellite network.

Exceptions:

(1) If the failure or fluctuation of power, communication, water or other utility service results in a Covered Cause of Loss, other than "electronic vandalism", this exclusion does not apply to the loss or damage caused by that Covered Cause of Loss.

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(2) This exclusion does not apply to the insurance provided under any Utility Service – Direct Damage, Utility Service – Time Element or Spoilage coverage for loss or damage caused by the failure or fluctuation of power, communication, water or other utility service supplied to the described premises when the failure or fluctuation:

(a) Originates away from the described premises; or

(b) Originates at the described premises and involves equipment used to supply the utility service to the described premises from a source away from the described premises.

But all other Exclusions and Limitations applicable to this Coverage Part, including the "Electronic Vandalism" Limitation in Section A. above and the below exclusions applicable to Utility Services and Spoilage coverages, continue to apply to such loss or damage to which these Exceptions apply.

2. Under any:

a. Utility Services – Direct Damage;

b. Utility Services – Time Element; and

c. Spoilage;

coverage provided under this Coverage Part the following exclusion is added:

We will not pay for loss or damage caused directly or indirectly by "electronic vandalism". This exclusion applies regardless of any other cause or event that contributes concurrently or in any sequence to the loss. This exclusion applies whether or not the loss event results in widespread damage or affects a substantial area.

C. ELECTRONIC VANDALISM MINIMUM DEDUCTIBLE

The following deductible provision is added and applies to all coverages, including Extra Expense:

The DEDUCTIBLE provisions of this Coverage Part continue to apply. But in no event will the total of all applicable deductible amounts applied in any one occurrence of "electronic vandalism" to which insurance under this Coverage Part applies be less than $1,000.

D. ELECTRONIC VANDALISM DEFINED

"Electronic vandalism" means:

1. Willful or malicious destruction of computer programs, content, instructions or other electronic or digital data stored within computer systems.

2. Unauthorized computer code or programming that:

a. Deletes, distorts, corrupts or manipulates computer programs, content, instructions or other electronic or digital data, or otherwise results in damage to computers or computer systems or networks to which it is introduced;

b. Replicates itself, impairing the performance of computers or computer systems or networks;

c. Gains remote control access to data and programming within computers or computer systems or networks to which it is introduced, for uses other than those intended for authorized users of the computers or computer systems or networks; or

d. Introduces a virus, harmful code or similar instruction into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation.

3. Any other unauthorized access to or use of computers or computer systems or networks, including data and programming within such computers or computer systems or networks.

4. A denial of service attack that restricts, prevents or disrupts access to or use of any computer, computer system or network, or otherwise disrupts the normal functioning or operation of any computer, computer system or network.

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COMMERCIAL CRIME

COMMERCIAL CRIME

TRAVELERS

One Tower Square, Hartford, Connecticut 06183

GOVERNMENT CRIME COVERAGE PART DECLARATIONS

POLICY NO: H-630-6P798466-IND-24
ISSUE DATE: 07-12-24

INSURING COMPANY:
THE TRAVELERS INDEMNITY COMPANY

Declarations Period: From 07-01-24 to 07-01-25 12:01 A.M. Standard Time at your mailing address shown in the Common Policy Declarations.

The Government Crime Coverage Part consists of this Declarations Form and the Government Crime Coverage Form.

EMPLOYEE BENEFIT PLAN(S) INCLUDED AS INSUREDS:

1. INSURING AGREEMENTS, LIMITS OF INSURANCE AND DEDUCTIBLES:

INSURING AGREEMENTS	LIMIT OF INSURANCE Per Occurrence	DEDUCTIBLE AMOUNT Per Occurrence
1. Employee Theft – Per Loss Coverage	$ 500,000	$ 1,000
2. Employee Theft – Per Employee Coverage	NOT COVERED	
3. Forgery Or Alteration	$ 500,000	$ 1,000
4. Inside The Premises – Theft Of Money And Securities	$ 500,000	$ 1,000
5. Inside The Premises – Robbery Or Safe Burglary Of Other Property	$ 500,000	$ 1,000
6. Outside The Premises	$ 500,000	$ 1,000
7. Computer Fraud	$ 500,000	$ 1,000
8. Funds Transfer Fraud	$ 500,000	$ 1,000
9. Money Orders And Counterfeit Paper Currency	$ 500,000	$ 1,000

If Added by Endorsement, Insuring Agreement(s):

If "Not Covered" is inserted above opposite any specified Insuring Agreement, such Insuring Agreement and any other reference thereto in this policy is deleted.

2. NUMBERS OF FORMS, SCHEDULES AND ENDORSEMENTS FORMING PART OF THIS COVERAGE PART ARE LISTED BELOW OR ATTACHED AS A SEPARATE LISTING.

3. CANCELLATION OF PRIOR INSURANCE ISSUED BY US: By acceptance of this Coverage Part you give us notice cancelling prior policy Nos. H-630-6P798466-IND-23 **; the cancellation to be effective at the time this Coverage Part becomes effective.**

PRODUCER: PUBLIC RISK INSURORS DCK59 OFFICE: ST PAUL 06R

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(DISCOVERY FORM)

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GOVERNMENT CRIME COVERAGE FORM (DISCOVERY FORM)

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is or is not co vered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **F.** Definitions.

A. Insuring Agreements

Coverage is provided under the following Insuring Agreements for which a Limit of Insurance is shown in the Declarations:

1. Employee Theft – Per Loss Coverage

We will pay for loss of or damage to "money", "securities" and "other property" resulting directly from "theft" committed by an "employee", whether identified or not, acting alone or in collusion with other persons.

2. Employee Theft – Per Employee Coverage

We will pay for loss of or damage to "money", "securities" and "other property" resulting directly from "theft" committed by each "employee", whether identified or not, acting alone or in collusion with other persons.

3. Forgery Or Alteration

a. We will pay for loss resulting directly from "forgery" or alteration of checks, drafts, promissory notes, or similar written promises, orders or directions to pay a sum certain in "money" that are:

(1) Made or drawn by or drawn upon you; or

(2) Made or drawn by one acting as your agent;

or that are purported to have been so made or drawn.

b. If you are sued for refusing to pay any instrument covered in Paragraph a. above, on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur and pay in that defense. The amount that we will pay is in addition to the Limit of Insurance applicable to this Insuring Agreement.

4. Inside The Premises – Theft Of Money And Securities

a. We will pay for loss of "money" and "securities" inside the "premises" or "banking premises" resulting directly from "theft", disappearance or destruction.

b. We will pay for loss from damage to the "premises" or its exterior resulting directly from an actual or attempted "theft" of "money" and "securities", if you are the owner of the "premises" or are liable for damage to it.

c. We will pay for loss of or damage to a locked safe, vault, cash register, cash box or cash drawer located inside the "premises" resulting directly from an actual or attempted "theft" of or unlawful entry into those containers.

5. Inside The Premises – Robbery Or Safe Burglary Of Other Property

a. We will pay for loss of or damage to "other property":

(1) Inside the "premises" resulting directly from an actual or attempted "robbery" of a "custodian"; or

(2) Inside the "premises" in a safe or vault resulting directly from an actual or attempted "safe burglary".

b. We will pay for loss from damage to the "premises" or its exterior resulting directly from an actual or attempted "robbery" or "safe burglary" of "other property", if you are the owner of the "premises" or are liable for da mage to it.

c. We will pay for loss of or damage to a locked safe or vault located inside the "premises" resulting directly from an actual or attempted "robbery" or "safe burglary".

6. Outside The Premises

a. We will pay for loss of "money" and "securities" outside the "premises" in the care and custody of a "messenger" or an armored motor vehicle company resulting

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directly from "theft", disappearance or destruction.

b. We will pay for loss of or damage to "other property" outside the "premises" in the care and custody of a "messenger" or an armored motor vehicle company resulting directly from an actual or attempted "robbery".

7. Computer Fraud

We will pay for loss of or damage to "money", "securities" and "other property" resulting directly from the use of any computer to fraudulently cause a transfer of that property from inside the "premises" or "banking premises":

a. To a person (other than a "messenger") outside those "premises"; or

b. To a place outside those "pre mises".

8. Funds Transfer Fraud

We will pay for loss of "funds" resulting directly from a "fraudulent instruction" directing a financial institution to transfer, pay or deliver "funds" from your "transfer account".

9. Money Orders And Counterfeit Paper Currency

We will pay for loss resulting directly from your having accepted in good faith, in exchange for merchandise, "money" or services:

a. Money orders issued by any post office, express company or bank that are not paid upon presentation; or

b. "Counterfeit" paper currency that is acquired during the regular course of business.

B. Limit Of Insurance

The most we will pay for loss in any one "occurrence" is the applicable Limit of Insurance shown in the Declarations.

C. Deductible

We will not pay for loss in any one "occurrence" unless the amount of loss exceeds the Deductible Amount shown in the Declarations. We will then pay the amount of loss in excess of the Deductible Amount, up to the Limit of Insurance. In the event more than one Deductible Amount could apply to the same loss, only the highest Deductible Amount may be applied.

D. Exclusions

1. This insurance does not apply to :

a. Acts Committed By You

Loss resulting from "theft" or any other dishonest act committed by you, whether acting alone or in collusion with other persons.

b. Acts Of Officials, Employees Or Representatives

Loss resulting from "theft" or any other dishonest act committed by any of your officials, "employees" or authorized representatives:

(1) Whether acting alone or in collusion with other persons; or

(2) While performing services for you or otherwise;

except when covered under Insuring Agreements **A.1.** or **A.2.**

c. Governmental Action

Loss resulting from seizure or destruction of property by order of governmental authority.

d. Indirect Loss

Loss that is an indirect result of any act or "occurrence" covered by this insurance including, but not limited to, loss resulting from:

(1) Your inability to realize income that you would have realized had there been no loss of or damage to "money", "securities" or "other property".

(2) Payment of damages of any type for which you are legally liable. But, we will pay compensatory damages arising directly from a loss covered under this insurance.

(3) Payment of costs, fees or other expenses you incur in establishing either the existence or the amount of loss under this insurance.

e. Legal Expenses

Expenses related to any legal action, except when covered under Insuring Agreement **A.3.**

f. Nuclear

Loss resulting from nuclear reaction, nuclear radiation or radioactive contamination, or any related act or incident.

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g. War And Similar Actions

Loss resulting from war, whether or not declared, warlike action, insurrection, rebellion or revolution, or any related act or incident.

2. Insuring Agreements **A.1.** and **A.2.** do not apply to:

a. Bonded Employees

Loss caused by any "employee" required by law to be individually bonded.

b. Employees Cancelled Under Prior Insurance

Loss caused by any "employee" of yours, or predecessor in interest of yours, for whom similar prior insurance has been cancelled and not reinstated since the last such cancellation.

c. Inventory Shortages

Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon:

(1) An inventory computation; or

(2) A profit and loss computation.

However, where you establish wholly apart from such computations that you have sustained a loss, then you may offer your inventory records and actual physical count of inventory in support of the amount of loss claimed.

d. Trading

Loss resulting directly or indirectly from trading, whether in your name or in a genuine or fictitious account.

e. Treasurers Or Tax Collectors

Loss caused by any treasurer or tax collector by whatever name known.

3. Insuring Agreements **A.4., A.5.** and **A.6.** do not apply to:

a. Accounting Or Arithmetical Errors Or Omissions

Loss resulting from accounting or arithmetical errors or omissions.

b. Exchanges Or Purchases

Loss resulting from the giving or surrendering of property in any exchange or purchase.

c. Fire

Loss resulting from fire, however caused, except:

(1) Loss of or damage to "money" and "securities"; and

(2) Loss from damage to a safe or vault.

d. Money Operated Devices

Loss of property contained in any money operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.

e. Motor Vehicles Or Equipment And Accessories

Loss of or damage to motor vehicles, trailers or semi-trailers or equipment and accessories attached to them.

f. Transfer Or Surrender Of Property

(1) Loss of or damage to property after it has been transferred or surrendered to a person or place outside the "premises" or "banking premises":

(a) On the basis of unauthorized instructions;

(b) As a result of a threat to do bodily harm to any person; or

(c) As a result of a threat to do damage to any property.

(2) But, this Exclusion does not apply under Insuring Agreement A.6. to loss of "money", "securities" or "other property" while outside the "premises" in the care and custody of a "messenger" if you:

(a) Had no knowledge of any threat at the time the conveyance began; or

(b) Had knowledge of a threat at the time the conveyance began, but the loss was not related to the threat.

g. Vandalism

Loss from damage to the "premises" or its exterior, or to any safe, vault, cash register, cash box, cash drawer or "other property" by vandalism or malicious mischief.

h. Voluntary Parting Of Title To Or Possession Of Property

Loss resulting from your, or anyone acting on your express or implied authority, being induced by any dishonest act to voluntarily part with title to or possession of any property.

4. Insuring Agreement **A.7.** does not apply to:

a. Exchanges Or Purchases

Loss resulting from the giving or surrendering of property in any exchange or purchase.

b. Funds Transfer Fraud

Loss resulting from a "fraudulent instruction" directing a financial institution to transfer, pay or deliver "funds" from your "transfer account".

c. Inventory Shortages

Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon:

(1) An inventory computation; or

(2) A profit and loss computation.

d. Voluntary Parting Of Title To Or Possession Of Property

Loss resulting from your, or anyone acting on your express or implied authority, being induced by any dishonest act to voluntarily part with title to or possession of any property.

5. Insuring Agreement **A.8.** does not apply to:

COMPUTER FRAUD

Loss resulting from the use of any computer to fraudulently cause a transfer of "money", "securities" or "other property".

E. Conditions

The following conditions apply in addition to the Common Policy Conditions:

1. Conditions Applicable To All Insuring Agreements

a. Cancellation As To Any Employee

This insurance is cancelled as to any "employee":

(1) Immediately upon discovery by:

(a) You; or

(b) Any official or employee authorized to manage, govern or control your "employees" who is not in collusion with the "employee";

of "theft" or any other dishonest act committed by the "employee" whether before or after becoming employed by you.

(2) On the date specified in a notice mailed to the first Named Insured. That date will be at least 30 days after the date of mailing.

We will mail or deliver our notice 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.

b. Concealment, Misrepresentation Or Fraud

This insurance is void in any case of fraud by you as it relates to this insurance at any time. It is also void if you or any other Insured, at any time, intentionally conceal or misrepresent a material fact concerning:

(1) This insurance;

(2) The property covered under this insurance;

(3) Your interest in the property covered under this insurance; or

(4) A claim under this insurance.

c. Discovery

(1) We will pay for loss that you sustain through acts committed or events occurring at any time and discovered by you:

(a) During the policy period shown in the Declarations; or

(b) During the period of time provided in the Extended Period To Discover Loss Condition **E.1.f.**

(2) Discovery of loss occurs when you first become aware of facts which would cause a reasonable person to assume that a loss covered by this insurance has been or will be incurred, even though the exact amount or details of loss may not then be known.

Discovery also occurs when you receive notice of an actual or potential claim against you alleging facts that if

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true would constitute a loss covered under this insurance.

d. Duties In The Event Of Loss

After you discover a loss or a situation that may result in loss of or damage to "money", "securities" or "other property" you must:

(1) Notify us as soon as possible. If you have reason to believe that any loss (except for loss covered under Insuring Agreements **A.1., A.2.** or **A.3.**) involves a violation of law, you must also notify the local law enforcement authorities.

(2) Submit to examination under oath at our request and give us a signed statement of your answers.

(3) Give us a detailed, sworn proof of loss within 120 days.

(4) Cooperate with us in the investigation and settlement of any claim.

e. Employee Benefit Plan(s)

(1) The employee benefit plan(s) shown in the Declarations are included as Insureds under Insuring Agreements **A.1.** or **A.2.**

(2) Any payment we make to you for loss sustained by any Plan will be held by you for the use and benefit of the Plan(s) sustaining the loss.

(3) The Deductible Amount applicable to Insuring Agreements **A.1.** or **A.2.** does not apply to loss sustained by any employee benefit plan(s).

f. Extended Period To Discover Loss

(1) We will pay for loss that you sustained prior to the effective date of termination or cancellation of this insurance, which is discovered by you no later than 60 d ays from the date of that termination or cancellation.

(2) However, this extended period to discover loss terminates immediately upon the effective date of any other insurance obtained by you replacing in whole or in part the insurance afforded hereunder, whether or not such other insurance provides coverage for loss sustained prior to its effective date.

g. Joint Insured

(1) If more than one Insured is named in the Declarations, the first Named Insured will act for itself and for every other Insured for all purposes of this insurance. If the first Named Insured ceases to be covered, then the next Named Insured will become the first Named Insured.

(2) If any Insured or official of that Insured has knowledge of any information relevant to this insurance, that knowledge is considered knowledge of every Insured.

(3) An "employee" of any Insured is considered to be an "employee" of every Insured.

(4) If this insurance or any of its coverages is cancelled or terminated as to any Insured, loss sustained by that Insured is covered only if discovered by you during the period of time provided in the Extended Period To Discover Loss Condition **E.1.f.**

However, this extended period to discover loss terminates as to that Insured immediately upon the effective date of any other insurance obtained by that Insured replacing in whole or in part the insurance afforded hereunder, whether or not such other insurance provides coverage for loss sustained prior to its effective date.

(5) We will not pay more for loss sustained by more than one Insured than the amount we would pay if all the loss had been sustained by one Insured.

h. Legal Action Against Us

You may not bring any legal action against us involving loss:

(1) Unless you have complied with all the terms of this insurance;

(2) Until 90 days after you have filed proof of loss with us; and

(3) Unless brought within 2 years from the date you discover the loss.

If any limitation is prohibited by law, such limitation is amended so as to equal the minimum period of limitation provided by such law.

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i. Liberalization

If we adopt any revision that would broaden the coverage under this insurance without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this insurance.

j. Loss Covered Under More Than One Coverage Of This Insurance

If two or more coverages of this insurance apply to the same loss, we will pay the lesser of:

(1) The actual amount of loss; or

(2) The sum of the Limits of Insurance applicable to those coverages.

k. Non-Cumulation Of Limit Of Insurance

Regardless of the number of years this insurance remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or policy period to policy period.

l. Other Insurance

This insurance does not apply to loss recoverable or recovered under other insurance or indemnity. If the limit of the other insurance or indemnity is insufficient to cover the entire amount of the loss, this insurance will apply to that part of the loss, other than that falling within any Deductible Amount, not recoverable or recovered under the other insurance or indemnity.

However, this insurance will not apply to the amount of loss that is more than the applicable Limit of Insurance shown in the Declarations.

m. Ownership Of Property; Interests Covered

The property covered under this insurance is limited to property:

(1) That you own or lease;

(2) That you hold for others; or

(3) For which you are legally liable.

However, this insurance is for your benefit only. It provides no rights or benefits to any other person or organization. Any claim for loss under this insurance must be presented by you.

n. Records

You must keep records of all property covered under this insurance so we can verify the amount of any loss.

o. Recoveries

(1) Any recoveries, less the cost of obtaining them, made after settlement of loss covered by this insurance will be distributed as follows:

(a) To you, until you are reimbursed for any loss that you sustain that exceeds the Limit of Insurance and the Deductible Amount, if any;

(b) Then to us, until we are reimbursed for the settlement made; and

(c) Then to you, until you are reimbursed for that part of the loss equal to the Deductible Amount, if any.

(2) Recoveries do not include any recovery:

(a) From insurance, suretyship, reinsurance, security or indemnity taken for our benefit; or

(b) Of original "securities" after duplicates of them have been issued.

p. Territory

This insurance covers acts committed or events occurring within the United States of America (including its territories and possessions) and Puerto Rico.

q. Transfer Of Your Rights Of Recovery Against Others To Us

You must transfer to us all your rights of recovery against any person or organization for any loss you sustained and for which we have paid or settled. You must also do everything necessary to secure those rights and do nothing after loss to impair them.

r. Valuation – Settlement

(1) Subject to Section **B.** Limit Of Insurance, we will pay for:

(a) Loss of "money" but only up to and including its face value.

(b) Loss of "securities" but only up to and including their value at the close of business on the day the

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loss was discovered. We may, at our option:

(i) Pay the value of such "securities" or replace them in kind, in which event you must assign to us all your rights, title and interest in and to those "securities"; or

(ii) Pay the cost of any Lost Securities Bond required in connection with issuing duplicates of the "securities". However, we will be liable only for the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the:

i. Value of the "securities" at the close of business on the day the loss was discovered; or

ii. Limit of Insurance.

(c) Loss of or damage to "other property" or loss from damage to the "premises" or its exterior for the replacement cost of the property without deduction for depreciation. However, we will not pay more than the least of the following:

(i) The Limit of Insurance applicable to the lost or damaged property;

(ii) The cost to replace the lost or damaged property with property of comparable material and quality and used for the same purpose; or

(iii) The amount you actually spend that is necessary to repair or replace the lost or damaged property.

We will not pay on a replacement cost basis for any loss or damage:

(i) Until the lost or damaged property is actually repaired or replaced; and

(ii) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

If the lost or damaged property is not repaired or replaced, we will pay on an actual cash value basis.

(2) Any property that we pay for or replace becomes our property.

2. Conditions Applicable To Insuring Agreements A.1. And A.2.

a. Indemnification

We will indemnify any of your officials who are required by law to give bonds for the faithful performance of their duties against loss through "theft" committed by "employees" who serve under them, subject to the applicable Limit of Insurance.

b. Territory

We will pay for loss caused by any "employee" while temporarily outside the territory specified in the Territory Condition **E.1.p.** for a period of not more than 90 days.

3. Conditions Applicable To Insuring Agreement A.3.

a. Deductible

The Deductible Amount does not apply to legal expenses paid under Insuring Agreement **A.3.**

b. Electronic And Mechanical Signatures

We will treat signatures that are produced or reproduced electronically, mechanically or by other means the same as handwritten signatures.

c. Proof Of Loss

You must include with your proof of loss any instrument involved in that loss, or, if that is not possible, an affidavit setting forth the amount and cause of loss.

d. Territory

We will cover loss you sustain anywhere in the world. The Territory Condition **E.1.p.** does not apply to Insuring Agreement **A.3.**

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4. Conditions Applicable To Insuring Agreements A.5. And A.6.

a. **Armored Motor Vehicle Companies**

Under Insuring Agreement **A.6.**, we will only pay for the amount of loss you cannot recover:

(1) Under your contract with the armored motor vehicle company; and

(2) From any insurance or indemnity carried by, or for the benefit of customers of, the armored motor vehicle company.

b. **Special Limit Of Insurance For Specified Property**

We will only pay up to $5,000 for any one "occurrence" of loss of or damage to manuscripts, drawings, or records of any kind or the cost of reconstructing them or reproducing any information contained in them.

5. Conditions Applicable To Insuring Agreement A.7.

a. **Special Limit Of Insurance For Specified Property**

We will only pay up to $5,000 for any one "occurrence" of loss of or damage to manuscripts, drawings, or records of any kind or the cost of reconstructing them or reproducing any information contained in them.

b. **Territory**

We will cover loss you sustain anywhere in the world. The Territory Condition **E.1.p.** does not apply to Insuring Agreement **A.7.**

F. Definitions

1. "Banking premises" means the interior of that portion of any building occupied by a banking institution or similar safe depository.

2. "Counterfeit" means an imitation of an actual valid original which is intended to deceive and to be taken as the original.

3. "Custodian" means you or any "employee" while having care and custody of property inside the "premises", excluding any person while acting as a "watchperson" or janitor.

4. "Employee":

a. "Employee" means:

(1) Any natural person:

(a) While in your service or for 30 days after termination of service;

(b) Who you compensate directly by salary, wages or commissions; and

(c) Who you have the right to direct and control while performing services for you;

(2) Any natural person who is furnished temporarily to you:

(a) To substitute for a permanent "employee" as defined in Paragraph **(1)** above, who is on leave; or

(b) To meet seasonal or short-term work load conditions;

while that person is subject to your direction and control and performing services for you, excluding, however, any such person while having care and custody of property outside the "premises";

(3) Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary employee as defined in Paragraph **(2)** above;

(4) Any natural person who is:

(a) A trustee, officer, employee, administrator or manager, except an administrator or manager who is an independent contractor, of any employee benefit plan(s) insured under this insurance; and

(b) Your official while that person is handling "funds" or "other property" of any employee benefit plan(s) insured under this insurance;

(5) Any natural person who is a former official, "employee", representative or trustee retained as a consultant while performing services for you; or

(6) Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody of property outside the "premises".

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b. "Employee" does not mean any agent, independent contractor or representative of the same general character.

5. "Forgery" means the signing of the name of another person or organization with intent to deceive; it does not mean a signature which consists in whole or in part of one's own name signed with or without authority, in any capacity, for any purpose.

6. "Fraudulent instruction" means:

a. An electronic, telegraphic, cable, teletype, telefacsimile or telephone instruction which purports to have been transmitted by you, but which was in fact fraudulently transmitted by someone else without your knowledge or consent;

b. A written instruction (other than those described in Insuring Agreement **A.3.**) issued by you, which was forged or altered by someone other than you without your knowledge or consent, or which purports to have been issued by you, but was in fact fraudulently issued without your knowledge or consent; or

c. An electronic, telegraphic, cable, teletype, telefacsimile, telephone or written instruction initially received by you which purports to have been transmitted by an "employee" but which was in fact fraudulently transmitted by someone else without your or the "employee's" knowledge or consent.

7. "Funds" means "money" and "securities".

8. "Messenger" means you or any "employee" while having care and custody of property outside the "premises".

9. "Money" means:

a. Currency, coins and bank notes in current use and having a face value; and

b. Travelers checks, register checks and money orders held for sale to the public.

10. "Occurrence" means:

a. As respects Insuring Agreement **A.1.,** all loss caused by, or involving, one or more "employees", whether the result of a single act or series of acts.

b. As respects Insuring Agreement **A.2.,** all loss caused by each "employee", whether the result of a single act or series of acts.

c. As respects Insuring Agreement **A.3.,** all loss caused by any person or in which that person is involved, whether the loss involves one or more instruments.

d. As respects all other Insuring Agreements:

(1) An act or series of related acts involving one or more persons; or

(2) An act or event, or a series of related acts or events not involving any person.

11. "Other property" means any tangible property other than "money" and "securities" that has intrinsic value but does not include any property excluded under this insurance.

12. "Premises" means the interior of that portion of any building you occupy in conducting your business.

13. "Robbery" means the unlawful taking of property from the care and custody of a person by one who has:

a. Caused or threatened to cause that person bodily harm; or

b. Committed an obviously unlawful act witnessed by that person.

14. "Safe burglary" means the unlawful taking of:

a. Property from within a locked safe or vault by a person unlawfully entering the safe or vault as evidenced by marks of forcible entry upon its exterior; or

b. A safe or vault from inside the "premises".

15. "Securities" means negotiable and nonnegotiable instruments or contracts representing either "money" or property and includes:

a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and

b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;

but does not include "money".

16. "Theft" means the unlawful taking of "money", "securities" or "other property" to the deprivation of the Insured.

17. "Transfer account" means an account maintained by you at a financial institution from which you can initiate the transfer, payment or delivery of "funds":

a. By means of electronic, telegraphic, cable, teletype, telefacsimile or telephone instructions communicated directly

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through an electronic funds transfer system; or

b. By means of written instructions (other than those described in Insuring Agreement **A.3.**) establishing the conditions under which such transfers are to be initiated by such financial institution through an electronic funds transfer system.

18. "Watchperson" means any person you retain specifically to have care and custody of property inside the "premises" and who has no other duties.

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POLICY NUMBER: H-630-6P798466-IND-24

COMMERCIAL CRIME
ISSUE DATE: 07-12-24

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADD FAITHFUL PERFORMANCE OF DUTY COVERAGE FOR GOVERNMENT EMPLOYEES

This endorsement modifies insurance provided under the following:

GOVERNMENT CRIME COVERAGE FORM
GOVERNMENT CRIME POLICY

and applies to the Insuring Agreements designated bel ow:

A. Schedule*

	Insuring Agreement	Limit Of Insurance
[X]	**Employee Theft – Per Loss Coverage**	$ 500,000
[ ]	**Employee Theft – Per Employee Coverage**	$

* Information required to complete this Schedule, if not shown on this endorsement, will be shown in the Declarations.

B. Provisions

1. The following is added to the **Employee Theft Insuring Agreement** designated above:

We will pay for loss or damage to "money", "securities" and "other property" resulting directly from the failure of any "employee" to faithfully perform his or her duties as prescribed by law, when such failure has as its direct and immediate result a loss of your covered property. The most we will pay for loss arising out of any one "occurrence" i s the Limit of Insurance shown in the Schedule. That Limit, is part of, not in addition to, the Limit of Insurance shown in the Declarations.

2. The following exclusions are added to Sect ion **D.2.** Exclusions:

a. Loss resulting from the failure of any entity acting as a depository for your property or property for which you are responsible.

b. Damages for which you are legally liable as a result of:

(1) The deprivation or violation of the civil rights of any person by an "employee"; or

(2) The tortious conduct of an "employee", except the conversion of property of other parties held by you in any capacity.

3. Part **(l)** of the **Cancellation As To Any Employee** Condition is replaced by the following:

(1) Immediately upon discovery by:

(a) You; or

(b) Any official or employee authorized to manage, govern or control your "employees" of any act committed by the "employee" whether before or after becoming employed by you which would constitute a loss covered under the terms of the Employee Theft Insuring Agreement, as amended by this endorsement.

4. The **Indemnification** Condition is replaced by the following:

We will indemnify any of your officials who are required by law to give bonds for the faithful performance of their duties against loss through the failure of any "employee" under the supervision of that official to faithfully perform his or her duties as prescribed by law, when such failure has as its direct and immediate result a loss of your covered property.

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INTERLINE ENDORSEMENTS

INTERLINE ENDORSEMENTS

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ACTUAL CASH VALUE

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
DELUXE PROPERTY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
TRAVELERS PROPERTY COVERAGE PART

The following definition is added to any Definitions Section and applies to any provision that uses the term actual cash value:

Actual cash value means the value of the covered property at the time of loss or damage.

When calculating actual cash value using the estimated cost to repair or replace such property, with a reasonable deduction for depreciation that occurred before such loss or damage, we may apply depreciation to all components of the estimated cost, including the following:

a. Materials;

b. Labor;

c. Overhead and profit; and

d. Any applicable tax.

The deduction for depreciation may include such considerations as:

a. Age;

b. Condition, such as wear and tear or deterioration;

c. Reduction in useful life; and

d. Obsolescence.

This definition does not apply to covered property in the following states:

AR CA CT GA LA ME MT NY PR VT WA WV

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDMENT OF COMMON POLICY CONDITIONS – PROHIBITED COVERAGE – UNLICENSED INSURANCE AND TRADE OR ECONOMIC SANCTIONS

This endorsement modifies insurance provided under the following:

ALL COVERAGES INCLUDED IN THIS POLICY

The following is added to the Common Policy Conditions:

Prohibited Coverage – Unlicensed Insurance

1. With respect to loss sustained by any insured, or loss to any property, located in a country or jurisdiction in which we are not licensed to provide this insurance, this insurance does not apply to the extent that insuring such loss would violate the laws or regulations of such country or jurisdiction.
2. We do not assume responsibility for:
   a. The payment of any fine, fee, penalty or other charge that may be imposed on any person or organization in any country or jurisdiction because we are not licensed to provide insurance in such country or jurisdiction; or
   b. The furnishing of certificates or other evidence of insurance in any country or jurisdiction in which we are not licensed to provide insurance.

Prohibited Coverage – Trade Or Economic Sanctions

We will provide coverage for any loss, or otherwise will provide any benefit, only to the extent that providing such coverage or benefit does not expose us or any of our affiliated or parent companies to:

1. Any trade or economic sanction under any law or regulation of the United States of America; or
2. Any other applicable trade or economic sanction, prohibition or restriction.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CYBERFIRST ESSENTIALS GENERAL PROVISIONS FORM
CYBERFIRST GENERAL PROVISIONS FORM
DELUXE PROPERTY COVERAGE PART
EMPLOYEE BENEFITS LIABILITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
EMPLOYMENT PRACTICES LIABILITY + WITH IDENTITY FRAUD EXPENSE REIMBURSEMENT COVERAGE PART
ENVIRONMENTAL HAZARD POLICY
EQUIPMENT BREAKDOWN COVERAGE PART
EXCESS FOLLOW-FORM AND UMBRELLA LIABILITY INSURANCE
EXCESS (FOLLOWING FORM) LIABILITY INSURANCE
LAW ENFORCEMENT LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
MANUFACTURERS ERRORS AND OMISSIONS LIABILITY COVERAGE PART
MEDFIRST PRODUCTS/COMPLETED OPERATIONS, ERRORS AND OMISSIONS, AND INFORMATION SECURITY LIABILITY COVERAGE FORM
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
PUBLIC ENTITY MANAGEMENT LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
SPECIAL PROTECTIVE AND HIGHWAY LIABILITY POLICY - NEW YORK DEPARTMENT OF TRANSPORTATION
TRAVELERS PROPERTY COVERAGE PART
TRIBAL BUSINESS MANAGEMENT LIABILITY COVERAGE PART
Any other Coverage Part or Coverage Form included in this policy that is subject to the federal Terrorism Risk Insurance Act of 2002 as amended

The following is added to this policy. This provision can limit coverage for any loss arising out of a "certified act of terrorism" if such loss is otherwise covered by this policy. This provision does not apply if and to the extent that coverage for the loss is excluded or limited by an exclusion or other coverage limitation for losses arising out of "certified acts of terrorism" in another endorsement to this policy.

If aggregate insured losses attributable to "certified acts of terrorism" exceed $100 billion in a calendar year and we have met our insurer deductible under "TRIA", we will not be liable for the payment of any portion of the amount of such losses that exceeds $100 billion, and in such case, insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of "TRIA", to be an act of terrorism pursuant to "TRIA". The criteria contained in "TRIA" for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of $5 million in the aggregate, attributable to all types of insurance subject to "TRIA"; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

"TRIA" means the federal Terrorism Risk Insurance Act of 2002 as amended.

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ADDITIONAL BENEFITS

This endorsement modifies insurance provided under the following:

ALL COVERAGES INCLUDED IN THIS POLICY

The following Condition is added to each Common Policy Conditions included in this policy:

Additional Benefits

1. We may offer or provide, or allow others to provide, you or another insured under this policy with goods and services, access to discounted goods and services, other program benefits or other items of value that could assist your business with managing your risk, with servicing your policy or with staying informed about loss control and mitigation of risk.
2. These Additional Benefits may be provided in any form. You or another insured under this policy may be eligible to receive additional benefits. You are under no obligation to pursue any of these Additional Benefits.
3. While we may arrange for these Additional Benefits, the other provider is liable to you or the other insured for the provision of the goods and services. We do not warrant the merchantability, fitness or quality of any goods or services provided or assume any additional obligation related to any Additional Benefits provided.
4. We have the right to modify or discontinue any Additional Benefits provided by us, or others authorized by us, without notice to you or any other insured.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PROTECTION OF PROPERTY

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
DELUXE PROPERTY COVERAGE PART

The insurance provided under this Coverage Part for direct physical loss of or damage to Covered Property at the described premises is extended to include the following Additional Coverage:

Protection of Property

We will pay the necessary and reasonable expenses actually incurred by you to temporarily safeguard Covered Property at the described premises against the threat of imminent covered direct physical loss or damage by a "specified cause of loss", subject to the following:

1. This Additional Coverage only applies to expenses incurred within 72 hours before the time the imminent "specified cause of loss" is reasonably likely to begin to cause direct physical loss or damage to the Covered Property.

2. This Additional Coverage does not apply to any expenses:

(a) To which any Preservation of Property coverage in this Coverage Part may apply; or

(b) For maintenance that reasonably should have been performed in the absence of any threat of imminent covered direct physical loss or damage by a "specified cause of loss".

3. The most we will pay under this Additional Coverage for all expenses arising out of all threats of imminent direct physical loss or damage by a "specified cause of loss" occurring during each separate 12-month period of this policy beginning with the effective date of this policy is:

(a) $5,000 at each of the described premises; and

(b) $10,000 for all described premises.

This is additional insurance.

If the "specified cause of loss" from which the property is being safeguarded is subject to an aggregate limit of insurance (meaning the limit of insurance is the most we will pay for all loss or damage arising out of all occurrences of such "specified cause of loss" in any one annual period of this policy), the Limit of Insurance that applies to this Additional Coverage is not included in, and does not reduce, the aggregate Limit of Insurance that applies to such "specified cause of loss".

4. This Additional Coverage is subject to the deductible that applies to loss or damage to the Covered Property by the "specified cause of loss" from which the property is being safeguarded.

In the event the "specified cause of loss" from which the property is being safeguarded actually causes covered direct physical loss or damage to the Covered Property, the total of the deductible amounts applied under this Additional Coverage and under the coverage provided for such loss or damage to the Covered Property will not exceed the deductible that applies to the covered loss or damage to the Covered Property by the "specified cause of loss".

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES DUE TO DATES OR TIMES

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL CRIME COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART

A. We will not pay for loss ("loss") or damage caused directly or indirectly by any of the following. Such loss ("loss") or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss ("loss") or damage.

1. The failure, malfunction or inadequacy of:

a. Any of the following, whether belonging to any insured or to others:

(1) Computer hardware, including microprocessors;

(2) Computer application software;

(3) Computer operating systems and related software;

(4) Computer networks;

(5) Microprocessors (computer chips) not part of any computer system; or

(6) Any other computerized or electronic equipment or components; or

b. Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph **A.1.a.** of this endorsement;

due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.

2. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph **A.1.** of this endorsement.

B. If an excluded Cause of Loss as described in Paragraph **A.** of this endorsement results:

1. In a Covered Cause of Loss under the Boiler and Machinery Coverage Part, the Commercial Crime Coverage Part or the Commercial Inland Marine Coverage Part; or

2. Under the Commercial Property Coverage Part:

a. In a "Specified Cause of Loss", in elevator collision resulting from mechanical breakdown, or from theft (if insured) under the Causes of Loss – Special Form; or

b. In a Covered Cause of Loss under the Causes of Loss – Basic Form or the Causes of Loss – Broad Form;

we will pay only for the loss ("loss") or damage caused by such "Specified Cause of Loss", elevator collision, theft, or a Covered Cause of Loss.

C. We will not pay for repair, replacement or modification of any items in Paragraphs **A.1.a.** and **A.1.b.** of this endorsement to correct any deficiencies or change any features.

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TENNESSEE CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
DELUXE PROPERTY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

A. Paragraph **5.** of the **CANCELLATION** Common Policy Conditions – Deluxe is replaced by the following:

5. If this policy is cancelled, we will send the first Named Insured any premium refund due.

The refund will be pro rata if:

a. We cancel; or

b. The policy is cancelled at the request of a premium finance company that has financed this policy under a premium finance agreement.

The refund may be less than pro rata if the first Named Insured cancels the policy.

The cancellation will be effective even if we have not made or offered a refund.

B. The following is added to the **CANCELLATION** Common Policy Conditions – Deluxe:

CANCELLATION OF POLICIES IN EFFECT FOR 60 DAYS OR MORE

If this policy has been in effect for 60 days or more, or if this policy is a renewal of a policy we issued, we may cancel this policy only for one or more of the following reasons:

1. Nonpayment of premium, including any additional premium, calculated in accordance with our current rating manual, justified by a physical change in the insured property or a change in its occupancy or use;

2. Your conviction of a crime increasing any hazard insured against;

3. Discovery of fraud or material misrepresentation on the part of either of the following:

a. You or your representative in obtaining this insurance; or

b. You in pursuing a claim under this policy;

4. Failure to comply with written loss control recommendations;

5. Material change in the risk which increases the risk of loss after we issued or renewed insurance coverage;

6. Determination by the insurance commissioner that the continuation of the policy would jeopardize our solvency or would place us in violation of the insurance laws of Tennessee or any other state;

7. Your violation or breach of any policy terms or conditions; or

8. Other reasons that are approved by the insurance commissioner.

Notice of cancellation will state the reason for cancellation.

C. The following is added and supersedes any provisions to the contrary:

NONRENEWAL

1. If we decide not to renew this policy, we will mail or deliver written notice of nonrenewal to

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the first Named Insured and agent, at least 60 days before the expiration date unless:

a. We have offered to issue a renewal policy; or

b. You have obtained replacement coverage or have agreed in writing to obtain replacement coverage.

2. Any notice of nonrenewal will be mailed or delivered to the first Named Insured's and agent's addresses shown in the policy. If notice is mailed, proof of mailing will be sufficient proof of notice.

D. The following is added to the **Premiums** Common Policy Condition:

Whenever an insurance policy which is financed with a premium finance company is cancelled, the insurer shall return, within 30 days after the effective date of the cancellation, whatever gross unearned premiums are due under the insurance policy directly to the premium finance company for the account of the first Named Insured.

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POLICYHOLDER NOTICES

POLICYHOLDER NOTICES

IMPORTANT NOTICE – INDEPENDENT AGENT AND BROKER COMPENSATION

NO COVERAGE IS PROVIDED BY THIS NOTICE. THIS NOTICE DOES NOT AMEND ANY PROVISION OF YOUR POLICY. YOU SHOULD REVIEW YOUR ENTIRE POLICY CAREFULLY FOR COMPLETE INFORMATION ON THE COVERAGES PROVIDED AND TO DETERMINE YOUR RIGHTS AND DUTIES UNDER YOUR POLICY. PLEASE CONTACT YOUR AGENT OR BROKER IF YOU HAVE ANY QUESTIONS ABOUT THIS NOTICE OR ITS CONTENTS. IF THERE IS ANY CONFLICT BETWEEN YOUR POLICY AND THIS NOTICE, THE PROVISIONS OF YOUR POLICY PREVAIL.

For information about how Travelers compensates independent agents and brokers, please visit www.travelers.com, call our toll-free telephone number 1-866-904-8348, or request a written copy from Marketing at One Tower Square, 2GSA, Hartford, CT 06183.

POLICYHOLDER NOTICES

POLICYHOLDER NOTICES

NOTICE OF NEW

ACTUAL CASH VALUE ENDORSEMENT

YOUR NEW POLICY INCLUDES A NEW ENDORSEMENT FROM YOUR PREVIOUS POLICY. IMPORTANT LANGUAGE IS IDENTIFIED IN THIS NOTICE. PLEASE READ THIS NOTICE CAREFULLY.

WE ALSO MAY HAVE MADE CERTAIN WORDING AND FORMATTING CHANGES FOR THE PURPOSE OF CLARIFICATION OR IMPROVED READABILITY. THIS NOTICE DOES NOT NECESSARILY IDENTIFY ANY OR EVERY CLARIFICATION OR EDITORIAL CHANGE MADE.

NO COVERAGE IS PROVIDED BY THIS NOTICE. THIS NOTICE DOES NOT AMEND ANY PROVISION OF YOUR POLICY. YOU SHOULD REVIEW YOUR ENTIRE POLICY CAREFULLY FOR COMPLETE INFORMATION ON THE COVERAGES PROVIDED AND TO DETERMINE YOUR RIGHTS AND DUTIES UNDER YOUR POLICY. PLEASE CONTACT YOUR AGENT, BROKER OR LOCAL COMPANY REPRESENTATIVE IF YOU HAVE ANY QUESTIONS ABOUT THIS NOTICE. IF THERE IS ANY CONFLICT BETWEEN YOUR POLICY AND THIS NOTICE, THE PROVISIONS OF YOUR POLICY PREVAIL.

Actual Cash Value endorsement, IL T0 63 07 22, is added to your policy. This endorsement adds a definition for Actual Cash Value, which is defined as the value of covered property at the time of loss or damage. When calculating actual cash value using the estimated cost to repair or replace covered property, we may apply depreciation to all components of the estimated cost, including materials, labor, overhead and profit, and any applicable tax. The deduction for depreciation may include such considerations as age, condition (such as wear and tear or deterioration), reduction in useful life and obsolescence. With respect to Illinois, Kentucky, Mississippi, Ohio and Tennessee, this endorsement may result in a reduction of coverage when a reasonable deduction for depreciation is applied.

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NOTICE TO POLICYHOLDERS
JURISDICTIONAL INSPECTIONS & CONTACT INFORMATION REQUEST

Dear Policyholder;

Many states and some cities issue certificates permitting the continued operation of certain equipment such as boilers, water heaters, pressure vessels, etc. Periodic inspections are normally required to renew these certificates. In most jurisdictions, insurance company employees who have been licensed are authorized to perform these inspections.

If you own or operate such equipment, we insure that equipment under this policy, and you would like Travelers Risk Control to perform the next required inspection, please notify us using the instructions below. If you do not own or operate this type of equipment, you may disregard this notice.

Please provide contact information for future Risk Control Surveys and Jurisdictional Inspection appointments. Email the contact name, phone, email, physical address, and policy number (or multiple contacts' information if there are separate personnel responsible for each) to **Boilinsp@travelers.com** using this document or your own spreadsheet.

Location Name	Address	Policy Number	Jurisdictional Object Number(s)

Jurisdictional Inspection Contact	Name/Title	Phone	Email
Risk Control Survey Contact	**Name/Title**	**Phone**	**Email**

If your inspection need is immediate, contact us at **1-800-425-4119** or **Boilinsp@travelers.com**. Please be prepared to provide the:

- Policy number and name of business as shown on the policy
- Location where the equipment is located, including zip code
- Person to contact and phone number for scheduling of inspection
- Type of equipment requiring inspection
- Certificate inspection date and certificate number

Note the following:

- The jurisdiction in your area may require the owner/user pay a fee for renewing an operational certificate.
- All the provisions of the INSPECTIONS AND SURVEYS Condition in your policy apply to the inspections described in this notice.

Reminder

If new equipment is installed or old equipment replaced that requires a jurisdictional inspection, please let us know by calling our toll-free number listed above.

To Our Valued Customer,

Each year, homeowners and business owners across the nation sustain significant weather-related property damage due to floods. These can include losses caused by waves, tidal waters, the overflow of a body of water, the rapid accumulation or runoff of surface water, and mudslide. In nearly all cases, these flood losses cannot be prevented or even anticipated. And, in many instances, the losses are devastating.

Most standard property insurance policies, including most of our policies, do not provide coverage for flood losses. While flood coverage is often available – primarily through the National Flood Insurance Program – it is rarely purchased. Unfortunately, each year we find that some policyholders are surprised and disappointed to learn that damages they have suffered as a direct result of flood are not covered under the policies they have purchased.

Please review your insurance coverage with your agent or Company representative. As you consider the need for flood insurance, keep in mind that floods can, and do, occur in locations all over the country. They are not limited to coastal areas or locations with nearby rivers or streams. Several inches of rain falling over a short period of time can cause flood damage, even in normally dry areas that are not prone to flooding.

For further information about Flood Insurance, contact your agent or company representative, or contact the National Flood Insurance Program directly.

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the company providing this insurance.

The word "insured" means any person or organization qualifying as such under Section **II** – Who Is An Insured. Other words and phrases that appear in quotation marks have special meaning. Refer to Section **V** – Definitions.

SECTION I – COVERAGES

COVERAGE A – BODILY INJURY AND PROPERTY DAMAGE LIABILITY

1. Insuring Agreement

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" and settle any claim or "suit" that may result. But:

(1) The amount we will pay for damages is limited as described in Section **III** – Limits Of Insurance; and

(2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages **A** or **B** or medical expenses under Coverage **C.**

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments.

b. This insurance applies to "bodily injury" and "property damage" only if:

(1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";

(2) The "bodily injury" or "property damage" occurs during the policy period; and

(3) Prior to the policy period, no insured listed under Paragraph **1.** of Section **II** – Who Is An Insured and no "employee" authorized by you to give or receive notice of an "occurrence" or claim knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.

c. "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph **1.** of Section **II** – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of that "bodily injury" or "property damage" after the end of the policy period.

d. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph **1.** of Section **II** – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:

(1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;

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(2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or

(3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.

e. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

2. Exclusions

This insurance does not apply to:

a. Expected Or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint 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.

b. Contractual Liability

"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 to liability for damages:

(1) That the insured would have in the absence of the contract or agreement; or

(2) Assumed in a contract or agreement that is an "insured contract", provided that the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract", reasonable attorneys' fees and necessary litigation expenses incurred by or for a party other than an insured will be deemed to be damages because of "bodily injury" or "property damage", provided that:

(a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and

(b) Such attorneys' fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

c. Liquor Liability

"Bodily injury" or "property damage" for which any insured may be held liable by reason of:

(1) Causing or contributing to the intoxication of any person;

(2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or

(3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages. For the purposes of this exclusion, permitting a person to bring alcoholic beverages on your premises, for consumption on your premises, whether or not a fee is charged or a license is required for such activity, is not by itself considered the business of selling, serving or furnishing alcoholic beverages.

d. Workers' Compensation And Similar Laws

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

e. Employer's Liability

"Bodily injury" to:

(1) An "employee" of the insured arising out of and in the course of:

(a) Employment by the insured; or

(b) Performing duties related to the conduct of the insured's business; or

(2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph **(1)** above.

This exclusion applies whether the insured may be liable as an employer or in any other capacity and to any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract".

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f. Pollution

(1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":

(a) 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. However, this sub-paragraph does not apply to:

(i) "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot produced by or originating from equipment that is used to heat, cool or dehumidify the building, or produced by or originating from equipment that is used to heat water for personal use by the building's occupants or their guests;

(ii) "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than that additional insured; or

(iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";

(b) 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;

(c) If such "pollutants" are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for:

(i) Any insured; or

(ii) Any person or organization for whom you may be legally responsible;

(d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or sub-contractor. However, this subparagraph does not apply to:

(i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;

(ii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or

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(iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire"; or

(e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are or were at any time performing operations to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".

(2) Any loss, cost or expense arising out of any:

(a) Request, demand, order or statutory or regulatory requirement 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

(b) Claim or suit by or on behalf of any governmental authority or any other person or organization 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".

g. Aircraft, Auto Or Watercraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This exclusion does not apply to:

(1) A watercraft while ashore on premises you own or rent;

(2) A watercraft you do not own that is:

(a) 50 feet long or less; and

(b) Not being used to carry any person or property for a charge;

(3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;

(4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft;

(5) "Bodily injury" or "property damage" arising out of:

(a) The operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify as "mobile equipment" under the definition of "mobile equipment" if such land vehicle were not subject to a compulsory or financial responsibility law, or other motor vehicle insurance law, where it is licensed or principally garaged; or

(b) The operation of any of the machinery or equipment listed in Paragraph **f.(2)** or **f.(3)** of the definition of "mobile equipment"; or

(6) An aircraft that is:

(a) Chartered with a pilot to any insured;

(b) Not owned by any insured; and

(c) Not being used to carry any person or property for a charge.

h. Mobile Equipment

"Bodily injury" or "property damage" arising out of:

(1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or

(2) The use of "mobile equipment" in, or while in practice for, or while being prepared for, any pre-arranged racing, speed, demolition, or stunting activity.

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i. War

"Bodily injury" or "property damage" arising out of:

(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; or

(3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

j. Damage To Property

"Property damage" to:

(1) Property you own, rent, or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;

(2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;

(3) Property loaned to you;

(4) Personal property in the care, custody or control of the insured;

(5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations; or

(6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraphs **(1), (3)** and **(4)** of this exclusion do not apply to "premises damage". A separate limit of insurance applies to "premises damage" as described in Paragraph 6. of Section **III** - Limits Of Insurance.

Paragraph **(2)** of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs **(3), (4), (5)** and **(6)** of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph **(6)** of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".

k. Damage To Your Product

"Property damage" to "your product" arising out of it or any part of it.

l. Damage To Your Work

"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.

m. Damage To Impaired Property Or Property Not Physically Injured

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

(1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or

(2) 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.

n. Recall Of Products, Work Or Impaired Property

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

(1) "Your product";

(2) "Your work"; or

(3) "Impaired property";

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if such product, work, or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

o. Personal And Advertising Injury

"Bodily injury" arising out of "personal and advertising injury".

p. Electronic Data

Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate "electronic data".

However, this exclusion does not apply to liability for damages because of "bodily injury".

q. Unsolicited Communication

"Bodily injury" or "property damage" arising out of any actual or alleged violation of any law that restricts or prohibits the sending, transmitting or distributing of "unsolicited communication".

r. Access Or Disclosure Of Confidential Or Personal Information

"Bodily injury" or "property damage" arising out of any access to or disclosure of any person's or organization's confidential or personal information.

s. Asbestos

(1) "Bodily injury" or "property damage" arising out of the actual or alleged presence or actual, alleged or threatened dispersal of asbestos, asbestos fibers or products containing asbestos, provided that the "bodily injury" or "property damage" is caused or contributed to by the hazardous properties of asbestos.

(2) "Bodily injury" or "property damage" arising out of the actual or alleged presence or actual, alleged or threatened dispersal of any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapors, soot, fumes, acids, alkalis, chemicals and waste, and that are part of any claim or "suit" which also alleges any "bodily injury" or "property damage" described in Paragraph **(1)** above.

(3) Any loss, cost or expense arising out of any:

(a) Request, demand, order or statutory or regulatory requirement 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, asbestos, asbestos fibers or products containing asbestos; or

(b) Claim or suit by or on behalf of any governmental authority or any other person or organization because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, asbestos, asbestos fibers or products containing asbestos.

t. Employment-Related Practices

"Bodily injury" to:

(1) A person arising out of any:

(a) Refusal to employ that person;

(b) Termination of that person's employment; or

(c) Employment-related practice, policy, act or omission, such as coercion, demotion, evaluation, reassignment, discipline, failure to promote or advance, harassment, humiliation, discrimination, libel, slander, violation of the person's right of privacy, malicious prosecution or false arrest, detention or imprisonment applied to or directed at that person, regardless of whether such practice, policy, act or omission occurs, is applied or is committed before, during or after the time of that person's employment; or

(2) The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" to that person at whom any of the employment-related practices described in Paragraph **(a), (b),** or **(c)** above is directed.

This exclusion applies whether the insured may be liable as an employer or in any other capacity and to any obligation to share damages with or repay someone else who must pay damages because of the "bodily injury".

Exclusions **c.** through **n.** do not apply to "premises damage". A separate limit of insurance applies to "premises damage" as described in Paragraph **6.** of Section **III** - Limits Of Insurance.

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COVERAGE B – PERSONAL AND ADVERTISING INJURY LIABILITY

1. Insuring Agreement

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "personal and advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "personal and advertising injury" to which this insurance does not apply. We may, at our discretion, investigate any offense and settle any claim or "suit" that may result. But:

(1) The amount we will pay for damages is limited as described in Section **III** – Limits Of Insurance; and

(2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages **A** or **B** or medical expenses under Coverage **C.**

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments.

b. This insurance applies to "personal and advertising injury" caused by an offense arising out of your business but only if the offense was committed in the "coverage territory" during the policy period.

2. Exclusions

This insurance does not apply to:

a. Knowing Violation Of Rights Of Another

"Personal and advertising injury" caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury".

This exclusion does not apply to "personal injury" caused by malicious prosecution.

b. Material Published With Knowledge Of Falsity

"Personal and advertising injury" arising out of oral or written publication, including publication by electronic means, of material, if done by or at the direction of the insured with knowledge of its falsity.

c. Material Published Or Used Prior To Policy Period

(1) "Personal and advertising injury" arising out of oral or written publication, including publication by electronic means, of material whose first publication took place before the beginning of the policy period; or

(2) "Advertising injury" arising out of infringement of copyright, "title" or "slogan" in your "advertisement" whose first infringement in your "advertisement" was committed before the beginning of the policy period.

d. Criminal Acts

"Personal and advertising injury" arising out of a criminal act committed by or at the direction of the insured.

e. Contractual Liability

"Personal and advertising injury" for which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages:

(1) That the insured would have in the absence of the contract or agreement; or

(2) Because of "personal injury" assumed by you in a contract or agreement that is an "insured contract", provided that the "personal injury" is caused by an offense committed subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed by you in an "insured contract", reasonable attorneys' fees and necessary litigation expenses incurred by or for a party other than an insured will be deemed to be damages because of "personal injury", provided that:

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(a) Liability to such party for, or for the cost of, that party's defense has also been assumed by you in the same "insured contract"; and

(b) Such attorneys' fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

f. Breach Of Contract

"Advertising injury" arising out of a breach of contract.

g. Quality Or Performance Of Goods - Failure To Conform To Statements

"Advertising injury" arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement".

h. Wrong Description Of Prices

"Advertising injury" arising out of the wrong description of the price of goods, products or services stated in your "advertisement".

i. Intellectual Property

"Personal and advertising injury" arising out of any actual or alleged infringement or violation of any of the following rights or laws, or any other "personal and advertising injury" alleged in any claim or "suit" that also alleges any such infringement or violation:

(1) Copyright;

(2) Patent;

(3) Trade dress;

(4) Trade name;

(5) Trademark;

(6) Trade secret; or

(7) Other intellectual property rights or laws.

This exclusion does not apply to:

(1) "Advertising injury" arising out of any actual or alleged infringement or violation of another's copyright, "title" or "slogan" in your "advertisement"; or

(2) Any other "personal and advertising injury" alleged in any claim or "suit" that also alleges any such infringement or violation of another's copyright, "title" or "slogan" in your "advertisement".

j. Insureds In Media And Internet Type Businesses

"Personal and advertising injury" caused by an offense committed by an insured whose business is:

(1) Advertising, "broadcasting" or publishing;

(2) Designing or determining content of websites for others; or

(3) An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs **a.(1), (2)** and **(3)** of the definition of "personal injury".

For the purposes of this exclusion:

(1) Creating and producing correspondence written in the conduct of your business, bulletins, financial or annual reports, or newsletters about your goods, products or services will not be considered the business of publishing; and

(2) The placing of frames, borders or links, or advertising, for you or others anywhere on the Internet will not, by itself, be considered the business of advertising, "broadcasting" or publishing.

k. Electronic Chatrooms Or Bulletin Boards

"Personal and advertising injury" arising out of an electronic chatroom or bulletin board the insured hosts or owns, or over which the insured exercises control.

l. Unauthorized Use Of Another's Name Or Product

"Personal and advertising injury" arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatag, or any other similar tactics to mislead another's potential customers.

m. Pollution

"Personal and advertising injury" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

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n. Pollution-Related

Any loss, cost or expense arising out of any:

(1) Request, demand, order or statutory or regulatory requirement 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 any governmental authority or any other person or organization 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".

o. War

"Personal and advertising injury" arising out of:

(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; or

(3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

p. Unsolicited Communication

"Personal and advertising injury" arising out of any actual or alleged violation of any law that restricts or prohibits the sending, transmitting or distributing of "unsolicited communication".

q. Access Or Disclosure Of Confidential Or Personal Information

"Personal and advertising injury" arising out of any access to or disclosure of any person's or organization's confidential or personal information.

r. Asbestos

(1) "Personal and advertising injury" arising out of the actual or alleged presence or actual, alleged or threatened dispersal of asbestos, asbestos fibers or products containing asbestos, provided that the "personal and advertising injury" is caused or contributed to by the hazardous properties of asbestos.

(2) "Personal and advertising injury" arising out of the actual or alleged presence or actual, alleged or threatened dispersal of any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapors, soot, fumes, acids, alkalis, chemicals and waste, and that are part of any claim or "suit" which also alleges any "personal and advertising injury" described in Paragraph (1) above.

(3) Any loss, cost or expense arising out of any:

(a) Request, demand, order or statutory or regulatory requirement 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, asbestos, asbestos fibers or products containing asbestos; or

(b) Claim or suit by or on behalf of any governmental authority or any other person or organization because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, asbestos, asbestos fibers or products containing asbestos.

s. Employment-Related Practices

"Personal injury" to:

(1) A person arising out of any:

(a) Refusal to employ that person;

(b) Termination of that person's employment; or

(c) Employment-related practice, policy, act or omission, such as coercion, demotion, evaluation, reassignment, discipline, failure to promote or advance, harassment, humiliation, discrimination, libel, slander, violation of the person's right of privacy, malicious prosecution or false arrest, detention or imprisonment applied to or directed at that person, regardless of whether such practice,

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policy, act or omission occurs, is applied or is committed before, during or after the time of that person's employment; or

(2) The spouse, child, parent, brother or sister of that person as a consequence of "personal injury" to that person at whom any of the employment-related practices described in Paragraph **(a), (b),** or **(c)** above is directed.

This exclusion applies whether the insured may be liable as an employer or in any other capacity and to any obligation to share damages with or repay someone else who must pay damages because of the "personal injury".

COVERAGE C - MEDICAL PAYMENTS

1. Insuring Agreement

a. We will pay medical expenses as described below for "bodily injury" caused by an accident:

(1) On premises you own or rent;

(2) On ways next to premises you own or rent; or

(3) Because of your operations;

provided that:

(a) The accident takes place in the "coverage territory" and during the policy period;

(b) The expenses are incurred and reported to us within one year of the date of the accident; and

(c) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

b. We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance. We will pay reasonable expenses for:

(1) First aid administered at the time of an accident;

(2) Necessary medical, surgical, X-ray and dental services, including prosthetic devices; and

(3) Necessary ambulance, hospital, professional nursing and funeral services.

2. Exclusions

We will not pay expenses for "bodily injury":

a. Any Insured

To any insured, except "volunteer workers".

b. Hired Person

To a person hired to do work for or on behalf of any insured or a tenant of any insured.

c. Injury On Normally Occupied Premises

To a person injured on that part of premises you own or rent that the person normally occupies.

d. Workers' Compensation And Similar Laws

To a person, whether or not an "employee" of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers' compensation or disability benefits law or a similar law.

e. Athletics Activities

To a person injured while practicing, instructing or participating in any physical exercises or games, sports, or athletic contests.

f. Products-Completed Operations Hazard

Included within the "products-completed operations hazard".

g. Coverage A Exclusions

Excluded under Coverage A.

SUPPLEMENTARY PAYMENTS

1. We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:

a. All expenses we incur.

b. Up to $2,500 for the cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.

c. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.

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d. 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 $500 a day because of time off from work.

e. All court costs taxed against the insured in the "suit". However, these payments do not include attorneys' fees or attorneys' expenses taxed against the insured.

f. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.

g. 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 the applicable limit of insurance.

These payments will not reduce the limits of insurance.

2. If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:

a. The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";

b. This insurance applies to such liability assumed by the insured;

c. The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";

d. The allegations in the "suit" and the information we know about the "occurrence" or offense are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;

e. The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and

f. The indemnitee:

(1) Agrees in writing to:

(a) Cooperate with us in the investigation, settlement or defense of the "suit";

(b) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";

(c) Notify any other insurer whose coverage is available to the indemnitee; and

(d) Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and

(2) Provides us with written authorization to:

(a) Obtain records and other information related to the "suit"; and

(b) Conduct and control the defense of the indemnitee in such "suit".

So long as the above conditions are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of Paragraph **2.b.(2)** of Section **I** – Coverages – Coverage **A** – Bodily Injury And Property Damage Liability or Paragraph **2.e.** of Section **I** – Coverages – Coverage **B** – Personal And Advertising Injury Liability, such payments will not be deemed to be damages for "bodily injury", "property damage" or "personal injury", and will not reduce the limits of insurance.

Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when:

a. We have used up the applicable limit of insurance in the payment of judgments, settlements or medical expenses; or

b. The conditions set forth above, or the terms of the agreement described in Paragraph f. above, are no longer met.

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SECTION II - 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. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.

d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stock-holders are also insureds, but only with respect to their liability as stockholders.

e. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.

2. Each of the following is also an insured:

a. Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" or "volunteer workers" are insureds for:

(1) "Bodily injury" or "personal injury":

(a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;

(b) To the spouse, child, parent, brother or sister of that co-"employee" or "volunteer worker" as a consequence of Paragraph **(1)(a)** above;

(c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraph **(1)(a)** or **(b)** above; or

(d) Arising out of his or her providing or failing to provide professional health care services.

Unless you are in the business or occupation of providing professional health care services, Paragraphs **(1)(a), (b), (c)** and **(d)** above do not apply to "bodily injury" arising out of providing or failing to provide first aid or "Good Samaritan services" by any of your "employees" or "volunteer workers", other than an employed or volunteer doctor. Any such "employees" or "volunteer workers" providing or failing to provide first aid or "Good Samaritan services" during their work hours for you will be deemed to be acting within the scope of their employment by you or performing duties related to the conduct of your business.

(2) "Property damage" to property:

(a) Owned, occupied or used by;

(b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by;

you, any of your "employees", "volunteer workers", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).

b. Any person (other than your "employee" or "volunteer worker"), or any organization, while acting as your real estate manager.

c. Any person or organization having proper temporary custody of your property if you die, but only:

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(1) With respect to liability arising out of the maintenance or use of that property; and

(2) Until your legal representative has been appointed.

d. 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 Coverage Part.

e. Any person or organization that, with your express or implied consent, either uses or is responsible for the use of a watercraft that you do not own that is:

(1) 50 feet long or less; and

(2) Not being used to carry any person or property for a charge.

3. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and of which you are the sole owner or in which you maintain an ownership interest of more than 50%, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:

a. Coverage under this provision is afforded only until the 180th day after you acquire or form the organization or the end of the policy period, whichever is earlier;

b. Coverage **A** does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and

c. Coverage **B** does not apply to "personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.

For the purposes of Paragraph **1.** of Section **II** – Who Is An Insured, each such organization will be deemed to be designated in the Declarations as:

a. An organization, other than a partnership, joint venture or limited liability company; or

b. A trust;

as indicated in its name or the documents that govern its structure.

4. Any person or organization that is a premises owner, manager or lessor and that you have agreed in a written contract or agreement to include as an additional insured on this Coverage Part is an insured, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" that:

a. Is "bodily injury" or "property damage" that occurs, or is "personal and advertising injury" caused by an offense that is committed, subsequent to the signing of that contract or agreement; and

b. Arises out of the ownership, maintenance or use of that part of any premises leased to you.

The insurance provided to such premises owner, manager or lessor is subject to the following provisions:

a. The limits of insurance provided to such premises owner, manager or lessor will be the minimum limits that you agreed to provide in the written contract or agreement, or the limits shown in the Declarations, whichever are less.

b. The insurance provided to such premises owner, manager or lessor does not apply to:

(1) Any "bodily injury" or "property damage" that occurs, or "personal and advertising injury" caused by an offense that is committed, after you cease to be a tenant in that premises; or

(2) Structural alterations, new construction or demolition operations performed by or on behalf of such premises owner, manager or lessor.

5. Any person or organization that is an equipment lessor and that you have agreed in a written contract or agreement to include as an additional insured on this Coverage Part is an insured, but only with respect to liability for "bodily injury", "property damage", or "personal and advertising injury" that:

a. Is "bodily injury" or "property damage" that occurs, or is "personal and advertising injury" caused by an offense that is committed, subsequent to the signing of that contract or agreement; and

b. Is caused, in whole or in part, by your acts or omissions in the maintenance, operation or use of equipment leased to you by such equipment lessor.

The insurance provided to such equipment lessor is subject to the following provisions:

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a. The limits of insurance provided to such equipment less or will be the minimum limits that you agreed to provide in the written contract or agreement, or the limits shown in the Declarations, whichever are less.

b. The insurance provided to such equipment lessor does not apply to any "bodily injury" or "property damage" that occurs, or "personal and advertising injury" caused by an offense that is committed, after the equipment lease expires.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations. This paragraph does not apply to any such partnership, joint venture or limited liability company that otherwise qualifies as an insured under Section **II** – Who Is An Insured.

SECTION III – LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:

a. Insureds;

b. Claims made or "suits" brought; or

c. Persons or organizations making claims or bringing "suits".

2. The General Aggregate Limit is the most we will pay for the sum of:

a. Medical expenses under Coverage **C;**

b. Damages under Coverage **A,** except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard"; and

c. Damages under Coverage **B.**

3. The Products-Completed Operations Aggregate Limit is the most we will pay under Coverage A for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard".

4. Subject to Paragraph **2.** above, the Personal And Advertising Injury Limit is the most we will pay under Coverage **B** for the sum of all damages because of all "personal injury" and "advertising injury" sustained by any one person or organization.

5. Subject to Paragraph **2.** or **3.** above, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of:

a. Damages under Coverage **A**; and

b. Medical expenses under Coverage **C**;

because of all "bodily injury" and "property damage" arising out of any one "occurrence".

For the purposes of determining the applicable Each Occurrence Limit, all related acts or omissions committed in providing or failing to provide first aid or "Good Samaritan services" to any one person will be deemed to be one "occurrence".

6. Subject to Paragraph **5.** above, the Damage To Premises Rented To You Limit is the most we will pay under Coverage **A** for damages because of "premises damage" to any one premises. The Damage To Premises Rented To You Limit will be:

a. The amount shown for the Damage To Premises Rented To You Limit in the Declarations of this Coverage Part; or

b. $300,000 if no amount is shown for the Damage To Premises Rented To You Limit in the Declarations of this Coverage Part.

7. Subject to Paragraph **5.** above, the Medical Expense Limit is the most we will pay under Coverage **C** for all medical expenses because of "bodily injury" sustained by any one person.

The Limits of Insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS

1. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

2. Duties In The Event Of Occurrence, Offense, Claim Or Suit

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a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:

(1) How, when and where the "occurrence" or offense took place;

(2) The names and addresses of any injured persons and witnesses; and

(3) The nature and location of any injury or damage arising out of the "occurrence" or offense.

b. If a claim is made or "suit" is brought against any insured, you must:

(1) Immediately record the specifics of the claim or "suit" and the date received; and

(2) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or "suit" as soon as practicable.

c. You and any other involved insured must:

(1) Immediately send us copies of any demands, notices, 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 or settlement of the claim or defense against the "suit"; and

(4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.

d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

e. The following provisions apply to Paragraph **a.** above, but only for purposes of the insurance provided under this Coverage Part to you or any insured listed in Paragraph **1.** or **2.** of Section **II** - Who Is An Insured:

(1) Notice to us of such "occurrence" or offense must be given as soon as practicable only after the "occurrence" or offense is known to you (if you are an individual), any of your partners or members who is an individual (if you are a partnership or joint venture), any of your managers who is an individual (if you are a limited liability company), any of your "executive officers" or directors (if you are an organization other than a partnership, joint venture, or limited liability company), any of your trustees who is an individual (if you are a trust) or any "employee" authorized by you to give notice of an "occurrence" or offense.

(2) If you are a partnership, joint venture, limited liability company or trust, and none of your partners, joint venture members, managers or trustees are individuals, notice to us of such "occurrence" or offense must be given as soon as practicable only after the "occurrence" or offense is known by:

(a) Any individual who is:

(i) A partner or member of any partnership or joint venture;

(ii) A manager of any limited liability company;

(iii) An executive officer or director of any other organization; or

(iv) A trustee of any trust;

that is your partner, joint venture member, manager or trustee; or

(b) Any employee authorized by such partnership, joint venture, limited liability company, trust or other organization to give notice of an "occurrence" or offense.

(3) Notice to us of such "occurrence" or offense will be deemed to be given as soon as practicable if it is given in good faith as soon as practicable to your workers' compensation insurer. This applies only if you subsequently give notice to us of the "occurrence" or offense as soon as practicable after any of the persons described in Paragraph **e.(1)** or **(2)** above discovers that the "occurrence" or offense may result in sums to which the insurance provided under this Coverage Part may apply.

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However, if this policy includes an endorsement that provides limited coverage for "bodily injury" or "property damage" or pollution costs arising out of a discharge, release or escape of "pollutants" which contains a requirement that the discharge, release or escape of "pollutants" must be reported to us within a specific number of days after its abrupt commencement, this Paragraph e. does not affect that requirement.

3. Legal Action Against Us

No person or organization has a right under this Coverage Part:

a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or

b. To sue us on this Coverage Part unless all of its 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; but we will not be liable for damages that are not payable under the terms of this Coverage Part 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.

4. Other Insurance

If valid and collectible other insurance is available to the insured for a loss we cover under Coverages **A** or **B** of this Coverage Part, our obligations are limited as described in Paragraphs **a.** and **b.** below.

As used anywhere in this Coverage Part, other insurance means insurance, or the funding of losses, that is provided by, through or on behalf of:

(i) Another insurance company;

(ii) Us or any of our affiliated insurance companies, except when the Non cumulation of Each Occurrence Limit provision of Paragraph **5.** of Section **III** - Limits Of Insurance or the Non cumulation of Personal and Advertising Injury Limit provision of Paragraph **4.** of Section **III** - Limits of Insurance applies because the Amendment - Non Cumulation Of Each Occurrence Limit Of Liability And Non Cumulation Of Personal And Advertising Injury Limit endorsement is included in this policy;

(iii) Any risk retention group; or

(iv) Any self-insurance method or program, in which case the insured will be deemed to be the provider of other insurance.

Other insurance does not include umbrella insurance, or excess insurance, that was bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

As used anywhere in this Coverage Part, other insurer means a provider of other insurance. As used in Paragraph c. below, insurer means a provider of insurance.

a. Primary Insurance

This insurance is primary except when Paragraph b. below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in Paragraph **c.** below, except when Paragraph **d.** below applies.

b. Excess Insurance

(1) This insurance is excess over:

(a) Any of the other insurance, whether primary, excess, contingent or on any other basis:

(i) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";

(ii) That is insurance for "premises damage";

(iii) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to any exclusion in this Coverage Part that applies to aircraft, "autos" or watercraft;

(iv) That is insurance available to a premises owner, manager or lessor that qualifies as an insured under Paragraph **4.** of Section **II** - Who Is An Insured, except when Paragraph **d.** below applies; or

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(v) That is insurance available to an equipment lessor that qualifies as an insured under Paragraph **5.** of Section **II** – Who Is An Insured, except when Paragraph **d.** below applies.

(b) Any of the other insurance, whether primary, excess, contingent or on any other basis, that is available to the insured when the insured is an additional insured, or is any other insured that does not qualify as a named insured, under such other insurance.

(2) When this insurance is excess, we will have no duty under Coverages **A** or **B** to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

(3) When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

(a) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and

(b) The total of all deductible and self-insured amounts under all that other insurance.

(4) We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

c. Method Of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

d. Primary And Non-Contributory Insurance If Required By Written Contract

If you specifically agree in a written contract or agreement that the insurance afforded to an insured under this Coverage Part must apply on a primary basis, or a primary and non-contributory basis, this insurance is primary to other insurance that is available to such insured which covers such insured as a named insured, and we will not share with that other insurance, provided that:

(1) The "bodily injury" or "property damage" for which coverage is sought occurs; and

(2) The "personal and advertising injury" for which coverage is sought is caused by an offense that is committed;

subsequent to the signing of that contract or agreement by you.

5. Premium Audit

a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.

b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit and retrospective premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.

c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

6. Representations

By accepting this policy, you agree:

a. The statements in the Declarations are accurate and complete;

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b. Those statements are based upon representations you made to us; and

c. We have issued this policy in reliance upon your representations.

The unintentional omission of, or unintentional error in, any information provided by you which we relied upon in issuing this policy will not prejudice your rights under this insurance. However, this provision does not affect our right to collect additional premium or to exercise our rights of cancellation or nonrenewal in accordance with applicable insurance laws or regulations.

7. Separation Of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

a. As if each Named Insured were the only Named Insured; and

b. Separately to each insured against whom claim is made or "suit" is brought.

8. Transfer Of Rights Of Recovery Against Others To Us

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

9. When We Do Not Renew

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

SECTION V – DEFINITIONS

1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:

a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and

b. Regarding websites, only that part of a website that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.

2. "Advertising injury":

a. Means injury caused by one or more of the following offenses:

(1) Oral or written publication, including publication by electronic means, of material in your "advertisement" that slanders or libels a person or organization or disparages a person's or organization's goods, products or services, provided that the claim is made or the "suit" is brought by a person or organization that claims to have been slandered or libeled, or that claims to have had its goods, products or services disparaged;

(2) Oral or written publication, including publication by electronic means, of material in your "advertisement" that:

(a) Appropriates a person's name, voice, photograph or likeness; or

(b) Unreasonably places a person in a false light; or

(3) Infringement of copyright, "title" or "slogan" in your "advertisement", provided that the claim is made or the "suit" is brought by a person or organization that claims ownership of such copyright, "title" or "slogan".

b. Includes "bodily injury" caused by one or more of the offenses described in Paragraph **a.** above.

3. "Auto" means:

a. A land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment; or

b. Any other land vehicle that is subject to a compulsory or financial responsibility law, or other motor vehicle insurance law, where it is licensed or principally garaged.

However, "auto" does not include "mobile equipment".

4. "Bodily injury" means:

a. Physical harm, including sickness or disease, sustained by a person; or

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b. Mental anguish, injury or illness, or emotional distress, resulting at any time from such physical harm, sickness or disease.

5. "Broadcasting" means transmitting any audio or visual material for any purpose:

a. By radio or television; or

b. In, by or with any other electronic means of communication, such as the Internet, if that material is part of:

(1) Radio or television programming being transmitted;

(2) Other entertainment, educational, instructional, music or news programming being transmitted; or

(3) Advertising transmitted with any of such programming.

6. "Coverage territory" means:

a. The United States of America (including its territories and possessions), Puerto Rico and Canada;

b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in Paragraph **a.** above; or

c. All other parts of the world if the injury or damage arises out of:

(1) Goods or products made or sold by you in the territory described in Paragraph **a.** above;

(2) The activities of a person whose home is in the territory described in Paragraph **a.** above, but is away for a short time on your business; or

(3) "Personal and advertising injury" offenses that take place through the Internet or similar electronic means of communication;

provided the insured's responsibility to pay damages is determined in a "suit" on the merits in the territory described in Paragraph **a.** above, or in a settlement we agree to.

7. "Electronic data" means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

8. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".

9. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, bylaws or any other similar governing document.

10. "Good Samaritan services" means any emergency medical services for which no compensation is demanded or received.

11. "Hostile fire" means a fire which becomes uncontrollable or breaks out from where it was intended to be.

12. "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;

if such property can be restored to use by the repair, replacement, adjustment or removal of "your product" or "your work" or your fulfilling the terms of the contract or agreement.

13. "Insured contract" means:

a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for "premises damage" is not an "insured contract";

b. A sidetrack agreement;

c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;

d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;

e. An elevator maintenance agreement;

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f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury", "property damage" or "personal injury" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

Paragraph **f.** does not include that part of any contract or agreement:

(1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, roadbeds, tunnel, underpass or crossing;

(2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:

(a) Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or

(b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or

(3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in Paragraph **(2)** above and supervisory, inspection, architectural or engineering activities.

14. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".

15. "Loading or unloading" means the handling of property:

a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";

b. While it is in or on an aircraft, watercraft or "auto"; or

c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;

but "loading or unloading" 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".

16. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:

a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;

b. Vehicles maintained for use solely on or next to premises you own or rent;

c. Vehicles that travel on crawler treads;

d. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:

(1) Power cranes, shovels, loaders, diggers or drills; or

(2) Road construction or resurfacing equipment such as graders, scrapers or rollers;

e. Vehicles not described in Paragraph **a., b., c.** or **d.** above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:

(1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geo-physical exploration, lighting and well servicing equipment; or

(2) Cherry pickers and similar devices used to raise or lower workers;

f. Vehicles not described in Paragraph **a., b., c.** or **d.** above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

(1) Equipment designed primarily for:

(a) Snow removal;

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(b) Road maintenance, but not construction or resurfacing; or

(c) Street cleaning;

(2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and

(3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geo-physical exploration, lighting and well servicing equipment.

However, "mobile equipment" does not include any land vehicle that is subject to a compulsory or financial responsibility law, or other motor vehicle insurance law, where it is licensed or principally garaged. Such land vehicles are considered "autos".

17. "Occurrence" means:

a. An accident, including continuous or repeated exposure to substantially the same general harmful conditions; or

b. An act or omission committed in providing or failing to provide first aid or "Good Samaritan services" to a person, unless you are in the business or occupation of providing professional health care services.

18. "Personal and advertising injury" means "personal injury" or "advertising injury".

19. "Personal injury":

a. Means injury, other than "advertising injury", caused by one or more of the following offenses:

(1) False arrest, detention or imprisonment;

(2) Malicious prosecution;

(3) The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, provided that the wrongful eviction, wrongful entry or invasion of the right of private occupancy is committed by or on behalf of the owner, landlord or lessor of that room, dwelling or premises;

(4) Oral or written publication, including publication by electronic means, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services, provided that the claim is made or the "suit" is brought by a person or organization that claims to have been slandered or libeled, or that claims to have had its goods, products or services disparaged; or

(5) Oral or written publication, including publication by electronic means, of material that:

(a) Appropriates a person's name, voice, photograph or likeness; or

(b) Unreasonably places a person in a false light.

b. Includes "bodily injury" caused by one or more of the offenses described in Paragraph a. above.

20. "Pollutants" mean 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.

21. "Premises damage" means:

a. With respect to the first paragraph of the exceptions in Exclusion **j.** of Section **I** - Coverage **A** - Bodily Injury And Property Damage Liability, "property damage" to any premises while rented to you for a period of seven or fewer consecutive days, including the contents of such premises; or

b. With respect to the exception to Exclusions c. through n. in the last paragraph of Paragraph **2.** of Section **I** - Coverage **A** - Bodily Injury And Property Damage Liability, "property damage" to any premises while rented to you for a period of more than seven consecutive days, or while temporarily occupied by you with permission of the owner, caused by:

(1) Fire;

(2) Explosion;

(3) Lightning;

(4) Smoke resulting from fire, explosion or lightning; or

(5) Water.

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But "premises damage" under this Paragraph b. does not include "property damage" to any premises caused by:

(1) Rupture, bursting, or operation of pressure relief devices;

(2) Rupture or bursting due to expansion or swelling of the contents of any building or structure caused by or resulting from water; or

(3) Explosion of steam boilers, steam pipes, steam engines or steam turbines.

22. "Products-completed operations hazard":

a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:

(1) Products that are still in your physical possession; or

(2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:

(a) When all of the work called for in your contract has been completed.

(b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.

(c) 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 not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured;

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

(3) Products or operations for which the classification, listed in the Declarations or in a policy Schedule, states that products-completed operations are subject to the General Aggregate Limit.

23. "Property damage" means:

a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use will be deemed 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. All such loss of use will be deemed to occur at the time of the "occurrence" that caused it.

For the purposes of this insurance, "electronic data" is not tangible property.

24. "Slogan":

a. Means a phrase that others use for the purpose of attracting attention in their advertising.

b. Does not include a phrase used as, or in, the name of:

(1) Any person or organization, other than you; or

(2) Any business, or any of the premises, goods, products, services or work, of any person or organization, other than you.

25. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:

a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or

b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

26. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

27. "Title" means a name of a literary or artistic work.

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28. "Unsolicited communication" means any communication, in any form, that the recipient of such communication did not specifically request to receive.

29. "Volunteer worker" means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.

30. "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 "your product"; and

(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.

31. "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 "your work"; and

(2) The providing of or failure to provide warnings or instructions.

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EMPLOYEE BENEFITS LIABILITY COVERAGE FORM

THIS FORM PROVIDES CLAIMS MADE COVERAGE.
PLEASE READ THE ENTIRE FORM CAREFULLY.

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations and any other person or organization qualifying as a Named Insured under this policy. The words "we," "us" and "our" refer to the company providing this insurance.

The word "insured" means any person or organization qualifying as such under Section **II** – Who Is An Insured.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **VII** – Definitions.

SECTION I – EMPLOYEE BENEFITS LIABILITY COVERAGE

1. Insuring Agreement

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of loss to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for loss to which this insurance does not apply. We may, at our discretion, investigate any negligent act, error or omission and settle any claim or "suit" that may result: But:

(1) The amount we will pay for damages is limited as described in Section **III** – Limits Of Insurance; and

(2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments.

b. This insurance applies to loss only if:

(1) The loss is caused by a negligent act, error or omission committed by the insured, or by any other person for whose acts the insured is legally liable, in the "administration" of your "employee benefit program";

(2) The negligent act, error or omission is committed in the "coverage territory";

(3) The negligent act, error or omission was committed on or after the Retroactive Date, if any, shown in the Declarations of this Coverage Part and before the end of the policy period; and

(4) A claim or "suit" for damages because of the loss is first made or brought against any insured, in accordance with Paragraph **e.** below, during the policy period or any Extended Reporting Period we provide under Section **VI** – Extended Reporting Periods.

c. Each negligent act, error or omission in a series of related negligent acts, errors or omissions will be deemed to have been committed on the date the first such negligent act, error or omission in that series is committed.

d. If the Retroactive Date is left blank in the Declarations of this Coverage Part, the Retroactive Date will be deemed to be the first day of the policy period.

e. A claim or "suit" seeking damages will be deemed to have been first made or brought at the earlier of the following times:

(1) When we or any insured first receives written notice of such claim or "suit", whichever comes first; or

(2) When we first receive written notice from any insured of a specific negligent act, error or omission that caused the loss which resulted in such claim or "suit".

All claims or "suits" that seek damages because of loss sustained by any one "employee", including the "employee's" dependents and beneficiaries, will be deemed to have been first made or brought at the time the first of those claims or "suits" is made or brought against any insured.

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f. A claim or "suit" that seeks damages will be deemed to have been first made or brought at the time we receive written notice from any insured of a specific negligent act, error or omission only if that notice contains all of the following information:

(1) How, when and where the negligent act, error or omission was committed;

(2) A description of what happened;

(3) A description of what damages may result;

(4) The identity of the person or organization that may make a claim or bring a "suit"; and

(5) The identity of each insured that committed the negligent act, error or omission.

Notice to us that any insured may in the future receive written notice of a negligent act, error or omission, claim or "suit" is not notice of a specific negligent act, error or omission.

2. Exclusions

This insurance does not apply to:

a. Criminal, Dishonest, Fraudulent Or Malicious Acts

Loss arising out of any criminal, dishonest, fraudulent, or malicious act, error or omission committed by any insured, including the willful or reckless violation of any law or regulation.

b. Injury Or Damage

"Bodily injury", "property damage", "personal injury" or "advertising injury".

c. Failure To Perform A Contract

Loss arising out of failure of performance of contract by any insurer.

d. Insufficiency Of Funds

Loss arising out of an insufficiency of funds to meet any obligations under any plan included in the "employee benefit program".

e. Inadequacy Of Performance Of Investment Or Advice Given With Respect To Participation

Any claim or "suit" based upon:

(1) Failure of any investment to perform;

(2) Errors in providing information on past performance of investment vehicles; or

(3) Advice given to any person with respect to that person's decision to participate or not to participate in any plan included in the "employee benefit program".

f. Workers' Compensation And Similar Laws

Loss arising out of your failure to comply with the mandatory provisions of any workers' compensation, unemployment compensation insurance, social security or disability benefits law or any similar law.

g. ERISA

Loss for which any insured is liable because of liability imposed on a fiduciary by the Employee Retirement Income Security Act of 1974, as amended, or by any similar federal, state or local laws.

h. Available Benefits

Loss of benefits to the extent that such benefits are available, with reasonable effort and cooperation of the insured, from the applicable funds accrued or other collectible insurance.

i. Taxes, Fines Or Penalties

(1) Any taxes, fines, or penalties, including those imposed under any provision of the Internal Revenue Code of 1986, as amended, or any similar state or local law; or

(2) Any loss, cost or expense arising out of the imposition of such taxes, fines or penalties.

j. Employment-Related Practices

Loss to:

(1) A person arising out of any:

(a) Refusal to employ that person;

(b) Termination of that person's employment; or

(c) Employment-related practice or policy, such as coercion, demotion, reassignment, discipline, failure to promote or advance, harassment, humiliation, discrimination, libel, slander, violation of the person's right of privacy, malicious prosecution or false arrest, detention or imprisonment applied to or directed at that person, regardless of whether such practice

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or policy occurs, is applied or is committed before, during or after the time of that person's employment; or

(2) The spouse, child, parent, brother or sister of that person as a consequence of loss to that person at whom any of the employment-related practices or policies described in Paragraphs **(a), (b),** or **(c)** above is directed.

This exclusion applies:

(1) Whether the insured may be liable as an employer or in any other capacity; and

(2) To any obligation to share damages with or repay someone else who must pay damages because of the loss.

k. Access Or Disclosure Of Confidential Or Personal Information

Loss arising out of any access or disclosure of any person's or organization's confidential or personal information.

3. Supplementary Payments

We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:

a. All expenses we incur.

b. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.

c. 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 $500 a day because of time off from work.

d. All costs taxed against the insured in the "suit."

e. Pre-judgment interest awarded against the insured on that part of the judgment we pay. If we made an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.

f. 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 the applicable limit of insurance.

These payments will not reduce the limits of insurance.

SECTION II - 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. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.

d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are also insureds, but only with respect to their liability as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.

e. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.

2. Each of the following is also an insured:

a. Each of your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), who is or was authorized to administer your "employee benefit program."

b. Any person or organization having proper temporary authorization to administer your "employee benefit program" if you die, but only until your legal representative is appointed.

c. 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 Coverage Part.

3. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a

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Named Insured if there is no other similar insurance available to that organization. However:

a. Coverage under this provision is afforded only until the 180th day after you acquire, or form the organization or the end of the policy period, whichever is earlier:

b. Coverage under this provision does not apply to any negligent act, error or omission that was committed before you acquired or formed the organization.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations. This paragraph does not apply to any such partnership, joint venture or limited liability company that otherwise qualifies as an insured under Section **II** - Who Is An Insured.

SECTION III - LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:

a. Insureds;

b. Claims made or "suits" brought;

c. Persons or organizations making claims or bringing "suits";

d. Acts, errors or omissions; or

e. Benefits included in your "employee benefit program".

2. The Aggregate Limit is the most we will pay for all damages because of all negligent acts, errors or omissions committed in the "administration" of your "employee benefit program."

3. Subject to the Aggregate Limit, the Each Employee Limit is the most we will pay for all damages sustained by any one "employee", including damages sustained by such "employee's" dependents and beneficiaries, because of all negligent acts, errors or omissions committed in the "administration" of your "employee benefit program".

The Limits of Insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

SECTION IV - DEDUCTIBLE

1. The Deductible shown in the Declarations and the rules below fix the amount of damages incurred by, or on behalf of, you or any insured that you will be responsible for paying, regardless of the number of:

a. Insureds;

b. Claims made or "suits" brought;

c. Persons or organizations making claims or bringing "suits";

d. Acts, errors or omissions; or

e. Benefits included in your "employee benefit program".

If no amount is shown for the Deductible in the Declarations, the Deductible does not apply to this Coverage Part.

2. The Deductible applies to all damages sustained by any one "employee", including damages sustained by such "employee's" dependents and beneficiaries, because of all negligent acts, errors or omissions committed in the "administration" of your "employee benefit program".

3. The Limits of Insurance will not be reduced by the amount of damages within the deductible amount.

4. The terms of this policy, including those with respect to:

a. Our right and duty with respect to the defense of "suits"; and

b. Your duties in the event of an act, error or omission, claim or suit;

apply irrespective of the application of the deductible amount.

5. If we settle a claim or "suit" for damages, or pay a judgment for damages awarded in a "suit", that are subject to a deductible, we may pay any part or all of the deductible amount. You will promptly reimburse us for such part of the deductible amount as we have paid.

SECTION V - EMPLOYEE BENEFITS LIABILITY CONDITIONS

1. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

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2. Duties In The Event Of Act, Error Or Omission, Claim Or Suit

a. You must see to it that we are notified as soon as practicable of an act, error or omission which may result in a claim. To the extent possible, notice should include:

(1) What the act, error or omission was and when it was committed; and

(2) The names and addresses of any "employees" who may suffer loss caused by the act, error or omission.

b. If a claim is made or "suit" is brought by any insured, you must:

(1) Immediately record the specifics of the claim or "suit" and the date received; and

(2) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or "suit" as soon as practicable.

c. You and any other involved insured must:

(1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or a "suit";

(2) Authorize us to obtain records and other information;

(3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and

(4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of loss to which this insurance may also apply.

d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense without our consent.

e. The following provisions apply to Paragraph **a.** above, but only for purposes of the insurance provided under this Coverage Part to you or any insured listed in Paragraph **1.** or **2.** of Section **II – Who Is An Insured**:

(1) Notice to us of such act, error or omission must be given as soon as practicable only after the act, error or omission is known to you (if you are an individual), any of your partners or members who is an individual (if you are a partnership or joint venture), any of your managers who is an individual (if you are a limited liability company), any of your "executive officers" or directors (if you are an organization other than a partnership, joint venture, or limited liability company), any of your trustees who is an individual (if you are a trust) or any "employee" authorized by you to give notice of an act, error or omission.

(2) If you are a partnership, joint venture, limited liability company or trust, and none of your partners, joint venture members, managers or trustees are individuals, notice to us of such act, error or omission must be given as soon as practicable only after the act, error or omission is known by:

(a) Any individual who is:

(i) A lawfully elected or appointed official, executive officer or director of any public entity;

(ii) A partner or member of any partnership or joint venture;

(iii) A manager of any limited liability company;

(iv) An executive officer or director of any other organization; or

(v) A trustee of any trust;

that is your partner, joint venture member, manager or trustee; or

(b) Any "employee" authorized by such partnership, joint venture, limited liability company, trust or other organization to give notice of an act, error or omission.

3. Legal Action Against Us

No person or organization has a right under this Coverage Part:

a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or

b. To sue us on this Coverage Part unless all of its 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; but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of

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liability signed by us, the insured and the claimant or the claimant's legal representative.

4. Other Insurance

If valid and collectible other insurance is available to the insured for a loss we cover under this Coverage Part, our obligations are limited as described in Paragraphs **a.** and **b.** below.

As used anywhere in this Coverage Part, other insurance means insurance, or the funding of losses, that is provided by, through or on behalf of:

(i) Another insurance company;

(ii) Us or any of our affiliated insurance companies;

(iii) Any risk retention group; or

(iv) Any self-insurance method or program, in which case the insured will be deemed to be the provider of other insurance.

Other insurance does not include umbrella insurance, or excess insurance, that was bought specifically to apply in excess of the Limits of Insurance shown in the Declarations.

As used anywhere in this Coverage Part, other insurer means a provider of other insurance. As used in Paragraph **b.** below, insurer means a provider of insurance.

a. Primary Insurance

This insurance is primary. If any of the other insurance is also primary, we will share with all that other insurance by the method described in Paragraph **b.** below.

b. Method Of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

5. Premium Audit

a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.

b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit and retrospective premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.

c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

6. Representations

By accepting this policy, you agree:

a. The statements in the Declarations are accurate and complete;

b. Those statements are based upon representations you made to us; and

c. We have issued this policy in reliance upon your representations.

The unintentional omission of, or unintentional error in, any information provided by you which we relied upon in issuing this policy will not prejudice your rights under this insurance. However, this provision does not affect our right to collect additional premium or to exercise our rights of cancellation or renewal in accordance with applicable insurance laws or regulations.

7. Separation Of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

a. As if each Named Insured were the only Named Insured; and

b. Separately to each insured against whom claim is made or "suit" is brought.

8. Transfer Of Rights Of Recovery Against Others To Us

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

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9. When We Do Not Renew

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

10. Cancellation, Nonrenewal And Renewal Conditions Applicable To Commercial General Liability Coverage Part

All conditions relating to cancellation, nonrenewal or renewal that are included in any endorsement applicable to the Commercial General Liability Coverage Part attached to this policy also apply to this Coverage Part.

SECTION VI - EXTENDED REPORTING PERIODS

1. We will provide one or more Extended Reporting Periods, as described below, if:

a. This Coverage Part is cancelled or not renewed for any reason; or

b. We renew or replace this Coverage Part with insurance that has a Retroactive Date later than the date shown in the Declarations.

2. The Extended Reporting Periods do not extend the policy period or change the scope of coverage provided. They only apply to claims or "suits" for loss caused by a negligent act, error or omission committed on or after the Retroactive Date shown in the Declarations and before the end of the policy period.

Once in effect, Extended Reporting Periods may not be canceled.

3. A Basic Extended Reporting Period is automatically provided without additional charge. This period starts with the end of the policy period and lasts for 90 days.

The Basic Extended Reporting Period does not apply to claims or "suits" for loss covered under subsequent insurance you purchase, or that would be covered under such insurance but for the exhaustion of its applicable limit of insurance.

The Basic Extended Reporting Period does not reinstate or increase the limits of insurance.

4. A Supplemental Extended Reporting Period is available, but only by an endorsement and for an extra charge. This supplemental period starts with the end of the policy period and lasts for three years or an unlimited period of time, as set forth in the Supplemental Extended Reporting Period Endorsement. This supplemental period replaces the Basic Extended Reporting Period.

This Supplemental Extended Reporting Period will not go into effect unless we receive all of the following within 90 days after the end of the policy period and you have fulfilled all other duties, and complied with all other conditions and requirements, under this policy:

a. A written request from you to purchase the Supplemental Extended Reporting Period;

b. Full payment of the earned premium for this policy;

c. Payment of the additional premium for the Supplemental Extended Reporting Period Endorsement; and

d. Repayment of any deductible you owe us under this Coverage Part.

We will determine the additional premium for that endorsement in accordance with our rules and rates. The additional premium for the Supplemental Extended Reporting Period Endorsement will not exceed 200% of the annual premium for this policy.

This endorsement will set forth the terms, not inconsistent with this Section **VI** - Extended Reporting Periods, applicable to the Supplemental Extended Reporting Period, including a provision to the effect that the insurance afforded for claims or "suits" first made or brought against any insured during such period is excess over any valid and collectible other insurance available under insurance in force after the Supplemental Extended Reporting Period starts.

The Supplemental Extended Reporting Period does not reinstate or increase the limits of insurance.

SECTION VII - DEFINITIONS

1. "Administration" means:

a. Providing information to "employees", including their dependents and beneficiaries, with respect to eligibility for or scope of the "employee benefit program";

b. Handling records in connection with the "employee benefit program"; or

c. Effecting, continuing or terminating any "employee's" participation in any benefit included in the "employee benefit program."

However, "administration" does not include handling payroll deductions.

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2. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:

a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and

b. Regarding web sites, only that part of a web site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.

3. "Advertising injury":

a. Means injury, other than "personal injury", caused by one or more of the following offenses:

(1) Oral or written publication, including publication by electronic means, of material in your "advertisement" that slanders or libels a person or organization or disparages a person's or organization's goods, products or services, provided that the claim is made or the "suit" is brought by a person or organization that claims to have been slandered or libeled, or that claims to have had its goods, products or services disparaged;

(2) Oral or written publication, including publication by electronic means, of material in your "advertisement" that:

(a) Appropriates a person's name, voice, photograph or likeness; or

(b) Unreasonably places a person in a false light; or

(3) Infringement of copyright, "title" or "slogan" in your "advertisement", provided that the claim is made or the "suit" is brought by a person or organization that claims ownership of such copyright, "title" or "slogan".

b. Includes "bodily injury" caused by one or more of the offenses described in Paragraph **a.** above.

4. "Bodily injury":

a. Means any harm, including sickness or disease, to the health of a person.

b. Includes mental anguish, injury or illness, or emotional distress.

5. "Cafeteria plan" means plans authorized by applicable law to allow "employees" to elect to pay for certain benefits with pre-tax dollars.

6. "Coverage territory" means the United States of America (including its territories and possessions), Puerto Rico or Canada, provided that the insured's responsibility to pay damages is determined in a "suit" on the merits in the United States of America (including its territories and possessions), Puerto Rico or Canada, or in a settlement we agree to.

7. "Employee" means a person actively employed, formerly employed, on leave of absence or disabled, or retired. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".

8. "Employee benefit program":

a. Means a program providing some or all of the following benefits to your "employees", whether provided through a "cafeteria plan" or otherwise:

(1) Group life insurance; group accident or health insurance; dental, vision and hearing plans; and flexible spending accounts, provided that no one other than your "employee" may subscribe to such benefits and such benefits are made generally available to all of those "employees" who satisfy the plan's eligibility requirements;

(2) Profit sharing plans, employee savings plans, employee stock ownership plans, pension plans and stock subscription plans, provided that no one other than your "employee" may subscribe to such benefits and such benefits are made generally available to all of those "employees" who are eligible under the plan for such benefits;

(3) Unemployment insurance, social security benefits, workers' compensation and disability benefits;

(4) Vacation plans, including buy and sell programs; leave of absence programs, including military, maternity, family, and civil leave; tuition assistance plans;

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transportation and health club subsidies; and

(5) Any other similar benefits designated in the Declarations or added thereto by endorsement.

b. Does not include any benefit plan or program described in Paragraph a. above that is self-insured.

9. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, bylaws or any other similar governing document.

10. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".

11. "Personal injury":

a. Means injury, other than "advertising injury", caused by one or more of the following offenses:

(1) False arrest, detention or imprisonment;

(2) Malicious prosecution;

(3) The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, provided that the wrongful eviction, wrongful entry or invasion of the right of private occupancy is committed by or on behalf of the owner, landlord or lessor of that room, dwelling or premises;

(4) Oral or written publication, including publication by electronic means, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services, provided that the claim is made or the "suit" is brought by a person or organization that claims to have been slandered or libeled, or that claims to have had its goods, products or services disparaged; or

(5) Oral or written publication, including publication by electronic means, of material that:

(a) Appropriates a person's name, voice, photograph or likeness; or

(b) Unreasonably places a person in a false light.

b. Includes "bodily injury" caused by one or more of the offenses described in Paragraph **a.** above.

12. "Property damage" means:

a. Physical injury to tangible property, including all resulting loss of use of that property; or

b. Loss of use of tangible property that is not physically injured.

13. "Slogan":

a. Means a phrase that others use for the purpose of attracting attention in their advertising.

b. Does not include a phrase used as, or in, the name of:

(1) Any person or organization, other than you; or

(2) Any business, or any of the premises, goods, products, services or work, of any person or organization, other than you.

14. "Suit" means a civil proceeding in which damages because of loss to which this insurance applies are alleged. "Suit" includes:

a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or submits with our consent; or

b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

15. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

16. "Title" means a name of a literary or artistic work.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDMENT - NON CUMULATION OF EACH OCCURRENCE LIMIT OF LIABILITY AND NON CUMULATION OF PERSONAL AND ADVERTISING INJURY LIMIT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

1. Paragraph 5 of SECTION III - LIMITS OF INSURANCE, is amended to include the following:

Non cumulation of Each Occurrence Limit - If one "occurrence" causes "bodily injury" and/or "property damage" during the policy period and during the policy period of one or more prior and/or future policies that include a commercial general liability coverage part for the insured issued by us or any affiliated insurance company, the amount we will pay is limited. This policy's Each Occurrence Limit will be reduced by the amount of each payment made by us and any affiliated insurance company under the other policies because of such "occurrence".

2. Paragraph 4 of SECTION III - LIMITS OF INSURANCE, is amended to include the following:

Non cumulation of Personal and Advertising Limit - If "personal injury" and/or "advertising injury" is sustained by any one person or organization during the policy period and during the policy period of one or more prior and/or future policies that include a commercial general liability coverage part for the insured issued by us or any affiliated insurance company, the amount we will pay is limited. This policy's Personal Injury and Advertising Injury Limit will be reduced by the amount of each payment made by us and any affiliated insurance company under the other policies because of such "personal injury" and/or "advertising injury".

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LIMITED ABUSE OR MOLESTATION LIABILITY COVERAGE

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE OF LIMITED ABUSE OR MOLESTATION LIABILITY LIMITS

Abuse or Molestation Aggregate Limit	**$**2,000,000
Each Abuse Or Molestation Offense Limit	**$**1,000,000

PROVISIONS

1. The following exclusion is added to Paragraph **2., Exclusions,** of **SECTION I - COVERAGE A - BODILY INJURY AND PROPERTY DAMAGE LIABILITY:**

Abuse Or Molestation

"Bodily injury" arising out of any act of "abuse or molestation" committed by any person.

2. The following exclusion is added to Paragraph **2., Exclusions,** of **SECTION I - COVERAGE B - PERSONAL INJURY AND ADVERTISING INJURY LIABILITY:**

Abuse Or Molestation

"Personal injury" arising out of any act of "abuse or molestation" committed by any person.

3. The following is added to **SECTION I - COVERAGES:**

LIMITED ABUSE OR MOLESTATION LIABILITY COVERAGE

1. Insuring Agreement

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury" or "personal injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "personal injury" to which this insurance does not apply. We may, at our discretion, investigate any "abuse or molestation offense" and settle any claim or "suit" that may result. But:

(1) The amount we will pay for damages is limited as described in Section **III** - Limits Of Insurance ; and

(2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under **Limited Abuse Or Molestation Liability Coverage.**

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments.

b. This insurance applies to "bodily injury" or "personal injury" caused by an "abuse or molestation offense" arising out of your business but only if the "abuse or molestation offense" was committed in the "coverage territory" during the policy period. An "abuse or molestation offense" involving multiple, continuous, sporadic or related acts of "abuse or molestation" will be deemed to have been committed on the date the first of such acts is committed, regardless of when such acts are actually committed.

2. Exclusions

This insurance does not apply to:

a. Directed Or Knowingly Allowed Acts

"Bodily injury" or "personal injury" arising out of an "abuse or molestation offense" committed at the direction of the insured or that the insured knowingly allowed to happen.

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b. Failure To Report

"Bodily injury" or "personal injury" arising out of a failure by the insured having knowledge of an act of "abuse or molestation" to comply with any applicable federal, state or local law, ordinance or regulation which requires the reporting of such act.

c. Known History

"Bodily injury" or "personal injury" arising out of the employment, or the use as a "volunteer worker", of a person who had a history of committing "abuse or molestation" of which the insured had knowledge:

(1) Before or during that person's employment or use as a "volunteer worker"; and

(2) Before that person committed the "abuse or molestation offense".

d. Known Prior Acts

"Bodily injury" or "personal injury" arising out of any act in an "abuse or molestation offense" if any insured listed under Paragraph **1.** of Section **II** – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "abuse or molestation offense" or claim was aware of such act prior to the effective date of this **Limited Abuse Or Molestation Liability Coverage.**

e. Contractual Liability

"Bodily injury" or "personal injury" for which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages:

(1) That the insured would have in the absence of the contract or agreement; or

(2) Assumed in a contract or agreement that is an "insured contract", provided that the "bodily injury" or "personal injury" is caused by an "abuse or molestation offense" committed subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract", reasonable attorneys' fees and necessary litigation expenses incurred by or for a party other than an insured will be deemed to be damages because of "bodily injury" or "personal injury", provided that:

(a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and

(b) Such attorneys' fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

f. Workers' Compensation And Similar Laws

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

g. Employer's Liability

"Bodily injury" to:

(1) An "employee" of the insured arising out of and in the course of:

(a) Employment by the insured; or

(b) Performing duties related to the conduct of the insured's business; or

(2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph **(1)** above.

This exclusion applies whether the insured may be liable as an employer or in any other capacity and to any obligation to share damages with or repay someone else who must pay damages because of the injury.

h. Access Or Disclosure Of Person's Confidential Or Personal Information

"Bodily injury" or "personal injury" arising out of any unauthorized access to or disclosure of any person's confidential or personal information committed by a person or organization other than:

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(1) Any person listed in Paragraph **1.** of Section **II** – Who Is An Insured;

(2) Any of your "employees" or "volunteer workers"; or

(3) Any person acting as a student teacher as part of his or her educational requirements with you, if you are a public entity, college or school.

i. Employment – Related Practices

"Bodily injury" or "personal injury" to:

(1) A person arising out of any:

(a) Refusal to employ that person;

(b) Termination of that person's employment; or

(c) Employment-related practice, policy, act or omission, such as coercion, demotion, evaluation, reassignment, discipline, failure to promote or advance, harassment, humiliation, discrimination, libel, slander, violation of the person's right of privacy, malicious prosecution or false arrest, detention or imprisonment applied to or directed at that person, regardless of whether such practice, policy, act or omission occurs, is applied or is committed before, during or after the time of that person's employment; or

(2) The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" or "personal injury" to that person at whom any of the employment-related practices described in Paragraph **(a), (b),** or **(c)** above is directed.

This exclusion applies whether the insured may be liable as an employer or in any other capacity and to any obligation to share damages with or repay someone else who must pay damages because of the "bodily injury" or "personal injury".

j. Coverage A Or Coverage B Exclusions Added By Endorsement

"Bodily injury" or "personal injury" excluded by any exclusion added to Coverage **A** or Coverage **B** by endorsement to this policy, except an Abuse Or Molestation exclusion.

4. The following is added to **SECTION II – WHO IS AN INSURED:**

None of the following is an insured for "bodily injury" or "personal injury" caused by an "abuse or molestation offense":

a. Any person who committed the "abuse or molestation offense". However, with respect to:

(1) Any person listed in Paragraph **1.** of Section **II** – Who Is An Insured ;

(2) Any of your "employees" or "volunteer workers"; or

(3) Any person acting as a student teacher as part of his or her educational requirements with you, if you are a public entity, college or school;

we will reimburse you for the reasonable expenses that you incur to defend such person against any "suit" seeking damages for "bodily injury" or "personal injury" to which this insurance applies caused by an "abuse or molestation offense" if a final, non-appealable adjudication in any judicial proceeding establishes that such person did not commit such "abuse or molestation offense".

b. Any person or organization that has been added to your policy as an additional insured, or any employee, leased worker, agent, representative or volunteer worker of such person or organization.

However, if you have agreed in a written contract or agreement to include such person or organization as an additional insured on this Coverage Part, such person or organization is an insured, but only with respect to liability for "bodily injury" or "personal injury" caused by an "abuse or molestation offense" that:

(1) Is committed subsequent to the signing of that contract or agreement; and

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(2) Arises out of your business. The person or organization does not qualify as an additional insured with respect to the independent acts or omissions of such person or organization.

The insurance provided to such person or organization is subject to the following provisions:

(1) The limits of insurance provided to such person or organization will be the minimum limits that you agreed to provide in the written contract or agreement, or the limits shown in the Schedule Of Limited Abuse Or Molestation Liability Limits, whichever are less.

(2) The insurance provided to such person or organization does not apply to any "bodily injury" or "personal injury" caused by an "abuse or molestation offense" committed after the contract or agreement expires.

c. Any of your independent contractors, or any employee, leased worker, agent, representative or volunteer worker of such independent contractor.

5. The following is added to **SECTION III - LIMITS OF INSURANCE:**

The Abuse Or Molestation Aggregate Limit shown in the Schedule Of Limited Abuse Or Molestation Liability Limits is the most we will pay for the sum of all damages under **Limited Abuse Or Molestation Liability Coverage.** This limit is in addition to, and not included within, the General Aggregate Limit set forth in Paragraph **2.** of Section **III** - Limits Of Insurance.

Subject to the Abuse Or Molestation Aggregate Limit, the Each Abuse Or Molestation Offense Limit shown in the Schedule Of Limited Abuse Or Molestation Liability Limits is the most we will pay under **Limited Abuse Or Molestation Liability Coverage** for the sum of all damages because of "bodily injury" and "personal injury" arising out of any one "abuse or molestation offense". This limit is in addition to, and not included within, the Each Occurrence Limit set forth in Paragraph **5.** of Section **III** - Limits Of Insurance and the Personal and Advertising Injury Limit set forth in Paragraph **4.** of Section **III** - Limits Of Insurance.

6. The following is added to Paragraph **4.** of **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS:**

If valid and collectible other insurance is available to the insured for a loss we cover under **Limited Abuse Or Molestation Liability Coverage,** this insurance for **Limited Abuse Or Molestation Liability Coverage** is primary. However, this insurance for **Limited Abuse Or Molestation Liability Coverage** is excess over any of the other insurance, whether primary, excess, contingent or on any other basis, that is available to the insured when the insured is an additional insured, or is any other insured that does not qualify as a named insured, under such other insurance.

If this insurance for **Limited Abuse Or Molestation Liability Coverage** is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by one of the following methods:

(1) If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each provider of insurance contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

(2) If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, the share of each provider of insurance is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all providers of insurance.

When this insurance for **Limited Abuse Or Molestation Liability Coverage** is excess, we will have no duty under **Limited Abuse Or Molestation Liability Coverage** to defend the insured against any "suit" if any provider of other insurance has a duty to defend the insured against that "suit". If no provider of other insurance defends, we will undertake to do so, but we will be entitled to the insured's rights against all those providers of other insurance.

We will pay only our share of the amount of the loss, if any, that exceeds the sum of:

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(1) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and

(2) The total of all deductible and self-insured amounts under all that other insurance.

7. The following is added to the **DEFINITIONS** Section:

"Abuse or molestation" means any actual or threatened illegal or offensive act committed against any person who is:

a. Under 18 years of age;

b. Your student;

c. Legally incompetent; or

d. In the care, custody or control of any insured and is physically or mentally incapable of consenting to such act;

regardless of whether such illegal or offensive act involved physical contact with such person.

"Abuse or molestation offense" means a single act of "abuse or molestation", or multiple, continuous, sporadic or related acts of "abuse or molestation", committed by:

a. One person; or

b. Two or more persons acting together.

All such acts of "abuse or molestation" will be deemed to be one "abuse or molestation offense"' regardless of the number of:

a. Insureds;

b. Claims made or "suits" brought; or

c. Persons or organizations making claims or bringing "suits".

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AMENDMENT OF CONTRACTUAL LIABILITY EXCLUSION – EXCEPTION FOR DAMAGES ASSUMED IN AN INSURED CONTRACT APPLIES ONLY TO NAMED INSURED

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

PROVISIONS

1. The following replaces Paragraph **(2)** of Exclusion **b., Contractual Liability**, in Paragraph **2.** of **SECTION I – COVERAGES – COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY**:

(2) Assumed by you in a contract or agreement that is an "insured contract", provided that the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed by you in an "insured contract", reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured will be deemed to be damages because of "bodily injury" or "property damage", provided that:

(a) Liability to such party for, or for the cost of, that party's defense has also been assumed by you in the same "insured contract"; and

(b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

2. The following replaces the beginning of Paragraph **2.**, and Paragraphs **2.a., b., c., d.** and **e.**, of **SUPPLEMENTARY PAYMENTS – COVERAGES A AND B of SECTION I – COVERAGES:**

2. If we defend you against a "suit" and your indemnitee is also named as a party to the "suit", we will have the right and duty to defend that indemnitee if all of the following conditions are met:

a. The "suit" against the indemnitee seeks damages for which you have assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";

b. This insurance applies to such liability assumed by you;

c. The obligation to defend, or the cost of the defense of, that indemnitee has also been assumed by you in the same "insured contract";

d. The allegations in the "suit" and the information we know about the "occurrence" or offense are such that we determine that no conflict exists between your interests and the interests of the indemnitee;

e. You and the indemnitee ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend you and the indemnitee; and

3. The following replaces the last sentence of Paragraph **2.** of **SUPPLEMENTARY PAYMENTS – COVERAGES A AND B of SECTION I – COVERAGES:**

Our obligation to defend your indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when:

a. We have used up the applicable limit of insurance in the payment of judgments, settlements or medical expenses; or

b. The conditions set forth above, or the terms of the agreement described in Paragraph **f.** above, are no longer met.

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EXCLUSION – LEAD

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
CATASTROPHE UMBRELLA POLICY

PROVISIONS

This insurance does not apply to any injury, damage, loss, cost, payment or expense, including, but not limited to, defense and investigation, of any kind arising out of, resulting from, caused by or contributed to by the actual or alleged presence or actual, alleged or threatened dispersal, release, ingestion, inhalation or absorption of lead, lead compounds or lead which is or was contained or incorporated into any material or substance. This exclusion applies, but is not limited to:

1. Any supervision, instructions, recommendations, warnings or advice given in connection with the above;
2. Any obligation to share damages, losses, costs, payments or expenses with or repay someone else who must make payment because of such injury or damage, loss, cost, payment or expense; or
3. Any request, order or requirement to abate, mitigate, remediate, contain, remove or dispose of lead, lead compounds or materials or substances containing lead.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

EXCLUSION - DISCRIMINATION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

PROVISIONS

1. The following exclusion is added to Paragraph **2., Exclusions,** of **SECTION I - COVERAGES - COVERAGE A - BODILY INJURY AND PROPERTY DAMAGE LIABILITY:**

Discrimination

"Bodily injury" arising out of discrimination based upon a person's sex, sexual orientation, marital status, pregnancy, race, color, creed, religion, national origin, citizenship, veteran status, age, genetic information or physical or mental disability, or any other characteristic, attribute, trait, condition or status that qualifies a person for protection against discrimination under federal, state or local law.

2. The following exclusion is added to Paragraph **2., Exclusions,** of **SECTION I - COVERAGES - COVERAGE B - PERSONAL AND ADVERTISING INJURY LIABILITY:**

Discrimination

"Personal injury" arising out of discrimination based upon a person's sex, sexual orientation, marital status, pregnancy, race, color, creed, religion, national origin, citizenship, veteran status, age, genetic information or physical or mental disability, or any other characteristic, attribute, trait, condition or status that qualifies a person for protection against discrimination under federal, state or local law.

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COMMERCIAL GENERAL LIABILITY
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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PROFESSIONAL HEALTH CARE AND SOCIAL SERVICES LIABILITY COVERAGE - DESIGNATED PROFESSIONALS - PUBLIC ENTITIES

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE OF DESIGNATED PROFESSIONALS (☒ indicates applicable)

- ☐ Nurse - other than a jail nurse
- ☐ Jail Nurse
- ☒ Emergency Medical Technician
- ☐ Social Service Professional
- ☐ Coroner
- ☐

PROVISIONS

1. The following is added to the definition of "occurrence" in the **DEFINITIONS** Section:

"Occurrence" also means:

a. An act or omission committed by a "designated professional", acting within the scope of his or her duties for you as such "designated professional", in providing or failing to provide "described professional health care services"; or

b. An act or omission committed by a "designated professional", acting within the scope of his or her duties for you as such "designated professional", in providing or failing to provide "professional social services".

2. The following is added to the **DEFINITIONS** Section:

"Described professional health care services" means:

a. Any medical, surgical, dental, laboratory, x-ray or nursing services, treatment, advice or instruction, or the related furnishing of food or beverages;

b. The furnishing or dispensing of drugs or medical, dental or surgical supplies or appliances;

c. The handling or treatment of corpses, including for autopsies or organ donations, but not including performing autopsies or performing medical procedures related to organ donations; or

d. Any psychological or emotional counseling service, treatment, advice or instruction.

"Designated professional" means any of your "employees" or "volunteer workers" who:

a. Is performing duties for you as a professional indicated with an ☒ in the Schedule of Designated Professionals;

b. Is not a medical doctor; and

c. Is not a nurse providing "described professional health care services" at or in connection with a nursing home.

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"Professional social services" means any of the professional services or activities that are, or should have been, performed by any "employee" or "volunteer worker" of your social services department, health and human services department, or similar department, including any advice or instruction provided with such services or activities.

3. The following is added to Paragraph **2.a.(1)** of **SECTION II - WHO IS AN INSURED:**

Paragraphs **(1)(a), (b), (c)** and **(d)** above do not apply to "bodily injury" or "personal injury" arising out of providing or failing to provide:

(a) "Described professional health care services"; or

(b) "Professional social services";

by a "designated professional" acting within the scope of his or her duties for you as such "designated professional".

4. The following is added to Paragraph **5.** of **SECTION III - LIMITS OF INSURANCE:**

For the purposes of determining the applicable Each Occurrence Limit:

a. All related acts or omissions committed by any "designated professional" in providing or failing to provide "described professional health care services" to any one person will be deemed to be one "occurrence"; and

b. All related acts or omissions committed by any "designated professional" in providing or failing to provide "professional social services" to any one person will be deemed to be one "occurrence".

5. The following exclusion is added to Paragraph **2., Exclusions,** of **SECTION I - COVERAGES - COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY:**

Criminal, Dishonest, Fraudulent Or Malicious Acts Or Knowing Violations Of Rights Or Laws

"Bodily injury" or "property damage" arising out of any criminal, dishonest, fraudulent or malicious act or omission, or any knowing violation of rights or laws, committed by a "designated professional" in providing or failing to provide "described professional health care services" or "professional social services".

This exclusion does not apply to any insured who did not consent to, or have knowledge of, such act or omission or knowing violation.

This exclusion also does not apply to our duty to defend:

(1) A "designated professional" who is an insured until it has been determined or admitted in a legal proceeding that such "designated professional" committed such act or omission or knowing violation; or

(2) Any other insured until it has been determined or admitted in a legal proceeding that such insured consented to, or had knowledge of, such act or omission or knowing violation.

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EXCLUSION - INJURY TO VOLUNTEER FIREFIGHTERS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The following exclusion is added to Paragraph **2., Exclusions** of **Section I - Coverage A - Bodily Injury And Property Damage Liability** and Paragraph **2., Exclusions** of **Section I - Coverage B - Personal And Advertising Injury Liability:**

This insurance does not apply to "bodily injury" or "personal injury" to any volunteer firefighters whether or not they are members of your organization, while in the course of their duties as such.

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EXCLUSION - DAMS, RESERVOIRS, LEVEES, DIKES, FLOOD WALLS OR CANALS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE OF DESIGNATED DAMS, RESERVOIRS, LEVEES, DIKES, FLOOD WALLS OR CANALS

PROVISIONS

1. The following exclusion is added to Paragraph **2., Exclusions ,** of **SECTION I - COVERAGES - COVERAGE A - BODILY INJURY AND PROPERTY DAMAGE LIABILITY:**

   Dams, Reservoirs, Levees, Dikes, Flood Walls Or Canals

   "Bodily injury" or "property damage" arising out of the existence, maintenance, design, use, operation, breach, structural failure, collapse, bursting, overtopping, flooding, cracking, settling, seepage, underseepage, subsidence or earth movement of any dam, reservoir, levee, dike, flood wall or canal, including any related systems or structures for the barrier, movement, controlling or retention of water.

   This exclusion does not apply to any dam, reservoir, levee, dike, flood wall or canal shown in the Schedule of Designated Dams, Reservoirs, Levees, Dikes, Flood Walls or Canals.

2. The following exclusion is added to Paragraph **2., Exclusions ,** of **SECTION I - COVERAGES - COVERAGE B - PERSONAL AND ADVERTISING INJURY LIABILITY:**

   Dams, Reservoirs, Levees, Dikes, Flood Walls Or Canals

   "Personal and advertising injury" arising out of the existence, maintenance, design, use, operation, breach, structural failure, collapse, bursting, overtopping, flooding, cracking, settling, seepage, underseepage, subsidence, or earth movement of any dam, reservoir, levee, dike, flood wall or canal, including any related systems or structures for the movement, controlling or retention of water.

   This exclusion does not apply to any dam, reservoir, levee, dike, flood wall or canal shown in the Schedule of Designated Dams, Reservoirs, Levees, Dikes, Flood Walls or Canals.

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DESIGNATED WATERCRAFT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE OF DESIGNATED WATERCRAFT

3 BOATS OVER 2SFT USED BY PARKS DEPT; WWTP AND FIRE

PROVISIONS

1. The following is added to Exclusion **g., Aircraft, Auto Or Watercraft** , in Paragraph **2.** of **SECTION I - COVERAGES - COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY:**

   This exclusion does not apply to a watercraft shown in the Schedule Of Designated Watercraft.

2. The following is added to Paragraph **2.** of **SECTION II - WHO IS AN INSURED:**

   Any person or organization that, with your express or implied consent, either uses or is responsible for the use of a watercraft shown in the Schedule Of Designated Watercraft.

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FAILURE TO SUPPLY - LIMITED COVERAGE

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE - FAILURE TO SUPPLY LIMIT

Failure To Supply Limit $1,000,000 Each Occurrence

PROVISIONS

1. The following exclusion is added to Paragraph **2., Exclusions ,** of **SECTION I - COVERAGES - COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY:**

Failure To Supply

"Bodily injury" or "property damage" arising out of the failure of any insured to adequately supply gas, oil, water, electricity or steam.

If an amount is shown for the Failure To Supply Limit in the Schedule - Failure To Supply Limit, this exclusion does not apply to such "bodily injury" or "property damage", and a separate limit of insurance applies to such "bodily injury" or "property damage" as described in Section **III** - Limits Of Insurance.

If no amount is shown for the Failure To Supply Limit in the Schedule - Failure To Supply Limit, this exclusion does not apply to "bodily injury" or "property damage" arising out of a failure to supply that results from the sudden and accidental damage to tangible property owned or used by any insured to procure, produce, process or transmit the gas, oil, water, electricity or steam.

2. The following is added to **SECTION III - LIMITS OF INSURANCE:**

Subject to Paragraph **5.** of Section **III** - Limits Of Insurance, if an amount is shown for the Failure To Supply Limit in the Schedule - Failure To Supply Limit, that limit is the most we will pay for the sum of:

a. Damages under Coverage **A**; and

b. Medical expenses under Coverage **C**;

because of all "bodily injury" and "property damage" arising out of the failure of any insured to adequately supply gas, oil, water, electricity or steam to one or more persons or organizations.

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ISSUE DATE: 07/11/24

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AMENDMENT - POLLUTION EXCLUSION - INCLUDING LIMITED POLLUTION COSTS LIABILITY COVERAGE - PUBLIC ENTITIES OR INDIAN TRIBES - SEWAGE BACK - UP COVERAGE INCLUDED

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE - SEWAGE BACK - UP LIMIT

Sewage Back - Up Limit: $1,000,000 Each Occurrence

PROVISIONS

1. The following replaces Paragraph **1.a.(2)** of **SECTION I - COVERAGE A - BODILY INJURY AND PROPERTY DAMAGE LIABILITY** and of **SECTION I - COVERAGE B - PERSONAL AND ADVERTISING INJURY LIABILITY:**

(2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages **A** or **B,** medical expenses under Coverage **C** or "limited covered pollution costs" under Coverage **D.**

2. The following replaces Paragraph **(1)(a)** of Exclusion **f., Pollution,** in Paragraph **2.** of **SECTION I - COVERAGES - COVERAGE A - BODILY INJURY AND PROPERTY DAMAGE LIABILITY:**

(a) At or from any premises, site or location which is or was at any time owned, occupied or managed by, or rented or loaned to, any insured. However, this subparagraph does not apply to:

(i) "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot produced by or originating from equipment that is used to heat, cool or dehumidify the building, or produced by or originating from equipment that is used to heat water for personal use by the building's occupants or their guests;

(ii) "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is not and never was owned, occupied or managed by, or rented or loaned to, any insured, other than that additional insured; or

(iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";

3. The following is added to Paragraph **(1)** of Exclusion **f., Pollution,** in Paragraph **2.** of **SECTION I - COVERAGES - COVERAGE A - BODILY INJURY AND PROPERTY DAMAGE LIABILITY:**

Paragraphs **(1)(a)** and **(d)** of this exclusion do not apply to:

(1) "Bodily injury" or "property damage" arising only out of the discharge, release or escape of any pesticide, herbicide, fungicide or fertilizer if such discharge, release or escape:

(a) Is caused by the application of, or transporting, handling or storage for the application of, such pesticide, herbicide, fungicide or fertilizer by you or on your behalf;

(b) Commences abruptly during the policy period and after the effective date of the Amendment - Pollution Exclusion - Including Limited Pollution Costs Liability Coverage - Public Entities Or Indian Tribes - Sewage Back-Up Coverage Included endorsement;

(c) Ends within seven consecutive days after its abrupt commencement;

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(d) Becomes known to an insured listed under Paragraph **1.** of Section **II** - Who Is An Insured, or to an "employee" authorized by you to give or receive notice of any "occurrence" or claim, and is reported to us, within 30 days after its abrupt commencement; and

(e) Does not arise out of any intentional violation of any governmental law, regulation or rule by you or anyone acting on your behalf; or

(2) "Bodily injury" or "property damage" arising only out of the discharge, release or escape of any "pollutant" if such discharge, release or escape:

(a) Is caused by the use of, or transporting, handling or storage for the use of, such "pollutant" in the providing of, or training for the providing of, fire fighting or emergency response services by you or on your behalf;

(b) Commences abruptly during the policy period and after the effective date of Amendment \- Pollution Exclusion - Including Limited Pollution Costs Liability Coverage - Public Entities Or Indian Tribes - Sewage Back-Up Coverage Included endorsement;

(c) Ends within seven consecutive days after its abrupt commencement;

(d) Becomes known to an insured listed under Paragraph **1.** of Section **II** - Who Is An Insured, or to an "employee" authorized by you to give or receive notice of any "occurrence" or claim, and is reported to us, within 30 days after its abrupt commencement; and

(e) Does not arise out of any intentional violation of any governmental law, regulation or rule by you or anyone acting on your behalf.

All "bodily injury" or "property damage" described in Paragraph **(1)** or **(2)** above of this exception will be deemed to occur at the time such discharge, release or escape abruptly commences.

Paragraphs **(1)(a), (b), (d)** and **(e)** of this exclusion do not apply to "bodily injury" or "property damage" arising only out of the discharge, release or escape of chlorine, sodium hypochlorite or any other chemical at or from any premises, site or location which is owned, occupied or managed by, or rented or loaned to, you during the policy period if such discharge, release or escape:

(1) Is caused by the use of such chemical in sewage or water, or the transporting, handling or storage of that chemical for such use, as part of sewage treatment, water purification or swimming pool maintenance operations performed by you or on your behalf;

(2) Commences abruptly during the policy period and after the effective date of Amendment - Pollution Exclusion - Including Limited Pollution Costs Liability Coverage - Public Entities Or Indian Tribes - Sewage Back-Up Coverage Included endorsement;

(3) Ends within seven consecutive days after its abrupt commencement;

(4) Becomes known to an insured listed under Paragraph **1.** of Section **II** \- Who Is An Insured, or to an "employee" authorized by you to give or receive notice of any "occurrence" or claim, and is reported to us, within 30 days after its abrupt commencement; and

(5) Does not arise out of any intentional violation of any governmental law, regulation or rule by you or anyone acting on your behalf.

All "bodily injury" or "property damage" described in this exception will be deemed to occur at the time such discharge, release or escape abruptly commences.

Paragraph **(1)** of this exclusion does not apply to "bodily injury" or "property damage" arising only out of the discharge, release or escape of sewage into a building if such discharge, release or escape:

(1) Is a back-up of sewage from any sewage treatment facility or sanitary sewer that is owned, occupied or managed by, or rented or loaned to, you during the policy period;

(2) Commences abruptly during the policy period and after the effective date of the Amendment - Pollution Exclusion - Including Limited Pollution Costs Liability Coverage - Public Entities Or Indian Tribes - Sewage Back-Up Coverage Included endorsement;

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(3) Ends within seven consecutive days after its abrupt commencement; and

(4) Does not arise out of any intentional violation of any governmental law, regulation or rule by you or anyone acting on your behalf.

This exception does not apply if any of the "bodily injury" or "property damage" arises out of the "hazardous properties" of any "nuclear material" in the sewage. All "bodily injury" or "property damage" described in this exception will be deemed to occur at the time such discharge, release or escape abruptly commences. A separate limit of insurance applies to such "bodily injury" or "property damage" as described in Section **III** - Limits Of Insurance.

4. The following replaces Paragraph **(2)** of **Exclusion f., Pollution,** in Paragraph **2.** of **SECTION I - COVERAGES - COVERAGE A - BODILY INJURY AND PROPERTY DAMAGE LIABILITY:**

(2) "Pollution costs".

5. The following replaces **Exclusion n., Pollution-Related,** in Paragraph **2.** of **SECTION I - COVERAGES - COVERAGE B - PERSONAL AND ADVERTISING INJURY LIABILITY:**

n. Pollution Costs

"Pollution costs".

6. The following is added to **SECTION I - COVERAGES:**

COVERAGE D - LIMITED COVERED POLLUTION COSTS LIABILITY

1. Insuring Agreement

a. We will pay those sums that you become legally obligated to pay as "limited covered pollution costs" to which this insurance applies. We will have the right and duty to defend you against any "suit" seeking those "limited covered pollution costs". How- ever, we will have no duty to defend you against any "suit" seeking "limited covered pollution costs" to which this insurance does not apply. We may at our discretion investigate any discharge, release or escape of "pollutants" and settle any claim or "suit" that may result. But:

(1) The amount we will pay for "limited covered pollution costs" will be included within, and not in addition to, the limits of insurance that apply to Coverage **A;** and

(2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages **A** or **B,** medical expenses under Coverage **C** or "limited covered pollution costs" under Coverage **D.**

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments.

b. This insurance applies to "limited covered pollution costs" only if the "pollutants" for which the "limited covered pollution costs" are incurred also cause "bodily injury" or "property damage" that:

(1) Is covered under Coverage **A;** and

(2) Is within an exception to Exclusion **f.** of Coverage **A** that requires the discharge, release or escape of "pollutants" to:

(a) Commence abruptly during the policy period and after the effective date of the Amendment - Pollution Exclusion - Including Limited Pollution Costs Liability Coverage - Public Entities Or Indian Tribes - Sewage Back-Up Coverage Included endorsement;

(b) End within seven consecutive days after its abrupt commencement; and

(c) Not arise out of any intentional violation of any governmental law, regulation or rule by you or anyone acting on your behalf.

Such exception also may require the discharge, release or escape of "pollutants" to become known to an insured listed under Paragraph **1.** of Section **II** - Who Is An Insured, or to an "employee" authorized by you to give or receive notice of any "occurrence" or claim, and be reported to us, within 30 days after its abrupt commencement.

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2. Exclusion

This insurance does not apply to "limited covered pollution costs" which you are obligated to pay by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability that you would have to pay "limited covered pollution costs" in the absence of the contract or agreement.

7. The following is added to **SECTION II - WHO IS AN INSURED:**

Paragraph **3.** is the only part of this section that applies to Section **I** - Coverage **D.** For the purposes of Coverage **D,** similar coverage as used in Paragraph **3.** of this section includes any pollution liability coverage.

8. The following is added to **SECTION III - LIMITS OF INSURANCE:**

Subject to Paragraph **5.** of Section **III** - Limits Of Insurance, the Sewage Back-Up Limit shown in the Schedule - Sewage Back-Up Limit is the most we will pay for the sum of:

a. Damages under Coverage **A;** and

b. Medical expenses under Coverage **C;**

because of all "bodily injury" and "property damage" arising out of the discharge, release or escape of sewage into one or more buildings.

If no amount is shown for the Sewage Back-Up Limit in that schedule, that limit will be:

a. $50,000 Each Occurrence; or

b. The amount you purchased for that coverage, if that amount is more than $50,000.

For the purposes of any aggregate limit, the Each Occurrence Limit and the Sewage Back-Up Limit, "limited covered pollution costs" under Coverage **D** will be deemed to be damages because of "property damage" under Coverage **A.**

9. The following is added to Paragraph **3., Legal Action Against Us,** of **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS:**

With respect to "limited covered pollution costs", no person or organization has a right under this Coverage Part:

a. To join us as a party or otherwise bring us into a "suit" asking for "limited covered pollution costs" from you; or

b. To sue us on this Coverage Part unless all of its terms have been fully complied with.

With respect to "limited covered pollution costs", a person or organization may sue us to recover on an agreed settlement or on a final judgment against you, but we will not be liable for "limited covered pollution costs" that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. As used in this provision, an agreed settlement means a settlement and release of liability signed by us, by you and by the claimant or the claimant's legal representative.

10. The following is added to Paragraph **4., Other Insurance,** of **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS:**

If valid and collectible other insurance is available to you for a loss we cover under Coverage **D** of this Coverage Part, this insurance is excess over any of the other insurance, whether primary, excess, contingent or on any other basis.

We will have no duty under Coverage **D** to defend you against any "suit" if any other insurer has a duty to defend you against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to your rights against all those other insurers.

We will pay only our share of the amount of the loss, if any, that exceeds the sum of:

(1) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and

(2) The total of all deductible and self-insured amounts under all such other insurance.

11. The following is added to Paragraph **8., Transfer Of Rights Of Recovery Against Others To Us,** of **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS:**

With respect to "limited covered pollution costs", if you have agreed in a contract or agreement to waive your rights of recovery against any person or organization, we waive our right of recovery against such person or organization, but only for payments we make because of "limited covered pollution costs" incurred for a discharge, release or escape of "pollutants" that commences abruptly after the execution of the contract or agreement.

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12. The following replaces the definition of "suit" in the **DEFINITIONS** Section:

"Suit" means a civil proceeding in which damages because of "bodily injury", "property damage", "personal injury" or "advertising injury" to which this insurance applies, or in which "limited covered pollution costs" to which this insurance applies, are alleged. "Suit" includes:

a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent;

b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent;

c. An arbitration proceeding in which such "limited covered pollution costs" are claimed and to which you must submit or do submit with our consent; and

d. Any other alternative dispute resolution proceeding in which such "limited covered pollution costs" are claimed and to which you submit with our consent.

13. The following is added to the **DEFINITIONS** Section:

"Hazardous properties", as used in the Amendment - Pollution Exclusion - Including Limited Pollution Costs Liability Coverage - Public Entities Or Indian Tribes - Sewage Back-Up Coverage Included endorsement, includes radioactive, toxic or explosive properties.

"Limited covered pollution costs":

a. Means any cost or expense to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or assess the effects of, "pollutants".

b. Does not include:

(1) Any punitive or exemplary damages, or the portion of any multiplied damage award that exceeds the amount multiplied;

(2) Any statutory or administrative fine or penalty;

(3) Any salary of, or benefit for, any of your "employees", any of your partners or members (if you are a partnership or joint venture), any of your managers (if you are a limited liability company), any of your trustees (if you are a trust), or any of your "executive officers" or directors (if you are an organization other than a partnership, joint venture, limited liability company or trust);

(4) Any cost or expense for:

(a) The repair, replacement, enhancement, restoration or maintenance of any premises, site or location which is or was at any time owned, occupied or managed by, or rented or loaned to, you; or

(b) The prevention of injury to a person or damage to another's property;

(5) Any cost or expense to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or assess the effects of, "pollutants", if such work or operations began while such "pollutants" are or were:

(a) At any premises, site or location which is or was at any time owned, occupied or managed by, or rented or loaned to, you;

(b) On or in personal property in your care, custody or control; or

(c) At that particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it; or

(6) Any cost or expense to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or assess the effects of, "pollutants" on or in any of your "employees", after the actual, alleged or threatened absorption, ingestion or inhalation of such "pollutants" by any of your "employees" arising out of and in the course of:

(a) Employment by you; or

(b) Performing duties related to the conduct of your business.

"Nuclear material", as used in the Amendment - Pollution Exclusion - Including Limited Pollution Costs Liability Coverage - Public Entities Or Indian Tribes - Sewage Back-Up Coverage Included endorsement, includes:

a. "Source material", "special nuclear material" or "by-product material", which have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof; and

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b. Naturally occurring radioactive material, including radium, potassium, thorium or uranium.

"Pollution costs" means any loss, cost or expense arising out of any:

a. Request, demand, order or statutory or regulatory requirement 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

b. Claim or suit by or on behalf of any governmental authority or any other person or organization 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".

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POLICY NUMBER: ZLP-41N26370-24-PB

COMMERCIAL GENERAL LIABILITY
ISSUE DATE: 07/11/24

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DEDUCTIBLE ENDORSEMENT - LIMITS OF INSURANCE APPLY EXCESS OF DEDUCTIBLES - DEDUCTIBLES APPLY ONLY TO DAMAGES (AND LIMITED COVERED POLLUTION COSTS, IF APPLICABLE) - PUBLIC ENTITIES OR INDIAN TRIBES

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

SCHEDULE OF DEDUCTIBLES

If no amount is shown for a deductible, that deductible does not apply.

Coverage	Amount of Deductible	
Bodily Injury Liability, including Limited Covered-Pollution Costs Liability (if applicable), only	$	Each Occurrence
Property Damage Liability, including Limited Covered Pollution Costs Liability (if applicable), only	$	Each Occurrence
Bodily Injury Liability and Property Damage Liability, including Limited Covered Pollution Costs Liability (if applicable), combined	$10,000	Each Occurrence
Personal Injury Liability only	$	Each Person or Organization
Advertising Injury Liability only	$	Each Person or Organization
Personal Injury Liability and Advertising Injury Liability combined	$	Each Person or Organization
Bodily Injury Liability and Property Damage Liability, combined - Failure To Supply	$10,000	Each Occurrence
Bodily Injury Liability and Property Damage Liability, Including Limited Covered Pollution Costs Liability (if applicable), combined - Sewage Back-up	$10,000	Each Occurrence
	$	Total Deductible

Important note: If the Total Deductible does not apply, you will be responsible for paying all applicable deductibles without further limitation, regardless of how often they apply.

PROVISIONS

APPLICATION OF ENDORSEMENT (Enter below any limitations on the application of this endorsement. If no limitation is entered, each deductible for which an amount is shown in the Schedule Of Deductibles applies to all damages (and "limited covered pollution costs", if applicable) within that deductible, however caused):

1. Our obligation:

a. Under the Bodily Injury Liability, Property Damage Liability, Personal Injury Liability and Advertising Injury Liability Coverages to pay damages on behalf of the insured; and

b. Under the Limited Covered Pollution Costs Liability Coverage (if applicable) to pay "limited covered pollution costs" on behalf of the Named Insured shown in the Declarations;

applies only to the amount of damages (and "limited covered pollution costs", if applicable) in excess of any deductible amount shown in the

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Schedule Of Deductibles as applicable to such coverages.

2. The deductible amount shown in the Schedule Of Deductibles applies as follows:

a. Under Bodily Injury Liability Coverage, including Limited Covered Pollution Costs Liability Coverage (if applicable), only, to the sum of all:

(1) Damages because of all "bodily injury"; and

(2) "Limited covered pollution costs" (if applicable);

arising out of any one "occurrence".

This deductible amount is not reduced by the payment of any deductible amount under either of the following coverages:

(1) Bodily Injury Liability and Property Damage Liability Coverage, combined - Failure To Supply.

(2) Bodily Injury Liability and Property Damage Liability Coverage, Including Limited Covered Pollution Costs Liability Coverage (if applicable), combined - Sewage Back-up.

b. Under Property Damage Liability Coverage, including Limited Covered Pollution Costs Liability Coverage (if applicable), only, to the sum of all:

(1) Damages because of all "property damage"; and

(2) "Limited covered pollution costs" (if applicable);

arising out of any one "occurrence".

This deductible amount is not reduced by the payment of any deductible amount under either of the following coverages:

(1) Bodily Injury Liability and Property Damage Liability Coverage, combined - Failure To Supply.

(2) Bodily Injury Liability and Property Damage Liability Coverage, Including Limited Covered Pollution Costs Liability Coverage (if applicable), combined - Sewage Back- up.

c. Under Bodily Injury Liability and Property Damage Liability Coverage, including Limited Covered Pollution Costs Liability Coverage (if applicable), combined, to the sum of all:

(1) Damages because of all "bodily injury";

(2) Damages because of all "property damage"; and

(3) "Limited covered pollution costs" (if applicable);

arising out of any one "occurrence".

This deductible amount is not reduced by the payment of any deductible amount under either of the following coverages:

(1) Bodily Injury Liability and Property Damage Liability Coverage, combined - Failure To Supply.

(2) Bodily Injury Liability and Property Damage Liability Coverage, Including Limited Covered Pollution Costs Liability Coverage (if applicable), combined - Sewage Back- up.

d. Under Personal Injury Liability Coverage only, to all damages because of all "personal injury" sustained by any one person or organization.

e. Under Advertising Injury Liability Coverage only, to all damages because all of "advertising injury" sustained by any one person or organization.

f. Under Personal Injury Liability and Advertising Injury Liability Coverage combined, to the sum of all:

(1) Damages because of all "personal injury"; and

(2) Damages because of all "advertising injury";

sustained by any one person or organization.

g. Under Bodily Injury Liability and Property Damage Liability Coverage, combined - Failure To Supply, to the sum of all:

(1) Damages because of all "bodily injury";

(2) Damages because of all "property damage"; and

(3) "Limited covered pollution costs" (if applicable);

arising out of any one "occurrence" and the failure of any insured to adequately supply gas, oil, water, electricity or steam to one or more persons or organizations.

h. Under Bodily Injury Liability and Property Damage Liability Coverage, Including Limited Covered Pollution Costs Liability Coverage (if applicable), combined - Sewage Back-up, to the sum of all:

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(1) Damages because of all "bodily injury";

(2) Damages because of all "property damage"; and

(3) "Limited covered pollution costs" (if applicable);

arising out of any one "occurrence" and the discharge, release or escape of sewage into one or more buildings.

i. The Total Deductible is the most that you will be responsible for paying for the combined total of all applicable deductibles.

The Total Deductible applies separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of applying the Total Deductible.

If no amount is shown for the Total Deductible in the Schedule Of Deductibles, the Total Deductible does not apply, and you will be responsible for paying all applicable deductibles without further limitation, regardless of how often they apply.

3. The terms of this insurance, including those with respect to:

a. Our right and duty with respect to the defense of "suits"; and

b. Your duties in the event of an "occurrence", offense, claim or "suit";

apply irrespective of the application of the deductible amount.

4. The applicable limits of insurance (including aggregates) will not be reduced by the amount of any damages (or "limited covered pollution costs" if applicable) within the deductible amount.

5. The following is added to the **Transfer Of Rights Of Recovery Against Others To Us** Condition:

Any recoveries hereunder will be applied in the following order:

a. Any interest (including the insured) that may have paid any amount with respect to liability in excess of the limit of our liability hereunder;

b. Us for the amount paid hereunder; and

c. All other interests (including the insured), with respect to the residue, if any.

When we have elected to participate in the exercise of the insured's right of recovery, reasonable expenses resulting therefrom will be apportioned among all of the interests in the ratio of their respective recoveries.

6. We may pay any part or all of the deductible amount to effect payment of any claim or "suit" and you must promptly reimburse us from your own funds for such part of the deductible amount as we have paid, regardless of any contributions toward payment of any claim or "suit" made by other insurers or any other entity, and regardless of any deductibles owed or paid by you to other insurers for the same "occurrence" or offense.

Only payments made by you will satisfy your obligation to reimburse us for payments we make within the deductible amount. Your obligation to reimburse us for such payments made by us is not satisfied by contributions made toward payment of any claim or "suit" by other insurers or any other entity.

7. If you fail to reimburse us for any amounts as required by this endorsement, we may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least 10 days before the effective date of cancellation.

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POLICY NUMBER: ZLP-41N26370-24-PB

COMMERCIAL GENERAL LIABILITY
ISSUE DATE: 07/11/24

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION - DESIGNATED ACTIVITIES OR OPERATIONS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE OF DESIGNATED ACTIVITIES OR OPERATIONS

- ☐ Airport, including any airfield, runway, hangar terminal, or other property in connection with aviation activities
- ☐ Casino
- ☐ Construction consisting of
- ☐ Day care, day camp, nursery or similar facility
- ☐ Electric distribution, including electric distribution-related services
- ☐ Electric generation, including electric generation-related services
- ☐ Farming operations consisting of:
- ☐ Fire district or department
- ☐ Fireworks displays or exhibitions
- ☐ Natural gas distribution, including natural gas distribution-related services
- ☐ Natural gas mining or refining, including natural gas mining-related and refining-related services
- ☐ Guide services consisting of:
- ☐ Halfway house, emergency shelter or other group home
- ☒ Cool Springs Conference Center
- ☐ Hospital, nursing home, rehabilitation facility, medical clinic or other type of medical facility
- ☒ Housing project or authority
- ☐ Manufacturing of:
- ☐ Organized or sponsored racing or stunting activity or event involving wheeled vehicles, including skateboards or roller skates
- ☐ Port, harbor or terminal district
- ☐ Retail or office complex consisting of:
- ☐ Riding or care of saddle animals
- ☐ Rodeo arena
- ☐ School district or system
- ☐ Sewer services, including sanitary sewer or storm sewer services
- ☐ Stables for boarding animals
- ☒ Transportation system
- ☐ Waterpark
- ☐ Water utility, including water treatment distribution, other than sewer services
- ☐ Wind generation of power

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PROVISIONS

1. The following exclusion is added to Paragraph **2., Exclusions,** of **SECTION I - COVERAGES - COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY:**

Designated Activities Or Operations

"Bodily injury" or "property damage" arising out of any designated activities or operations indicated with an ☒ in the Schedule Of Designated Activities Or Operations, including "bodily injury" or "property damage" arising out of:

(1) Ownership, maintenance or use of any premises in any such designated activities or operations;

(2) Any supervision, instruction, recommendations or advice given or which should have been given in connection with any such designated activities or operations;

(3) "Your products" manufactured or distributed in any such designated activities or operations; or

(4) "Your work" performed anywhere related to any such designated activities or operations.

If School district or system is indicated with an ☒ in the Schedule Of Designated Activities Or Operations, this exclusion does not apply to "bodily injury" or "property damage" arising out of your use of school premises for activities or operations, but only if such "bodily injury" or "property damage" does not arise out of:

(1) School activities or operations; or

(2) School-sponsored or school-related activities or operations.

2. The following exclusion is added to Paragraph **2., Exclusions,** of **SECTION I - COVERAGES - COVERAGE B PERSONAL INJURY AND ADVERTISING INJURY LIABILITY:**

Designated Activities Or Operations

"Personal injury" or "advertising injury" arising out of any designated activities or operations indicated with an ☒ in the Schedule Of Designated Activities Or Operations, including "personal injury" or "advertising injury" arising out of:

(1) Ownership, maintenance or use of any premises in any such designated activities or operations;

(2) Any supervision, instruction, recommendations or advice given or which should have been given in connection with any such designated activities or operations;

(3) "Your products" manufactured or distributed in any such designated activities or operations; or

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(4) "Your work" performed anywhere related to any such designated activities or operations.

3. The following is added to Paragraph **4.b., Excess Insurance,** of **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS:**

If School district or system is indicated with an [X] in the Schedule Of Designated Activities Or Operations, this insurance is excess over any other insurance, whether primary, excess, contingent or on any other basis, that is available to the insured for a loss we cover under Coverage **A** that arises out of your use of school premises.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COVERAGE C - MEDICAL PAYMENTS EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

PROVISIONS

Section I - Coverage C Medical Payments does not apply and none of the references to it in the Coverage Part or any endorsements attached thereto apply.

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EXCLUSION – EMPLOYEES AND VOLUNTEER WORKERS AS INSUREDS FOR CERTAIN BODILY INJURY, PERSONAL INJURY AND PROPERTY DAMAGE

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

PROVISIONS

1. The following replaces Paragraph **2.a.(1)(a) of SECTION II – WHO IS AN INSURED:**

(1) "Bodily injury" or "personal injury";

(a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), to your elected or appointed officials, "executive officers", directors, or members of "your boards" (if you are a public entity), to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;

2. The following replaces Paragraph **2.a.(2) of SECTION II – WHO IS AN INSURED:**

(2) "Property damage" to property:

(a) Owned, occupied or used by; or

(b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by;

you, any of your "employees" or "volunteer workers", any of your partners or members (if you are a partnership or joint venture), any of your members (if you are a limited liability company), or any of your elected or appointed officials, "executive officers", directors, or members of "your boards" (if you are a public entity).

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POLICY NUMBER: ZLP-41N26370-24-PB ISSUE DATE: 07/11/2024

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION - LAW ENFORCEMENT ACTIVITIES OR OPERATIONS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE - ADDITIONAL EXCLUDED LAW ENFORCEMENT ACTIVITIES OR OPERATIONS

PROVISIONS

1. The following exclusion is added to Paragraph 2., Exclusions, of **SECTION I - COVERAGES - COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY:**

   Law Enforcement Activities Or Operations

   "Bodily injury" or "property damage" arising out of "law enforcement activities or operations".

   If a Professional Health Care And Social Services Liability Coverage - Designated Professionals - Public Entities endorsement is included in this policy, this exclusion does not apply to "bodily injury" or "property damage" arising out of providing or failing to provide "described professional health care services" or "professional social services" by any "designated professional" acting within the scope of his or her duties for you as such "designated professional".

2. The following exclusion is added to Paragraph **2., Exclusions,** of **SECTION I - COVERAGES - COVERAGE B PERSONAL INJURY AND ADVERTISING INJURY LIABILITY:**

   Law Enforcement Activities Or Operations

   "Personal injury" or "advertising injury" arising out of "law enforcement activities or operations".

   If a Professional Health Care And Social Services Liability Coverage - Designated Professionals - Public Entities endorsement is included in this policy, this exclusion does not apply to "personal injury" or "advertising injury" arising out of providing or failing to provide "described professional health care services" or "professional social services" by any "designated professional" acting within the scope of his or her duties for you as such "designated professional".

3. The following is added to the **DEFINITIONS** Section:

   "Law enforcement activities or operations":

   a. Means:

   (1) Any of the official activities or operations of your police department or sheriff agency, including any moonlighting, secondary employment or extra-duty assignment approved by such department or agency;

   (2) Any of the official activities or operations of your juvenile detention center;

   (3) Any of the official activities of your probation officers, parole officers, animal control officers or court security officers; or

   (4) Any of the official activities or operations of any person or organization shown in the Schedule - Additional Excluded Law Enforcement Activities Or Operations, if a person or organization is shown in such schedule.

   b. Includes:

   (1) Ownership, maintenance or use of a premises that you own, rent or borrow in order to conduct such activities or operations, other than a premises that is not normally used for the conduct of such activities or operations;

   (2) Ownership or operation of any of your jails, penal institutions, detention centers or similar facilities;

   (3) Providing first aid; or

   (4) Providing school security.

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MOBILE EQUIPMENT REDEFINED - PUBLIC ENTITIES

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

PROVISIONS

1. The following replaces Paragraph **(5)** of Exclusion **g., Aircraft, Auto Or Watercraft,** in Paragraph **2.** of **SECTION I - COVERAGES - COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY:**

(5) "Bodily injury" or "property damage" arising out of:

(a) The operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify as "mobile equipment" under the definition of "mobile equipment" if such land vehicle were not:

(i) Subject to a compulsory or financial responsibility law, or other motor vehicle insurance law, where it is licensed or principally garaged; or

(ii) Designated as a covered auto under your automobile liability insurance; or

(b) The operation of any of the machinery or equipment listed in Paragraph **f.(2)** or **f.(3)** of the definition of "mobile equipment"; or

2. The following replaces the definition of "auto" in the **DEFINITIONS** Section:

"Auto" means:

a. A land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment;

b. Any other land vehicle that is subject to a compulsory or financial responsibility law, or other motor vehicle insurance law, where it is licensed or principally garaged, or would have been subject to such compulsory or financial responsibility law, or other motor vehicle insurance law, if you were not a public entity; or

c. Any other land vehicle not described in Paragraph **a.** or **b.** above that is designated as a covered auto under your automobile liability insurance.

However, "auto" does not include "mobile equipment".

3. The following replaces the last paragraph of the definition of "mobile equipment" in the **DEFINITIONS** Section:

However, "mobile equipment" does not include any land vehicle that is:

(i) Subject to a compulsory or financial responsibility law, or other motor vehicle insurance law, where it is licensed or principally garaged, or would have been subject to such compulsory or financial responsibility law, or other motor vehicle insurance law, if you were not a public entity;

(ii) Used solely on roads you own; or

(iii) Designated as a covered auto under your automobile liability insurance.

Land vehicles described in Paragraphs **(i), (ii)** or **(iii)** above are considered "autos".

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EXCLUSION – PROFESSIONAL HEALTH CARE SERVICES – PUBLIC ENTITIES

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

PROVISIONS

1. The following exclusion is added to Paragraph **2., Exclusions,** of **SECTION I – COVERAGES – COVERAGE A – BODILY INJURY AND PROPERTY DAMAGE LIABILITY:**

Professional Health Care Services

"Bodily injury" or "property damage" arising out of providing or failing to provide "professional health care services".

This exclusion does not apply to "bodily injury" or "property damage" arising out of providing or failing to provide "professional health care services" by any of your "employees" or "volunteer workers", other than a nurse or doctor, acting within the scope of his or her duties for you as an emergency medical dispatcher or 911 operator.

Unless you are in the business or occupation of providing "professional health care services", this exclusion does not apply to "bodily injury" arising out of providing or failing to provide:

(1) First aid by:

(a) Any of your elected or appointed officials, "executive officers" or directors;

(b) Any members of "your boards";

(c) Any of your "employees" or "volunteer workers"; or

(d) Any person or organization that, with your express or implied consent, either uses or is responsible for the use of a watercraft to which Coverage **A** – Bodily Injury And Property Damage Liability applies;

other than a doctor, nurse, nursing assistant, physician assistant, dental hygienist or assistant, optometrist, emergency medical technician, paramedic, coroner, physical therapist or physical therapy assistant, speech-language pathologist or speech therapy assistant, occupational therapist or occupational therapy assistant, psychologist, counselor, therapist, social worker or other health care professional; or

(2) "Good Samaritan services" by:

(a) Any of your elected or appointed officials, "executive officers" or directors;

(b) Any member of "your boards";

(c) Any of your "employees" or "volunteer workers"; or

(d) Any person or organization that, with your express or implied consent, either uses or is responsible for the use of a watercraft to which Coverage **A** – Bodily Injury And Property Damage Liability applies;

other than a doctor or nurse.

If a Professional Health Care And Social Services Liability Coverage – Designated Professionals – Public Entities endorsement is included in this policy, this exclusion does not apply to "bodily injury" or "property damage" arising out of providing or failing to provide "described professional health care services" by any "designated professional" acting within the scope of his or her duties for you as such "designated professional".

If a Psychological Counseling Professional Liability – Colleges And Schools endorsement is included in this policy, this exclusion does not apply to "bodily injury" or "property damage" arising out of providing or failing to provide "psychological counseling services".

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If a School Counseling Professional Liability Coverage - Colleges And Schools endorsement is included in this policy, this exclusion does not apply to "bodily injury" or "property damage" arising out of providing or failing to provide emotional counseling service, treatment, advice or instruction as part of "school counseling services".

2. The following exclusion is added to Paragraph **2., Exclusions,** of **SECTION I - COVERAGES - COVERAGE B - PERSONAL AND ADVERTISING INJURY LIABILITY:**.

Professional Health Care Services

"Personal and advertising injury" arising out of providing or failing to provide "professional health care services".

This exclusion does not apply to "personal injury" arising out of providing or failing to provide "professional health care services" by any of your "employees" or "volunteer workers", other than a nurse or doctor, acting within the scope of his or her duties for you as an emergency medical dispatcher or 911 operator.

If a Professional Health Care And Social Services Liability Coverage - Designated Professionals - Public Entities endorsement is included in this policy, this exclusion does not apply to "personal and advertising injury" arising out of providing or failing to provide "described professional health care services" by any "designated professional" acting within the scope of his or her duties for you as such "designated professional".

If a Psychological Counseling Professional Liability - Colleges And Schools endorsement is included in this policy, this exclusion does not apply to "personal and advertising injury" arising out of providing or failing to provide "psychological counseling services".

If a School Counseling Professional Liability Coverage - Colleges And Schools endorsement is included in this policy, this exclusion does not apply to "personal and advertising injury" arising out of providing or failing to provide emotional counseling service, treatment, advice or instruction as part of "school counseling services".

3. The following replaces the last paragraph of Paragraph **2.a.(1)** of **SECTION II - WHO IS AN INSURED:**

Unless you are in the business or occupation of providing "professional health care services", Paragraphs **(1)(a), (b), (c)** and **(d)** above do not apply to "bodily injury" arising out of providing or failing to provide:

(a) First aid by any of your "employees" or "volunteer workers", other than a doctor, nurse, nursing assistant, physician assistant, dental hygienist or assistant, optometrist, emergency medical technician, paramedic, coroner, physical therapist or physical therapy assistant, speech-language pathologist or speech therapy assistant, occupational therapist or occupational therapy assistant, psychologist, counselor, therapist, social worker or other health care professional; or

(b) "Good Samaritan services" by any of your "employees" or "volunteer workers", other than a doctor or nurse.

Any such "employees" or "volunteer workers" providing or failing to provide first aid or "Good Samaritan services" during their work hours for you will be deemed to be acting within the scope of their employment by you or performing duties related to the conduct of your business.

4. The following is added to the **DEFINITIONS** Section:

"Professional health care services" includes:

a. Any medical, surgical, dental, laboratory, x-ray or nursing services, treatment, advice or instruction, or the related furnishing of food or beverages;

b. The furnishing or dispensing of drugs or medical, dental or surgical supplies or appliances;

c. The handling or treatment of corpses, including autopsies, organ donations and other postmortem procedures;

d. Any health or therapeutic service, treatment, advice or instruction;

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e. Any service, treatment, advice or instruction for the purpose of appearance or skin enhancement, hair removal or replacement or personal grooming;

f. Any psychiatric, psychological or emotional counseling service, treatment, advice or instruction; and

g. The service by any person as a member of a formal accreditation, standards review, peer review or equivalent professional board or committee or member of any professional organization or committee.

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EXCLUSION – PUBLIC USE OF PRIVATE PROPERTY

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

PROVISIONS

1. The following exclusion is added to Paragraph **2., Exclusions,** of **SECTION I – COVERAGES – COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY:**

   Public Use Of Private Property

   "Bodily injury" or "property damage" arising out of the taking or controlling of private property for public use or benefit, including the diminution in value of such property, by condemnation, inverse condemnation, adverse possession, dedication by adverse use or any other method or proceeding.

2. The following exclusion is added to Paragraph **2., Exclusions,** of **SECTION I – COVERAGES – COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY:**

   Public Use Of Private Property

   "Personal injury" or "advertising injury" arising out of the taking or controlling of private property for public use or benefit, including the diminution in value of such property, by condemnation, inverse condemnation, adverse possession, dedication by adverse use or any other method or proceeding.

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FUNGI OR BACTERIA EXCLUSION – WITH LIMITED EXCEPTION FOR BACTERIA IN SEWAGE BACK-UP

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

PROVISIONS

1. The following exclusion is added to Paragraph **2.** of **SECTION I – COVERAGES – COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY:**

   Fungi Or Bacteria

   a. "Bodily injury" or "property damage" which would not have occurred, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.

   b. Any loss, cost or expenses arising out of the abating, 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, "fungi" or bacteria, by any insured or by any other person or entity.

   This exclusion does not apply to any "fungi" or bacteria that are, are on, or are contained in, a good or product intended for consumption.

   This exclusion also does not apply to any bacteria that are, or are in, sewage that has discharged, released or escaped into a building if the discharge, release or escape of that sewage is covered by an Amendment – Pollution Exclusion – Including Limited Pollution Costs Liability Coverage – Public Entities Or Indian Tribes endorsement included in this policy. A separate limit of insurance applies to such coverage as described in that endorsement. This exception does not apply if the same claim or legal proceeding in which that discharge, release or escape of sewage is alleged also alleges any damages because of "bodily injury "or" property damage", or any loss, cost or expenses, involving "fungi" that is excluded by this exclusion.

2. The following exclusion is added to Paragraph **2.** of **SECTION I – COVERAGES – COVERAGE B – PERSONAL AND ADVERTISING INJURY LIABILITY:**

   Fungi Or Bacteria

   a. "Personal injury" or "advertising injury" which would not have taken place, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury.

   b. Any loss, cost or expenses arising out of the abating, 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, " fungi " or bacteria, by any insured or by any other person or entity.

3. The following is added to the **DEFINITIONS** Section:

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

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XTEND ENDORSEMENT FOR PUBLIC ENTITIES

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

GENERAL DESCRIPTION OF COVERAGE - This endorsement broadens coverage. However, coverage for any injury, damage or medical expenses described in any of the provisions of this endorsement may be excluded or limited by another endorsement to this Coverage Part, and these coverage broadening provisions do not apply to the extent that coverage is excluded or limited by such an endorsement. The following listing is a general coverage description only. Read all the provisions of this endorsement and the rest of your policy carefully to determine rights, duties, and what is and is not covered.

A. Owned Watercraft - 25 Feet Long Or Less

B. Who Is An Insured - Public Entities, Elected Or Appointed Officials, And Members Of Your Boards

C. Who Is An Insured - Employees And Volunteer Workers

D. Who Is An Insured - Owners, Managers Or Lessors Of Premises

E. Who Is An Insured - Lessors Of Leased Equipment

F. Blanket Additional Insured - Persons Or Organizations For Your Ongoing Operations As Required By Written Contract Or Agreement

G. Knowledge And Notice Of Occurrence Or Offense

H. Blanket Waiver Of Subrogation

I. Contractual Liability - Railroads

J. Damage To Premises Rented To You

PROVISIONS

A. OWNED WATERCRAFT - 25 FEET LONG OR LESS

1. The following is added to Exclusion **g., Aircraft, Auto Or Watercraft,** in Paragraph **2.** of **SECTION I - COVERAGES - COVERAGE A - BODILY INJURY AND PROPERTY DAMAGE LIABILITY:**

This exclusion does not apply to a watercraft you own that is:

(a) 25 feet long or less; and

(b) Not being used to carry any person or property for a charge.

2. The following is added to Paragraph **2.** of **SECTION II - WHO IS AN INSURED:**

Any person or organization that, with your express or implied consent, either uses or is responsible for the use of a watercraft that you own that is:

(1) 25 feet long or less; and

(2) Not being used to carry any person or property for a charge.

B. WHO IS AN INSURED - PUBLIC ENTITIES, ELECTED OR APPOINTED OFFICIALS, AND MEMBERS OF YOUR BOARDS

1. The following is added to Paragraph **1.** of **SECTION II - WHO IS AN INSURED:**

If you are designated in the Declarations as a public entity, you are an insured. Your lawfully elected or appointed officials, "executive officers" or directors are also insureds, but only with respect to their duties as your elected or appointed officials, "executive officers" or directors. Members of "your boards" are also insureds, but only with respect to their duties for you or "your boards". However, none of these officials, "executive officers", directors or members are insureds for:

a. "Bodily injury" or "personal injury":

(1) To you or to any of your "employees" while in the course of his or her employment or performing duties related to the conduct of your business or to any of your "volunteer workers" while performing duties related to the conduct of your business;

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(2) To the spouse, child, parent, brother or sister of that "employee" or "volunteer worker" as a consequence of Paragraph **a.(1)** above;

(3) To any fellow elected or appointed official, "executive officer" or director, or fellow member of "your boards";

(4) To the spouse, child, parent, brother or sister of that fellow official, "executive officer", director or member as a consequence of Paragraph **a.(3)** above; or

(5) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraphs **a.(1)**, **(2)**, **(3)** or **(4)** above.

Unless you are in the business or occupation of providing "professional health care services", Paragraphs **a.(1)**, **(2)**, **(3)**, **(4)** and **(5)** above do not apply to "bodily injury" arising out of providing or failing to provide:

(1) First aid by any of your elected or appointed officials, "executive officers" or directors, or any members of "your boards", other than a doctor, nurse, nursing assistant, physician assistant, dental hygienist or assistant, optometrist, emergency medical technician, paramedic, coroner, physical therapist or physical therapy assistant, speech-language pathologist or speech therapy assistant, occupational therapist or occupational therapy assistant, psychologist, counselor, therapist, social worker or other health care professional; or

(2) "Good Samaritan services" by any of your elected or appointed officials, "executive officers" or directors, or any members of "your boards", other than a doctor or nurse.

Any such elected or appointed officials, "executive officers" or directors providing or failing to provide first aid or "Good Samaritan services" during their work hours for you will be deemed to be acting within the scope of their duties for you. Any such members of "your boards" providing or failing to provide first aid or "Good Samaritan services" during their work hours for "your boards" will be deemed to be acting within the scope of their duties for you or "your boards".

b. "Property damage" to property:

(1) Owned, occupied or used by;

(2) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by;

you, any of your "employees" or "volunteer workers", or that official, "executive officer", director or member.

Any of your lawfully elected or appointed officials, "executive officers", directors or members of "your boards" appointed at your request to serve with an outside tax - exempt entity will be deemed to be acting within the scope of their duties for you.

2. The following replaces the first sentence of Paragraph **1.d.** of **SECTION II - WHO IS AN INSURED:**

An organization other than a public entity, partnership, joint venture or limited liability company, you are an insured.

3. The following is added to the **DEFINITIONS** Section:

"Indian tribe" means a tribe, band, pueblo, village or community of American Indians, or Alaska Natives, that has been recognized as an Indian tribe by the government of:

a. The United States of America; or

b. Any state in the United States of America.

"Joint powers authority" means any organization formed by two or more public entities, or by a public entity and one or more "Indian tribes", that have agreed in a contract or agreement to jointly exercise any power common to them.

"Your boards":

a. Means any board, commission, or other governmental unit or department that:

(1) Is under your jurisdiction; and

(2) Is funded and operated as part of your total operating budget.

b. Does not include any "joint powers authority".

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C. WHO IS AN INSURED – EMPLOYEES AND VOLUNTEER WORKERS

1. The following replaces the first sentence of Paragraph **2.a**. of **SECTION II – WHO IS AN INSURED:**

Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees", other than either your "executive officers" (if you are an organization other than a public entity, partnership, joint venture, or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business.

2. The following is added to Paragraph **2.a.** of **SECTION II – WHO IS AN INSURED:**

Any of your "employees" appointed at your request to serve with an outside tax-exempt entity will be deemed to be acting within the scope of their employment by you or performing duties related to the conduct of your business.

D. WHO IS AN INSURED – OWNERS, MANAGERS OR LESSORS OF PREMISES

The following replaces Paragraph **4.** of **SECTION II – WHO IS AN INSURED:**

4. Any person or organization that is a premises owner, manager or lessor is an insured, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" that arises out of the ownership, maintenance or use of that part of any premises leased or loaned to you.

The insurance provided to such premises owner, manager or lessor does not apply to:

a. Any "bodily injury" or "property damage" that occurs, or "personal and advertising injury" caused by an offense that is committed, after you cease to be a tenant in or to borrow that premises; or

b. Structural alterations, new construction or demolition operations performed by or on behalf of such premises owner, manager or lessor.

E. WHO IS AN INSURED – LESSORS OF LEASED EQUIPMENT

The following replaces Paragraph **5.** of **SECTION II – WHO IS AN INSURED:**

5. Any person or organization that is an equipment lessor is an insured, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions in the maintenance, operation or use by you of equipment leased to you by such equipment lessor.

The insurance provided to such equipment lessor does not apply to any "bodily injury" or "property damage" that occurs, or "personal and advertising injury" caused by an offense that is committed, after the equipment lease expires.

F. BLANKET ADDITIONAL INSURED – PERSONS OR ORGANIZATIONS FOR YOUR ONGOING OPERATIONS AS REQUIRED BY WRITTEN CONTRACT OR AGREEMENT

The following is added to **SECTION II – WHO IS AN INSURED:**

Any person or organization that is not otherwise an insured under this Coverage Part and that you have agreed in a written contract or agreement to include as an additional insured on this Coverage Part is an insured, but only with respect to liability for "bodily injury", "property damage", or "personal and advertising injury" that:

a. Is "bodily injury" or "property damage" that occurs, or is "personal and advertising injury" caused by an offense that is committed, subsequent to the signing of that contract or agreement; and

b. Is caused, in whole or in part, by your acts or omissions in the performance of your ongoing operations to which that contract or agreement applies or the acts or omissions of any person or organization performing such operations on your behalf.

The limits of insurance provided to such insured will be the minimum limits that you agreed to provide in the written contract or agreement, or the limits shown in the Declarations, whichever are less.

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G. KNOWLEDGE AND NOTICE OF OCCURRENCE OR OFFENSE

The following replaces Paragraphs **2.e.(1)** and **2.e.(2)** of **SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS:**

(1) Notice to us of such "occurrence" or offense must be given as soon as practicable only after the "occurrence" or offense is known to you (if you are an individual), any of your lawfully elected or appointed officials, "executive officers" or directors (if you are a public entity), any of your partners or members who is an individual (if you are a partnership or joint venture), any of your managers who is an individual (if you are a limited liability company), any of your "executive officers" or directors (if you are an organization other than a public entity, partnership, joint venture or limited liability company), any of your trustees who is an individual (if you are a trust) or any "employee" authorized by you to give notice of an "occurrence" or offense.

(2) If you are a partnership, joint venture, limited liability company or trust, and none of your partners, joint venture members, managers or trustees are individuals, notice to us of such "occurrence" or offense must be given as soon as practicable only after the "occurrence" or offense is known by:

(a) Any individual who is:

(i) A lawfully elected or appointed official, executive officer or director of any public entity;

(ii) A partner or member of any partnership or joint venture;

(iii) A manager of any limited liability company;

(iv) An executive officer or director of any other organization; or

(v) A trustee of any trust;

that is your partner, joint venture member, manager or trustee; or

(b) Any employee authorized by such partnership, joint venture, limited liability company, trust or other organization to give notice of an "occurrence" or offense.

H. BLANKET WAIVER OF SUBROGATION

The following is added to Paragraph **8., Transfer Of Rights Of Recovery Against Others To Us,** of **SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS:**

If the insured has agreed in a contract or agreement to waive that insured's right of recovery against any person or organization, we waive our right of recovery against such person or organization, but only for payments we make because of:

a. "Bodily injury" or "property damage" that occurs; or

b. "Personal and advertising injury" caused by an offense that is committed;

subsequent to the execution of the contract or agreement.

I. CONTRACTUAL LIABILITY – RAILROADS

1. The following replaces Paragraph **c.** of the definition of "insured contract" in the **DEFINITIONS** Section:

c. Any easement or license agreement;

2. Paragraph **f.(1)** of the definition of "insured contract" in the **DEFINITIONS** Section is deleted.

J. DAMAGE TO PREMISES RENTED TO YOU

The following replaces the definition of "premises damage" in the **DEFINITIONS** Section:

"Premises damage" means "property damage" to:

a. Any premises while rented to you or temporarily occupied by you with permission of the owner; or

b. The contents of any premises while such premises is rented to you, if you rent such premises for a period of seven or fewer consecutive days.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CEMETERY PROFESSIONAL SERVICES LIABILITY COVERAGE

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

PROVISIONS

1. The following is added to the definition of "occurrence" in the **DEFINITIONS** Section:

"Occurrence" also means an act or omission committed in providing or failing to provide "cemetery professional services".

2. The following is added to the **DEFINITIONS** Section:

"Cemetery professional services" includes the following services in connection with the handling or care of the remains of any deceased person:

a. All preparations for burial or cremation;

b. Burial;

c. Cremation; and

d. Disinterment.

3. The following replaces the definition of "bodily injury" in the **DEFINITIONS** Section, but only for the purposes of "cemetery professional services" liability coverage:

"Bodily injury" means:

a. Physical harm, including sickness or disease, sustained by a person;

b. Mental anguish, injury or illness, or emotional distress, arising at any time from such physical harm, sickness or disease; or

c. Mental anguish, injury or illness, or emotional distress, sustained by a person that does not arise from physical harm, sickness or disease.

4. The following is added to Paragraph **5.** of **SECTION III - LIMITS OF INSURANCE**:

For the purposes of determining the applicable Each Occurrence Limit, all related acts or omissions committed in providing or failing to provide "cemetery professional services" will be deemed to be one "occurrence".

5. The following exclusion is added to Paragraph **2., Exclusions**, of **SECTION I - COVERAGES - COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY**:

Criminal, Dishonest, Fraudulent Or Malicious Acts Or Knowing Violations Of Rights Or Laws

"Bodily injury" or "property damage" arising out of any criminal, dishonest, fraudulent or malicious act or omission, or any knowing violation of rights or laws, committed by any insured in providing or failing to provide "cemetery professional services".

This exclusion does not apply to any insured who did not consent to, or have knowledge of, such act or omission or knowing violation.

This exclusion also does not apply to our duty to defend:

(1) The insured who allegedly committed such act or omission or knowing violation until it has been determined or admitted in a legal proceeding that such insured committed such act or omission or knowing violation; or

(2) Any other insured until it has been determined or admitted in a legal proceeding that such insured consented to, or had knowledge of, such act or omission or knowing violation.

6. The following is added to Exclusion **j., Damage To Property**, in Paragraph **2.** of **SECTION I - COVERAGES - COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY**:

Paragraphs **(3)**, **(4)**, **(5)** and **(6)** of this exclusion do not apply to "property damage" to the following property of others in the insured's care, custody or control that arises out of providing or failing to provide "cemetery professional services":

(a) Deceased human remains, including clothing or other personal items;

(b) Caskets or urns, including linings, fittings or cases;

(c) Mausoleums, crypts, vaults or other burial facilities; or

(d) Monuments, grave stones, markers or memorials.

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EXCLUSION – VIOLATION OF CONSUMER FINANCIAL PROTECTION LAWS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

PROVISIONS

1. The following exclusion is added to Paragraph **2., Exclusions,** of **SECTION I – COVERAGES – COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY:**

Violation Of Consumer Financial Protection Laws

"Bodily injury" or "property damage" arising out of any actual or alleged violation of a "consumer financial protection law", or any other "bodily injury" or "property damage" alleged in any claim or "suit" that also alleges any such violation.

2. The following exclusion is added to Paragraph **2., Exclusions,** of **SECTION I – COVERAGES – COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY:**

Violation Of Consumer Financial Protection Laws

"Personal injury" or "advertising injury" arising out of any actual or alleged violation of a "consumer financial protection law", or any other "personal injury" or "advertising injury" alleged in any claim or "suit" that also alleges any such violation.

3. The following is added to the **DEFINITIONS** Section:

"Consumer financial identity information" means any of the following information for a person that is used or collected for the purpose of serving as a factor in establishing such person's eligibility for personal credit, insurance or employment, or for the purpose of conducting a business transaction:

a. Part or all of the account number, the expiration date or the balance of any credit, debit, bank or other financial account.

b. Information bearing on a person's credit worthiness, credit standing or credit capacity.

c. Social security number.

d. Drivers license number.

e. Birth date.

"Consumer financial protection law" means:

a. The Fair Credit Reporting Act (FCRA) and any of its amendments, including the Fair and Accurate Credit Transactions Act (FACTA);

b. California's Song-Beverly Credit Card Act and any of its amendments; or

c. Any other law or regulation that restricts or prohibits the collection, dissemination, transmission, distribution or use of "consumer financial identity information".

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POLICY NUMBER: ZLP-41N26370-24-PB

COMMERCIAL GENERAL LIABILITY
ISSUE DATE: 07/11/24

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

UNMANNED AIRCRAFT EXCLUSION - WITH EXCEPTIONS FOR DESIGNATED AIRCRAFT AND CERTAIN ADVERTISING INJURY

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE OF INSURED UNMANNED AIRCRAFT

Aircraft	Operations or Projects
Phantom 4 Pro Drone S# 11UCF4D0A320274	GIS Mapping by IT dept and for use by Park, Engineering and Streets
DJI Inspire 2 Drone S# 09NYDF230040359	
Phantom 4 Pro Drone S# 11UCF4DOA320274	Used by Communication Department
DJI MAVIC 2 Pro S# 163CJ7PR0ABAUY	

PROVISIONS

1. The following is added to Exclusion **g., Aircraft, Auto Or Watercraft,** in Paragraph **2.** of **SECTION I - COVERAGES - COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY:**

   This exclusion also does not apply to any "unmanned aircraft".

2. The following exclusion is added to Paragraph **2., Exclusions,** of **SECTION I - COVERAGES - COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY:**

   Unmanned Aircraft

   "Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any "unmanned aircraft". Use includes operation and "loading or unloading".

   This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any "unmanned aircraft".

   This exclusion does not apply to any "unmanned aircraft" described in the Schedule Of Insured Unmanned Aircraft, but only with respect to any operation or project described for such aircraft in the Schedule Of Insured Unmanned Aircraft.

3. The following exclusion is added to Paragraph **2., Exclusions,** of **SECTION I - COVERAGES - COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY:**

   Unmanned Aircraft

   "Personal injury" or "advertising injury" arising out of the ownership, maintenance, use or entrustment to others of any "unmanned aircraft". Use includes operation and "loading or unloading".

   This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring,

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employment, training or monitoring of others by that insured, if the offense which caused the "personal injury" or "advertising injury" involved the ownership, maintenance, use or entrustment to others of any "unmanned aircraft".

This exclusion does not apply to:

(1) Infringement of copyright, "title" or "slogan" in your "advertisement", provided that the claim is made or the "suit" is brought by a person or organization that claims ownership of such copyright, "title" or "slogan"; or

(2) Any "unmanned aircraft" described in the Schedule Of Insured Unmanned Aircraft, but only with respect to any operation or project described for such aircraft in the Schedule Of Insured Unmanned Aircraft.

4. The following is added to the **DEFINITIONS** Section:

"Unmanned aircraft" means an aircraft that is not designed, manufactured, or modified after it is manufactured, to be controlled directly by a person from within or on the aircraft.

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AMENDMENT OF INTELLECTUAL PROPERTY EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The following replaces Exclusion **i., Intellectual Property,** in Paragraph **2.** of **SECTION I - COVERAGES - COVERAGE B - PERSONAL AND ADVERTISING INJURY LIABILITY:**

i. Intellectual Property

"Personal and advertising injury" arising out of any actual or alleged infringement or violation of any of the following rights or laws, or any other "personal and advertising injury" alleged in any claim or suit that also alleges any such infringement or violation:

(1) Copyright;

(2) Patent;

(3) Trade dress;

(4) Trade name;

(5) Trademark;

(6) Trade secret; or

(7) Other intellectual property rights or laws.

This exclusion applies regardless of whether the allegation of infringement or violation of any of these rights or laws is made by any person or organization making the claim or bringing the suit, by any insured or by any other party to the claim or suit.

This exclusion does not apply to:

(1) "Advertising injury" arising out of any actual or alleged infringement or violation of another's copyright, "title" or "slogan" in your "advertisement"; or

(2) Any other "personal and advertising injury" alleged in any claim or "suit" that also alleges any such infringement or violation of another's copyright, "title" or "slogan" in your "advertisement".

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EXCLUSION - PFAS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

PROVISIONS

1. The following exclusion is added to Paragraph **2., Exclusions,** of **SECTION I - COVERAGES - COVERAGE A - BODILY INJURY AND PROPERTY DAMAGE LIABILITY:**

PFAS

(1) "Bodily injury" or "property damage" arising out of the actual or alleged presence or actual, alleged or threatened discharge, dispersal, seepage, migration, release, escape, ingestion, inhalation or absorption of, or exposure to, "PFAS" or "PFAS-containing products", provided that the "bodily injury" or "property damage" is caused or contributed to by the hazardous properties of "PFAS".

(2) "Bodily injury" or "property damage" arising out of the actual or alleged presence or actual, alleged or threatened discharge, dispersal, seepage, migration, release, escape, ingestion, inhalation or absorption of, or exposure to, any other solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapors, soot, fumes, acids, alkalis, chemicals and waste, and that is part of any claim or "suit" which also alleges any "bodily injury" or "property damage" described in Paragraph **(1)** above.

(3) Any loss, cost or expense arising out of any:

(a) Request, demand, order or statutory or regulatory requirement 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, "PFAS" or "PFAS-containing products"; or

(b) Claim or suit by or on behalf of a governmental authority or any other person or organization because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "PFAS" or "PFAS-containing products".

2. The following exclusion is added to Paragraph **2., Exclusions,** of **SECTION I - COVERAGES - COVERAGE B - PERSONAL AND ADVERTISING INJURY LIABILITY:**

PFAS

(1) "Personal and advertising injury" arising out of the actual or alleged presence or actual, alleged or threatened discharge, dispersal, seepage, migration, release, escape, ingestion, inhalation or absorption of, or exposure to, "PFAS" or "PFAS- containing products", provided that the "personal and advertising injury" is caused or contributed to by the hazardous properties of "PFAS".

(2) "Personal and advertising injury" arising out of the actual or alleged presence or actual, alleged or threatened discharge, dispersal, seepage, migration, release, escape, ingestion, inhalation or absorption of, or exposure to, any other solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapors, soot, fumes, acids, alkalis, chemicals and waste, and that is part of any claim or "suit" which also alleges any "personal and advertising injury" described in Paragraph **(1)** above.

(3) Any loss, cost or expense arising out of any:

(a) Request, demand, order or statutory or regulatory requirement 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, "PFAS" or "PFAS-containing products"; or

(b) Claim or suit by or on behalf of a governmental authority or any other person or organization because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "PFAS" or "PFAS-containing products".

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3. The following is added to **SECTION V – DEFINITIONS:**

"PFAS" means:

a. Any perfluoroalkyl or polyfluoroalkyl substance, meaning any fluorinated substance that contains at least one fully fluorinated methyl or methylene carbon atom without any hydrogen, chlorine, bromine or iodine atom attached to it; or

b. Any precursor, replacement, degradation or breakdown by-product of any substance described in Paragraph **a.** above.

"PFAS-containing products":

a. Means:

(1) Any goods or products that contain or incorporate "PFAS" in any form; and

(2) Containers, materials, parts or equipment furnished in connection with any such goods or products.

b. Includes:

(1) Waranties or representations made at any time with respect to the fitness, quality, durability, performance or use of any such goods or products; and

(2) The providing of or failure to provide warnings or instructions in connection with any such goods or products.

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TENNESSEE CHANGES - EBL

This endorsement modifies insurance provided under the following:

EMPLOYEE BENEFITS LIABILITY COVERAGE PART

The following is added to **SECTION V - EMPLOYEE BENEFITS LIABILITY CONDITIONS:**

Your Right to Claim Information And Act, Error Or Omission Information

a. If we receive a written request from an insured or an insured's designee, we will provide the person designated in the written request the following information relating to this insurance and any preceding employee benefits liability coverage we have issued to you during the previous three years:

(1) A list or other record of each act, error or omission, not previously reported to any other insurer, of which we were notified in accordance with Paragraph **2.a.** of Section **V** - Employee Benefits Liability Conditions. We will include the date and brief description of the act, error or omission if that information was in the notice we received.

(2) A summary by policy year, of payments made and amounts reserved, stated separately, under any applicable aggregate limit.

Amounts reserved are based on our judgment. They are subject to change and should not be regarded as ultimate settlement values.

You must see to it that you, or any other person designated in the written request, do not disclose this information to any claimant or any claimant's representative without our consent.

We will provide this information to the person designated in the written request within 10 business days of receipt of the written request.

We compile claim information and information about acts, errors or occurrences for our own business purposes and exercise reasonable care in doing so. In providing this information to the person designated in the written request, we make no representations or warranties to insureds, persons designated in the written request, insurers, or any others to whom this information is furnished by or on behalf of any insured. Any cancellation or nonrenewal of this Coverage Part will be effective even if we inadvertently provide inaccurate information.

b. If Paragraph **a.** does not apply and we cancel or elect not to renew this Coverage Part, we will provide the first Named Insured shown in the Declarations the following information relating to this insurance and any preceding employee benefits liability coverage we have issued to you during the previous three years:

(1) A list or other record of each act, error or omission, not previously reported to any other insurer, of which we were notified in accordance with Paragraph **2.a.** of Section **V** - Employee Benefits Liability Conditions. We will include the date and brief description of the act, error or omission if that information was in the notice we received.

(2) A summary by policy year, of payments made and amounts reserved, stated separately, under any applicable aggregate limit.

Amounts reserved are based on our judgment. They are subject to change and should not be regarded as ultimate settlement values.

You must not disclose this information to any claimant or any claimant's representative without our consent.

We will provide such information no later than 30 days before the date of policy termination.

We compile claim information and information about acts, errors or omissions for our own business purposes and exercise reasonable care in doing so. In providing this information to the first Named Insured, we make no representations or warranties to insureds, insurers, or others to whom this information is furnished by or on behalf of any insured. Cancellation or nonrenewal will be effective even if we inadvertently provide inaccurate information.

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TRAVELERS

One Tower Square, Hartford, Connecticut 06183

LAW ENFORCEMENT LIABILITY COVERAGE PART DECLARATIONS

POLICY NO.: ZLP-41N26370-24-PB
ISSUE DATE: 07/11/24

THIS COVERAGE IS PROVIDED ON A CLAIMS-MADE BASIS

INSURING COMPANY: THE CHARTER OAK FIRE INSURANCE COMPANY

POLICY PERIOD: From 07/01/24 to 07/01/25 12:01 A.M. Standard Time at your mailing address shown in the Common Policy Declarations.

The Law Enforcement Liability Coverage Part consists of these Declarations and the Coverage Form shown below.

1. COVERAGE AND LIMITS OF INSURANCE:

LAW ENFORCEMENT LIABILITY COVERAGE FORM	**LIMITS OF INSURANCE**
Aggregate Limit	$2,000,000
Each Wrongful Act Limit	$1,000,000

2. RETROACTIVE DATE: 12/10/1986

3. DEDUCTIBLE:

Each Wrongful Act Deductible	$25,000

4. NUMBERS OF FORMS, SCHEDULES AND ENDORSEMENTS FORMING THIS COVERAGE PART ARE ATTACHED AS A SEPARATE LISTING.

SEE IL T8 01

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TRAVELERS

One Tower Square, Hartford, Connecticut 06183

PUBLIC ENTITY MANAGEMENT LIABILITY COVERAGE PART DECLARATIONS

POLICY NO.: ZLP-41N26370-24-PB
ISSUE DATE: 07/11/24

THIS COVERAGE IS PROVIDED ON A CLAIMS-MADE BASIS

INSURING COMPANY: THE CHARTER OAK FIRE INSURANCE COMPANY

POLICY PERIOD: From 07/01/24 to 07/01/2512:01 A.M. Standard Time at your mailing address shown in the Common Policy Declarations.

The Public Entity Management Liability Coverage Part consists of these Declarations and the Coverage Form shown below.

1. COVERAGE AND LIMITS OF INSURANCE:

PUBLIC ENTITY MANAGEMENT LIABILITY COVERAGE FORM	**LIMITS OF INSURANCE**
Aggregate Limit	$2,000,000
Each Wrongful Act Limit	$1,000,000

2. RETROACTIVE DATE: 12/10/1986

3. DEDUCTIBLE:

Each Wrongful Act Deductible	$25,000

4. NUMBERS OF FORMS, SCHEDULES AND ENDORSEMENTS FORMING THIS COVERAGE PART ARE ATTACHED AS A SEPARATE LISTING.

SEE IL T8 01

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TRAVELERS

One Tower Square, Hartford, Connecticut 06183

PUBLIC ENTITY EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART DECLARATIONS

POLICY NO.: ZLP-41N26370-24-PB
ISSUE DATE: 07/11/24

THIS COVERAGE IS PROVIDED ON A CLAIMS-MADE BASIS DEFENSE EXPENSES ARE PAYABLE WITHIN, AND ARE NOT IN ADDITION TO, THE LIMITS OF INSURANCE

INSURING COMPANY: THE CHARTER OAK FIRE INSURANCE COMPANY

POLICY PERIOD: From 07/01/24 to 07/01/25 12:01 A.M. Standard Time at your mailing address shown in the Common Policy Declarations.

The Public Entity Employment-Related Practices Liability Coverage Part consists of these Declarations and the Coverage Form shown below.

1. COVERAGE AND LIMITS OF INSURANCE:

PUBLIC ENTITY EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE FORM	**LIMITS OF INSURANCE**
Aggregate Limit	$2,000,000
Each Wrongful Employment Practice Offense Limit	$1,000,000

2. RETROACTIVE DATE: 12/10/1986

3. DEDUCTIBLE:

Each Wrongful Employment Practice Offense Deductible	$25,000

4. NUMBERS OF FORMS, SCHEDULES AND ENDORSEMENTS FORMING THIS COVERAGE PART ARE ATTACHED AS A SEPARATE LISTING.

SEE IL T8 01

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LAW ENFORCEMENT LIABILITY COVERAGE FORM

THIS INSURANCE PROVIDES CLAIMS - MADE COVERAGE.
PLEASE READ THE ENTIRE FORM CAREFULLY.

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Common Policy Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the company providing this insurance.

The word "insured" means any person or organization qualifying as such under Section **II** - Who Is An Insured.

The words "policy period" mean the Policy Period shown in the Declarations of this Coverage Part.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **VII** - Definitions.

SECTION I - LAW ENFORCEMENT LIABILITY COVERAGE

1. Insuring Agreement

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury", "property damage" or "personal injury" to which this insurance applies. We will have the right and duty to defend the insured against any claim or "suit" seeking those damages. However, we will have no duty to defend the insured against any claim or "suit" seeking damages because of "bodily injury", "property damage" or "personal injury" to which this insurance does not apply. We may, at our discretion, investigate any "wrongful act" or claim and settle any claim or "suit". But:

(1) The amount we will pay for damages is limited as described in Section **III** - Limits Of Insurance; and

(2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements.

We will have no other obligation or liability to pay sums or perform acts or services unless explicitly provided for under Supplementary Payments.

b. This insurance applies to "bodily injury", "property damage" and "personal injury" only if:

(1) The "bodily injury", "property damage" or "personal injury" is caused by a "wrongful act" committed by you or on your behalf while conducting "law enforcement activities or operations";

(2) The "wrongful act" is committed in the "coverage territory";

(3) The "wrongful act" was not committed before the Retroactive Date shown in the Declarations of this Coverage Part or after the end of the policy period; and

(4) A claim or "suit" by a person or organization that seeks damages because of the "bodily injury", "property damage" or "personal injury" is first made or brought against any insured, in accordance with Paragraph **c.** below, during the policy period or any Extended Reporting Period we provide under Section **VI** - Extended Reporting Periods.

c. A claim or "suit" by a person or organization that seeks damages will be deemed to have been first made or brought against any insured at the earlier of the following times:

(1) When we or any "described authorized person" first receives written notice of such claim or "suit", whichever is first; or

(2) When we first receive written notice from any insured of a specific "wrongful act" that caused the "bodily injury", "property damage" or "personal injury" which resulted in such claim or "suit".

All claims or "suits" that seek damages because of "bodily injury", "property damage" or "personal injury" caused by the same "wrongful act" or "related wrongful

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acts" will be deemed to have been first made or brought against any insured at the time the first of those claims or "suits" is first made or brought against any insured.

d. A claim or "suit" by a person or organization that seeks damages will be deemed to have been first made or brought at the time we receive written notice from any insured of a specific "wrongful act" only if that notice contains all of the following information:

(1) How, when and where the "wrongful act" was committed;

(2) The names and addresses of any persons or organizations sustaining "bodily injury", "property damage" or "personal injury", and the names and addresses of any witnesses;

(3) The nature and location of any "bodily injury", "property damage" or "personal injury" caused by the "wrongful act"; and

(4) The names and addresses of each insured that committed the "wrongful act".

Notice to us that:

(1) All or part of one or more of any insured's acts or omissions may in the future be discovered to be a "wrongful act"; or

(2) Any insured may in the future receive written notice of a "wrongful act", claim or "suit";

is not notice of a specific "wrongful act".

e. If no Retroactive Date is shown in the Declarations of this Coverage Part, the Retroactive Date will be deemed to be the first day of the policy period.

f. Each "wrongful act" in a series of "related wrongful acts" will be deemed to have been committed on the date the first "wrongful act" in that series is committed.

g. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

h. Damages include the attorneys' fees of the person or organization making a claim or bringing a "suit" if such fees are awarded, or paid in a settlement, for "bodily injury", "property damage" or "personal injury" to which this insurance applies.

2. Exclusions

This insurance does not apply to:

a. Aircraft Or Auto

"Bodily injury", "property damage" or "personal injury" arising out of the ownership, maintenance, use or entrustment to others of any aircraft or "auto" owned, operated or hired by, or rented or loaned to, any insured. Use includes operation and "loading or unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "wrongful act" which caused the "bodily injury", "property damage" or "personal injury" involved the ownership, maintenance, use or entrustment to others of any aircraft or "auto" owned, operated or hired by, or rented or loaned to, any insured.

This exclusion does not apply to:

(1) Parking an "auto" on, or on the ways next to, premises you own or rent, provided that the "auto" is not owned by, or rented or loaned to, you or the insured;

(2) "Bodily injury", "property damage" or "personal injury" arising out of:

(a) The operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify as "mobile equipment" under the definition of "mobile equipment" if such land vehicle were not:

(i) Subject to a compulsory or financial responsibility law or other motor vehicle insurance law in the state where it is licensed or principally garaged; or

(ii) Designated as a covered auto under your automobile liability insurance; or

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(b) The operation of any of the machinery or equipment listed in Paragraph **f.(2)** or **f.(3)** of the definition of "mobile equipment"; or

(3) An aircraft chartered with a pilot to any insured. This exception does not apply if:

(a) The aircraft is owned by any insured; or

(b) Any insured is using the aircraft to carry any person or property for a charge.

b. Asbestos

"Bodily injury", "property damage" or "personal injury" arising out of the actual or alleged presence or actual, alleged or threatened dispersal of asbestos, asbestos fibers or products containing asbestos, provided that the injury or damage is caused or contributed to by the hazardous properties of asbestos. This includes:

(1) Any supervision, instructions, recommendations, warnings or advice given or which should have been given in connection with the above; and

(2) Any obligation to share damages with or repay someone else who must pay damages because of such injury or damage.

c. Contractual Liability

"Bodily injury", "property damage" or "personal injury" 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 to "bodily injury", "property damage" or "personal injury" for which the insured would have liability for damages without the contract or agreement.

d. Criminal, Dishonest, Fraudulent Or Malicious Wrongful Acts

"Bodily injury", "property damage" or "personal injury" arising out of any criminal, dishonest, fraudulent, or malicious "wrongful act" committed:

(1) By the insured; or

(2) With the consent or knowledge of the insured.

This exclusion does not apply to our duty to defend that insured until it has been determined or admitted in a legal proceeding that such "wrongful act" was committed:

(1) By that insured; or

(2) With the consent or knowledge of that insured.

This exclusion also does not apply to "personal injury" caused by malicious prosecution.

e. Damage To Property

"Property damage" to:

(1) Property you own, rent or occupy, including any costs or expenses incurred by you, or any other person or organization, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;

(2) Property loaned to you; or

(3) Personal property in the care, custody or control of the insured.

Paragraph **(3)** of this exclusion does not apply to payments we make under Paragraph **8.** of Supplementary Payments.

f. Employer's Liability

"Bodily injury" to:

(1) An "employee" of the insured arising out of and in the course of:

(a) Employment by the insured; or

(b) Performing duties related to the conduct of the insured's business; or

(2) The spouse, child, parent, brother or sister of that "employee" as a consequence of "bodily injury" described in Paragraph **(1)** above.

This exclusion applies:

(1) Whether the insured may be liable as an employer or in any other capacity; and

(2) Whether the insured may have any obligation to share damages with or repay someone else who must pay damages because of the injury.

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g. Employment - Related Practices

"Bodily injury" or "personal injury" to:

(1) A person arising out of any:

(a) Refusal to hire that person;

(b) Termination of that person's employment, "temporary worker" status, "independent contractor" status, or "volunteer worker" status; or

(c) Other practice, policy, act or omission related to that person's employment, "temporary worker" status, "independent contractor" status or "volunteer worker" status, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or

(2) The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" or "personal injury" described in Paragraph **(1)** above.

This exclusion applies:

(1) Whether the insured may be held liable as an employer or in any other capacity; and

(2) Whether the insured may have any obligation to share damages with or repay someone else who must pay damages because of the injury.

h. Injunctive Relief

Any loss, cost or expense arising out of complying with any injunctive or other non-monetary relief or any agreement to provide such relief.

i. Injury To Volunteer Workers

"Bodily injury" or "personal injury" to any "volunteer worker" who is injured in the conduct of "law enforcement activities or operations" within the scope of his or her duties for you.

j. Known Wrongful Acts

"Bodily injury", "property damage" or "personal injury" arising out of any "wrongful act", including any part of "related wrongful acts", that any "described authorized person" knew about before the first date we or any of our affiliated insurance companies have continuously provided this or similar coverage to you.

A "described authorized person" will be deemed to know about a "wrongful act" at the earliest time when such "described authorized person":

(1) Reports all, or any part, of the "wrongful act" to us or any provider of other insurance;

(2) Receives a written or verbal demand or claim for damages because of the "wrongful act"; or

(3) Becomes aware by any other means that all, or any part, of the "wrongful act" has been committed.

k. Mobile Equipment

"Bodily injury" or "property damage" arising out of:

(1) The transportation of "mobile equipment" by an "auto" owned, operated or hired by, or rented or loaned to, any insured; or

(2) The use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, demolition, or stunting activity.

l. Nuclear Energy

"Bodily injury", "property damage" or "personal injury" arising out of the "hazardous properties" of "nuclear material".

m. Pollution

(1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":

(a) At, on, in or from any premises, site or location which is or was at any time owned, occupied or managed by, or rented or loaned to, any insured. However, this subparagraph does not apply to:

(i) "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot produced by or originating from equipment that is used to heat, cool or dehumidify the building, or produced by or originating from equipment that is used to

heat water for personal use by the building's occupants or their guests;

(ii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire"; or

(iii) "Bodily injury" or "property damage" arising out of the use of mace, pepper spray or tear gas;

(b) At, on, in 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;

(c) If such "pollutants" are or were at any time transported, handled, stored, treated, disposed of or processed as waste by or for:

(i) Any insured; or

(ii) Any person or organization for whom you may be legally responsible;

(d) At, on, in or from any premises, site or location at, on or in which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing "law enforcement activities or operations" if the "pollutants" are brought on, in or to the premises, site or location in connection with such activities or operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:

(i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on, in or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;

(ii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with "law enforcement activities or operations" being performed by you or on your behalf by a contractor or subcontractor;

(iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire"; or

(iv) "Bodily injury" or "property damage" arising out of the use of mace, pepper spray or tear gas; or

(e) At, on, in or from any premises, site or location at, on or in which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are or were at any time performing "law enforcement activities or operations" to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".

(2) "Personal injury" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants". However, this paragraph does not apply to the use of mace, pepper spray or tear gas; or

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(3) Any loss, cost or expense arising out of any:

(a) Request, demand, order or statutory or regulatory requirement 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

(b) Claim or "suit" by or on behalf of a governmental authority 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".

n. Professional Health Care Services

"Bodily injury", "property damage" or "personal injury" arising out of the providing or failing to provide "professional health care services".

This exclusion does not apply to "bodily injury", "property damage" or "personal injury" arising out of:

(1) The insured's providing or failing to provide first aid;

(2) The handling or treatment of corpses by an insured who is not a coroner, medical examiner or pathologist; or

(3) The furnishing or dispensing of drugs, or medical or dental supplies or appliances, by an insured who is not a medical doctor or nurse.

o. Workers' Compensation And Similar Laws

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

SUPPLEMENTARY PAYMENTS

We will pay, with respect to any claim we are investigating, any claim or "suit" we settle or any claim or "suit" against an insured we are defending:

1. All expenses we incur.

2. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We will not be the principal under these bonds, and we do not have to furnish these bonds.

3. All reasonable expenses incurred at our request by the insured who is an individual to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings of up to $500 a day by that individual because of time offfrom work.

4. All costs taxed against the insured in the "suit" for that part of the judgment we pay, except attorneys' fees of the person or organization bringing the "suit".

5. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.

6. 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 the applicable limit of insurance. If we do not pay part of the judgment for any reason other than it is more than the applicable limit of insurance, we will not pay any interest that accrues on that portion of the judgment.

7. The cost of any required appeal bond for any judgment that we appeal, but only for bond amounts for that part of the judgment that is for damages to which this insurance applies and which are within the applicable limit of insurance. We will pay, or reimburse the insured for, the cost of a higher appeal bond amount if we are required to do so under the law that applies. We will not be the principal under any appeal bond, and we do not have to furnish any appeal bond.

8. Up to $25,000 per policy period for physical damage to personal property that is in a person's possession at the time of his or her arrest and that is in the care, custody or control of an insured at the time of such damage. The Each Wrongful Act Deductible applies to this Supplementary Payment.

These payments will not reduce the limits of insurance.

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Our duty to make such payments ends when we have used up the applicable limit of insurance in the payment of judgments or settlements.

SECTION II - WHO IS AN INSURED

1. If you are designated in the Common

Policy Declarations as a public entity, you are an insured. Your lawfully elected or appointed officials, "executive officers" or directors are also insureds, but only with respect to their duties as your elected or appointed officials, "executive officers" or directors.

2. Each of the following is also an insured:

a. Your "volunteer workers", but only while performing duties related to the conduct of your business, and your "employees", other than your lawfully elected or appointed officials, "executive officers" or directors, but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" or "volunteer workers" are insureds for "bodily injury" or "personal injury":

(1) To you, to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;

(2) To the spouse, child, parent, brother or sister of that co-"employee" or other "volunteer worker" as a consequence of injury described in Paragraph **(1)** above; or

(3) For which there is any obligation to share damages with or repay someone else who must pay damages because of injury described in Paragraph **(1)** or **(2)** above.

b. Any legal representative of an insured that has died, or become mentally incompetent, insolvent or bankrupt, but only with respect to duties as such. That representative will have all the rights and duties of such insured under this Coverage Part.

SECTION III - LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations of this Coverage Part and the rules below fix the most we will pay regardless of the number of:

a. Insureds;

b. Claims made or "suits" brought; or

c. Persons or organizations making claims or bringing "suits".

The limits of insurance will not be reduced by the payment of the applicable deductible amount.

2. The Aggregate Limit is the most we will pay for the sum of all damages because of all "bodily injury", "property damage" and "personal injury".

If no amount is shown for the Aggregate Limit in the Declarations of this Coverage Part, the Aggregate Limit will be the higher of the Each Wrongful Act Limit or $100,000.

3. Subject to Paragraph **2.** above, the Each Wrongful Act Limit is the most we will pay for the sum of all damages because of all "bodily injury", "property damage" and "personal injury" caused by the same "wrongful act" or "related wrongful acts".

The limits of insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed to be part of the last preceding annual or remaining period for the purposes of determining the limits of insurance.

SECTION IV - DEDUCTIBLE

1. The Each Wrongful Act Deductible shown in the Declarations of this Coverage Part and the rules below fix the amount of damages and "defense expenses" incurred by, or on behalf of, you or any insured that you will be responsible for paying, regardless of the number of:

a. Insureds;

b. Claims made or "suits" brought; or

c. Persons or organizations making claims or bringing "suits".

The Each Wrongful Act Deductible does not apply to payments we make under Supplementary Payments, other than "defense expenses" and payments we make under Paragraph **8.** of Supplementary Payments.

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2. The Each Wrongful Act Deductible applies to all damages and "defense expenses" for all claims or "suits" for "bodily injury", "property damage" or "personal injury" caused by the same "wrongful act" or "related wrongful acts".

3. The applicable limits of insurance will not be reduced by the amount of any damages or "defense expenses" within the deductible amount.

4. The terms of this policy, including those with respect to:

   a. Our right and duty with respect to the defense of claims or "suits"; and

   b. Your duties in the event of a "wrongful act", claim or "suit";

   apply irrespective of the application of the deductible amount.

5. If we settle a claim or "suit" for damages, or pay a judgment for damages awarded in a "suit", that are subject to a deductible, we may pay any part or all of the deductible amount. You will promptly reimburse us for such part of the deductible amount as we have paid.

6. If we pay "defense expenses" that are subject to a deductible, you will promptly reimburse us for such part of the deductible amount as we have paid.

7. If you do not reimburse us for a deductible amount that applies to damages or "defense expenses", and we are awarded the deductible amount we sought, or any part of that amount, in any legal proceeding against you, you agree to pay us the amount of the award and the following:

   a. "Our deductible recovery expenses"; and

   b. Interest, from the date of our notice of payment to you, on the deductible amount awarded to us.

SECTION V – LAW ENFORCEMENT LIABILITY CONDITIONS

1. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

2. Duties In The Event Of A Wrongful Act, Claim Or Suit

a. You must see to it that we are notified as soon as practicable of a "wrongful act" which may result in a claim. To the extent possible, notice should include:

   (1) How, when and where the "wrongful act" was committed;

   (2) The names and addresses of any persons or organizations sustaining "bodily injury", "property damage" or "personal injury", and the names and addresses of any witnesses;

   (3) The nature and location of any "bodily injury", "property damage" or "personal injury" caused by the "wrongful act"; and

   (4) The names and addresses of each insured that committed the "wrongful act".

b. If a claim or "suit" is made or brought against any insured, you must:

   (1) Immediately record the specifics of the claim or "suit" and the date received; and

   (2) Notify us as soon as practicable.

   You must see to it that we receive written notice of the claim or "suit" as soon as practicable.

c. You and any other involved insured must:

   (1) Immediately send us copies of any demands, notices, 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 or settlement of the claim or defense against the claim or "suit"; and

   (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of "bodily injury", "property damage" or "personal injury" to which this insurance may also apply.

d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

e. The following provision applies to Paragraph **a.** above, but only for the purposes of the insurance provided under this Coverage Part

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to you or any insured listed in Paragraph **1.** or **2.** of Section **II** – Who Is An Insured:

Notice to us of such "wrongful act" must be given as soon as practicable only after the "wrongful act" is known by you or any "described authorized person".

3. Legal Action Against Us

No person or organization has a right under this Coverage Part:

a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or

b. To sue us on this Coverage Part unless all of its 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, but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. As used in this provision, an agreed settlement means a settlement and release of liability signed by us, by the insured and by the claimant or the claimant's legal representative.

4. Other Insurance

If valid and collectible other insurance is available to the insured for a loss we cover under this Coverage Part, our obligations are limited as described in Paragraphs **a.** and **b.** below.

As used anywhere in this Coverage Part, other insurance means insurance, or the funding of losses, that is provided by, through or on behalf of:

(i) Another insurance company;

(ii) Us or any of our affiliated insurance companies;

(iii) Any risk retention group;

(iv) Any self-insurance method or program, including any failure to buy insurance, or decision to not buy insurance, for any reason, in which case the insured will be deemed to be the provider of other insurance; or

(v) Any similar risk transfer or risk management method.

Other insurance does not include umbrella insurance, or excess insurance, that was bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

a. Primary Insurance

This insurance is primary. If any other insurance is also primary, we will share with all that other insurance by the method described in Paragraph b. below.

b. Method Of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each provider of insurance contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, the share of each provider of insurance is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all providers of insurance.

5. Premium Computation

We will compute all premiums for this Coverage Part in accordance with our rules and rates.

6. Representations

By accepting this policy, you agree:

a. The statements in the Declarations are accurate and complete;

b. Those statements are based upon representations you made to us; and

c. We have issued this policy in reliance upon your representations.

The unintentional omission of, or unintentional error in, any information provided by you which we relied upon in issuing this policy will not prejudice your rights under this insurance. However, this provision does not affect our right to collect additional premium or to exercise our rights of cancellation or nonrenewal in accordance with applicable insurance laws or regulations.

7. Separation Of Insureds

Except with respect to the limits of insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured

shown in the Common Policy Declarations, this insurance applies:

a. As if each Named Insured were the only Named Insured; and

b. Separately to each insured against whom claim is made or "suit" is brought.

8. Transfer Of Rights Of Recovery Against Others To Us

If the insured has rights to recover from others all or part of any payment we have made under this Coverage Part in connection with a claim or "suit", those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring suit or initiate an alternative dispute resolution proceeding to enforce those rights, or will transfer those rights to us and help us enforce them.

We will apply any amounts recovered in enforcing those rights of recovery in the following order:

a. First, we will reimburse any person or organization (including us or the insured) any amount that person or organization has paid in excess of the limits of insurance.

b. Then, if there is any amount remaining, we will retain an amount equal to the amount we have paid under this Coverage Part in connection with the claim or "suit".

c. Finally, if there is any amount remaining, we will pay that amount to the insured, including any amounts within any applicable deductible or self-insured retention.

If any amounts are recovered in enforcing those rights of recovery, reasonable expenses incurred in enforcing such rights will be shared among all persons or organizations receiving amounts recovered. Each such person's or organization's share of those expenses is based on the ratio of its amount recovered to the total amounts recovered by all such persons or organizations in enforcing such rights.

If the insured has agreed in a contract or agreement to waive that insured's right of recovery against any person or organization, we waive our right of recovery against such person or organization, but only for payments we make because of "bodily injury", "property damage" or "personal injury" caused by a "wrongful act" committed subsequent to the execution of the contract or agreement.

9. When We Do Not Renew

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Common Policy Declarations written notice of the nonrenewal not less than 30 days before the end of the policy period.

If such notice is mailed, proof of mailing will be sufficient proof of such notice.

SECTION VI – EXTENDED REPORTING PERIODS

1. We will provide one or more Extended Reporting Periods, as described below, if this Coverage Part is canceled or not renewed, or replaced or renewed by us with insurance that applies on other than a claims-made basis.

2. Extended Reporting Periods do not extend the policy period or change the scope of coverage provided. They apply only to claims or "suits" for "bodily injury , "property damage" or "personal injury" caused by a "wrongful act" committed before the end of the policy period and after the Retroactive Date.

Once in effect, Extended Reporting Periods may not be canceled.

3. A Basic Extended Reporting Period is automatically provided without additional charge. This period starts with the end of the policy period and lasts for 90 days.

The Basic Extended Reporting Period does not apply to claims or "suits" that are covered under any future insurance you purchase, or that would be covered under such insurance but for the exhaustion of its applicable limit of insurance.

4. The Basic Extended Reporting Period does not reinstate or increase the limits of insurance.

5. A Supplemental Extended Reporting Period of 12 months is available, but only by an endorsement and for an extra charge. This supplemental period replaces the Basic Extended Reporting Period.

The Supplemental Extended Reporting Period will not go into effect unless we receive all of the following within 90 days after the end of the policy period and you have fulfilled all other duties, and complied with all other conditions and requirements, under this policy:

a. A written request from you to purchase the Supplemental Extended Reporting Period Endorsement;

b. Full payment of the earned premium for this policy;

c. Payment of the additional premium for the Supplemental Extended Reporting Period Endorsement; and

d. Repayment of any deductible you owe us under this policy.

We will determine the additional premium for that endorsement in accordance with our rules and rates. The additional premium will not exceed 75% of the annual premium for this Coverage Part.

This endorsement will set forth the terms, not inconsistent with this Section **VI** - Extended Reporting Periods, applicable to the Supplemental Extended Reporting Period, including a provision to the effect that the insurance afforded for claims or "suits" first made or brought against any insured during such period is excess over any valid and collectible other insurance available under insurance in force after the Supplemental Extended Reporting Period starts.

6. The Supplemental Extended Reporting Period does not reinstate or increase the limits of insurance.

SECTION VII - DEFINITIONS

1. "Auto" means:

a. A land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment;

b. Any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance law in the state where it is licensed or principally garaged, or would have been subject to such compulsory or financial responsibility law or other motor vehicle insurance law if you were not a public entity; or

c. Any other land vehicle not described in Paragraph **a.** or **b.** above that is designated as a covered auto under your automobile liability insurance.

2. "Bodily injury" means any harm, including sickness or disease, to the health of other persons, including mental anguish, injury or illness, or emotional distress.

3. "Coverage territory" means:

a. The United States of America (including its territories and possessions), Puerto Rico and Canada;

b. All other countries or jurisdictions in the world, except the "prohibited area", if the "bodily injury", "property damage" or "personal injury" arises out of:

(1) The "law enforcement activities or operations" of a person whose home is in the territory described in Paragraph **a.** above, but is away for a short time on your business; or

(2) Any "wrongful act" committed through the Internet or other electronic means of communication; or

c. International waters or airspace, unless the "wrongful act" is committed in the course of travel or transportation to, from or within the "prohibited area";

provided that the insured's responsibility to pay damages is determined in a "suit" on the merits brought in the territory described in Paragraph a. above or in a settlement we agree to.

4. "Defense expenses":

a. Means any of the following fees, costs or expenses which can be directly allocated to a particular claim or "suit":

(1) Fees of attorneys, or other authorized representatives where permitted, for legal services, whether by outside or staff representatives; or

(2) Court, alternative dispute resolution and other specific items of expense, whether incurred by an outside vendor or by one of our employees, including;

(a) Medical examinations of a claimant to determine the extent of injury, degree of permanency, or length of disability;

(b) Expert medical or other testimony

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(c) Autopsy;

(d) Witnesses and summonses;

(e) Copies of documents such as birth and death certificates and medical treatment records;

(f) Arbitration fees;

(g) Fees or costs for surveillance or other professional investigations which are conducted as part of handling of a claim or "suit"; and

(h) Fees or costs for loss prevention and engineering personnel, and fees or costs for rehabilitation nurses or other nurses, for services which are conducted as part of handling of a claim or "suit".

b. Does not include:

(1) Our expenses, including salaries, overhead and traveling expenses of our employees, except for those fees, costs or expenses described in Paragraphs **a.(1)** and **a.(2)** above incurred while handling a claim or "suit"; or

(2) Fees paid to independent claims professionals or attorneys (hired to perform the function of claim investigation normally performed by claim adjusters), for developing and investigating a claim so that a determination can be made of the cause or extent of, or responsibility for, the injury, disease or damage, including evaluation and settlement of covered claims.

5. "Described authorized person" means:

a. Any of your elected or appointed officials, "executive officers" or directors; or

b. Your risk manager, or any leader of your legal, finance, risk management or other department that is responsible for insurance matters.

6. "Electric personal assistive mobility de vices" means any self-balancing device designed to transport only one person with a maximum speed of 30 miles per hour.

7. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker" or a prisoner employed by any insured.

8. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.

9. "Hazardous properties" includes radioactive, toxic or explosive properties.

10. "Hostile fire" means a fire that becomes uncontrollable or breaks out from where it was intended to be.

11. "Independent contractor" means any person who is not the insured's "employee", "temporary worker" or "volunteer worker", but who performs duties related to the conduct of the insured's business because of a contract or agreement between the insured and that person for specified services.

12. "Law enforcement activities or operations":

a. Means any of the official activities or operations of your police department, sheriff agency or other public safety organization, other than a fire district or department, that enforces the law and protects persons or property; and

b. Includes:

(1) Ownership, maintenance or use of a premises that you own, rent or borrow in order to conduct such activities or operations;

(2) Ownership or operation of any of your jails, penal institutions or similar facilities;

(3) Providing first aid at the time of an accident, crime or medical emergency;

(4) Providing school security; and

(5) "Moonlighting".

13. "Leased worker" means a person hired from a labor leasing firm under an agreement between the hirer and that firm to perform duties related to the conduct of the hirer's business. However, "leased worker" does not include a "temporary worker".

14. "Loading or unloading" means the handling of property:

a. After it is moved from the place where it is accepted for movement into or onto an aircraft or "auto";

b. While it is in or on an aircraft or "auto"; or

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c. While it is being moved from an aircraft or "auto" to the place where it is finally delivered.

"Loading or unloading" 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 or "auto".

15. "Moonlighting" means any secondary employment, or extra-duty assignment, approved by your police department, sheriff agency or other public safety organization that enforces the law and protects persons or property.

16. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:

a. Bulldozers, farm machinery, forklifts, "electric personal assistive mobility devices" and other vehicles designed for use principally off public roads;

b. Vehicles maintained for use solely on or next to premises you own or rent;

c. Vehicles that travel on crawler treads;

d. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:

(1) Power cranes, shovels, loaders, diggers or drills; or

(2) Road construction or resurfacing equipment such as graders, scrapers or rollers;

e. Vehicles not described in Paragraph **a., b., c.** or **d.** above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:

(1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or

(2) Cherry pickers and similar devices used to raise or lower workers; or

f. Vehicles not described in Paragraph **a., b., c.** or **d.** above that are maintained primarily for purposes other than the transportation of any person or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

(1) Equipment designed primarily for:

(a) Snow removal;

(b) Road maintenance, but not construction or resurfacing; or

(c) Street cleaning;

(2) Cherry pickers and similar devices mounted on automobile 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.

However, "mobile equipment" does not include any land vehicles that are:

(i) Subject to a compulsory or financial responsibility law or other motor vehicle insurance law in the state where it is licensed or principally garaged, or would have been subject to such compulsory or financial responsibility law or other motor vehicle insurance law if you were not a public entity;

(ii) Used solely on roads you own; or

(iii) Designated as a covered auto under your automobile liability insurance.

Land vehicles described in Paragraph **(i), (ii)** or **(iii)** above are considered "autos".

17. "Nuclear material" means any of the following materials defined in the Federal Atomic Energy Act or any of its amendments:

a. Source material;

b. Special nuclear material; or

c. By-product material.

18. "Our deductible recovery expenses" means all fees, costs and expenses incurred by us and our attorneys to recover a deductible amount in a legal proceeding brought by us against you. But if the deductible amount awarded to us is less than the full amount of the deductible payment we sought, "our deductible recovery expenses"

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will be a proportional amount based on the ratio of the deductible amount awarded to the full amount of the deductible payment we sought.

19. "Personal injury" means injury, other than "bodily injury", caused by one or more of the following offenses:

a. False arrest, detention or imprisonment;

b. Malicious prosecution;

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

d. Oral or written publication, including publication by electronic means, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services, provided that the claim is made or the "suit" is brought by a person or organization that claims to have been slandered or libeled, or that claims to have had its goods, products or services disparaged;

e. Oral or written publication, including publication by electronic means, of material that:

(1) Appropriates a person's name, voice, photograph or likeness;

(2) Unreasonably places a person in a false light; or

(3) Discloses information about a person's private life;

f. False or improper service of process; or

g. Violation of civil rights protected under any federal, state or local law.

20. "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.

21. "Professional health care services" includes:

a. Any medical, surgical, dental, laboratory, x-ray or nursing services, treatment, advice or instruction, or the related furnishing of food or beverages;

b. The furnishing or dispensing of drugs or medical, dental or surgical supplies or appliances;

c. The handling or treatment of corpses, including autopsies, organ donations and other postmortem procedures;

d. Any health or therapeutic service, treatment, advice or instruction;

e. Any service, treatment, advice or instruction for the purpose of appearance or skin enhancement, hair removal or replacement or personal grooming;

f. Any psychiatric, psychological or emotional counseling service, treatment, advice or instruction; or

g. The service by any person as a member of a formal accreditation, standards review, peer review or equivalent professional board or committee or member of any professional organization or committee.

22. "Prohibited area" means any country or jurisdiction while any trade sanction, embargo or similar regulation imposed by the United States of America applies to and prohibits the transaction of business with or within such country or jurisdiction.

23. "Property damage" means:

a. Physical damage to tangible property of others, including all resulting loss of use of that property; or

b. Loss of use of tangible property of others that is not physically damaged.

For the purposes of this insurance, data, including information, facts or programs in any electronic or other format, is not tangible property.

24. "Related wrongful acts" means two or more "wrongful acts" that have as a common connection, tie or link any fact, circumstance, situation, event, transaction, cause, or series of related facts, circumstances, situations, events, transactions or causes.

25. "Suit" means a civil proceeding that seeks damages. "Suit" includes:

a. An arbitration proceeding that seeks damages and to which the insured must submit or submits with our consent; and

b. Any other alternative dispute resolution proceeding that seeks damages and to which the insured submits with our consent.

26. "Temporary worker" means a person who is hired to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

27. "Volunteer worker" means a person, other than a prisoner, who:

a. Is not acting within the scope of his or her employment as an "employee" or "temporary worker";

b. Donates his or her work; and

c. Is not paid a fee, salary or other compensation for that work.

28. "Wrongful act" means any act, error or omission.

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PUBLIC ENTITY MANAGEMENT LIABILITY COVERAGE FORM

THIS INSURANCE PROVIDES CLAIMS-MADE COVERAGE.
PLEASE READ THE ENTIRE FORM CAREFULLY.

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Common Policy Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the company providing this insurance.

The word "insured" means any person or organization qualifying as such under Section **II** - Who Is An Insured.

The words "policy period" mean the Policy Period shown in the Declarations of this Coverage Part.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **VII** - Definitions.

SECTION I - PUBLIC ENTITY MANAGEMENT LIABILITY COVERAGE

1. Insuring Agreement

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of loss to which this insurance applies. We will have the right and duty to defend the insured against any claim or "suit" seeking those damages. However, we will have no duty to defend the insured against any claim or "suit" seeking damages because of loss to which this insurance does not apply. We may, at our discretion, investigate any "wrongful act" or claim and settle any claim or "suit". But:

(1) The amount we will pay for damages is limited as described in Section **III** - Limits Of Insurance; and

(2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements.

We will have no other obligation or liability to pay sums or perform acts or services unless explicitly provided for under Supplementary Payments.

b. This insurance applies to loss only if:

(1) The loss is caused by a "wrongful act" committed while conducting duties by or on behalf of you or "your boards";

(2) The "wrongful act" is committed in the "coverage territory";

(3) The "wrongful act" was not committed before the Retroactive Date shown in the Declarations of this Coverage Part or after the end of the policy period; and

(4) A claim or "suit" by a person or organization that seeks damages because of the loss is first made or brought against any insured, in accordance with Paragraph **c.** below, during the policy period or any Extended Reporting Period we provide under Section **VI** - Extended Reporting Periods.

c. A claim or "suit" by a person or organization that seeks damages will be deemed to have been first made or brought against any insured at the earlier of the following times:

(1) When we or any "described authorized person" first receives written notice of such claim or "suit", whichever is first; or

(2) When we first receive written notice from any insured of a specific "wrongful act" that caused the loss which resulted in such claim or "suit".

All claims or "suits" that seek damages because of loss caused by the same "wrongful act" or "related wrongful acts" will be deemed to have been first made or brought against any insured at the time the first of those claims or "suits" is first made or brought against any insured.

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d. A claim or "suit" by a person or organization that seeks damages will be deemed to have been first made or brought at the time we receive written notice from any insured of a specific "wrongful act" only if that notice contains all of the following information:

(1) How, when and where the "wrongful act" was committed;

(2) The names and addresses of any persons or organizations sustaining loss, and the names and addresses of any witnesses;

(3) The nature and location of any loss caused by the "wrongful act"; and

(4) The names and addresses of each insured that committed the "wrongful act".

Notice to us that:

(1) All or part of one or more of any insured's acts or omissions may in the future be discovered to be a "wrongful act"; or

(2) Any insured may in the future receive written notice of a "wrongful act", claim or "suit";

is not notice of a specific "wrongful act".

e. If no Retroactive Date is shown in the Declarations of this Coverage Part, the Retroactive Date will be deemed to be the first day of the policy period.

f. Each "wrongful act" in a series of "related wrongful acts" will be deemed to have been committed on the date the first "wrongful act" in that series is committed.

2. Exclusions

This insurance does not apply to:

a. Boards, Commissions, Or Governmental Units Or Departments

Loss arising out of any activities or operations of the following boards, commissions, or governmental units or departments:

(1) Airports;

(2) Electric or gas utilities;

(3) Health care facilities, including clinics, hospitals, nursing homes, rehabilitation facilities or blood banks;

(4) Housing authorities;

(5) Port authorities;

(6) Schools or school districts; or

(7) Transit authorities.

b. Breach Of Contract

Loss arising out of a breach of contract.

This exclusion does not apply to loss arising out of the breach of a mutual aid agreement.

c. Claims Or Suits By Insureds Against Insureds

Loss for which a claim is made or "suit" is brought by or on behalf of any current or former insured against any current or former insured.

d. Complaint Or Enforcement Action

Loss arising out of any complaint, enforcement action, claim or "suit" brought by or on behalf of any federal, state or local governmental regulatory or enforcement agency against any insured.

e. Contractual Liability

Loss 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 to loss for which the insured would have liability for damages without the contract or agreement.

f. Criminal, Dishonest, Fraudulent, Or Malicious Wrongful Acts Or Knowing Violations Of Rights Or Laws

Loss arising out of any criminal, dishonest, fraudulent, or malicious "wrongful act", or any knowing violation of rights or laws, committed:

(1) By the insured; or

(2) With the consent or knowledge of the insured.

This exclusion does not apply to our duty to defend that insured until it has been determined or admitted in a legal proceeding that such "wrongful act" or knowing violation was committed:

(1) By that insured; or

(2) With the consent or knowledge of that insured.

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g. Debt Financing

Loss arising out of any type of debt financing issued by you or on your behalf, including bonds, debentures, guarantees of debt or notes.

h. Employee Benefit Plans

Loss arising out of the administration of, the conduct of any fiduciary duty for, or the performance of or failure to perform any act or obligation related to any actual or proposed:

(1) Benefit plan or trust;

(2) Stock option, stock subscription or stock ownership plan; or

(3) Compensation plan;

operated by you or on your behalf for the benefit of any current, former or prospective "employee" or "independent contractor".

i. Employment-Related Practices

"Employment loss" to:

(1) A person arising out of a "wrongful employment practice offense"; or

(2) The spouse, child, parent, brother or sister of that person as a consequence of loss described in Paragraph (1) above.

This exclusion applies:

(1) Whether the insured may be held liable as an employer or in any other capacity; and

(2) Whether the insured may have any obligation to share damages with or repay someone else who must pay damages because of the loss.

j. Injunctive Relief

Any loss, cost or expense arising out of complying with any injunctive or other non-monetary relief or any agreement to provide such relief.

k. Injury Or Damage

"Bodily injury", "property damage", "personal injury" or "advertising injury".

l. Insurance

Loss arising out of the failure to obtain or maintain any type or amount of insurance, including any type of bond, self-insurance method or program, or any similar risk transfer or risk management method.

m. Intellectual Property

Loss arising out of any actual or alleged infringement or violation of any of the following rights or laws:

(1) Copyright;

(2) Patent;

(3) Trade dress;

(4) Trade name;

(5) Trade secret;

(6) Trademark; or

(7) Other intellectual property rights or laws.

n. Investments

Loss arising out of the purchase, sale, issuance or distribution of, or offer to purchase or sell, any debt or equity securities or other investments.

o. Known Wrongful Acts

Loss arising out of any "wrongful act", including any part of "related wrongful acts", that any "described authorized person" knew about before the first date we or any of our affiliated insurance companies have continuously provided this or similar coverage to you.

A "described authorized person" will be deemed to know about a "wrongful act" at the earliest time when such "described authorized person":

(1) Reports all, or any part, of the "wrongful act" to us or any provider of other insurance;

(2) Receives a written or verbal demand or claim for damages because of the "wrongful act"; or

(3) Becomes aware by any other means that all, or any part, of the "wrongful act" has been committed.

p. Law Enforcement Activities Or Operations

Loss arising out of "law enforcement activities or operations".

This exclusion does not apply to harm to any of your current or former "independent contractors" in connection with their "independent contractor" status.

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q. Multiplied Damages

The portion of any multiplied damage award that exceeds the amount multiplied.

r. Network And Information Security Liability

Loss arising out of a "network and information security wrongful act".

s. Nuclear Energy

Loss arising out of the "hazardous properties" of "nuclear material".

t. Pollution

Loss arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants".

u. Pollution-Related

Any loss, cost or expense arising out of any:

(1) Request, demand, order, or statutory or regulatory requirement 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 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".

v. Professional Health Care Services

Loss arising out of providing or failing to provide "professional health care services".

w. Sexual Harassment

Loss arising out of any:

(1) Unwelcome sexual advance;

(2) Request for any sexual favor; or

(3) Other verbal, visual or physical conduct of a sexual nature.

x. Strikes, Riots, Demonstrations Or Civil Commotions

Loss arising out of any strike, riot, protest, demonstration, lock-out or civil commotion.

y. Taking Of Private Property For Public Use Or Benefit

Loss arising out of the taking or controlling of private property for public use or benefit, including the diminution in value of such property, by condemnation, inverse condemnation, adverse possession, dedication by adverse use or any other method or proceeding.

z. Taxes

Loss arising out of the improper administration or collection of taxes, or loss that reflects any tax obligation.

aa. Unlawful Personal Gains

Loss arising out of any insured's personal profit, advantage or compensation to which that insured is not legally entitled.

bb. Workers' Compensation And Similar Laws

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

SUPPLEMENTARY PAYMENTS

We will pay, with respect to any claim we are investigating, any claim or "suit" we settle or any claim or "suit" against an insured we are defending:

1. All expenses we incur.

2. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We will not be the principal under these bonds, and we do not have to furnish these bonds.

3. All reasonable expenses incurred at our request by the insured who is an individual to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings of up to $500 a day by that individual because of time off from work.

4. All costs taxed against the insured in the "suit", but only for that part of the judgment we pay.

5. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.

6. 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 the applicable limit of insurance. If we do not pay part of the judgment for any reason other than it is more than the applicable limit of insurance, we will not pay any interest that accrues on that portion of the judgment.

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7. The cost of any required appeal bond for any judgment that we appeal, but only for bond amounts for that part of the judgment that is for damages to which this insurance applies and which are within the applicable limit of insurance. We will pay, or reimburse the insured for, the cost of a higher appeal bond amount if we are required to do so under the law that applies. We will not be the principal under any appeal bond, and we do not have to furnish any appeal bond.

These payments will not reduce the limits of insurance.

Our duty to make such payments ends when we have used up the applicable limit of insurance in the payment of judgments or settlements.

SECTION II – WHO IS AN INSURED

1. If you are designated in the Common Policy Declarations as a public entity, you are an insured. "Your boards" are also insureds. Your lawfully elected or appointed officials, "executive officers" or directors are also insureds, but only with respect to their duties as your elected or appointed officials, "executive officers" or directors.

2. Each of the following is also an insured:

a. Your "volunteer workers", but only while performing duties related to the conduct of your business, and your "employees", but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business.

b. Members of "your boards", but only for the conduct of their duties for you or for "your boards". "Employees" of "your boards" are also insureds, but only for work done within the scope of their employment by "your boards", or their performance of duties related to the conduct of the operations of "your boards".

c. Any legal representative of an insured that has died, or become mentally incompetent, insolvent or bankrupt, but only with respect to duties as such. That representative will have all the rights and duties of such insured under this Coverage Part.

3. Any of your lawfully elected or appointed officials, "executive officers", directors or "employees", or any members of "your boards", appointed at your request to serve with an outside tax exempt entity will be deemed to be acting within the scope of their duties for you.

SECTION III – LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations of this Coverage Part and the rules below fix the most we will pay regardless of the number of:

a. Insureds;

b. Claims made or "suits" brought; or

c. Persons or organizations making claims or bringing "suits".

The limits of insurance will not be reduced by the payment of the applicable deductible amount.

2. The Aggregate Limit is the most we will pay for the sum of all damages for the combined total of all claims or "suits" for loss.

If no amount is shown for the Aggregate Limit in the Declarations of this Coverage Part, the Aggregate Limit will be the higher of the Each Wrongful Act Limit or $100,000.

3. Subject to Paragraph **2.** above, the Each Wrongful Act Limit is the most we will pay for the sum of all damages for all claims or "suits" for loss caused by the same "wrongful act" or "related wrongful acts".

The limits of insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed to be part of the last preceding annual or remaining period for the purposes of determining the limits of insurance.

SECTION IV – DEDUCTIBLE

1. The Each Wrongful Act Deductible shown in the Declarations of this Coverage Part and the rules below fix the amount of damages and "defense expenses" incurred by, or on behalf of, you or any insured that you will be responsible for paying, regardless of the number of:

a. Insureds;

b. Claims made or "suits" brought; or

c. Persons or organizations making claims or bringing "suits".

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The Each Wrongful Act Deductible does not apply to payments we make under Supplementary Payments, other than "defense expenses".

2. The Each Wrongful Act Deductible applies to all damages and "defense expenses" for all claims or "suits" for loss caused by the same "wrongful act" or "related wrongful acts".

3. The applicable limits of insurance will not be reduced by the amount of any damages or "defense expenses" within the deductible amount.

4. The terms of this policy, including those with respect to:

a. Our right and duty with respect to the defense of claims or "suits"; and

b. Your duties in the event of a "wrongful act", claim or "suit";

apply irrespective of the application of the deductible amount.

5. If we settle a claim or "suit" for damages, or pay a judgment for damages awarded in a "suit", that are subject to a deductible, we may pay any part or all of the deductible amount. You will promptly reimburse us for such part of the deductible amount as we have paid.

6. If we pay "defense expenses" that are subject to a deductible, you will promptly reimburse us for such part of the deductible amount as we have paid.

7. If you do not reimburse us for a deductible amount that applies to damages or "defense expenses", and we are awarded the deductible amount we sought, or any part of that amount, in any legal proceeding against you, you agree to pay us the amount of the award and the following:

a. "Our deductible recovery expenses"; and

b. Interest, from the date of our notice of payment to you, on the deductible amount awarded to us.

SECTION V – PUBLIC ENTITY MANAGEMENT LIABILITY CONDITIONS

1. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

2. Duties In The Event Of A Wrongful Act, Claim Or Suit

a. You must see to it that we are notified as soon as practicable of a "wrongful act" which may result in a claim. To the extent possible, notice should include:

(1) How, when and where the "wrongful act" was committed;

(2) The names and addresses of any persons or organizations sustaining loss, and the names and addresses of any witnesses;

(3) The nature and location of any loss caused by the "wrongful act"; and

(4) The names and addresses of each insured that committed the "wrongful act".

b. If a claim or "suit" is made or brought against any insured, you must:

(1) Immediately record the specifics of the claim or "suit" and the date received; and

(2) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or "suit" as soon as practicable.

c. You and any other involved insured must:

(1) Immediately send us copies of any demands, notices, 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 or settlement of the claim or defense against the claim or "suit"; and

(4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of loss to which this insurance may also apply.

d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense without our consent.

e. The following provision applies to Paragraph a. above, but only for the purposes of the insurance provided under this Coverage Part to you or any insured listed in Paragraph **1.** or **2.** of Section **II** – Who Is An Insured:

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Notice to us of such "wrongful act" must be given as soon as practicable only after the "wrongful act" is known by you or any "described authorized person".

3. Legal Action Against Us

No person or organization has a right under this Coverage Part:

a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or

b. To sue us on this Coverage Part unless all of its 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, but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. As used in this provision, an agreed settlement means a settlement and release of liability signed by us, by the insured and by the claimant or the claimant's legal representative.

4. Other Insurance

If valid and collectible other insurance is available to the insured for a loss we cover under this Coverage Part, our obligations are limited as described in Paragraphs **a.** and **b.** below.

As used anywhere in this Coverage Part, other insurance means insurance, or the funding of losses, that is provided by, through or on behalf of:

(i) Another insurance company;

(ii) Us or any of our affiliated insurance companies;

(iii) Any risk retention group;

(iv) Any self-insurance method or program, including any failure to buy insurance, or decision to not buy insurance, for any reason, in which case the insured will be deemed to be the provider of other insurance; or

(v) Any similar risk transfer or risk management method.

Other insurance does not include umbrella insurance, or excess insurance, that was bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

a. Primary Insurance

This insurance is primary except when Paragraph **b.** below applies. If any other insurance is also primary, we will share with all that other insurance by the method described in Paragraph **c.** below.

b. Excess Insurance

This insurance is excess over any of the other insurance, whether primary, excess, contingent or on any other basis, that is available to "your boards", members of "your boards" or "employees" of "your boards".

When this insurance is excess, we will have no duty to defend the insured against any claim or "suit" if any provider of other insurance has a duty to defend the insured against that claim or "suit". If no provider of other insurance defends, we will undertake to do so, but we will be entitled to the insured's rights against all those providers of other insurance.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

(1) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and

(2) The total of all deductible and self-insured amounts under all such other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision.

c. Method Of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each provider of insurance contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, the share of each provider of insurance is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all providers of insurance.

5. Premium Computation

We will compute all premiums for this Coverage Part in accordance with our rules and rates.

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6. Representations

By accepting this policy, you agree:

a. The statements in the Declarations are accurate and complete;

b. Those statements are based upon representations you made to us; and

c. We have issued this policy in reliance upon your representations.

The unintentional omission of, or unintentional error in, any information provided by you which we relied upon in issuing this policy will not prejudice your rights under this insurance. However, this provision does not affect our right to collect additional premium or to exercise our rights of cancellation or nonrenewal in accordance with applicable insurance laws or regulations.

7. Separation Of Insureds

Except with respect to the limits of insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured shown in the Common Policy Declarations, this insurance applies:

a. As if each Named Insured were the only Named Insured; and

b. Separately to each insured against whom claim is made or "suit" is brought.

8. Transfer Of Rights Of Recovery Against Others To Us

If the insured has rights to recover from others all or part of any payment we have made under this Coverage Part in connection with a claim or "suit", those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring suit or initiate an alternative dispute resolution proceeding to enforce those rights, or will transfer those rights to us and help us enforce them.

We will apply any amounts recovered in enforcing those rights of recovery in the following order:

a. First, we will reimburse any person or organization (including us or the insured) any amount that person or organization has paid in excess of the limits of insurance.

b. Then, if there is any amount remaining, we will retain an amount equal to the amount we have paid under this Coverage Part in connection with the claim or "suit".

c. Finally, if there is any amount remaining, we will pay that amount to the insured, including any amounts within any applicable deductible or self-insured retention.

If any amounts are recovered in enforcing those rights of recovery, reasonable expenses incurred in enforcing such rights will be shared among all persons or organizations receiving amounts recovered. Each such person's or organization's share of those expenses is based on the ratio of its amount recovered to the total amounts recovered by all such persons or organizations in enforcing such rights.

If the insured has agreed in a contract or agreement to waive that insured's right of recovery against any person or organization, we waive our right of recovery against such person or organization, but only for payments we make because of loss caused by a "wrongful act" committed subsequent to the execution of the contract or agreement.

9. When We Do Not Renew

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Common Policy Declarations written notice of the nonrenewal not less than 30 days before the end of the policy period.

If such notice is mailed, proof of mailing will be sufficient proof of such notice.

SECTION VI - EXTENDED REPORTING PERIODS

1. We will provide one or more Extended Reporting Periods, as described below, if this Coverage Part is canceled or not renewed, or replaced or renewed by us with insurance that applies on other than a claims-made basis.

2. Extended Reporting Periods do not extend the policy period or change the scope of coverage provided. They apply only to claims or "suits" for loss caused by a "wrongful act" committed before the end of the policy period and after the Retroactive Date.

Once in effect, Extended Reporting Periods may not be canceled.

3. A Basic Extended Reporting Period is automatically provided without additional charge. This period starts with the end of the policy period and lasts for 90 days.

The Basic Extended Reporting Period does not apply to claims or "suits" that you purchase, or that would be covered under such insurance but for the exhaustion of its applicable limit of insurance.

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4. The Basic Extended Reporting Period does not reinstate or increase the limits of insurance.

5. A Supplemental Extended Reporting Period of 12 months is available, but only by an endorsement and for an extra charge. This supplemental period replaces the Basic Extended Reporting Period.

   The Supplemental Extended Reporting Period will not go into effect unless we receive all of the following within 90 days after the end of the policy period and you have fulfilled all other duties, and complied with all other conditions and requirements, under this policy:

   a. A written request from you to purchase the Supplemental Extended Reporting Period Endorsement;

   b. Full payment of the earned premium for this policy;

   c. Payment of the additional premium for the Supplemental Extended Reporting Period Endorsement; and

   d. Repayment of any deductible you owe us under this policy.

   We will determine the additional premium for that endorsement in accordance with our rules and rates. The additional premium will not exceed 75% of the annual premium for this Coverage Part.

   This endorsement will set forth the terms, not inconsistent with this Section **VI** - Extended Reporting Periods, applicable to the Supplemental Extended Reporting Period, including a provision to the effect that the insurance afforded for claims or "suits" first made or brought against any insured during such period is excess over any valid and collectible other insurance available under insurance in force after the Supplemental Extended Reporting Period starts.

6. The Supplemental Extended Reporting Period does not reinstate or increase the limits of insurance.

SECTION VII - DEFINITIONS

1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:

   a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and

   b. Regarding web-sites, only that part of a web-site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.

2. "Advertising injury" means injury, other than "personal injury", caused by one or more of the following offenses:

   a. Oral or written publication, including publication by electronic means, of material in your "advertisement" that slanders or libels a person or organization or disparages a person's or organization's goods, products or services, provided that the claim is made or the "suit" is brought by a person or organization that claims to have been slandered or libeled, or that claims to have had its goods, products or services disparaged;

   b. Oral or written publication, including publication by electronic means, of material in your "advertisement" that:

      (1) Appropriates a person's name, voice, photograph or likeness;

      (2) Unreasonably places a person in a false light; or

      (3) Discloses information about a person's private life; or

   c. Infringement of copyright, "title" or "slogan" in your "advertisement", provided that the claim is made or the "suit" is brought by a person or organization that claims ownership of such copyright, "title" or "slogan".

3. "Authorized user" includes your customer, supplier or supporter.

4. "Bodily injury" means:

   a. Physical harm, including sickness or disease, sustained by a person; or

   b. Mental anguish, injury or illness, or emotional distress, resulting at any time from such physical harm, sickness or disease.

5. "Computer virus" means malicious code that is introduced through your web-site or "your computer or communications network". Once introduced, such code may destroy, alter, contaminate or degrade the integrity, quality or performance of data of any computer application software, computer network, or computer operating system or related network.

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6. "Coverage territory" means:

a. The United States of America (including its territories and possessions), Puerto Rico and Canada;

b. All other countries or jurisdictions in the world except the "prohibited area"; or

c. International waters or airspace, unless the "wrongful act" is committed in the course of travel or transportation to, from or within the "prohibited area";

provided that the insured's responsibility to pay damages is determined in a "suit" on the merits brought in the territory described in Paragraph a. above or in a settlement we agree to.

7. "Defense expenses":

a. Means any of the following fees, costs or expenses which can be directly allocated to a particular claim or "suit":

(1) Fees of attorneys, or other authorized representatives where permitted, for legal services, whether by outside or staff representatives; or

(2) Court, alternative dispute resolution and other specific items of expense, whether incurred by an outside vendor or by one of our employees, including:

(a) Expert testimony;

(b) Autopsy;

(c) Witnesses and summonses;

(d) Copies of documents such as birth and death certificates and medical treatment records;

(e) Arbitration fees;

(f) Fees or costs for surveillance or other professional investigations which are conducted as part of handling of a claim or "suit"; and

(g) Fees or costs for loss prevention and engineering personnel for services which are conducted as part of handling of a claim or "suit".

b. Does not include:

(1) Our expenses, including salaries, overhead and traveling expenses of our employees, except for those fees, costs or expenses described in Paragraphs **a.(1)** and **a.(2)** above incurred while handling a claim or "suit"; or

(2) Fees paid to independent claims professionals or attorneys (hired to perform the function of claim investigation normally performed by claim adjusters), for developing and investigating a claim so that a determination can be made of the cause or extent of, or responsibility for, the loss, including evaluation and settlement of covered claims.

8. "Described authorized person" means:

a. Any of your elected or appointed officials,"executive officers" or directors;

b. Any member of "your boards"; or

c. Your risk manager, or any leader of your legal, finance, risk management or other department that is responsible for insurance matters.

9. "Discrimination" means any violation of a person's rights with respect to:

a. That person's race, color, national origin, religion, gender, marital status, age, sexual orientation, or physical or mental disability;

b. Any other class or characteristic afforded rights under any federal, state, or local law, rule, or regulation.

10. "Employee" includes a "leased worker". "Employee" does not include a prisoner employed by any insured.

11. "Employment loss" means:

a. Employment-related harm to any of your current, former or prospective "employees";

b. Harm to any of your current, former or prospective "volunteer workers" in connection with their "volunteer worker" status; or

c. Harm to any of your current or former "independent contractors" in connection with their "independent contractor" status.

12. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.

13. "Harassment" means any unwelcome sexual advance, request for any sexual favor, or other verbal, visual or physical conduct of a sexual or non-sexual nature, when such conduct:

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a. Is connected to a decision affecting a person's job performance for you or a person's performance of duties related to the conduct of your business;

b. Interferes with a person's job performance for you or a person's performance of duties related to the conduct of your business; or

c. Creates an intimidating, hostile, or offensive working environment affecting a person's job performance for you or a person's performance of duties related to the conduct of your business.

14. "Hazardous properties" includes radioactive, toxic or explosive properties.

15. "Independent contractor" means any person who is not the insured's "employee" or "volunteer worker", but who performs duties related to the conduct of the insured's business because of a contract or agreement between the insured and that person for specified services.

16. "Joint powers authority" means any organization formed by two or more public entities that have agreed in a contract or agreement to jointly exercise any power common to them.

17. "Law enforcement activities or operations":

a. Means any of the official activities or operations of your police department, sheriff agency or other public safety organization, other than a fire district or department, that enforces the law and protects persons or property; and

b. Includes:

(1) Ownership, maintenance or use of a premises that you own, rent or borrow in order to conduct such activities or operations;

(2) Ownership or operation of any of your jails, penal institutions or similar facilities;

(3) Providing first aid at the time of an accident, crime or medical emergency;

(4) Providing school security; and

(5) "Moonlighting".

18. "Leased worker" means a person hired from a labor leasing firm under an agreement between the hirer and that firm to perform duties related to the conduct of the hirer's business.

19. "Moonlighting" means any secondary employment, or extra-duty assignment, approved by your police department, sheriff agency or other public safety organization that enforces the law and protects persons or property.

20. "Network and information security wrongful act" means any of the following committed by or on behalf of an insured in the conduct of your business:

a. Failure to prevent the transmission of a "computer virus".

b. Failure to provide any "authorized user" of your web-site or "your computer or communications network" with access to such website or such computer or communications network.

c. Failure to prevent unauthorized access to, or use of, electronic data containing private or confidential information of others.

21. "Nuclear material" means any of the following materials defined in the Federal Atomic Energy Act or any of its amendments:

a. Source material;

b. Special nuclear material; or

c. By-product material.

22. "Our deductible recovery expenses" means all fees, costs and expenses incurred by us and our attorneys to recover a deductible amount in a legal proceeding brought by us against you. But if the deductible amount awarded to us is less than the full amount of the deductible payment we sought, "our deductible recovery expenses" will be a proportional amount based on the ratio of the deductible amount awarded to the full amount of the deductible payment we sought.

23. "Personal injury" means injury, other than "advertising injury", caused by one or more of the following offenses:

a. False arrest, detention or imprisonment;

b. Malicious prosecution;

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

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d. Oral or written publication, including publication by electronic means, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services, provided that the claim is made or the "suit" is brought by a person or organization that claims to have been slandered or libeled, or that claims to have had its goods, products or services disparaged; or

e. Oral or written publication, including publication by electronic means, of material that:

(1) Appropriates a person's name, voice, photograph or likeness;

(2) Unreasonably places a person in a false light; or

(3) Discloses information about a person's private life.

24. "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.

25. "Professional health care services" includes:

a. Any medical, surgical, dental, laboratory, x-ray or nursing services, treatment, advice or instruction, or the re lated furnishing of food or beverages;

b. The furnishing or dispensing of drugs or medical, dental or surgical supplies or appliances;

c. The handling or treatment of corpses, including autopsies, organ donations and other postmortem procedures;

d. Any health or therapeutic service, treatment, advice or instruction;

e. Any service, treatment, advice or instruction for the purpose of appearance or skin enhancement, hair removal or replacement or personal grooming;

f. Any psychiatric, psychological or emotional counseling service, treatment, advice or instruction; or

g. The service by any person as a member of a formal accreditation, standards review, peer review or equivalent professional board or committee or member of any professional organization or committee.

26. "Prohibited area" means any country or jurisdiction while any trade sanction, embargo or similar regulation imposed by the United States of America applies to and prohibits the transaction of business with or within such country or jurisdiction.

27. "Property damage" means:

a. Physical damage to tangible property of others, including all resulting loss of use of that property; or

b. Loss of use of tangible property of others that is not physically damaged.

For the purposes of this insurance, data, including information, facts or programs in any electronic or other format, is not tangible property.

28. "Related wrongful acts" means two or more "wrongful acts" that have as a common connection, tie or link any fact, circumstance, situation, event, transaction, cause, or series of related facts, circumstances, situations, events, transactions or causes.

29. "Retaliatory action" includes any action directed at any person that is in response to that person's:

a. Exercising any legally afforded right;

b. Supporting in any way another person's exercise of any legally afforded right;

c. Participating in any strike or lockout;

d. Making any claim or "suit" against you or any other insured;

e. Testifying against you or any other insured in any legal proceeding;

f. Declining to perform any illegal or unethical act; or

g. Threatened or actual reporting of any illegal operations or activities actually or allegedly conducted within your business.

30. "Slogan" means a phrase that others use for the purpose of attracting attention in their advertising.

31. "Suit" means a civil proceeding that seeks damages. "Suit" includes:

a. An arbitration proceeding that seeks damages and to which the insured must submit or submits with our consent; and

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b. Any other alternative dispute resolution proceeding that seeks damages and to which the insured submits with our consent.

32. "Title" means a name of a literary or artistic work.

33. "Volunteer worker" means a person, other than a prisoner, who:

a. Is not acting within the scope of his or her employment as an "employee";

b. Donates his or her work; and

c. Is not paid a fee, salary or other compensation for that work.

34. "Wrongful act" means any act, error or omission.

35. "Wrongful employment practice offense" means any of the following offenses committed by or on behalf of an insured in the conduct of your business:

a. "Discrimination" against any of your current, former or prospective "employees" or "volunteer workers";

b. Wrongful termination of any of your current, former or prospective "employees" or "volunteer workers";

c. "Harassment" of any of your current, former or prospective "employees" or "volunteer workers", or current or former "independent contractors";

d. "Retaliatory action" against any or your current, former or prospective "employees" or "volunteer workers";

e. Wrongful, excessive, or unfair discipline of any of your current, former or prospective "employees" or "volunteer workers";

f. Wrongful hiring, supervision, or demotion of, or failure to promote, any of your current, former or prospective "employees" or "volunteer workers"; or

g. Misrepresentation to, or defamation, libel, slander, disparagement or invasion of privacy of, any of your current, former or prospective "employees" or "volunteer workers".

36. "Your boards":

a. Means any board, commission, or other governmental unit or department that:

(1) Is under your jurisdiction; and

(2) Is funded and operated as part of your total operating budget.

b. Does not include any "joint powers authority".

37. "Your computer or communications network" means any computer or communications network that you rent, lease, license, or borrow from others, own or operate.

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PUBLIC ENTITY EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE FORM

THIS INSURANCE PROVIDES CLAIMS-MADE COVERAGE. DEFENSE EXPENSES ARE PAYABLE WITHIN, AND ARE NOT IN ADDITION TO, THE LIMITS OF INSURANCE. PAYMENT OF DEFENSE EXPENSES WILL REDUCE THE LIMITS OF INSURANCE. PLEASE READ THE ENTIRE FORM CAREFULLY.

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Common Policy Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the company providing this insurance.

The word "insured" means any person or organization qualifying as such under Section **II** - Who Is An Insured.

The words "policy period" mean the Policy Period shown in the Declarations of this Coverage Part.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **VII** - Definitions.

SECTION I - PUBLIC ENTITY EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE

1. Insuring Agreement

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "employment loss" to which this insurance applies. We will have the right and duty to defend the insured against any claim or "suit" seeking those damages. However, we will have no duty to defend the insured against any claim or "suit" seeking damages because of "employment loss" to which this insurance does not apply.

We will also have the right and duty to defend the insured against any "suit" that is a "governmental administrative proceeding" seeking injunctive relief for "employment loss" to which this insurance applies. However, we will have no duty to defend the insured against any "suit" that is a "governmental administrative proceeding" seeking injunctive relief for "employment loss" to which this insurance does not apply. For the purposes of our right and duty to defend the insured under this paragraph, a "suit" that is a "governmental administrative proceeding" seeking injunctive relief for "employment loss" will be deemed to be a "suit" by a person or organization that seeks damages because of such "employment loss".

When we defend a claim or "suit" against an insured, we will pay reasonable "defense expenses". Payment of such "defense expenses" will reduce the available limits of insurance. We may, at our discretion, investigate any "wrongful employment practice offense" or claim and settle any claim or "suit". But:

(1) The amount we will pay for damages or "defense expenses" is limited as described in Section **III** - Limits Of Insurance; and

(2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments, settlements or "defense expenses".

We will have no other obligation or liability to pay sums or perform acts or services unless explicitly provided for under Supplementary Payments.

Damages include the attorneys' fees of the person or organization making a claim or bringing a "suit" if such fees are awarded, or paid in a settlement, for "employment loss" to which this insurance applies.

b. This insurance applies to "employment loss" only if:

(1) The "employment loss" is caused by a "wrongful employment practice offense" committed in the "coverage territory";

(2) The "wrongful employment practice offense" was not committed before the Retroactive Date shown in the Declarations of this Coverage Part or after the end of the policy period; and

(3) A claim or "suit" by a person or

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organization that seeks damages because of the "employment loss" is first made or brought against any insured, in accordance with Paragraph **c.** below, during the policy period or any Extended Reporting Period we provide under Section **VI** - Extended Reporting Periods.

c. A claim or "suit" by a person or organization that seeks damages will be deemed to have been first made or brought against any insured at the earlier of the following times:

(1) When we or any "described authorized person" first receives written notice of such claim or "suit", whichever is first; or

(2) When we first receive written notice from any insured of a specific "wrongful employment practice offense" that caused the "employment loss" which resulted in such claim or "suit".

All claims or "suits" that seek damages because of "employment loss" caused by the same "wrongful employment practice offense" or "related wrongful employment practice offenses" will be deemed to have been first made or brought against any insured at the time the first of those claims or "suits" is first made or brought against any insured.

d. A claim or "suit" by a person or organization that seeks damages will be deemed to have been first made or brought at the time we receive written notice from any insured of a specific "wrongful employment practice offense" only if that notice contains all of the following information:

(1) How, when and where the "wrongful employment practice offense" was committed;

(2) The names and addresses of any persons or organizations sustaining "employment loss", and the names and addresses of any witnesses;

(3) The nature and location of any "employment loss" caused by the "wrongful employment practice offense"; and

(4) The names and addresses of each insured that committed the "wrongful employment practice offense".

Notice to us that:

(1) All or part of one or more of any insured's acts or omissions may in the future be discovered to be a "wrongful employment practice offense"; or

(2) Any insured may in the future receive written notice of a "wrongful employment practice offense", claim or "suit";

is not notice of a specific "wrongful employment practice offense".

e. If no Retroactive Date is shown in the Declarations of this Coverage Part, the Retroactive Date will be deemed to be the first day of the policy period.

f. Each "wrongful employment practice offense" in a series of "related wrongful employment practice offenses" will be deemed to have been committed on the date the first "wrongful employment practice offense" in that series is committed.

2. Exclusions

This insurance does not apply to:

a. Boards, Commissions, Or Governmental Units Or Departments

"Employment loss" arising out of any activities or operations of the following boards, commissions, or governmental units or departments:

(1) Airports;

(2) Electric or gas utilities;

(3) Health care facilities, including clinics, hospitals, nursing homes, rehabilitation facilities or blood banks;

(4) Housing authorities;

(5) Port authorities;

(6) Schools or school districts; or

(7) Transit authorities.

b. Bodily Injury Or Property Damage

"Bodily injury" or "property damage".

c. Breach Of Contract

"Employment loss" arising out of the breach of any written contract or agreement.

d. Contractual Liability

"Employment loss" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement.

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This exclusion does not apply to "employment loss" for which the insured would have liability for damages without the contract or agreement.

e. Criminal, Dishonest, Fraudulent, Or Malicious Wrongful Employment Practice Offenses Or Knowing Violations Of Rights Or Laws

"Employment loss" arising out of any criminal, dishonest, fraudulent, or malicious "wrongful employment practice offense", or any knowing violation of rights or laws, committed:

(1) By the insured; or

(2) With the consent or knowledge of the insured.

This exclusion does not apply to our duty to defend that insured until it has been determined or admitted in a legal proceeding that such "wrongful employment practice offense" or knowing violation was committed:

(1) By that insured; or

(2) With the consent or knowledge of that insured.

f. Employment Termination Or Relocation Due To Operational Decisions

"Employment loss" arising out of any termination of employment, "independent contractor" status or "volunteer worker" status, or any job relocation or reassignment, that is necessary because you have:

(1) Filed for bankruptcy protection, or been placed in receivership or liquidation;

(2) Merged with, acquired, or been acquired by another entity; or

(3) Transferred any part of your operations to another entity.

g. Fines Or Penalties

Any fine or penalty imposed by law or regulation, or that any insured has agreed to pay for any reason.

This exclusion does not apply to punitive or exemplary damages.

h. Injunctive Relief

Any loss, cost or expense arising out of complying with any injunctive or other non-monetary relief or any agreement to provide such relief.

This exclusion does not apply to our duty to defend the insured against a "suit" that is a "governmental administrative proceeding".

i. Known Wrongful Employment Practice Offenses

"Employment loss" arising out of any "wrongful employment practice offense", including any part of "related wrongful employment practice offenses", that any "described authorized person" knew about before the first date we or any of our affiliated insurance companies have continuously provided this or similar coverage to you.

A "described authorized person" will be deemed to know about a "wrongful employment practice offense" at the earliest time when such "described authorized person":

(1) Reports all, or any part, of the "wrongful employment practice offense" to us or any provider of other insurance;

(2) Receives a written or verbal demand or claim for damages because of the "wrongful employment practice offense"; or

(3) Becomes aware by any other means that all, or any part, of the "wrongful employment practice offense" has been committed.

j. Multiplied Damages

The portion of any multiplied damage award that exceeds the amount multiplied.

k. Other Employment Laws

"Employment loss" arising out of any violation of any of the duties or responsibilities required of you as an employer by the following laws, amendments to those laws, rules or regulations:

(1) Fair Labor Standards Act, except the Equal Pay Act;

(2) National Labor Relations Act;

(3) Worker Adjustment and Retraining Notification Act;

(4) Consolidated Omnibus Budget Reconciliation Act of 1985;

(5) Occupational Safety and Health Act; or

(6) Employee Retirement Income Security Act of 1974.

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This exclusion does not apply to "employment loss" that arises out of "retaliatory action" against any of your "employees" for the "employee's" exercising of rights afforded by such laws.

l. Strikes Or Lockouts

"Employment loss" to any of your "employees":

(1) On strike or locked out; or

(2) Temporarily or permanently replaced;

due to any labor dispute, including breach of a collective bargaining agreement.

This exclusion does not apply to "employment loss" that arises out of "retaliatory action" taken in response to any of your "employees" for participating in any strike or lockout.

m. Workers' Compensation And Similar Laws

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

SUPPLEMENTARY PAYMENTS

We will pay, with respect to any claim we are investigating, any claim or "suit" we settle or any claim or "suit" against an insured we are defending:

1. All expenses, other than "defense expenses", we incur.

2. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We will not be the principal under these bonds, and we do not have to furnish these bonds.

3. All reasonable expenses incurred at our request by the insured who is an individual to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings of up to $500 a day by that individual because of time off from work.

4. All costs taxed against the insured in the "suit" for that part of the judgment we pay, except attorneys' fees of the person or organization bringing the "suit".

5. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.

6. 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 the applicable limit of insurance. If we do not pay part of the judgment for any reason other than it is more than the applicable limit of insurance, we will not pay any interest that accrues on that portion of the judgment.

7. The cost of any required appeal bond for any judgment that we appeal, but only for bond amounts for that part of the judgment that is for damages to which this insurance applies and which are within the applicable limit of insurance. We will pay, or reimburse the insured for, the cost of a higher appeal bond amount if we are required to do so under the law that applies. We will not be the principal under any appeal bond, and we do not have to furnish any appeal bond.

These payments will not reduce the limits of insurance.

Our duty to make such payments ends when we have used up the applicable limit of insurance in the payment of judgments, settlements or "defense expenses".

SECTION II - WHO IS AN INSURED

1. If you are designated in the Common Policy Declarations as a public entity, you are an insured. "Your boards" are also insureds. Your lawfully elected or appointed officials, "executive officers" or directors are also insureds, but only with respect to their duties as your elected or appointed officials, "executive officers" or directors.

2. Each of the following is also an insured:

a. Your "volunteer workers", but only while performing duties related to the conduct of your business, and your "employees", but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business.

b. Members of "your boards", but only for the conduct of their duties for you or for "your boards". "Employees" of "your boards" are also insureds, but only for work done within the scope of their employment by "your boards", or their performance of duties related to the conduct of the operations of "your boards".

c. Any legal representative of an insured that has died, or become mentally incompetent, insolvent or bankrupt, but only with respect

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to duties as such. That representative will have all the rights and duties of such insured under this Coverage Part.

3. Any of your lawfully elected or appointed officials, "executive officers", directors or "employees", or any members of "your boards", appointed at your request to serve with an outside tax exempt entity will be deemed to be acting within the scope of their duties for you.

SECTION III - LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations of this Coverage Part and the rules below fix the most we will pay regardless of the number of:

a. Insureds;

b. Claims made or "suits" brought; or

c. Persons or organizations making claims or bringing "suits".

The limits of insurance will not be reduced by the payment of the applicable deductible amount.

2. The Aggregate Limit is the most we will pay for the sum of all damages and "defense expenses" for the combined total of all claims or "suits" for "employment loss".

If no amount is shown for the Aggregate Limit in the Declarations of this Coverage Part, the Aggregate Limit will be the higher of the Each Wrongful Employment Practice Offense Limit or $100,000.

3. Subject to Paragraph **2.** above, the Each Wrongful Employment Practice Offense Limit is the most we will pay for the sum of all damages and "defense expenses" for all claims or "suits" for "employment loss" caused by the same "wrongful employment practice offense" or "related wrongful employment practice offenses".

The limits of insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed to be part of the last preceding annual or remaining period for the purposes of determining the limits of insurance.

SECTION IV - DEDUCTIBLE

1. The Each Wrongful Employment Practice Offense Deductible shown in the Declarations of this Coverage Part and the rules below fix the amount of damages and "defense expenses" incurred by, or on behalf of, you or any insured that you will be responsible for paying, regardless of the number of:

a. Insureds;

b. Claims made or "suits" brought; or

c. Persons or organizations making claims or bringing "suits".

The Each Wrongful Employment Practice Offense Deductible does not apply to payments we make under Supplementary Payments.

2. The Each Wrongful Employment Practice Offense Deductible applies to all damages and "defense expenses" for all claims or "suits" for "employment loss" caused by the same "wrongful employment practice offense" or "related wrongful employment practice offenses".

3. The applicable limits of insurance will not be reduced by the amount of any damages or "defense expenses" within the deductible amount.

4. The terms of this policy, including those with respect to:

a. Our right and duty with respect to the defense of claims or "suits"; and

b. Your duties in the event of a "wrongful employment practice offense", claim or "suit";

apply irrespective of the application of the deductible amount.

5. If we settle a claim or "suit" for damages, or pay a judgment for damages awarded in a "suit", that are subject to a deductible, we may pay any part or all of the deductible amount. You will promptly reimburse us for such part of the deductible amount as we have paid.

6. If we pay "defense expenses" that are subject to a deductible, you will promptly reimburse us for such part of the deductible amount as we have paid.

7. If you do not reimburse us for a deductible amount that applies to damages or "defense expenses", and we are awarded the deductible amount we sought, or any part of that amount, in any legal proceeding against you, you agree to pay us the amount of the award and the following:

a. "Our deductible recovery expenses"; and

b. Interest, from the date of our notice of payment to you, on the deductible amount awarded to us.

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SECTION V – PUBLIC ENTITY EMPLOYMENT-RELATED PRACTICES LIABILITY CONDITIONS

1. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

2. Duties In The Event Of A Wrongful Employment Practice Offense, Claim Or Suit

a. You must see to it that we are notified as soon as practicable of a "wrongful employment practice offense" which may result in a claim. To the extent possible, notice should include:

(1) How, when and where the "wrongful employment practice offense" was committed;

(2) The names and addresses of any persons or organizations sustaining "employment loss", and the names and addresses of any witnesses;

(3) The nature and location of any "employment loss" caused by the "wrongful employment practice offense"; and

(4) The names and addresses of each insured that committed the "wrongful employment practice offense".

b. If a claim or "suit" is made or brought against any insured, you must:

(1) Immediately record the specifics of the claim or "suit" and the date received; and

(2) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or "suit" as soon as practicable.

c. You and any other involved insured must:

(1) Immediately send us copies of any demands, notices, 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 or settlement of the claim or defense against the claim or "suit"; and

(4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of "employment loss" to which this insurance may also apply.

d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense without our consent.

e. The following provision applies to Paragraph **a.** above, but only for the purposes of the insurance provided under this Coverage Part to you or any insured listed in Paragraph **1.** or **2.** of Section **II** – Who Is An Insured:

Notice to us of such "wrongful employment practice offense" must be given as soon as practicable only after the "wrongful employment practice offense" is known by you or any "described authorized person".

3. Legal Action Against Us

No person or organization has a right under this Coverage Part:

a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or

b. To sue us on this Coverage Part unless all of its 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, but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. As used in this provision, an agreed settlement means a settlement and release of liability signed by us, by the insured and by the claimant or the claimant's legal representative.

4. Other Insurance

If valid and collectible other insurance is available to the insured for a loss we cover under this Coverage Part, our obligations are limited as described in Paragraphs **a.** and **b.** below.

As used anywhere in this Coverage Part, other insurance means insurance, or the funding of losses, that is provided by, through or on behalf of:

(i) Another insurance company;

(ii) Us or any of our affiliated insurance companies;

(iii) Any risk retention group;

(iv) Any self-insurance method or program, including any failure to buy insurance, or

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decision to not buy insurance, for any reason, in which case the insured will be deemed to be the provider of other insurance; or

(v) Any similar risk transfer or risk management method.

Other insurance does not include umbrella insurance, or excess insurance, that was bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

a. Primary Insurance

This insurance is primary except when Paragraph **b.** below applies. If any other insurance is also primary, we will share with all that other insurance by the method described in Paragraph **c.** below.

b. Excess Insurance

This insurance is excess over any of the other insurance, whether primary, excess, contingent or on any other basis, that is available to "your boards", members of "your boards" or "employees" of "your boards".

When this insurance is excess, we will have no duty to defend the insured against any claim or "suit" if any provider of other insurance has a duty to defend the insured against that claim or "suit". If no provider of other insurance defends, we will undertake to do so, but we will be entitled to the insured's rights against all those providers of other insurance.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

(1) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and

(2) The total of all deductible and self-insured amounts under all such other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision.

c. Method Of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each provider of insurance contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, the share of each provider of insurance is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all providers of insurance.

5. Premium Computation

We will compute all premiums for this Coverage Part in accordance with our rules and rates.

6. Representations

By accepting this policy, you agree:

a. The statements and representations made in your application for employment practices liability insurance, and in all materials submitted in connection with it, are accurate and complete;

b. The statements in the Declarations are accurate and complete;

c. Those statements are based upon representations you made to us; and

d. We have issued this policy in reliance upon your representations.

The unintentional omission of, or unintentional error in, any information provided by you which we relied upon in issuing this policy will not prejudice your rights under this insurance. However, this provision does not affect our right to collect additional premium or to exercise our rights of cancellation or nonrenewal in accordance with applicable insurance laws or regulations.

7. Separation Of Insureds

Except with respect to the limits of insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured shown in the Common Policy Declarations, this insurance applies:

a. As if each Named Insured were the only Named Insured; and

b. Separately to each insured against whom claim is made or "suit" is brought.

8. Transfer Of Control Of Defense

Before the available limit of insurance is used up, you may take over control of the defense,

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including the appeal, of any outstanding claim or "suit" previously reported to us if:

a. We and you agree; or

b. A court orders you to do so.

If the available limit of insurance is used up, we will notify you as soon as practicable of all outstanding claims or "suits", so you can arrange to take over control of their defense.

We agree to take whatever steps are necessary during a transfer of control of defense of an outstanding claim or "suit" to continue that defense and avoid a default judgment during such transfer. When we take such steps, you agree that we do not waive or give up any of our rights. You also agree to repay the reasonable expenses we incur for such steps taken after the available limit of insurance is used up.

9. Transfer Of Rights Of Recovery Against Others To Us

If the insured has rights to recover from others all or part of any payment we have made under this Coverage Part in connection with a claim or "suit", those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring suit or initiate an alternative dispute resolution proceeding to enforce those rights, or will transfer those rights to us and help us enforce them.

We will apply any amounts recovered in enforcing those rights of recovery in the following order:

a. First, we will reimburse any person or organization (including us or the insured) any amount that person or organization has paid in excess of the limits of insurance.

b. Then, if there is any amount remaining, we will retain an amount equal to the amount we have paid under this Coverage Part in connection with the claim or "suit".

c. Finally, if there is any amount remaining, we will pay that amount to the insured, including any amounts within any applicable deductible or self-insured retention.

If any amounts are recovered in enforcing those rights of recovery, reasonable expenses incurred in enforcing such rights will be shared among all persons or organizations receiving amounts recovered. Each such person's or organization's share of those expenses is based on the ratio of its amount recovered to the total amounts recovered by all such persons or organizations in enforcing such rights.

If the insured has agreed in a contract or agreement to waive that insured's right of recovery against any person or organization, we waive our right of recovery against such person or organization, but only for payments we make because of "employment loss" caused by a "wrongful employment practice offense" committed subsequent to the execution of the contract or agreement.

10. When We Do Not Renew

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Common Policy Declarations written notice of the nonrenewal not less than 30 days before the end of the policy period.

If such notice is mailed, proof of mailing will be sufficient proof of such notice.

11. Endorsements Applicable To Employment-Related Practices Liability Coverage Part

Any endorsement to this policy that states that it modifies insurance provided under the Employment-Related Practices Liability Coverage Part will be deemed to modify the insurance provided under this Coverage Part.

SECTION VI - EXTENDED REPORTING PERIODS

1. We will provide one or more Extended Reporting Periods, as described below, if this Coverage Part is canceled or not renewed, or replaced or renewed by us with insurance that applies on other than a claims-made basis.

2. Extended Reporting Periods do not extend the policy period or change the scope of coverage provided. They apply only to claims or "suits" for "employment loss" caused by a "wrongful employment practice offense" committed before the end of the policy period and after the Retroactive Date.

Once in effect, Extended Reporting Periods may not be canceled.

3. A Basic Extended Reporting Period is automatically provided without additional charge. This period starts with the end of the policy period and lasts for 90 days.

The Basic Extended Reporting Period does not apply to claims or "suits" that are covered under any future insurance you purchase, or that would be covered under such insurance but for the exhaustion of its applicable limit of insurance.

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4. The Basic Extended Reporting Period does not reinstate or increase the limits of insurance.

5. A Supplemental Extended Reporting Period of 12 months is available, but only by an endorsement and for an extra charge. This supplemental period replaces the Basic Extended Reporting Period.

   The Supplemental Extended Reporting Period will not go into effect unless we receive all of the following within 90 days after the end of the policy period and you have fulfilled all other duties, and complied with all other conditions and requirements, under this policy:

   a. A written request from you to purchase the Supplemental Extended Reporting Period Endorsement;

   b. Full payment of the earned premium for this policy;

   c. Payment of the additional premium for the Supplemental Extended Reporting Period Endorsement; and

   d. Repayment of any deductible you owe us under this policy.

   We will determine the additional premium for that endorsement in accordance with our rules and rates. The additional premium will not exceed 75% of the annual premium for this Coverage Part.

   This endorsement will set forth the terms, not inconsistent with this Section **VI** - Extended Reporting Periods, applicable to the Supplemental Extended Reporting Period, including a provision to the effect that the insurance afforded for claims or "suits" first made or brought against any insured during such period is excess over any valid and collectible other insurance available under insurance in force after the Supplemental Extended Reporting Period starts.

6. The Supplemental Extended Reporting Period does not reinstate or increase the limits of insurance.

SECTION VII - DEFINITIONS

1. "Bodily injury" means:

   a. Physical harm, including sickness or disease, sustained by a person; or

   b. Mental anguish, injury or illness, or emotional distress, resulting at any time from such physical harm, sickness or disease.

2. "Coverage territory" means:

   a. The United States of America (including its territories and possessions), Puerto Rico and Canada;

   b. All other countries or jurisdictions in the world except the "prohibited area"; or

   c. International waters or airspace, unless the "employment loss" is caused by a "wrongful employment practice offense" committed in the course of travel or transportation to, from or within the "prohibited area";

   provided that the insured's responsibility to pay damages is determined in a "suit" on the merits brought in the territory described in Paragraph **a.** above or in a settlement we agree to.

3. "Defense expenses":

   a. Means any of the following fees, costs or expenses which can be directly allocated to a particular claim or "suit":

      (1) Fees of attorneys, or other authorized representatives where permitted, for legal services, whether by outside or staff representatives; or

      (2) Court, alternative dispute resolution and other specific items of expense, whether incurred by an outside vendor or by one of our employees, including:

         (a) Expert testimony;

         (b) Autopsy;

         (c) Witnesses and summonses;

         (d) Copies of documents such as birth and death certificates and medical treatment records;

         (e) Arbitration fees;

         (f) Fees or costs for surveillance or other professional investigations which are conducted as part of handling of a claim or "suit"; and

         (g) Fees or costs for loss prevention and engineering personnel for services which are conducted as part of handling of a claim or "suit".

   b. Does not include:

      (1) Our expenses, including salaries, overhead and traveling expenses of our employees, except for those fees, costs or expenses described in Paragraphs **a.(1)** and **a.(2)** above incurred while handling a claim or "suit"; or

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(2) Fees paid to independent claims professionals or attorneys (hired to perform the function of claim investigation normally performed by claim adjusters), for developing and investigating a claim so that a determination can be made of the cause or extent of, or responsibility for, the "employment loss", including evaluation and settlement of covered claims.

4. "Described authorized person" means:

a. Any of your elected or appointed officials, "executive officers" or directors;

b. Any member of "your boards"; or

c. Your risk manager, or any leader of your legal, finance, risk management or other department that is responsible for insurance matters.

5. "Discrimination" means any violation of a person's rights with respect to:

a. That person's race, color, national origin, religion, gender, marital status, age, sexual orientation, or physical or mental disability;

b. Any other class or characteristic afforded rights under any federal, state, or local law, rule, or regulation.

6. "Employee" includes a "leased worker". "Employee" does not include a prisoner employed by any insured.

7. "Employment loss" means:

a. Employment-related harm to any of your current, former or prospective "employees";

b. Harm to any of your current, former or prospective "volunteer workers" in connection with their "volunteer worker" status; or

c. Harm to any of your current or former "independent contractors" in connection with their "independent contractor" status.

8. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.

9. "Governmental administrative proceeding" means any administrative proceeding or hearing conducted by a governmental agency having the proper legal authority to conduct such proceeding or hearing.

10. "Harassment" means any unwelcome sexual advance, request for any sexual favor, or other verbal, visual or physical conduct of a sexual or non-sexual nature, when such conduct:

a. Is connected to a decision affecting a person's job performance for you or a person's performance of duties related to the conduct of your business;

b. Interferes with a person's job performance for you or a person's performance of duties related to the conduct of your business; or

c. Creates an intimidating, hostile, or offensive working environment affecting a person's job performance for you or a person's performance of duties related to the conduct of your business.

11. "Independent contractor" means any person who is not the insured's "employee" or "volunteer worker", but who performs duties related to the conduct of the insured's business because of a contract or agreement between the insured and that person for specified services.

12. "Joint powers authority" means any organization formed by two or more public entities that have agreed in a contract or agreement to jointly exercise any power common to them.

13. "Leased worker" means a person hired from a labor leasing firm under an agreement between the hirer and that firm to perform duties related to the conduct of the hirer's business.

14. "Our deductible recovery expenses" means all fees, costs and expenses incurred by us and our attorneys to recover a deductible amount in a legal proceeding brought by us against you. But if the deductible amount awarded to us is less than the full amount of the deductible payment we sought, "our deductible recovery expenses" will be a proportional amount based on the ratio of the deductible amount awarded to the full amount of the deductible payment we sought.

15. "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.

16. "Prohibited area" means any country or jurisdiction while any trade sanction, embargo or similar regulation imposed by the United States of America applies to and prohibits the transaction of business with or within such country or jurisdiction.

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17. "Property damage" means:

a. Physical damage to tangible property of others, including all resulting loss of use of that property; or

b. Loss of use of tangible property of others that is not physically damaged.

For the purposes of this insurance, data, including information, facts or programs in any electronic or other format, is not tangible property.

18. "Related wrongful employment practice offenses" means two or more "wrongful employment practice offenses" that have as a common connection, tie or link any fact, circumstance, situation, event, transaction, cause, or series of related facts, circumstances, situations, events, transactions or causes.

19. "Retaliatory action" includes any action directed at any person that is in response to that person's:

a. Exercising any legally afforded right;

b. Supporting in any way another person's exercise of any legally afforded right;

c. Participating in any strike or lockout;

d. Making any claim or "suit" against you or any other insured;

e. Testifying against you or any other insured in any legal proceeding;

f. Declining to perform any illegal or unethical act; or

g. Threatened or actual reporting of any illegal operations or activities actually or allegedly conducted within your business.

20. "Suit" means:

a. A civil proceeding that seeks damages, including:

(1) An arbitration proceeding that seeks damages and to which the insured must submit or submits with our consent; and

(2) Any other alternative dispute resolution proceeding that seeks damages and to which the insured submits with our consent; and

b. Any "governmental administrative proceeding".

21. "Volunteer worker" means a person, other than a prisoner, who:

a. Is not acting within the scope of his or her employment as an "employee";

b. Donates his or her work; and

c. Is not paid a fee, salary or other compensation for that work.

22. "Wrongful employment practice offense" means any of the following offenses committed by or on behalf of an insured in the conduct of your business:

a. "Discrimination" against any of your current, former or prospective "employees" or "volunteer workers";

b. Wrongful termination of any of your current, former or prospective "employees" or "volunteer workers";

c. "Harassment" of any of your current, former or prospective "employees" or "volunteer workers", or current or former "independent contractors";

d. "Retaliatory action" against any or your current, former or prospective "employees" or "volunteer workers";

e. Wrongful, excessive, or unfair discipline of any of your current, former or prospective "employees" or "volunteer workers";

f. Wrongful hiring, supervision, or demotion of, or failure to promote, any of your current, former or prospective "employees" or "volunteer workers"; or

g. Misrepresentation to, or defamation, libel, slander, disparagement or invasion of privacy of, any of your current, former or prospective "employees" or "volunteer workers".

23. "Your boards":

a. Means any board, commission, or other governmental unit or department that:

(1) Is under your jurisdiction; and

(2) Is funded and operated as part of your total operating budget.

b. Does not include any "joint powers authority".

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FUNGI OR BACTERIA EXCLUSION

This endorsement modifies insurance provided under the following:

LAW ENFORCEMENT LIABILITY COVERAGE PART

A. The following exclusion is added to Paragraph **2., Exclusions,** of **Section - LAW ENFORCEMENT LIABILITY COVERAGE:**

Fungi Or Bacteria

a. "Bodily injury", "property damage" or "personal injury" which would not have occurred or taken place, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.

b. Any loss, cost or expenses arising out of the abating, 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, "fungi" or bacteria, by any insured or by any other person or entity.

This exclusion does not apply to any "fungi" or bacteria that are, are on, or are contained in, a good or product intended for consumption.

B. The following is added to the **DEFINITIONS** Section:

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

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POLICY NUMBER: ZLP-41N26370-24-PB ISSUE DATE: 07/11/24

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDMENT OF COVERAGE - NON-EMPLOYMENT-RELATED SEXUAL HARASSMENT

This endorsement modifies insurance provided under the following:

EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART

SCHEDULE - ADDITIONAL LAW ENFORCEMENT ACTIVITIES OR OPERATIONS - EXCEPTION TO NON-EMPLOYMENT-RELATED SEXUAL HARASSMENT

PROVISIONS

1. The following is added to the definition of "wrongful employment practice offense" in the **DEFINITIONS** Section:

"Wrongful employment practice offense" also means "non-employment-related sexual harassment" committed by or on behalf of an insured in the conduct of your business, other than "non-employment-related sexual harassment" committed by or on behalf of an insured in the conduct of "law enforcement activities or operations".

2. The following is added to the definition of "employment loss" in the **DEFINITIONS** Section:

"Employment loss" also means harm to any "non-employee" caused by "non-employment-related sexual harassment", other than harm to any "non-employee" caused by "non-employment-related sexual harassment" arising out of "law enforcement activities or operations".

3. The following is added to the **DEFINITIONS** Section:

"Law enforcement activities or operations":

a. Means:

(1) Any of the official activities or operations of your police department or sheriff agency, including any moonlighting, secondary employment or extra-duty assignment approved by such department or agency;

(2) Any of the official activities or operations of your juvenile detention center;

(3) Any of the official activities of your probation officers, parole officers, animal control officers or court security officers; or

(4) Any of the official activities or operations of any person or organization shown in the Schedule-Additional Law Enforcement Activities Or Operations-Exception To Non-Employment-Related Sexual Harassment, if a person or organization is shown in such schedule.

b. Includes:

(1) Ownership, maintenance or use of a premises that you own, rent or borrow in order to conduct such activities or operations;

(2) Ownership or operation of any of your jails, penal institutions, detention centers or similar facilities;

(3) Providing first aid; or

(4) Providing school security.

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"Non-employee" means any person other than:

a. Your lawfully elected or appointed official, "executive officer" or director.

b. Your current, former or prospective "employee".

c. Your current, former or prospective "volunteer worker".

d. Your current or former "independent contractor".

e. A member or "employee" of "your boards".

f. A legal representative of an insured that has died, or become mentally incompetent, insolvent, or bankrupt.

"Non-employment-related sexual harassment" means any unwelcome sexual advance, request for any sexual favor, or other verbal, visual, or physical conduct of a sexual nature, when such conduct is committed:

a. By any insured while performing duties related to the conduct of your business; and

b. Against any "non-employee".

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AMENDMENT OF NETWORK AND INFORMATION SECURITY WRONGFUL ACT DEFINITION

This endorsement modifies insurance provided under the following:

PUBLIC ENTITY MANAGEMENT LIABILITY COVERAGE PART

1. The following replaces the definition of "network and information security wrongful act" in the **DEFINITIONS** Section:

"Network and information security wrongful act" means any of the following committed by or on behalf of an insured in the conduct of your business:

a. Failure to prevent the transmission of a "computer virus".

b. Failure to provide any "authorized user" of your website or "your computer or communications network" with access to such website or such computer or communications network.

c. Failure to prevent unauthorized access to, or use of, data containing private or confidential information of others.

d. Failure to provide notification of any actual or potential unauthorized access to, or use of, data containing private or confidential information of others as required by any "security breach notification law" that applies to you.

2. The following replaces the definition of "your computer or communications network" in the **DEFINITIONS** Section:

"Your computer or communications network" means any computer or communications network that you:

a. Rent, lease, license or borrow from others; or

b. Own or operate.

3. The following is added to the **DEFINITIONS** Section:

"Security breach notification law" means any law or regulation that requires an organization to notify persons that their nonpublic personal information was or may have been accessed or acquired without their authorization.

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EXCLUSION - OTHER EMPLOYMENT LAWS

This endorsement modifies insurance provided under the following:

EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART

The following replaces Exclusion **k., Other Employment Laws,** in Paragraph **2.** of **SECTION I - PUBLIC ENTITY EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE:**

k. Other Employment Laws

"Employment loss" arising out of any violation of any of the duties or responsibilities required of you as an employer by any of the following laws, amendments to those laws, regulations issued pursuant to such laws, or any similar or related federal, state or local law or regulation:

(1) Fair Labor Standards Act, except the Equal Pay Act;

(2) National Labor Relations Act;

(3) Worker Adjustment and Retraining Notification Ac

(4) Consolidated Omnibus Budget Reconciliation Act of 1985;

(5) Occupational Safety and Health Act; or

(6) Employee Retirement Income Security Act of 1974.

This exclusion does not apply to "employment loss" that arises out of "retaliatory action" against any of your "employees" for the "employee's" exercising of rights afforded by such laws or regulations.

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POLICY NUMBER: ZLP-41N26370-24-PB

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LIMITED SPECIAL EXPENSES COVERAGE - KEY EMPLOYEES

This endorsement modifies insurance provided under the following:
PUBLIC ENTITY MANAGEMENT LIABILITY COVERAGE PART

SCHEDULE - LIMITED SPECIAL EXPENSES

Limited Special Expenses Aggregate Limit	**$50,000**
Limited Special Expenses Participation Percentage	**10%**

PROVISIONS

1. The following is added to **SECTION I - PUBLIC ENTITY MANAGEMENT LIABILTY COVERAGE:**

   COVERAGE - LIMITED SPECIAL EXPENSES

   1. Insuring Agreement

   a. We will reimburse you for "limited special expenses" to which this insurance applies that you incur to replace a "key employee". The amount we will pay for such "limited special expenses" is limited as described in Section **III** - Limits of Insurance.

   b. This insurance applies to "limited special expenses" only if:

   (1) The "limited special expenses" are directly attributable to a "key employee event" that happens during the "endorsement period";

   (2) The "key employee event" is first reported to us in writing during the policy period or within 90 days after the end of the policy period; and

   (3) The "limited special expenses" are incurred by you and reported to us within one year of the date on which you reported the "key employee event" to us.

   2. Exclusions

   This insurance does not apply to:

   a. Boards, Commissions, Or Governmental Units Or Departments

   "Limited special expenses" arising out of any activities or operations of the following boards, commissions, or governmental units or departments:

   (1) Airports;

   (2) Electric utilities or gas utilities;

   (3) Health care facilities, including clinics, hospitals, nursing homes, rehabilitation facilities or blood banks;

   (4) Housing authorities;

   (5) Port authorities;

   (6) Schools or school districts; or

   (7) Transit authorities.

   If an Amendment Of Coverage - Designated Boards, Commissions, Or Governmental Units Or Departments endorsement is included in this policy, this exclusion does not apply to any board, commission, or governmental unit or department shown in the Schedule Of Designated Boards, Commissions, Or Governmental Units Or Departments.

   b. Criminal, Dishonest, Fraudulent, Or Malicious Wrongful Acts Or Knowing Violations Of Rights Or Laws

   "Limited special expenses" arising out of any criminal, dishonest, fraudulent, or malicious "wrongful act", or any knowing violation of rights or laws, committed:

   (1) By the insured; or

   (2) With the consent or knowledge of the insured.

   c. Damages, Fines Or Penalties

   Any obligation or liability of any insured to pay damages, fines, penalties or other sums, other than "limited special expenses", arising out of a "key employee event".

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d. Nuclear Energy

"Limited special expenses" arising out of the "hazardous properties" of "nuclear material".

e. Strikes, Riots, Demonstrations Or Civil Commotions

"Limited special expenses" arising out of any strike, riot, protest, demonstration, lock-out or civil commotion.

f. War

"Limited special expenses" arising out of:

(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; or

(3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

2. The following is added to the **SUPPLEMENTARY PAYMENTS** Section of **SECTION I - PUBLIC ENTITY MANAGEMENT LIABILITY COVERAGE:**

We will not pay any Supplementary Payment with respect to payments we make under Coverage - **Limited Special Expenses.**

3. The following is added to **SECTION III - LIMITS OF INSURANCE:**

Subject to Paragraph **2.** of Section **III** - Limits Of Insurance, the Limited Special Expenses Aggregate Limit shown in the Schedule - Limited Special Expenses is the most we will pay for the sum of all "limited special expenses" that you incur as a result of all "key employee events" that happen during the "endorsement period" under Coverage - **Limited Special Expenses.**

If no amount is shown for the Limited Special Expenses Aggregate Limit in the Schedule - Limited Special Expenses, the Limited Special Expenses Aggregate Limit is $25,000.

4. The following replaces **SECTION IV - DEDUCTIBLE,** but only for purposes of insurance provided under Coverage - **Limited Special Expenses:**

Limited Special Expenses Participation Percentage

You will pay the Limited Special Expenses Participation Percentage, shown in the Schedule - Limited Special Expenses, of the "limited special expenses" that you incur for each "key employee event" that happens during the "endorsement period". The Limited Special Expenses Aggregate Limit applies excess of this participation percentage.

5. The following replaces Paragraph **2., Duties In The Event Of A Wrongful Act, Claim Or Suit,** of **SECTION V - PUBLIC ENTITY MANAGEMENT LIABILTY CONDITIONS,** but only for purposes of insurance provided under Coverage - **Limited Special Expenses:**

2. Duties In The Event Of A Key Employee Event

a. You must see to it that we are notified in writing as soon as practicable of a "key employee event". To the extent possible, notice should include:

(1) How, when and where the "key employee event" happened;

(2) The name, address, and position held by the "employee" or elected official involved in the "key employee event"; and

(3) The name, address and contact information of any outside employment search firm or outside advertisement agency that you hire or intend to hire to assist you in the search for a permanent replacement of a "key employee".

b. In the event that you incur "limited special expenses" because of a "key employee event", a "described authorized person" must promptly send us a signed, sworn statement that contains an accounting of the "limited special expenses" and includes:

(1) The nature of the "limited special expenses" incurred by you;

(2) How, when and where such "limited special expenses" were incurred by you; and

(3) Receipts for all "limited special expenses" incurred by you.

c. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or your claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

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d. We may inspect and obtain records and other information proving the "limited special expenses". You must provide the information we request to investigate the claim. You must do this within 60 days after our request.

e. You must cooperate with us in the investigation or settlement of any claim for "limited special expenses".

f. You must assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to you because of loss to which this insurance may also apply.

6. The following replaces the first and second paragraphs of Paragraph **4.b., Excess Insurance,** of **SECTION V – PUBLIC ENTITY MANAGEMENT LIABILITY CONDITIONS,** but only for purposes of insurance provided under Coverage – **Limited Special Expenses:**

This insurance is excess over any of the other insurance, whether primary, excess, contingent or on any other basis, that is available to the insured for loss we cover under Coverage – **Limited Special Expenses.**

7. The following replaces Paragraph **8., Transfer Of Rights Of Recovery Against Others To Us,** of **SECTION V – PUBLIC ENTITY MANAGEMENT LIABILITY CONDITIONS**, but only for purposes of insurance provided under Coverage – **Limited Special Expenses:**

If you have rights to recover all or part of any payment we have made under Coverage – **Limited Special Expenses**, those rights are transferred to us. You must do nothing to impair those rights. At our request, you will bring suit or initiate an alternative dispute resolution proceeding to enforce those rights, or will transfer those rights to us and help us enforce them.

We will apply any amounts recovered in enforcing those rights of recovery in the following order:

(1) First, we will reimburse any person or organization (including us or you) any amount that person or organization has paid in excess of the Limited Special Expenses Aggregate Limit shown in the Schedule – **Limited Special Expenses.**

(2) Then, if there is any amount remaining, we will retain an amount equal to the amount we have paid under Coverage – **Limited Special Expenses** in connection with the loss.

(3) Finally, if there is any amount remaining, we will pay that amount to you, including any amounts within the participation percentage applicable to Coverage – **Limited Special Expenses.**

If any amounts are recovered in enforcing those rights of recovery, reasonable expenses incurred in enforcing such rights will be shared among all persons or organizations receiving amounts recovered. Each such person's or organization's share of those expenses will be based on the ratio of its amount recovered to the total amount recovered by all such persons or organizations in enforcing such rights. We will deduct each such person's or organization's share of those expenses from any amount we pay to such person or organization.

8. The following is added to the **DEFINITIONS** Section, but only for purposes of insurance provided under Coverage – **Limited Special Expenses:**

"Endorsement period" means:

a. The policy period shown in the Declarations of this Coverage Part; or

b. The period starting on the effective date shown in the policy change endorsement adding the Coverage – **Limited Special Expenses** to this policy and ending on the policy's expiration date, if such coverage has been added by endorsement during the policy period shown in the Declarations of this Coverage Part.

"Key employee" means any of the following persons who are less than 65 years of age when the "key employee event" happens:

a. Any of your lawfully elected officials;

b. Your lawfully appointed officials or "employees" who is:

(1) Your city manager or county manager;

(2) The head of your water utility or sewer utility;

(3) The head of your police department, sheriff agency or other public safety organization;

(4) The head of your fire district or department; or

(5) The head of your legal, finance or risk management department.

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"Key employee event":

a. Means:

(1) The death of a "key employee"; or

(2) A medically-confirmed sickness or disability of a "key employee" that prevents such person from fulfilling the required duties of his or her current position and results in such person's resignation or retirement.

b. Does not include:

(1) The termination of a "key employee" by you for any reason;

(2) The voluntary resignation of a "key employee" for any reason, other than as a result of a sickness or disability described in Paragraph **a.(2)** above;

(3) The retirement of a "key employee" for any reason, other than as a result of a sickness or disability described in Paragraph **a.(2)** above;

(4) The removal of a "key employee" from office or your employment by administrative or legal process; or

(5) A "key employee's" temporary leave of absence.

"Legal representation costs" means any fees, costs or expenses for legal representation or legal services.

"Limited special expenses":

a. Means the following reasonable expenses actually and necessarily incurred by you to permanently replace a "key employee":

(1) With respect to the hiring of a permanent replacement of a "key employee", the expenses incurred:

(a) To hire any outside employment search firm or outside advertisement agency; or

(b) For advertising, travel, temporary lodging, meals and car rental; or

(2) With respect to a "special election" held to permanently replace an elected official, the expenses incurred:

(a) For polling premises, ballot machines, printing of ballots, ballot counting and public communications; or

(b) To hire "temporary workers" to conduct a "special election".

b. Does not include any:

(1) Salaries, including overtime pay, except salaries of "temporary workers" hired to conduct a "special election";

(2) Employee benefits or bonuses, including sign-on benefits or bonuses;

(3) "Legal representation costs";

(4) Expenses incurred for a recall election;

(5) Expenses incurred to comply with any law or regulation, other than as a result of a "key employee event";

(6) Expenses incurred for an election recount;

(7) Expenses incurred to hire a "leased worker" or a "temporary worker", except a "temporary worker" hired to conduct a "special election";

(8) Expenses incurred for entertainment or recreation;

(9) Relocation expenses, including moving expenses, housing expenses, and rental or lease expenses; or

(10) Expenses incurred as part of a general election, regardless of whether a "key employee" position is being filled during that general election as a result of a "key employee event".

"Special election" means any election held between scheduled general elections to fill a vacant elective position with an unexpired term when an elected official is unable to fulfill his or her duties due to a "key employee event".

"Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

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MOBILE EQUIPMENT REDEFINED – EXCLUSION OF VEHICLES SUBJECT TO MOTOR VEHICLE LAWS

This endorsement modifies insurance provided under the following:

LAW ENFORCEMENT LIABILITY COVERAGE FORM

PROVISIONS

1. The following replaces Paragraph **(2)** of Exclusion **a., Aircraft Or Auto,** in Paragraph **2.** of **SECTION I – LAW ENFORCEMENT LIABILITY COVERAGE:**

(2) "Bodily injury", "property damage" or "personal injury" arising out of:

(a) The operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify as "mobile equipment" under the definition of "mobile equipment" if such land vehicle were not:

(i) Subject to a compulsory or financial responsibility law, or other motor vehicle insurance law, where it is licensed or principally garaged; or

(ii) Designated as a covered auto under your automobile liability insurance; or

(b) The operation of any of the machinery or equipment listed in Paragraph **f.(2)** or **f.(3)** of the definition of "mobile equipment"; or

2. The following replaces the definition of "auto" in the **DEFINITIONS** Section:

"Auto" means:

a. A land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment;

b. Any other land vehicle that is subject to a compulsory or financial responsibility law, or other motor vehicle insurance law, where it is licensed or principally garaged, or would have been subject to such compulsory or financial responsibility law, or other motor vehicle insurance law, if you were not a public entity; or

c. Any other land vehicle not described in Paragraph **a.** or **b.** above that is designated as a covered auto under your automobile liability insurance.

However, "auto" does not include "mobile equipment".

3. The following replaces Paragraph **(i)** of the definition of "mobile equipment" in the **DEFINITIONS** Section:

(i) Subject to a compulsory or financial responsibility law, or other motor vehicle insurance law, where it is licensed or principally garaged, or would have been subject to such compulsory or financial responsibility law, or other motor vehicle insurance law, if you were not a public entity;

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EXCLUSION - LEAD

This endorsement modifies insurance provided under the following:

LAW ENFORCEMENT LIABILITY COVERAGE PART

The following exclusion is added to Paragraph **2., Exclusions,** of **SECTION I - LAW ENFORCEMENT LIABILITY COVERAGE:**

Lead

"Bodily injury", "property damage" or "personal injury" arising out of the actual or alleged presence or actual, alleged or threatened dispersal, release, ingestion, inhalation or absorption of lead, lead compounds or lead which is or was contained in or incorporated into any material or substance. This includes:

(1) Any supervision, instructions, recommendations, warnings or advice given or which should have been given in connection with the above; and

(2) Any obligation to share damages, with or repay someone else who pay damages because of such injury or damage.

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DEFENSE EXPENSES REIMBURSEMENT FOR INJUNCTIVE RELIEF SUITS

This endorsement modifies insurance provided under the following:

PUBLIC ENTITY MANAGEMENT LIABILITY COVERAGE PART (CLAIMS-MADE)

SCHEDULE - INJUNCTIVE RELIEF DEFENSE EXPENSES REIMBURSEMENT

Defense Expenses Reimbursement Limit - Aggregate	$50,000
Defense Expenses Reimbursement Limit - Each Wrongful Act	$50,000
Injunctive Relief Each Wrongful Act Participation Amount	10%

PROVISIONS

1. The following is added to Paragraph **1.a.** of **SECTION I - PUBLIC ENTITY MANAGEMENT LIABILITY COVERAGE:**

We will reimburse you for reasonable "defense expenses" you incur to defend a "suit" seeking only injunctive or other non-monetary relief brought against any insured for loss to which this insurance applies. But:

(1) The amount we will pay for such "defense expenses" is limited as described in Section **III** - Limits of Insurance; and

(2) We will only reimburse you for such "defense expenses" after:

(a) A final settlement has been agreed to, or a final judgment has been awarded, in the "suit" seeking only injunctive or other non- monetary relief;

(b) The amount of such "defense expenses" you have incurred exceeds the Injunctive Relief Each Wrongful Act Participation Amount and the Defense Expenses Reimbursement Limit - Each Wrongful Act shown in the Schedule - Injunctive Relief Defense Expenses Reimbursement; or

(c) The "suit" seeking only injunctive or other non-monetary relief is amended to seek damages for loss to which this insurance applies.

We have the right, but not the duty, to defend the insured against any claim or "suit" seeking only injunctive or other non-monetary relief for loss to which this insurance applies. If we choose to defend the insured against such claim or "suit", we will pay all expenses we incur for such defense. Such expenses are not subject to the Injunctive Relief Each Wrongful Act Participation Amount shown in the Schedule - Injunctive Relief Defense Expenses Reimbursement and will not reduce any Defense Expenses Reimbursement Limit shown in that schedule.

2. The following replaces Paragraph **1.b.(4)** of **SECTION I - PUBLIC ENTITY MANAGEMENT LIABILITY COVERAGE,** but only for purposes of the coverage provided by this endorsement:

(4) A claim or "suit" by a person or organization that seeks only injunctive or other non-monetary relief for loss is first made or brought against any insured, in accordance with Paragraph **c.** below, during the policy period or any Extended Reporting period we provide under Section **VI** - Extended Reporting Periods.

3. The following replaces Paragraphs **1.c.** and **d.** of **SECTION I - PUBLIC ENTITY MANAGEMENT LIABILITY COVERAGE,** but only for purposes of the coverage provided by this endorsement:

c. A claim or "suit" by a person or organization that seeks only injunctive or other non-monetary relief for loss will be deemed to have been first made or brought against any insured at the earlier of the following times:

(1) When we or any "described authorized person" first receives written notice of such claim or "suit", whichever is first; or

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(2) When we first receive written notice from any insured of a specific "wrongful act" that caused the loss which resulted in such claim or "suit".

All claims or "suits" that seek only injunctive or other non-monetary relief because of loss caused by the same "wrongful act" or "related wrongful acts" will be deemed to have been first made or brought against any insured at the time the first of those claims or "suits" is first made or brought against any insured.

d. A claim or "suit" by a person or organization that seeks only injunctive or other non-monetary relief will be deemed to have been first made or brought at the time we receive written notice from any insured of a specific "wrongful act" only if that notice contains all of the following information:

(1) How, when and where the "wrongful act" was committed;

(2) The names and addresses of any persons or organizations sustaining loss, and the names and addresses of any witnesses;

(3) The nature and location of any loss caused by the "wrongful act"; and

(4) The names and addresses of each insured that committed the "wrongful act".

Notice to us that:

(1) All or part of one or more of any insured's acts or omissions may in the future be discovered to be a "wrongful act"; or

(2) Any insured may in the future receive written notice of a "wrongful act", claim or "suit";

is not notice of a specific "wrongful act".

4. The following is added to **Exclusion j., Injunctive Relief,** in Paragraph **2.** of **SECTION I - PUBLIC ENTITY MANAGEMENT LIABILITY COVERAGE:**

This exclusion does not apply to amounts we reimburse you for the reasonable "defense expenses" you incur to defend a "suit" seeking only injunctive or other non-monetary relief brought against any insured.

5. The following is added to the **SUPPLEMENTARY PAYMENTS** Section of **SECTION I - PUBLIC ENTITY MANAGEMENT LIABILITY COVERAGE:**

For purposes of "suits" seeking only injunctive or other non-monetary relief, we will not pay any Supplementary Payments.

6. The following is added to **SECTION III - LIMITS OF INSURANCE:**

The Defense Expenses Reimbursement Limit - Aggregate shown in the Schedule - Injunctive Relief Defense Expenses Reimbursement is the most we will pay to reimburse you for all reasonable "defense expenses" incurred to defend all "suits" seeking only injunctive or other non-monetary relief.

Subject to the Defense Expenses Reimbursement Limit - Aggregate, the Defense Expenses Reimbursement Limit - Each Wrongful Act shown in the Schedule - Injunctive Relief Defense Expenses Reimbursement is the most we will pay to reimburse you for all reasonable "defense expenses" incurred to defend all "suits" seeking only injunctive or other non-monetary relief for loss caused by the same "wrongful act" or "related wrongful acts".

These limits of insurance apply over the Injunctive Relief Each Wrongful Act Participation Amount shown in the Schedule - Injunctive Relief Defense Expenses Reimbursement.

These limits of insurance are in addition to, and not included within, the Limits of Insurance shown in the Declarations of this Coverage Part.

7. **SECTION IV - DEDUCTIBLE** is deleted, but only for purposes of the coverage provided by this endorsement.

8. The following section is added, but only for purposes of the coverage provided by this endorsement:

INJUNCTIVE RELIEF EACH WRONGFUL ACT PARTICIPATION AMOUNT

The Injunctive Relief Each Wrongful Act Participation Amount shown in the Schedule - Injunctive Relief Defense Expenses Reimbursement is the amount of "defense expenses" that you incur and are responsible for paying to defend all "suits" seeking only injunctive or other non-monetary relief for loss caused by the same "wrongful act" or "related wrongful acts". The Defense Expenses Reimbursement Limit - Each Wrongful Act applies excess of this Injunctive Relief Each Wrongful Act Participation Amount.

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If no amount is shown for the Injunctive Relief Each Wrongful Act Participation Amount in the Schedule - Injunctive Relief Defense Expenses Reimbursement, that amount will be $1,000.

The Injunctive Relief Each Wrongful Act Participation Amount cannot be paid by any amounts paid under any self-insured retention or deductible that is part of this policy. Any such self-insured retention or deductible cannot be paid by any amount of "defense expenses" that you incur and are responsible for paying to defend claims or "suits" seeking only injunctive or other non-monetary relief.

9. The following is added to Paragraph **2.d., Duties In The Event Of A Wrongful Act, Claim Or Suit,** of **SECTION V - PUBLIC ENTITY MANAGEMENT LIABILITY CONDITIONS:**

However, if we choose not to defend the insured against a claim or "suit" seeking only injunctive or other non-monetary relief, this paragraph does not apply to "defense expenses" that you incur to defend a claim or "suit" seeking only injunctive or other non-monetary relief brought against any insured.

10. The following is added to **SECTION V - PUBLIC ENTITY MANAGEMENT LIABILITY CONDITIONS,** but only for purposes of the coverage provided by this endorsement:

Requirements To Report "Defense Expenses" For Reimbursement

In the event that you incur "defense expenses" for a "suit" seeking only injunctive or other non-monetary relief, a "described authorized person" must send us a signed, sworn statement that contains an accounting of the "defense expenses" and includes:

(1) How, when and where such "defense expenses" were incurred by you; and

(2) Receipts, statements or other documentation for all "defense expenses" incurred by you.

The sworn statement must be sent to us as soon as practicable, but in no event more than 180 days, after:

(1) A final settlement has been agreed to, or a final judgment has been awarded, in the "suit" seeking only injunctive or other non-monetary relief; or

(2) The amount of such "defense expenses" exceeds the Injunctive Relief Each Wrongful Act Participation Amount and the Defense Expenses Reimbursement Limit - Each Wrongful Act.

11. The following replaces the definition of "suit" in **SECTION VII - DEFINITIONS,** but only for purposes of the coverage provided by this endorsement:

"Suit" means:

a. A civil proceeding that seeks damages, including:

(1) An arbitration proceeding that seeks damages and to which the insured must submit or submits with our consent; and

(2) Any other alternative dispute resolution proceeding that seeks damages and to which the insured submits with our consent; or

b. A civil proceeding that seeks only injunctive or other non-monetary relief.

12. The following is added to Paragraph **b.** of the definition of "defense expenses" in **SECTION VII - DEFINITIONS,** but only for purposes of the coverage provided by this endorsement:

"Defense expenses" also does not include:

(1) Salaries, overhead or travel of any insured; or

(2) Attorneys' fees of the person or organization making a claim or bringing a "suit" seeking only injunctive or other non-monetary relief if such fees are awarded, or paid in settlement, for such "suit".

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UNMANNED AIRCRAFT EXCLUSION - WITH EXCEPTION FOR DESIGNATED AIRCRAFT

This endorsement modifies insurance provided under the following:

LAW ENFORCEMENT LIABILITY COVERAGE PART

SCHEDULE OF INSURED UNMANNED AIRCRAFT

MAVIC 2 ENTERPRISE (DUAL) WITH SMART CONTROLLER

PROVISIONS

1. The following is added to Exclusion **a., Aircraft Or Auto,** in Paragraph **2.** of **SECTION I - LAW ENFORCEMENT LIABILITY COVERAGE:**

This exclusion also does not apply to any "unmanned aircraft".

2. The following exclusion is added to Paragraph **2., Exclusions,** of **SECTION I - LAW ENFORCEMENT LIABILITY COVERAGE:**

Unmanned Aircraft

"Bodily injury", "property damage" or "personal injury" arising out of the ownership, maintenance, use or entrustment to others of any "unmanned aircraft". Use includes operation and "loading or unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "wrongful act" which caused the "bodily injury", "property damage" or "personal injury" involved the ownership, maintenance, use or entrustment to others of any "unmanned aircraft".

This exclusion does not apply to any "unmanned aircraft" described in the Schedule Of Insured Unmanned Aircraft.

3. The following is added to the **DEFINITIONS** Section:

"Unmanned aircraft" means an aircraft that is not designed, manufactured, or modified after it is manufactured, to be controlled directly by a person from within or on the aircraft.

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AMENDMENT OF LAW ENFORCEMENT ACTIVITIES OR OPERATIONS DEFINITION

This endorsement modifies insurance provided under the following:

PUBLIC ENTITY MANAGEMENT LIABILITY COVERAGE PART

SCHEDULE - ADDITIONAL EXCLUDED LAW ENFORCEMENT ACTIVITIES OR OPERATIONS

PROVISIONS

The following replaces the definition of "law enforcement activities or operations" in the **DEFINITIONS** Section:

"Law enforcement activities or operations":

a. Means:

(1) Any of the official activities or operations of your police department or sheriff agency, including any moonlighting, secondary employment or extra-duty assignment approved by such department or agency;

(2) Any of the official activities or operations of your juvenile detention center;

(3) Any of the official activities of your probation officers, parole officers, animal control officers or court security officers; or

(4) Any of the official activities or operations of any person or organization shown in the Schedule - Additional Excluded Law Enforcement Activities Or Operations, if a person or organization is shown in such schedule.

b. Includes:

(1) Ownership, maintenance or use of a premises that you own, rent or borrow in order to conduct such activities or operations;

(2) Ownership or operation of any of your jails, penal institutions, detention centers or similar facilities;

(3) Providing first aid; or

(4) Providing school security.

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AMENDMENT OF LAW ENFORCEMENT ACTIVITIES OR OPERATIONS

This endorsement modifies insurance provided under the following:

LAW ENFORCEMENT LIABILITY COVERAGE PART

SCHEDULE - DESIGNATED LAW ENFORCEMENT ACTIVITIES OR OPERATIONS

PROVISIONS

1. The following replaces the definition of "law enforcement activities or operations" in the **DEFINITIONS** Section:

"Law enforcement activities or operations":

a. Means:

(1) Any of the official activities or operations of your police department or sheriff agency,including any moonlighting,secondary employment or extra-duty assignment approved by such department or agency;

(2) Any of the official activities or operations of your juvenile detention center;

(3) Any of the official activities of your probation officers, parole officers, animal control officers or court security officers; or

(4) Any of the official activities or operations of any person or organization shown in the Schedule - Designated Law Enforcement Activities Or Operations, if a person or organization is shown in such schedule.

b. Includes:

(1) Ownership, maintenance or use of a premises that you own, rent or borrow in order to conduct such activities or operations;

(2) Ownership or operation of any of your jails, penal institutions,detention centers or similar facilities;

(3) Providing first aid; or

(4) Providing school security.

2. The following exclusion is added to Paragraph **2., Exclusions** in **SECTION I - LAW ENFORCEMENT LIABILITY COVERAGE:**

Educator Services

"Bodily injury", "property damage" or"personal injury" arising out of:

a. The providing or failing to provide"educator services", whether in person or electronically, to or for any juvenile offender, person detained in your juvenile detention

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center or person placed in any other rehabilitation program for juveniles;

b. Any illegal or improper physical or non-physical contact, whether in person or electronically:

(1) With a juvenile offender, person detained in your juvenile detention center or person placed in any other rehabilitation program for juveniles; and

(2) Committed by any person that is assigned to provide "educator services";

c. The creation of curriculum or educational material for any juvenile offender, person detained in your juvenile detention center or person placed in any other rehabilitation program for juveniles; or

d. Any education accreditation or certification for instruction provided by or for your juvenile detention center or any other rehabilitation program for delinquent juveniles or juvenile offenders;

including any actual or alleged violation of due process rights, or any actual or alleged discrimination, whether intentional or unintentional, based upon any characteristic, attribute, trait,condition or status that qualifies a person for protection against discrimination under federal, state or local law.

3. The following is added to the **DEFINITIONS** Section:

"Educator services":

a. Means:

(1) Education or instruction;

(2) Academic or career guidance;

(3) Discipline administered by an educator or education administrator; or

(4) School admission, enrollment or financial aid;

at any location.

b. Includes:

(1) The creation of an individual education plan, Section 504 plan or similar individualized plan of instruction;

(2) The placement, admission or enrollment in an educational program;

(3) The determination of ability to participate in any school sponsored program or extra-curricular activity; or

(4) Corporal punishment, detention,suspension or expulsion administered by an educator or education administrator.

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WORKPLACE VIOLENCE EXPENSES COVERAGE

This endorsement modifies insurance provided under the following:

EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART

SCHEDULE OF WORKPLACE VIOLENCE EXPENSES AND ADDITIONAL EXCLUDED LAW ENFORCEMENT ACTIVITIES OR OPERATIONS

Workplace Violence Expenses Limit	$250,000	**[Up to $250,000]**
Additional Excluded Law Enforcement Activities Or Operations		

PROVISIONS

1. The following is added to **SECTION I - PUBLIC ENTITY EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE:**

WORKPLACE VIOLENCE EXPENSES COVERAGE

1. Insuring Agreement

a. We will reimburse you for your "workplace violence expenses" that are directly attributable to a "workplace violence event":

(1) First commencing during the policy period; and

(2) Reported to us as soon as practicable after you or any "described authorized person" becomes aware such "workplace violence event" has occurred, but in no event later than 90 days after the end of the policy period.

b. The amount we will pay for your "workplace violence expenses" is limited as described in Section **III** - Limits Of Insurance.

2. Exclusions

This insurance does not apply to:

a. Boards, Commissions, Or Governmental Units Or Departments

"Workplace violence expenses" arising out of the activities or operations of the following boards, commissions, or governmental units or departments:

(1) Airports;

(2) Electric or gas utilities;

(3) Health care facilities, including clinics, hospitals, nursing homes, rehabilitation facilities or blood banks;

(4) Housing authorities;

(5) Port authorities;

(6) Schools or school districts; or

(7) Transit authorities.

If an Amendment Of Coverage - Designated Boards, Commissions, Or Governmental Units Or Departments endorsement is included in this Coverage Part, this exclusion does not apply to "workplace violence expenses" arising out of the activities or operations of any board, commission, or governmental unit or department shown in the Schedule Of Designated Boards, Commissions, Or Governmental Units Or Departments.

Law Enforcement Activities Or Operations

"Workplace violence expenses" arising out of "law enforcement activities or operations".

War

"Workplace violence expenses" arising out of:

(1) War, including undeclared or civil war;

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(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; or

(3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

2. The following is added to the **SUPPLEMENTARY PAYMENTS** Section:

We will not pay any Supplementary Payments with respect to payments we make under **Workplace Violence Expenses Coverage.**

3. The following is added to **SECTION III - LIMITS OF INSURANCE:**

The Workplace Violence Expenses Limit shown in the Schedule Of Workplace Violence Expenses And Additional Excluded Law Enforcement Activities Or Operations is the most we will pay for the sum of all "workplace violence expenses" that you incur as a result of all "workplace violence events".

The Workplace Violence Expenses Limit shown in the Schedule Of Workplace Violence Expenses And Additional Excluded Law Enforcement Activities Or Operations is in addition to, and not included within, the Limits Of Insurance shown in the Declarations of this Coverage Part.

4. **SECTION IV - DEDUCTIBLE** or the **SELF-INSURED RETENTIONS - PUBLIC ENTITY EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE** Section, whichever applies, is deleted, but only for purposes of **Workplace Violence Expenses Coverage.**

5. The following replaces Paragraph **2., Duties In The Event Of A Wrongful Employment Practice Offense, Claim Or Suit,** of **SECTION V - PUBLIC ENTITY EMPLOYMENT-RELATED PRACTICES LIABILITY CONDITIONS,** but only for purposes of insurance provided under **Workplace Violence Expenses Coverage:**

2. Duties In The Event Of A Workplace Violence Event

a. You must see to it that we are notified in writing as soon as practicable of a "workplace violence event" that may result in "workplace violence expenses" covered by this insurance. To the extent possible, notice should include:

(1) How, when and where the "workplace violence event" took place; and

(2) The names and addresses of any persons or organizations sustaining injury, damage or loss, and the names and addresses of any witnesses.

b. In the event that you incur "workplace violence expenses" because of a "workplace violence event", a "described authorized person" must promptly send us a signed, sworn statement that contains an accounting of the "workplace violence expenses" and includes:

(1) The nature of the "workplace violence expenses" incurred by you;

(2) How, when and where such "workplace violence expenses" were incurred by you; and

(3) Receipts for all "workplace violence expenses" incurred by you.

c. We may inspect and obtain records and other information proving the "workplace violence expenses". You must provide the information we request to investigate the claim. You must do this within 60 days after our request.

d. You must cooperate with us in the investigation of any "workplace violence event" or the investigation or settlement of any claim for "workplace violence expenses".

e. You must assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to you because of loss to which this insurance may also apply.

6. The following is added to Paragraph **4.b., Excess Insurance,** of **SECTION V - PUBLIC ENTITY EMPLOYMENT-RELATED PRACTICES LIABILITY CONDITIONS,** but only for purposes of insurance provided under **Workplace Violence Expenses Coverage:**

This insurance is also excess over any of the other insurance, whether primary, excess, contingent or on any other basis, that is

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available to the insured for expenses we cover under **Workplace Violence Expenses Coverage.**

7. The following is added to the **DEFINITIONS** Section, but only for purposes of insurance provided under **Workplace Violence Expenses Coverage:**

"Law enforcement activities or operations":

a. Means:

(1) Any of the official activities or operations of your police department or sheriff agency, including any moonlighting, secon- Workdary employment or extra- duty assignment approved by such department or agency;

(2) Any of the official activities or operations of your juvenile detention center;

(3) Any of the official activities of your probation officers, parole officers, animal control officers or court security officers; or

(4) Any of the official activities or operations of any person or organization shown in the Schedule Of Workplace Violence Expenses And Additional Excluded Law Enforcement Activities Or Operations, if a person or organization is shown in such schedule.

b. Includes:

(1) Ownership, maintenance or use of a premises that you own, rent or borrow in order to conduct such activities or operations;

(2) Ownership or operation of any of your jails, penal institutions, detention centers or similar facilities;

(3) Providing first aid; or

(4) Providing school security.

"Premises" means the buildings, facilities or properties occupied by you in conducting your business.

"Workplace violence event" means any intentional:

a. Use of deadly force; or

b. Threat of deadly force with the display of a lethal weapon;

which occurs on or in the "premises" and which did or could result in "bodily injury" or death to an insured.

"Workplace violence expenses" means the reasonable fees, costs or expenses you incur for:

a. The services of an independent security consultant for 90 days following a "workplace violence event";

b. The services of an independent public relations consultant for 90 days following a "workplace violence event";

c. Counseling services provided to an employee by an independent consultant on the "premises" for up to 120 days following a "workplace violence event";

d. The services of any independent security guard and other reasonable costs to secure the "premises" for up to 15 days following a "workplace violence event"; or

e. The services of an independent private forensic analyst for 120 days following "workplace violence event".

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDMENT OF JOINT POWERS AUTHORITY DEFINITION

This endorsement modifies insurance provided under the following:

PUBLIC ENTITY EMPLOYMENT - RELATED PRACTICES LIABILITY COVERAGE PART
PUBLIC ENTITY MANAGEMENT LIABILITY COVERAGE PART

PROVISIONS

1. The following is added to the definition of "joint powers authority" in the **DEFINITIONS** Section:

"Joint powers authority" also means any organization formed by a public entity and one or more "Indian tribes" that have agreed in a contract or agreement to jointly exercise any power common to them.

2. The following is added to the **DEFINITIONS** Section:

"Indian tribes" means a tribe, band, pueblo, village, or community of American Indians, or Alaska Natives, that has been recognized as an Indian tribe by the government of:

a. The United States of America; or

b. Any state in the United States of America.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – PFAS

This endorsement modifies insurance provided under the following:

LAW ENFORCEMENT LIABILITY COVERAGE PART

PROVISIONS

1. The following exclusion is added to Paragraph **2.**, **Exclusions**, of **SECTION I – LAW ENFORCEMENT LIABILITY COVERAGE: PFAS**

(1) "Bodily injury", "property damage" or "personal injury" arising out of the actual or alleged presence or actual, alleged or threatened discharge, dispersal, seepage, migration, release, escape, ingestion, inhalation or absorption of, or exposure to, "PFAS" or "PFAS-containing products", provided that the "bodily injury", "property damage" or "personal injury" is caused or contributed to by the hazardous properties of "PFAS".

(2) "Bodily injury", "property damage" or "personal injury" arising out of the actual or alleged presence or actual, alleged or threatened discharge, dispersal, seepage, migration, release, escape, ingestion, inhalation or absorption of, or exposure to, any other solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapors, soot, fumes, acids, alkalis, chemicals and waste, and that is part of any claim or "suit" which also alleges any "bodily injury", "property damage" or "personal injury" described in Paragraph **(1)** above.

(3) Any loss, cost or expense arising out of any:

(a) Request, demand, order or statutory or regulatory requirement 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, "PFAS" or "PFAS-containing products"; or

(b) Claim or suit by or on behalf of a governmental authority or any other person or organization because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "PFAS" or "PFAS-containing products".

2. The following is added to the **DEFINITIONS** Section:

"PFAS" means:

a. Any perfluoroalkyl or polyfluoroalkyl substance, meaning any fluorinated substance that contains at least one fully fluorinated methyl or methylene carbon atom without any hydrogen, chlorine, bromine or iodine atom attached to it; or

b. Any precursor, replacement, degradation or breakdown by-product of any substance described in Paragraph a. above.

"PFAS-containing products":

a. Means:

(1) Any goods or products that contain or incorporate "PFAS" in any form; and

(2) Containers, materials, parts or equipment furnished in connection with any 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 such goods or products; and

(2) The providing of or failure to provide warnings or instructions in connection with any such goods or products.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – PFAS

This endorsement modifies insurance provided under the following:

PUBLIC ENTITY MANAGEMENT LIABILITY COVERAGE PART

PROVISIONS

1. The following exclusion is added to Paragraph **2.**, **Exclusions**, of **SECTION I – PUBLIC ENTITY MANAGEMENT LIABILITY COVERAGE**:

PFAS

(1) Loss arising out of the actual or alleged presence or actual, alleged or threatened discharge, dispersal, seepage, migration, release, escape, ingestion, inhalation or absorption of, or exposure to, "PFAS" or "PFAS-containing products", provided that the loss is caused or contributed to by the hazardous properties of "PFAS".

(2) Loss arising out of the actual or alleged presence or actual, alleged or threatened discharge, dispersal, seepage, migration, release, escape, ingestion, inhalation or absorption of, or exposure to, any other solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapors, soot, fumes, acids, alkalis, chemicals and waste, and that is part of any claim or "suit" which also alleges any loss described in Paragraph **(1)** above.

(3) Any loss, cost or expense arising out of any:

(a) Request, demand, order or statutory or regulatory requirement 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, "PFAS" or "PFAS-containing products"; or

(b) Claim or suit by or on behalf of a governmental authority or any other person or organization because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "PFAS" or "PFAS-containing products".

2. The following is added to the **DEFINITIONS** Section:

"PFAS" means:

a. Any perfluoroalkyl or polyfluoroalkyl substance, meaning any fluorinated substance that contains at least one fully fluorinated methyl or methylene carbon atom without any hydrogen, chlorine, bromine or iodine atom attached to it; or

b. Any precursor, replacement, degradation or breakdown by-product of any substance described in Paragraph **a.** above.

"PFAS-containing products":

a. Means:

(1) Any goods or products that contain or incorporate "PFAS" in any form; and

(2) Containers, materials, parts or equipment furnished in connection with any 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 such goods or products; and

(2) The providing of or failure to provide warnings or instructions in connection with any such goods or products.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TENNESSEE MANDATORY ENDORSEMENT

This endorsement modifies insurance provided under the following:

LAW ENFORCEMENT LIABILITY COVERAGE PART
PUBLIC ENTITY MANAGEMENT LIABILITY COVERAGE PART

PROVISIONS

1. The following replaces Paragraph **5.** of the **Cancellation** Common Policy Condition:

5. If this policy is cancelled, we will send the first Named Insured any premium refund due.

The refund will be pro rata if:

a. We cancel; or

b. The policy is cancelled at the request of a premium finance company that has financed this policy under a premium finance agreement.

The refund may be less than pro rata if the first Named Insured cancels the policy.

The cancellation will be effective even if we have not made or offered a refund.

2. The following is added to the **Cancellation** Common Policy Condition:

Cancellation For Policies In Effect For 60 Days Or More

If this policy has been in effect for 60 days or more, or if this policy is a renewal of a policy we issued, we may cancel this policy only for one or more of the following reasons:

a. Nonpayment of premium, including any additional premium, calculated in accordance with our current rating manual, justified by a physical change in the insured property or a change in its occupancy or use;

b. Your conviction of a crime increasing any hazard insured against;

c. Discovery of fraud or material misrepresentation on the part of either of the following:

(1) You or your representative in obtaining this insurance; or

(2) You in pursuing a claim under this policy;

d. Failure to comply with written loss control recommendations;

e. Material change in the risk which increases the risk of loss after we issued or renewed insurance coverage;

f. Determination by the insurance commissioner that the continuation of the policy would jeopardize our solvency or would place us in violation of the insurance laws of Tennessee or any other state;

g. Your violation or breach of any policy terms or conditions; or

h. Other reasons that are approved by the insurance commissioner.

Notice of cancellation will state the reason for cancellation.

3. The following condition is added and supersedes any other provision to the contrary:

When We Do Not Renew

1. If we decide not to renew this policy, we will mail or deliver written notice of nonrenewal to the first Named Insured and agent at least 60 days before the expiration date unless:

a. We have offered to issue a renewal policy; or

b. You have obtained replacement coverage or have agreed in writing to obtain replacement coverage.

2. Any notice of nonrenewal will be mailed or delivered to the first Named Insured's and agent's addresses shown in the policy. If notice is mailed, proof of mailing will be sufficient proof of notice.

4. The following is added to the **Premiums** Common Policy Condition:

Whenever an insurance policy which is financed with a premium finance company is cancelled, the insurer shall return, within 30 days after the effective date of the cancellation, whatever gross unearned premiums are due under the insurance policy directly to the premium finance company for the account of the first Named Insured.

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BUSINESS AUTO
COVERAGE PART DECLARATIONS
Issue Date: 07-12-24 RJ

ITEM ONE: Policy Number: H-810-2C414830-TIL-24

INSURING COMPANY:
TRAVELERS PROPERTY CASUALTY COMPANY OF AMERICA

Declarations Period: From: 07-01-24 to 07-01-25 12:01 A.M. Standard Time at your mailing address shown in the Common Policy Declarations.

The Commercial Automobile Coverage Part consists of these Declarations and the Business Auto Coverage Form shown below.

FORM OF BUSINESS: PUBLIC ENTITY

ITEM TWO:
A. COVERAGE AND LIMITS OF INSURANCE:

Coverage applies only to those "Autos" shown as Covered "Autos". "Autos" are shown as covered "autos" for the applicable coverages by the entry of one or more of the symbols from Section 1 - Covered Autos of the Business Auto Coverage Form next to the name of the coverage.

COVERAGE	COVERED AUTO SYMBOL	LIMITS OF INSURANCE
		The most we will pay for any one accident or loss.
COVERED AUTOS LIABILITY	1	$ 1,000,000
AUTO MEDICAL PAYMENTS	2	$ 5,000 EACH INSURED
UNINSURED AND UNDERINSURED MOTORISTS COVERAGE	2	SEE CA T0 30
PHYSICAL DAMAGE Comprehensive Coverage	8 10	Actual Cash Value or Cost of Repair, whichever is less, minus deductible shown in ITEM THREE-SCHEDULE OF COVERED AUTOS YOU OWN for each covered Auto. SEE ITEM FOUR FOR HIRED OR BORROWED "AUTOS". SEE IL T3 02

BUSINESS AUTO
COVERAGE PART DECLARATIONS
Issue Date: 07-12-24 RJ

Policy Number: H-810-2C414830-TIL-24

COVERAGE	COVERED AUTO SYMBOL	LIMITS OF INSURANCE
PHYSICAL DAMAGE Specified Causes Of Loss Coverage	11	Actual Cash Value or Cost of Repair, whichever is less, minus deductible shown in ITEM THREE-SCHEDULE OF COVERED AUTOS YOU OWN for each Covered Auto for loss caused by mischief or vandalism. SEE IL T3 02 07 86
PHYSICAL DAMAGE Collision Coverage	8 10	Actual Cash Value or Cost of Repair, whichever is less, minus deductible shown in ITEM THREE-SCHEDULE OF COVERED AUTOS YOU OWN for each covered auto. SEE ITEM FOUR FOR HIRED OR BORROWED "AUTOS". SEE IL T3 02

B. AUDIT PERIOD: COMPOSITE AUTO

BUSINESS AUTO
COVERAGE PART DECLARATIONS
Issue Date: 07-12-24 RJ

Policy Number: H-810-2C414830-TIL-24

C. DESCRIPTION OF COVERED AUTO DESIGNATION SYMBOLS:
Symbols 1-9, 19: SEE BUSINESS AUTO COVERAGE FORM Section 1 Covered Autos

Symbol 10: COMPREHENSIVE AND COLLISION COVERAGE APPLIES TO ANY OWNED AUTO WITH AN ORIGINAL COST NEW EQUAL OR GREATER THAN $25,000.

Symbol 11: SPECIFIED PERILS APPLIES TO ANY OWNED AUTO WITH ORIGINAL COST NEWS LESS THAN $25,000.

D. LOSS PAYEE: Any loss under Physical Damage Coverages is payable as interest may appear to you and the Loss Payee named in the Declarations (see Loss Payable Clause on reverse side)

E. NUMBERS OF FORMS, SCHEDULES AND ENDORSEMENTS FORMING PART OF THIS COVERAGE PART: SEE IL T8 01 10 93

BUSINESS AUTO
COVERAGE PART DECLARATIONS
Issue Date: 07-12-24 RJ

Policy Number: H-810-2C414830-TIL-24

LOSS PAYABLE CLAUSE

A. We will pay you and the loss payee named in the policy for "loss" to a covered "auto", as interest may appear.

B. The insurance covers the interest of the loss payee unless the "loss" results from conversion, secretion or embezzlement on your part.

C. We may cancel the policy as allowed by the CANCELLATION Common Policy Condition. Cancellation ends this agreement as to the loss payee's interest. If we cancel the policy we will mail you and the loss payee the same advance notice.

D. If we make any payment to the loss payee, we will obtain their rights against any other party.

SCHEDULE OF LOSS PAYEES

VEHICLE NUMBER	LOSS PAYEE (Name and Address)

BUSINESS AUTO
COVERAGE PART DECLARATIONS

POLICY NUMBER: H-810-2C414830-TIL-24
ISSUE DATE: 07-12-24

ITEM FOUR
SCHEDULE OF HIRED OR BORROWED COVERED AUTO COVERAGE AND PREMIUMS.

COVERED AUTOS LIABILITY COVERAGE – COST OF HIRE RATING BASIS FOR AUTOS USED IN YOUR MOTOR CARRIER OPERATIONS (OTHER THAN MOBILE OR FARM EQUIPMENT)

COVERED AUTOS LIABILITY COVERAGE	ESTIMATED ANNUAL COST OF HIRE FOR ALL STATES	PREMIUM
PRIMARY COVERAGE	$	$
EXCESS COVERAGE	$	$
	TOTAL HIRED AUTO PREMIUM	$

For "autos" used in your motor carrier operations, cost of hire means:

1. The total dollar amount of costs you incurred for the hire of automobiles (includes "trailers" and semitrailers) and if not included therein,
2. The total remunerations of all operators and drivers' helpers, of hired automobiles whether hired with a driver by the lessor or an "employee" of the lessee, or any other third party, and
3. The total dollar amount of any other costs (e.g., repair, maintenance, fuel, etc.) directly associated with operating the hired automobiles whether such costs are absorbed by the "insured", paid to the lessor or owner, or paid to others.

COVERED AUTOS LIABILITY COVERAGE – COST OF HIRE RATING BASIS FOR AUTOS NOT USED IN YOUR MOTOR CARRIER OPERATIONS (OTHER THAN MOBILE OR FARM EQUIPMENT)

COVERED AUTOS LIABILITY COVERAGE	STATE	ESTIMATED ANNUAL COST OF HIRE FOR EACH STATE	PREMIUM
PRIMARY COVERAGE		$	$
EXCESS COVERAGE		$	$ INCL
		TOTAL HIRED AUTO PREMIUM	$ INCL

For "autos" **NOT** used in your motor carrier operations, cost of hire means the total amount you incur for the hire of "autos" you don't own (not including "autos" you borrow or rent from your partners or "employees" or their family members). Cost of hire does not include charges for services performed by motor carriers of property or passengers.

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PHYSICAL DAMAGE COVERAGES – COST OF HIRE RATING BASIS FOR ALL AUTOS (OTHER THAN MOBILE OR FARM EQUIPMENT)

COVERAGE	STATE	LIMIT OF INSURANCE	ESTIMATED ANNUAL COST OF HIRE FOR EACH STATE (Excluding Autos Hired With a Driver)	PREMIUM
COMPREHENSIVE		ACTUAL CASH VALUE OR COST OF REPAIR, WHICHEVER IS LESS, MINUS $ 1,000 DEDUCTIBLE. FOR EACH COVERED AUTO.	IF ANY	$ INCL
SPECIFIED CAUSES OF LOSS		ACTUAL CASH VALUE OR COST OF REPAIR, WHICHEVER IS LESS, MINUS $ DEDUCTIBLE. FOR EACH COVERED AUTO FOR LOSS CAUSED BY MISCHIEF OR VANDALISM.		$
COLLISION		ACTUAL CASH VALUE OR COST OF REPAIR, WHICHEVER IS LESS, MINUS $ 1,000 DEDUCTIBLE. FOR EACH COVERED AUTO.	IF ANY	$ INCL
			TOTAL HIRED AUTO PREMIUM	$ INCL

For Physical Damage Coverages, cost of hire means the total amount you incur for the hire of "autos" you don't own (not including "autos" you borrow or rent from your partners or "employees" or their family members). Cost of hire does not include charges for any "auto" that is leased, hired, rented, or borrowed with a driver.

ITEM FIVE
SCHEDULE FOR NON-OWNERSHIP COVERED AUTOS LIABILITY

NAMED INSURED'S BUSINESS	RATING BASIS	NUMBER	PREMIUM
OTHER THAN GARAGE SERVICE OPERATIONS AND OTHER THAN SOCIAL SERVICE AGENCIES	NUMBER OF EMPLOYEES		$ INCL
	NUMBER OF PARTNERS (ACTIVE AND INACTIVE)		$
GARAGE SERVICE OPERATIONS	NUMBER OF EMPLOYEES WHOSE PRINCIPAL DUTY INVOLVES THE OPERATION OF AUTOS		$
	NUMBER OF PARTNERS (ACTIVE AND INACTIVE)		$
SOCIAL SERVICE AGENCIES	NUMBER OF EMPLOYEES		$
	NUMBER OF VOLUNTEERS WHO REGULARLY USE AUTOS TO TRANSPORT CLIENTS		$
	NUMBER OF PARTNERS (ACTIVE AND INACTIVE)		$
		TOTAL NON-OWNERSHIP COVERED AUTOS LIABILITY PREMIUM	$ INCL

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POLICY NUMBER: H-810-2C414830-TIL-24

COMMERCIAL AUTO
ISSUE DATE: 07-12-24

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DEDUCTIBLE LIABILITY COVERAGE

This endorsement modifies insurance provided under the following:

AUTO DEALERS COVERAGE FORM
BUSINESS AUTO COVERAGE FORM
MOTOR CARRIER COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

SCHEDULE

Covered Autos Liability Coverage and Paragraph **A.** Bodily Injury And Property Damage Liability of Section **II** – General Liability Coverages in the Auto Dealers Coverage Form are subject to one of the following two deductibles shown below:

Liability Deductible:	**$** 10,000	**Per "Accident"**
	OR	
"Property Damage" Only Liability Deductible:	**$**	**Per "Accident"**

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. Liability Deductible

If a Liability Deductible, and not a "Property Damage" Only Liability Deductible, is shown in the Schedule, the damages resulting from any one "accident" that are otherwise payable will be reduced by the Liability Deductible shown in the Schedule prior to the application of the Limit of Insurance provision.

B. Property Damage Only Liability Deductible

If a "Property Damage" Only Liability Deductible, and not a Liability Deductible, is shown in the Schedule, the damages resulting from any one "accident" that are otherwise payable for "property damage" will be reduced by the "Property Damage" Only Liability Deductible shown in the Schedule prior to the application of the Limit of Insurance provision.

C. Our Right To Reimbursement

To settle any claim or "suit", we may pay all or any part of any deductible shown in the Schedule. If this happens, you must reimburse us for the deductible or the part of the deductible we paid.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MAXIMUM PHYSICAL DAMAGE DEDUCTIBLE

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM
MOTOR CARRIER COVERAGE FORM

SCHEDULE – MAXIMUM PHYSICAL DAMAGE DEDUCTIBLE

$ 125,000 maximum deductible for all "loss" in any one event.

PROVISIONS

The following is added to Paragraph **D., Deductible**, of the **PHYSICAL DAMAGE COVERAGE** Section in the **BUSINESS AUTO COVERAGE FORM** and the **MOTOR CARRIER COVERAGE FORM**:

Regardless of the number of covered "autos" damaged or stolen, the deductible shown in the Schedule – Maximum Physical Damage Deductible is the maximum deductible applicable for all "loss" in any one event.

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TRAVELERS

One Tower Square, Hartford, Connecticut 06183

BUSINESS AUTO/AUTO DEALERS/ MOTOR CARRIER COVERAGE PART SUPPLEMENTARY SCHEDULE

POLICY NUMBER: H-810-2C414830-TIL-24
ISSUE DATE: 07-12-24

ITEM TWO
COVERAGE AND LIMITS OF INSURANCE
UNINSURED MOTORISTS COVERAGE AND UNDERINSURED MOTORISTS COVERAGE

The LIMIT OF INSURANCE for the coverages shown below is the LIMIT OF INSURANCE shown for the State where a covered "auto" is principally garaged. Refer to the specific coverage endorsement for description of the coverage provided for each State listed below.

Coverage

UNINSURED MOTORISTS — LIMIT OF INSURANCE

State	"Bodily Injury" and "Property Damage" Each "Accident"	"Bodily Injury" Each "Accident"	"Bodily Injury" Each Person	"Bodily Injury" Each "Accident"	"Property Damage" Each "Accident"
TN	$ 75,000				

UNDERINSURED MOTORISTS — LIMIT OF INSURANCE
(When not included in Uninsured Motorists Coverage)

State	"Bodily Injury" and "Property Damage" Each "Accident"	"Bodily Injury" Each "Accident"	"Bodily Injury" Each Person	"Bodily Injury" Each "Accident"	"Property Damage" Each "Accident"

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BUSINESS AUTO COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **V** – Definitions.

SECTION I – COVERED AUTOS

Item Two of the Declarations shows the "autos" that are covered "autos" for each of your coverages. The following numerical symbols describe the "autos" that may be covered "autos". The symbols entered next to a coverage on the Declarations designate the only "autos" that are covered "autos".

A. Description Of Covered Auto Designation Symbols

Symbol	Description Of Covered Auto Designation Symbols	
1	Any "Auto"	
2	Owned "Autos" Only	Only those "autos" you own (and for Covered Autos Liability Coverage any "trailers" you don't own while attached to power units you own). This includes those "autos" you acquire ownership of after the policy begins.
3	Owned Private Passenger "Autos" Only	Only the private passenger "autos" you own. This includes those private passenger "autos" you acquire ownership of after the policy begins.
4	Owned "Autos" Other Than Private Passenger "Autos" Only	Only those "autos" you own that are not of the private passenger type (and for Covered Autos Liability Coverage any "trailers" you don't own while attached to power units you own). This includes those "autos" not of the private passenger type you acquire ownership of after the policy begins.
5	Owned "Autos" Subject To No-fault	Only those "autos" you own that are required to have no-fault benefits in the state where they are licensed or principally garaged. This includes those "autos" you acquire ownership of after the policy begins provided they are required to have no-fault benefits in the state where they are licensed or principally garaged.
6	Owned "Autos" Subject To A Compulsory Uninsured Motorists Law	Only those "autos" you own that because of the law in the state where they are licensed or principally garaged are required to have and cannot reject Uninsured Motorists Coverage. This includes those "autos" you acquire ownership of after the policy begins provided they are subject to the same state uninsured motorists requirement.
7	Specifically Described "Autos"	Only those "autos" described in Item Three of the Declarations for which a premium charge is shown (and for Covered Autos Liability Coverage any "trailers" you don't own while attached to any power unit described in Item Three).
8	Hired "Autos" Only	Only those "autos" you lease, hire, rent or borrow. This does not include any "auto" you lease, hire, rent or borrow from any of your "employees", partners (if you are a partnership), members (if you are a limited liability company) or members of their households.
9	Non-owned "Autos" Only	Only those "autos" you do not own, lease, hire, rent or borrow that are used in connection with your business. This includes "autos" owned by your "employees", partners (if you are a partnership), members (if you are a limited liability company) or members of their households but only while used in your business or your personal affairs.

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19	Mobile Equipment Subject To Compulsory Or Financial Responsibility Or Other Motor Vehicle Insurance Law Only	Only those "autos" that are land vehicles and that would qualify under the definition of "mobile equipment" under this policy if they were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law where they are licensed or principally garaged.

B. Owned Autos You Acquire After The Policy Begins

1. If Symbols **1, 2, 3, 4, 5, 6** or **19** are entered next to a coverage in Item Two of the Declarations, then you have coverage for "autos" that you acquire of the type described for the remainder of the policy period.

2. But, if Symbol **7** is entered next to a coverage in Item Two of the Declarations, an "auto" you acquire will be a covered "auto" for that coverage only if:

a. We already cover all "autos" that you own for that coverage or it replaces an "auto" you previously owned that had that coverage; and

b. You tell us within 30 days after you acquire it that you want us to cover it for that coverage.

C. Certain Trailers, Mobile Equipment And Temporary Substitute Autos

If Covered Autos Liability Coverage is provided by this Coverage Form, the following types of vehicles are also covered "autos" for Covered Autos Liability Coverage:

1. "Trailers" with a load capacity of 2,000 pounds or less designed primarily for travel on public roads.

2. "Mobile equipment" while being carried or towed by a covered "auto".

3. Any "auto" you do not own while used with the permission of its owner as a temporary substitute for a covered "auto" you own that is out of service because of its:

a. Breakdown;

b. Repair;

c. Servicing;

d. "Loss"; or

e. Destruction.

SECTION II – COVERED AUTOS LIABILITY COVERAGE

A. Coverage

We will pay all sums an "insured" legally must pay as damages because of "bodily injury" or "property damage" to which this insurance applies, caused by an "accident" and resulting from the ownership, maintenance or use of a covered "auto".

We will also pay all sums an "insured" legally must pay as a "covered pollution cost or expense" to which this insurance applies, caused by an "accident" and resulting from the ownership, maintenance or use of covered "autos". However, we will only pay for the "covered pollution cost or expense" if there is either "bodily injury" or "property damage" to which this insurance applies that is caused by the same "accident".

We have the right and duty to defend any "insured" against a "suit" asking for such damages or a "covered pollution cost or expense". However, we have no duty to defend any "insured" against a "suit" seeking damages for "bodily injury" or "property damage" or a "covered pollution cost or expense" to which this insurance does not apply. We may investigate and settle any claim or "suit" as we consider appropriate. Our duty to defend or settle ends when the Covered Autos Liability Coverage Limit of Insurance has been exhausted by payment of judgments or settlements.

1. Who Is An Insured

The following are "insureds":

a. You for any covered "auto".

b. Anyone else while using with your permission a covered "auto" you own, hire or borrow except:

(1) The owner or anyone else from whom you hire or borrow a covered "auto".

This exception does not apply if the covered "auto" is a "trailer" connected to a covered "auto" you own.

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(2) Your "employee" if the covered "auto" is owned by that "employee" or a member of his or her household.

(3) Someone using a covered "auto" while he or she is working in a business of selling, servicing, repairing, parking or storing "autos" unless that business is yours.

(4) Anyone other than your "employees", partners (if you are a partnership), members (if you are a limited liability company) or a lessee or borrower or any of their "employees", while moving property to or from a covered "auto".

(5) A partner (if you are a partnership) or a member (if you are a limited liability company) for a covered "auto" owned by him or her or a member of his or her household.

c. Anyone liable for the conduct of an "insured" described above but only to the extent of that liability.

2. Coverage Extensions

a. Supplementary Payments

We will pay for the "insured":

(1) All expenses we incur.

(2) Up to $2,000 for cost of bail bonds (including bonds for related traffic law violations) required because of an "accident" we cover. We do not have to furnish these bonds.

(3) The cost of bonds to release attachments in any "suit" against the "insured" we defend, but only for bond amounts within our Limit of Insurance.

(4) All reasonable expenses incurred by the "insured" at our request, including actual loss of earnings up to $250 a day because of time off from work.

(5) All court costs taxed against the "insured" in any "suit" against the "insured" we defend. However, these payments do not include attorneys' fees or attorneys' expenses taxed against the "insured".

(6) All interest on the full amount of any judgment that accrues after entry of the judgment in any "suit" against the "insured" we defend, but our duty to pay interest ends when we have paid, offered to pay or deposited in court the part of the judgment that is within our Limit of Insurance.

These payments will not reduce the Limit of Insurance.

b. Out-of-state Coverage Extensions

While a covered "auto" is away from the state where it is licensed, we will:

(1) Increase the Limit of Insurance for Covered Autos Liability Coverage to meet the limits specified by a compulsory or financial responsibility law of the jurisdiction where the covered "auto" is being used. This extension does not apply to the limit or limits specified by any law governing motor carriers of passengers or property.

(2) Provide the minimum amounts and types of other coverages, such as no-fault, required of out-of-state vehicles by the jurisdiction where the covered "auto" is being used.

We will not pay anyone more than once for the same elements of loss because of these extensions.

B. Exclusions

This insurance does not apply to any of the following:

1. Expected Or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the "insured".

2. Contractual

Liability assumed under any contract or agreement.

But this exclusion does not apply to liability for damages:

a. Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement; or

b. That the "insured" would have in the absence of the contract or agreement.

3. Workers' Compensation

Any obligation for which the "insured" or the "insured's" insurer may be held liable under any workers' compensation, disability benefits

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or unemployment compensation law or any similar law.

4. Employee Indemnification And Employer's Liability

"Bodily injury" to:

a. An "employee" of the "insured" arising out of and in the course of:

(1) Employment by the "insured"; or

(2) Performing the duties related to the conduct of the "insured's" business; or

b. The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph **a.** above.

This exclusion applies:

(1) Whether the "insured" may be liable as an employer or in any other capacity; and

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

But this exclusion does not apply to "bodily injury" to domestic "employees" not entitled to workers' compensation benefits or to liability assumed by the "insured" under an "insured contract". For the purposes of the Coverage Form, a domestic "employee" is a person engaged in household or domestic work performed principally in connection with a residence premises.

5. Fellow Employee

"Bodily injury" to:

a. Any fellow "employee" of the "insured" arising out of and in the course of the fellow "employee's" employment or while performing duties related to the conduct of your business; or

b. The spouse, child, parent, brother or sister of that fellow "employee" as a consequence of Paragraph **a.** above.

6. Care, Custody Or Control

"Property damage" to or "covered pollution cost or expense" involving property owned or transported by the "insured" or in the "insured's" care, custody or control. But this exclusion does not apply to liability assumed under a sidetrack agreement.

7. Handling Of Property

"Bodily injury" or "property damage" resulting from the handling of property:

a. Before it is moved from the place where it is accepted by the "insured" for movement into or onto the covered "auto"; or

b. After it is moved from the covered "auto" to the place where it is finally delivered by the "insured".

8. Movement Of Property By Mechanical Device

"Bodily injury" or "property damage" resulting from the movement of property by a mechanical device (other than a hand truck) unless the device is attached to the covered "auto".

9. Operations

"Bodily injury" or "property damage" arising out of the operation of:

a. Any equipment listed in Paragraphs **6.b.** and **6.c.** of the definition of "mobile equipment"; or

b. Machinery or equipment that is on, attached to or part of a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged.

10. Completed Operations

"Bodily injury" or "property damage" arising out of your work after that work has been completed or abandoned.

In this exclusion, your work means:

a. Work or operations performed by you or on your behalf; and

b. Materials, parts or equipment furnished in connection with such work or operations.

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

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

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

(2) When all of the work to be done at the site has been completed if your

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contract calls for work at more than one site; or

(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.

11. Pollution

"Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":

a. That are, or that are contained in any property that is:

(1) Being transported or towed by, handled or handled for movement into, onto or from the covered "auto";

(2) Otherwise in the course of transit by or on behalf of the "insured"; or

(3) Being stored, disposed of, treated or processed in or upon the covered "auto";

b. Before the "pollutants" or any property in which the "pollutants" are contained are moved from the place where they are accepted by the "insured" for movement into or onto the covered "auto"; or

c. After the "pollutants" or any property in which the "pollutants" are contained are moved from the covered "auto" to the place where they are finally delivered, disposed of or abandoned by the "insured".

Paragraph **a.** above does not apply to fuels, lubricants, fluids, exhaust gases or other similar "pollutants" that are needed for or result from the normal electrical, hydraulic or mechanical functioning of the covered "auto" or its parts if:

(1) The "pollutants" escape, seep, migrate or are discharged, dispersed or released directly from an "auto" part designed by its manufacturer to hold, store, receive or dispose of such "pollutants"; and

(2) The "bodily injury", "property damage" or "covered pollution cost or expense" does not arise out of the operation of any equipment listed in Paragraphs **6.b.** and **6.c.** of the definition of "mobile equipment".

Paragraphs **b.** and **c.** above of this exclusion do not apply to "accidents" that occur away from premises owned by or rented to an "insured" with respect to "pollutants" not in or upon a covered "auto" if:

(a) The "pollutants" or any property in which the "pollutants" are contained are upset, overturned or damaged as a result of the maintenance or use of a covered "auto"; and

(b) The discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused directly by such upset, overturn or damage.

12. War

"Bodily injury" or "property damage" arising directly or indirectly out of:

a. War, including undeclared or civil war;

b. 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; or

c. Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

13. Racing

Covered "autos" while used in any professional or organized racing or demolition contest or stunting activity, or while practicing for such contest or activity. This insurance also does not apply while that covered "auto" is being prepared for such a contest or activity.

C. Limit Of Insurance

Regardless of the number of covered "autos", "insureds", premiums paid, claims made or vehicles involved in the "accident", the most we will pay for the total of all damages and "covered pollution cost or expense" combined resulting from any one "accident" is the Limit Of Insurance for Covered Autos Liability Coverage shown in the Declarations.

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All "bodily injury", "property damage" and "covered pollution cost or expense" resulting from continuous or repeated exposure to substantially the same conditions will be considered as resulting from one "accident".

No one will be entitled to receive duplicate payments for the same elements of "loss" under this Coverage Form and any Medical Payments Coverage endorsement, Uninsured Motorists Coverage endorsement or Underinsured Motorists Coverage endorsement attached to this Coverage Part.

SECTION III – PHYSICAL DAMAGE COVERAGE

A. Coverage

1. We will pay for "loss" to a covered "auto" or its equipment under:

a. Comprehensive Coverage

From any cause except:

(1) The covered "auto's" collision with another object; or

(2) The covered "auto's" overturn.

b. Specified Causes Of Loss Coverage

Caused by:

(1) Fire, lightning or explosion;

(2) Theft;

(3) Windstorm, hail or earthquake;

(4) Flood;

(5) Mischief or vandalism; or

(6) The sinking, burning, collision or derailment of any conveyance transporting the covered "auto".

c. Collision Coverage

Caused by:

(1) The covered "auto's" collision with another object; or

(2) The covered "auto's" overturn.

2. Towing

We will pay up to the limit shown in the Declarations for towing and labor costs incurred each time a covered "auto" of the private passenger type is disabled. However, the labor must be performed at the place of disablement.

3. Glass Breakage – Hitting A Bird Or Animal – Falling Objects Or Missiles

If you carry Comprehensive Coverage for the damaged covered "auto", we will pay for the following under Comprehensive Coverage:

a. Glass breakage;

b. "Loss" caused by hitting a bird or animal; and

c. "Loss" caused by falling objects or missiles.

However, you have the option of having glass breakage caused by a covered "auto's" collision or overturn considered a "loss" under Collision Coverage.

4. Coverage Extensions

a. Transportation Expenses

We will pay up to $20 per day, to a maximum of $600, for temporary transportation expense incurred by you because of the total theft of a covered "auto" of the private passenger type. We will pay only for those covered "autos" for which you carry either Comprehensive or Specified Causes Of Loss Coverage. We will pay for temporary transportation expenses incurred during the period beginning 48 hours after the theft and ending, regardless of the policy's expiration, when the covered "auto" is returned to use or we pay for its "loss".

b. Loss Of Use Expenses

For Hired Auto Physical Damage, we will pay expenses for which an "insured" becomes legally responsible to pay for loss of use of a vehicle rented or hired without a driver under a written rental contract or agreement. We will pay for loss of use expenses if caused by:

(1) Other than collision only if the Declarations indicates that Comprehensive Coverage is provided for any covered "auto";

(2) Specified Causes Of Loss only if the Declarations indicates that Specified Causes Of Loss Coverage is provided for any covered "auto"; or

(3) Collision only if the Declarations indicates that Collision Coverage is provided for any covered "auto".

However, the most we will pay for any expenses for loss of use is $20 per day, to a maximum of $600.

B. Exclusions

1. We will not pay for "loss" caused by or resulting from any of the following. Such "loss" is excluded regardless of any other cause or

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event that contributes concurrently or in any sequence to the "loss".

a. Nuclear Hazard

(1) The explosion of any weapon employing atomic fission or fusion; or

(2) Nuclear reaction or radiation, or radioactive contamination, however caused.

b. War Or Military Action

(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; or

(3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

2. We will not pay for "loss" to any covered "auto" while used in any professional or organized racing or demolition contest or stunting activity, or while practicing for such contest or activity. We will also not pay for "loss" to any covered "auto" while that covered "auto" is being prepared for such a contest or activity.

3. We will not pay for "loss" due and confined to:

a. Wear and tear, freezing, mechanical or electrical breakdown.

b. Blowouts, punctures or other road damage to tires.

This exclusion does not apply to such "loss" resulting from the total theft of a covered "auto".

4. We will not pay for "loss" to any of the following:

a. Tapes, records, discs or other similar audio, visual or data electronic devices designed for use with audio, visual or data electronic equipment.

b. Any device designed or used to detect speed-measuring equipment, such as radar or laser detectors, and any jamming apparatus intended to elude or disrupt speed-measuring equipment.

c. Any electronic equipment, without regard to whether this equipment is permanently installed, that reproduces, receives or transmits audio, visual or data signals.

d. Any accessories used with the electronic equipment described in Paragraph **c.** above.

5. Exclusions **4.c.** and **4.d.** do not apply to equipment designed to be operated solely by use of the power from the "auto's" electrical system that, at the time of "loss", is:

a. Permanently installed in or upon the covered "auto";

b. Removable from a housing unit which is permanently installed in or upon the covered "auto";

c. An integral part of the same unit housing any electronic equipment described in Paragraphs **a.** and **b.** above; or

d. Necessary for the normal operation of the covered "auto" or the monitoring of the covered "auto's" operating system.

6. We will not pay for "loss" to a covered "auto" due to "diminution in value".

C. Limits Of Insurance

1. The most we will pay for:

a. "Loss" to any one covered "auto" is the lesser of:

(1) The actual cash value of the damaged or stolen property as of the time of the "loss"; or

(2) The cost of repairing or replacing the damaged or stolen property with other property of like kind and quality.

b. All electronic equipment that reproduces, receives or transmits audio, visual or data signals in any one "loss" is $1,000, if, at the time of "loss", such electronic equipment is:

(1) Permanently installed in or upon the covered "auto" in a housing, opening or other location that is not normally used by the "auto" manufacturer for the installation of such equipment;

(2) Removable from a permanently installed housing unit as described in Paragraph **b.(1)** above; or

(3) An integral part of such equipment as described in Paragraphs **b.(1)** and **b.(2)** above.

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2. An adjustment for depreciation and physical condition will be made in determining actual cash value in the event of a total "loss".

3. If a repair or replacement results in better than like kind or quality, we will not pay for the amount of the betterment.

D. Deductible

For each covered "auto", our obligation to pay for, repair, return or replace damaged or stolen property will be reduced by the applicable deductible shown in the Declarations. Any Comprehensive Coverage deductible shown in the Declarations does not apply to "loss" caused by fire or lightning.

SECTION IV – BUSINESS AUTO CONDITIONS

The following conditions apply in addition to the Common Policy Conditions:

A. Loss Conditions

1. Appraisal For Physical Damage Loss

If you and we disagree on the amount of "loss", either may demand an appraisal of the "loss". In this event, each party will select a competent appraiser. The two appraisers will select a competent and impartial umpire. The appraisers will state separately the actual cash value and amount of "loss". If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

a. Pay its chosen appraiser; and

b. Bear the other expenses of the appraisal and umpire equally.

If we submit to an appraisal, we will still retain our right to deny the claim.

2. Duties In The Event Of Accident, Claim, Suit Or Loss

We have no duty to provide coverage under this policy unless there has been full compliance with the following duties:

a. In the event of "accident", claim, "suit" or "loss", you must give us or our authorized representative prompt notice of the "accident" or "loss". Include:

(1) How, when and where the "accident" or "loss" occurred;

(2) The "insured's" name and address; and

(3) To the extent possible, the names and addresses of any injured persons and witnesses.

b. Additionally, you and any other involved "insured" must:

(1) Assume no obligation, make no payment or incur no expense without our consent, except at the "insured's" own cost.

(2) Immediately send us copies of any request, demand, order, notice, summons or legal paper received concerning the claim or "suit".

(3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit".

(4) Authorize us to obtain medical records or other pertinent information.

(5) Submit to examination, at our expense, by physicians of our choice, as often as we reasonably require.

c. If there is "loss" to a covered "auto" or its equipment, you must also do the following:

(1) Promptly notify the police if the covered "auto" or any of its equipment is stolen.

(2) Take all reasonable steps to protect the covered "auto" from further damage. Also keep a record of your expenses for consideration in the settlement of the claim.

(3) Permit us to inspect the covered "auto" and records proving the "loss" before its repair or disposition.

(4) Agree to examinations under oath at our request and give us a signed statement of your answers.

3. Legal Action Against Us

No one may bring a legal action against us under this Coverage Form until:

a. There has been full compliance with all the terms of this Coverage Form; and

b. Under Covered Autos Liability Coverage, we agree in writing that the "insured" has an obligation to pay or until the amount of that obligation has finally been determined by judgment after trial. No one has the right under this policy to bring us into an action to determine the "insured's" liability.

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4. Loss Payment – Physical Damage Coverages

At our option, we may:

a. Pay for, repair or replace damaged or stolen property;

b. Return the stolen property, at our expense. We will pay for any damage that results to the "auto" from the theft; or

c. Take all or any part of the damaged or stolen property at an agreed or appraised value.

If we pay for the "loss", our payment will include the applicable sales tax for the damaged or stolen property.

5. Transfer Of Rights Of Recovery Against Others To Us

If any person or organization to or for whom we make payment under this Coverage Form has rights to recover damages from another, those rights are transferred to us. That person or organization must do everything necessary to secure our rights and must do nothing after "accident" or "loss" to impair them.

B. General Conditions

1. Bankruptcy

Bankruptcy or insolvency of the "insured" or the "insured's" estate will not relieve us of any obligations under this Coverage Form.

2. Concealment, Misrepresentation Or Fraud

This Coverage Form is void in any case of fraud by you at any time as it relates to this Coverage Form. It is also void if you or any other "insured", at any time, intentionally conceals or misrepresents a material fact concerning:

a. This Coverage Form;

b. The covered "auto";

c. Your interest in the covered "auto"; or

d. A claim under this Coverage Form.

3. Liberalization

If we revise this Coverage Form to provide more coverage without additional premium charge, your policy will automatically provide the additional coverage as of the day the revision is effective in your state.

4. No Benefit To Bailee – Physical Damage Coverages

We will not recognize any assignment or grant any coverage for the benefit of any person or organization holding, storing or transporting property for a fee regardless of any other provision of this Coverage Form.

5. Other Insurance

a. For any covered "auto" you own, this Coverage Form provides primary insurance. For any covered "auto" you don't own, the insurance provided by this Coverage Form is excess over any other collectible insurance. However, while a covered "auto" which is a "trailer" is connected to another vehicle, the Covered Autos Liability Coverage this Coverage Form provides for the "trailer" is:

(1) Excess while it is connected to a motor vehicle you do not own; or

(2) Primary while it is connected to a covered "auto" you own.

b. For Hired Auto Physical Damage Coverage, any covered "auto" you lease, hire, rent or borrow is deemed to be a covered "auto" you own. However, any "auto" that is leased, hired, rented or borrowed with a driver is not a covered "auto".

c. Regardless of the provisions of Paragraph **a.** above, this Coverage Form's Covered Autos Liability Coverage is primary for any liability assumed under an "insured contract".

d. When this Coverage Form and any other Coverage Form or policy covers on the same basis, either excess or primary, we will pay only our share. Our share is the proportion that the Limit of Insurance of our Coverage Form bears to the total of the limits of all the Coverage Forms and policies covering on the same basis.

6. Premium Audit

a. The estimated premium for this Coverage Form is based on the exposures you told us you would have when this policy began. We will compute the final premium due when we determine your actual exposures. The estimated total premium will be credited against the final premium due and the first Named Insured will be billed for the balance, if any. The due date for the final premium or retrospective premium is the date shown as the due date on the bill. If the estimated total premium exceeds the final premium due, the first Named Insured will get a refund.

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b. If this policy is issued for more than one year, the premium for this Coverage Form will be computed annually based on our rates or premiums in effect at the beginning of each year of the policy.

7. Policy Period, Coverage Territory

Under this Coverage Form, we cover "accidents" and "losses" occurring:

a. During the policy period shown in the Declarations; and

b. Within the coverage territory.

The coverage territory is:

(1) The United States of America;

(2) The territories and possessions of the United States of America;

(3) Puerto Rico;

(4) Canada; and

(5) Anywhere in the world if a covered "auto" of the private passenger type is leased, hired, rented or borrowed without a driver for a period of 30 days or less,

provided that the "insured's" responsibility to pay damages is determined in a "suit" on the merits, in the United States of America, the territories and possessions of the United States of America, Puerto Rico or Canada, or in a settlement we agree to.

We also cover "loss" to, or "accidents" involving, a covered "auto" while being transported between any of these places.

8. Two Or More Coverage Forms Or Policies Issued By Us

If this Coverage Form and any other Coverage Form or policy issued to you by us or any company affiliated with us applies to the same "accident", the aggregate maximum Limit of Insurance under all the Coverage Forms or policies shall not exceed the highest applicable Limit of Insurance under any one Coverage Form or policy. This condition does not apply to any Coverage Form or policy issued by us or an affiliated company specifically to apply as excess insurance over this Coverage Form.

SECTION V – DEFINITIONS

A. "Accident" includes continuous or repeated exposure to the same conditions resulting in "bodily injury" or "property damage".

B. "Auto" means:

1. A land motor vehicle, "trailer" or semitrailer designed for travel on public roads; or

2. Any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged.

However, "auto" does not include "mobile equipment".

C. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these.

D. "Covered pollution cost or expense" means any cost or expense arising out of:

1. Any request, demand, order or statutory or regulatory requirement 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. Any 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".

"Covered pollution cost or expense" does not include any cost or expense arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":

a. That are, or that are contained in any property that is:

(1) Being transported or towed by, handled or handled for movement into, onto or from the covered "auto";

(2) Otherwise in the course of transit by or on behalf of the "insured"; or

(3) Being stored, disposed of, treated or processed in or upon the covered "auto";

b. Before the "pollutants" or any property in which the "pollutants" are contained are moved from the place where they are accepted by the "insured" for movement into or onto the covered "auto"; or

c. After the "pollutants" or any property in which the "pollutants" are contained are moved from the covered "auto" to the place where they are finally delivered, disposed of or abandoned by the "insured".

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Paragraph **a.** above does not apply to fuels, lubricants, fluids, exhaust gases or other similar "pollutants" that are needed for or result from the normal electrical, hydraulic or mechanical functioning of the covered "auto" or its parts, if:

(1) The "pollutants" escape, seep, migrate or are discharged, dispersed or released directly from an "auto" part designed by its manufacturer to hold, store, receive or dispose of such "pollutants"; and

(2) The "bodily injury", "property damage" or "covered pollution cost or expense" does not arise out of the operation of any equipment listed in Paragraph **6.b.** or **6.c.** of the definition of "mobile equipment".

Paragraphs **b.** and **c.** above do not apply to "accidents" that occur away from premises owned by or rented to an "insured" with respect to "pollutants" not in or upon a covered "auto" if:

(a) The "pollutants" or any property in which the "pollutants" are contained are upset, overturned or damaged as a result of the maintenance or use of a covered "auto"; and

(b) The discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused directly by such upset, overturn or damage.

E. "Diminution in value" means the actual or perceived loss in market value or resale value which results from a direct and accidental "loss".

F. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".

G. "Insured" means any person or organization qualifying as an insured in the Who Is An Insured provision of the applicable coverage. Except with respect to the Limit of Insurance, the coverage afforded applies separately to each insured who is seeking coverage or against whom a claim or "suit" is brought.

H. "Insured contract" means:

1. A lease of premises;

2. A sidetrack agreement;

3. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;

4. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;

5. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another to pay for "bodily injury" or "property damage" to a third party or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement; or

6. That part of any contract or agreement entered into, as part of your business, pertaining to the rental or lease, by you or any of your "employees", of any "auto". However, such contract or agreement shall not be considered an "insured contract" to the extent that it obligates you or any of your "employees" to pay for "property damage" to any "auto" rented or leased by you or any of your "employees".

An "insured contract" does not include that part of any contract or agreement:

a. That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, roadbeds, tunnel, underpass or crossing;

b. That pertains to the loan, lease or rental of an "auto" to you or any of your "employees", if the "auto" is loaned, leased or rented with a driver; or

c. That holds a person or organization engaged in the business of transporting property by "auto" for hire harmless for your use of a covered "auto" over a route or territory that person or organization is authorized to serve by public authority.

I. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".

J. "Loss" means direct and accidental loss or damage.

K. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:

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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, maintained primarily to provide mobility to 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 Paragraph **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 exploration, lighting and well-servicing equipment; or

b. Cherry pickers and similar devices used to raise or lower workers; or

6. Vehicles not described in Paragraph **1., 2., 3.** or **4.** above maintained primarily for purposes other than the transportation of persons or cargo. However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

a. Equipment designed primarily for:

(1) Snow removal;

(2) Road maintenance, but not construction or resurfacing; or

(3) Street cleaning;

b. Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and

c. Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting or well-servicing equipment.

However, "mobile equipment" does not include land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged. Land vehicles subject to a compulsory or financial responsibility law or other motor vehicle insurance law are considered "autos".

L. "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.

M. "Property damage" means damage to or loss of use of tangible property.

N. "Suit" means a civil proceeding in which:

1. Damages because of "bodily injury" or "property damage"; or

2. A "covered pollution cost or expense";

to which this insurance applies, are alleged.

"Suit" includes:

a. An arbitration proceeding in which such damages or "covered pollution costs or expenses" are claimed and to which the "insured" must submit or does submit with our consent; or

b. Any other alternative dispute resolution proceeding in which such damages or "covered pollution costs or expenses" are claimed and to which the insured submits with our consent.

O. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

P. "Trailer" includes semitrailer.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDMENT OF BODILY INJURY DEFINITION

This endorsement modifies insurance provided by the following:

BUSINESS AUTO COVERAGE FORM

The following replaces the definition of "bodily injury" in the **DEFINITIONS** section:

"Bodily injury" means:

a. Physical harm, including sickness or disease, sustained by a person; or

b. Mental anguish, injury or illness, or emotional distress, resulting at any time from such physical harm, sickness or disease.

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TENNESSEE EXCEPTION – LOSS PAYABLE CLAUSE

This endorsement modifies insurance provided by the following:

AUTO DEALERS COVERAGE FORM
BUSINESS AUTO COVERAGE FORM
MOTOR CARRIER COVERAGE FORM

Paragraph **B.** of the **LOSS PAYABLE CLAUSE** of the **COVERAGE PART DECLARATIONS** does not apply in Tennessee.

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POLICY NUMBER: H-810-2C414830-TIL-24

COMMERCIAL AUTO
ISSUE DATE: 07-12-24

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DESIGNATED INSURED FOR COVERED AUTOS LIABILITY COVERAGE – PRIMARY AND NON-CONTRIBUTORY WITH OTHER INSURANCE

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM

SCHEDULE OF ADDITIONAL INSURED PERSONS OR ORGANIZATIONS

TENNESSEE VALLEY AUTHORITY (TVA),
ITS DIRECTORS, OFFICERS,
AGENTS AND EMPLOYEES

PROVISIONS

1. The following is added to Paragraph **c.** in **A.1., Who Is An Insured,** of **SECTION II – COVERED AUTOS LIABILITY COVERAGE**:

   This includes any person or organization designated in the Schedule Of Additional Insured Persons Or Organizations who you are required under a written contract or agreement between you and that person or organization, that is signed by you before the "bodily injury" or "property damage" occurs and that is in effect during the policy period, to name as an additional insured for Covered Autos Liability Coverage, but only for damages to which this insurance applies and only to the extent of that designated person's or organization's liability for the conduct of another "insured".

2. The following is added to Paragraph **5., Other Insurance**, in **B., General Conditions**, of **SECTION IV – BUSINESS AUTO CONDITIONS**:

   Regardless of the provisions of paragraph a. and paragraph **d.** of this part **5. Other Insurance**, this insurance is primary to and non-contributory with applicable other insurance under which the person or organization designated in the Schedule Of Additional Insured Persons Or Organizations is the first named insured when the written contract or agreement between you and that designated person or organization, that is signed by you before the "bodily injury" or "property damage" occurs and that is in effect during the policy period, requires this insurance to be primary and non-contributory.

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PUBLIC ENTITY – CHANGES IN PHYSICAL DAMAGE COVERAGE – AGREED VALUE ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM

SCHEDULE

Description of "Auto":	Limit of Insurance:
SEE CA T8 04	

PROVISIONS

For any "auto" described in the Schedule above, the following replaces Paragraph **C., Limits Of Insurance**, of **SECTION III – PHYSICAL DAMAGE COVERAGE**:

C. Limits Of Insurance

The most we will pay for "loss" to any one covered "auto" is the lesser of:

1. The cost of repairing the damaged property with other property of like kind and quality;
2. The cost of replacing the damaged or stolen property with other property of like kind and quality;
3. The cost of replacing the damaged or stolen property with comparable new property at the time of "loss"; or
4. The limit shown as applicable to the "auto" in the Schedule above.

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AMENDMENT OF EMPLOYEE DEFINITION

This endorsement modifies insurance provided under the following:

AUTO DEALERS COVERAGE FORM
BUSINESS AUTO COVERAGE FORM
MOTOR CARRIER COVERAGE FORM

The following replaces the definition of "employee" in the **DEFINITIONS** Section:
"Employee" includes a "leased worker" and a "temporary worker".

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LONG TERM LEASED AUTOS COVERED AS OWNED AUTOS

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM
MOTOR CARRIER COVERAGE FORM

PROVISIONS

The following is added to **SECTION I – COVERED AUTOS**:

Long Term Leased Autos As Owned Autos

An "auto" that is leased or rented to you without a driver, under a written agreement for a continuous period of six months or more that requires you to provide primary insurance covering such "auto", will be considered a covered "auto" you own for any coverage designated in ITEM TWO of the Declarations that applies to "autos" you own.

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TENNESSEE CHANGES

For a covered "auto" licensed in, or "auto dealer operations" conducted in, Tennessee, this endorsement modifies insurance provided under the following:

AUTO DEALERS COVERAGE FORM
BUSINESS AUTO COVERAGE FORM
MOTOR CARRIER COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by this endorsement.

A. Changes In Covered Autos Liability Coverage

Paragraph **2.b.(4)** of the **Who Is An Insured** provision of the Auto Dealers Coverage Form does not apply.

B. Changes In Conditions

1. The following replaces the lead-in paragraph to the **Duties In The Event Of Accident, Claim, Suit Or Loss** Condition in the Business Auto and Motor Carrier Coverage Forms and the **Duties In The Event Of Accident, Claim, Offense, Suit, Loss Or Acts, Errors Or Omissions** Condition in the Auto Dealers Coverage Form:

We have no duty to provide coverage under this policy if the failure to comply with the following duties is prejudicial to us:

2. The **Other Insurance** Condition in the Auto Dealers and Business Auto Coverage Forms and the **Other Insurance – Primary and Excess Insurance Provisions** Condition in the Motor Carrier Coverage Form are changed by adding the following:

a. When two policies providing liability insurance apply to an "auto" and:

(1) One provides coverage to a named "insured" engaged in the business of selling, repairing, servicing, delivering, testing, road testing, parking or storing "autos";

(2) The other provides coverage to a person not engaged in that business; and

(3) At the time of an "accident" a person described in Paragraph **a.(2)** is operating an "auto" owned by the business described in Paragraph **a.(1),** then that person's liability insurance is primary and the policy issued to a business described in Paragraph **a.(1)** is excess over any insurance available to that person.

b. When two policies providing liability insurance apply to an "auto" and:

(1) One provides coverage to a named "insured" engaged in the business of repairing, servicing, parking or storing "autos";

(2) The other provides coverage to a person not engaged in that business; and

(3) At the time of an "accident" an "insured" under the policy described in Paragraph **b.(1)** is operating an "auto" owned by a person described in Paragraph **b.(2),** then the liability insurance policy issued to the business described in Paragraph **b.(1)** is primary and the policy issued to a person described in Paragraph **b.(2)** is excess over any insurance available to the business.

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EMERGENCY SERVICES – VOLUNTEER FIREFIGHTERS' AND WORKERS' INJURIES EXCLUDED

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

Covered Autos Liability Coverage is changed by adding the following exclusions:

This insurance does not apply to:

1. "Bodily injury" to any volunteer firefighter or other volunteer worker of the "insured" if sustained while such person is engaged in volunteer firefighting, rescue squad or ambulance corps operations.

2. "Bodily injury" to any fellow volunteer firefighter or other volunteer worker of the "insured" if sustained in the course of volunteer firefighting, rescue squad or ambulance corps operations.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TENNESSEE UNINSURED MOTORISTS COVERAGE

For a covered "auto" licensed or principally garaged in, or "auto dealer operations" conducted in, Tennessee, this endorsement modifies insurance provided under the following:

AUTO DEALERS COVERAGE FORM
BUSINESS AUTO COVERAGE FORM
MOTOR CARRIER COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

SCHEDULE

"Bodily Injury" And "Property Damage"	**$ SEE CAT030**	**Each "Accident"**
	or	
"Bodily Injury"	**$**	**Each "Accident"**

This endorsement provides "bodily injury" and "property damage" Uninsured Motorists Coverage unless an "X" is entered below.

☐ If an "X" is entered in this box, this endorsement provides "bodily injury" Uninsured Motorists Coverage only.

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. Coverage

1. We will pay all sums the "insured" is legally entitled to recover as compensatory damages from the owner or driver of an "uninsured motor vehicle". The damages must result from "bodily injury" sustained by the "insured", or "property damage" caused by an "accident". The owner's or driver's liability for these damages must result from the ownership, maintenance or use of the "uninsured motor vehicle".

2. With respect to damages resulting from an "accident" with a vehicle described in Paragraph **(2)** of the definition of "uninsured motor vehicle", we will pay under this coverage only if a. or b. below applies:

a. The limit of any applicable liability bonds or policies has been exhausted by payments of judgments or settlements; or

b. A tentative settlement has been made between an "insured" and the insurer of an owner or operator of a vehicle described in Paragraph **(2)** of the definition of "uninsured motor vehicle" and we have been given written notice of such tentative settlement as described in Paragraph **E.4.b.**

3. Any judgment for damages arising out of a suit brought without our written consent is not binding on us.

B. Who Is An Insured

If the Named Insured is designated in the Declarations as:

1. An individual, then the following are "insureds":

a. The Named Insured and any "family members"

b. Anyone else "occupying" a covered "auto" or a temporary substitute for a covered "auto". The covered "auto" must be out of service because of its breakdown, repair, servicing, "loss" or destruction.

c. Anyone for damages he or she is entitled to recover because of "bodily injury" sustained by another "insured".

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2. A partnership, limited liability company, corporation or any other form of organization, then the following are "insureds":
   a. Anyone "occupying" a covered "auto" or a temporary substitute for a covered "auto". The covered "auto" must be out of service because of its breakdown, repair, servicing, "loss" or destruction.
   b. Anyone for damages he or she is entitled to recover because of "bodily injury" sustained by another "insured".
   c. The Named Insured for "property damage" only.

C. Exclusions

This insurance does not apply to:

1. Any claim settled without our consent. However, this exclusion does not apply to a settlement made with the insurer of an owner or operator of a vehicle described in Paragraph **(2)** of the definition of "uninsured motor vehicle" in accordance with the procedure described in Paragraph A.**2.b.**
2. The direct or indirect benefit of any insurer or self-insurer under any workers' compensation, disability benefits or similar law.
3. The direct or indirect benefit of any insurer of property.
4. "Bodily injury" sustained by:
   a. The individual Named Insured while "occupying" or when struck by a vehicle owned by that Named Insured that is not a covered "auto" for Uninsured Motorists Coverage under this Coverage Form.
   b. Any "family member" while occupying" or when struck by any vehicle owned by that "family member" that is not a covered "auto" for Uninsured Motorists Coverage under this Coverage Form.
   c. Any "family member" while "occupying" or when struck by any vehicle owned by the Named Insured that is insured for Uninsured Motorists Coverage on a primary basis under any other Coverage Form or policy.
5. Property contained in or struck by any vehicle owned by the Named Insured or, if the Named Insured is an individual, any "family member" which is not a covered "auto".
6. The first $200 of the amount of "property damage" to the property of each "insured" as the result of any one "accident". This exclusion does not apply if:
   a. We insure the Named Insured's covered "auto" for both collision and uninsured motorists "property damage" coverage; and
   b. The operator of the "uninsured motor vehicle" is positively identified and is solely at fault.
7. Anyone using a vehicle without a reasonable belief that the person is entitled to do so.
8. "Property damage" for which the "insured" has been or is entitled to be compensated by other property or physical damage insurance.
9. Punitive or exemplary damages.
10. "Bodily injury" or "property damage" arising directly or indirectly out of:
    a. War, including undeclared or civil war;
    b. 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; or
    c. Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

D. Limit Of Insurance

1. Regardless of the number of covered "autos", "insureds", premiums paid, claims made or vehicles involved in the "accident", the most we will pay for all damages resulting from any one "accident" is the limit of Uninsured Motorists Coverage shown in the Schedule.
2. The most we will pay for all damages resulting from "bodily injury" to an "insured" when the "insured" is "occupying" an "auto" not owned by the "insured", or is not "occupying" any "auto", is the highest limit of Uninsured Motorists Coverage on an "auto" owned by the "insured".
3. For a vehicle described in Paragraph **(2)** of the definition of "uninsured motor vehicle", our Limit of Insurance shall be reduced by all sums paid because of "bodily injury" by or for anyone who is legally responsible, including

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all sums paid or payable under this policy's Covered Autos Liability Coverage.

4. No one will be entitled to receive duplicate payments for the same elements of "loss" under this Coverage Form, any Liability Coverage form, and any Medical Payments Coverage endorsement attached to this Coverage Part.

   We will not make a duplicate payment under this coverage for any element of "loss" for which payment has been made by or for anyone who is legally responsible.

   We will not pay for any element of "loss" if a person is entitled to receive payment for the same element of "loss" under any workers' compensation law, disability benefits or similar law.

5. We will not pay for a loss which is paid or payable under Physical Damage Coverage.

E. Changes In Conditions

The Conditions are changed for Uninsured Motorists Coverage as follows:

1. **Other Insurance** in the Auto Dealers and Business Auto Coverage Forms and **Other Insurance – Primary And Excess Insurance Provisions** in the Motor Carrier Coverage Form are replaced by the following:

   a. If there is other applicable insurance available under one or more Coverage Forms, policies or provisions of coverage, the maximum recovery for damages under all Coverage Forms or policies combined may equal but not exceed the highest applicable limit for any one vehicle under any one Coverage Form or policy providing coverage.

   b. Subject to Paragraph a., with respect to "bodily injury" to an "insured":

      (1) While not "occupying" a vehicle, only the Uninsured Motorists Coverage applicable to a vehicle, under which the injured person is an "insured", that provides the highest limit of Uninsured Motorists Coverage, will apply. No other Coverage Form, policy or provision of coverage with lesser limits of Uninsured Motorists Coverage will apply. If two or more Coverage Forms, policies or provisions of coverage provide the highest limit of Uninsured Motorists Coverage, they will share the loss equally.

      (2) While "occupying" a vehicle owned by that "insured", only the Uninsured Motorists Coverage applicable to that vehicle will apply, and no other Coverage Form, policy or provision of coverage will apply.

      (3) While "occupying" a vehicle not owned by that "insured", the following will be the priorities of recovery:

First Priority	The Uninsured Motorists Coverage applicable to the vehicle the "insured" was "occupying" at the time of the "accident".
Second Priority	If the first priority is exhausted, only the Coverage Form, policy or provision of coverage applicable to a vehicle under which the "insured" is a named "insured", that provides the highest limit of Uninsured Motorists Coverage.
Third Priority	If the first and second priorities are exhausted, only the Coverage Form, policy or provision of coverage applicable to a vehicle under which the "insured" is other than a named "insured", that provides the highest limit of Uninsured Motorists Coverage.

If two or more Coverage Forms, policies or provisions of coverage in the second or third priority provide the highest limit of Uninsured Motorists Coverage, they will equally share the loss applicable to that priority. No Coverage Forms, policies or provisions of coverage with lesser limits of Uninsured Motorists Coverage will apply to the second or third priority.

2. **Duties In The Event Of Accident, Claim, Suit Or Loss** in the Business Auto and Motor Carrier Coverage Forms and **Duties In The Event Of Accident, Claim, Offense, Suit, Loss Or Acts, Errors Or Omissions** in the Auto Dealers Coverage Form are changed by adding the following:

   a. Promptly notify the police if a hit-and-run driver is involved.

   b. Promptly send us copies of the legal papers if a suit is brought.

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c. A person seeking coverage from an insurer, owner or operator of a vehicle described in Paragraph **F.2.c.(2)** of the definition of "uninsured motor vehicle" must notify us in writing of a tentative settlement between the "insured" and the insurer as described in Paragraph **E.4.b.** and allow us, within 30 days of receipt of both notices, to advance payment to that "insured" in an amount equal to the tentative settlement to preserve our rights against the insurer, owner or operator of such vehicle.

3. Transfer Of Rights Of Recovery Against Others To Us is changed by adding the following:

If we make any payment and the "insured" recovers from another party, the "insured" shall hold the proceeds in trust for us and pay us back the amount we have paid.

Our rights under this provision do not apply with respect to a tentative settlement between an "insured" and the insurer of an owner or operator of a vehicle described in Paragraph **(2)** of the definition of "uninsured motor vehicle", for which we have been notified in accordance with Paragraph **A.2.b.,** to which we:

a. Consent to the tentative settlement; or

b. Fail to advance payment to the "insured" in an amount equal to the tentative settlement within 30 days after receipt of notification.

If we advance payment to the "insured" in an amount equal to the tentative settlement within 30 days after receipt of notification:

a. That payment will be separate from any amount the "insured" is entitled to recover under the provisions of Uninsured Motorists Coverage; and

b. We also have a right to recover the advance payment, unless judgment is rendered in favor of the owner or operator of an "uninsured motor vehicle".

4. The following is added:

Arbitration

a. If we and an "insured" disagree whether the "insured" is legally entitled to recover damages from the owner or operator of an "uninsured motor vehicle", or do not agree as to the amount of damages that are recoverable by that "insured", then the matter may be arbitrated. However, disputes concerning coverage under this endorsement may not be arbitrated and shall be decided by a court of competent jurisdiction.

b. If a tentative settlement is made between an "insured" and the insurer, owner or operator of the "uninsured motor vehicle" for the full limits of all liability policies or bonds available to the party on whose behalf the tentative settlement is made, and:

(1) We receive written notice from the "insured", sent certified mail return receipt requested or by some other method with written verification, of the "insured's":

(a) Intent to accept the offer thereby releasing the party on whose behalf the offer is made; and

(b) Agreement to submit the uninsured motorists claim to binding arbitration;

(2) We receive written notice from the insurer of the "uninsured motor vehicle", sent certified mail return receipt requested or by some other method with written verification of the offer, and such insurer:

(a) Provides verification of coverage upon request; and

(b) Confirms to us that the owner or operator of the "uninsured motor vehicle" agrees to cooperate in connection with the arbitration of the uninsured motorists claim;

(3) We consent to the tentative settlement in writing, sent certified mail return receipt requested or by some other method with written verification, within 30 days from receipt of both notices described in Paragraphs **(1)** and **(2)** above, thereby waiving our right to recover payment from the owner or operator of an "uninsured motor vehicle" in exchange for their written agreement to cooperate in connection with the arbitration;

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then all issues of tort liability and damages arising out of the ownership, maintenance or use of the "uninsured motor vehicle" shall be arbitrated. However, if the settlement does not release all parties alleged to be liable to the "insured", arbitration of the uninsured motorists claim shall not be conducted until all such parties have been fully and finally disposed by settlement, final judgment or otherwise.

c. We and an "insured" must agree to arbitration and to be bound by the results of that arbitration. In this event, both parties will agree on an arbitrator. If they cannot agree, either party may request that a judge of a court of record for the county where arbitration is pending designate three (3) potential arbitrators; the parties shall then agree upon one of the three.

d. Unless we and an "insured" agree otherwise, arbitration will be in the county in which the "insured" lives. Rules of evidence applicable to the state courts where the arbitration is conducted will apply.

e. The arbitrator's expense will be paid by:

(1) The "insured", if the arbitrator's award is less than or equal to the total amount collected by the "insured" from settlements or judgments, if any, and the offer made by us at least 15 days prior to arbitration; or

(2) Us, if the arbitrator's award exceeds the total amount collected by the "insured" from settlements or judgments, if any, and the offer made by us at least 15 days prior to arbitration.

F. Additional Definitions

As used in this endorsement:

1. "Property damage" means injury or destruction of:

a. A covered "auto";

b. Property contained in the covered "auto" and owned by the Named Insured or, if the Named Insured is an individual, any "family member"; or

c. Property contained in the covered "auto" and owned by anyone else "occupying" the covered "auto".

2. The following are added to the **Definitions** section:

a. "Family member" means a person related to an individual Named Insured by blood, marriage or adoption, who is a resident of such Named Insured's household, including a ward or foster child.

b. "Occupying" means in, upon, getting in, on, out or off.

c. "Uninsured motor vehicle" means a land motor vehicle or "trailer":

(1) For which no liability bond or policy at the time of an "accident" provides at least the amounts required by the applicable law where a covered "auto" is principally garaged;

(2) That is an underinsured motor vehicle. An underinsured motor vehicle is a land motor vehicle or "trailer" for which the sum of the limits of liability available for payment to an "insured" under all policies, bonds and securities applicable at the time of the accident:

(a) Is less than the Limit of Insurance for this coverage; or

(b) Has been reduced by payments to persons other than the "insured" to an amount which is less than the limit of liability for this coverage;

(3) For which an insuring or bonding company denies coverage or is or becomes insolvent; or

(4) For which neither the driver nor owner can be identified. The vehicle or "trailer" must either:

(a) Hit an "insured", a covered "auto" or a vehicle an "insured" is "occupying"; or

(b) Cause "bodily injury" or "property damage" without hitting an "insured", a covered "auto" or a vehicle an "insured" is "occupying".

If there is no physical contact with such vehicle or "trailer", the facts of the "accident" must be proven by clear and convincing evidence. We will only accept

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corroborating evidence of the claim other than the evidence provided by occupants in the covered "auto" or in the vehicle an "insured" is "occupying".

However, "uninsured motor vehicle" does not include any vehicle:

(1) Owned by, or furnished or available for the Named Insured's regular use or, if the Named Insured is an individual, that of any "family member";

(2) Owned or operated by a self-insurer within the meaning of the Tennessee Financial Responsibility Law, compiled in title 55, chapter 12, or any similar state or federal law, except as a self-insurer who is or becomes insolvent and cannot provide the amounts required by that motor vehicle law;

(3) Designed for use mainly off public roads or any off-highway vehicle, as defined in Tenn. Code Ann. Section 55-8-101, except while the vehicle is operated on public roads pursuant to Tenn. Code Ann. Section 55-8-185 or other law; or

(4) While located for use as a premises.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AUTO MEDICAL PAYMENTS COVERAGE

This endorsement modifies insurance provided under the following:

AUTO DEALERS COVERAGE FORM
BUSINESS AUTO COVERAGE FORM
MOTOR CARRIER COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

A. Coverage

We will pay reasonable expenses incurred for necessary medical and funeral services to or for an "insured" who sustains "bodily injury" caused by "accident". We will pay only those expenses incurred, for services rendered within three years from the date of the "accident".

B. Who Is An Insured

1. You while "occupying" or, while a pedestrian, when struck by any "auto".
2. If you are an individual, any "family member" while "occupying" or, while a pedestrian, when struck by any "auto".
3. Anyone else "occupying" a covered "auto" or a temporary substitute for a covered "auto". The covered "auto" must be out of service because of its breakdown, repair, servicing, loss or destruction.

C. Exclusions

This insurance does not apply to any of the following:

1. "Bodily injury" sustained by an "insured" while "occupying" a vehicle located for use as a premises.
2. "Bodily injury" sustained by you or any "family member" while "occupying" or struck by any vehicle (other than a covered "auto") owned by you or furnished or available for your regular use.
3. "Bodily injury" sustained by any "family member" while "occupying" or struck by any vehicle (other than a covered "auto") owned by or furnished or available for the regular use of any "family member".
4. "Bodily injury" to your "employee" arising out of and in the course of employment by you. However, we will cover "bodily injury" to your domestic "employees" if not entitled to workers' compensation benefits. For the purposes of this endorsement, a domestic "employee" is a person engaged in household or domestic work performed principally in connection with a residence premises.
5. "Bodily injury" to an "insured" while working in a business of selling, servicing, repairing or parking "autos" unless that business is yours.
6. "Bodily injury" arising directly or indirectly out of:
   a. War, including undeclared or civil war;
   b. 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; or
   c. Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.
7. "Bodily injury" to anyone using a vehicle without a reasonable belief that the person is entitled to do so.
8. "Bodily Injury" sustained by an "insured" while "occupying" any covered "auto" while used in any professional racing or demolition contest or stunting activity, or while practicing for such contest or activity. This insurance also does not apply to any "bodily injury" sustained by an "insured" while the "auto" is being prepared for such a contest or activity.

D. Limit Of Insurance

Regardless of the number of covered "autos", "insureds", premiums paid, claims made or vehicles involved in the "accident", the most we will pay for "bodily injury" for each "insured" injured in any one "accident" is the Limit Of Insurance for Auto Medical Payments Coverage shown in the Declarations.

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No one will be entitled to receive duplicate payments for the same elements of "loss" under this coverage and any Liability Coverage Form, Uninsured Motorists Coverage Endorsement or Underinsured Motorists Coverage Endorsement attached to this Coverage Part.

E. Changes In Conditions

The **Conditions** are changed for **Auto Medical Payments Coverage** as follows:

1. The **Transfer Of Rights Of Recovery Against Others To Us** Condition does not apply.
2. The reference in **Other Insurance** in the Auto Dealers and Business Auto Coverage Forms and **Other Insurance – Primary And Excess Insurance Provisions** in the Motor Carrier Coverage Form to "other collectible insurance" applies only to other collectible auto medical payments insurance.

F. Additional Definitions

As used in this endorsement:

1. "Family member" means a person related to you by blood, marriage or adoption who is a resident of your household, including a ward or foster child.
2. "Occupying" means in, upon, getting in, on, out or off.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EMPLOYEES AS INSUREDS

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM
MOTOR CARRIER COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

The following is added to the **Section II – Covered Autos Liability Coverage,** Paragraph **A.1. Who Is An Insured** provision:

Any "employee" of yours is an "insured" while using a covered "auto" you don't own, hire or borrow in your business or your personal affairs.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

GARAGEKEEPERS COVERAGE

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM
MOTOR CARRIER COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

SCHEDULE

Location Number	Address Where You Conduct Garage Operations (Main Location)		
01	109 3RD AVENUE SOUTH FRANKLIN, TN 37064		
Coverages	**Limit Of Insurance And Deductible**		**Premium**
Comprehensive	$	Limit Of Insurance	$ INCL
	$	Deductible For Each Customer's Auto For Loss Caused By Theft Or Mischief Or Vandalism	
	$	Maximum Deductible For Loss Caused By Theft Or Mischief Or Vandalism In Any One Event	
		OR	
	$ 1,000,000	Limit Of Insurance	
	$ 1,000	Deductible For All Perils For Each Customer's Auto	
	$ 5,000	Maximum Deductible For All Loss In Any One Event	
Specified Causes Of Loss	$	Limit Of Insurance	$
	$	Deductible For Each Customer's Auto For Loss Caused By Theft Or Mischief Or Vandalism	
	$	Maximum Deductible For Loss Caused By Theft Or Mischief Or Vandalism In Any One Event	
		OR	
	$	Limit Of Insurance	
	$	Deductible For All Perils For Each Customer's Auto	
	$	Maximum Deductible For All Loss In Any One Event	
Collision	$ 1,000,000	Limit Of Insurance	$ INCL
	$ 1,000	Deductible For Each Customer's Auto	

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Location Number	Address Where You Conduct Garage Operations		
02	FOURTH AVENUE AND CHURCH STREET FRANKLIN, TN 37064		
Coverages	**Limit Of Insurance And Deductible**		**Premium**
Comprehensive	$	Limit Of Insurance	$ INCL
	$	Deductible For Each Customer's Auto For Loss Caused By Theft Or Mischief Or Vandalism	
	$	Maximum Deductible For Loss Caused By Theft Or Mischief Or Vandalism In Any One Event	
		OR	
	$ 1,000,000	Limit Of Insurance	
	$ 1,000	Deductible For All Perils For Each Customer's Auto	
	$ 5,000	Maximum Deductible For All Loss In Any One Event	
Specified Causes Of Loss	$	Limit Of Insurance	$
	$	Deductible For Each Customer's Auto For Loss Caused By Theft Or Mischief Or Vandalism	
	$	Maximum Deductible For Loss Caused By Theft Or Mischief Or Vandalism In Any One Event	
		OR	
	$	Limit Of Insurance	
	$	Deductible For All Perils For Each Customer's Auto	
	$	Maximum Deductible For All Loss In Any One Event	
Collision	$ 1,000,000	Limit Of Insurance	$ INCL
	$ 1,000	Deductible For Each Customer's Auto	

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Location Number	Address Where You Conduct Garage Operations		
Coverages	**Limit Of Insurance And Deductible**		**Premium**
Comprehensive	**$**	**Limit Of Insurance**	**$**
	$	**Deductible For Each Customer's Auto For Loss Caused By Theft Or Mischief Or Vandalism**	
	$	**Maximum Deductible For Loss Caused By Theft Or Mischief Or Vandalism In Any One Event**	
		OR	
	$	**Limit Of Insurance**	
	$	**Deductible For All Perils For Each Customer's Auto**	
	$	**Maximum Deductible For All Loss In Any One Event**	
Specified Causes Of Loss	**$**	**Limit Of Insurance**	**$**
	$	**Deductible For Each Customer's Auto For Loss Caused By Theft Or Mischief Or Vandalism**	
	$	**Maximum Deductible For Loss Caused By Theft Or Mischief Or Vandalism In Any One Event**	
		OR	
	$	**Limit Of Insurance**	
	$	**Deductible For All Perils For Each Customer's Auto**	
	$	**Maximum Deductible For All Loss In Any One Event**	
Collision	**$**	**Limit Of Insurance**	**$**
	$	**Deductible For Each Customer's Auto**	

Total Garagekeepers Premium For All Locations	**$**
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

Direct Coverage Options

Indicate below with an "X" which, if any, Direct Coverage Option is selected.

☐ **Excess Insurance**

If this box is checked, Garagekeepers Coverage remains applicable on a legal liability basis. However, coverage also applies without regard to your or any other "insured's" legal liability for "loss" to a "customer's auto" on an excess basis over any other collectible insurance regardless of whether the other insurance covers your or any other "insured's" interest or the interest of the "customer's auto's" owner.

☐ **Primary Insurance**

If this box is checked, Garagekeepers Coverage is changed to apply without regard to your or any other "insured's" legal liability for "loss" to a "customer's auto" and is primary insurance.

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A. This endorsement provides only those coverages:

1. Where a Limit Of Insurance and a premium are shown for that coverage in the Schedule; and

2. For the location shown in the Schedule.

B. Coverage

1. We will pay all sums the "insured" legally must pay as damages for "loss" to a "customer's auto" or "customer's auto" equipment left in the "insured's" care while the "insured" is attending, servicing, repairing, parking or storing it in your "garage operations" under:

a. Comprehensive Coverage

From any cause except:

(1) The "customer's auto's" collision with another object; or

(2) The "customer's auto's" overturn.

b. Specified Causes Of Loss Coverage

Caused by:

(1) Fire, lightning or explosion;

(2) Theft; or

(3) Mischief or vandalism.

c. Collision Coverage

Caused by:

(1) The "customer's auto's" collision with another object; or

(2) The "customer's auto's" overturn.

2. We will have the right and duty to defend any "insured" against a "suit" asking for these damages. However, we have no duty to defend any "insured" against a "suit" seeking damages for "loss" to which this insurance does not apply. We may investigate and settle any claim or "suit" as we consider appropriate. Our duty to defend or settle ends for a coverage when the Limit of Insurance for that coverage has been exhausted by payment of judgments or settlements.

3. Who Is An Insured

The following are "insureds" for "loss" to "customer's autos" and "customer's auto" equipment:

a. You.

b. Your partners and their spouses, if you are a partnership, but only with respect to the conduct of your "garage operations".

c. Your members, if you are a limited liability company, but only with respect to the conduct of your "garage operations". Your managers are also "insureds", but only with respect to their duties as your managers.

d. Your "executive officers" and directors, if you are an organization other than a partnership or limited liability company, but only with respect to their duties as your officers or directors. Your stockholders are also "insureds", but only with respect to their liability as stockholders.

e. Your "employees", other than either your "executive officers" (if you are an organization other than a partnership or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of employment by you or while performing their duties related to the conduct of your "garage operations".

4. Coverage Extensions

The following applies as **Supplementary Payments.** We will pay for the "insured":

a. All expenses we incur.

b. The costs of bonds to release attachments in any "suit" against an "insured" we defend, but only for bond amounts within our Limit of Insurance.

c. All reasonable expenses incurred by the "insured" at our request, including actual loss of earnings up to $250 a day because of time off from work.

d. All court costs taxed against the "insured" in any "suit" against an "insured" we defend. However, these payments do not include attorneys' fees or attorneys' expenses taxed against the "insured".

e. All interest on the full amount of any judgment that accrues after entry of the judgment in any "suit" against an "insured" we defend; but our duty to pay interest ends when we have paid, offered to pay, or deposited in court the part of the judgment that is within our Limit of Insurance.

These payments will not reduce the Limit of Insurance.

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C. Exclusions

1. This insurance does not apply to any of the following:

a. Contractual

Liability resulting from any contract or agreement by which the "insured" accepts responsibility for "loss". But this exclusion does not ap ply to liability for "loss" that the "insured" would have in the absence of the contract or agreement.

b. Theft

"Loss" due to theft or conversion caused in any way by you, your "employees" or by your stockholders.

c. Defective Parts

Defective parts or materials.

d. Faulty Work

Faulty "work you performed".

2. We will not pay for "loss" to any of the following:

a. Tape decks or other sound-reproducing equipment unless permanently installed in a "customer's auto".

b. Tapes, records or other sound-reproducing devices designed for use with sound-reprod ucing equipment.

c. Sound-receiving equipment designed for use as a citizens band radio, two-way mobile radio or telephone or scanning monitor receiver, including its antennas and other accessories, unless permanently installed in the dash or console opening normally used by the "customer's auto" manufacturer for the installation of a radio.

d. Any device designed or used to detect speed-measuring equipment, such as radar or laser detectors and any jamming apparatus intended to elude or disrupt speed-measuring equipment.

3. We will not pay for "loss" caused by or resulting from the following. Such "loss" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the "loss":

a. War, including undeclared or civil war;

b. 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; or

c. Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

D. Limits Of Insurance And Deductibles

1. Regardless of the number of "customer's autos", "insureds", premiums paid, claims made or "suits" brought, the most we will pay for each "loss" at each location is the Garagekeepers Coverage Limit Of Insurance shown in the Schedule for that location. Prior to the application of this limit, the damages for "loss" that would otherwise be payable will be reduced by the applicable deductibles for "loss" caused by:

a. Collision; or

b. With respect to Garagekeepers Coverage Comprehensive or Specified Causes Of Loss Coverage:

(1) Theft or mischief or vandalism; or

(2) All perils.

2. The maximum deductible stated in the Schedule for Garagekeepers Coverage Comprehensive or Specified Causes Of Loss Coverage is the most that will be deducted for all "loss" in any one event caused by:

a. Theft or mischief or vandalism; or

b. All perils.

3. To settle a claim or "suit", we may pay all or any part of the deductible. If this happens you must reimburse us for the deductible or that part of the deductible that we paid.

E. Additional Definitions

As used in this endorsement:

1. "Customer's auto" means a land motor vehicle, "trailer" or semitrailer lawfully within your possession for service, repair, storage or safekeeping, with or without the vehicle owner's knowledge or consent. A "customer's auto" also includes any such vehicle left in your care by your "employees" and members of their households who pay for services performed.

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2. "Loss" means direct and accidental loss or damage and includes any resulting loss of use.

3. "Garage operations" means the ownership, maintenance or use of locations for the purpose of a business of selling, servicing, repairing, parking or storing "customer's autos" and that portion of the roads or other accesses that adjoin these locations. "Garage operations" also includes all operations necessary or incidental to the performance of garage operations.

4. "Work you performed" includes:

a. Work that someone performed on your behalf; and

b. The providing of or failure to provide warnings or instructions.

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COMMERCIAL AUTO POLICY

ENDORSEMENT - CA T8 01 07 24

POLICY NUMBER H-810-2C414830-TIL-24

**** THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY. ****

EMPLOYEE AS INSURED

LIABILITY PREMIUM: 16741

IT IS AGREED THAT:

EMPLOYEE AS INSURED. SEE FORM CA 99 33.

COMMERCIAL AUTO POLICY

ENDORSEMENT - CA T8 02 07 24

POLICY NUMBER H-810-2C414830-TIL-24

** THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY. **

CATASTROPHIC AUTO DEDUCTIBLE

LIABILITY PREMIUM: 314

IT IS AGREED THAT:

CATASTROPHIC AUTO DEDUCTIBLE

EFFECTIVE DATE 07-01-24 EXPIRATION DATE 07-01-25
PAGE 0001 DATE OF ISSUE 07-12-24

COMMERCIAL AUTO POLICY

ENDORSEMENT - CA T8 03 07 24

POLICY NUMBER H-810-2C414830-TIL-24

** THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY. **

DESIGNATED INSURED FOR COVERAGE AUTOS

LIABILITY PREMIUM: 50

IT IS AGREED THAT:

DESIGNATED INSURED FOR LIABILITY COVERAGE - PRIMARY AND NON-CONTRIBUTORY WITH OTHER INSURANCE

SEE FORM CA T4 42

EFFECTIVE DATE 07-01-24 EXPIRATION DATE 07-01-25
PAGE 0001 DATE OF ISSUE 07-12-24

COMMERCIAL AUTO POLICY

ENDORSEMENT - CA T8 04 07 24

POLICY NUMBER H-810-2C414830-TIL-24

** THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY. **

PUBLIC ENTITY CHANGES

IT IS AGREED THAT:

PUBLIC ENTITY CHANGES IN PHYSICAL DAMAGE COVERAGE - AGREED VALUE ENDT.

DESCRIPTION OF AUTO	LIMIT $
1998 SUTPHEN 1S9A7LLDW2003033	504720
1999 SUTPHEN MONARCH 1S9A1BLD5X1003063	207434
2001 PETERBILT 357 1NPAHU8X81N567706	76460
2002 SUTPHEN AERIAL 1S9A3JLE321003018	905000
2004 FORD F550 1FDAW57P04EA91018	149816
2004 SUTPHEN MONARCH 1S9A1BLD941003014	318440
2006 SUTPHEN AERIAL 1S9A3JLE761003092	799502
2006 SUTPHEN MONARCH 1S9A1BLD661003006	338000
2007 SUTPHEN AERIALQUINT 1S9A7LLE872003114	604094
2009 SUTPHEN MONARCH 1S9A3LLE192003117	392585
2009 SUTPHEN MONARCH 1S9A1BLD491003056	392998
2013 SUTPHEN AERIAL 1S9A3LNE2D2003033	795000
2015 SUTPHEN AERIAL 1S9A3LNE0F2003065	798082
2015 SUTPHEN AERIAL 1S9A3LNE2F2003066	798082
2018 SPARTAN RESCUE 4S7AU2D96JC085275	586100
2018 SUTPHEN TOWER 1S9A3JNE7K1003018	1211952
2019 SUTPHEN TOWER 1S9A3JNE8K1003030	1205368
2019 SPARTAN RESCUE 4S7CU2D91KC086683	475645
2020 SUTPHEN AERIAL 1S9A3LNE1L2003166	946652
2020 CHEVROLET CK56043 1HTKJPVMXLH384646	259895

EFFECTIVE DATE 07-01-24 EXPIRATION DATE 07-01-25
PAGE 0001 DATE OF ISSUE 07-12-24

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PUBLIC ENTITY AUTO EXTENSION ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM

GENERAL DESCRIPTION OF COVERAGE – This endorsement broadens coverage. However, coverage for any injury, damage or medical expenses described in any of the provisions of this endorsement may be excluded or limited by another endorsement to this Coverage Part, and these coverage broadening provisions do not apply to the extent that coverage is excluded or limited by such an endorsement. The following listing is a general coverage description only. Limitations and exclusions may apply to these coverages. Read all the provisions of this endorsement and the rest of your policy carefully to determine rights, duties, and what is and is not covered.

A. ELECTED OR APPOINTED OFFICIALS AND MEMBERS OF YOUR BOARDS

B. OWNERS OF COMMANDEERED AUTOS

C. VOLUNTEER OR EMPLOYEE FIREFIGHTERS

D. BAIL BONDS – INCREASED LIMIT

E. INSURED'S EXPENSES – INCREASED LIMIT

F. HIRED AUTO PHYSICAL DAMAGE – LOSS OF USE – INCREASED LIMIT

G. EXPECTED OR INTENDED INJURY

H. TRANSIT RODEO

I. PHYSICAL DAMAGE – TRANSPORTATION EXPENSES – INCREASED LIMIT

J. AIRBAGS

K. PERSONAL PROPERTY

L. VOLUNTEER OR EMPLOYEE FIREFIGHTER AUTO DEDUCTIBLE REIMBURSEMENT

M. FIRE TRUCKS

N. CUSTOMIZED EQUIPMENT

O. WAIVER OF DEDUCTIBLE – GLASS

P. NOTICE AND KNOWLEDGE OF ACCIDENT OR LOSS

Q. BLANKET WAIVER OF SUBROGATION

R. UNINTENTIONAL ERRORS OR OMISSIONS

S. PUBLIC ENTITY MOBILE EQUIPMENT

PROVISIONS

A. ELECTED OR APPOINTED OFFICIALS AND MEMBERS OF YOUR BOARDS

The following is added to Paragraph **A.1., Who Is An Insured**, of **SECTION II – COVERED AUTOS LIABILITY COVERAGE**:

Any of your lawfully elected or appointed officials, directors or executive officers or any member of your boards is an "insured" while using a covered "auto" in the course of his or her duties for you at the time of an "accident".

B. OWNERS OF COMMANDEERED AUTOS

1. The following is added to Paragraph **A.1., Who Is An Insured**, of **SECTION II – COVERED AUTOS LIABILITY COVERAGE**:

The owner of a "commandeered auto" is an "insured" while the "commandeered auto" is in your temporary care, custody or control.

2. The following is added to **SECTION V – DEFINITIONS**:

"Commandeered auto" means any "auto" that you commandeer, or take without permission, for the purpose of performing emergency operations.

C. VOLUNTEER OR EMPLOYEE FIREFIGHTERS

The following is added to Paragraph **A.1., Who Is An Insured**, of **SECTION II – COVERED AUTOS LIABILITY COVERAGE**:

Any of your volunteer or "employee" firefighters is an "insured" while:

(1) Using a covered "auto" that you do not own, hire or borrow;

(2) Responding to or returning directly from the site of a fire department emergency; and

(3) Acting on your behalf in the course of his or her firefighter's duties.

D. BAIL BONDS – INCREASED LIMIT

The following replaces Paragraph **A.2.a.(2)** of **SECTION II – COVERED AUTOS LIABILITY COVERAGE**:

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(2) Up to $3,000 for cost of bail bonds (including bonds for related traffic law violations) required because of an "accident" we cover. We do not have to furnish these bonds.

E. INSURED'S EXPENSES – INCREASED LIMIT

The following replaces Paragraph **A.2.a.(4)** of **SECTION II – COVERED AUTOS LIABILITY COVERAGE**:

(4) All reasonable expenses incurred by the "insured" at our request, including actual loss of earnings up to $500 a day because of time off from work.

F. HIRED AUTO PHYSICAL DAMAGE – LOSS OF USE – INCREASED LIMIT

The following replaces the last sentence of Paragraph **A.4.b., Loss Of Use Expenses**, of **SECTION III – PHYSICAL DAMAGE COVERAGE** :

However, the most we will pay for any expenses for loss of use is $65 per day, to a maximum of $750 for any one "accident".

G. EXPECTED OR INTENDED INJURY

The following is added to Exclusion **1., Expected Or Intended Injury**, in Paragraph **B.**, of **SECTION II – COVERED AUTOS LIABILITY COVERAGE**:

This exclusion does not apply when the "insured" is protecting any person or property.

H. TRANSIT RODEO

1. The following is added to Exclusion **13., Racing**, in Paragraph **B.**, of **SECTION II – COVERED AUTOS LIABILITY COVERAGE** :

This exclusion does not apply to any "transit rodeo".

2. The following is added to Exclusion **2.** in Paragraph **B.**, of **SECTION III – PHYSICAL DAMAGE COVERAGE**:

This exclusion does not apply to any "transit rodeo".

3. The following is added to **SECTION V – DEFINITIONS**:

"Transit rodeo" means a driver course event for transit operators that is authorized by you.

I. PHYSICAL DAMAGE – TRANSPORTATION EXPENSES – INCREASED LIMIT

The following replaces the first sentence in Paragraph **A.4.a., Transportation Expenses**, of **SECTION III – PHYSICAL DAMAGE COVERAGE**:

We will pay up to $50 per day to a maximum of $1,500 for temporary transportation expense incurred by you because of the total theft of a covered "auto" of the private passenger type.

J. AIRBAGS

The following is added to Paragraph **B.3., Exclusions**, of **SECTION III – PHYSICAL DAMAGE COVERAGE**:

Exclusion **3.a.** does not apply to "loss" to one or more airbags in a covered "auto" you own that inflate due to a cause other than a cause of "loss" set forth in Paragraphs **A.1.b.** and **A.1.c.**, but only:

a. If that "auto" is a covered "auto" for Comprehensive Coverage under this policy;

b. The airbags are not covered under any warranty; and

c. The airbags were not intentionally inflated.

We will pay up to a maximum of $1,000 for any one "loss".

K. PERSONAL PROPERTY

The following is added to Paragraph **A.4., Coverage Extensions**, of **SECTION III – PHYSICAL DAMAGE COVERAGE**:

Personal Property

We will pay up to $400 for "loss" to wearing apparel and other personal property which is:

(1) Owned by an "insured"; and

(2) In or on your covered "auto".

This coverage applies only in the event of a total theft of your covered "auto".

No deductibles apply to Personal Property Coverage.

L. VOLUNTEER OR EMPLOYEE FIREFIGHTER AUTO DEDUCTIBLE REIMBURSEMENT

The following is added to Paragraph **D., Deductible**, of **SECTION III – PHYSICAL DAMAGE COVERAGE**:

We will reimburse a volunteer or "employee" firefighter up to $500 for a deductible when:

1. Using an "auto" that you don't own, hire or borrow; and

2. Responding to or returning directly from the site of a fire department emergency; and

3. Acting on your behalf in the course of his or her duties as a firefighter.

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M. FIRE TRUCKS

The following is added to Exclusion **3.** in Paragraph **B.**, of **SECTION III – PHYSICAL DAMAGE COVERAGE**:

This freezing exclusion does not apply to freezing of fire truck equipment other than the fire truck's engine and audio, visual or data electronic equipment. But this exception to the freezing exclusion does not apply if the "loss" results from a failure to properly maintain the equipment.

N. CUSTOMIZED EQUIPMENT

1. The following is added to Exclusion **4.** in Paragraph **B.**, of **SECTION III – PHYSICAL DAMAGE COVERAGE** :

Exclusions **4.b.**, **4.c.** and **4.d.** do not apply to your covered "emergency vehicle" or your covered "public transportation auto".

2. The following is added to **B. Exclusions**, of **SECTION III – PHYSICAL DAMAGE COVERAGE**:

We will not pay for "loss" to "software" or "data" of any audio, visual or data electronic equipment.

3. The following is added to Paragraph **C.1.b.** of **SECTION III – PHYSICAL DAMAGE COVERAGE**:

This paragraph does not apply to "loss" to your covered "emergency vehicle" or your covered "public transportation auto".

4. The following is added to Paragraph **B.5.**, **Other Insurance**, of **SECTION IV – BUSINESS AUTO CONDITIONS**:

The Auto Physical Damage Coverage provided by this Coverage Form is excess over any other collectible insurance for audio, visual or data electronic devices, whether that insurance is provided by another insurer or another policy with us or our member companies.

5. The following is added to the definition of "auto" in **SECTION V – DEFINITIONS** :

"Auto" also means:

1. Permanently attached machinery or equipment;

2. Customized equipment of "emergency vehicles" and "public transportation autos"; and

3. Equipment parts that are removable from a housing unit attached to an "emergency vehicle" or "public transportation auto" if the removable equipment part is used in operation of the "emergency vehicle" or "public transportation auto", but does not include equipment or tools designed for use apart or away from the "emergency vehicle" or "public transportation auto".

6. The following is added to **SECTION V – DEFINITIONS** :

"Emergency vehicle" means an "auto" that is equipped with emergency equipment and used for safety or public protection by police, fire or ambulance departments.

"Public transportation auto" means an "auto" that is licensed or used to transport people as a public service.

"Software" means programs that are either purchased or written on a custom basis which are regularly used with audio, visual or data electronic equipment.

"Data" means fact, concepts, or instructions converted to a form useable in the operation of audio, visual or data electronic equipment.

O. WAIVER OF DEDUCTIBLE – GLASS

The following is added to Paragraph **D.**, **Deductible**, of **SECTION III – PHYSICAL DAMAGE COVERAGE** :

No deductible for a covered "auto" will apply to glass damage if the glass is repaired rather than replaced.

P. NOTICE AND KNOWLEDGE OF ACCIDENT OR LOSS

The following is added to Paragraph **A.2.a.**, of **SECTION IV – BUSINESS AUTO CONDITIONS** :

Your duty to give us or our authorized representative prompt notice of the "accident" or "loss" applies only when the "accident" or "loss" is known to:

(a) You (if you are an individual);

(b) A partner (if you are a partnership);

(c) A member (if you are a limited liability company);

(d) A lawfully elected or appointed official, director, executive officer or insurance manager (if you are a corporation or other organization); or

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(e) Any "employee" authorized by you to give notice of the "accident" or "loss".

Q. BLANKET WAIVER OF SUBROGATION

The following replaces Paragraph **A.5., Transfer Of Rights Of Recovery Against Others To Us**, of **SECTION IV – BUSINESS AUTO CONDITIONS**:

5. Transfer Of Rights Of Recovery Against Others To Us

We waive any right of recovery we may have against any person or organization to the extent required of you by a written contract signed and executed prior to any "accident" or "loss", provided that the "accident" or "loss" arises out of the operations contemplated by such contract. The waiver applies only to the person or organization designated in such contract.

R. UNINTENTIONAL ERRORS OR OMISSIONS

The following is added to Paragraph **B.2., Concealment, Misrepresentation Or Fraud**, of **SECTION IV – BUSINESS AUTO CONDITIONS** :

The unintentional omission of, or unintentional error in, any information given by you shall not prejudice your rights under this insurance. However this provision does not affect our right to collect additional premium or exercise our right of cancellation or non-renewal.

S. PUBLIC ENTITY MOBILE EQUIPMENT

1. The following replaces the last paragraph of the definition of "mobile equipment" in **SECTION V – DEFINITIONS** :

However, "mobile equipment" does not include any land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged, any land vehicles that would be subject to such compulsory or financial responsibility law or other motor vehicle insurance law if you were not a public entity, or any land vehicles used solely on roads you own. Such land vehicles are considered "autos".

2. The following is added to the definition of "auto" in **SECTION V – DEFINITIONS** :

"Auto" also means any other land vehicle that would be subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged if you were not a public entity.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PROFESSIONAL SERVICES NOT COVERED

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

Covered Autos Liability Coverage is changed by adding the following exclusions:

This insurance does not apply to:

1. "Bodily injury" resulting from the providing or the failure to provide any medical or other professional services.
2. "Bodily injury" resulting from food or drink furnished with these services.
3. "Bodily injury" or "property damage" resulting from the handling of corpses.

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INTERLINE ENDORSEMENTS

INTERLINE ENDORSEMENTS

POLICY NUMBER: H-810-2C414830-TIL-24 ISSUE DATE: 07-12-24

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DESIGNATED PERSON OR ORGANIZATION – NOTICE OF CANCELLATION OR NONRENEWAL PROVIDED BY US

This endorsement modifies insurance provided under the following:

ALL COVERAGE PARTS INCLUDED IN THIS POLICY

SCHEDULE

CANCELLATION: **Number of Days Notice:** 30

WHEN WE DO NOT RENEW (Nonrenewal): **Number of Days Notice:** 30

PERSON OR ORGANIZATION:
TENNESSEE VALLEY AUTHORITY (TVA), ITS DIRECTORS, OFFICERS, AGENTS AND EMPLOYEE

ADDRESS:

PROVISIONS

A. If we cancel this policy for any legally permitted reason other than nonpayment of premium, and a number of days is shown for Cancellation in the Schedule above, we will mail notice of cancellation to the person or organization shown in such Schedule. We will mail such notice to the address shown in the Schedule above at least the number of days shown for Cancellation in such Schedule before the effective date of cancellation.

B. If we do not renew this policy for any legally permitted reason other than nonpayment of premium, and a number of days is shown for When We Do Not Renew (Nonrenewal) in the Schedule above, we will mail notice of nonrenewal to the person or organization shown in such Schedule. We will mail such notice to the address shown in the Schedule above at least the number of days shown for When We Do Not Renew (Nonrenewal) in such Schedule before the effective date of nonrenewal.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDMENT OF COMMON POLICY CONDITIONS – PROHIBITED COVERAGE – UNLICENSED INSURANCE AND TRADE OR ECONOMIC SANCTIONS

This endorsement modifies insurance provided under the following:

ALL COVERAGES INCLUDED IN THIS POLICY

The following is added to the Common Policy Conditions:

Prohibited Coverage – Unlicensed Insurance

1. With respect to loss sustained by any insured, or loss to any property, located in a country or jurisdiction in which we are not licensed to provide this insurance, this insurance does not apply to the extent that insuring such loss would violate the laws or regulations of such country or jurisdiction.
2. We do not assume responsibility for:
   a. The payment of any fine, fee, penalty or other charge that may be imposed on any person or organization in any country or jurisdiction because we are not licensed to provide insurance in such country or jurisdiction; or
   b. The furnishing of certificates or other evidence of insurance in any country or jurisdiction in which we are not licensed to provide insurance.

Prohibited Coverage – Trade Or Economic Sanctions

We will provide coverage for any loss, or otherwise will provide any benefit, only to the extent that providing such coverage or benefit does not expose us or any of our affiliated or parent companies to:

1. Any trade or economic sanction under any law or regulation of the United States of America; or
2. Any other applicable trade or economic sanction, prohibition or restriction.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL BENEFITS

This endorsement modifies insurance provided under the following:

ALL COVERAGES INCLUDED IN THIS POLICY

The following Condition is added to each Common Policy Conditions included in this policy:

Additional Benefits

1. We may offer or provide, or allow others to provide, you or another insured under this policy with goods and services, access to discounted goods and services, other program benefits or other items of value that could assist your business with managing your risk, with servicing your policy or with staying informed about loss control and mitigation of risk.
2. These Additional Benefits may be provided in any form. You or another insured under this policy may be eligible to receive additional benefits. You are under no obligation to pursue any of these Additional Benefits.
3. While we may arrange for these Additional Benefits, the other provider is liable to you or the other insured for the provision of the goods and services. We do not warrant the merchantability, fitness or quality of any goods or services provided or assume any additional obligation related to any Additional Benefits provided.
4. We have the right to modify or discontinue any Additional Benefits provided by us, or others authorized by us, without notice to you or any other insured.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT

(Broad Form)

This endorsement modifies insurance provided under the following:

COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
UNDERGROUND STORAGE TANK POLICY

1. The insurance does not apply:

A. Under any Liability Coverage, to "bodily injury" or "property damage":

(1) With respect to which an "insured" under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or

(2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which **(a)** any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or **(b)** the "insured" is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

B. Under any Medical Payments coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.

C. Under any Liability Coverage, to "bodily injury" or "property damage" resulting from "hazardous properties" of "nuclear material", if:

(1) The "nuclear material" **(a)** is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured" or **(b)** has been discharged or dispersed therefrom;

(2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an "insured"; or

(3) The "bodily injury" or "property damage" 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", but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion **(3)** applies only to "property damage" to such "nuclear facility" and any property thereat.

2. As used in this endorsement:

"Hazardous properties" includes radioactive, toxic or explosive properties.

"Nuclear material" means "source material", "special nuclear material" or "by-product material".

"Source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.

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

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"Waste" means any waste material **(a)** containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and **(b)** resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".

"Nuclear facility" means:

(a) Any "nuclear reactor";

(b) Any equipment or device designed or used for **(1)** separating the isotopes of uranium or plutonium, **(2)** processing or utilizing "spent fuel", or **(3)** handling, processing or packaging "waste";

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

(d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

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

"Property damage" includes all forms of radioactive contamination of property.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TENNESSEE CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

A. Paragraph **5.** of the **Cancellation** Common Policy Condition is replaced by the following:

5. If this policy is cancelled, we will send the first Named Insured any premium refund due.

The refund will be pro rata if:

a. We cancel; or

b. The policy is cancelled at the request of a premium finance company that has financed this policy under a premium finance agreement.

The refund may be less than pro rata if the first Named Insured cancels the policy.

The cancellation will be effective even if we have not made or offered a refund.

B. The following is added to the **Cancellation** Common Policy Condition:

CANCELLATION OF POLICIES IN EFFECT FOR 60 DAYS OR MORE

If this policy has been in effect for 60 days or more, or if this policy is a renewal of a policy we issued, we may cancel this policy only for one or more of the following reasons:

1. Nonpayment of premium, including any additional premium, calculated in accordance with our current rating manual, justified by a physical change in the insured property or a change in its occupancy or use;

2. Your conviction of a crime increasing any hazard insured against;

3. Discovery of fraud or material misrepresentation on the part of either of the following:

a. You or your representative in obtaining this insurance; or

b. You in pursuing a claim under this policy;

4. Failure to comply with written loss control recommendations;

5. Material change in the risk which increases the risk of loss after we issued or renewed insurance coverage;

6. Determination by the insurance commissioner that the continuation of the policy would jeopardize our solvency or would place us in violation of the insurance laws of Tennessee or any other state;

7. Your violation or breach of any policy terms or conditions; or

8. Other reasons that are approved by the insurance commissioner.

Notice of cancellation will state the reason for cancellation.

C. The following is added and supersedes any provisions to the contrary:

NONRENEWAL

1. If we decide not to renew this policy, we will mail or deliver written notice of nonrenewal to the first Named Insured and agent, at least 60 days before the expiration date unless:

a. We have offered to issue a renewal policy; or

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b. You have obtained replacement coverage or have agreed in writing to obtain replacement coverage.

2. Any notice of nonrenewal will be mailed or delivered to the first Named Insured's and agent's addresses shown in the policy. If notice is mailed, proof of mailing will be sufficient proof of notice.

D. The following is added to the **Premiums** Common Policy Condition:

Whenever an insurance policy which is financed with a premium finance company is cancelled, the insurer shall return, within 30 days after the effective date of the cancellation, whatever gross unearned premiums are due under the insurance policy directly to the premium finance company for the account of the first Named Insured.

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POLICYHOLDER NOTICES

POLICYHOLDER NOTICES

IMPORTANT NOTICE – INDEPENDENT AGENT AND BROKER COMPENSATION

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POLICYHOLDER NOTICES

POLICYHOLDER NOTICES

IMPORTANT INFORMATION CONCERNING YOUR MOTOR VEHICLE INSURANCE AND DMV REPORTING

NO COVERAGE IS PROVIDED BY THIS NOTICE. THIS NOTICE DOES NOT AMEND ANY PROVISION OF YOUR POLICY. YOU SHOULD REVIEW YOUR ENTIRE POLICY CAREFULLY FOR COMPLETE INFORMATION ON THE COVERAGES PROVIDED AND TO DETERMINE YOUR RIGHTS AND DUTIES UNDER YOUR POLICY. PLEASE CONTACT YOUR AGENT OR BROKER IF YOU HAVE ANY QUESTIONS ABOUT THIS NOTICE OR ITS CONTENTS. IF THERE IS ANY CONFLICT BETWEEN YOUR POLICY AND THIS NOTICE, THE PROVISIONS OF YOUR POLICY PREVAIL.

States Requiring Electronic Reporting

Where reporting is required for a Composite Rated policy, only Policy level information (Policy Number, Named Insured, FEIN, Address) will be electronically submitted to the DMV system. Individual vehicle information is not required therefore the DMV must make a manual connection between the VIN and the policy that was reported. Upon issuance of the policy, it is recommended to take a list of all registered vehicles to the DMV and provide Proof of Insurance to ensure all vehicles are recognized as insured.

The following states require the carrier to electronically report to the DMV System: AK, AZ, CT, FL, ID, LA, MD, NV, NM, NC, OR, VA

- Recommended Proof of Insurance is a Commercial Fleet ID Card that contains no vehicle specific information.
- When communicating with the DMV, referring to the policy as "Non-Vehicle Specific" may avoid confusion with requirements.
- Registration Renewals cannot be completed online.

The following states require electronic reporting of the individual vehicle information to the State DMV System: California, Massachusetts, and New York.

- Except for Massachusetts, the required Proof of Insurance for California and New York is a Commercial Vehicle Specific ID Card containing vehicle specific information. i.e., Year, Make, Model, and VIN.
- Registration Renewals can be completed online.

However, it is **important** for you to understand state DMV reporting requirements as governmental statutes change frequently.

Commercial Exemption

The following states have a Commercial Exemption and do not require the carrier to electronically report to the DMV System: AL, AR, CO, DC, GA, IL, KS, KY, MI, MS, MO, MT, NE, NJ, OK, PA, RI, SC, TN, TX, UT, WV, WY

- Recommended Proof of Insurance is a Commercial Fleet ID Card that contains no vehicle specific information.
- When communicating with the DMV, referring to the policy as "Non-Vehicle Specific" may avoid confusion with requirements.
- Some states may have a "Fleet" indicator that must be applied to the vehicle.
- Registration Renewals cannot be completed online.

It is **important** for you to understand state DMV reporting requirements as governmental statutes change frequently.

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Mid-term Changes

Mid-term changes to your fleet can only be reported to DMV if we are made aware of the changes. Providing your agent with timely updates to your fleet will allow timely reporting.

Notice of Suspension.

If you receive a Notice of Suspension or Request for Proof of Insurance, it is important to follow the instructions on the notice received and respond to the state directly or provide it to your agent for review as soon as possible. A timely reaction to these notices could avoid potential suspensions and fees.

Again, we strongly encourage you to contact your local Department of Motor Vehicle Office or your Agent for information related to DMV reporting requirements for your Composite auto policy.

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EXCESS FOLLOW-FORM AND UMBRELLA LIABILITY INSURANCE

THIS POLICY, IN PART, PROVIDES FOLLOW-FORM LIABILITY COVERAGE. COVERAGE WILL APPLY ON A CLAIMS-MADE BASIS WHEN FOLLOWING CLAIMS-MADE UNDERLYING INSURANCE.

COVERAGE WILL APPLY ON A DEFENSE-WITHIN-LIMITS BASIS WHEN FOLLOWING UNDERLYING INSURANCE UNDER WHICH DEFENSE EXPENSES ARE PAYABLE WITHIN, AND NOT IN ADDITION TO, THE LIMITS OF INSURANCE. WHEN FOLLOWING SUCH UNDERLYING INSURANCE, PAYMENT OF DEFENSE EXPENSES UNDER THIS POLICY WILL REDUCE, AND MAY EXHAUST, THE LIMITS OF INSURANCE OF THIS POLICY.

PLEASE READ THE ENTIRE POLICY CAREFULLY.

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the company providing this insurance.

The word "insured" means any person or organization qualifying as such under **SECTION II - WHO IS AN INSURED.**

Other words and phrases that appear in quotation marks have special meaning. Refer to **SECTION VI - DEFINITIONS.**

SECTION I - COVERAGES

A. COVERAGE A - EXCESS FOLLOW-FORM LIABILITY

1. We will pay on behalf of the insured those sums, in excess of the "applicable underlying limit", that the insured becomes legally obligated to pay as damages to which Coverage **A** of this insurance applies, provided that the "underlying insurance" would apply to such damages but for the exhaustion of its applicable limits of insurance. If a sublimit is specified in any "underlying insurance", Coverage **A** of this insurance applies to damages that are in excess of that sublimit only if such sublimit is shown for that "underlying insurance" in the Schedule Of Underlying Insurance.

2. Coverage **A** of this insurance is subject to the same terms, conditions, agreements, exclusions and definitions as the "underlying insurance", except with respect to any provisions to the contrary contained in this insurance.

3. The amount we will pay for damages is limited as described in **SECTION III - LIMITS OF INSURANCE.**

4. For the purposes of Paragraph **1.** above:

a. The applicable limit of insurance stated for the policies of "underlying insurance" in the Schedule Of Underlying Insurance will be considered to be reduced or exhausted only by the following payments:

(1) Payments of judgments or settlements for damages that are covered by that "underlying insurance". However, if such "underlying insurance" has a policy period which differs from the policy period of this Excess Follow-Form And Umbrella Liability Insurance, any such payments for damages that would not be covered by this Excess Follow - Form And Umbrella Liability Insurance because of its different policy period will not reduce or exhaust the applicable limit of

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insurance stated for such "underlying insurance";

(2) Payments of "medical expenses" that are covered by that "underlying insurance" and are incurred for "bodily injury" caused by an accident that takes place during the policy period of this Excess Follow-Form And Umbrella Liability Insurance; or

(3) Payments of defense expenses that are covered by that "underlying insurance", only if such "underlying insurance" includes such payments within the limits of insurance. However, if such "underlying insurance" has a policy period which differs from the policy period of this Excess Follow-Form And Umbrella Liability Insurance, any such payments for defense expenses that would not be covered by this Excess Follow-Form And Umbrella Liability Insurance because of its different policy period will not reduce or exhaust the applicable limit of insurance stated for such "underlying insurance".

If the applicable limit of insurance stated for the policies of "underlying insurance" in the Schedule Of Underlying Insurance is actually reduced or exhausted by other payments, Coverage **A** of this insurance is not invalidated. However, in the event of a loss, we will pay only to the extent that we would have paid had such limit not been actually reduced or exhausted by such other payments.

b. If any "underlying insurance" has a limit of insurance greater than the amount shown for that insurance in the Schedule of Underlying Insurance, this insurance will apply in excess of that greater amount. If any "underlying insurance" has a limit of insurance, prior to any reduction or exhaustion by payment of damages, "medical expenses" or defense expenses described in Paragraph **a.** above, that is less than the amount shown for that insurance in the Schedule Of Underlying Insurance, this insurance will apply in excess of the amount shown for such insurance in the Schedule Of Underlying Insurance.

5. When the "underlying insurance" applies on a claims-made basis and includes a retroactive date provision, the retroactive date for Coverage **A** of this insurance is the same as the retroactive date of that "underlying insurance".

B. COVERAGE B - UMBRELLA LIABILITY

1. We will pay on behalf of the insured those sums in excess of the "self-insured retention" that the insured becomes legally obligated to pay as damages because of "bodily injury", "property damage", "personal injury" or "advertising injury" to which Coverage **B** of this insurance applies.

2. Coverage **B** of this insurance applies to "bodily injury" or "property damage" only if:

a. The "bodily injury" or "property damage" is caused by an "occurrence" that takes place anywhere in the world;

b. The "bodily injury" or "property damage" occurs during the policy period; and

c. Prior to the policy period, no insured listed under Paragraph **1.** in Paragraph **B., COVERAGE B - UMBRELLA LIABILITY, of SECTION II - WHO IS AN INSURED** and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, in whole or in part, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.

3. Coverage **B** of this insurance applies to "personal injury" or "advertising injury" caused by an offense arising out of your business, but only if the offense was committed during the policy period anywhere in the world.

4. The amount we will pay for damages is limited as described in **SECTION III - LIMITS OF INSURANCE.**

5. "Bodily injury" or "property damage":

a. Which occurs during the policy period; and

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b. Which was not prior to, but was during, the policy period known to have occurred by any insured listed under Paragraph **1.** in Paragraph **B., COVERAGE B - UMBRELLA LIABILITY of SECTION II - WHO IS AN INSURED,** or any "employee" authorized by you to give notice of an "occurrence" or claim;

includes any continuation, change or resumption of the "bodily injury" or "property damage" after the end of the policy period.

6. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph **1.** in Paragraph **B., COVERAGE B - UMBRELLA LIABILITY,** of **SECTION II - WHO IS AN INSURED** or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:

a. Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;

b. Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or

c. Becomes aware by any other means that the "bodily injury" or "property damage" has occurred or has begun to occur.

7. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

8. Coverage **B** of this insurance does not apply to damages covered by any "underlying insurance" or that would have been covered by any "underlying insurance" but for the exhaustion of its applicable limit of insurance.

C. COVERAGE C - CRISIS MANAGEMENT SERVICE EXPENSES

1. We will reimburse the insured, or pay on the insured's behalf, "crisis management service expenses" to which Coverage **C** applies.

2. Coverage **C** of this insurance applies to "crisis management service expenses" that:

a. Arise out of a "crisis management event" that first commences during the policy period;

b. Are incurred by the insured, after a "crisis management event" first commences and before such event ends; and

c. Are submitted to us within 180 days after the "crisis management advisor" advises you that the "crisis management event" no longer exists.

3. A "crisis management event" will be deemed to:

a. First commence at the time when any "executive officer" first becomes aware of an "event" or "occurrence" that leads to that "crisis management event"; and

b. End when we decide that the crisis no longer exists or when the Crisis Management Service Expenses Limit has been exhausted, whichever occurs first.

4. The amount we will pay for "crisis management service expenses" is limited as described in **SECTION III - LIMITS OF INSURANCE.**

5. A "self-insured retention" does not apply to "crisis management service expenses".

6. Any payment of "crisis management service expenses" that we make will not be determinative of our obligations under this insurance with respect to any claim or "suit" or create any duty to defend or indemnify any insured for any claim or "suit".

D. DEFENSE AND SUPPLEMENTARY PAYMENTS

1. We will have the right and duty to defend the insured:

a. Under Coverage **A,** against a "suit" seeking damages to which such coverage applies, if:

(1) The "applicable underlying limit" is the applicable limit of insurance stated for a policy of "underlying insurance" in the Schedule Of Underlying Insurance and such limit has been exhausted solely due to payments as permitted in Paragraphs **4.a.(1), (2)** and **(3)** of **COVERAGE A - EXCESS FOLLOW-FORM LIABILITY** of **SECTION I - COVERAGES ;** or

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(2) The "applicable underlying limit" is the applicable limit of any "other insurance" and such limit has been exhausted by payments of judgments, settlements or medical expenses, or related costs or expenses (if such costs or expenses reduce such limits).

For any "suit" for which we have the right and duty to defend the insured under Coverage **A,** defense expenses will be within the limits of insurance of this policy when such expenses are within the limits of insurance of the applicable "underlying insurance"; or

b. Under Coverage **B,** against a "suit" seeking damages to which such coverage applies.

2. We have no duty to defend any insured against any "suit":

a. Seeking damages to which this insurance does not apply; or

b. If any other insurer has a duty to defend.

3. When we have the duty to defend, we may, at our discretion, investigate and settle any claim or "suit". In all other cases, we may, at our discretion, participate in the investigation, defense and settlement of any claim or "suit" for damages to which this insurance may apply. If we exercise such right to participate, all expenses we incur in doing so will not reduce the applicable limits of insurance.

4. Our duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements, or defense expenses if such expenses are within the limits of insurance of this policy.

5. We will pay, with respect to a claim we investigate or settle, or "suit" against an insured we defend:

a. All expenses we incur.

b. The cost of:

(1) Bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which this insurance applies; or

(2) Appeal bonds and bonds to release attachments;

but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.

c. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of such claim or "suit", including actual loss of earnings up to $1,000 a day because of time off from work.

d. All court costs taxed against the insured in the "suit". However, these payments do not include attorneys' fees or attorneys' expenses taxed against the insured.

e. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.

f. All interest that accrues on the full amount of any judgment 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 the applicable limit of insurance. If we do not pay part of the judgment for any reason other than it is more than the applicable limit of insurance, we will not pay any interest that accrues on that portion of the judgment.

With respect to a claim we investigate or settle, or "suit" against an insured we defend under **COVERAGE A - EXCESS FOLLOW-FORM LIABILITY,** these payments will not reduce the applicable limits of insurance, but only if the applicable "underlying insurance" provides for such payments in addition to its limits of insurance. With respect to a claim we investigate or settle, or "suit" against an insured we defend under **COVERAGE B - UMBRELLA LIABILITY,** these payments will not reduce the applicable limits of insurance.

SECTION II - WHO IS AN INSURED

A. COVERAGE A - EXCESS FOLLOW-FORM LIABILITY

With respect to Coverage **A,** the following persons and organizations qualify as insureds:

1. The Named Insured shown in the Declarations; and

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2. Any other person or organization qualifying as an insured in the "underlying insurance". If you have agreed to provide insurance for that person or organization in a written contract or agreement:

a. The limits of insurance afforded to such person or organization will be:

(1) The amount by which the minimum limits of insurance you agreed to provide such person or organization in that written contract or agreement exceed the total limits of insurance of all applicable "underlying insurance"; or

(2) The limits of insurance of this policy;

whichever is less; and

b. Coverage under this policy does not apply to such person or organization if the minimum limits of insurance you agreed to provide such person or organization in that written contract or agreement are wholly within the total limits of insurance of all available applicable "underlying insurance".

B. COVERAGE B - UMBRELLA LIABILITY

With respect to Coverage **B:**

1. The Named Insured shown in the Declarations is an insured.

2. If you are:

a. An individual, your spouse is also an insured, but only with respect to the conduct of a business of which you are the sole owner.

b. A partnership or joint venture, your members, your partners and their spouses are also insureds, but only with respect to the conduct of your business.

c. A limited liability company, your members are also insureds, but only with respect to the conduct of your business. Your managers are also insureds, but only with respect to their duties as your managers.

d. An organization other than a partnership, joint venture or limited liability company, your "officers" and directors are also insureds, but only with respect to their duties as your "officers" or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.

e. A trust, your trustees are also insureds, but only with respect to their duties as trustees.

3. Each of the following is also an insured:

a. Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees", other than either your "officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" or "volunteer workers" are insureds for:

(1) "Bodily injury" or "personal injury":

(a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;

(b) To the spouse, child, parent, brother or sister of that co-"employee" or "volunteer worker" as a consequence of Paragraph **(1)(a)** above ;

(c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraph **(1)(a)** or **(b)** above; or

(d) Arising out of his or her providing or failing to provide professional health care services.

Unless you are in the business or occupation of providing professional health care services, Paragraphs **(1)(a), (b), (c)** and **(d)** above do not apply to "bodily injury" arising out of providing or failing to provide

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first aid or "Good Samaritan services" by any of your "employees" or "volunteer workers" other than an employed or volunteer doctor. Any such "employees" or "volunteer workers" providing or failing to provide first aid or "Good Samaritan services" during their work hours for you will be deemed to be acting within the scope of their employment by you or performing duties related to the conduct of your business.

(2) "Property damage" to property:

(a) Owned, occupied or used by; or

(b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by;

you, any of your "employees" or "volunteer workers", any of your partners or members (if you are a partnership or joint venture), or any of your members (if you are a limited liability company).

b. Any person (other than your "employee" or "volunteer worker"), or any organization, while acting as your real estate manager.

c. Any person or organization having proper temporary custody of your property if you die, but only:

(1) With respect to liability arising out of the maintenance or use of that property ; and

(2) Until your legal representative has been appointed.

d. 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 insurance.

4. Any organization, other than a partnership, joint venture or limited liability company, of which you are the sole owner, or in which you maintain an ownership interest of more than 50%, on the first day of the policy period is an insured and will qualify as a Named Insured. No such organization is an insured or will qualify as a Named Insured for "bodily injury" or "property damage" that occurred, or "personal injury" or "advertising injury" caused by an offense committed after the date, if any, during the policy period, that you no longer maintain an ownership interest of more than 50% in such organization.

5. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and of which you are the sole owner, or in which you maintain an ownership interest of more than 50%, is an insured and will qualify as a Named Insured if there is no other similar insurance available to that organization. However:

a. Coverage under this provision is afforded only until the 180th day after you acquire or form the organization or the end of the policy period, whichever is earlier; and

b. Coverage for such organization does not apply to:

(1) "Bodily injury" or "property damage" that occurred; or

(2) "Personal injury" or "advertising injury" arising out of an offense committed;

before you acquired or formed the organization.

No person or organization is an insured or will qualify as a Named Insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations. This paragraph does not apply to any such partnership, joint venture or limited liability company that otherwise qualifies as an insured under Paragraph **B.** of **SECTION II – WHO IS AN INSURED.**

C. COVERAGE C – CRISIS MANAGEMENT SERVICE EXPENSES

With respect to Coverage **C,** the following persons and organizations are insureds and will qualify as Named Insureds:

1. The Named Insured shown in the Declarations.

2. Any organization, other than a partnership, joint venture or limited liability company, of which you are the sole owner, or in which you maintain an ownership interest of more than 50%, on the first day of the policy period. No such organization is an insured or will qualify as a Named Insured for "crisis management service expenses" arising out of a "crisis management event" that first commences after the date, if any, during the policy

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period, that you no longer maintain an ownership interest of more than 50% in such organization.

3. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and of which you are the sole owner, or in which you maintain an ownership interest of more than 50%, if there is no other similar insurance available to that organization. However:
   a. Coverage under this provision is afforded only until the 180th day after you acquire or form the organization or the end of the policy period, whichever is earlier; and
   b. Coverage for such organization does not apply to "crisis management service expenses" arising out of a "crisis management event" that occurred before you acquired or formed the organization, even if an "executive officer" only first becomes aware of an "event" or "occurrence" that leads to such "crisis management event" after the date you acquired or formed the organization.

No person or organization is an insured or will qualify as a **Named Insured** with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a **Named Insured** in the Declarations.

SECTION III - LIMITS OF INSURANCE

A. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay for the amounts described below to which this insurance applies regardless of the number of:

1. Insureds;
2. Claims made or "suits" brought;
3. Number of vehicles involved;
4. Persons or organizations making claims or bringing "suits"; or
5. Coverages provided under this insurance.

As indicated in Paragraph **D.1.** of **SECTION I - COVERAGES,** for any "suit" for which we have the right and duty to defend the insured under Coverage **A,** defense expenses will be within the limits of insurance of this policy when such expenses are within the limits of insurance of the applicable "underlying insurance".

B. The General Aggregate Limit is the most we will pay for the sum of all:

1. Damages; and
2. Defense expenses if such expenses are within the limits of insurance of this policy;

except:

1. Damages and defense expenses because of "bodily injury" or "property damage" included in the "auto hazard";
2. Damages and defense expenses because of "bodily injury" or "property damage" included in the "products-completed operations hazard"; or
3. Damages and defense expenses for which insurance is provided under any Aircraft Liability coverage included as "underlying insurance" to which no aggregate limit applies.

C. The Products-Completed Operations Aggregate Limit is the most we will pay for the sum of all:

1. Damages; and
2. Defense expenses if such expenses are within the limits of insurance of this policy;

because of "bodily injury" or "property damage" included in the "products-completed operations hazard".

D. Subject to Paragraph **B.** or **C.** above, whichever applies, the Occurrence Limit is the most we will pay for the sum of all:

1. Damages, and defense expenses if such expenses are within the limits of insurance of this policy, under Coverage **A** arising out of any one "event" to which the "underlying insurance" applies a limit of insurance that is separate from any aggregate limit of insurance ; and
2. Damages under Coverage **B** because of all "bodily injury", "property damage", "personal injury" or "advertising injury" arising out of any one "occurrence".

For the purposes of determining the applicable Occurrence Limit, all related acts or omissions committed in the providing or failing to provide first aid or "Good Samaritan services" to any one person will be considered one "occurrence".

E. The Crisis Management Service Expenses Limit is the most we will pay for the sum of all "crisis management service expenses" arising out of all "crisis management events". Payment of such

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"crisis management service expenses" is in addition to, and will not reduce, any other limit of insurance of this policy.

F. The limits of insurance of this policy apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations. If the policy period is extended after issuance for an additional period of less than 12 months, the additional period will be deemed part of the last preceding period for purposes of determining the limits of insurance.

SECTION IV - EXCLUSIONS

This insurance does not apply to:

A. With respect to Coverage **A** and Coverage **B:**

1. Asbestos

a. Damages arising out of the actual or alleged presence or actual, alleged or threatened dispersal of asbestos, asbestos fibers or products containing asbestos, provided that the damages are caused or contributed to by the hazardous properties of asbestos.

b. Damages arising out of the actual or alleged presence or actual, alleged or threatened dispersal of any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapors, soot, fumes, acids, alkalis, chemicals and waste, and that are part of any claim or "suit" which also alleges any damages described in Paragraph **a.** above.

c. Any loss, cost or expense arising out of any:

(1) Request, demand, order or statutory or regulatory requirement 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, asbestos, asbestos fibers or products containing asbestos; or

(2) Claim or "suit" by or on behalf of any governmental authority or any other person or organization because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, asbestos, asbestos fibers or products containing asbestos.

2. Employment-Related Practices

Damages because of injury to:

a. A person arising out of any:

(1) Refusal to employ that person;

(2) Termination of that person's employment; or

(3) Employment-related practice, policy, act or omission, such as coercion, demotion, evaluation, reassignment, discipline, failure to promote or advance, harassment, humiliation, discrimination, libel, slander, violation of the person's right of privacy, malicious prosecution or false arrest, detention or imprisonment, applied to or directed at that person, regardless of whether such practice, policy, act or omission occurs, is applied or is committed before, during or after the time of that person's employment; or

b. The spouse, child, parent, brother or sister of that person as a consequence of injury to that person as described in Paragraphs **a.(1), (2)** or **(3)** above.

This exclusion applies:

a. Whether the insured may be liable as an employer or in any other capacity; and

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

3. ERISA, COBRA And Similar Laws

Any obligation of the insured under:

a. The Employees Retirement Income Security Act Of 1974 (ERISA) or any of its amendments;

b. The Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) or any of its amendments; or

c. Any similar common or statutory law of any jurisdiction.

4. Medical Expenses Or Payments

Any obligation of the insured under any "medical expenses" or medical payments coverage.

5. Nuclear Material

Damages arising out of:

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a. The actual, alleged or threatened exposure of any person or property to; or

b. The "hazardous properties" of;

any "nuclear material".

As used in this exclusion:

a. "Hazardous properties" includes radioactive, toxic or explosive properties;

b. "Nuclear material" means "source material", "special nuclear material" or "by-product material"; and

c. "Source material", "special nuclear material" and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or any of its amendments.

6. Uninsured or Underinsured Motorists, No-Fault And Similar Laws

Any liability imposed on the insured, or the insured's insurer, under any of the following laws:

a. Uninsured motorists;

b. Underinsured motorists;

c. Auto no-fault or other first-party personal injury protection (PIP);

d. Supplementary uninsured/underinsured motorists (New York); or

e. Medical expense benefits and income loss benefits (Virginia).

7. War

Damages arising out of:

a. War, including undeclared or civil war; or

b. 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; or

c. Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

8. Workers Compensation And Similar Laws

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

B. With respect to Coverage **B:**

1. Expected Or Intended Bodily Injury Or Property Damage

"Bodily injury" or "property damage" expected or intended from the standpoint 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. Contractual Liability

"Bodily injury", "property damage", "personal injury" or "advertising injury" 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 to liability for damages that the insured would have in the absence of the contract or agreement.

3. Liquor Liability

"Bodily injury" or "property damage" for which any insured may be liable by reason of:

a. Causing or contributing to the intoxication of any person, including causing or contributing to the intoxication of any person because alcoholic beverages were permitted to be brought on your premises for consumption on your premises;

b. The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or

c. Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

4. Employers Liability

"Bodily injury" to:

a. An "employee" of the insured arising out of and in the course of:

(1) Employment by the insured; or

(2) Performing duties related to the conduct of the insured's business; or

b. The spouse, child, parent, brother or sister of that "employee" as a consequence of "bodily injury" described in Paragraph **a.** above.

This exclusion applies:

a. Whether the insured may be liable as an employer or in any other capacity; and

b. To any obligation to share damages with

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or repay someone else who must pay damages because of the "bodily injury".

5. Pollution

a. "Bodily injury", "property damage", "personal injury" or "advertising injury" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants".

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

(1) Request, demand, order or statutory or regulatory requirement that any insured or any other person or organization 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 any governmental authority or any other person or organization 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".

6. Aircraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft that is owned or operated by or rented or loaned to any insured.

7. Auto

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any "auto". Use includes operation and "loading or unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any "auto".

This exclusion does not apply to "bodily injury" or "property damage" caused by an "occurrence" that takes place outside of the United States of America (including its territories and possessions), Puerto Rico and Canada.

8. Watercraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any watercraft that is owned or operated by or rented or loaned to any insured.

This exclusion does not apply to a watercraft:

a. While ashore on premises owned by or rented to any insured; or

b. That is 50-feet long or less and that:

(1) You own; or

(2) You do not own and is not being used to carry any person or property for a charge.

9. Electronic Data

Damages claimed for the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate "electronic data".

10. Damage To Property, Products Or Work

"Property damage" to:

a. Property you own, rent or occupy, including any costs or expenses incurred by you, or any other person or organization, for repair, replacement,

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enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;

b. Premises you sell, give away or abandon if the "property damage" arises out of any part of those premises;

c. Property loaned to you;

d. Personal property in the care, custody or control of the insured;

e. That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations if the "property damage" arises out of those operations;

f. That particular part of any property that must be restored, repaired or replaced because your work" was incorrectly performed on it;

g. "Your product" arising out of "your product" or any part of it; or

h. "Your work" arising out of "your work" or any part of it and included in the "products-completed operations hazard".

11. Damage To Impaired Property Or Property Not Physically Injured

"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 fulfill the terms of a contract or agreement.

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.

12. Recall Of Products, Work Or Impaired Property

Damages claimed for any loss, cost or expense incurred by you or others for the 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 a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

13. Violation Of Consumer Financial Protection Laws

"Bodily injury", "property damage", "personal injury" or "advertising injury" arising out of any actual or alleged violation of a "consumer financial protection law", or any other "bodily injury", "property damage", "personal injury" or "advertising injury" alleged in any claim or "suit" that also alleges any such violation.

14. Unsolicited Communication

"Bodily injury", "property damage", "personal injury" or "advertising injury" arising out of any actual or alleged violation of any law that restricts or prohibits the sending, transmitting or distributing of "unsolicited communication".

15. Access Or Disclosure Of Confidential Or Personal Information

"Bodily injury", "property damage", "personal injury" or "advertising injury" arising out of any access to or disclosure of any person's or organization's confidential or personal information.

16. Knowing Violation Of Rights Of Another

"Personal injury" or "advertising injury" caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal injury" or "advertising injury".

17. Material Published With Knowledge Of Falsity

"Personal injury" or "advertising injury" arising out of oral or written publication, including publication by electronic means, of material, if done by or at the direction of the insured with knowledge of its falsity.

18. Material Published Or Used Prior To Policy Period

a. "Personal injury" or "advertising injury" arising out of oral or written publication,

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including publication by electronic means, of material whose first publication took place before the beginning of the policy period; or

b. "Advertising injury" arising out of infringement of copyright, "title" or "slogan" in your "advertisement" whose first infringement in your "advertisement" was committed before the beginning of the policy period.

19. Criminal Acts

"Personal injury" or "advertising injur " arising out of a criminal act committed by or at the direction of the insured.

20. Breach Of Contract

"Personal injury" or "advertising injury" arising out of a breach of contract.

21. Quality Or Performance Of Goods - Failure To Conform To Statements

"Advertising injury" arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement".

22. Wrong Description Of Prices

"Advertising injury" arising out of the wrong description of the price of goods, products or services stated in your "advertisement".

23. Intellectual Property

"Personal injury" or "advertising injury" arising out of any actual or alleged infringement or violation of any of the following rights or laws, or any other "personal injury" or "advertising injury" alleged in any claim or "suit" that also alleges any such infringement or violation:

a. Copyright;

b. Patent;

c. Trade dress;

d. Trade name;

e. Trademark;

f. Trade secret; or

g. Other intellectual property rights or laws.

This exclusion does not apply to:

a. "Advertising injury" arising out of any actual or alleged infringement or violation of another's copyright, "title" or "slogan" in your "advertisement"; or

b. Any other "personal injury" or "advertising injury" alleged in any claim or "suit" that also alleges any such infringement or violation of another's copyright, "title" or "slogan" in your "advertisement".

24. Insureds In Media And Internet Type Business

"Personal injury" or "advertising injury" arising out of an offense committed by an insured whose business is:

a. Advertising, "broadcasting" or publishing;

b. Designing or determining content of web-sites for others; or

c. An Internet search, access, content or service provider.

This exclusion does not apply to Paragraphs **a.(1), (2)** and **(3)** of the definition of "personal injury".

For the purposes of this exclusion:

a. Creating and producing correspondence written in the conduct of your business, bulletins, financial or annual reports, or newsletters about your goods, products or services will not be considered the business of publishing; and

b. The placing of frames, borders or links, or advertising, for you or others anywhere on the Internet will not, by itself, be considered the business of advertising, "broadcasting" or publishing.

25. Electronic Chatrooms Or Bulletin Boards

"Personal injury" or "advertising injury" arising out of an electronic chatroom or bulletin board the insured hosts, owns or over which the insured exercises control.

26. Unauthorized Use Of Another's Name Or Product

"Personal injury" or "advertising injury" arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatag, or any other similar tactics to mislead another's potential customers.

C. With respect to Coverage **C:**

Newly Acquired, Controlled Or Formed Entities

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"Crisis management service expenses" arising out of a "crisis management event" that involves any organization you newly acquire or form and that occurred prior to the date you acquired or formed that organization, even if an "executive officer" only first becomes aware of an "event" or "occurrence" that leads to such "crisis management event" after the date you acquired or formed such organization.

SECTION V - CONDITIONS

A. APPEALS

1. If the insured or the insured's "underlying insurer" elects not to appeal a judgment which exceeds the "applicable underlying limit" or "self-insured retention", we may do so.
2. If we appeal such a judgment, we will pay all costs of the appeal. These payments will not reduce the applicable limits of insurance. In no event will our liability exceed the applicable limit of insurance.

B. BANKRUPTCY

1. Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this insurance.
2. In thent of bankruptcy or insolvency of any "underlying insurer", this insurance will not replace such bankrupt or insolvent "underlying insurer's" policy, and this insurance will apply as if such "underlying insurer" had not become bankrupt or insolvent.

C. CANCELLATION

1. The first Named Insured shown in the Declarations may cancel this insurance by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this insurance by mailing or delivering to such first Named Insured written notice of cancellation at least:
   a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
   b. 60 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to such first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this insurance is cancelled, we will send such first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If such 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.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

D. CHANGES

This policy contains all the agreements between you and us concerning the insurance afforded. No change can be made in the terms of this insurance except with our consent. The terms of this insurance can be amended or waived only by endorsement issued by us and made a part of this policy.

E. CURRENCY

Payments for damages or expenses described in Paragraph **5.** of Paragraph **D., DEFENSE AND SUPPLEMENTARY PAYMENTS,** of **SECTION I - COVERAGES** will be in the currency of the United States of America. At our sole option, we may make these payments in a different currency. Any necessary currency conversion for such payments will be calculated based on the rate of exchange published in the Wall Street Journal immediately preceeding the date the payment is processed.

F. DUTIES REGARDING AN EVENT, OCCURRENCE, CLAIM OR SUIT

1. You must see to it that we are notified as soon as practicable of an "event" or "occurrence" which may result in a claim under this insurance. To the extent possible, notice should include:
   a. How, when and where the "event" or "occurrence" took place;
   b. The names and addresses of any persons or organizations sustaining injury, damage or loss, and the names and addresses of any witnesses; and
   c. The nature and location of any injury or damage arising out of the "event" or "occurrence".
2. If a claim is made or "suit" is brought against any insured which may result in a claim under

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this insurance, you must see to it that we receive written notice of the claim or "suit" as soon as practicable.

3. With respect to Coverage **A,** the insured must:
   a. Cooperate with us in the investigation, settlement or defense of any claim or "suit";
   b. Comply with the terms of the "underlying insurance" and
   c. Pursue all rights of contribution or indemnity against any person or organization who may be liable to the insured because of the injury, damage or loss for which insurance is provided under this policy or any policy of "underlying insurance".
4. With respect to Coverage **B,** the insured must:
   a. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
   b. Authorize us to obtain necessary records and other information;
   c. Cooperate with us in the investigation, settlement or defense of any claim or "suit"; and
   d. Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which Coverage **B** may apply.
5. No insured will, except at that insured's own expense, voluntarily make a payment, assume any obligation, make any admission or incur any expense, other than for first aid for "bodily injury" covered by this insurance, without our consent.
6. Knowledge of an "event", "occurrence", claim or "suit" by your agent, servant or "employee" will not constitute knowledge by you, unless your insurance or risk manager, or anyone working in the capacity as your insurance or risk manager, or anyone you designate with the responsibility of reporting an "event", "occurrence", claim or "suit":
   a. Has received notice of such "event", "occurrence", claim or "suit" from such agent, servant or "employee"; or
   b. Otherwise has knowledge of such "event", "occurrence", claim or "suit".

G. DUTIES REGARDING A CRISIS MANAGEMENT EVENT

You must:

1. Notify us within 30 days of a "crisis management event" that may result in "crisis management service expenses".
2. Provide written notice of the "crisis management event" as soon as practicable. To the extent possible, notice should include:
   a. How, when and where that "crisis management event" took place;
   b. The names and addresses of any persons or organizations sustaining injury, damage or loss, and the named and addresses of any witnesses ;
   c. The nature and location of any injury or damage arising out of that "crisis management event"; and
   d. The reason that "crisis management event" is likely to involve damages covered by this insurance in excess of the "applicable underlying limit" or "self-insured retention" and involve regional or national media coverage.

H. EXAMINATION OF YOUR BOOKS AND RECORDS

We may examine and audit your books and records as they relate to this insurance:

1. At any time during the policy period;
2. Up to three years after the end of the policy period; and
3. Within one year after final settlement of all claims under this insurance.

I. EXTENDED REPORTING PERIOD OPTION

1. When the "underlying insurance" applies on a claims-made basis, any automatic or basic "extended reporting period" in such "underlying insurance" will apply to this insurance.
2. When the "underlying insurance" applies on a claims-made basis and you elect to purchase an optional or supplemental "extended reporting period" in such "underlying insurance," that "extended reporting period" will apply to this insurance only if:

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a. A written request to purchase an Extended Reporting Period endorsement for this insurance is made by you and received by us within 90 days after the end of the policy period;

b. You have paid all premiums due for this policy at the time you make such request;

c. You promptly pay the additional premium we charge for the Extended Reporting Period endorsement for this insurance when due. We will determine that additional premium after we have received your request for the Extended Reporting Period endorsement for this insurance. That additional premium is not subject to any limitation stated in the "underlying insurance" on the amount or percentage of additional premium that may be charged for the "extended reporting period" in such "underlying insurance"; and

d. That Extended Reporting Period endorsement is issued by us and made a part of this policy.

3. Any Extended Reporting Period endorsement for this insurance will not reinstate or increase the Limits of Insurance or extend the policy period.

4. Except with respect to any provisions to the contrary contained in Paragraphs **1., 2.** or **3.** above, all provisions of any option to purchase an "extended reporting period" granted to you in the "underlying insurance" apply to this insurance.

J. INSPECTIONS AND SURVEYS

1. We have the right but are not obligated to:

a. Make inspections and surveys at any time;

b. Give you reports on the conditions we find; and

c. Recommend changes.

2. Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. We do not warrant that conditions:

a. Are safe or healthful; or

b. Comply with laws, regulations, codes or standards.

K. LEGAL ACTION AGAINST US

1. No person or organization has a right under this insurance:

a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or

b. To sue us on this insurance unless all of its terms have been fully complied with.

2. A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured. We will not be liable for damages that:

a. Are not payable under the terms of this insurance; or

b. 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.

L. MAINTENANCE OF UNDERLYING INSURANCE

1. The insurance afforded by each policy of "underlying insurance" will be maintained for the full policy period of this Excess Follow-Form And Umbrella Liability Insurance. This provision does not apply to the reduction or exhaustion of the aggregate limit or limits of such " underlying insurance " solely by payments as permitted in Paragraphs **4.a.(1), (2)** and **(3)** of **COVERAGE A - EXCESS FOLLOW-FORM LIABILITY of SECTION I - COVERAGES**. As such policies expire, you will renew them at limits and with coverage at least equal to the expiring limits of insurance. If you fail to comply with the above requirements, Coverage **A** is not invalidated. However, in the event of a loss, we will pay only to the extent that we would have paid had you complied with the above requirements.

2. The first Named Insured shown in the Declarations must give us written notice of any change in the "underlying insurance" as respects:

a. Coverage;

b. Limits of insurance;

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c. Termination of any coverage; or

d. Exhaustion of aggregate limits.

3. If you are unable to recover from any "underlying insurer" because you fail to comply with any term or condition of the "underlying insurance", Coverage **A** is not invalidated. However, we will pay for any loss only to the extent that we would have paid had you complied with that term or condition in that "underlying insurance".

M. OTHER INSURANCE

This insurance is excess over any valid and collectible "other insurance" whether such "other insurance" is stated to be primary, contributing, excess, contingent or otherwise. This provision does not apply to a policy bought specifically to apply as excess of this insurance.

However, if you specifically agree in a written contract or agreement that the insurance provided to any person or organization that qualifies as an insured under this insurance must apply on a primary basis, or a primary and non - contributory basis, then insurance provided under Coverage **A** is subject to the following provisions:

1. This insurance will apply before any "other insurance" that is available to such additional insured which covers that person or organization as a named insured, and we will not share with that "other insurance", provided that the injury or damage for which coverage is sought is caused by an "event" that takes place or is committed subsequent to the signing of that contract or agreement by you.

2. This insurance is still excess over any valid and collectible "other insurance", whether primary, excess, contingent or otherwise, which covers that person or organization as an additional insured or as any other insured that does not qualify as a named insured.

N. PREMIUM

1. 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.

2. If the premium is a flat charge, it is not subject to adjustment except as provided in Paragraph **4.** below.

3. If the premium is other than a flat charge, it is an advance premium only. The earned premium will be computed at the end of the policy period, or at the end of each year of the policy period if the policy period is two years or longer, at the rate shown in the Declarations, subject to the Minimum Premium.

4. Additional premium may become payable when coverage is provided for additional insureds under the provisions of **SECTION II - WHO IS AN INSURED.**

O. PREMIUM AUDIT

The premium for this policy is the amount stated in Item **5.** of the Declarations. The premium is a flat charge unless it is specified in the Declarations as adjustable.

P. PROHIBITED COVERAGE - UNLICENSED INSURANCE

1. With respect to loss sustained by any insured in a country or jurisdiction in which we are not licensed to provide this insurance, this insurance does not apply to the extent that insuring such loss would violate the laws or regulations of such country or jurisdiction.

2. We do not assume responsibility for:

a. The payment of any fine, fee, penalty or other charge that may be imposed on any person or organization in any country or jurisdiction because we are not licensed to provide insurance in such country or jurisdiction; or

b. The furnishing of certificates or other evidence of insurance in any country or jurisdiction in which we are not licensed to provide insurance.

Q. PROHIBITED COVERAGE - TRADE OR ECONOMIC SANCTIONS

We will provide coverage for any loss, or otherwise will provide any benefit, only to the extent that providing such coverage or benefit does not expose us or any of our affiliated or parent companies to:

1. Any trade or economic sanction under any law or regulation of the United States of America; or

2. Any other applicable trade or economic sanction, prohibition or restriction.

R. REPRESENTATIONS

By accepting this insurance, you agree:

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1. The statements in the Declarations and any subsequent notice relating to "underlying insurance" are accurate and complete;
2. Those statements are based upon representations you made to us; and
3. We have issued this insurance in reliance upon your representations.

S. SEPARATION OF INSUREDS

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this policy to the first Named Insured shown in the Declarations, this insurance applies:

1. As if each Named Insured were the only Named Insured; and
2. Separately to each insured against whom claim is made or "suit" is brought.

T. WAIVER OR TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

1. If the insured has rights to recover all or part of any payment we have made under this insurance, those rights are transferred to us and the insured must do nothing after loss to impair them. At our request, the insured will bring suit or transfer those rights to us and help us, and with respect to Coverage **A,** the "underlying insurer", enforce them.

   If the insured has agreed in a contract or agreement to waive that insured's right of recovery against any person or organization, we waive our right of recovery against that person or organization, but only for payments we make because of an "event" that takes place or is committed subsequent to the execution of that contract or agreement by such insured.
2. Reimbursement of any amount recovered will be made in the following order:
   a. First, to any person or organization (including us or the insured) who has paid any amount in excess of the applicable limit of insurance;
   b. Next, to us; and
   c. Then, to any person or organization (including the insured and with respect to Coverage **A,** the "underlying insurer") that is entitled to claim the remainder, if any.
3. Expenses incurred in the process of recovery will be divided among all persons or organizations receiving amounts recovered according to the ratio of their respective recoveries.

U. TRANSFER OF YOUR RIGHTS AND DUTIES UNDER THIS INSURANCE

1. Your rights and duties under this insurance may not be transferred without our written consent except in the case of death of an individual Named Insured.
2. 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 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.

V. UNINTENTIONAL OMISSION OR ERROR

The unintentional omission of, or unintentional error in, any information provided by you which we relied upon in issuing this policy will not prejudice your rights under this insurance. However, this provision does not affect our right to collect additional premium or to exercise our rights of cancellation or nonrenewal in accordance with applicable insurance laws or regulations.

W. WHEN LOSS IS PAYABLE

If we are liable under this insurance, we will pay for injury, damage or loss after:

1. The insured's liability is established by:
   a. A court decision; or
   b. A written agreement between the claimant, the insured, any "underlying insurer" and us; and
2. The amount of the "applicable underlying limit" or "self-insured retention" is paid by or on behalf of the insured.ge or loss after:

SECTION VI – DEFINITIONS

A. With respect to all coverages of this insurance:

1. "Applicable underlying limit" means the sum of:
   a. The applicable limit of insurance stated for the policies of "underlying insurance" in the Schedule Of Underlying Insurance subject to the provisions in Paragraphs **4.a.(1), (2)** and **(3)** of **COVERAGE A –**

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EXCESS FOLLOW - FORM LIABILITY of **SECTION I - COVERAGES;** and

b. The applicable limit of insurance of any "other insurance" that applies.

The limits of insurance in any policy of "underlying insurance" will apply even if:

a. The "underlying insurer" claims the insured failed to comply with any term or condition of the policy; or

b. The "underlying insurer" becomes bankrupt or insolvent.

2. "Auto hazard" means all "bodily injury" and "property damage" to which liability insurance afforded under an auto policy of "underlying insurance" would apply but for the exhaustion of its applicable limits of insurance.

3. "Electronic data" means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

4. "Event" means a "occurrence", offense, accident, act, error, omission, wrongful act or loss.

5. "Extended reporting period" means any period of time, starting with the end of the policy period of your claims-made insurance, during which claims or "suits" may be first made, brought or reported for that insurance.

6. "Medical expenses" means expenses to which any Medical Payments section of any policy of Commercial General Liability "underlying insurance" applies.

7. "Other insurance" means insurance, or the funding of losses, that is provided by, through or on behalf of:

a. Another insurance company;

b. Us or any of our affiliated insurance companies;

c. Any risk retention group;

d. Any self-insurance method or program, in which case the insured will be deemed to be the provider of such insurance; or

e. Any similar risk transfer or risk management method.

"Other insurance" does not include:

a. Any "underlying insurance"; or

b. Any policy of insurance specifically purchased to be excess of the limits of insurance of this policy shown in the Declarations.

8. "Products-completed operations hazard":

a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:

(1) Products that are still in your physical possession; or

(2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:

(a) When all the work called for in your contract has been completed;

(b) When all the work to be done at the job site has been completed if your contract calls for work at more than one job site; or

(c) 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 not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured;

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

(3) Products or operations for which the classification listed in a policy of

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Commercial General Liability "underlying insurance" states that products-completed operations are subject to the General Aggregate Limit.

9. "Suit" means a civil proceeding which alleges damages. "Suit" includes:

a. An arbitration proceeding in which damages are claimed and to which the insured must submit or does submit with our consent; or

b. Any other alternative dispute resolution proceeding to which the insured submits with our consent.

10. "Underlying insurance":

a. Means the policy or policies of insurance listed in the Schedule Of Underlying Insurance.

b. Includes any renewal or replacement of such policies if such renewal or replacement is during the policy period of this Excess Follow-Form And Umbrella Liability Insurance.

c. Does not include any part of the policy period of any of the policies described in Paragraphs **a.** or **b.** above that began before, or that continues after, the policy period of this Excess Follow-Form And Umbrella Liability Insurance.

11. "Underlying insurer" means any insurer which provides a policy of insurance listed in the Schedule Of Underlying Insurance.

B. With respect to Coverage **B** and, to the extent that the following terms are not defined in the "underlying insurance", to Coverage **A:**

1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:

a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and

b. Regarding web sites, only that part of a web site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.

2. "Advertising injury":

a. Means injury, other than "personal injury", caused by one or more of the following offenses:

(1) Oral or written publication, including publication by electronic means, of material in your "advertisement" that slanders or libels a person or organization or disparages a person's or organization's goods, products or services, provided that the claim is made or the "suit" is brought by a person or organization that claims to have been slandered or libeled, or that claims to have had its goods, products or services disparaged;

(2) Oral or written publication, including publication by electronic means, of material in your "advertisement" that:

(a) Appropriates a person's name, voice, photograph or likeness; or

(b) Unreasonably places a person in a false light; or

(3) Infringement of copyright, "title" or "slogan" in your "advertisement", provided that the claim is made or the "suit" is brought by a person or organization that claims ownership of such copyright, "title" or "slogan".

b. Includes "bodily injury" caused by one or more of the offenses described in Paragraph **a.** above.

3. "Auto" means:

a. A land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment; or

b. Any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged.

However, "auto" does not include "mobile equipment".

4. "Bodily injury" means:

a. Physical harm, including sickness or disease, sustained by a person; or

b. Mental anguish, injury or illness, or emotional distress, resulting at any time

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from such physical harm, sickness or disease.

5. "Broadcasting" means transmitting any audio or visual material for any purpose:

a. By radio or television; or

b. In, by or with any other electronic means of communication, such as the Internet, if that material is part of:

(1) Radio or television programming being transmitted;

(2) Other entertainment, educational, instructional, music or news programming being transmitted; or

(3) Advertising transmitted with any such programming.

6. "Consumer financial identity information" means any of the following information for a person that is used or collected for the purpose of serving as a factor in establishing such person's eligibility for personal credit, insurance or employment or for the purpose of conducting a business transaction:

a. Part or all of the account number, the expiration date or the balance of any credit, debit, bank or other financial account;

b. Information bearing on a person's credit worthiness, credit standing or credit capacity;

c. Social security number;

d. Driver's license number; or

e. Birth date.

7. "Consumer financial protection law" means:

a. The Fair Credit Reporting Act (FCRA) and any of its amendments, including the Fair and Accurate Credit Transactions Act (FACTA);

b. California's Song-Beverly Credit Card Act and any of its amendments; or

c. Any other law or regulation that restricts or prohibits the collection, dissemination, transmission, distribution or use of "consumer financial identity information".

8. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".

9. "Good Samaritan services" means any emergency medical services for which no compensation is demanded or received.

10. "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;

if such property can be restored to use by the repair, replacement, adjustment or removal of "your product" or "your work" or your fulfilling the terms of the contract or agreement.

11. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".

12. "Loading or unloading" means the handling of property:

a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";

b. While it is in or on an aircraft, watercraft or "auto"; or

c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;

but "loading or unloading" 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".

13. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:

a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads.

b. Vehicles maintained for use solely on or next to premises you own or rent.

c. Vehicles that travel on crawler treads.

d. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:

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(1) Power cranes, shovels, loaders, diggers or drills; or

(2) Road construction or resurfacing equipment such as graders, scrapers or rollers.

e. Vehicles not described in Paragraph **a., b., c.** or **d.** above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:

(1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment ; or

(2) Cherry pickers and similar devices used to raise or lower workers.

f. Vehicles not described in Paragraph **a., b., c.** or **d.** above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

(1) Equipment designed primarily for:

(a) Snow removal;

(b) Road maintenance, but not construction or resurfacing; or

(c) Street cleaning;

(2) Cherry pickers and similar devices mounted on automobile 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.

However, "mobile equipment" does not include any land vehicle that is subject to a compulsory or financial responsibility law, or other motor vehicle insurance law, where it is licensed or principally garaged. Such land vehicles are considered "autos".

14. "Occurrence" means:

a. With respect to "bodily injury" or "property damage":

(1) An accident, including continuous or repeated exposure to substantially the same general harmful conditions, which results in "bodily injury" or "property damage". All "bodily injury" or "property damage" caused by such exposure to substantially the same general harmful conditions will be deemed to be caused by one "occurrence"; or

(2) An act or omission committed in providing or failing to provide first aid or "Good Samaritan services" to a person by any of your "employees" or "volunteer workers" other than an employed or volunteer doctor, unless you are in the business or occupation of providing professional health care services;

b. With respect to "personal injury", an offense arising out of your business that results in "personal injury". All "personal injury" caused by the same or related injurious material, act or offense will be deemed to be caused by one "occurrence", regardless of the frequency or repetition thereof, the number and kind of media used or the number of persons or organizations making claims or bringing "suits"; and

c. With respect to "advertising injury", an offense committed in the course of advertising your goods, products and services that results in "advertising injury". All "advertising injury" caused by the same or related injurious material, act or offense will be deemed to be caused by one "occurrence", regardless of the frequency or repetition thereof, the number and kind of media used or the number of persons or organizations making claims or bringing "suits".

15. "Officer" means a person holding any of the officer positions created by your charter, constitution, bylaws or any other similar governing document.

16. "Personal injury":

a. Means injury, other than "advertising injury", caused by one or more of the following offenses:

(1) False arrest, detention or imprisonment;

(2) Malicious prosecution;

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(3) The wrongful eviction from, wrongful entry into, or invaion of the right of private occupancy of a room, dwelling or premises that a person occupies, provided that the wrongful eviction, wrongful entry or invasion of the right of private occupancy is committed by or on behalf of the owner, landlord or lessor of that room, dwelling or premises;

(4) Oral or written publication, including publication by electronic means, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services, provided that the claim is made or the "suit" is brought by a person or organization that claims to have been slandered or libeled, or that claims to have had its goods, products or services disparaged; or

(5) Oral or written publication, including publication by electronic means, of material that:

(a) Appropriates a person's name, voice, photograph or likeness; or

(b) Unreasonably places a person in a false light.

b. Includes "bodily injury" caused by one or more of the offenses described in Paragraph **a.** above.

17. "Pollutants" mean 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.

18. "Property damage" means:

a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use will be deemed 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. All such loss of use will be deemed to occur at the time of the "occurrence" that caused it.

For the purposes of this insurance, "electronic data" is not tangible property.

19. "Self-insured retention" is the greater of:

a. The amount shown in the Declarations which the insured must first pay under Coverage **B** for damages because of all "bodily injury", "property damage", "personal injury" or "advertising injury" arising out of any one "occurrence"; or

b. The applicable limit of insurance of any "other insurance" that applies.

20. "Slogan":

a. Means a phrase that others use for the purpose of attracting attention in their advertising.

b. Does not include a phrase used as, or in, the name of:

(1) Any person or organization other than you; or

(2) Any business, or any of the premises, goods, products, services or work, of any person or organization other than you.

21. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

22. "Title" means the name of a literary or artistic work.

23. "Unsolicited communication" means any communication, in any form, that the recipient of such communication did not specifically request to receive.

24. "Volunteer worker" means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed by you.

25. "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

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(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 "your product"; and

(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.

26. "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 "your work"; and

(2) The providing of or failure to provide warnings or instructions.

C. With respect to Coverage **C:**

1. "Crisis management advisor" means any public relations firm or crisis management firm approved by us that is hired by you to perform "crisis management services" in connection with a "crisis management event".

2. "Crisis management event" means an "event" or "occurrence" that your "executive officer" reasonably determines has resulted, or may result, in:

a. Damages covered by this Coverage **A** or Coverage **B** that are in excess of the total applicable limits of the "underlying insurance" or "self-insured retention"; and

b. Significant adverse regional or national media coverage.

3. "Crisis management service expenses" means amounts incurred by you, after a "crisis management event" first commences and before such event ends:

a. For the reasonable and necessary:

(1) Fees and expenses of a "crisis management advisor" in the performance for you of "crisis management services" solely for a "crisis management event"; and

(2) Costs for printing, advertising, mailing of materials or travel by your directors, officers, employees or agents or a "crisis management advisor" solely for a "crisis management event"; and

b. For the following expenses resulting from such "crisis management event", provided that such expenses have been approved by us:

(1) Medical expenses;

(2) Funeral expenses;

(3) Psychological counseling;

(4) Travel expenses;

(5) Temporary living expenses;

(6) Expenses to secure the scene of a "crisis management event"; or

(7) Any other expenses pre-approved by us.

4. "Crisis management services" means those services performed by a "crisis management advisor" in advising you or minimizing potential harm to you from a "crisis management event" by maintaining or restoring public confidence in you.

5. "Executive officer" means your:

a. Chief Executive Officer;

b. Chief Operating Officer;

c. Chief Financial Officer;

d. President;

e. General Counsel;

f. General partner (if you are a partnership); or

g. Sole proprietor (if you are a sole proprietorship);

or any person acting in the same capacity as any individual listed above.

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POLICY NUMBER: ZUP-31N27252-24-PB ISSUE DATE: 07/12/24

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SCHEDULE OF UNDERLYING INSURANCE

This endorsement modifies insurance provided under the following:

EXCESS FOLLOW-FORM AND UMBRELLA LIABILITY INSURANCE

Commercial General Liability

Carrier: THE CHARTER OAK FIRE INSURANCE COMPANY

Policy Number: ZLP-41N26370-24-PB

Policy Period
From: 07/01/2024
to: 07/01/2025

Limits Of Liability

General Aggregate	$2,000,000
Products-Completed Operations Aggregate	$2,000,000
Personal and Advertising injury	$1,000,000
Each Occurrence	$1,000,000

Automobile Liability

Carrier: TRAVELERS PROP CASUALTY CO OF AMERICA

Policy Number: 810-2C414830-TIL-24

Policy Period
From: 07/01/2024
to: 07/01/2025

Limits Of Liability

Bodily Injury And Property Damage Combined Single Limit	$1,000,000
Bodily Injury Each Person	$
Bodily Injury Each Accident	$
Property Damage Each Accident	$

Employers Liability

Carrier

Policy Number:

Policy Period
From:
to:

Limits Of Liability

Bodily Injury By Accident Each Accident	$
Bodily Injury By Disease	
Policy Limit	$
Each Employee	$

PRODUCER: PUBLIC RISK INSURORS OFFICE: ST. PAUL

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POLICY NUMBER: ZUP-31N27252-24-PB ISSUE DATE: 07/12/24

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SCHEDULE OF UNDERLYING INSURANCE - CONTINUED

This endorsement modifies insurance provided under the following:

EXCESS FOLLOW-FORM AND UMBRELLA LIABILITY INSURANCE

Type Of Coverage: EMPLOYEE BENEFITS LIABILITY

Limits Of Liability
$3,000,000 AGGREGATE LIMIT
$1,000,000 EACH EMPLOYEE LIMIT

Carrier: THE CHARTER OAK FIRE INSURANCE COMPANY

Policy Number: ZLP-41N26370-24-PB

Policy Period
From:07/01/2024
to:07/01/2025

Type Of Coverage: LAW ENFORCEMENT LIABILITY

Limits Of Liability
$2,000,000 AGGREGATE LIMIT
$1,000,000 EACH WRONGFUL ACT LIMIT

Carrier: THE CHARTER OAK FIRE INSURANCE COMPANY

Policy Number: ZLP-41N26370-24-PB

Policy Period
From:07/01/2024
to:07/01/2025

Type Of Coverage: PUBLIC ENTITY MANAGEMENT LIAB

Limits Of Liability
$2,000,000 AGGREGATE LIMIT
$1,000,000 EACH WRONGFUL ACT LIMIT

Carrier: THE CHARTER OAK FIRE INSURANCE COMPANY

Policy Number: ZLP-41N26370-24-PB

Policy Period
From:07/01/2024
to:07/01/2025

PRODUCER: PUBLIC RISK INSURORS OFFICE: ST. PAUL

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POLICY NUMBER: ZUP-31N27252-24-PB

ISSUE DATE: 07/12/24

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SCHEDULE OF UNDERLYING INSURANCE - CONTINUED

This endorsement modifies insurance provided under the following:

EXCESS FOLLOW-FORM AND UMBRELLA LIABILITY INSURANCE

Type Of Coverage: EMPLOYEE PRACTICES LIABILITY

Limits Of Liability
$2,000,000 AGGREGATE LIMIT
$1,000,000 EACH WRONGFUL OFFENSE LIMIT

Carrier: THE CHARTER OAK FIRE INSURANCE COMPANY

Policy Number: ZLP-41N26370-24-PB

Policy Period
From:07/01/2024
to:07/01/2025

Type Of Coverage:

Limits Of Liability

Carrier:

Policy Number:

Policy Period
From:
to:

Type Of Coverage:

Limits Of Liability

Carrier:

Policy Number:

Policy Period
From:
to:

PRODUCER: PUBLIC RISK INSURORS

OFFICE: ST. PAUL

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM AND EXCLUSION OF OTHER ACTS OF TERRORISM COMMITTED OUTSIDE THE UNITED STATES

This endorsement modifies insurance provided under the following:

EXCESS FOLLOW-FORM AND UMBRELLA LIABILITY INSURANCE

CERTIFIED ACTS OF TERRORISM SELF-INSURED RETENTION SCHEDULE

Self-Insured Retention For Certified Acts Of Terrorism: $10,000 **Each Occurrence**

PROVISIONS

1. The following is added to **SECTION I - COVERAGES:**

If aggregate insured losses attributable to "certified acts of terrorism" exceed $100 billion in a calendar year and we have met our insurer deductible under "TRIA", we will not be liable for the payment of any portion of the amount of such losses that exceeds $100 billion, and in such case, insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

2. With respect to **COVERAGE B - UMBRELLA LIABILITY** for any "bodily injury", "property damage", "personal injury" or "advertising injury" arising out of a "certified act of terrorism":

a. The following replaces Paragraph **1.** in Paragraph **D., DEFENSE AND SUPPLEMENTARY PAYMENTS, of SECTION I - COVERAGES:**

1. We will have the right, but not the duty, to defend the insured under **COVERAGE B - UMBRELLA LIABILITY** against a "suit" seeking damages to which such coverage applies.

b. The following replaces the definition of "self-insured retention" in Paragraph **B.** of **SECTION VI - DEFINITIONS:**

"Self-insured retention" means the Self-Insured Retention For Certified Acts Of Terrorism shown in the Certified Acts Of Terrorism Self-Insured Retention Schedule which the insured must first pay under Coverage **B** for damages because of all any "bodily injury", "property damage", "personal injury" or "advertising injury" included in any one "occurrence". If no entry appears in the Certified Acts Of Terrorism Self-Insured Retention Schedule, the Self-Insured Retention For Certified Acts Of Terrorism is deemed to be $1,000,000.

3. The following exclusion is added to Paragraph **A.** of **SECTION IV - EXCLUSIONS:**

Acts Of Terrorism Committed Outside The United States

Damages arising out of any "act of terrorism" that is committed outside the United States of America (including its territories and possessions) and Puerto Rico.

This exclusion does not apply to damages arising out of any "act of terrorism" that results in loss occurring to:

(1) An air carrier (as defined in Section 40102 of title 49, United States Code) or a United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States); or

(2) The premises of any United States mission.

4. The following is added to Paragraph **A.** of **SECTION VI - DEFINITIONS:**

"Act of terrorism" means a violent act or an act that is dangerous to human life, property or infrastructure that is committed by an individual or individuals and that appears to be part of an effort to coerce a civilian population or to

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influence the policy or affect the conduct of any government by coercion.

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of "TRIA", to be an act of terrorism pursuant to "TRIA". The criteria contained in "TRIA" for a "certified act of terrorism" include the following:

a. The act resulted in insured losses in excess of $5 million in the aggregate, attributable to all types of insurance subject to "TRIA"; and

b. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

"TRIA" means the federal Terrorism Risk Insurance Act of 2002 as amended.

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TENNESSEE CHANGES - CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

EXCESS FOLLOW-FORM AND UMBRELLA LIABILITY INSURANCE

PROVISIONS

1. The following is added to Paragraph **C., CANCELLATION,** of **SECTION V - CONDITIONS:**

CANCELLATION FOR POLICIES IN EFFECT FOR 60 DAYS OR MORE.

If this policy has been in effect for 60 days or more, or if this policy is a renewal of a policy we issued, we may cancel this policy only for one or more of the following reasons:

a. Nonpayment of premium, including any additional premium, calculated in accordance with our current rating manual, justified by a physical change in the insured property or a change in its occupancy or use;

b. Your conviction of a crime increasing any hazard insured against;

c. Discovery of fraud or material misrepresentation on the part of either of the following:

(1) You or your representative in obtaining this insurance; or

(2) You in pursuing a claim under this policy;

d. Failure to comply with written loss control recommendations;

e. Material change in the risk which increases the risk of loss after we issued or renewed insurance coverage;

f. Determination by the Insurance Commissioner that the continuation of the policy would jeopardize our solvency or would place us in violation of the insurance laws of Tennessee or any other state;

g. Your violation or breach of any policy terms or conditions; or

h. Any other reason approved by the Insurance Commissioner.

Notice of cancellation will state the reason for cancellation.

2. The following is added to **SECTION V - CONDITIONS:**

WHEN WE DO NOT RENEW

1. If we decide not to renew this policy, we will mail or deliver written notice of nonrenewal to the first Named Insured and agent, at least 60 days before the expiration date unless:

a. We have offered to issue a renewal policy; or

b. You have obtained replacement coverage or have agreed in writing to obtain replacement coverage.

2. Any notice of nonrenewal will be mailed or delivered to the first Named Insured's and agent's addresses shown in the policy. If notice is mailed, proof of mailing will be sufficient proof of notice.

CANCELLATION OF FINANCED POLICIES

Whenever an insurance policy which is financed with a premium finance company is cancelled, the insurer will return, within 30 days after the effective date of the cancellation, whatever gross unearned premiums are due under the insurance policy directly to the premium finance company for the account of the first Named Insured.

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COVERAGE FOR FINANCIAL INTEREST IN FOREIGN INSURED ORGANZATIONS

This endorsement modifies insurance provided under the following:

EXCESS FOLLOW-FORM AND UMBRELLA LIABILITY INSURANCE

PROVISIONS

1. The following is added to Paragraph **A., COVERAGE A - EXCESS FOLLOW-FORM LIABILITY,** and Paragraph **B., COVERAGE B - UMBRELLA LIABILITY,** of **SECTION I - COVERAGES:**

If a "foreign loss" is incurred by a "foreign insured organization", or by any other insured for whom such "foreign insured organization" is liable, we will reimburse the first Named Insured, or any other Named Insured that is not a "foreign insured organization", for such "foreign loss" because of its "financial interest" in that "foreign insured organization". For purposes of this insurance, amounts we reimburse under:

a. Paragraph **a.** of the definition of "foreign loss" will be deemed to be sums that such Named Insured becomes legally obligated to pay as damages under this policy; and

b. Paragraph **b.** of the definition of "foreign loss" will be deemed to be payments we make under Paragraph **5.** of Paragraph **D., DEFENSE AND SUPPLEMENTARY PAYMENTS,** in **SECTION I - COVERAGES.**

2. The following is added to **SECTION V - CONDITIONS:**

DUTIES IN THE EVENT OF A CLAIM OR SUIT FOR FOREIGN LOSS

If a claim or "suit" for "foreign loss" is made or brought against a "foreign insured organization", or any other insured for whom such "foreign insured organization" is liable, the first Named Insured must:

1. Arrange to investigate and defend such claim or "suit";

2. Notify us in writing in advance of any proposed settlement of such claim or "suit"; and

3. Comply with all other conditions of this insurance as if such claim or "suit" were made or brought against any insured that is not a "foreign insured organization".

3. The following is added to Paragraph **A.** of **SECTION VI - DEFINITIONS:**

"Financial interest" means the insurable interest in a "foreign insured organization" because of:

a. Sole ownership of, or majority ownership interest in, such "foreign insured organization", either directly or through one or more intervening subsidiaries;

b. Indemnification of, or an obligation to indemnify:

(1) Such "foreign insured organization"; or

(2) Any other insured for whom such "foreign insured organization" is liable;

for a "foreign loss"; or

c. An obligation to obtain insurance for such "foreign insured organization".

"Foreign insured organization" means any organization that:

a. Is an insured under **SECTION II - WHO IS AN INSURED;** and

b. Is located in a country or jurisdiction in which we are not licensed to provide this insurance and where providing this insurance would violate the laws or regulations of such country or jurisdiction.

"Foreign loss" means:

a. Sums, in excess of the "applicable underlying limit" or "self-insured retention", that an insured becomes legally obligated to pay as damages because of loss to which the insurance provided under this policy would have applied; or

b. Payments described in Paragraph **5.** of Paragraph **D., DEFENSE AND SUPPLEMENTARY PAYMENTS** in **SECTION I - COVERAGES** that we would have made with respect to any claim or "suit" against an insured:

(1) That we would have defended, investigated or settled; or

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(2) For which we would have paid our part of a judgment;

but for the fact that such insured is located in any country or jurisdiction in which we are not licensed to provide this insurance and where providing this insurance would violate the laws or regulations of such country or jurisdiction.

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FAILURE TO SUPPLY EXCLUSION – COVERAGES A AND B

This endorsement modifies insurance provided under the following:

EXCESS FOLLOW-FORM AND UMBRELLA LIABILITY INSURANCE

The following exclusion is added to Paragraph **A.** of **SECTION IV – EXCLUSIONS:**

Failure To Supply

Damages arising out of the failure of any insured to adequately supply:

a. Gas, including liquefied petroleum gas, any other natural gas liquid and liquefied natural gas;

b. Oil;

c. Any other hydrocarbon or hydrocarbon-based product, including gasoline or any other petroleum product;

d. Water;

e. Electricity;

f. Steam; or

g. Biofuel.

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FUNGI OR BACTERIA EXCLUSION – COVERAGES A AND B

This endorsement modifies insurance provided under the following:

EXCESS FOLLOW-FORM AND UMBRELLA LIABILITY INSURANCE

PROVISIONS

1. The following exclusion is added to Paragraph **A.** of **SECTION IV - EXCLUSIONS:**

Fungi Or Bacteria

a. Damages arising out of the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of or presence of any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such damages; or

b. Damages arising out of the actual or alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any other solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapors, soot, fumes, acids, alkalis, chemicals and waste, and that is part of any claim or "suit" which also alleges any damages described in Paragraph **a.** of this exclusion.

c. Any loss, cost or expense arising out of any:

(1) Request, demand, order or statutory or regulatory requirement 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, "fungi" or bacteria; or

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

This exclusion does not apply to any "fungi" or bacteria that are, are on, or are contained in, a good or product intended for consumption.

2. The following is added to Paragraph **A.** of **SECTION VI - DEFINITIONS:**

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

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MOBILE EQUIPMENT RACING EXCLUSION – COVERAGE B

This endorsement modifies insurance provided under the following:

EXCESS FOLLOW-FORM AND UMBRELLA LIABILITY INSURANCE

The following exclusion is added to Paragraph **B.** of **SECTION IV – EXCLUSIONS:**

Mobile Equipment Racing

"Bodily injury" or "property damage" arising out of the use of "mobile equipment" in, or while in practice or while being prepared for, any prearranged racing, speed, demolition or stunting activity.

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NUCLEAR ENERGY LIABILITY EXCLUSION (BROAD FORM) - COVERAGES A AND B

This endorsement modifies insurance provided under the following:

EXCESS FOLLOW-FORM AND UMBRELLA LIABILITY INSURANCE

PROVISIONS

1. The following replaces Exclusion **5., Nuclear Material,** in Paragraph **A.** of **SECTION IV - EXCLUSIONS:**

Nuclear Energy Liability (Broad Form)

a. Under any Liability Coverage, to "bodily injury" or "property damage":

(1) With respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or

(2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

b. Under any Medical Payments coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.

c. Under any Liability Coverage, to "bodily injury" or "property damage" resulting from "hazardous properties" of "nuclear material" if:

(1) The "nuclear material" **(a)** is at any "nuclear facility" owned by, or operated by or on behalf of, an insured or **(b)** has been discharged or dispersed therefrom;

(2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an insured; or

(3) The "bodily injury" or "property damage" 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", but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion **(3)** applies only to "property damage" to such "nuclear facility" and any property thereat.

2. The following is added to Paragraph **A.** of **SECTION VI - DEFINITIONS:**

"Hazardous properties" includes radioactive, toxic or explosive properties.

"Nuclear material" means "source material", "special nuclear material" or "by-product material".

"Source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.

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

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"Waste" means any waste material **(a)** containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and **(b)** resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".

"Nuclear facility" means:

a. Any "nuclear reactor";

b. Any equipment or device designed or used for **(1)** separating the isotopes of uranium or plutonium, **(2)** processing or utilizing "spent fuel", or **(3)** handling, processing or packaging "waste";

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

d. Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste".

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

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

"Property damage" includes all forms of radioactive contamination of property.

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AMENDMENT OF COVERAGE - DEFINITIONS

This endorsement modifies insurance provided under the following:

EXCESS FOLLOW-FORM AND UMBRELLA LIABILITY INSURANCE

The following replaces the introduction to Paragraph **B.** of **SECTION VI - DEFINITIONS:**

With respect to Coverages **B** and **C** and, to the extent that the following terms are not defined in the "underlying insurance", to Coverage **A:**

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PUBLIC USE OF PRIVATE PROPERTY EXCLUSION – COVERAGES A AND B

This endorsement modifies insurance provided under the following:

EXCESS FOLLOW-FORM AND UMBRELLA LIABILITY INSURANCE

The following exclusion is added to Paragraph **A.** of **SECTION IV – EXCLUSIONS:**

Public Use Of Private Property

Damages arising out of the taking or controlling of private property for public use or benefit, including the diminution in value of such property, by condemnation, inverse condemnation, adverse possession, dedication by adverse use or any other method or proceeding.

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UNMANNED AIRCRAFT EXCLUSION – COVERAGE B

This endorsement modifies insurance provided under the following:

EXCESS FOLLOW-FORM AND UMBRELLA LIABILITY INSURANCE

PROVISIONS

1. The following is added to Exclusion **6., Aircraft,** in Paragraph **B.** of **SECTION IV – EXCLUSIONS:**

   This exclusion also does not apply to any "unmanned aircraft".

2. The following exclusion is added to Paragraph **B.** of **SECTION IV – EXCLUSIONS:**

   Unmanned Aircraft

   "Bodily injury", "property damage", "personal injury" or "advertising injury" arising out of the ownership, maintenance, use or entrustment to others of any "unmanned aircraft". Use includes operation and "loading or unloading".

   This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage", or the offense which caused the "personal injury" or "advertising injury", involved the ownership, maintenance, use or entrustment to others of any "unmanned aircraft".

3. The following is added to Paragraph **B.** of **SECTION VI – DEFINITIONS:**

   "Unmanned aircraft" means an aircraft that is not designed, manufactured, or modified after it is manufactured, to be controlled directly by a person from within or on the aircraft.

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WATERCRAFT LIABILITY EXCLUSION – COVERAGE B

This endorsement modifies insurance provided under the following:

EXCESS FOLLOW-FORM AND UMBRELLA LIABILITY INSURANCE

The following exclusion replaces Paragraph **B.8., Watercraft,** of **SECTION IV – EXCLUSIONS:**

Watercraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any watercraft that is owned or operated or rented or loaned to any insured.

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FOLLOW-FORM LIMITATION - COVERAGE B

This endorsement modifies insurance provided under the following:

EXCESS FOLLOW-FORM AND UMBRELLA LIABILITY INSURANCE

PROVISIONS

The following exclusion is added to Paragraph **B.** of **SECTION IV - EXCLUSIONS:**

Follow-Form Limitation

"Bodily injury", "property damage", "personal injury" or "advertising injury" that is not covered by the "underlying insurance" because of:

a. Any exclusion;

b. Any definition, other than a definition of coverage territory; or

c. Any other coverage limitation in that "underlying insurance";

regardless of whether this policy includes a similar exclusion, definition or coverage limitation.

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AMENDMENT OF EMPLOYMENT-RELATED PRACTICES EXCLUSION - FOLLOW-FORM EXCEPTION - COVERAGE A

This endorsement modifies insurance provided under the following:

EXCESS FOLLOW-FORM AND UMBRELLA LIABILITY INSURANCE

The following is added to Exclusion **2., Employment-Related Practices,** in Paragraph **A.** of **SECTION IV - EXCLUSIONS:**

With respect to Coverage **A,** this exclusion does not apply to damages to which any policy of Employment-Related Practices "underlying insurance" would apply but for the exhaustion of its applicable limits of insurance.

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AMENDMENT OF UNDERLYING INSURANCE DEFINITION

This endorsement modifies insurance provided under the following:

EXCESS FOLLOW-FORM AND UMBRELLA LIABILITY INSURANCE

The following replaces the definition of "underlying insurance" in Paragraph **A.** of **SECTION VI - DEFINITIONS:**

"Underlying insurance":

a. Means the insurance that:

(1) Is listed in the Schedule Of Underlying Insurance; and

(2) Has amounts stated for its limits of liability in that schedule.

b. Includes any renewal or replacement of such insurance if such renewal or replacement is during the policy period of this Excess Follow-Form And Umbrella Liability Insurance.

c. Does not include:

(1) Any part of the policy period of any insurance described in Paragraphs **a.** or **b.** above that began before, or that continues after, the policy period of this Excess Follow-Form And Umbrella Liability Insurance; or

(2) Any coverage provided under any insuring agreement added by endorsement to any insurance described in Paragraphs **a.** or **b.** unless such coverage is separately listed in the Schedule Of Underlying Insurance and has amounts stated for its limits of liability in that schedule.

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AMENDMENT OF WHO IS AN INSURED – EMPLOYEES AND VOLUNTEER WORKERS – COVERAGE B

This endorsement modifies insurance provided under the following:

EXCESS FOLLOW-FORM AND UMBRELLA LIABILITY INSURANCE

PROVISIONS

1. Paragraph **3.a.** in Paragraph **B.** of **SECTION II – WHO IS AN INSURED** is deleted.

2. The following replaces the second paragraph of Exclusion **6., Aircraft,** in Paragraph **B.** of **SECTION IV – EXCLUSIONS:**

   This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft that is owned or operated by or rented or loaned to any insured or any "employee" or "volunteer worker".

3. The following replaces the second paragraph of Exclusion **8., Watercraft,** in Paragraph **B.** of **SECTION IV – EXCLUSIONS:**

   This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any watercraft that is owned or operated by or rented or loaned to any insured or any "employee" or "volunteer worker".

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DAMS, RESERVOIRS, LEVEES, DIKES, FLOOD WALLS OR CANALS EXCLUSION WITH LIMITED EXCEPTION FOR DESIGNATED DAMS, RESERVOIRS, LEVEES, DIKES, FLOOD WALLS OR CANALS - COVERAGES A AND B

This endorsement modifies insurance provided under the following:

EXCESS FOLLOW-FORM AND UMBRELLA LIABILITY INSURANCE

SCHEDULE OF DESIGNATED DAMS, RESERVOIRS, LEVEES, DIKES, FLOOD WALLS OR CANALS

PROVISIONS

The following exclusion is added to Paragraph **A.** of **SECTION IV - EXCLUSIONS:**

Dams, Reservoirs, Levees, Dikes, Flood Walls or Canals

Damages arising out of the existence, maintenance, design, use, operation, breach, structural failure, collapse, bursting, overtopping, flooding, cracking, settling, seepage, underseepage, subsidence or earth movement of any dam, reservoir, levee, dike, flood wall or canal, including any related systems or structures for the barrier, movement, controlling or retention of water.

With respect to Coverage **A,** this exclusion does not apply to damages arising out of the existence, maintenance, design, use, operation, breach, structural failure, collapse, bursting, overtopping, flooding, cracking, settling, seepage, underseepage, subsidence or earth movement of any dam, reservoir, levee, dike, flood wall or canal shown in the Schedule Of Designated Dams, Reservoirs, Levees, Dikes, Flood Walls Or Canals.

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DISCRIMINATION EXCLUSION - COVERAGE B

This endorsement modifies insurance provided under the following:

EXCESS FOLLOW-FORM AND UMBRELLA LIABILITY INSURANCE

The following exclusion is added to Paragraph **B. of SECTION IV - EXCLUSIONS:**

Discrimination

"Bodily injury", "property damage", "personal injury" or "advertising injury" arising out of discrimination based upon a person's sex, sexual orientation, marital status, pregnancy, race, color, creed, religion, national origin, citizenship, veteran status, age, genetic information or physical or mental disability, or any other characteristic, attribute, trait, condition or status that qualifies a person for protection against discrimination under federal, state or local law.

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DESIGNATED ACTIVITIES OR OPERATIONS EXCLUSION – COVERAGE B

This endorsement modifies insurance provided under the following:

EXCESS FOLLOW-FORM AND UMBRELLA LIABILITY INSURANCE

The following exclusion is added to Paragraph **B.** of **SECTION IV – EXCLUSIONS:**

Designated Activities Or Operations

"Bodily injury", "property damage", "personal injury" or "advertising injury" arising out of any designated activities or operations indicated with an **X** in the Schedule Of Designated Activities Or Operations in a policy of Commercial General Liability "underlying insurance", including any "bodily injury", "property damage", "personal injury" or "advertising injury" arising out of:

a. Ownership, maintenance or use of any premises in any such designated activities or operations;

b. Any supervision, instruction, recommendations or advice given or which should have been given in connection with any such designated activities or operations;

c. "Your product" manufactured or distributed in any such designated activities or operations; or

d. "Your work" performed anywhere related to any such designated activities or operations.

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INJURY TO VOLUNTEER FIREFIGHTERS EXCLUSION – COVERAGE B

This endorsement modifies insurance provided under the following:

EXCESS FOLLOW-FORM AND UMBRELLA LIABILITY INSURANCE

The following exclusion is added to Paragraph **B.** of **SECTION IV - EXCLUSIONS:**

Injury To Volunteer Firefighters

"Bodily injury" or "personal injury" to any volunteer firefighters whether or not they are members of your organization, while in the course of their duties as such.

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LAW ENFORCEMENT ACTIVITIES OR OPERATIONS EXCLUSION - COVERAGE B

This endorsement modifies insurance provided under the following:

EXCESS FOLLOW-FORM AND UMBRELLA LIABILITY INSURANCE

PROVISIONS

1. The following **exclusion is added to Paragraph B. of SECTION IV - EXCLUSIONS:**

Law Enforcement Activities Or Operations

"Bodily injury", "property damage", "personal injury", or "advertising injury" arising out of "law enforcement activities or operations".

This exclusion does not apply to "bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any "auto" caused by an "occurrence" that takes place outside of the United States of America (including its territories and possessions), Puerto Rico and Canada. Use includes operation and "loading or unloading".

If a Professional Health Care And Social Services Exclusion With Limited Exception For Designated Professionals - Designated Professionals - Coverages A And B endorsement is included in this policy, this exclusion does not apply to "bodily injury", "property damage", "personal injury", or "advertising injury" arising out of the providing or failing to provide "described professional health care services" or "professional social services" by any "designated professional" acting within the scope of his or her duties for you as such "designated professional."

2. The following is added to Paragraph **B.** of **SECTION VI - DEFINITIONS:**

"Law enforcement activities or operations":

a. Means:

(1) Any of the official activities or operations of your police department or sheriff agency, including any moonlighting, secondary employment or extra-duty assignment approved by such department or agency;

(2) Any of the official activities or operations of your juvenile detention center;

(3) Any of the official activities of your probation officers, parole officers, animal control officers or court security officers; or

(4) Any additional activities or operations that are not covered by any "underlying insurance" because of any exclusion for any law enforcement activities or operations in that "underlying insurance"

b. Includes:

(1) Ownership, maintenance or use of any premises that you own, rent or borrow in order to conduct such activities or operations, other than a premises that is not normally used for the conduct of such activities or operations;

(2) Ownership or operation of your jails, penal institutions, detention centers or similar facilities;

(3) Providing first aid; or

(4) Providing school security.

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LEAD EXCLUSION – COVERAGE B

This endorsement modifies insurance provided under the following:

EXCESS FOLLOW-FORM AND UMBRELLA LIABILITY INSURANCE

PROVISIONS

The following exclusion is added to Paragraph **B.** of **SECTION IV – EXCLUSIONS:**

Lead

a. "Bodily injury", "property damage", "personal injury" or "advertising injury" arising out of the actual or alleged presence or actual, alleged or threatened dispersal, release, ingestion, inhalation or absorption of lead, lead compounds or lead which is or was contained or incorporated into any material or substance.

b. "Bodily injury", "property damage", "personal injury" or "advertising injury" arising out of the actual or alleged presence or actual, alleged or threatened dispersal, release, ingestion, inhalation or absorption of any other solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapors, soot, fumes, acids, alkalis, chemicals and waste, and that is part of any claim or "suit" which also alleges any injury or damage described in Paragraph **a.** of this exclusion.

c. Any loss, cost or expense arising out of any:

(1) Request, demand, order or statutory or regulatory requirement that any insured or any other person or organization test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, lead, lead compounds or lead which is or was contained or incorporated into any material or substance; or

(2) Claim or suit by or for any governmental authority or any other person or organization arising out of the testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing or in any way responding to, or assessing the effects of, lead, lead compounds or lead which is or was contained or incorporated into any material or substance.

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NON CUMULATION OF OCCURRENCE LIMIT

This endorsement modifies insurance provided under the following:

EXCESS FOLLOW-FORM AND UMBRELLA LIABILITY INSURANCE

PROVISIONS

1. The following is added to Paragraph **D.** of **SECTION III - LIMITS OF INSURANCE:**

Non cumulation of Occurrence Limit - If the following arise out of any one "event":

a. Damages, or defense expenses if such expenses are within the limits of insurance of this policy, to which this Excess Follow-Form And Umbrella Liability Insurance applies; and

b. Damages to which Excess Follow-Form And Umbrella Liability Insurance, or any other umbrella or excess liability coverage, included in one or more prior or future policies issued to you by us, or any of our affiliated insurance companies, or defense expenses if such expenses are within the limits of insurance of such policy, applies;

this policy's Occurrence Limit applicable to that "event" also will be reduced by the amount of each payment made for the damages and defense expenses described in Paragraph **b.** above by us or any of our affiliated insurance companies under, and within the applicable limit of insurance of, each such other policy. If a Non cumulation of Personal and Advertising Injury Limit or a Non cumulation of Each Occurrence Limit provision in any such prior policy refers to a **COMMERCIAL EXCESS LIABILITY (UMBRELLA) INSURANCE** policy, this Excess Follow-Form And Umbrella Liability Insurance will be deemed to be a **COMMERCIAL EXCESS LIABILITY (UMBRELLA) INSURANCE** policy for the purposes of each such provision.

2. The following is added to the definition of "other insurance" in Paragraph **A.** of **SECTION VI - DEFINITIONS:**

"Other insurance" also does not include insurance that is provided by, through or on behalf of us or any of our affiliated insurance companies when the Non cumulation of Occurrence Limit provision of Paragraph **D.** of **SECTION III - LIMITS OF INSURANCE** applies.

3. The following is added to Paragraph **4.** in Paragraph **A., COVERAGE A - EXCESS FOLLOW-FORM LIABILITY,** of **SECTION I - COVERAGES:**

For the purposes of Paragraph **a.(1)** above, payments of judgments or settlements for damages that would have been covered by "underlying insurance", but are not only because of an Amendment - Non Cumulation Of Each Occurrence Limit Of Liability and Non Cumulation Of Personal and Advertising Injury Limit endorsement in that "underlying insurance" will be deemed to be payments of judgments or settlements for damages that are covered by that "underlying insurance".

For the purposes of Paragraph **a.(3)** above, payments of defense expenses that would have been covered by that "underlying insurance", but are not only because of an Amendment - Non Cumulation Of Each Occurrence Limit Of Liability and Non Cumulation Of Personal and Advertising Injury Limit endorsement in that "underlying insurance" will be deemed to be payments of defense expenses that are covered by that "underlying insurance".

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POLLUTION NOT RELATED TO AUTOS EXCLUSION – PUBLIC ENTITIES OR INDIAN TRIBES – COVERAGE A

This endorsement modifies insurance provided under the following:

EXCESS FOLLOW-FORM AND UMBRELLA LIABILITY INSURANCE

PROVISIONS

1. The following is added to Paragraph **A., COVERAGE A – EXCESS FOLLOW-FORM LIABILITY,** of **SECTION I – COVERAGES:**

For the purposes of Coverages **A** and **C** of this insurance, "limited covered pollution costs" will be deemed to be damages because of "property damage". However, if any "limited covered pollution costs" are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or assess the effects of, "pollutants" in or on any person, such cost or expense will instead be deemed to be damages because of "bodily injury".

For the purposes of Coverage **A** of this insurance, a governmental ruling or order that has imposed liability for "limited covered pollution costs" will be deemed to be a judgment.

2. With respect to **COVERAGE A – EXCESS FOLLOW FORM LIABILITY,** the following exclusion is added to **SECTION IV – EXCLUSIONS:**

Pollution Not Related To Autos

a. Damages arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants". However, this Paragraph **a.** does not apply to:

(1) "Bodily injury" or "property damage":

(a) To which insurance afforded under any policy of Commercial General Liability "underlying insurance" would apply but for the exhaustion of its applicable limits of insurance; or

(b) Included in the "auto hazard"; or

(2) "Bodily injury", "property damage" or "personal injury" to which insurance afforded under any policy of Law Enforcement Liability "underlying insurance" would apply but for the exhaustion of its applicable limits of insurance.

The exception in Paragraph **(1)(a)** of above does not apply to "bodily injury" and "property damage" arising out of the discharge, release or escape of sewage into one or more buildings.

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

(1) Request, demand, order or statutory or regulatory requirement that any insured or any other person or organization 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 for any governmental authority or any other person or organization arising out of the testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

However, this Paragraph **b.** does not apply to:

(1) "Limited covered pollution costs"; or

(2) "Bodily injury" or "property damage" included in the "auto hazard".

3. The following is added to Paragraph **A.** of **SECTION VI – DEFINITIONS:**

"Limited covered pollution costs":

a. Means any cost or expense that:

(1) Is to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or assess the effects of, "pollutants"; and

(2) To which insurance afforded under any Commercial General Liability "underlying insurance" issued by us, or any of our affiliated insurance companies, would apply but for the exhaustion of its applicable limits of insurance.

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b. Does not include any cost or expense that is to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or assess the effects of, sewage that has discharged, released or escaped into one or more buildings

4. The definition of "pollutants" (including the statement in it that waste includes materials to be recycled, reconditioned or reclaimed) in Paragraph **B.** of **SECTION VI - DEFINITIONS** is deleted from that Paragraph **B.** and is added to Paragraph **A.** of **SECTION VI - DEFINITIONS.**

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PROFESSIONAL HEALTH CARE SERVICES EXCLUSION WITH LIMITED EXCEPTION FOR DESIGNATED PROFESSIONALS - COVERAGES A AND B

This endorsement modifies insurance provided under the following:

EXCESS FOLLOW-FORM AND UMBRELLA LIABILITY INSURANCE

SCHEDULE OF DESIGNATED PROFESSIONALS

PROVISIONS

1. With respect to **COVERAGE A - EXCESS FOLLOW-FORM LIABILITY,** the following exclusions are added to **SECTION IV - EXCLUSIONS:**

Professional Health Care Services Afforded Under Commercial General Liability Underlying Insurance

Damages arising out of providing or failing to provide "professional health care services" to which the insurance afforded under any Commercial General Liability "underlying insurance" would apply but for the exhaustion of its applicable limits of insurance. However, this exclusion does not apply to:

a. "Bodily injury" arising out of providing or failing to provide first aid or "Good Samaritan services";

b. "Bodily injury", "property damage" or "personal injury" arising out of providing or failing to provide "professional health care services" by any of your "employees" or "volunteer workers" acting within the scope of his or her duties for you as an emergency medical dispatcher or 911 operator; or

c. "Bodily injury", "property damage", "personal injury" or "advertising injury"arising out of providing or failing to provide "described professional health care services" by any "designated professional" acting within the scope of his or her duties for you as such "designated professional".

Professional Health Care Services Afforded Under Law Enforcement Liability Underlying Insurance

Damages arising out of the providing or failing to provide "professional health care services" to which the insurance afforded under any Law Enforcement Liability "underlying insurance" would apply but for the exhaustion of its applicable limits of insurance. However, this exclusion does not apply to:

"Bodily injury", "property damage" or "personal injury" arising out of:

a. The insured's providing or failing to provide first aid;

b. The handling or treatment of corpses by an insured who is not a coroner, medical examiner or pathologist;

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c. The furnishing or dispensing of drugs, or medical or dental supplies or appliances, by an insured who is not a medical doctor or nurse; or

d. Providing or failing to provide "described professional health care services" by any "designated professional" acting within the scope of his or her duties for you as such "designated professional".

2. The following exclusions are added to Paragraph **B.** of **SECTION IV – EXCLUSIONS:**

Professional Health Care Services

"Bodily injury", "property damage", "personal injury" or "advertising injury" arising out of providing or failing to provide "professional health care services". However, this exclusion does not apply:

a. Unless you are in the business or occupation of providing "professional health care services", to "bodily injury" arising out of providing or failing to provide first aid by:

(1) Any of your elected or appointed officials, "executive officers" or directors;

(2) Any members of "your boards"; or

(3) Any of your "employees" or "volunteer workers";

other than a doctor, nurse, nursing assistant, physician assistant, dental hygienist or assistant, optometrist, emergency medical technician, paramedic, coroner, physical therapist or physical therapy assistant, speech-language pathologist or speech therapy assistant, occupational therapist or occupational therapy assistant, psychologist, counselor, therapist, social worker or other health care professional;

b. Unless you are in the business or occupation of providing "professional health care services", to "bodily injury" arising out of providing or failing to provide "Good Samaritan services" by:

(1) Any of your elected or appointed officials, "executive officers" or directors;

(2) Any members of "your boards"; or

(3) Any of your "employees" or "volunteer workers";

other than a doctor or nurse;

c. To "bodily injury", "property damage" or "personal injury" arising out of providing or failing to provide "professional health care services" by any of your "employees" or "volunteer workers", other than a nurse or doctor, acting within the scope of his or her duties for you as an emergency medical dispatcher or 911 operator; or

d. To "bodily injury", "property damage", "personal injury" or "advertising injury" arising out of providing or failing to provide "described professional health care services" by any "designated professional" acting within the scope of his or her duties for you as such "designated professional".

3. The following is added to Paragraph **A.** of **SECTION VI – DEFINITIONS:**

"Described professional health care services" means:

a. Any medical, surgical, dental, laboratory, x-ray or nursing services, treatment, advice or instruction, or the related furnishing of food or beverages;

b. The furnishing or dispensing of drugs or medical, dental or surgical supplies or appliances;

c. The handling or treatment of corpses, including for autopsies or organ donations, but not including performing autopsies or performing medical procedures related to organ donations; or

d. Any psychological or emotional counseling service, treatment, advice or instruction.

"Designated professional" means any of your "employees" or "volunteer workers" who:

a. Is performing duties for you as a professional shown in the Schedule Of Designated Professionals;

b. Is not a medical doctor; and

c. Is not a nurse providing "described professional health care services" at or in connection with a nursing home.

"Professional health care services" includes:

a. Any medical, surgical, dental, laboratory, x-ray or nursing services, treatment, advice or instruction, or the related furnishing of food or beverages;

b. The furnishing or dispensing of drugs or medical, dental or surgical supplies or appliances;

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c. The handling or treatment of corpses, including autopsies, organ donations and other postmortem procedures;

d. Any health or therapeutic service, treatment, advice or instruction;

e. Any service, treatment, advice or instruction for the purpose of appearance or skin enhancement, hair removal or replacement or personal grooming;

f. Any psychiatric, psychological or emotional counseling service, treatment, advice or instruction; and

g. The service by any person as a member of a formal accreditation, standards review, peer review or equivalent professional board or committee or member of any professional organization or committee.

4. The following is added to Paragraph **B.** of **SECTION VI – DEFINITIONS:**

"Indian tribe" means a tribe, band, pueblo, village or community of American Indians, or Alaska Natives, that has been recognized as an Indian tribe by the government of:

a. The United States of America; or

b. Any state in the United States of America.

"Joint powers authority" means any organization formed by two or more public entities, or by a public entity and one or more "Indian tribes", that have agreed in a contract or agreement to jointly exercise any power common to them.

"Your boards":

a. Means any board, commission, or other governmental unit or department that:

(1) Is under your jurisdiction; and

(2) Is funded and operated as part of your total operating budget.

b. Does not include any "joint powers authority".

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ABUSE OR MOLESTATION EXCLUSION - COVERAGES A AND B - WITH LIMITED FOLLOW-FORM EXCEPTION

This endorsement modifies insurance provided under the following:

EXCESS FOLLOW-FORM AND UMBRELLA LIABILITY INSURANCE

PROVISIONS

1. The following exclusion is added to Paragraph **A.** of **SECTION IV - EXCLUSIONS:**

Abuse Or Molestation

Damages arising out of any act of "abuse or molestation" committed by any person.

With respect to Coverage **A,** if your "underlying insurance" includes any of the following insurance:

a. Law Enforcement Liability;

b. Public Entity Employment-Related Practices Liability; or

c. Public Entity Management Liability;

this exclusion does not apply to damages to which such insurance would apply but for the exhaustion of its applicable limits of insurance.

2. The following is added to Paragraph **A.** of **SECTION VI - DEFINITIONS:**

"Abuse or molestation" means any actual or threatened illegal or offensive act committed against any person who is:

a. Under 18 years of age;

b. Your student;

c. Legally incompetent; or

d. In the care, custody or control of any insured;

regardless of whether such illegal or offensive act involved physical contact with such person.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INTELLECTUAL PROPERTY EXCLUSION – COVERAGE B

This endorsement modifies insurance provided under the following:

EXCESS FOLLOW-FORM AND UMBRELLA LIABILITY INSURANCE

The following replaces Exclusion **23., Intellectual Property,** in Paragraph **B.** of **SECTION IV – EXCLUSIONS:**

23. Intellectual Property

"Personal injury" or "advertising injury" arising out of any actual or alleged infringement or violation of any of the following rights or laws, or any other "personal injury" or "advertising injury" alleged in any claim or "suit" that also alleges any such infringement or violation:

a. Copyright;

b. Patent;

c. Trade dress;

d. Trade name;

e. Trademark;

f. Trade secret; or

g. Other intellectual property rights or laws.

This exclusion applies regardless of whether the allegation of infringement or violation of any of these rights or laws is made by any person or organization making the claim or bringing the "suit", by any insured or by any other party to the claim or "suit".

This exclusion does not apply to:

a. "Advertising injury" arising out of any actual or alleged infringement or violation of another's copyright, "title" or "slogan" in your "advertisement"; or

b. Any other "personal injury" or "advertising injury" alleged in any claim or "suit" that also alleges any such infringement or violation of another's copyright, "title" or "slogan" in your "advertisement".

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PFAS EXCLUSION – COVERAGES A AND B

This endorsement modifies insurance provided under the following:

EXCESS FOLLOW-FORM AND UMBRELLA LIABILITY INSURANCE

PROVISIONS

1. The following exclusion is added to Paragraph **A.** of **SECTION IV – EXCLUSIONS**:

PFAS

a. Damages arising out of the actual or alleged presence or actual, alleged or threatened discharge, dispersal, seepage, migration, release, escape, ingestion, inhalation or absorption of, or exposure to, "PFAS" or "PFAScontaining products", provided that the damages are caused or contributed to by the hazardous properties of "PFAS".

b. Damages arising out of the actual or alleged presence or actual, alleged or threatened discharge, dispersal, seepage, migration, release, escape, ingestion, inhalation or absorption of, or exposure to, any other solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapors, soot, fumes, acids, alkalis, chemicals and waste, and that is part of any claim or "suit" which also alleges any damages described in Paragraph **a.** above.

c. Any loss, cost or expense arising out of any:

(1) Request, demand, order or statutory or regulatory requirement 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, "PFAS" or "PFAS-containing products"; or

(2) Claim or suit by or on behalf of a governmental authority or any other person or organization because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "PFAS" or "PFAS-containing products".

2. The following is added to Paragraph **A.** of **SECTION VI – DEFINITIONS**:

"PFAS" means:

a. Any perfluoroalkyl or polyfluoroalkyl substance, meaning any fluorinated substance that contains at least one fully fluorinated methyl or methylene carbon atom without any hydrogen, chlorine, bromine or iodine atom attached to it; or

b. Any precursor, replacement, degradation or breakdown by-product of any substance described in Paragraph a. above.

"PFAS-containing products":

a. Means:

(1) Any goods or products that contain or incorporate "PFAS" in any form; and

(2) Containers, materials, parts or equipment furnished in connection with any 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 such goods or products; and

(2) The providing of or failure to provide warnings or instructions in connection with any such goods or products.

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COMMERCIAL INLAND MARINE CONDITIONS

The following conditions apply in addition to the Common Policy Conditions and applicable Additional Conditions in Commercial Inland Marine Coverage Forms:

LOSS CONDITIONS

A. Abandonment

There can be no abandonment of any property to us.

B. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

1. Pay its chosen appraiser; and
2. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

C. Duties In The Event Of Loss

You must see that the following are done in the event of loss or damage to Covered Property:

1. Notify the police if a law may have been broken.
2. Give us prompt notice of the loss or damage. Include a description of the property involved.
3. As soon as possible, give us a description of how, when and where the loss or damage occurred.
4. Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examinat ion.
5. You will not, except at your own cost, voluntarily make a payment, assume any obligation, or incur any expense without our consent.
6. As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

   Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
7. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.
8. Send us a signed, sworn proof of loss containing the information we request to settle the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
9. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or suit.
10. Cooperate with us in the investigation or settlement of the claim.

D. Insurance Under Two Or More Coverages

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

E. Loss Payment

1. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
2. We will not pay you more than your financial interest in the Covered Property.
3. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claim against us for the owners' property. We will not pay the owners more than

their financial interest in the Covered Property.

4. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
5. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss if you have complied with all the terms of this Coverage Part and:
   a. We have reached agreement with you on the amount of the loss; or
   b. An appraisal award has been made.
6. We will not be liable for any part of a loss that has been paid or made good by others.

F. Other Insurance

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.
2. If there is other insurance covering the same loss or damage, other than that described in **1.** above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

G. Pair, Sets Or Parts

1. Pair Or Set

In case of loss or damage to any part of a pair or set we may:

a. Repair or replace any part to restore the pair or set to its value before the loss or damage; or
b. Pay the difference between the value of the pair or set before and after the loss or damage.

2. Parts

In case of loss or damage to any part of Covered Property consisting of several parts when complete, we will only pay for the value of the lost or damaged part.

H. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

I. Reinstatement Of Limit After Loss

The Limit of Insurance will not be reduced by the payment of any claim, except for total loss or damage of a scheduled item, in which event we will refund the unearned premium on that item.

J. Transfer Of Rights Of Recovery Against Others To Us

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

1. Prior to a loss to your Covered Property.
2. After a loss to your Covered Property only if, at time of loss, that party is one of the following:
   a. Someone insured by this insurance; or
   b. A business firm:
      (1) Owned or controlled by you; or
      (2) That owns or controls you.

This will not restrict your insurance.

GENERAL CONDITIONS

A. Concealment, Misrepresentation Or Fraud

This Coverage Part is void in any case of fraud, intentional concealment or misrepresentation of a material fact, by you or any other insured, at any time, concerning:

1. This Coverage Part;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this Coverage Part.

B. Control Of Property

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

C. Legal Action Against Us

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all the terms of this Coverage Part; and
2. The action is brought within 2 years after you first have knowledge of the direct loss or damage.

D. No Benefit To Bailee

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

E. Policy Period, Coverage Territory

We cover loss or damage commencing:

1. During the policy period shown in the Declarations; and
2. Within the coverage territory.

F. Valuation

The value of property will be the least of the following amounts:

1. The actual cash value of that property;
2. The cost of reasonably restoring that property to its condition immediately before loss or damage; or
3. The cost of replacing that property with substantially identical property.

In the event of loss or damage, the value of property will be determined as of the time of loss or damage.

MISCELLANEOUS PROPERTY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section F – DEFINITIONS.

A. COVERAGE

We will pay for direct physical loss of or damage to Covered Property caused by or resulting from a Covered Cause of Loss.

1. Covered Property

Covered Property, as used in this Coverage Form, means property you own, or property of others in your care, custody or control, that is described in the Declarations.

2. Property Not Covered

Covered Property does not include:

a. Aircraft.

b. Contraband, or property in the course of illegal transportation or trade.

c. Live animals.

d. Vehicles or self-propelled machines that are licensed for use on public roads.

3. Covered Causes Of Loss

Covered Causes of Loss means RISKS OF DIRECT PHYSICAL LOSS unless the loss is:

a. Excluded in Section B – EXCLUSIONS; or

b. Excluded or limited in the Declarations or Endorsements.

4. Coverage Extensions

Each of the following Coverage Extensions applies unless *Not Covered* is indicated in the Declarations.

a. Fire Protective Systems

If your fire protective equipment discharges accidentally or to control a Covered Cause of Loss, we will pay for your expense to:

(1) Recharge or refill your fire protective systems; and

(2) Replace or repair faulty valves or controls that caused the discharge.

The Fire Protective Systems Limit Of Insurance shown in the Declarations is the most we will pay in any one occurrence under this Coverage Extension.

b. Newly Acquired Property

You may extend the insurance provided by this Coverage Form to apply to direct physical loss or damage by a Covered Cause of Loss to items you acquire during the policy period that are of the type already covered by this Coverage Form.

Coverage under this Coverage Extension will end when any of the following first occurs:

(1) 180 days expire after you acquire the property;

(2) You report the property to us; or

(3) The policy expires or is cancelled.

We will charge you additional premium for the newly acquired property from the date of your acquisition.

The Newly Acquired Property Limit Of Insurance shown in the Declarations is the most we will pay in any one occurrence under this Coverage Extension.

c. Preservation Of Property

If it is necessary to move Covered Property to preserve it from the threat of imminent loss or damage by a Covered Cause of Loss, we will pay for:

(1) The reasonable and necessary expenses actually incurred by you to remove the Covered Property, temporarily store the Covered Property at another location and move the Covered Property back to the location from which it was moved within a reasonable time after the

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threat of imminent loss or damage to the property by the Covered Cause of Loss passes. Coverage for your incurred expenses will end when any of the following first occurs:

(a) 90 days expire after the property is moved;

(b) The property is returned to the location from which it was moved; or

(c) The policy expires or is cancelled.

The Preservation Of Property Expense Limit Of Insurance shown in the Declarations is the most we will pay for the sum of all such expenses that you incur due to the threat of loss or damage from any one occurrence.

(2) Any direct physical loss of or damage to the Covered Property while it is being moved, while temporarily stored at another location or while being moved back to the location from which it was moved.

The most we will pay in any one occurrence for direct physical loss of or damage to the Covered Property is the Limit Of Insurance applicable to the moved property. Any payment under this Coverage Extension for such direct physical loss or damage is included within and will not increase such limit.

d. Valuable Papers And Records

We will pay your costs to research, replace or restore lost or damaged valuable papers and records, including those which exist on electronic or magnetic media, for which there are no duplicates. Such costs must result from direct physical loss or damage by a Covered Cause of Loss to your valuable papers and records directly related to the Covered Property described in the Declarations.

The Valuable Papers And Records Limit Of Insurance shown in the Declarations is the most we will pay in any one occurrence under this Coverage Extension.

But we will not pay for loss of or damage to accounts, bills, deeds, evidences of debt, currency, money, notes or securities.

5. Additional Coverages

Each of the following Additional Coverages applies unless *Not Covered* is indicated in the Declarations.

a. Claim Data Expense

(1) We will pay the reasonable expenses you incur in preparing claim data when we require it to adjust a covered loss. This includes the cost of taking inventories, making appraisals and preparing other documentation to show the extent of loss.

(2) We will not pay for:

(a) Any expenses incurred, directed, or billed by or payable to attorneys, insurance adjusters or their associates or subsidiaries;

(b) Any costs as provided in the Appraisal LOSS CONDITION in the COMMERCIAL INLAND MARINE CONDITIONS; or

(c) Any expenses incurred, directed, or billed by or payable to insurance brokers or agents, or their associates or subsidiaries, without our written consent prior to such expenses being incurred.

The Claim Data Expense Limit Of Insurance shown in the Declarations is the most we will pay in any one occurrence under this Additional Coverage.

b. Debris Removal

(1) We will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period.

The amount we will pay includes the increased costs you incur to divert debris of Covered Property to recycling facilities rather than landfills. Any income or remuneration derived from this recycling will reduce the amount of debris removal

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expense we would have otherwise paid.

The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.

This Additional Coverage does not apply to costs to:

(a) Extract "pollutants" from land or water; or

(b) Remove, restore or replace polluted land or water.

(2) The most we will pay in any one occurrence under this Additional Coverage for your expense to remove the debris of Covered Property is 25% of:

(a) The amount we pay for the direct physical loss of or damage to Covered Property; plus

(b) The Deductible in this Coverage Form applicable to that loss or damage.

Except as provided in Paragraph (3) below, payment under this Additional Coverage is included within and will not increase the applicable Limit Of Insurance.

(3) If:

(a) Your expense to remove debris of Covered Property exceeds the 25% limitation in Paragraph (2) above; or

(b) The sum of the amount we pay for loss of or damage to Covered Property and the expense for removal of its debris exceeds the applicable Limit Of Insurance;

we will pay up to the Debris Removal Increased Limit Of Insurance shown in the Declarations.

c. Fire Or Police Department Service Charge

We will pay your liability for fire, police or other public emergency service department charges when such public emergency services are called to save or protect Covered Property from a Covered Cause of Loss. Such emergency service department charges must be:

(1) Assumed by contract or agreement prior to loss or damage; or

(2) Required by local ordinance.

The Fire or Police Department Service Charge Limit Of Insurance shown in the Declarations is the most we will pay in any one occurrence under this Additional Coverage.

No deductible applies to this Additional Coverage.

d. Pollutant Cleanup And Removal

We will pay your expense to extract "pollutants" from land or water if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from any of the "specified causes of loss" which occurs to Covered Property during the policy period.

The expenses will be paid only if they are reported to us within 180 days of the date on which the covered "specified cause of loss" occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The Pollutant Cleanup And Removal Limit Of Insurance shown in the Declarations is the most we will pay under this Additional Coverage for the sum of all covered expenses arising out of all "specified causes of loss" occurring during each separate 12 month period of this policy, beginning with the effective date of the policy.

e. Reward Coverage

We will reimburse you for reward expenses you have incurred leading to:

(1) The successful return of undamaged stolen Covered Property to a law enforcement agency; or

(2) The arrest and conviction of any person who has damaged or stolen any Covered Property.

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We will pay 25% of the covered loss, prior to the application of any Deductible and recovery of undamaged stolen Covered Property, up to the Reward Coverage Limit Of Insurance shown in the Declarations in any one occurrence for the reward payments you make. These reward payments must be documented.

No Deductible applies to this Additional Coverage.

B. EXCLUSIONS

1. We will not pay for a loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage. These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

a. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread if the fire would be covered by this Coverage Form.

b. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination results in fire, we will pay for the loss or damage caused by that fire.

c. War and Military Action

(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; or

(3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

2. We will not pay for a loss or damage caused by or resulting from any of the following:

a. Consequential Loss

(1) Delay, loss of use or loss of market; or

(2) Loss of business income or extra expense.

b. Dishonesty

Dishonest or criminal act by you, any of your partners, members, officers, managers, employees (including leased employees), directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:

(1) Acting alone or in collusion with others; or

(2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees (including leased employees), but theft by employees is not covered.

This exclusion does not apply to carriers for hire.

c. Missing Property

Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.

d. Pollution

Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss".

But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in any of the "specified causes of loss", we will pay for the loss or damage caused by such "specified causes of loss".

3. We will not pay for loss or damage caused by or resulting from any of the following. But if an excluded cause of loss that is listed below results in a Covered Cause of Loss, we will

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pay for the loss or damage caused by that Covered Cause of Loss.

a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in B.1. above to produce the loss or damage.

b. Electrical Damage or Disturbance

Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs or otherwise interferes with any:

(1) Electrical or electronic wire, device, appliance, system or network; or

(2) Device, appliance, system or network utilizing cellular or satellite technology.

Electrical, magnetic or electromagnetic energy includes:

(a) Electrical current, including arcing;

(b) Electrical charge produced or conducted by a magnetic or electromagnetic field;

(c) Pulse of electromagnetic energy;

(d) Electromagnetic waves or microwaves.

c. Other Types Of Losses

(1) Wear and tear.

(2) Mechanical breakdown or failure, including rupture or bursting caused by centrifugal force.

(3) Decay, gradual deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself.

C. LIMITS OF INSURANCE

The most we will pay for loss or damage in any one occurrence is the applicable Limit Of Insurance shown in the Declarations, Schedule(s), Coverage Form or Endorsement(s). But in the event coverage for loss or damage is provided under the Coverage Extensions or Additional Coverages, the Limits Of Insurance stated within the specific Coverage Extension or Additional Coverage will apply as additional amounts of insurance, unless otherwise stated within the Coverage Extension or Additional Coverage.

D. DEDUCTIBLE

We will not pay for loss or damage in any one occurrence until the amount of the adjusted loss or damage exceeds the applicable Deductible shown in the Declarations, Schedule(s), Coverage Form(s) or Endorsement(s). We will then pay the amount of the adjusted loss or damage in excess of the Deductible, up to the applicable Limit Of Insurance.

The applicable Deductible shown in the Declarations applies to the Coverage Extensions and Additional Coverages unless otherwise stated in the Coverage Extension or Additional Coverage.

Unless otherwise stated, if more than one Deductible amount applies to loss or damage in any one occurrence, the total of the deductible amounts applied in that occurrence will not exceed the amount of the largest applicable Deductible.

E. ADDITIONAL CONDITIONS

The following conditions apply in addition to the COMMERCIAL INLAND MARINE CONDITIONS and the COMMON POLICY CONDITIONS:

1. Coinsurance

If a Coinsurance percentage is shown in the Declarations, the following condition applies:

a. We will not pay the full amount of any loss or damage if the value of Covered Property at the time of loss or damage multiplied by the Coinsurance percentage shown in the Declarations is greater than the applicable Limit Of Insurance for such Covered Property.

Instead, we will determine the most we will pay using the following steps:

Step (1): Multiply the value of Covered Property at the time of loss or damage by the Coinsurance percentage shown in the Declarations.

Step (2): Divide the applicable Limit Of Insurance for Covered Property by the figure determined in Step (1).

Step (3): Multiply the total amount of covered loss or damage, before the application of any deductible, by the figure determined in Step (2).

Step (4): Subtract the applicable Deductible from the figure determined in Step (3).

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We will pay the amount determined in Step (4) or the applicable Limit Of Insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

b. Coinsurance does not apply to:

(1) Additional Coverages; or

(2) Coverage Extensions.

2. Coverage Territory

a. We cover property wherever located within:

(1) The United States of America (including its territories and possessions);

(2) Puerto Rico; or

(3) Canada.

b. We also cover property being shipped by air within and between points in Paragraph a. above.

3. Loss Payment

The following is added to Loss Payment LOSS CONDITION in the COMMERCIAL INLAND MARINE CONDITIONS:

a. In the event of loss or damage covered by this Coverage Form, at our option we will either:

(1) Pay the cost of reasonably restoring the property to its condition immediately before loss or damage;

(2) Pay the value of the lost or damaged property; or

(3) Take all or any part of the property at an agreed or appraised value.

We will determine the value of lost or damaged property, or the cost of restoring such property, in accordance with the applicable terms of the Valuation ADDITIONAL CONDITION in this Coverage Form or any applicable provision which amends or supersedes such Condition.

b. At our option, we may make a partial payment toward any claim, subject to the policy provisions and our normal adjustment process. To be considered for a partial claim payment, you must submit a partial sworn proof of loss with supporting documentation. Any applicable policy deductibles must be satisfied before any partial payments are made.

4. Minimum Earned Premium

If a Minimum Earned Premium is shown in the Declarations, such premium is the least amount of premium you must pay when the actual earned premium for this coverage is less than the Minimum Earned Premium.

The Minimum Earned Premium does not apply if we cancel coverage other than at your request.

5. Reinstatement Of Limit After Loss

The Reinstatement Of Limit After Loss LOSS CONDITION in the COMMERCIAL INLAND MARINE CONDITIONS is replaced by the following:

Reinstatement Of Limit After Loss

With the exception of any applicable annual aggregate Limit Of Insurance, the Limit Of Insurance will not be reduced by the payment of any claim.

6. Valuation

The Valuation GENERAL CONDITION in the COMMERCIAL INLAND MARINE CONDITIONS is replaced by the following:

Valuation

In the event of loss or damage, we will determine the value of Covered Property at the time of loss or damage as follows:

a. Subject to Paragraphs c. and d. below, the value of Covered Property you own will be the least of the following:

(1) The actual cash value of that property.

But in the event of partial loss or damage, not exceeding 20% of the Limit Of Insurance applicable to the Covered Property, no depreciation will be applied in the settlement of the claim. This provision only applies to property that is less than 10 years old at the time of loss or damage;

(2) The cost of reasonably restoring that property to its condition immediately before loss or damage; or

(3) The cost of replacing that property with substantially identical property.

b. The value of Covered Property owned by others will be the amount for which you

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are liable, not to exceed the replacement cost.

c. Optional Replacement Cost Valuation

When indicated by an 'X' in the Declarations, the value of Covered Property you own will be determined at replacement cost as of the time of loss or damage, except as otherwise provided in this Valuation ADDITIONAL CONDITION. Replacement cost is the cost to replace Covered Property at the time of loss or damage without deduction for depreciation.

(1) You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim on a replacement cost basis if you notify us of your intent to do so within 180 days after the loss or damage.

(2) We will not pay on a replacement cost basis for any loss or damage:

(a) Until the lost or damaged property is actually repaired or replaced; and

(b) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

Instead, we will pay on an actual cash value basis. This restriction does not apply to losses less than $50,000.

d. Optional Agreed Value Valuation

When indicated by an 'X' in the Declarations, the value of Covered Property you own will be determined as follows:

The value of Covered Property you own will be the Limit Of Insurance shown in the Declarations, Schedule(s) or Endorsement(s).

F. DEFINITIONS

1. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, waste and any unhealthful or hazardous building materials (including asbestos and lead products or materials containing lead). Waste includes materials to be recycled, reconditioned or reclaimed.

2. "Sinkhole collapse" means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite.

This cause of loss does not include:

(a) The cost of filling sinkholes; or

(b) Sinking or collapse of land into man-made underground cavities.

3. "Specified causes of loss" means the following: Fire; lightning; explosion; windstorm or hail; smoke (including the emission or puff back of smoke, soot, fumes or vapors from a boiler, furnace or related equipment); aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; "sinkhole collapse"; volcanic action; falling objects as limited below; weight of snow, ice or sleet; "water damage", all only as otherwise insured against in this Coverage Form.

Falling objects does not include loss or damage to:

a. Personal property in the open; or

b. Property inside a building or structure, unless the roof or an exterior wall of the building or structure is first damaged by a falling object.

4. "Water damage" means:

a. Accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts) that is located on the premises at which the Covered Property is located and contains water or steam; and

b. Accidental discharge or leakage of water as the direct result of the breaking apart or cracking of a water or sewer pipe that is located off the premises at which the Covered Property is located, if the breakage or cracking is caused by wear and tear. This provision serves as an exception to the wear and tear exclusion 3.c.(1) in Section B – EXCLUSIONS.

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COMPUTERIZED BUSINESS EQUIPMENT COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we," "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section F – DEFINITIONS.

A. COVERAGE

We will pay for direct physical loss of or damage to Covered Property caused by or resulting from a Covered Cause of Loss.

1. Covered Property

Covered Property, as used in this Coverage Form, means property you own, or property of others in your care, custody or control, that is described in the Declarations consisting of:

a. "Hardware"; and

b. "Software".

We only cover such property while:

(1) At a location listed in the applicable Location Schedule;

(2) In transit; or

(3) Temporarily away from a location listed in the applicable Location Schedule and not in transit;

if a Limit of Insurance is shown in the Declarations for the applicable coverage.

2. Business Income And Extra Expense

We will pay the actual loss of "business income" you sustain due to the "suspension" of your operations during the "period of restoration". The "suspension" must be caused by or result from direct physical loss of or damage to Covered Property by a Covered Cause of Loss.

We will pay for the "extra expense" you incur during the "period of restoration" caused by or resulting from direct physical loss of or damage to the following property by a Covered Cause of Loss:

a. Covered Property;

b. Any temperature, climate control or electrical system needed for the operation of Covered Property; or

c. Any building other than the building where Covered Property is kept if a civil authority prohibits access to or use of Covered Property, provided that the following apply:

(1) Access to the area immediately surrounding the damaged building is prohibited by civil authority as a result of the damage, and the location where Covered Property is located is within that area but not more than 100 miles from the damaged building; and

(2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged building.

We will also pay for the "extra expense" you incur caused by or resulting from direct physical loss of or damage by a Covered Cause of Loss to the building where Covered Property is kept if you are prevented from using the Covered Property as a result of the loss or damage to that building.

The Business Income And Extra Expense Limit Of Insurance shown in the Declarations is the most we will pay in any one occurrence for the combined total of "extra expense" and loss of "business income".

3. Property Not Covered

Covered Property does not include:

a. Accounts, bills, evidences of debt, valuable papers, records, abstracts, deeds, manuscripts, or other documents unless they are in the form of "software", and then only in that form.

b. Contraband, or property in the course of illegal transportation or trade.

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c. Property that is in the course of manufacture, or held for sale or distribution by you.

d. Property while leased or rented to others that it is not at a location listed in the applicable Location Schedule.

4. Covered Causes Of Loss

Covered Causes of Loss means RISKS OF DIRECT PHYSICAL LOSS unless the loss is:

a. Excluded in Section B – EXCLUSIONS; or

b. Excluded or limited in the Declarations or Endorsements.

5. Coverage Extensions

Each of the following Coverage Extensions applies unless *Not Covered* is indicated in the Declarations.

a. **Duplicate Software**

We will pay for loss or damage by a Covered Cause of Loss to your duplicate or back-up "software" if it is kept at a location separate from where the original "software" is kept.

The Duplicate Software Limit Of Insurance shown in the Declarations is the most we will pay in any one occurrence under this Coverage Extension.

b. Expediting Expenses

We will pay your costs to expedite repair or replacement of Covered Property during the "period of restoration" made necessary by a Covered Cause of Loss.

The Expediting Expenses Limit Of Insurance shown in the Declarations is the most we will pay in any one occurrence under this Coverage Extension.

c. Fire Protective Systems

If your fire protective equipment discharges accidentally or to control a Covered Cause of Loss, we will pay for your expense to:

(1) Recharge or refill your fire protective systems; and

(2) Replace or repair faulty valves or controls that caused the discharge.

The Fire Protective Systems Limit Of Insurance shown in the Declarations is the most we will pay in any one occurrence under this Coverage Extension.

d. Incompatibility With Replacement Property

In the event of direct physical loss of or damage to Covered Property by a Covered Cause of Loss, we will pay the cost of modifying your undamaged Covered Property to achieve compatibility with any replacement property for the lost or damaged Covered Property.

The Incompatibility With Replacement Property Limit Of Insurance shown in the Declarations is the most we will pay in any one occurrence under this Coverage Extension.

e. Newly Acquired Property

You may extend the insurance provided by this Coverage Form to apply to direct physical loss or damage by a Covered Cause of Loss to "hardware" or "software" you acquire during the policy period.

Coverage under this Coverage Extension will end when any of the following first occurs:

(1) 180 days expire after you acquire the property;

(2) You report the property to us; or

(3) The policy expires or is cancelled.

We will charge you additional premium for the newly acquired property from the date of your acquisition.

The Newly Acquired Property Limit Of Insurance shown in the Declarations is the most we will pay in any one occurrence under this Coverage Extension.

f. Preservation Of Property

If it is necessary to move Covered Property to preserve it from the threat of imminent loss or damage by a Covered Cause of Loss, we will pay for:

(1) The reasonable and necessary expenses actually incurred by you to remove the Covered Property, temporarily store the Covered Property at another location and move the Covered Property back to the location from which it was moved

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within a reasonable time after the threat of imminent loss or damage to the property by the Covered Cause of Loss passes. Coverage for your incurred expenses will end when any of the following first occurs:

The Preservation Of Property Expense Limit Of Insurance shown in Declarations is the most we will pay for the sum of all such expenses that you incur due to the threat of loss or damage from any one occurrence.

(2) Any direct physical loss of or damage to the Covered Property while it is being moved, while temporarily stored at another location or while being moved back to the location from which it was moved.

This coverage will only apply if the loss or damage occurs within 90 days after the Covered Property is first moved and will end when either of the following first occurs:

(a) The property is returned to the location from which it was moved; or

(b) The policy expires or is cancelled.

The most we will pay in any one occurrence for direct physical loss of or damage to the Covered Property is the Limit of Insurance applicable to the moved property. Any payment under this Coverage Extension for such direct physical loss or damage is included within and will not increase such limit. The Limit of Insurance applicable to Covered Property while in transit does not apply to this Coverage Extension.

g. Property At Newly Acquired Locations

You may extend the insurance provided by this Coverage Form to apply to direct physical loss or damage by a Covered Cause of Loss to "hardware" or "software" at a location you acquire during the policy period.

Coverage under this Coverage Extension will end when any of the following first occurs:

(1) 180 days expire after you acquire the property;

(2) You report the new location to us; or

(3) The policy expires or is cancelled.

We will charge you additional premium for the newly acquired locations from the date of your acquisition. The Property At Newly Acquired Locations Limit Of Insurance shown in the Declarations is the most we will pay in any one occurrence under this Coverage Extension.

h. Valuable Papers And Records

We will pay your costs to research, replace or restore lost or damaged valuable papers and records, including those which exist on electronic or magnetic media, for which there are no duplicates. Such costs must result from direct physical loss or damage by a Covered Cause of Loss to your valuable papers and records directly related to the Covered Property described in the Declarations.

But we will not pay for loss of or damage to accounts, bills, deeds, evidences of debt, currency, money, notes or securities.

The Valuable Papers And Records Limit Of Insurance shown in the Declarations is the most we will pay in any one occurrence under this Coverage Extension.

6. Additional Coverages

Each of the following Additional Coverages applies unless *Not Covered* is indicated in the Declarations.

a. Charges On Stolen Cellular Devices

We will pay the charges you incur as a direct result of the unauthorized access and use of a cellular device following the theft of that device. This coverage will end twenty-four hours after such theft is known to you.

The Charges On Stolen Cellular Devices Limit Of Insurance shown in the Declarations is the most we will pay in any one occurrence under this Additional Coverage.

b. Claim Data Expense

(1) We will pay the reasonable expenses you incur in preparing claim data when we require it to adjust a

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covered loss. This includes the cost of taking inventories, making appraisals and preparing other documentation to show the extent of loss.

(2) We will not pay for:

(a) Any expenses incurred, directed, or billed by or payable to attorneys, insurance adjusters or their associates or subsidiaries;

(b) Any costs as provided in the Appraisal LOSS CONDITION in the COMMERCIAL INLAND MARINE CONDITIONS; or

(c) Any expenses incurred, directed, or billed by or payable to insurance brokers or agents, or their associates or subsidiaries, without our written consent prior to such expenses being incurred.

The Claim Data Expense Limit Of Insurance shown in the Declarations is the most we will pay in any one occurrence under this Additional Coverage.

c. Debris Removal

(1) We will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period.

The amount we will pay includes the increased costs you incur to divert debris of Covered Property to recycling facilities rather than landfills. Any income or remuneration derived from this recycling will reduce the amount of debris removal expense we would have otherwise paid.

The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.

This Additional Coverage does not apply to costs to:

(a) Extract "pollutants" from land or water; or

(b) Remove, restore or replace polluted land or water.

(2) The most we will pay in any one occurrence under this Additional Coverage for your expense to remove the debris of Covered Property is 25% of:

(a) The amount we pay for the direct physical loss of or damage to Covered Property; plus

(b) The deductible in this Coverage Form applicable to that loss or damage.

Except as provided in Paragraph (3) below, this payment for your expense to remove the debris of Covered Property is included within the applicable Covered Property Limit of Insurance.

(3) If:

(a) Your expense to remove debris of Covered Property exceeds the above 25% limitation; or

(b) The sum of the amount we pay for loss of or damage to Covered Property and the expense for removal of its debris exceeds the applicable Limit of Insurance;

we will pay up to the Debris Removal Increased Limit Of Insurance shown in the Declarations.

d. Equipment Control Systems

If not covered by other insurance, we will pay for direct physical loss or damage by a Covered Cause of Loss to any:

(1) Air-conditioning system;

(2) Security system;

(3) Auxiliary power generators; or

(4) Uninterruptible power supply;

that is used exclusively to protect or service your Covered Property at or within 100 feet of a location listed in the applicable Location Schedule.

The Equipment Control Systems Limit Of Insurance shown in the Declarations is the most we will pay in any one occurrence under this Additional Coverage.

e. Fire Or Police Department Service Charge

We will pay your liability for fire, police or other public emergency service

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department charges when such public emergency services are called to save or protect Covered Property from a Covered Cause of Loss. Such emergency service department charges must be:

(1) Assumed by contract or agreement prior to loss or damage; or

(2) Required by local ordinance.

The Fire Or Police Department Service Charges Limit Of Insurance shown in the Declarations is the most we will pay in any one occurrence under this Additional Coverage.

No deductible applies to this Additional Coverage.

f. Lost Warranty Or Service Contract

(1) If Covered Property is protected by an extended warranty, or a maintenance or service contract; and

(2) That warranty or contract becomes void or unusable due to a Covered Cause of Loss to such property;

we will reimburse you for the prorated amount of the unused costs of nonrefundable or nontransferable warranties or contracts.

The Lost Warranty Or Service Contract Limit Of Insurance shown in the Declarations is the most we will pay in any one occurrence under this Additional Coverage.

g. Pollutant Cleanup And Removal

We will pay your expense to extract "pollutants" from land or water if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from any of the "specified causes of loss" that occurs to Covered Property during the policy period.

The expenses will be paid only if they are reported to us within 180 days of the date on which the covered "specified cause of loss" occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The Pollutant Cleanup And Removal Limit Of Insurance shown in the Declarations is the most we will pay under this Additional Coverage for the sum of all covered expenses arising out of all "specified causes of loss" occurring during each separate 12 month period of this policy beginning with the effective date of the policy.

h. Reward Coverage

We will reimburse you for reward expenses you have incurred leading to:

(1) The successful return of undamaged stolen Covered Property to a law enforcement agency; or

(2) The arrest and conviction of any person who has damaged or stolen any Covered Property.

We will pay 25% of the covered loss, prior to the application of any Deductible and recovery of undamaged stolen Covered Property, up to the Reward Coverage Limit Of Insurance shown in the Declarations in any one occurrence for the reward payments you make. These reward payments must be documented.

No Deductible applies to this Additional Coverage.

B. EXCLUSIONS

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage. These Exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

a. Earth Movement

(1) Any of the following, all whether naturally occurring or due to man-made or other artificial causes:

(a) Earthquake, including tremors and aftershocks, and earth sinking, rising or shifting related to such event;

(b) Landslide, including earth sinking, rising or shifting related to such event;

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(c) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

(d) Earth sinking (other than "sinkhole collapse"), rising or shifting; or

(e) Volcanic eruption, explosion or effusion.

(2) If Earth Movement as described in:

(a) Paragraphs (1)(a) through (1)(d) above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion; or

(b) Paragraph (1)(e) above, results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

Volcanic Action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

(i) Airborne volcanic blast or airborne shock waves;

(ii) Ash, dust or particulate matter; or

(iii) Lava flow.

With respect to coverage for Volcanic Action as set forth in Paragraphs (i), (ii) and (iii) above, volcanic eruptions that occur within any 168-hour period will constitute a single occurrence. Volcanic Action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

(3) This exclusion does not apply to property in transit.

b. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Form.

c. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination results in fire, we will pay for the loss or damage caused by that fire.

d. War And Military Action

(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; or

(3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

e. Water

(1) Any of the following, all whether naturally occurring or due to man-made or other artificial causes:

(a) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether driven by wind (including storm surge) or not;

(b) Mudslide or mudflow;

(c) Water or sewage that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment.

(d) Water under the ground surface pressing on, or flowing or seeping through:

(i) Foundations, walls, floors or paved surfaces;

(ii) Basements, whether paved or not; or

(iii) Doors, windows or other openings; or

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(e) Waterborne material carried or otherwise moved by any of the water referred to in Paragraphs (a), (c) and (d) above or material carried or otherwise moved by mudslide or mudflow.

(2) If Water, as described in Paragraphs (a) through (e) above, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

(3) This exclusion does not apply to property in transit.

2. We will not pay for loss or damage caused by or resulting from any of the following:

a. Consequential Loss

(1) Delay, loss of use or loss of market; or

(2) Loss of business income or extra expense except as specifically provided in this Coverage Form.

b. Dishonesty

Dishonest or criminal act by you, any of your partners, members, officers, managers, employees (including leased employees), directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:

(1) Acting alone or in collusion with others; or

(2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees (including leased employees), but theft by employees is not covered.

This exclusion does not apply to carriers for hire.

c. Pollution

Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in any of the "specified causes of loss", we will pay for the loss or damage caused by such "specified causes of loss".

3. We will not pay for loss or damage caused by or resulting from any of the following. But if an excluded cause of loss that is listed below results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in B.1. above to produce the loss or damage.

b. Other Types Of Losses

(1) Wear and tear.

(2) Decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself.

(3) Programming errors.

c. Utility Services

The failure or fluctuation of power or other utility service supplied to a location listed in the applicable Location Schedule. But we will pay for loss of or damage if the failure or fluctuation:

(1) Results from a Covered Cause of Loss to the power or other utility service at or within 1,000 feet of that location;

(2) Occurs away from that location and was the result of loss or damage by a Covered Cause of Loss to any of the following which supply electricity, steam or gas to such location:

(a) Utility generating plants;

(b) Switching stations;

(c) Substations;

(d) Transformers; or

(e) Other equipment (excluding overhead power or utility transmission lines); or

(3) Is the result of direct physical damage from lightning to the power or other utility service.

4. The following exclusions apply only to "business income" and "extra expense".

We will not pay for any increase of loss caused by or resulting from any of the following:

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a. Delay in repairing or replacing the property or resuming operations due to interference by strikers or other persons at any location; or

b. Suspension, lapse or cancellation of any lease, license, contract or order.

C. LIMITS OF INSURANCE

The most we will pay for loss or damage in any one occurrence is the applicable Limit Of Insurance shown in the Declarations, Schedule(s), Coverage Form(s) or Endorsement(s). But in the event coverage for loss or damage is provided under the Coverage Extensions or Additional Coverages, the Limits of Insurance stated within the specific Coverage Extension or Additional Coverage will apply as additional amounts of insurance, unless otherwise stated within the Coverage Extension or Additional Coverage.

D. DEDUCTIBLE

We will not pay for loss or damage in any one occurrence until the amount of the adjusted loss or damage exceeds the applicable Deductible shown in the Declarations, Schedule(s), Coverage Form(s) or Endorsement(s). We will then pay the amount of the adjusted loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

The applicable Deductible shown in the Declarations applies to the Coverage Extensions and Additional Coverages unless otherwise stated in the Coverage Extension or Additional Coverage.

Unless otherwise stated, if more than one Deductible amount applies to loss or damage in any one occurrence, the total of the deductible amounts applied in that occurrence will not exceed the amount of the largest applicable Deductible.

E. ADDITIONAL CONDITIONS

The following Conditions apply in addition to the COMMERCIAL INLAND MARINE CONDITIONS and the COMMON POLICY CONDITIONS.

1. Coverage Territory

a. We cover property wherever located within:

(1) The United States of America (including its territories and possessions);

(2) Puerto Rico; or

(3) Canada

b. We also cover:

(1) Property being shipped by air within and between points in Paragraph a. above; and

(2) "Portable computerized equipment" located anywhere in the world.

2. Loss Payment

The following are added to the Loss Payment LOSS CONDITIONS in the COMMERCIAL INLAND MARINE CONDITIONS:

a. In the event of loss or damage covered by this Coverage Form, at our option we will either:

(1) Pay the value of lost or damaged property;

(2) Pay the cost of repairing or replacing the lost or damaged property;

(3) Take all or any part of the property at an agreed or appraised value; or

(4) Repair, rebuild, or replace the property with other property of like kind and quality.

We will determine the value of lost or damaged property, or the cost of restoring such property, in accordance with the applicable terms of the Valuation ADDITIONAL CONDITION in this Coverage Form or any applicable provision which amends or supersedes such Condition.

b. At our option, we may make a partial payment toward any claim, subject to the policy provisions and our normal adjustment process. To be considered for a partial claim payment, you must submit a partial sworn proof of loss with supporting documentation. Any applicable policy deductibles must be satisfied before any partial payments are made.

3. Minimum Earned Premium

If a Minimum Earned Premium is shown in the Declarations, such premium is the least amount of premium you must pay when the actual earned premium for this coverage is less than the Minimum Earned Premium.

The Minimum Earned Premium does not apply if we cancel coverage other than at your request.

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4. Valuation

The Valuation GENERAL CONDITION in the COMMERCIAL INLAND MARINE CONDITIONS is replaced by the following:

Valuation

In the event of loss or damage, the value of Covered Property as of the time of loss or damage will be determined as follows:

a. The value of "hardware" you own will be the least of the following:

(1) The cost to replace the "hardware" with identical unused "hardware";

(2) The cost to repair the "hardware";

(3) The amount you actually spend to repair or replace the "hardware";

(4) The cost to replace the "hardware" with unused property of similar quality and function if the "hardware" cannot be replaced with identical unused "hardware";

(5) The cost to replace the "hardware" with property of similar quality and function if you do not actually repair or replace it.

b. The value of "hardware" owned by others will be the amount for which you are liable, not to exceed the replacement cost.

c. The value of "software" will be the cost to reproduce or replace the "software". But if it is not reproduced or replaced, we will only pay the blank value of the "software".

d. The value of property covered under the Equipment Control Systems Additional Coverage will be the least of the following:

(1) The actual cash value of that property;

But in the event of partial loss or damage not exceeding 20% of the Limit of Insurance applicable to the Covered Property, no depreciation will be applied in the settlement of the claim. This provision only applies to property that is less than 10 years old at the time of loss or damage;

(2) The cost of reasonably restoring that property to its condition immediately before loss or damage; or

(3) The cost of replacing that property with substantially identical property.

e. The value of Equipment Control Systems for which you are legally liable will be the amount of your legal liability, not to exceed the replacement cost.

5. Special Conditions Business Income And Extra Expense

With respect to coverage for "business income" and "extra expense", the following conditions are added to the applicable LOSS CONDITIONS in the COMMERCIAL INLAND MARINE CONDITIONS and replace any conditions to the contrary:

a. Appraisal

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

(1) Pay its chosen appraiser; and

(2) Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

b. Duties In The Event Of Loss

If you intend to continue your business, you must resume all or part of your operations as quickly as possible.

c. Loss Determination

(1) The amount of "business income" loss will be determined based on:

(a) The Net Income of the business before the direct physical loss or damage occurred;

(b) The likely Net Income of the business if no direct physical loss or damage had occurred, but not

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including any Net Income that would likely have been earned as a result of an increase in the volume of business as a result of favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;

(c) The operating expenses, including payroll expenses, necessary to resume operations with the same quality of service that existed just before the direct physical loss or damage; and

(d) Other relevant sources of information, including:

(i) Your financial records and accounting procedures;

(ii) Bills, invoices and other vouchers; and

(iii) Deeds, liens or contracts.

(2) The amount of "extra expense" incurred will be determined based on:

(a) All reasonable and necessary expenses that exceed the normal operating expenses that would have been incurred by operations during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:

(i) The salvage value that remains of any property bought for temporary use during the "period of restoration", once operations are resumed; and

(ii) Any "extra expense" paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance.

(b) All reasonable and necessary expenses that reduce the "business income" loss that otherwise would have been incurred.

(3) Resumption Of Operations

(a) We will reduce the amount of your "business income" loss to the extent you can resume operations, in whole or in part, by using:

(i) Damaged or undamaged property (including merchandise or stock); and

(ii) Any available source of materials.

(b) We will reduce the amount of your "extra expense" loss to the extent you can return operations to normal and discontinue such "extra expense".

(c) If you do not resume operations, or do not resume operations as quickly as possible, we will pay based on the length of time it would have taken to resume operations as quickly as possible.

F. DEFINITIONS

1. **"Business income"** means the sum of:

a. Net income or loss (before income taxes) that would have been earned or incurred; plus

b. Continuing normal operating expenses including payroll.

2. **"Extra expense"** means reasonable and necessary expense to avoid or minimize the "suspension" of business and to continue normal operations that you would not have incurred had there been no loss or damage.

3. **"Hardware"** means machines that can accept data and process it. But it does not include "Software".

4. **"Interior of a building or structure"** means any portion of a building or structure that is within the exterior-facing surface material of the building or structure.

5. **"Portable computerized equipment"** means "hardware" devices that can be easily carried by one person and that have been specifically designed by the manufacturer to be regularly transported without incurring damage under normal circumstances.

6. **"Period of restoration"** means the period of time that:

a. Begins with the time of loss of or damage

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to Covered Property caused by or resulting from any Covered Cause of Loss; and

b. Ends on the date when the property should be repaired, rebuilt or replaced with reasonable speed and similar quality.

"Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

(1) Regulates the construction, use or repair, or requires the tearing down of any property;

(2) Regulates the prevention, control, repair, cleanup or restoration of environmental damage; or

(3) Requires any insured or others to test for, monitor, cleanup, remove, contain, treat, detoxify, or neutralize, or in any way respond to, or assess the effects of "pollutants".

7. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, waste and any unhealthful or hazardous building materials (including asbestos and lead products or materials containing lead). Waste includes materials to be recycled, reconditioned or reclaimed.

8. "Sinkhole collapse" means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite.

This cause of loss does not include:

a. The cost of filling sinkholes; or

b. Sinking or collapse of land into man made underground cavities.

9. "Software" means the following:

a. Data, if it is in a format that can be read directly by "hardware";

b. Computer programs;

c. Instructional materials for computer programs;

d. Data storage media of all types, provided they are not an integral part of "hardware".

10. "Specified causes of loss" means the following: Fire; lightning; explosion; windstorm or hail; smoke (including the emission or puff back of smoke, soot, fumes or vapors from a boiler, furnace or related equipment); aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; "sinkhole collapse"; volcanic action; falling objects as limited below; weight of snow, ice or sleet; "water damage", all only as otherwise insured against in this Coverage Form.

Falling objects does not include loss or damage to:

a. Personal property in the open; or

b. The "interior of a building or structure", or property inside a building or structure, unless the roof or an exterior wall of the building or structure is first damaged by a falling object.

11. "Suspension" means the slowdown or cessation of operations.

12. "Water damage" means:

a. Accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts) that contains water or steam and is at a location listed in the applicable Location Schedule and; and

b. Accidental discharge or leakage of water as the direct result of the breaking apart or cracking of a water or sewer pipe that is located off a location listed in the applicable Location Schedule, if the breakage or cracking is caused by wear and tear. This provision serves as an exception to the wear and tear exclusion under the Other Types of Losses Exclusion in Section B.3.b. But water damage does not include loss or damage otherwise excluded under the terms of the Water Exclusion B. 1. e.

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CONTRACTORS EQUIPMENT COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section F - DEFINITIONS.

A. COVERAGE

We will pay for direct physical loss of or damage to Covered Property caused by or resulting from a Covered Cause of Loss.

1. Covered Property

Covered Property, as used in this Coverage Form, means contractors equipment or other types of specialized machinery, equipment and tools, including attachments and accessories to such contractors equipment, machinery, equipment and tools, used in your business operations. We cover such property that is:

a. Owned by you, including while leased, rented or loaned to others; or

b. Owned by others while in your care, custody or control and that you have leased, rented or borrowed;

if a Limit of Insurance is shown in the Declarations for the applicable Covered Property.

2. Property Not Covered

Covered Property does not include:

a. Aircraft.

b. Contraband, or property in the course of illegal transportation or trade.

c. Motor vehicles designed and principally used to transport property or persons over public roads. But this restriction does not apply to any vehicle to which contractors equipment or other types of specialized machinery or equipment is permanently mounted or attached.

d. Watercraft. But this restriction does not apply to crew boats, work boats, barges or marine floats less than 26 feet in length that are used exclusively in direct support of your business operations.

3. Covered Causes Of Loss

Covered Causes of Loss means RISKS OF DIRECT PHYSICAL LOSS unless the loss is:

a. Excluded in Section B - EXCLUSIONS; or

b. Excluded or limited in the Declarations or Endorsements.

4. Coverage Extensions

Each of the following Coverage Extensions applies unless *Not Covered* is indicated in the Supplemental Declarations.

a. Business Personal Property In Job Trailers

You may extend the insurance provided by this Coverage Form to apply to direct physical loss or damage by a Covered Cause of Loss to your business personal property, other than Covered Property, while such property is located in a job or office trailer.

The Business Personal Property In Job Trailers Limit Of Insurance shown in the Supplemental Declarations is the most we will pay in any one occurrence under this Coverage Extension.

b. Document And Data Restoration Costs

We will pay your costs to research, replace or restore lost or damaged valuable papers and records, including those which exist on electronic or magnetic media, for which there are no duplicates. Such costs must result from direct physical loss or damage by a Covered Cause of Loss to your valuable papers and records directly related to Covered Property.

The Document And Data Restoration Costs Limit Of Insurance shown in the Supplemental Declarations is the most we will pay in any one occurrence under this Coverage Extension.

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c. Fire Protective Systems

If your fire protective equipment discharges accidentally or to control a Covered Cause of Loss to Covered Property, we will pay for your expense to:

(1) Recharge or refill your fire protective systems; and

(2) Replace or repair faulty valves or controls that caused the discharge.

The Fire Protection Systems Limit Of Insurance shown in the Supplemental Declarations is the most we will pay in any one occurrence under this Coverage Extension.

d. Hauling Property Of Others

We will pay your liability for direct physical loss or damage by a Covered Cause of Loss to property of others that you have accepted solely for transportation while such property is in your care, custody or control. Such property must be of the type eligible for coverage under this Coverage Form.

The Hauling Property Of Others Limit Of Insurance shown in the Supplemental Declarations is the most we will pay in any one occurrence under this Coverage Extension.

e. Newly Acquired Equipment

You may extend the insurance provided by this Coverage Form to apply to direct physical loss or damage by a Covered Cause of Loss to equipment you acquire during the policy period or after submitting the most recent schedule of Covered Property to us. Such newly acquired equipment must be of the type eligible for coverage under this Coverage Form. Coverage on the newly acquired equipment is subject to the following:

(1) Non Reporting:

If this policy is written on a Non Reporting basis, we will cover such newly acquired equipment for up to 180 days. Coverage under this Coverage Extension will end when any of the following first occurs:

(a) 180 days expire after you acquire the equipment;

(b) You report the equipment to us; or

(c) The policy expires or is cancelled.

We will charge you additional premium for the newly acquired property from the date of your acquisition.

(2) Premium Adjustment:

If this policy is written on a Premium Adjustment basis, we will cover such newly acquired equipment for the remainder of the policy period. Coverage under this Coverage Extension will end when the policy expires or is cancelled.

The Newly Acquired Equipment – Per Item Limit Of Insurance shown in the Supplemental Declarations is the most we will pay for any one newly acquired item of equipment in any one occurrence under this Coverage Extension.

f. Rental Costs

(1) In the event of a covered loss to Covered Property, we will pay the cost to rent an item of equipment similar to the item that sustained loss or damage when such rental equipment is necessary to continue your normal business operations because you do not have idle equipment that can perform the same work or function.

Coverage for such cost will begin immediately after the time of direct physical loss or damage and will end when either of the following first occurs:

(a) The item of equipment to which the loss or damage occurred is repaired or replaced; or

(b) The rented item of equipment is no longer needed.

The applicable Rental Costs Limit Of Insurance shown in the Supplemental Declarations is the most we will pay in any one occurrence under this Coverage Extension for the cost to rent a similar item of equipment.

(2) We will also pay for direct physical loss of or damage to the rented item of equipment caused by or resulting from a Covered Cause of Loss. Coverage will start when you

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assume liability for the rented item of equipment and will end when the Rental Costs coverage under this Coverage Extension ends. We will also pay for direct physical loss of or damage to the rented item of equipment caused by or resulting from a Covered Cause of Loss while the item is in transit to or from the owner if you are liable for the item at the time of loss or damage.

The most we will pay in any one occurrence under this Coverage Extension for loss of or damage to the rented item is the amount for which you are liable, not to exceed the replacement cost of that property.

Any payment under this Coverage Extension for such direct physical loss or damage is included within and will not increase the Rental Costs Limit Of Insurance.

g. Upgrades To Covered Equipment

You may extend the insurance provided by this Coverage Form to apply to direct physical loss or damage by a Covered Cause of Loss to upgrades made to covered items of equipment during the policy period after submitting the most recent schedule of Covered Property. You must have documentation for the increased value of any upgrades made.

The Upgrades To Covered Property Limit Of Insurance shown in the Supplemental Declarations is the most we will pay for improvements made to any one item of equipment in any one occurrence under this Coverage Extension.

5. Additional Coverages

Each of the following Additional Coverages applies unless Not Covered is indicated in the Supplemental Declarations.

a. Claim Data Expense

(1) We will pay the reasonable expenses you incur in preparing claim data when we require it to adjust a covered loss. This includes the cost of taking inventories, making appraisals and preparing other documentation to show the extent of loss.

(2) We will not pay for:

(a) Any expenses incurred, directed, or billed by or payable to attorneys, insurance adjusters or their associates or subsidiaries;

(b) Any costs as provided in the Appraisal LOSS CONDITION in the COMMERCIAL INLAND MARINE CONDITIONS; or

(c) Any expenses incurred, directed or billed by or payable to insurance brokers or agents, or their associates or subsidiaries, without our written consent prior to such expenses being incurred.

The Claim Data Expense Limit Of Insurance shown in the Supplemental Declarations is the most we will pay in any one occurrence under this Additional Coverage.

b. Continuing Rental Payments

In the event of covered loss to leased or rented equipment, we will pay the continuing rental payments you are obligated to pay under a written contract or agreement for such equipment until such time as the equipment can be repaired or replaced.

The applicable Continuing Rental Payments Limit Of Insurance shown in the Supplemental Declarations is the most we will pay in any one occurrence under this Additional Coverage.

c. Contract Penalty

If you agreed in writing prior to loss to pay penalties as a result of your failure to meet completion times within the terms of a written contract, we will pay such penalties you incur when the failure to meet the completion times is solely due to direct physical loss of or damage to Covered Property caused by or resulting from a Covered Cause of Loss.

The Contract Penalty Limit Of Insurance shown in the Supplemental Declarations is the most we will pay in any one occurrence under this Additional Coverage

d. Debris Removal

(1) We will pay your expense to remove debris of Covered Property caused by or resulting from a Covered

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Cause of Loss that occurs during the policy period.

The amount we will pay includes the increased costs you incur to divert debris of Covered Property to recycling facilities rather than landfills. Any income or remuneration derived from this recycling will reduce the amount of debris removal expense we would have otherwise paid.

The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.

This Additional Coverage does not apply to costs to:

(a) Extract "pollutants" from land or water; or

(b) Remove, restore or replace polluted land or water.

(2) The most we will pay in any one occurrence under this Additional Coverage for your expense to remove the debris of Covered Property is 25% of:

(a) The amount we pay for the direct physical loss of or damage to Covered Property; plus

(b) The Deductible in this Coverage Form applicable to that loss or damage.

Except as provided in Paragraph (3) below, payment under this Additional Coverage is included within and will not increase the applicable Limit Of Insurance.

(3) If:

(a) Your expense to remove debris of Covered Property exceeds the 25% limitation in Paragraph (2) above; or

(b) The sum of the amount we pay for loss of or damage to Covered Property and the expense for removal of its debris exceeds the applicable Limit Of Insurance;

we will pay up to the Debris Removal Increased Limit Of Insurance shown in the Supplemental Declarations.

e. Employee Tools, Equipment And Clothing

We will pay for direct physical loss of or damage to portable tools, equipment and clothing owned and used by your employees in your business. The loss or damage must be caused by or result from a Covered Cause of Loss that occurs while such property is being used in your business, including while in or on a motor vehicle used in your business.

The applicable Employee Tools, Equipment And Clothing Limit Of Insurance shown in the Supplemental Declarations is the most we will pay in any one occurrence under this Additional Coverage.

f. Errors Or Unintentional Omissions

If an item of equipment is not covered under this Coverage Form due solely to your error or unintentional omission in failing to include the item, describing the item or describing the location of where the item is physically located, we will extend the insurance provided by this Coverage Form to apply to direct physical loss of or damage to such item caused by or resulting from a Covered Cause of Loss . Any such error must be reported and corrected when discovered. We will charge you additional premium.

The Errors Or Unintentional Omissions Limit Of Insurance shown in the Supplemental Declarations is the most we will pay in any one occurrence under this Additional Coverage.

g. Expediting Expenses

In the event of covered loss to Covered Property, we will pay for the reasonable and necessary additional expenses you incur to make temporary repairs to, or expedite the permanent repairs or replacement of Covered Property sustaining loss or damage. Expediting expenses include overtime wages and the extra cost of express or other expedited means of transportation. Expediting expenses do not include expenses you incur for the temporary rental of equipment or temporary replacement of damaged equipment.

The Expediting Expenses Limit Of Insurance shown in the Supplemental

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Declarations is the most we will pay in any one occurrence under this Additional Coverage.

h. Expendable Supplies

We will pay for direct physical loss or damage by a Covered Cause of Loss to expendable supplies, meaning consumable and periodic maintenance items held exclusively for the servicing of Covered Property, including fluids, oil, grease, fuel, filters, spark plugs, spare parts, cleaning supplies and other types of consumable service and maintenance items.

The Expendable Supplies Limit Of Insurance shown in the Supplemental Declarations is the most we will pay in any one occurrence under this Additional Coverage.

i. Fire Or Police Department Service Charge

We will pay your liability for fire, police or other public emergency service department charges when such public emergency services are called to save or protect Covered Property from a Covered Cause of Loss. Such emergency service department charges must be:

(1) Assumed by contract or agreement prior to loss or damage; or

(2) Required by local ordinance.

The Fire Or Police Department Service Charge Limit Of Insurance shown in the Supplemental Declarations is the most we will pay in any one occurrence under this Additional Coverage.

No deductible applies to this Additional Coverage.

j. Lost Warranty Or Service Contract

(1) If Covered Property is protected by an extended warranty or a maintenance or service contract; and

(2) That warranty or contract becomes void or unusable due to a Covered Cause of Loss to such property;

we will reimburse you for the prorated amount of the unused costs of nonrefundable or nontransferable warranties or contracts.

The Lost Warranty Or Service Contract Limit Of Insurance shown in the Supplemental Declarations is the most we will pay in any one occurrence under this Additional Coverage.

k. Pollutant Clean Up and Removal

We will pay your expense to extract "pollutants" from land or water if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from any of the "specified causes of loss" that occurs to Covered Property during the policy period.

The expenses will be paid only if they are reported to us within 180 days of the date on which the covered "specified cause of loss" occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The Pollutant Clean Up and Removal Limit Of Insurance shown in the Supplemental Declarations is the most we will pay under this Additional Coverage for the sum of all covered expenses arising out of all "specified causes of loss" occurring during each separate 12 month period of this policy, beginning with the effective date of the policy.

l. Preservation Of Property

If it is necessary to move Covered Property to preserve it from the threat of imminent loss or damage by a Covered Cause of Loss, we will pay for:

(1) The reasonable and necessary expenses actually incurred by you to remove the Covered Property, temporarily store the Covered Property at another location and move the Covered Property back to the location from which it was moved within a reasonable time after the threat of imminent loss or damage to the property by the Covered Cause of Loss passes.

(a) The Preservation Of Property Expense Limit Of Insurance shown in the Supplemental Declarations is the most we will

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pay for the sum of all such expenses that you incur due to the threat of loss or damage from any one occurrence.

(b) This Coverage is subject to the deductible that applies to loss or damage to the Covered Property by the Covered Cause of Loss from which the property is being preserved.

(2) Any direct physical loss of or damage to the Covered Property while it is being moved, while temporarily stored at another location or while being moved back to the location from which it was moved.

This coverage will only apply if the loss or damage occurs within 90 days after the Covered Property is first moved and will end when either of the following first occurs:

(a) The property is returned to the location from which it was moved; or

(b) The policy expires or is cancelled.

The most we will pay in any one occurrence for direct physical loss of or damage to the Covered Property is the Limit of Insurance applicable to the moved property. Any payment under this Additional Coverage for such direct physical loss or damage is included within and will not increase such limit.

m. Reward Coverage

We will reimburse you for reward expenses you have incurred leading to:

(1) The successful return of undamaged stolen Covered Property to a law enforcement agency; or

(2) The arrest and conviction of any person who has damaged or stolen any Covered Property.

We will pay 25% of the covered loss, prior to the application of any Deductible and recovery, up to the Reward Coverage Limit Of Insurance shown in the Supplemental Declarations in any one occurrence for the reward payments you make. These reward payments must be documented.

No Deductible applies to this Additional Coverage.

n. Tracking System Deductible Waiver

In the event of theft of Covered Property equipped with a wireless equipment locator or tracking system, we will waive the applicable deductible in any one occurrence up to the Tracking System Deductible Waiver amount shown in the Supplemental Declarations if, prior to the theft, you have maintained the system, its source of operating power and service contracts in accordance with the manufacturer's recommendations. You must promptly report the theft to the police and any monitoring or tracking service and activate the locator or tracking system.

B. EXCLUSIONS

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage. These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

a. Governmental Action

Seizure or destruction of property by order of governmental authority. But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread if the fire would be covered under this Coverage Form.

b. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination results in fire, we will pay for the loss or damage caused by that fire.

c. War and Military Action

(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,

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sovereign or other authority using military personnel or other agents; or

(3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

2. We will not pay for loss or damage caused by or resulting from any of the following:

a. Consequential Loss

(1) Delay, loss of use or loss of market; or

(2) Loss of business income or extra expense, except as specifically provided in this Coverage Part.

b. Dishonesty

Dishonest or criminal act by you, any of your partners, members, officers, managers, employees (including leased employees), directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:

(1) Acting alone or in collusion with others; or

(2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees (including leased employees), but theft by employees is not covered.

This exclusion does not apply to carriers for hire.

c. Pollution

Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss".

But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in any of the "specified causes of loss", we will pay for the loss or damage caused by such "specified causes of loss".

3. We will not pay for loss or damage caused by or resulting from any of the following. But if an excluded cause of loss that is listed below results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in B.1. above to produce the loss or damage.

b. Electrical Damage or Disturbance

Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs or otherwise interferes with any:

(1) Electrical or electronic wire, device, appliance, system or network; or

(2) Device, appliance, system or network utilizing cellular or satellite technology.

Electrical, magnetic or electromagnetic energy includes:

(a) Electrical current, including arcing;

(b) Electrical charge produced or conducted by a magnetic or electromagnetic field;

(c) Pulse of electromagnetic energy; and

(d) Electromagnetic waves or microwaves.

c. Mechanical Breakdown

Mechanical breakdown or failure, including rupture or bursting caused by centrifugal force.

d. Other Types of Losses

(1) Wear and tear.

(2) Rust, or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself.

(3) Changes in or extremes of temperature.

e. Work Upon The Property

Any repair process or work upon the Covered Property.

C. LIMITS OF INSURANCE

1. Limit of Insurance

The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations, Schedule(s), Coverage Form or Endorsement(s).

2. Annual Aggregate Limit of Insurance

When an Annual Aggregate Limit is shown in the Declarations, Schedule(s), Coverage

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Form or Endorsement(s), the applicable Annual Aggregate Limit of Insurance shown is the most we will pay for the total of all loss or damage in a 12 month period of this policy (beginning with the effective date of this policy).

3. In the event coverage for loss or damage is provided under the Coverage Extensions or Additional Coverages, the Limits of Insurance stated within the specific Coverage Extension or Additional Coverage will apply as additional amounts of insurance, unless otherwise stated within the Coverage Extension or Additional Coverage.

D. DEDUCTIBLE

1. Dollar Deductible

When a dollar ($) amount is shown as the applicable Deductible, we will not pay for loss or damage in any one occurrence until the amount of the adjusted loss or damage exceeds the applicable Deductible shown in the Declarations, Deductible Schedule, Coverage Form(s) or Endorsement(s). We will then pay the amount of the adjusted loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

2. Percentage Deductible

When a percentage (%) is shown as the applicable Deductible, we will calculate the dollar amount of the Deductible by multiplying the applicable percentage by:

a. The value of property owned by you that has sustained loss or damage; or

b. If property of others, the value of such property as agreed by you and the owner of the property prior to any loss or damage.

We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds such calculated dollar amount. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

In no event will the applicable Deductible be less than any applicable minimum, or more than any applicable maximum, amount.

3. The applicable Deductible shown in the Declarations, Deductible Schedule, Coverage Form(s) or Endorsement(s) applies to the Coverage Extensions and Additional Coverages unless otherwise stated in the Coverage Extension or Additional Coverage.

4. Unless otherwise stated, if more than one Deductible amount applies to loss or damage in any one occurrence, the total of the deductible amounts applied in that occurrence will not exceed the amount of the largest applicable Deductible.

E. ADDITIONAL CONDITIONS

The following conditions apply in addition to the COMMERCIAL INLAND MARINE CONDITIONS and the COMMON POLICY CONDITIONS.

1. Coinsurance

If a Coinsurance percentage is shown in the Declarations, the following condition applies:

We will not pay the full amount of any loss or damage if the value of Covered Property at the time of loss or damage multiplied by the Coinsurance percentage shown in the Declarations is greater than the Limit of Insurance for the property.

Instead, we will determine the most we will pay using the following steps:

Step 1: Multiply the value of Covered Property at the time of loss or damage by the Coinsurance percentage;

Step 2: Divide the Limit of Insurance of the property by the figure determined in Step 1;

Step 3: Multiply the total amount of covered loss or damage, before the application of any deductible, by the figure determined in Step 2; and

Step 4: Subtract the deductible from the figure determined in Step 3.

We will pay the amount determined in Step 4 or the Limit of Insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

The Coinsurance Additional Condition applies only to Scheduled Items.

2. Coverage Territory

a. We cover property wherever located within:

(1) The United States of America (including its territories and possessions);

(2) Puerto Rico; or

(3) Canada.

b. We also cover property being shipped by air within and between points in Paragraph a. above.

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3. Loss Payment

The following are added to the Loss Payment LOSS CONDITION in the COMMERCIAL INLAND MARINE CONDITIONS:

a. In the event of loss or damage covered by this Coverage Form, at our option we will either:

(1) Pay the cost of reasonably restoring the property to its condition immediately before loss or damage;

(2) Pay the value of the lost or damaged property; or

(3) Take all or any part of the property at an agreed or appraised value.

We will determine the value of lost or damaged property, or the cost of restoring such property, in accordance with the applicable terms of the Valuation ADDITIONAL CONDITION in this Coverage Form or any applicable provision which amends or supersedes such Condition.

b. At our option, we may make a partial payment toward any claim, subject to the policy provisions and our normal adjustment process. Any applicable policy deductibles must be satisfied before any partial payments are made.

4. Premium Adjustment

If Premium Adjustment is indicated as applying in the Declarations, the following conditions apply:

a. Reports

Within 30 days after the end of the Premium Adjustment Period shown in the Declarations, you must report the applicable Premium Base outlined below for each type of Covered Property to us in writing.

(1) Scheduled And Unscheduled Owned Equipment:

The Premium Base is the applicable value of all Covered Property at the end of the Premium Adjustment Period.

(2) Equipment Leased Or Rented From Others:

The Premium Base is your actual expenditures incurred (paid and owed) to lease or rent items of equipment from others during the Premium Adjustment Period.

b. Premium Computation and Adjustment

Your Inception Premium is computed using the applicable Rate shown in the Declarations and the applicable Premium Base at inception of this policy. Your Inception Premium will be adjusted at the end the Premium Adjustment Period as follows:

(1) Scheduled And Unscheduled Owned Equipment:

The difference between the Premium Base used to calculate the Inception Premium and the Premium Base reported to us for the adjustment period will be multiplied by the applicable Adjustment Rate to determine any additional premium or return premium.

(2) Equipment Leased Or Rented From Others:

The difference between the Premium Base used to calculate the Inception Premium and the Premium Base reported to us for the adjustment period will be multiplied by the applicable Adjustment Rate to determine any additional premium or return premium.

c. Cancellation

If this policy is cancelled, you will report your Premium Base for the Covered Property from the inception date, or the last Premium Adjustment Period, up to and as of the date of cancellation.

d. Records

You must keep accurate records of transactions used to develop the Premium Base required for Premium Adjustment.

5. Valuation

The Valuation GENERAL CONDITION in the COMMERCIAL INLAND MARINE CONDITIONS is replaced by the following:

Valuation

In the event of loss or damage, the value of Covered Property will be determined as of the time of loss or damage.

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a. Scheduled And Unscheduled Owned Equipment

Unless an Optional Valuation is indicated in the Declarations, the value of Scheduled And Unscheduled Owned Equipment will be the least of the following amounts:

(1) The Actual Cash Value of the equipment. But in the event of partial loss or damage, not exceeding 20% of the Limit Of Insurance applicable to the equipment, no depreciation will be applied in the settlement of the claim;

(2) The value shown for the equipment on the latest schedule of Covered Property that you submitted;

(3) The cost of reasonably restoring the equipment to its condition immediately before loss or damage; or

But if a Scheduled Item describes a group of items of equipment by general type, category or location, the value of any one item of equipment will be determined as described above for the item of equipment sustaining loss or damage, not to exceed the Limit Of Insurance applying to such group of equipment.

b. Equipment Owned By Others

The value of Covered Property owned by others will be the amount for which you are liable, not to exceed the replacement cost of that property.

c. Optional Valuations

(1) Replacement Cost

When indicated by an 'X' in the Declarations, Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Valuation and Coinsurance provisions of this Coverage Form with respect to applicable equipment.

You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have the loss or damage settled on an actual cash value basis, you may still make a claim on a replacement cost basis if you notify us of your intent to do so within 180 days after the covered loss.

We will not pay for loss or damage on a replacement cost basis:

(a) Until the lost or damaged equipment is actually repaired or replaced; and

(b) Unless the repairs or replacement are made as soon as reasonably possible after the covered loss.

We will not pay more for loss or damage on a replacement cost basis than the least of:

(i) The value shown for that equipment on the latest Schedule of Covered Property that you submitted.

(ii) The Limit Of Insurance applicable to the lost or damaged equipment.

(iii) The cost to replace the lost or damaged equipment with other equipment:

i. Of comparable function and capacity; and

ii. Used for the same purpose.

(2) Valuation Determined By Age Of The Property

When indicated by an 'X' in the Declarations, Scheduled and Unscheduled Owned Equipment will be valued on the basis of the date of manufacture of the item of equipment sustaining loss or damage as follows:

(a) Replacement Cost (without deduction for depreciation) will apply to items of equipment manufactured up to the number of years indicated in the Declarations; and

(b) Actual Cash Value will apply to items of equipment manufactured over the number of years indicated in the Declarations.

(3) Agreed Value

When indicated by an 'X' in the Declarations, the following applies with respect to Scheduled Equipment described in the latest Schedule of

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Covered Property that you submitted to us:

(a) The Coinsurance provision of this Coverage Form is deleted with respect to individually Scheduled Items of equipment; and

(b) The value of such equipment will be the least of the following:

(i) The applicable Limit Of Insurance shown in the Declarations, Schedule or

Endorsement for that equipment; or

(ii) The amount shown for the equipment on the latest Schedule of Covered

Property that you submitted to us.

6. Minimum Earned Premium

If a Minimum Earned Premium is shown in the Declarations, such premium is the least amount of premium you must pay when the actual earned premium for this coverage is less than the Minimum Earned Premium.

The Minimum Earned Premium does not apply if we cancel coverage other than at your request.

7. Reinstatement Of Limit After Loss

The Reinstatement Of Limit After Loss LOSS CONDITION in the COMMERCIAL INLAND MARINE CONDITIONS is replaced by the following:

Reinstatement Of Limit After Loss

With the exception of any applicable Annual Aggregate Limit Of Insurance, the Limit Of Insurance will not be reduced by the payment of any claim.

F. DEFINITIONS

1. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, waste and any unhealthful or hazardous building materials (including asbestos and lead products or materials containing lead). Waste includes materials to be recycled, reconditioned or reclaimed.

2. "Sinkhole collapse" means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite.

This cause of loss does not include:

a. The cost of filling sinkholes; or

b. Sinking or collapse of land into man made underground cavities.

3. "Specified causes of loss" means the following: Fire; lightning; explosion; windstorm or hail; smoke (including the emission or puff back of smoke, soot, fumes or vapors from a boiler, furnace or related equipment); aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; "sinkhole collapse"; volcanic action; falling objects as limited below; weight of snow, ice or sleet; "water damage", all only as otherwise insured against in this Coverage Form.

Falling objects does not include loss or damage to:

a. Personal property in the open; or

b. Property inside a building or structure, unless the roof or an exterior wall of the building or structure is first damaged by a falling object.

4. "Water damage" means:

a. Accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts) that is located on the premises at which the Covered Property is located and contains water or steam; and

b. Accidental discharge or leakage of water as the direct result of the breaking apart or cracking of a water or sewer pipe that is located off the premises at which the Covered Property is located, if the breakage or cracking is caused by wear and tear.

This provision serves as an exception to the wear and tear exclusion under the Other Types of Losses Exclusion in Section B – EXCLUSIONS, Part 3.d.

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COMMUNICATIONS COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section F – DEFINITIONS.

A. COVERAGE

We will pay for direct physical loss of or damage to Covered Property caused by or resulting from a Covered Causes of Loss.

1. Covered Property

Covered Property, as used in this Coverage Form, means the following types of property you own, or similar property of others in your care, custody or control, and for which coverage is indicated by an 'X' in the Declarations:

a. Communications towers installed at a premises, including:

(1) Above and below ground foundations; and

(2) Property attached to or installed on the tower, including antennas, satellite dishes, transmitters, de-icing equipment and guy-wiring.

b. Transmitting or receiving equipment and systems, including head-end equipment, "studio equipment", antennas and satellite dishes, installed or located at a premises and not attached to or installed on a tower.

c. Mobile or portable transmitting or receiving equipment and systems, including antennas and satellite dishes, while at or away from a premises where your installed transmitting or receiving equipment and systems are located.

d. Buildings that are used exclusively for the containment of transmitting or receiving equipment and systems.

2. Property Not Covered

Covered Property does not include:

a. Accounts, bills, currency, food stamps or other evidences of debt, money, notes, checks, drafts or securities.

b. Aircraft, satellites or watercraft.

c. Animals, trees, shrubs, plants, land or water.

d. Contraband, or property in the course of illegal transportation or trade.

e. Overhead or underground collection, transmission or distribution lines over 1000 feet from a communications tower or a building that is Covered Property.

f. Jewelry, watches, precious or semiprecious stones, furs or garments trimmed with fur.

g. Vehicles or self-propelled machines that are licensed for use on public roads. But this restriction does not apply to trailers that have Covered Property permanently attached to or installed thereon and for which an amount has been included within the Mobile Or Portable Transmitting Or Receiving Equipment Limit Of Insurance shown in the Declarations.

3. Covered Causes Of Loss

Covered Causes of Loss means RISKS OF DIRECT PHYSICAL LOSS unless the loss is:

a. Excluded in Section B – EXCLUSIONS; or

b. Excluded or limited in the Declarations or Endorsements.

4. Coverage Extensions

Each of the following Coverage Extensions applies unless *Not Covered* is indicated in the Communications Supplemental Declarations.

a. Expediting Expenses

In the event of covered loss or damage to Covered Property, we will pay for the reasonable and necessary additional expenses you incur to make temporary repairs to, or expedite the permanent repairs or replacement of, Covered Property sustaining loss or damage. Expediting expenses include overtime wages and the extra cost of express or other rapid means of transportation. Expediting expenses do not include expenses you incur for the temporary

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rental of property or temporary replacement of damaged property.

The Expediting Expenses Limit Of Insurance shown in the Communications Supplemental Declarations is the most we will pay in any one occurrence under this Coverage Extension.

b. Fine Art

You may extend the insurance provided by this Coverage Form to apply to direct physical loss or damage by a Covered Cause of Loss to your "fine art" that are at a premises where Covered Property is located.

The Fine Art Limit Of Insurance shown in the Communications Supplemental Declarations is the most we will pay in any one occurrence under this Coverage Extension.

c. Fire Protective Systems

If your fire protective equipment discharges accidentally or to control a Covered Cause of Loss, we will pay for your expense to:

(1) Recharge or refill your fire protective systems; and

(2) Replace or repair faulty valves or controls that caused the discharge.

The Fire Protective Systems Limit Of Insurance shown in the Communications Supplemental Declarations is the most we will pay in any one occurrence under this Coverage Extension.

d. Newly Acquired Or Constructed Property

You may extend the insurance provided by this Coverage Form to apply to direct physical loss or damage by a Covered Cause of Loss to property you acquire or construct during the policy period that are of the type already covered by this Coverage Form.

Coverage under this Coverage Extension will end when any of the following first occurs:

(1) 90 days expire after you acquire or begin to construct the property;

(2) You report the property to us; or

(3) The policy expires or is cancelled.

We will charge you additional premium for the newly acquired or constructed property from the date of your acquisition or the date construction first began.

The Newly Acquired Or Constructed Property Limit Of Insurance shown in the Communications Supplemental Declarations is the most we will pay in any one occurrence under this Coverage Extension.

e. Personal Effects

We will pay for direct physical loss of or damage to personal property owned by you, your officers, partners or employees. The loss or damage must be caused by or result from a Covered Cause of Loss that occurs while such property is at a premises where Covered Property is located.

Our payment for loss or damage under this Extension will only be for the account of the owner of the property.

The Personal Effects Limit Of Insurance shown in the Communications Supplemental Declarations is the most we will pay in any one occurrence under this Coverage Extension.

f. Tower Collapse Damage To Buildings That Are Not Covered Property

If a building you own or for which you are legally obligated to insure is not otherwise Covered Property under this policy and a Limit of Insurance is shown for Tower Collapse Damage To Buildings That Are Not Covered Property in the Communications Supplemental Declarations, we will pay for direct physical loss of or damage to such building caused by or resulting from the collapse of any tower or antenna that is Covered Property.

The collapse must be caused by or result from a Covered Cause of Loss, other than fire, lightning, windstorm, hail, explosion, aircraft, vehicles, riot, civil commotion, vandalism or malicious mischief.

The Tower Collapse Damage To Buildings That Are Not Covered Property Limit Of Insurance shown in the Communications Supplemental Declarations is the most we will pay in any one occurrence under this Coverage Extension.

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g. Tuning Of Towers

We will pay the necessary expenses you incur for retuning (including replumbing) of a tower that is Covered Property when such tower is damaged as a result of direct physical loss or damage by a Covered Cause of Loss.

The Tuning of Towers Limit Of Insurance shown in the Communications Supplemental Declarations is the most we will pay in any one occurrence under this Coverage Extension.

Any payment under this Coverage Extension is included within and will not increase the Limit of Insurance applicable to the damaged tower.

h. Valuable Papers And Records

We will pay your costs to research, replace or restore lost or damaged valuable papers and records, including those which exist on electronic or magnetic media, for which there are no duplicates. Such costs must result from direct physical loss or damage by a Covered Cause of Loss to your valuable papers and records directly related to the Covered Property described in the Declarations.

But we will not pay for loss of or damage to accounts, bills, deeds, evidences of debt, currency, money, notes or securities.

The Valuable Papers And Records Limit Of Insurance shown in the Communications Supplemental Declarations is the most we will pay in any one occurrence under this Coverage Extension.

5. Additional Coverages

Each of the following Additional Coverages applies unless *Not Covered* is indicated in the Communications Supplemental Declarations.

a. Claim Data Expense

(1) We will pay the reasonable expenses you incur in preparing claim data when we require it to adjust a covered loss. This includes the cost of taking inventories, making appraisals and preparing other documentation to show the extent of loss.

(2) We will not pay for:

(a) Any expenses incurred, directed, or billed by or payable to attorneys, insurance adjusters or their associates or subsidiaries;

(b) Any costs as provided in the Appraisal LOSS CONDITION in the COMMERCIAL INLAND MARINE CONDITIONS; or

(c) Any expenses incurred, directed, or billed by or payable to insurance brokers or agents, or their associates or subsidiaries, without our written consent prior to such expenses being incurred.

The Claim Data Expense Limit Of Insurance shown in the Communications Supplemental Declarations is the most we will pay in any one occurrence under this Additional Coverage.

b. Debris Removal

(1) We will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period.

The amount we will pay includes the increased costs you incur to divert debris of Covered Property to recycling facilities rather than landfills. Any income or remuneration derived from this recycling will reduce the amount of debris removal expense we would have otherwise paid.

The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.

This Additional Coverage does apply to costs to:

(a) Extract "pollutants" from land or water; or

(b) Remove, restore or replace polluted land or water.

(2) The most we will pay under this Additional Coverage for your expense to remove the debris of Covered Property is 25% of:

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(a) The amount we pay for the direct physical loss of or damage to Covered Property; plus

(b) The Deductible in this Coverage Part applicable to that loss or damage.

Except as provided in Paragraph (3) below, payment under this Additional Coverage is included within and will not increase the applicable Limit of Insurance.

(3) If:

(a) Your expense to remove debris of Covered Property exceeds the 25% limitation in Paragraph (2) above; or

(b) The sum of the amount we pay for loss of or damage to Covered Property and the expense for removal of its debris exceeds the applicable Limit of Insurance;

we will pay up to the Debris Removal Increased Limit Of Insurance shown in the Communications Supplemental Declarations.

c. Fire Or Police Department Service Charge

We will pay your liability for fire, police or other public emergency service department charges when such public emergency services are called to save or protect Covered Property from a Covered Cause of Loss. Such emergency service department charges must be:

(1) Assumed by contract or agreement prior to loss or damage; or

(2) Required by local ordinance.

The Fire Or Police Department Service Charge Limit Of Insurance shown in the Communications Supplemental Declarations is the most we will pay in any one occurrence under this Additional Coverage.

No deductible applies to this Additional Coverage.

d. Ordinance Or Law

(1) In the event of covered direct physical loss of or damage to a building or structure that is Covered Property, the following coverages apply, but only with respect to that lost or damaged building or structure:

(a) Coverage A – Coverage For Loss To The Undamaged Portion Of The Building Or Structure

We will pay under Coverage A for the loss in value of the undamaged portion of the building or structure as a consequence of enforcement of an ordinance or law that requires demolition of undamaged parts of the same building or structure.

(b) Coverage B – Demolition Cost Coverage

We will pay under Coverage B the cost to demolish the building or structure and clear the site of undamaged parts of the same building or structure, as a consequence of enforcement of an ordinance or law that requires demolition of such undamaged property.

(c) Coverage C – Increased Cost Of Construction Coverage

We will pay under Coverage C the increased cost to:

(i) Repair or reconstruct damaged portions of that building or structure; or

(ii) Reconstruct or remodel undamaged portions of that building or structure, whether or not demolition is required;

when the increased cost is a consequence of enforcement of the minimum requirements of the ordinance or law.

This Coverage C applies only if the restored or remodeled property is intended for similar occupancy or use as the current property, unless such occupancy or use is not permitted by zoning or land use ordinance. This Coverage C does not apply if the building or structure is not repaired, reconstructed or remodeled.

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(2) The coverages described in Paragraph (1) above apply only if the provisions in Paragraphs (a) and (b) below are satisfied and are then subject to the qualifications set forth in Paragraph (c) below:

(a) The ordinance or law:

(i) Regulates the demolition, construction or repair of buildings or structures, or establishes zoning or land use requirements at the applicable premises where Covered Property is located; and

(ii) Is in force at the time of the loss.

But the coverage under this Additional Coverage applies only in response to the minimum requirements of the ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered under this policy.

(b) The building or structure either:

(i) Sustains direct physical loss or damage that is covered under this policy and such damage results in enforcement of the ordinance or law; or

(ii) Sustains both direct physical loss or damage that is covered under this policy and direct physical loss or damage that is not covered under this policy, and the building or structure damage in its entirety results in enforcement of the ordinance or law.

If the building or structure sustains direct physical loss or damage that is not covered under this policy, and such damage is the subject of the ordinance or law, then there is no coverage under this Additional Coverage even if the building or structure has also sustained covered direct physical loss or damage.

(c) In the situation described in Paragraph (2)(b)(ii) above, we will not pay the full amount of loss otherwise payable under the terms of Coverage A, B or C of this Additional Coverage. Instead, we will pay a proportion of such loss. The proportion of such loss that we will pay is the proportion that the covered direct physical loss or damage bears to the total direct physical loss or damage.

However, if covered direct physical loss or damage, alone, would have resulted in enforcement of the ordinance or law, then we will pay the full amount of loss otherwise payable under the terms of Coverage A, B or C of this Additional Coverage.

(3) We will not pay under this Additional Coverage for:

(a) The enforcement of any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet rot or dry rot;

(b) The costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet rot or dry rot; or

(c) Loss due to any ordinance or law that:

(i) You were required to comply with before the loss, even if Covered Property was undamaged; and

(ii) You failed to comply with.

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(4) Exclusion B.1.d. Ordinance or Law does not apply to the insurance specifically provided under this Additional Coverage.

(5) The Ordinance Or Law Limit Of Insurance shown in the Communications Supplemental Declarations is the most we will pay in any one occurrence under this Additional Coverage.

e. Pollutant Cleanup And Removal

We will pay your expense to extract "pollutants" from land or water if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from any of the "specified causes of loss" which occurs to Covered Property during the policy period.

The expenses will be paid only if they are reported to us within 180 days of the date on which the covered "specified cause of loss" occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The Pollutant Cleanup And Removal Limit Of Insurance shown in the Communications Supplemental Declarations is the most we will pay under this Additional Coverage for the sum of all covered expenses arising out of all "specified causes of loss" occurring during each separate 12 month period of this policy, beginning with the effective date of the policy.

f. Preservation Of Property

If it is necessary to move Covered Property to preserve it from the threat of imminent loss or damage by a Covered Cause of Loss, we will pay for:

(1) The reasonable and necessary expenses actually incurred by you to remove the Covered Property, temporarily store the Covered Property at another premises and move the Covered Property back to the premises from which it was moved within a reasonable time after the threat of imminent loss or damage to the property by the Covered Cause of Loss passes.

The Preservation Of Property Expense Limit Of Insurance shown in the Communications Supplemental Declarations is the most we will pay for the sum of all such expenses that you incur due to the threat of loss or damage from any one occurrence.

(2) Any direct physical loss of or damage to the Covered Property while it is being moved, while temporarily stored at another premises or while being moved back to the premises from which it was moved.

This coverage will only apply if the loss or damage occurs within 90 days after the Covered Property is first moved and will end when either of the following first occurs:

(a) The property is returned to the location from which it was moved; or

(b) The policy expires or is cancelled.

The most we will pay in any one occurrence for direct physical loss of or damage to the Covered Property is the Limit of Insurance applicable to the moved property. Any payment under this Additional Coverage for such direct physical loss or damage is included within and will not increase such limit.

g. Reward Coverage

We will reimburse you for reward expenses you have incurred leading to:

(1) The successful return of undamaged stolen Covered Property to a law enforcement agency; or

(2) The arrest and conviction of any person who has damaged or stolen any Covered Property.

We will pay 25% of the covered loss, prior to the application of any Deductible and recovery of undamaged stolen Covered Property, up to the Reward Coverage Limit Of Insurance shown in the Communications Supplemental

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Declarations in any one occurrence for the reward payments you make. These reward payments must be documented.

No Deductible applies to this Additional Coverage.

B. EXCLUSIONS

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage. These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

a. Earth Movement

(1) Any of the following, all whether naturally occurring or due to man-made or other artificial causes:

(a) Earthquake, including tremors and aftershocks, and earth sinking, rising or shifting related to such event;

(b) Landslide, including any earth sinking, rising or shifting related to such event;

(c) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

(d) Earth sinking (other than "sinkhole collapse"), rising, or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface; or

(e) Volcanic eruption, explosion or effusion.

(2) If Earth Movement as described in:

(a) Paragraphs (1)(a) through (1)(d) above results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion; or

(b) Paragraph (1)(e) above, results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

Volcanic Action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

(i) Airborne volcanic blast or airborne shock waves;

(ii) Ash, dust or particulate matter; or

(iii) Lava flow.

With respect to coverage for Volcanic Action as set forth in (i), (ii) and (iii) above, volcanic eruptions that occur within any 168-hour period will constitute a single occurrence. Volcanic Action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

(3) This exclusion does not apply to Covered Property in transit.

b. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for loss caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread if the fire would be covered under this Coverage Form.

c. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination results in fire, we will pay for the loss or damage caused by that fire.

d. Ordinance Or Law

(1) The enforcement of any ordinance or law:

(a) Regulating the construction, use or repair of any property; or

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(b) Requiring the tearing down of any property, including the cost of removing its debris.

(2) This exclusion applies whether the loss results from:

(a) An ordinance or law that is enforced even if the property has not been damaged; or

(b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

e. War and Military Action

(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; or

(3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

f. Water

(1) Any of the following, all whether naturally occurring or due to man-made or other artificial causes:

(a) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether driven by wind (including storm surge) or not;

(b) Mudslide or mudflow;

(c) Water or sewage that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment.

(d) Water under the ground surface pressing on, or flowing or seeping through:

(i) Foundations, walls, floors or paved surfaces;

(ii) Basements, whether paved or not; or

(iii) Doors, windows or other openings; or

(e) Waterborne material carried or otherwise moved by any of the water referred to in Paragraphs (a), (c) and (d) above, or material carried or otherwise moved by mudslide or mudflow.

But if Water, as described in (a) through (e) above, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

(2) This exclusion does not apply to Covered Property in transit.

2. We will not pay for loss or damage caused by or resulting from any of the following:

a. Consequential Loss

(1) Delay, loss of use or loss of market; or

(2) Loss of business income or extra expense.

b. Dishonesty

Dishonest or criminal act by you, any of your partners, members, officers, managers, employees (including leased employees), directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:

(1) Acting alone or in collusion with others; or

(2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees (including leased employees), but theft by employees is not covered.

This exclusion does not apply to carriers for hire.

c. Insects and Animals

Insects, birds, rodents or other animals, including loss or damage caused by or resulting from any fumigation process to control or eliminate such insects, birds, rodents or other animals.

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d. Missing Property

Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.

e. Other Types Of Losses

(1) Wear and tear.

(2) Rust or other corrosion, dampness or dryness.

(3) Decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself.

(4) Mechanical breakdown or failure, including rupture or bursting caused by centrifugal force.

f. Pollution

Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss".

But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in any of the "specified causes of loss", we will pay for the loss or damage caused by such "specified causes of loss".

g. Tower Changes or Alterations

Any changes or alterations to any tower, antenna, dish or appurtenant devices during the policy period which may result in exceeding the design load of the property. This does not apply to temporary alterations or changes provided they are necessary and incidental to necessary repairs.

3. We will not pay for loss or damage caused by or resulting from any of the following. But if an excluded cause of loss that is listed below results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

a. **Weather conditions**. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph B.1 above to produce the loss or damage;

b. Faulty, Inadequate Or Defective Conditions

Faulty inadequate or defective:

(1) Planning, zoning, development, surveying, siting;

(2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading or compaction;

(3) Materials used in the repair, construction, renovation, remodeling, grading or compaction; or

(4) Maintenance;

of part or all of any property wherever located.

If an excluded cause of loss that is listed in Paragraph 3.b.(1) through 3.b.(4) above results in a Covered Cause of Loss, we will pay for the resulting loss or damage caused by that Covered Cause of Loss. But we will not pay for:

(1) Any cost of correcting or making good the fault, inadequacy or defect itself, including any cost incurred to tear down, tear out, repair or replace any part of any property to correct the fault, inadequacy or defect; or

(2) Any resulting loss or damage by a Covered Cause of Loss to the property that has the fault, inadequacy or defect until the fault, inadequacy or defect is corrected.

c. Utility Services

The failure or fluctuation of power, communication, water or other utility service supplied to the premises where Covered Property is located, however caused, if the failure or fluctuation:

(1) Originates away from the premises where Covered Property is located; or

(2) Originates at the premises where Covered Property is located, but only if such failure or fluctuation involves equipment used to supply the utility service to such premises from a source away from the premises where Covered Property is located.

Failure or fluctuation of any utility service includes lack of sufficient capacity and reduction in supply.

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Communication services include service relating to Internet access or access to any electronic, cellular or satellite network.

C. LIMITS OF INSURANCE

The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations, Schedule(s), Coverage Form or Endorsement(s). But in the event coverage for loss or damage is provided under the Coverage Extensions or Additional Coverages, the Limits of Insurance stated within the specific Coverage Extension or Additional Coverage will apply as additional amounts of insurance, unless otherwise stated within the Coverage Extension or Additional Coverage.

D. DEDUCTIBLE

We will not pay for loss or damage in any one occurrence until the amount of the adjusted loss or damage exceeds the applicable Deductible shown in the Declarations, Schedule(s), Coverage Form(s) or Endorsement(s). We will then pay the amount of the adjusted loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

The applicable Deductible shown in the Declarations applies to the Coverage Extensions and Additional Coverages unless otherwise stated in the Coverage Extension or Additional Coverage.

Unless otherwise stated, if more than one Deductible amount applies to loss or damage in any one occurrence, the total of the deductible amounts applied in that occurrence will not exceed the amount of the largest applicable Deductible.

E. ADDITIONAL CONDITIONS

The following conditions apply in addition to the COMMERCIAL INLAND MARINE CONDITIONS and the COMMON POLICY CONDITIONS:

1. Coinsurance

If a Coinsurance percentage is shown in the Declarations, the following condition applies:

a. We will not pay the full amount of any loss or damage if the value of Covered Property at the time of loss or damage multiplied by the Coinsurance percentage shown in the Declarations is greater than the applicable Limit of Insurance for such Covered Property.

Instead, we will determine the most we will pay using the following steps:

Step (1): Multiply the value of Covered Property at the time of loss or damage by the Coinsurance percentage shown in the Declarations.

Step (2): Divide the applicable Limit of Insurance for Covered Property by the figure determined in Step (1).

Step (3): Multiply the total amount of covered loss or damage, before the application of any deductible, by the figure determined in Step (2).

Step (4): Subtract the applicable Deductible from the figure determined in Step (3).

We will pay the amount determined in Step (4) or the applicable Limit of Insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

b. Coinsurance does not apply to:

(1) Additional Coverages; or

(2) Coverage Extensions.

2. Coverage Territory

a. We cover property wherever located within:

(1) The United States of America (including its territories and possessions);

(2) Puerto Rico; or

(3) Canada.

b. We also cover property being shipped by air within and between the points in Paragraph a. above.

3. Loss Payment

The following is added to the Loss Payment LOSS CONDITION in the COMMERCIAL INLAND MARINE CONDITIONS:

a. In the event of loss or damage covered by this Coverage Form, at our option we will either:

(1) Pay the cost of reasonably restoring the property to its condition immediately before loss or damage;

(2) Pay the value of the lost or damaged property; or

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(3) Take all or any part of the property at an agreed or appraised value.

We will determine the value of lost or damaged property, or the cost of restoring such property, in accordance with the applicable terms of the Valuation ADDITIONAL CONDITION in this Coverage Form or any applicable provision which amends or supersedes such condition.

b. Except as provided in the Ordinance or Law Additional Coverage, the cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

c. Ordinance Or Law

The following loss payment provisions apply to coverage under the Ordinance Or Law Additional Coverage and are subject to the apportionment procedures set forth in such Additional Coverage:

(1) For a loss in value of an undamaged portion of Covered Property to which Coverage A – Coverage For Loss To The Undamaged Portion Of The Building or Structure applies, the loss payment for that building or structure, including damaged and undamaged portions, will be determined as follows:

(a) If Replacement Cost Coverage applies and the property is being repaired or replaced, on the same or another premises, we will not pay more than the lesser of:

(i) The cost to repair, rebuild or reconstruct the building or structure, but not for more than the amount it would cost to restore that building or structure on the same premises and to the same height, floor area, style, capacity and comparable quality of the original property insured; or

(ii) The Limit of Insurance shown in the Declarations as applicable to the covered building or structure.

(b) If Replacement Cost Coverage applies and the property is not repaired or replaced, or if Replacement Cost Coverage does not apply, we will not pay more than the lesser of:

(i) The Actual Cash Value of the building or structure at the time of loss; or

(ii) The Limit of Insurance shown in the Declarations as applicable to the covered building or structure.

(2) Loss payment under Coverage B – Demolition Cost Coverage will be determined as follows:

We will not pay more than the lesser of the following:

(a) The amount you actually spend to demolish and clear the site; or

(b) The Ordinance Or Law Limit Of Insurance shown in the Communications Supplemental Declarations.

(3) Loss payment under Coverage C – Increased Cost Of Construction Coverage will be determined as follows:

(a) We will not pay under Coverage C – Increased Cost Of Construction Coverage:

(i) Until the property is actually repaired or replaced, at the same or another premises; and

(ii) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

(b) If the Covered Building or Structure is repaired or replaced at the same premises, or if you elect to rebuild at another location, the most we will pay under Coverage C – Increased Cost Of Construction Coverage is the lesser of:

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(i) The increased cost of construction at the same premises; or

(ii) The Ordinance Or Law Limit Of Insurance shown in the Communications Supplemental Declarations.

(c) If the ordinance or law requires relocation to another premises, the most we will pay under Coverage C – Increased Cost Of Construction Coverage is the lesser of:

(i) The increased cost of construction at the new premises; or

(ii) The Ordinance Or Law Limit Of Insurance shown in the Communications Supplemental Declarations.

d. At our option, we may make a partial payment toward any claim, subject to the policy provisions and our normal adjustment process. To be considered for a partial claim payment, you must submit a partial sworn proof of loss with supporting documentation. Any applicable policy deductibles must be satisfied before any partial payments are made.

4. Minimum Earned Premium

If a Minimum Earned Premium is shown in the Declarations, such premium is the least amount of premium you must pay when the actual earned premium for this coverage is less than the Minimum Earned Premium.

The Minimum Earned Premium does not apply if we cancel coverage other than at your request.

5. Valuation

The Valuation GENERAL CONDITION in the COMMERCIAL INLAND MARINE CONDITIONS is replaced by the following:

Valuation

In the event of loss or damage, we will determine the value of Covered Property at the time of loss or damage as follows:

a. Subject to Paragraphs b.,c.,d. and e. below, the value of Covered Property you own will be the least of the following:

(1) The actual cash value of that property.

But in the event of partial loss or damage not exceeding 20% of the Limit of Insurance applicable to the Covered Property that has sustained loss or damage, no depreciation will be applied in the settlement of the claim. This provision only applies to property that is less than 10 years old at the time of loss or damage.

(2) The cost of reasonably restoring that property to its condition immediately before loss or damage.

(3) The cost of replacing that property with substantially identical property.

b. The value of Covered Property owned by others will be the amount for which you are liable, not to exceed the replacement cost.

c. Optional Replacement Cost Valuation

When indicated by an 'X' in the Declarations, the value of Covered Property you own will be determined at replacement cost as of the time of loss or damage, except as otherwise provided in this Valuation ADDITIONAL CONDITION. Replacement cost is the cost to replace Covered Property at the time of loss or damage without deduction for depreciation.

(1) You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim on a replacement cost basis if you notify us of your intent to do so within 180 days after the loss or damage.

(2) We will not pay on a replacement cost basis for any loss or damage:

(a) Until the lost or damaged property is actually repaired or replaced; and

(b) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

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Instead, we will pay on an actual cash value basis.

d. Data and Media

The value of data and media, including broadcast media library, you own will be the actual cost of reproducing the data and the cost of the media.

When the data is not or cannot be reproduced, we will not pay more than the cost of blank discs, films, tapes or similar electronic data processing media of equal performance, capacity or function, and for the same use.

e. "Fine Art"

The value of "fine art" will be:

(1) The "fair market value" for the property owned by you; or

(2) The following for property of others:

(a) The agreed amount if a written agreement was made between you and the owner prior to loss or damage; or

(b) The extent of your legal liability as it relates to "fair market value" if no agreement was made.

6. Unintentional Errors In Description

Your error in how you describe the address of a premises where Covered Property is located will not prejudice coverage afforded by this policy, provided such error is not intentional. Any such error must be reported and corrected when discovered and appropriate premium charged.

F. DEFINITIONS

1. "Fair market value" means the price at which property would change hands between a willing buyer and seller, each having reasonable knowledge of all pertinent facts and neither being under pressure to buy or sell.

2. "Fine art" means paintings, etchings, pictures, tapestries, art glass windows, valuable rugs, statuary, marbles, bronzes, antique furniture, rare books, antique silver, manuscripts, porcelains, rare glass, bric-a-brac and similar property of rarity, historical value, or artistic merit.

3. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.

4. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, waste and any unhealthful or hazardous building materials (including asbestos and lead products or materials containing lead). Waste includes material to be recycled, reconditioned or reclaimed.

5. "Sinkhole collapse" means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite.

This cause of loss does not include:

a. The cost of filling sinkholes; or

b. Sinking or collapse of land into man made underground cavities.

6. "Specified causes of loss" means the following: Fire; lightning; explosion; windstorm or hail; smoke (including the emission or puff back of smoke, soot, fumes or vapors from a boiler, furnace or related equipment); aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; "sinkhole collapse"; volcanic action; falling objects as limited below; weight of snow, ice or sleet; "water damage", all only as otherwise insured against in this Coverage Form.

Falling objects does not include loss or damage to:

a. Personal property in the open; or

b. Property inside a building or structure, unless the roof or an exterior wall of the building or structure is first damaged by a falling object.

7. "Studio equipment" means television cameras, broadcast or technical equipment, projectors and similar equipment used in your business operations.

8. "Water damage" means:

a. Accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts)

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that is located on the premises at which the Covered Property is located and contains water or steam; and

b. Accidental discharge or leakage of water as the direct result of the breaking apart or cracking of a water or sewer pipe that is located on the premises at which the Covered Property is located, if the breakage or cracking is caused by wear and tear. This provision serves as an exception to the wear and tear exclusion under the Other Types of Losses Exclusion in Section B., Part 2.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BLANKET LOSS PAYEES

This endorsement modifies insurance provided under the

COMMERCIAL INLAND MARINE COVERAGE PART

The following is added to Section E – ADDITIONAL COVERAGE CONDITIONS:

Loss Payable Provision

In the event of a Covered Cause of Loss to Covered Property in which both you and a Loss Payee share an insurable interest, we will:

a. Adjust the loss or damage with you; and

b. Pay any claim for loss or damage jointly to you and the Loss Payee as your interests may appear.

This endorsement applies to all Covered Property for which a Loss Payee is on file with us or your insurance agent or insurance broker.

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CM T7 66 - Flood Limitation - Described Property Or Locations

Schedule Of Described Property Or Locations:

FLOOD COVERAGE APPLIES TO
LOCATIONS IN ZONES C OR X
(UNSHADED).

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FLOOD LIMITATION BY FLOOD ZONES

This endorsement modifies insurance provided under the following:
COMMUNICATIONS COVERAGE FORM

A. Schedule of Flood Limits of Insurance
The applicable Flood Limit of Insurance shown below applies to Covered Property that is located within the applicable Flood Zone or community as classified under the National Flood Insurance Program:

Flood Zone or Community	Occurrence Limit Of Insurance	Annual Aggregate Limit Of Insurance
1. Flood Zone V or Flood Zones prefixed V:	$No Coverage	$No Coverage
2. Flood Zone A or Flood Zones prefixed A:	$No Coverage	$No Coverage
3. Flood Zone D:	$No Coverage	$No Coverage
4. Non-Participating or Suspended Communities:	$No Coverage	$No Coverage
5. Flood Zone B, Flood Zone X (shaded) or Flood Zone X-500:	$No Coverage	$No Coverage
6. Flood Zone C or Flood Zone X (unshaded):	$5,176,000	$5,176,000

B. Schedule of Flood Deductibles
When indicated by an 'X', the following Deductibles apply to loss or damage to Covered Property that is located within the applicable Flood Zone or community shown below:

Flood Zone or Community	Dollar Deductible	Percent Deductible

1. Flood Zone V or Flood Zones prefixed V:	$No Coverage	% subject to
		$ minimum and
		$ maximum

2. Flood Zone A or Flood Zones prefixed A:	$No Coverage	% subject to
		$ minimum and
		$ maximum

3. Flood Zone D:	$No Coverage	% subject to
		$ minimum and
		$ maximum

4. Non-Participating or Suspended Communities:	$No Coverage	% subject to
		$ minimum and
		$ maximum

5. Flood Zone B, Flood Zone X (shaded) or Flood Zone X-500: $No Coverage % subject to $ minimum and $ maximum

6. Flood Zone C or Flood Zone X (unshaded): X $25,000 % subject to $ minimum and $ maximum

C. The following is added to Section C - LIMITS OF INSURANCE:
Flood Limit Of Insurance

1. The applicable Limit of Insurance shown in the Schedule of Flood Limits of Insurance is the most we will pay for loss of or damage to the Covered Property caused by or resulting from "flood".

2. All "flood" loss that occurs:
   a. During a continuous or protracted event, such as a period of continued rising or overflow of any river(s), stream(s) or any body(ies) of water and the subsidence of same within the banks of such river(s), stream(s) or body(ies) of water; or
   b. Due to any tidal wave or series of tidal waves that occur within any 168 hour period;

   will constitute a single "flood" occurrence. If "flood" loss commences prior to the expiration date of this policy and the "flood" occurrence extends beyond the expiration date of this policy, the expiration date of this policy will not reduce the "flood" occurrence period. But we will not pay for loss or damage caused by or resulting from any "flood" occurrence that begins before the inception of this insurance.

3. The limits of insurance shown in the Schedule of Flood Limits of Insurance do not apply to, or modify, any limits that apply to the coverage otherwise provided under the Coverage Forms shown above for loss or damage by fire, explosion or sprinkler leakage that results from "flood".

4. Flood Occurrence Limit of Insurance
The applicable Flood Occurrence Limit of Insurance shown in the Schedule of Flood Limits of Insurance is the most we will pay in any one occurrence of "flood". Amounts payable under any Additional Coverage or Coverage Extension do not increase the applicable Flood Occurrence Limit of Insurance. The applicable Flood Occurrence Limit is part of, and does not increase, the Limit of Insurance that otherwise applies under this Coverage Form.

5. Flood Annual Aggregate Limit of Insurance
The applicable Flood Annual Aggregate Limit shown in the Schedule of Flood Limits of Insurance is the most we will pay for the total of all loss or damage caused by or resulting from "flood" in a 12 month period of this policy (beginning with the effective date of this

policy).

6. If, at the time of loss, Covered Property is located within more than one Flood Zone or community, coverage under this endorsement will be subject to the applicable Limit of Insurance and deductible, if any, that would apply under the Coverage Forms shown above if that Covered Property was wholly located within the most hazardous of the Flood Zones or communities, as stated below.
The following listing of Flood Zones and communities, as classified under the National Flood Insurance Program, is in order of the most hazardous to least hazardous:
   a. Flood Zone V and Flood Zones prefixed V;
   b. Flood Zone A and Flood Zones prefixed A;
   c. Flood Zone D;
   d. Non-Participating or Suspended Communities;
   e. Flood Zone B, Flood Zone X (shaded) and Flood Zone X-500;
   f. Flood Zone C and Flood Zone X (unshaded).

D. The following is added to Section D - DEDUCTIBLE:
The applicable Flood Deductible shown above and set forth in this endorsement applies to direct physical loss or damage caused by or resulting from flood. This Deductible applies separately to each occurrence of "flood" and applies in addition to any other Deductibles in this Coverage Form that apply to loss or damage in the same occurrence.

1. Percentage Deductible
When a percentage (%) is shown in the Schedule of Flood Deductibles as the applicable Flood Deductible, we will calculate the dollar amount of the Deductible by multiplying the applicable percentage shown in the Schedule of Flood Deductibles by the value of the property that has sustained loss or damage. We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds such calculated dollar amount. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.
In no event will the applicable Deductible be less than any applicable minimum, or more than any applicable maximum, amount shown in the Schedule of Flood Deductibles.

2. Dollar Deductible
When a dollar amount is shown in the Schedule of Flood Deductibles, we will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the applicable Flood Deductible shown in the Schedule of Flood Deductibles. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

3. The deductibles shown in the Schedule of Flood Deductibles do not apply to, or modify, any deductibles that apply to the coverage otherwise provided under the Coverage Forms shown above for loss or damage by fire, explosion or sprinkler leakage that results from

"flood".

E. The following Definition is added to Section F - DEFINITIONS:
"Flood" means any of the following, all whether naturally occurring or due to man-made or other artificial causes:

1. Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether driven by wind (including storm surge) or not;

2. Mudslide or mudflow;

3. Water or sewage that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment. However, this does not apply to the backup or overflow of water or sewage from drains within a building if the backup or overflow is not otherwise directly or indirectly caused by Paragraphs 1. or 2. above or by Paragraphs 4. or 5. below.

4. Water under the ground surface pressing on, or flowing or seeping through:
   (a) Foundations, walls, floors or paved surfaces;
   (b) Basements, whether paved or not; or
   (c) Doors, windows or other openings; or

5. Waterborne material carried or otherwise moved by any of the water referred to in Paragraphs 1., 3. and 4. above, or material carried or otherwise moved by mudslide or mudflow.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FLOOD LIMITATION BY FLOOD ZONES

This endorsement modifies insurance provided under the following:
COMPUTERIZED BUSINESS EQUIPMENT COVERAGE FORM

A. Schedule of Flood Limits of Insurance
The applicable Flood Limit of Insurance shown below applies to Covered Property that is located within the applicable Flood Zone or community as classified under the National Flood Insurance Program:

Flood Zone or Community	Occurrence Limit Of Insurance	Annual Aggregate Limit Of Insurance
1. Flood Zone V or Flood Zones prefixed V:	$No Coverage	$No Coverage
2. Flood Zone A or Flood Zones prefixed A:	$No Coverage	$No Coverage
3. Flood Zone D:	$No Coverage	$No Coverage
4. Non-Participating or Suspended Communities:	$No Coverage	$No Coverage
5. Flood Zone B, Flood Zone X (shaded) or Flood Zone X-500:	$No Coverage	$No Coverage
6. Flood Zone C or Flood Zone X (unshaded):	$5,000,000	$5,000,000

B. Schedule of Flood Deductibles
When indicated by an 'X', the following Deductibles apply to loss or damage to Covered Property that is located within the applicable Flood Zone or community shown below:

Flood Zone or Community	Dollar Deductible	Percent Deductible

1. Flood Zone V or Flood Zones prefixed V:	$No Coverage	% subject to
		$ minimum and
		$ maximum

2. Flood Zone A or Flood Zones prefixed A:	$No Coverage	% subject to
		$ minimum and
		$ maximum

3. Flood Zone D:	$No Coverage	% subject to
		$ minimum and
		$ maximum

4. Non-Participating or Suspended Communities:	$No Coverage	% subject to
		$ minimum and
		$ maximum

5. Flood Zone B, Flood Zone X (shaded) or Flood Zone X-500: $No Coverage % subject to $ minimum and $ maximum

6. Flood Zone C or Flood Zone X (unshaded): X $25,000 % subject to $ minimum and $ maximum

C. The following is added to Section C - LIMITS OF INSURANCE:
Flood Limit Of Insurance

1. The applicable Limit of Insurance shown in the Schedule of Flood Limits of Insurance is the most we will pay for loss of or damage to the Covered Property caused by or resulting from "flood".

2. All "flood" loss that occurs:
   a. During a continuous or protracted event, such as a period of continued rising or overflow of any river(s), stream(s) or any body(ies) of water and the subsidence of same within the banks of such river(s), stream(s) or body(ies) of water; or
   b. Due to any tidal wave or series of tidal waves that occur within any 168 hour period;

   will constitute a single "flood" occurrence. If "flood" loss commences prior to the expiration date of this policy and the "flood" occurrence extends beyond the expiration date of this policy, the expiration date of this policy will not reduce the "flood" occurrence period. But we will not pay for loss or damage caused by or resulting from any "flood" occurrence that begins before the inception of this insurance.

3. The limits of insurance shown in the Schedule of Flood Limits of Insurance do not apply to, or modify, any limits that apply to the coverage otherwise provided under the Coverage Forms shown above for loss or damage by fire, explosion or sprinkler leakage that results from "flood".

4. Flood Occurrence Limit of Insurance
The applicable Flood Occurrence Limit of Insurance shown in the Schedule of Flood Limits of Insurance is the most we will pay in any one occurrence of "flood". Amounts payable under any Additional Coverage or Coverage Extension do not increase the applicable Flood Occurrence Limit of Insurance. The applicable Flood Occurrence Limit is part of, and does not increase, the Limit of Insurance that otherwise applies under this Coverage Form.

5. Flood Annual Aggregate Limit of Insurance
The applicable Flood Annual Aggregate Limit shown in the Schedule of Flood Limits of Insurance is the most we will pay for the total of all loss or damage caused by or resulting from "flood" in a 12 month period of this policy (beginning with the effective date of this

policy).

6. If, at the time of loss, Covered Property is located within more than one Flood Zone or community, coverage under this endorsement will be subject to the applicable Limit of Insurance and deductible, if any, that would apply under the Coverage Forms shown above if that Covered Property was wholly located within the most hazardous of the Flood Zones or communities, as stated below.
   The following listing of Flood Zones and communities, as classified under the National Flood Insurance Program, is in order of the most hazardous to least hazardous:
   a. Flood Zone V and Flood Zones prefixed V;
   b. Flood Zone A and Flood Zones prefixed A;
   c. Flood Zone D;
   d. Non-Participating or Suspended Communities;
   e. Flood Zone B, Flood Zone X (shaded) and Flood Zone X-500;
   f. Flood Zone C and Flood Zone X (unshaded).

D. The following is added to Section D - DEDUCTIBLE:
   The applicable Flood Deductible shown above and set forth in this endorsement applies to direct physical loss or damage caused by or resulting from flood. This Deductible applies separately to each occurrence of "flood" and applies in addition to any other Deductibles in this Coverage Form that apply to loss or damage in the same occurrence.

   1. Percentage Deductible
      When a percentage (%) is shown in the Schedule of Flood Deductibles as the applicable Flood Deductible, we will calculate the dollar amount of the Deductible by multiplying the applicable percentage shown in the Schedule of Flood Deductibles by the value of the property that has sustained loss or damage. We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds such calculated dollar amount. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.
      In no event will the applicable Deductible be less than any applicable minimum, or more than any applicable maximum, amount shown in the Schedule of Flood Deductibles.

   2. Dollar Deductible
      When a dollar amount is shown in the Schedule of Flood Deductibles, we will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the applicable Flood Deductible shown in the Schedule of Flood Deductibles. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

   3. The deductibles shown in the Schedule of Flood Deductibles do not apply to, or modify, any deductibles that apply to the coverage otherwise provided under the Coverage Forms shown above for loss or damage by fire, explosion or sprinkler leakage that results from

"flood".

E. The following Definition is added to Section F - DEFINITIONS:
"Flood" means any of the following, all whether naturally occurring or due to man-made or other artificial causes:

1. Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether driven by wind (including storm surge) or not;

2. Mudslide or mudflow;

3. Water or sewage that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment. However, this does not apply to the backup or overflow of water or sewage from drains within a building if the backup or overflow is not otherwise directly or indirectly caused by Paragraphs 1. or 2. above or by Paragraphs 4. or 5. below.

4. Water under the ground surface pressing on, or flowing or seeping through:
   (a) Foundations, walls, floors or paved surfaces;
   (b) Basements, whether paved or not; or
   (c) Doors, windows or other openings; or

5. Waterborne material carried or otherwise moved by any of the water referred to in Paragraphs 1., 3. and 4. above, or material carried or otherwise moved by mudslide or mudflow.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FLOOD LIMITATION BY FLOOD ZONES

This endorsement modifies insurance provided under the following:
MISCELLANEOUS PROPERTY COVERAGE FORM

A. Schedule of Flood Limits of Insurance
The applicable Flood Limit of Insurance shown below applies to Covered Property that is located within the applicable Flood Zone or community as classified under the National Flood Insurance Program:

Flood Zone or Community	Occurrence Limit Of Insurance	Annual Aggregate Limit Of Insurance
1. Flood Zone V or Flood Zones prefixed V:	$No Coverage	$No Coverage
2. Flood Zone A or Flood Zones prefixed A:	$No Coverage	$No Coverage
3. Flood Zone D:	$No Coverage	$No Coverage
4. Non-Participating or Suspended Communities:	$No Coverage	$No Coverage
5. Flood Zone B, Flood Zone X (shaded) or Flood Zone X-500:	$No Coverage	$No Coverage
6. Flood Zone C or Flood Zone X (unshaded):	$10,000,000	$10,000,000

B. Schedule of Flood Deductibles
When indicated by an 'X', the following Deductibles apply to loss or damage to Covered Property that is located within the applicable Flood Zone or community shown below:

Flood Zone or Community	Dollar Deductible	Percent Deductible

1. Flood Zone V or Flood Zones prefixed V:	$No Coverage	% subject to
		$ minimum and
		$ maximum

2. Flood Zone A or Flood Zones prefixed A:	$No Coverage	% subject to
		$ minimum and
		$ maximum

3. Flood Zone D:	$No Coverage	% subject to
		$ minimum and
		$ maximum

4. Non-Participating or Suspended Communities:	$No Coverage	% subject to
		$ minimum and
		$ maximum

5. Flood Zone B, Flood Zone X (shaded) or Flood Zone X-500:	$No Coverage			% subject to
			$	minimum and
			$	maximum
6. Flood Zone C or Flood Zone X (unshaded):	X	$25,000		% subject to
			$	minimum and
			$	maximum

C. The following is added to Section C - LIMITS OF INSURANCE:
Flood Limit Of Insurance

1. The applicable Limit of Insurance shown in the Schedule of Flood Limits of Insurance is the most we will pay for loss of or damage to the Covered Property caused by or resulting from "flood".

2. All "flood" loss that occurs:
   a. During a continuous or protracted event, such as a period of continued rising or overflow of any river(s), stream(s) or any body(ies) of water and the subsidence of same within the banks of such river(s), stream(s) or body(ies) of water; or
   b. Due to any tidal wave or series of tidal waves that occur within any 168 hour period;

   will constitute a single "flood" occurrence. If "flood" loss commences prior to the expiration date of this policy and the "flood" occurrence extends beyond the expiration date of this policy, the expiration date of this policy will not reduce the "flood" occurrence period. But we will not pay for loss or damage caused by or resulting from any "flood" occurrence that begins before the inception of this insurance.

3. The limits of insurance shown in the Schedule of Flood Limits of Insurance do not apply to, or modify, any limits that apply to the coverage otherwise provided under the Coverage Forms shown above for loss or damage by fire, explosion or sprinkler leakage that results from "flood".

4. Flood Occurrence Limit of Insurance
The applicable Flood Occurrence Limit of Insurance shown in the Schedule of Flood Limits of Insurance is the most we will pay in any one occurrence of "flood". Amounts payable under any Additional Coverage or Coverage Extension do not increase the applicable Flood Occurrence Limit of Insurance. The applicable Flood Occurrence Limit is part of, and does not increase, the Limit of Insurance that otherwise applies under this Coverage Form.

5. Flood Annual Aggregate Limit of Insurance
The applicable Flood Annual Aggregate Limit shown in the Schedule of Flood Limits of Insurance is the most we will pay for the total of all loss or damage caused by or resulting from "flood" in a 12 month period of this policy (beginning with the effective date of this

policy).

6. If, at the time of loss, Covered Property is located within more than one Flood Zone or community, coverage under this endorsement will be subject to the applicable Limit of Insurance and deductible, if any, that would apply under the Coverage Forms shown above if that Covered Property was wholly located within the most hazardous of the Flood Zones or communities, as stated below.
The following listing of Flood Zones and communities, as classified under the National Flood Insurance Program, is in order of the most hazardous to least hazardous:
   a. Flood Zone V and Flood Zones prefixed V;
   b. Flood Zone A and Flood Zones prefixed A;
   c. Flood Zone D;
   d. Non-Participating or Suspended Communities;
   e. Flood Zone B, Flood Zone X (shaded) and Flood Zone X-500;
   f. Flood Zone C and Flood Zone X (unshaded).

D. The following is added to Section D - DEDUCTIBLE:
The applicable Flood Deductible shown above and set forth in this endorsement applies to direct physical loss or damage caused by or resulting from flood. This Deductible applies separately to each occurrence of "flood" and applies in addition to any other Deductibles in this Coverage Form that apply to loss or damage in the same occurrence.

1. Percentage Deductible
When a percentage (%) is shown in the Schedule of Flood Deductibles as the applicable Flood Deductible, we will calculate the dollar amount of the Deductible by multiplying the applicable percentage shown in the Schedule of Flood Deductibles by the value of the property that has sustained loss or damage. We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds such calculated dollar amount. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.
In no event will the applicable Deductible be less than any applicable minimum, or more than any applicable maximum, amount shown in the Schedule of Flood Deductibles.

2. Dollar Deductible
When a dollar amount is shown in the Schedule of Flood Deductibles, we will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the applicable Flood Deductible shown in the Schedule of Flood Deductibles. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

3. The deductibles shown in the Schedule of Flood Deductibles do not apply to, or modify, any deductibles that apply to the coverage otherwise provided under the Coverage Forms shown above for loss or damage by fire, explosion or sprinkler leakage that results from

"flood".

E. The following Definition is added to Section F - DEFINITIONS:
"Flood" means any of the following, all whether naturally occurring or due to man-made or other artificial causes:

1. Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether driven by wind (including storm surge) or not;

2. Mudslide or mudflow;

3. Water or sewage that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment. However, this does not apply to the backup or overflow of water or sewage from drains within a building if the backup or overflow is not otherwise directly or indirectly caused by Paragraphs 1. or 2. above or by Paragraphs 4. or 5. below.

4. Water under the ground surface pressing on, or flowing or seeping through:
   (a) Foundations, walls, floors or paved surfaces;
   (b) Basements, whether paved or not; or
   (c) Doors, windows or other openings; or

5. Waterborne material carried or otherwise moved by any of the water referred to in Paragraphs 1., 3. and 4. above, or material carried or otherwise moved by mudslide or mudflow.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FLOOD DEDUCTIBLE

This endorsement modifies insurance provided under the following:

CONTRACTORS EQUIPMENT COVERAGE FORM

A. Flood Deductible

The applicable Flood Deductible shown in the Deductible Schedule and set forth in this endorsement applies to direct physical loss or damage caused by or resulting from "flood". This Deductible applies separately to each occurrence of "flood".

B. The following Definition is added to Section F – DEFINITIONS:

"Flood" means any of the following, all whether naturally occurring or due to man–made or other artificial causes:

1. Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether driven by wind (including storm surge) or not;

2. Mudslide or mudflow;

3. Water or sewage that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment. However, this does not apply to the backup or overflow of water or sewage from drains within a building if the backup or overflow is not otherwise directly or indirectly caused by Paragraphs 1. or 2. above or by Paragraphs 4. or 5. below.

4. Water under the ground surface pressing on, or flowing or seeping through:

(a) Foundations, walls, floors or paved surfaces;

(b) Basements, whether paved or not; or

(c) Doors, windows or other openings; or

5. Waterborne material carried or otherwise moved by any of the water referred to in Paragraphs 1., 3. and 4. above, or material carried or otherwise moved by mudslide or mudflow.

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POLICY NUMBER: QT-660-1C334198-TIL-24

COMMERCIAL INLAND MARINE
ISSUE DATE: 07-03-24

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FLOOD LIMITATION - DESCRIBED PROPERTY OR LOCATIONS

This endorsement modifies insurance provided under the following:

CONTRACTORS EQUIPMENT COVERAGE FORM

A. Schedule Of Described Property Or Locations:

	Flood Occurrence Limit Of Insurance:	Flood Annual Aggregate Limit Of Insurance:
ALL COVERED PROPERTY	$ 5,138,643	$ 5,138,643
	$	$
	$	$
	$	$
	$	$

B. Flood Deductible:

See Declarations or elsewhere in this policy.

C. The following is added to Section C – LIMITS OF INSURANCE:

Flood Limit Of Insurance

The applicable Limit of Insurance shown in the Schedule of Described Property or Locations is the most we will pay for loss of or damage to Covered Property described, or to Covered Property while at the locations described, in the Schedule of Described Property or Locations caused by or resulting from "flood".

1. All "flood" loss that occurs:

a. During a continuous or protracted event, such as a period of continued rising or overflow of any river(s), stream(s) or any body(ies) of water and the subsidence of same within the banks of such river(s), stream(s) or body(ies) of water; or

b. Due to any tidal wave or series of tidal waves that occur within any 168 hour period;

will constitute a single "flood" occurrence. If "flood" loss commences prior to the expiration date of this policy and the "flood" occurrence extends beyond the expiration date of this policy, the expiration date of this policy will not reduce the "flood" occurrence period. But we will not pay for loss or damage caused by or resulting from any "flood" occurrence that begins before the inception of this insuranc

2. The limits of insurance shown in the Schedule of Described Property or Locations does not apply to, or modify, any limits that apply to the insurance otherwise provided under the Coverage Forms shown above for loss or damage by fire, explosion or sprinkler leakage that results from "flood".

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3. The applicable Flood Limit of Insurance shown in the Schedule of Described Property or Locations above is the most we will pay for "flood", including "business income", "extra expense" or any other time element coverages. Amounts payable under any Additional Coverage or Coverage Extension do not increase the applicable Flood Limit of Insurance. The applicable Limit is part of, and does not increase, the Limit of Insurance that otherwise applies under this Coverage Form.

D. The following Definition is added to Section F - DEFINITIONS:

"Flood" means any of the following, all whether naturally occurring or due to man-made or other artificial causes:

1. Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether driven by wind (including storm surge) or not;
2. Mudslide or mudflow;
3. Water or sewage that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment. However, this does not apply to the backup or overflow of water or sewage from drains within a building if the backup or overflow is not otherwise directly or indirectly caused by Paragraphs 1. or 2. above or by Paragraphs 4. or 5. below.
4. Water under the ground surface pressing on, or flowing or seeping through:
   (a) Foundations, walls, floors or paved surfaces;
   (b) Basements, whether paved or not; or
   (c) Doors, windows or other openings; or
5. Waterborne material carried or otherwise moved by any of the water referred to in Paragraphs 1., 3. and 4. above, or material carried or otherwise moved by mudslide or mudflow.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EARTH MOVEMENT DEDUCTIBLE

This endorsement modifies insurance provided under the following:

CONTRACTORS EQUIPMENT COVERAGE FORM

A. Earth Movement Deductible

The applicable Earth Movement Deductible shown in the Deductible Schedule and set forth in this endorsement applies to direct physical loss or damage caused by or resulting from "earth movement". This Deductible applies separately to each occurrence of "earth movement" and applies in addition to any other Deductibles in this Coverage Form that apply to loss or damage in the same occurrence.

B. The following Definition is added to Section F – DEFINITIONS:

"Earth Movement" means any of the following, all whether naturally occurring or due to man-made or other artificial causes:

1. Earthquake, including tremors and aftershocks, and earth sinking, rising or shifting related to such event;
2. Landslide, including any earth sinking, rising or shifting related to such event;
3. Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;
4. Earth sinking (other than "sinkhole collapse"), rising, or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface; or
5. Volcanic eruption, explosion or effusion.

All "earth movement" described in Paragraphs 1. through 5. above that occurs within any 168-hour period will constitute a single "earth movement".

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EARTH MOVEMENT LIMITATION – DESCRIBED PROPERTY OR LOCATIONS

This endorsement modifies insurance provided under the following:

CONTRACTORS EQUIPMENT COVERAGE FORM

A. Schedule Of Described Property Or Locations:	**Earth Movement Occurrence Limit Of Insurance:**	**Earth Movement Annual Aggregate Limit Of Insurance:**
ALL COVERED PROPERTY	$ 5,138,643	$ 5,138,643
	$	$
	$	$
	$	$
	$	$

B. Earth Movement Deductible

See Declarations or elsewhere in this policy.

C. The following is added to Section C – LIMITS OF INSURANCE:

Earth Movement Limit Of Insurance

1. The applicable Limit of Insurance shown in the Schedule of Described Property or Locations is the most we will pay for loss of or damage to Covered Property described, or to Covered Property while at the locations described, in the Schedule of Described Property or Locations caused by or resulting from "earth movement".

2. The Limits of Insurance shown in the Schedule of Described Property or Locations do not apply to, or modify, any limits of insurance that apply to the coverage otherwise provided under this Coverage Form for loss or damage by:

a. Fire or explosion that results from "earth movement" other than volcanic eruption, explosion or effusion; or

b. Fire, building glass breakage or "volcanic action" that results from volcanic eruption, explosion or effusion.

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3. Earth Movement Occurrence Limit of Insurance

The applicable Earth Movement Occurrence Limit of Insurance shown in the Schedule of Described Property or Locations is the most we will pay in any one occurrence of "earth movement". Amounts payable under any Additional Coverage or Coverage Extension do not increase the applicable Earth Movement Occurrence Limit of Insurance. The applicable Earth Movement Occurrence Limit is part of, and does not increase, the Limit of Insurance that otherwise applies under this Coverage Form.

4. Earth Movement Annual Aggregate Limit of Insurance

The applicable Earth Movement Annual Aggregate Limit shown in the Schedule above is the most we will pay for the total of all loss or damage caused by or resulting from "earth movement" in a 12 month period of this policy (beginning with the effective date of this policy).

D. The following is added to Section D – DEDUCTIBLE:

The applicable Earth Movement Deductible shown in the Declarations or elsewhere in this policy and set forth in this endorsement applies to direct physical loss or damage caused by or resulting from "earth movement". This Deductible applies separately to each occurrence of "earth movement" and applies in addition to any other Deductibles in this Coverage Form that apply to loss or damage in the same occurrence.

1. Percentage Deductible

When a percentage (%) is shown in the Declarations or elsewhere in this policy as the applicable Earth Movement Deductible, we will calculate the dollar amount of the Deductible by multiplying the applicable percentage shown by the value of the property that has sustained loss or damage. We will not pay for loss or damage in any one occurrence of "earth movement" until the amount of loss or damage exceeds such calculated dollar amount. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

In no event will the applicable Deductible be less than any applicable minimum, or more than any applicable maximum, amount shown in the Schedule of Described Property or Locations.

2. Dollar Deductible

When a dollar amount is shown in the Declarations or elsewhere in this policy as the applicable Earth Movement Deductible, we will not pay for loss or damage in any one occurrence of "earth movement" until the amount of loss or damage exceeds the applicable Earth Movement Deductible. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

3. The applicable Earth Movement Deductible does not apply to or modify any Deductibles that apply to the coverage otherwise provided under this Coverage Form for loss or damage by:

a. Fire or explosion that results from "earth movement" other than volcanic eruption, explosion or effusion; or

b. Fire, building glass breakage or "volcanic action" that results from volcanic eruption, explosion or effusion.

E. The following Definitions are added to Section F - DEFINITIONS:

1. "Earth Movement" means any of the following, all whether naturally occurring or due to man-made or other artificial causes:

a. Earthquake, including tremors and aftershocks, and earth sinking, rising or shifting related to such event;

b. Landslide, including any earth sinking, rising or shifting related to such event;

c. Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

d. Earth sinking (other than "sinkhole collapse"), rising, or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface; or

e. Volcanic eruption, explosion or effusion

All "earth movement" described in Paragraphs a. through e. above that occurs within any 168-hour period will constitute a single "earth movement". The expiration of this policy will not reduce the 168-hour period. But we will not pay for loss or damage caused by or resulting from any "earth movement" that begins before the inception of this insurance.

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2. **"Volcanic Action"** means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

a. Airborne volcanic blast or airborne shock waves;

b. Ash, dust or particulate matter; or

c. Lava flow.

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POLICY NUMBER: QT-660-1C334198-TIL-24

COMMERCIAL INLAND MARINE
ISSUE DATE: 07-03-24

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WATERBORNE LIMITATION

This endorsement modifies insurance provided under the following:

CONTRACTORS EQUIPMENT COVERAGE FORM

The following is added to Section C – LIMITS OF INSURANCE:

The Property While Waterborne Limit Of Insurance shown below is the most we will pay for covered loss or damage in any one occurrence to Covered Property while waterborne. But this Limit of Insurance does not apply to Covered Property in transit by water carriers for hire on navigable inland or coastwise waters of the Continental United States and Canada, other than to or from Alaska.

	Limit Of Insurance:
Property While Waterborne:	$ 250,000

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ELECTRONIC VANDALISM LIMITATION AND OTHER CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART

SCHEDULE

Electronic Vandalism Limit of Insurance,
aggregate in any 12-month period of this policy: **$ 10,000** unless a higher limit is shown: $

This endorsement restricts the insurance provided under this Coverage Part for direct physical loss or damage caused by or resulting from "electronic vandalism" and for loss that is a consequence of such direct physical loss or damage.

A. LIMITATION – ELECTRONIC VANDALISM

The following LIMITATION is added:

The most we will pay for all loss or damage caused directly or indirectly by or resulting from "electronic vandalism" in any one policy year, commencing with the inception date of this endorsement, is the Electronic Vandalism Limit of Insurance shown in the Schedule of this endorsement. This Electronic Vandalism Limit of Insurance applies regardless of the number of locations, items or types of property or coverages or Coverage Forms involved, and is part of, and does not increase the Limits of Insurance provided under this policy. If an Electronic Vandalism Limit of Insurance applies under any Property Coverage Part or Businessowners Property Coverage Special Form of this policy, the Electronic Vandalism Limit of Insurance under this Coverage Part is included in, and does not increase, the Electronic Vandalism Limit of Insurance under that Property Coverage Part or Businessowners Property Coverage Special Form.

But if "electronic vandalism" results in:

1. A "specified cause of loss", other than vandalism that is “electronic vandalism”; or
2. Theft under the Fine Art And Collectibles Coverage Form, Museum Coverage Form, Fine Art Dealer Coverage Form or any other similar fine art collector, conservator, dealer or museum coverage form;

this Limitation will not apply to the resulting loss or damage caused by that "specified cause of loss" or theft.

This Limitation does not create coverage for any loss or damage that would not otherwise be covered under this Coverage Part.

B. UTILITY SERVICES AND SPOILAGE - ELECTRONIC VANDALISM CHANGES

1. The following replaces any Utility Services exclusion:

Utility Services

The failure or fluctuation of power, communication, water or other utility service supplied to the described premises, however caused, if the failure or fluctuation:

(1) Originates away from the described premises; or

(2) Originates at the described premises, but only if such failure or fluctuation involves equipment used to supply the utility service to the described premises from a source away from the described premises.

Failure or fluctuation of any utility service includes lack of sufficient capacity and reduction in supply. Communication services include service relating to Internet access or access to any electronic, cellular or satellite network.

Exceptions:

(1) If the failure or fluctuation of power, communication, water or other utility service results in a Covered Cause of Loss, other than “electronic vandalism”, this exclusion does not apply to the loss

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or damage caused by that Covered Cause of Loss.

(2) This exclusion does not apply to the insurance provided under any Utility Service – Direct Damage, Utility Service – Time Element or Spoilage coverage for loss or damage caused by the failure or fluctuation of power, communication, water or other utility service supplied to the described premises when the failure or fluctuation:

(a) Originates away from the described premises; or

(b) Originates at the described premises and involves equipment used to supply the utility service to the described premises from a source away from the described premises.

But all other Exclusions and Limitations applicable to this Coverage Part, including the "Electronic Vandalism" Limitation in Section **A.** above and the below exclusions applicable to Utility Services and Spoilage coverages, continue to apply to such loss or damage to which these Exceptions apply.

2. Under any:

a. Utility Services – Direct Damage;

b. Utility Services – Time Element; and

c. Spoilage;

coverage provided under this Coverage Part the following exclusion is added:

We will not pay for loss or damage caused directly or indirectly by "electronic vandalism". This exclusion applies regardless of any other cause or event that contributes concurrently or in any sequence to the loss. This exclusion applies whether or not the loss event results in widespread damage or affects a substantial area.

C. ELECTRONIC VANDALISM MINIMUM DEDUCTIBLE

The following deductible provision is added and applies to all coverages, including Extra Expense:

The DEDUCTIBLE provisions of this Coverage Part continue to apply. But in no event will the total of all applicable deductible amounts applied in any one occurrence of "electronic vandalism" to which insurance under this Coverage Part applies be less than $1,000.

D. ELECTRONIC VANDALISM AND SPECIFIED CAUSES OF LOSS DEFINITIONS

The following is added to any DEFINITIONS Section:

"Electronic Vandalism" means:

a. Willful or malicious destruction of computer programs, content, instructions or other electronic or digital data stored within computer systems.

b. Unauthorized computer code or programming that:

(1) Deletes, distorts, corrupts or manipulates computer programs, content, instructions or other electronic or digital data, or otherwise results in damage to computers or computer systems or networks to which it is introduced;

(2) Replicates itself, impairing the performance of computers or computer systems or networks;

(3) Gains remote control access to data and programming within computers or computer systems or networks to which it is introduced, for uses other than those intended for authorized users of the computers or computer systems or networks; or

(4) Introduces a virus, harmful code or similar instruction into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation.

c. Any other unauthorized access to or use of computers or computer systems or networks, including data and programming within such computers or computer systems or networks.

d. A denial of service attack that restricts, prevents or disrupts access to or use of any computer, computer system or network, or otherwise disrupts the normal functioning or operation of any computer, computer system or network.

"Specified Cause of Loss", if not defined in the applicable Coverage Form, means:

Fire; lightning; explosion; windstorm or hail; smoke (including the emission or puff back of smoke, soot, fumes or vapors from a boiler, furnace or related equipment); aircraft or vehicles; riot or civil commotion; vandalism;

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leakage from fire extinguishing equipment; "sinkhole collapse"; volcanic action; falling objects as limited below; weight of snow, ice or sleet; "water damage", all only as otherwise insured against in the Coverage Form.

Falling objects does not include loss or damage to:

a. Personal property in the open; or

b. The interior of a building or structure, or property inside a building or structure, unless the roof or an exterior wall of the building or structure is first damaged by a falling object.

"Sinkhole collapse" means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. "Sinkhole collapse" does not mean the cost of filling sinkholes or the sinking or collapse of land into man-made underground cavities.

"Water damage" means:

a. Accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts) that contains water or steam and is at a location listed in the applicable Location Schedule; and

b. Accidental discharge or leakage of water as the direct result of the breaking apart or cracking of a water or sewer pipe that is located off a location listed in the applicable Location Schedule, if the breakage or cracking is caused by wear and tear. This provision serves as an exception to any wear and tear exclusion. But water damage does not include loss or damage that otherwise may be excluded under the terms of a Water or Flood Exclusion.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FEDERAL TERRORISM RISK INSURANCE ACT DISCLOSURE

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART

The federal Terrorism Risk Insurance Act of 2002 as amended ("TRIA") establishes a program under which the Federal Government may partially reimburse "Insured Losses" (as defined in TRIA) caused by "Acts Of Terrorism" (as defined in TRIA). "Act Of Terrorism" is defined in Section 102(1) of TRIA to mean any act that is certified by the Secretary of the Treasury – in consultation with the Secretary of Homeland Security and the Attorney General of the United States – to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States Mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

The Federal Government's share of compensation for such Insured Losses is 80% of the amount of such Insured Losses in excess of each Insurer's "Insurer Deductible" (as defined in TRIA), subject to the "Program Trigger" (as defined in TRIA).

In no event, however, will the Federal Government be required to pay any portion of the amount of such Insured Losses occurring in a calendar year that in the aggregate exceeds $100 billion, nor will any Insurer be required to pay any portion of such amount provided that such Insurer has met its Insurer Deductible. Therefore, if such Insured Losses occurring in a calendar year exceed $100 billion in the aggregate, the amount of any payments by the Federal Government and any coverage provided by this policy for losses caused by Acts Of Terrorism may be reduced.

The charge for such Insured Losses under this Coverage Part is included in the Coverage Part premium. The charge for such Insured Losses that has been included for this Coverage Part is indicated below, and does not include any charge for the portion of such Insured Losses covered by the Federal Government under TRIA:

- 1% of your total Commercial Inland Marine Coverage Part premium.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EARTH MOVEMENT LIMITATION – DESCRIBED PROPERTY OR LOCATIONS

This endorsement modifies insurance provided under the following:

MISCELLANEOUS PROPERTY COVERAGE FORM

A. Schedule

Described Property or Locations	Earth Movement Occurrence Limit Of Insurance:	Earth Movement Annual Aggregate Limit Of Insurance:
ALL COVERED PROPERTY	$ 10,000,000	$ 10,000,000
	$	$
	$	$
	$	$
	$	$

B. Earth Movement Deductible

Deductible applying to Earth Movement as indicated by an 'X' below:

☒ **Dollar Deductible:** $ 25,000

☐ **Percent Deductible:** % subject to
$ minimum and
$ maximum

C. The following is added to Section C – LIMITS OF INSURANCE:

Earth Movement Limit Of Insurance

1. The applicable Limit of Insurance shown in the Schedule above is the most we will pay for loss of or damage to Covered Property described, or to Covered Property while at the locations described, in the Schedule above caused by or resulting from "earth movement".

2. The Limits of Insurance shown in the Schedule above do not apply to, or modify, any limits of insurance that apply to the coverage otherwise provided under this Coverage Form for loss or damage by:

a. Fire or explosion that results from "earth movement" other than volcanic eruption, explosion or effusion; or

b. Fire, building glass breakage or "volcanic action" that results from volcanic eruption, explosion or effusion.

3. Earth Movement Occurrence Limit of Insurance

The applicable Earth Movement Occurrence Limit of Insurance shown in the Schedule above is the most we will pay in any one occurrence of "earth movement". Amounts payable under any Additional Coverage or Coverage Extension do not increase the applicable Earth Movement Occurrence Limit of Insurance. The applicable Earth Movement Occurrence Limit is part of, and does not increase, the Limit of Insurance that otherwise applies under this Coverage Form.

4. Earth Movement Annual Aggregate Limit of Insurance

The applicable Earth Movement Annual Aggregate Limit shown in the Schedule above is

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the most we will pay for the total of all loss or damage caused by or resulting from "earth movement" in a 12 month period of this policy (beginning with the effective date of this policy).

D. The following is added to Section D – DEDUCTIBLE:

The applicable Earth Movement Deductible shown above and set forth in this endorsement applies to direct physical loss or damage caused by or resulting from "earth movement". This Deductible applies separately to each occurrence of "earth movement" and applies in addition to any other Deductibles in this Coverage Form that apply to loss or damage in the same occurrence.

1. Percentage Deductible

When a percentage (%) is shown above as the applicable Earth Movement Deductible, we will calculate the dollar amount of the Deductible by multiplying the applicable percentage shown by the value of the property that has sustained loss or damage. We will not pay for loss or damage in any one occurrence of "earth movement" until the amount of loss or damage exceeds such calculated dollar amount. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

In no event will the applicable Deductible be less than any applicable minimum, or more than any applicable maximum, amount shown above.

2. Dollar Deductible

When a dollar amount is shown in as the applicable Earth Movement Deductible, we will not pay for loss or damage in any one occurrence of "earth movement" until the amount of loss or damage exceeds the applicable Earth Movement Deductible shown above. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

3. The Deductibles shown above do not apply to or modify any Deductibles that apply to the coverage otherwise provided under this Coverage Form for loss or damage by:

a. Fire or explosion that results from "earth movement" other than volcanic eruption, explosion or effusion; or

b. Fire, building glass breakage or "volcanic action" that results from volcanic eruption, explosion or effusion.

E. The following Definitions are added to Section F – DEFINITIONS:

1. "Earth Movement" means any of the following, all whether naturally occurring or due to man-made or other artificial causes:

a. Earthquake, including tremors and aftershocks, and earth sinking, rising or shifting related to such event;

b. Landslide, including any earth sinking, rising or shifting related to such event;

c. Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

d. Earth sinking (other than "sinkhole collapse"), rising, or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface; or

e. Volcanic eruption, explosion or effusion.

All "earth movement" described in Paragraphs a. through e. above that occurs within any 168-hour period will constitute a single "earth movement". The expiration of this policy will not reduce the 168-hour period. But we will not pay for loss or damage caused by or resulting from any "earth movement" that begins before the inception of this insurance.

2. "Volcanic Action" means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

a. Airborne volcanic blast or airborne shock waves;

b. Ash, dust or particulate matter; or

c. Lava flow.

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POLICY NUMBER: QT-660-1C334198-TIL-24

COMMERCIAL INLAND MARINE
ISSUE DATE: 07-03-24

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FLOOD LIMITATION – DESCRIBED PROPERTY OR LOCATIONS

This endorsement modifies insurance provided under the following:

MISCELLANEOUS PROPERTY COVERAGE FORM

A. Schedule

Described Property or Locations	Flood Occurrence Limit Of Insurance:	Flood Annual Aggregate Limit Of Insurance:
SEE CM T8 00	$ 10,000,000	$ 10,000,000
	$	$
	$	$
	$	$
	$	$

B. Flood Deductible

Deductible applying to Flood as indicated by an 'X' below:

☒ **Dollar Deductible:** $ 25,000

☐ **Percent Deductible:** % subject to
$ minimum and
$ maximum

C. The following is added to Section C – LIMITS OF INSURANCE:

Flood Limit Of Insurance

The applicable Limit of Insurance shown in the Schedule above is the most we will pay for loss of or damage to Covered Property described, or to Covered Property while at the locations described, in the Schedule above caused by or resulting from "flood".

1. All "flood" loss that occurs:

a. During a continuous or protracted event, such as a period of continued rising or overflow of any river(s), stream(s) or any body(ies) of water and the subsidence of same within the banks of such river(s), stream(s) or body(ies) of water; or

b. Due to any tidal wave or series of tidal waves that occur within any 168 hour period;

will constitute a single "flood" occurrence. If "flood" loss commences prior to the expiration date of this policy and the "flood" occurrence extends beyond the expiration date of this policy, the expiration date of this policy will not reduce the "flood" occurrence period. But we will not pay for loss or damage caused by or resulting from any "flood" occurrence that begins before the inception of this insurance.

2. The Limits of Insurance shown in the Schedule above does not apply to, or modify, any limits that apply to the insurance otherwise provided under the Coverage Form shown above for loss or damage by fire, explosion or sprinkler leakage that results from "flood".

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3. Flood Occurrence Limit of Insurance

The applicable Flood Occurrence Limit of Insurance shown in the Schedule above is the most we will pay in any one occurrence of "flood". Amounts payable under any Additional Coverage or Coverage Extension do not increase the applicable Flood Occurrence Limit of Insurance. The applicable Occurrence Limit is part of, and does not increase, the Limit of Insurance that otherwise applies under this Coverage Form.

4. Flood Annual Aggregate Limit of Insurance

The applicable Flood Annual Aggregate Limit shown in the Schedule above is the most we will pay for the total of all loss or damage caused by or resulting from "flood" in a 12 month period of this policy (beginning with the effective date of this policy).

D. The following is added to Section D – DEDUCTIBLE:

The applicable Flood Deductible shown above and set forth in this endorsement applies to direct physical loss or damage caused by or resulting from flood. This Deductible applies separately to each occurrence of "flood" and applies in addition to any other Deductibles in this Coverage Form that apply to loss or damage in the same occurrence.

1. Percentage Deductible

When a percentage (%) is shown above as the applicable Flood Deductible, we will calculate the dollar amount of the Deductible by multiplying the applicable percentage shown by the value of the property that has sustained loss or damage. We will not pay for loss or damage in any one occurrence of "flood" until the amount of loss or damage exceeds such calculated dollar amount. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

In no event will the applicable Deductible be less than any applicable minimum, or more than any applicable maximum, amount shown above.

2. Dollar Deductible

When a dollar amount is shown as the applicable Flood Deductible, we will not pay for loss or damage in any one occurrence of "flood" until the amount of loss or damage exceeds the applicable Flood Deductible shown above. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

3. The deductibles shown above do not apply to, or modify, any deductibles that apply to the coverage otherwise provided under the Coverage Form shown above for loss or damage by fire, explosion or sprinkler leakage that results from "flood".

E. The following Definition is added to Section F – DEFINITIONS:

"Flood" means any of the following, all whether naturally occurring or due to man-made or other artificial causes:

1. Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether driven by wind (including storm surge) or not;

2. Mudslide or mudflow;

3. Water or sewage that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment. However, this does not apply to the backup or overflow of water or sewage from drains within a building if the backup or overflow is not otherwise directly or indirectly caused by Paragraphs 1. or 2. above or by Paragraphs 4. or 5. below.

4. Water under the ground surface pressing on, or flowing or seeping through:

(a) Foundations, walls, floors or paved surfaces;

(b) Basements, whether paved or not; or

(c) Doors, windows or other openings; or

5. Waterborne material carried or otherwise moved by any of the water referred to in Paragraphs 1., 3. and 4. above, or material carried or otherwise moved by mudslide or mudflow.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BREAKDOWN DEDUCTIBLE

This endorsement modifies insurance provided under the following:

COMPUTERIZED BUSINESS EQUIPMENT COVERAGE FORM

The following is added to Section D -- DEDUCTIBLE:

The Breakdown Deductible shown in the Declarations applies to loss of or damage to Covered Property caused by or resulting from any of the following causes of loss:

1. Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs or otherwise interferes with any:

a. Electrical or electronic wire, device, appliance, system or network; or

b. Device, appliance, system or network utilizing cellular or satellite technology.

Electrical, magnetic or electromagnetic energy includes:

(1) Electrical current, including arcing;

(2) Electrical charge produced or conducted by a magnetic or electromagnetic field;

(3) Pulse of electromagnetic energy;

(4) Electromagnetic waves or microwaves.

2. Mechanical breakdown, including rupture or bursting caused by centrifugal force.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EARTHQUAKE CAUSE OF LOSS

This endorsement modifies insurance provided under the following:

COMPUTERIZED BUSINESS EQUIPMENT COVERAGE FORM

A. COVERED CAUSES OF LOSS

The following are added to the Covered Causes of Loss and to the "specified causes of loss" but only with respect to Covered Property while at a location described in the applicable location Schedule:

1. Earthquake meaning a shaking or trembling of the earth's crust, caused by underground volcanic or tectonic forces or by breaking or shifting of rock beneath the surface of the ground from natural causes.

2. Volcanic Eruption, meaning the eruption, explosion or effusion of a volcano.

All earthquake shocks or volcanic eruptions that occur within any 168-hour period will constitute a single Earthquake or Volcanic Eruption. The expiration of this policy will not reduce the 168-hour period.

B. EXCLUSIONS AND RELATED PROVISIONS

1. The Earth Movement Exclusion contained in Section B – EXCLUSIONS, Part 1. Paragraph a. does not apply to the coverage provided under this endorsement. The remaining Exclusions that apply to this Coverage Form apply to the coverage provided under this endorsement. For example, loss caused directly or indirectly by a cause of loss excluded under the Water Exclusion in Section B – EXCLUSIONS, Part 1. Paragraph e., such as flood or tidal wave, is excluded even if the flood or tidal wave is attributable to an Earthquake or Volcanic Eruption.

2. This endorsement does not apply to, or modify, any limits or deductibles that apply to:

a. The insurance otherwise provided under this Coverage Form for loss or damage by:

(1) Fire or explosion that results from earth movement other than volcanic eruption, explosion or effusion; or

(2) Fire, building glass breakage or volcanic action that results from volcanic eruption, explosion or effusion; or

b. Any other insurance provided under this Coverage Form for loss or damage to which the Earth Movement exclusion in Section B – EXCLUSIONS, Part 1. Paragraph a. does not apply.

3. The following additional exclusion applies to the coverage provided under this endorsement:

We will not pay for loss or damage caused by or resulting from any earthquake or volcanic eruption that begins before the inception of this insurance.

C. LIMITS OF INSURANCE

1. The following Limits of Insurance apply when an Earthquake Limit Of Insurance is shown in the applicable location Schedule:

a. Earthquake Occurrence Limit

The applicable Earthquake Occurrence Limit Of Insurance shown in the Declarations or applicable Schedule applies in any one occurrence of Earthquake or Volcanic Eruption regardless of the number or types of coverages (including "business income" or "extra expense"). Amounts payable under any Additional Coverage or Coverage Extension do not increase the applicable Earthquake Occurrence Limit of Insurance. The applicable Occurrence Limit is part of, and does not increase, the Limit of Insurance that otherwise applies under this Coverage Form.

b. Earthquake Annual Aggregate Limit

The applicable Earthquake Annual Aggregate Limit Of Insurance shown in the Declarations or applicable Schedule is the most we will pay for the total of all loss or damage caused by or resulting

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from all earthquakes and volcanic eruptions in a 12 month period of this policy (beginning with the effective date of this policy).

2. The most we will pay for loss caused by any earthquake or volcanic eruption is the lesser of:
   a. The applicable Earthquake Occurrence Limit of Insurance; or
   b. The remaining portion of the applicable Earthquake Annual Aggregate Limit of Insurance.

D. DEDUCTIBLE

The following Deductible provisions apply to the insurance provided by this endorsement.

1. The Deductible(s) applicable to loss or damage under this endorsement apply separately to each occurrence at each location in the applicable Schedule and apply in addition to any other Deductibles or Waiting Periods in this Coverage Part that apply to loss or damage in the same occurrence.

2. **Percentage Deductible**

   If a percentage (%) is shown in the Declarations as the applicable Earthquake Deductible, we will calculate the dollar amount of the Deductible by multiplying the applicable percentage shown in the Declarations by the value of Covered Property that has sustained loss or damage. We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds such calculated dollar amount. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

   In no event will the applicable Deductible be less than any applicable minimum, or more than any applicable maximum, amount shown in the Declarations.

3. **Dollar Deductible**

   If a dollar amount is shown in the Declarations or Schedule(s), we will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the applicable Earthquake Deductible shown in the Declarations or Schedule(s). We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

4. The Earthquake Deductible does not apply to property in transit.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FLOOD CAUSE OF LOSS

This endorsement modifies insurance provided under the following:

COMPUTERIZED BUSINESS EQUIPMENT COVERAGE FORM

A. COVERED CAUSES OF LOSS

"Flood" is added to the Covered Causes of Loss and to the "specified causes of loss" but only with respect to Covered Property while at a location described in the applicable location Schedule.

All "flood" loss that occurs:

1. During a continuous or protracted event, such as a period of continued rising or overflow of any river(s), stream(s) or anybody(ies) of water and the subsidence of same within the banks of such river(s), stream(s) or body(ies) of water; or
2. Due to any tidal wave or series of tidal waves that occur within any 168 hour period;

will constitute a single "flood" occurrence. If "flood" loss commences prior to the expiration date of this policy and the "flood" occurrence extends beyond the expiration date of this policy, the expiration date of this policy will not reduce the "flood" occurrence period.

B. FLOOD DEFINED

The following is added to Section F – DEFINITIONS:

"Flood" means the following, all whether naturally occurring or due to man-made or other artificial causes, and includes waterborne material carried or otherwise moved by any of the water referred to in Paragraphs 1., 3. and 4. below and material carried or otherwise moved by mudslide or mudflow:

1. Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether driven by wind (including storm surge) or not;
2. Mudslide or mudflow;
3. Water or sewage that backs up, overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment (other than the backup or overflow of water or sewage from drains within a building to which the exception in provision (c) of the Water exclusion in Section B – EXCLUSIONS, Part 1, Paragraph e. applies); and
4. Water under the ground surface pressing on, or flowing or seeping through:
   a. Foundations, walls, floors or paved surfaces;
   b. Basements, whether paved or not; or
   c. Doors, windows or other openings.

C. EXCLUSIONS AND RELATED PROVISIONS

1. Under the Exclusions contained in Section B – EXCLUSIONS, Part 1.
   a. Exclusion a., Earth Movement, does not apply to the coverage otherwise provided under this endorsement for loss or damage caused by or resulting from:
      (1) Mudslide or mudflow that is caused by or precipitated by the accumulation or runoff of water on or below the surface of the ground; or
      (2) "Flood" that is attributable to an Earth Movement, such as tsunami, but this exception does not apply to loss or damage caused by or resulting from any excluded Earth Movement that results from such "flood".
   b. Exclusion e., Water, does not apply to the coverage provided under this endorsement.

   The remaining Exclusions apply to the coverage provided under this endorsement.
2. This endorsement does not apply to, or modify, any limits or deductibles that apply to:
   a. The insurance otherwise provided under this Coverage Form for loss or damage by:
      (1) Fire, explosion or sprinkler leakage that results from "flood"; or
      (2) Water or sewage from drains within a building if the backup or overflow is not otherwise directly or indirectly caused by Water that is excluded in

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provisions (a), (b), (d) or (e) of the Water exclusion in Section B – EXCLUSIONS, Part 1, Paragraph e.

b. Any other insurance provided under this Coverage Form for loss or damage to which the Water exclusion in Section B – EXCLUSIONS, Part 1, Paragraph e. does not apply.

3. The following additional exclusion applies to the coverage provided under this endorsement:

We will not pay for loss or damage caused by or resulting from any "flood" occurrence that begins before the inception of this insurance.

D. LIMITS OF INSURANCE

1. The following Limits of Insurance apply when a Flood Limit of Insurance is shown in the applicable location Schedule:

a. Flood Occurrence Limit

The applicable Flood Occurrence Limit Of Insurance shown in the Declarations or applicable Schedule applies in any one occurrence, regardless of the number or types of coverages (including "extra expense" or "business income"). Amounts payable under any Additional Coverage or Coverage Extension do not increase the applicable Flood Occurrence Limit of Insurance. The applicable Occurrence Limit is part of, and does not increase, the Limit of Insurance that otherwise applies under this Coverage Form.

b. Flood Annual Aggregate Limit

The applicable Flood Annual Aggregate Limit Of Insurance shown in the Declarations or applicable Schedule is the most we will pay for the total of all loss or damage caused by or resulting from all "flood" occurrences in a 12 month period of this policy (beginning with the effective date of this policy).

2. The most we will pay for loss caused by any "flood" is the lesser of:

a. The applicable Flood Occurrence Limit of Insurance; or

b. The remaining portion of the applicable Flood Annual Aggregate Limit of Insurance.

E. DEDUCTIBLE

The following Deductible provisions apply to the insurance provided by this endorsement.

1. The Deductible(s) applicable to loss or damage under this endorsement apply separately to each occurrence at each location shown in the applicable Schedule and apply in addition to any other Deductibles or Waiting Periods in this Coverage Part that apply to loss or damage in the same occurrence.

2. Percentage Deductible

When a percentage (%) is shown in the Declarations as the applicable Flood Deductible, we will calculate the dollar amount of the Deductible by multiplying the applicable percentage shown in the Declarations by the total value of Covered Property that has sustained loss or damage. We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds such calculated dollar amount. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

In no event will the applicable Deductible be less than any applicable minimum, or more than any applicable maximum, amount shown in the Declarations.

3. Dollar Deductible

When a dollar amount is shown in the Declarations or Schedule(s), we will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the applicable Flood Deductible shown in the Declarations or Schedule(s). We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

4. The Flood Deductible does not apply to property in transit.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WINDSTORM OR HAIL DEDUCTIBLE

This endorsement modifies insurance provided under the following:

COMPUTERIZED BUSINESS EQUIPMENT COVERAGE FORM

A. Windstorm Or Hail Deductible

Deductible applying to Windstorm or Hail as indicated by an 'X' below:

☒ **Dollar Deductible:** $ 25,000

☐ **Percent Deductible:** % subject to
$ minimum and
$ maximum

The applicable Windstorm or Hail Deductible shown above and set forth in this endorsement applies to direct physical loss or damage caused directly or indirectly by windstorm or hail. This Deductible applies separately to each occurrence of windstorm or hail.

Nothing in this endorsement implies or affords coverage for any loss or damage that is excluded under the terms of the Water Exclusion in Section B – EXCLUSIONS, Part 1. or any other exclusion in this policy. If this policy is endorsed to cover Flood under the Flood Cause of Loss endorsement, a separate Flood Deductible applies to loss or damage attributable to Flood, in accordance with the terms of that endorsement.

B. Dollar Deductible

When a dollar amount is shown as the applicable Windstorm or Hail Deductible, we will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the applicable Windstorm or Hail Deductible shown above. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

C. Percentage Deductible

1. When a percentage (%) is shown as the applicable Windstorm or Hail Deductible, we will calculate the dollar amount of the Deductible by multiplying the applicable percentage shown above by the value of the property that has sustained loss or damage. We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds such calculated dollar amount. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.
2. In no event will the applicable Deductible be less than any applicable minimum, or more than any applicable maximum, amount shown above.

D. The Windstorm or Hail Deductible does not apply to property in transit.

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POLICY NUMBER: QT-660-1C334198-TIL-24

COMMERCIAL INLAND MARINE
ISSUE DATE: 07-03-24

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL COVERED PROPERTY

This endorsement modifies insurance provided under the following:

COMMUNICATIONS COVERAGE FORM

A. ADDITIONAL COVERED PROPERTY SCHEDULE

1. Additional Covered Property	Limit Of Insurance
a. Broadcast Media Library:	$
b. Data And Media:	$ 250,000
c. Improvements And Betterments:	$
d. Scenery, Costumes And Theatrical Property:	$
e. Tools And Test Equipment:	$
f. Spare Or Replacement Parts:	$
g. Other Property Specifically Described Below:	$

B. The following is added to Covered Property in Section A – COVERAGE, Part 1:

Additional Covered Property

We will pay for direct physical loss or damage by a Covered Cause of Loss to the property described in the Additional Covered Property Schedule when a Limit of Insurance is shown for that property. Such Limit of Insurance is the most we will pay in any one occurrence for loss or damage to that property. The applicable Limit of Insurance is included within, and will not increase, the Total Limit Of Insurance For All Covered Property shown in the Declarations.

1. Broadcast Media Library

Broadcast media library, including exposed motion picture film, audio or visual tapes, color transparencies, slides and library stock footage, that are necessary to your business operations.

2. Data And Media

Data stored on discs, films, CDs, DVDs, flash memory, drives, tapes or similar electronic data processing media, the media itself, and computer programs and instructions, that are necessary to your business operations.

3. Improvements And Betterments

Improvements and betterments made at your expense to buildings you rent or lease but do not own.

4. Scenery, Costumes And Theatrical Property

Scenery, costumes and theatrical property used in your business operations.

5. Tools And Test Equipment

Tools and test equipment used in your business operations.

6. Spare Or Replacement Parts

Spare or replacement parts used to service or repair property used in your business operations.

7. Other Property

Other property used in your business operations and specifically described in the Additional Covered Property Schedule.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EARTHQUAKE CAUSE OF LOSS – DESCRIBED PROPERTY OR LOCATIONS

This endorsement modifies insurance provided under the following:

COMMUNICATIONS COVERAGE FORM

A. Earthquake Schedule

Described Property or Locations	Earthquake Occurrence Limit Of Insurance:	Earthquake Annual Aggregate Limit Of Insurance:
Applies to all Scheduled Locations	$ 5,176,385	$ 5,176,385
	$	$
	$	$
	$	$
	$	$

B. Earthquake Deductible

Deductible applying to Earthquake as indicated by an 'X' below:

☒ **Dollar Deductible:** $ 25,000

☐ **Percent Deductible:** % subject to
$ minimum and
$ maximum

C. COVERED CAUSES OF LOSS

The following are added to the Covered Causes of Loss and to the "specified causes of loss" but only with respect to Covered Property described, or to Covered Property while at the locations described, in the Earthquake Schedule:

1. Earthquake meaning a shaking or trembling of the earth's crust, caused by underground volcanic or tectonic forces or by breaking or shifting of rock beneath the surface of the ground from natural causes.
2. Volcanic Eruption, meaning the eruption, explosion or effusion of a volcano.

All earthquake shocks or volcanic eruptions that occur within any 168-hour period will constitute a single Earthquake or Volcanic Eruption. The expiration of this policy will not reduce the 168-hour period.

D. EXCLUSIONS AND RELATED PROVISIONS

1. The Earth Movement Exclusion contained in Section B – EXCLUSIONS, Part 1. Paragraph a., does not apply to the coverage provided under this endorsement. The remaining Exclusions that apply to this Coverage Form apply to the coverage provided under this endorsement. For example, loss caused directly or indirectly by a cause of loss excluded under the Water Exclusion in Section B – EXCLUSIONS, Part 1. Paragraph f., such as flood or tidal wave, is excluded even if the flood or tidal wave is attributable to an Earthquake or Volcanic Eruption.
2. This endorsement does not apply to, or modify, any limits or deductibles that apply to:
   a. The insurance otherwise provided under this Coverage Form for loss or damage by:

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(1) Fire or explosion that results from earth movement other than volcanic eruption, explosion or effusion; or

(2) Fire, building glass breakage or volcanic action that results from volcanic eruption, explosion or effusion; or

b. Any other insurance provided under this Coverage Form for loss or damage to which the Earth Movement exclusion in Section B – EXCLUSIONS, Part 1. Paragraph a. does not apply.

3. The following additional exclusion applies to the coverage provided under this endorsement:

We will not pay for loss or damage caused by or resulting from any earthquake or volcanic eruption that begins before the inception of this insurance.

E. LIMITS OF INSURANCE

1. The following Limits of Insurance apply when an Earthquake Limit Of Insurance is shown in the Earthquake Schedule:

a. Earthquake Occurrence Limit

The applicable Earthquake Occurrence Limit Of Insurance shown in the Earthquake Schedule applies in any one occurrence of Earthquake or Volcanic Eruption, regardless of the number or types of coverages (including "business income" or "extra expense"). Amounts payable under any Additional Coverage or Coverage Extension do not increase the applicable Earthquake Occurrence Limit Of Insurance. The applicable Occurrence Limit is part of, and does not increase, the Limit of Insurance that otherwise applies under this Coverage Form.

b. Earthquake Annual Aggregate Limit

The applicable Earthquake Annual Aggregate Limit Of Insurance shown in the Earthquake Schedule is the most we will pay for the total of all loss or damage caused by or resulting from all earthquakes and volcanic eruptions in a 12 month period of this policy (beginning with the effective date of this policy).

2. The most we will pay for loss or damage caused by any earthquake or volcanic eruption is the lesser of:

a. The applicable Earthquake Occurrence Limit of Insurance; or

b. The remaining portion of the applicable Earthquake Annual Aggregate Limit of Insurance.

F. DEDUCTIBLE

The following Deductible provisions apply to the insurance provided by this endorsement.

1. The Deductible(s) applicable to loss or damage under this endorsement apply separately to each occurrence and apply in addition to any other Deductibles or Waiting Periods in this Coverage Form that apply to loss or damage in the same occurrence.

2. Percentage Deductible

When a percentage (%) is shown above as the applicable Earthquake Deductible, we will calculate the dollar amount of the Deductible by multiplying the applicable percentage shown above by the value of Covered Property that has sustained loss or damage. We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds such calculated dollar amount. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

In no event will the applicable Deductible be less than any applicable minimum, or more than any applicable maximum, amount shown above.

3. Dollar Deductible

When a dollar amount is shown above as the applicable Earthquake Deductible, we will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the applicable Earthquake Deductible shown above. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

4. The Earthquake Deductible does not apply to property in transit.

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FLOOD CAUSE OF LOSS – DESCRIBED PROPERTY OR LOCATIONS

This endorsement modifies insurance provided under the following:

COMMUNICATIONS COVERAGE FORM

A. Flood Schedule

Described Property or Locations	Flood Occurrence Limit Of Insurance:	Flood Annual Aggregate Limit Of Insurance:
Applies to Scheduled Locations in X and C Flood Zones.	$ 5,176,385	$ 5,176,385
	$	$
	$	$
	$	$
	$	$

B. Flood Deductible

Deductible applying to Flood as indicated by an 'X' below:

[X] **Dollar Deductible:** $ 25,000

[ ] **Percent Deductible:** % subject to
$ minimum and
$ maximum

C. COVERED CAUSES OF LOSS

"Flood" is added to the Covered Causes of Loss and to the "specified causes of loss" but only with respect to Covered Property described, or to Covered Property while at the locations described, in the Flood Schedule.

All "flood" loss that occurs:

1. During a continuous or protracted event, such as a period of continued rising or overflow of any river(s), stream(s) or anybody(ies) of water and the subsidence of same within the banks of such river(s), stream(s) or body(ies) of water; or
2. Due to any tidal wave or series of tidal waves that occur within any 168 hour period;

will constitute a single "flood" occurrence. If "flood" loss commences prior to the expiration date of this policy and the "flood" occurrence extends beyond the expiration date of this policy, the expiration date of this policy will not reduce the "flood" occurrence period.

D. FLOOD DEFINED

The following Definition is added to Section F – DEFINITIONS:

"Flood" means the following, all whether naturally occurring or due to man-made or other artificial causes, and includes waterborne material carried or otherwise moved by any of the water referred to in Paragraphs 1., 3. and 4. below and material carried or otherwise moved by mudslide or mudflow:

1. Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether driven by wind (including storm surge) or not;
2. Mudslide or mudflow;
3. Water or sewage that backs up, overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment (other than the backup or overflow of water or

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sewage from drains within a building to which the exception in provision (c) of the Water exclusion in Section B – EXCLUSIONS, Part 1, Paragraph f. applies); and

4. Water under the ground surface pressing on, or flowing or seeping through:

a. Foundations, walls, floors or paved surfaces;

b. Basements, whether paved or not; or

c. Doors, windows or other openings.

E. EXCLUSIONS AND RELATED PROVISIONS

1. Under the Exclusions contained in Section B – EXCLUSIONS, Part 1.

a. Exclusion a., Earth Movement, does not apply to the coverage otherwise provided under this endorsement for loss or damage caused by or resulting from:

(1) Mudslide or mudflow that is caused by or precipitated by the accumulation or runoff of water on or below the surface of the ground; or

(2) "Flood" that is attributable to an Earth Movement, such as tsunami, but this exception does not apply to loss or damage caused by or resulting from any excluded Earth Movement that results from such "flood".

b. Exclusion f., Water, does not apply to the coverage provided under this endorsement.

The remaining Exclusions apply to the coverage provided under this endorsement.

2. This endorsement does not apply to, or modify, any limits or deductibles that apply to:

a. The insurance otherwise provided under this Coverage Form for loss or damage by:

(1) Fire, explosion or sprinkler leakage that results from flood; or

(2) Water or sewage from drains within a building if the backup or overflow is not otherwise directly or indirectly caused by Water that is excluded in provisions (a), (b), (d) or (e) of the Water exclusion in Section B – EXCLUSIONS, Part 1, Paragraph f.

b. Any other insurance provided under this Coverage Form for loss or damage to which the Water exclusion in Section B – EXCLUSIONS, Part 1, Paragraph f. does not apply.

3. The following additional exclusion applies to the coverage provided under this endorsement:

We will not pay for loss or damage caused by or resulting from any "flood" occurrence that begins before the inception of this insurance.

F. LIMITS OF INSURANCE

1. The following Limits of Insurance apply when a Flood Limit Of Insurance is shown in the Flood Schedule:

a. Flood Occurrence Limit

The applicable Flood Occurrence Limit Of Insurance shown in the Flood Schedule applies in any one occurrence, regardless of the number or types of coverages (including "extra expense" or "business income"). Amounts payable under any Additional Coverage or Coverage Extension do not increase the applicable Flood Occurrence Limit Of Insurance. The applicable Occurrence Limit is part of, and does not increase, the Limit of Insurance that otherwise applies under this Coverage Form.

b. Flood Annual Aggregate Limit

The applicable Flood Annual Aggregate Limit Of Insurance shown in the Flood Schedule is the most we will pay for the total of all loss or damage caused by or resulting from all flood occurrences in a 12 month period of this policy (beginning with the effective date of this policy).

2. The most we will pay for loss caused by any flood is the lesser of:

a. The applicable Flood Occurrence Limit Of Insurance; or

b. The remaining portion of the applicable Flood Annual Aggregate Limit Of Insurance.

G. DEDUCTIBLE

The following Deductible provisions apply to the insurance provided by this endorsement.

1. The Deductible(s) applicable to loss or damage under this endorsement apply separately to each occurrence and apply in addition to any other Deductibles or Waiting

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Periods in this Coverage Form that apply to loss or damage in the same occurrence.

2. Percentage Deductible

When a percentage (%) is shown above as the applicable Flood Deductible, we will calculate the dollar amount of the Deductible by multiplying the applicable percentage shown above by the total value of Covered Property that has sustained loss or damage. We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds such calculated dollar amount. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

In no event will the applicable Deductible be less than any applicable minimum, or more than any applicable maximum, amount shown above.

3. Dollar Deductible

When a dollar amount is shown above as the applicable Flood Deductible, we will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the applicable Flood Deductible shown above. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

4. The Flood Deductible does not apply to property in transit.

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LIMITED COVERAGE FOR FUNGUS, WET ROT AND DRY ROT

This endorsement modifies insurance provided under the following:

COMMUNICATIONS COVERAGE FORM

A. FUNGUS, WET ROT AND DRY ROT SCHEDULE

Fungus, Wet Rot And Dry Rot Limit Of Insurance: $ 10,000

B. The following Additional Coverage is added to Section A – COVERAGE:

Limited Coverage for Fungus, Wet Rot And Dry Rot

(1) We will pay for direct physical loss of or damage to Covered Property caused by "fungus", wet rot or dry rot, but only when the "fungus", wet rot or dry rot is the result of one or more of the following causes of loss that occurs during the policy period and only if all reasonable means were used to save and preserve the Covered Property from further damage at the time of and after the occurrence of any such cause of loss:

(a) A "specified cause of loss" other than fire or lightning;

(b) Flood, if that coverage applies to this policy; or

(c) Earth Movement or Earthquake, if that coverage applies to this policy.

(2) We will also pay for the following in connection with loss or damage covered in Paragraph (1) above:

(a) The cost of removal of the "fungus", wet rot or dry rot; and

(b) The cost of testing performed after removal, repair, replacement or restoration of the damaged Covered Property is completed, provided there is a reason to believe that "fungus", wet rot or dry rot is present.

(3) The Fungus, Wet Rot And Dry Rot Limit Of Insurance shown in the FUNGUS, WET ROT AND DRY ROT SCHEDULE is the most we will pay under this Additional Coverage in each separate 12 month period of this policy beginning with the effective date shown in the Declarations.

This is the most we will pay for the total of all loss or damage covered in Paragraphs (1) and (2) above, regardless of the:

(a) Number of insureds, claims or locations;

(b) Occurrences during each separate 12-month period of this policy; or

(c) Types of coverages provided under this policy.

This limit applies even if the "fungus", wet rot or dry rot connected to any particular occurrence continues to be present or active, or recurs, in a later 12 month period of this policy.

(4) Any payment under this Additional Coverage is included within and will not increase the applicable Limit of Insurance.

C. The following Exclusion is added to Section B – EXCLUSIONS, Part 1:

"Fungus", Wet Rot And Dry Rot

Presence, growth, proliferation, spread or any activity of "fungus", wet rot or dry rot.

But if "fungus", wet rot or dry rot results in a "specified cause of loss", we will pay for loss or damage caused by that "specified cause of loss".

This exclusion does not apply:

(1) When "fungus", wet rot or dry rot results from fire or lightning; or

(2) To the extent that coverage is provided in the "Fungus", Wet Rot And Dry Rot Additional Coverage in Section A – COVERAGE.

D. The following Definition is added to Section F – DEFINITIONS:

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

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UNMANNED AIRCRAFT COVERAGE

This endorsement modifies insurance provided under the following:

MISCELLANEOUS PROPERTY COVERAGE FORM

APPLICATION OF THIS ENDORSEMENT

Provisions A. through F. of this endorsement only apply to Covered Property consisting of "unmanned aircraft" described in the Schedule on the Miscellaneous Property Coverage Declarations.

A. The exclusion of Aircraft under Property Not Covered in Section A – COVERAGE, Part 2. a., does not apply to "unmanned aircraft".

B. The Newly Acquired Property Coverage Extension in Section A - COVERAGE is replaced by the following, but only with respect to "unmanned aircraft":

If during the policy period you acquire "unmanned aircraft" of the type described in the Schedule, for use in your business operations, we will cover such "unmanned aircraft" for up to 30 days, but not beyond the end of the policy period.

The most we will pay in any one occurrence for the total of all loss or damage to such "unmanned aircraft" is the lesser of:

a. 25% of the total Limits of Insurance shown in the Schedule; or

b. $50,000.

You will report values of such "unmanned aircraft" to us within 30 days from the date you take possession and will pay any additional premium due. If you do not report such "unmanned aircraft" within such time period and pay any additional premium due, coverage will cease automatically 30 days after the date "unmanned aircraft" is acquired, or at the end of the policy period, whichever occurs first.

The Coinsurance Additional Condition does not apply to this Coverage Extension.

This Coverage Extension does not increase the applicable Limit of Insurance shown in the Schedule.

C. The following Exclusions are added to Section B -- EXCLUSIONS, Part 2:

a. We will not pay for loss or damage caused by or resulting from any "unmanned aircraft":

(1) While being used in any professional or organized racing or demolition contest or stunting activity;

(2) While practicing for such contest or activity; or

(3) While being prepared for such contest or activity.

b. We will not pay for loss or damage that occurs while any "unmanned aircraft" is rented, leased or loaned to others.

c. We will not pay for loss or damage caused by or resulting from the unexplained disappearance of any "unmanned aircraft".

D. The Coverage Territory Additional Condition in Section E – ADDITIONAL CONDITIONS is replaced by the following, but only with respect to "unmanned aircraft":

1. Coverage Territory

a. We cover property wherever located within:

(1) The United States of America (including its territories and possessions);

(2) Puerto Rico; or

(3) Canada.

b. We also cover property while airborne within and between points in Paragraph a. above.

E. The following is added to the Valuation Additional Condition in Section E – ADDITIONAL CONDITIONS:

Valuation of Data and Electronic Media

The value of data will be the actual cost to reproduce.

If the data is not replaced or reproduced, we will pay the cost of the electronic media with no stored data.

The value of electronic media will be the cost to repair or replace such media with substantially identical property.

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F. The following Definition is added to Section F -- DEFINITIONS:

"Unmanned aircraft"

a. Means an aircraft that is not:

(1) Designed;

(2) Manufactured; or

(3) Modified after it is manufactured;

to be controlled directly by a person from, within or on the aircraft.

"Unmanned aircraft" includes attached or unattached equipment and accessories designed for and used exclusively with such aircraft, including any:

(1) Flight remote controller;

(2) Portable charger;

(3) Carrying case;

(4) Extra batteries;

(5) Portable viewing screen;

(6) Camera or other similar equipment; and

(7) Software;

provided such equipment is essential for operation of the aircraft or for executing your unmanned aircraft business operations, such as:

(1) Aerial imaging, including for photographic, video, and infrared images; or

(2) Aerial surveying, mapping or inspection.

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DIGITAL ASSETS EXCLUSIONS – DIGITAL CURRENCY AND NON-FUNGIBLE TOKENS

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART

A. The following is added to any **Property Not Covered** Section of any Inland Marine Coverage Form: Covered Property also does not include:

(1) Any "digital currency"; or

(2) Any "non-fungible token".

B. The following is added to any definition of "money", "securities" and "fine arts": This definition does not include:

(1) Any "digital currency"; or

(2) Any "non-fungible token".

C. The following exclusion is added to any **EXCLUSIONS** section of any Inland Marine Coverage Form that provides business income or extra expense coverage:

We will not pay for any loss caused by or resulting from loss of or damage to:

(1) Any "digital currency"; or

(2) Any "non-fungible token".

D. The following is added to any **DEFINITIONS** Section of any Inland Marine Coverage Form:

"**Digital currency**" means any exclusively digital, electronic or virtual currency, including crypto currency, that is a representation of value and may be used as a medium of exchange or held as an investment.

"**Non-fungible token**" means any unique or semi-unique unit of data, digital file or token or other digital identifier that is recorded in a digital ledger, such as a blockchain.

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INTERLINE ENDORSEMENTS

INTERLINE ENDORSEMENTS

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ACTUAL CASH VALUE

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
DELUXE PROPERTY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
TRAVELERS PROPERTY COVERAGE PART

The following definition is added to any Definitions Section and applies to any provision that uses the term actual cash value:

Actual cash value means the value of the covered property at the time of loss or damage.

When calculating actual cash value using the estimated cost to repair or replace such property, with a reasonable deduction for depreciation that occurred before such loss or damage, we may apply depreciation to all components of the estimated cost, including the following:

a. Materials;

b. Labor;

c. Overhead and profit; and

d. Any applicable tax.

The deduction for depreciation may include such considerations as:

a. Age;

b. Condition, such as wear and tear or deterioration;

c. Reduction in useful life; and

d. Obsolescence.

This definition does not apply to covered property in the following states:

AR CA CT GA LA ME MT NY PR VT WA WV

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDMENT OF COMMON POLICY CONDITIONS – PROHIBITED COVERAGE – UNLICENSED INSURANCE AND TRADE OR ECONOMIC SANCTIONS

This endorsement modifies insurance provided under the following:

ALL COVERAGES INCLUDED IN THIS POLICY

The following is added to the Common Policy Conditions:

Prohibited Coverage – Unlicensed Insurance

1. With respect to loss sustained by any insured, or loss to any property, located in a country or jurisdiction in which we are not licensed to provide this insurance, this insurance does not apply to the extent that insuring such loss would violate the laws or regulations of such country or jurisdiction.
2. We do not assume responsibility for:
   a. The payment of any fine, fee, penalty or other charge that may be imposed on any person or organization in any country or jurisdiction because we are not licensed to provide insurance in such country or jurisdiction; or
   b. The furnishing of certificates or other evidence of insurance in any country or jurisdiction in which we are not licensed to provide insurance.

Prohibited Coverage – Trade Or Economic Sanctions

We will provide coverage for any loss, or otherwise will provide any benefit, only to the extent that providing such coverage or benefit does not expose us or any of our affiliated or parent companies to:

1. Any trade or economic sanction under any law or regulation of the United States of America; or
2. Any other applicable trade or economic sanction, prohibition or restriction.

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CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CYBERFIRST ESSENTIALS GENERAL PROVISIONS FORM
CYBERFIRST GENERAL PROVISIONS FORM
DELUXE PROPERTY COVERAGE PART
EMPLOYEE BENEFITS LIABILITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
EMPLOYMENT PRACTICES LIABILITY + WITH IDENTITY FRAUD EXPENSE REIMBURSEMENT COVERAGE PART
ENVIRONMENTAL HAZARD POLICY
EQUIPMENT BREAKDOWN COVERAGE PART
EXCESS FOLLOW-FORM AND UMBRELLA LIABILITY INSURANCE
EXCESS (FOLLOWING FORM) LIABILITY INSURANCE
LAW ENFORCEMENT LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
MANUFACTURERS ERRORS AND OMISSIONS LIABILITY COVERAGE PART
MEDFIRST PRODUCTS/COMPLETED OPERATIONS, ERRORS AND OMISSIONS, AND INFORMATION SECURITY LIABILITY COVERAGE FORM
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
PUBLIC ENTITY MANAGEMENT LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
SPECIAL PROTECTIVE AND HIGHWAY LIABILITY POLICY - NEW YORK DEPARTMENT OF TRANSPORTATION
TRAVELERS PROPERTY COVERAGE PART
TRIBAL BUSINESS MANAGEMENT LIABILITY COVERAGE PART
Any other Coverage Part or Coverage Form included in this policy that is subject to the federal Terrorism Risk Insurance Act of 2002 as amended

The following is added to this policy. This provision can limit coverage for any loss arising out of a "certified act of terrorism" if such loss is otherwise covered by this policy. This provision does not apply if and to the extent that coverage for the loss is excluded or limited by an exclusion or other coverage limitation for losses arising out of "certified acts of terrorism" in another endorsement to this policy.

If aggregate insured losses attributable to "certified acts of terrorism" exceed $100 billion in a calendar year and we have met our insurer deductible under "TRIA", we will not be liable for the payment of any portion of the amount of such losses that exceeds $100 billion, and in such case, insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of "TRIA", to be an act of terrorism pursuant to "TRIA". The criteria contained in "TRIA" for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of $5 million in the aggregate, attributable to all types of insurance subject to "TRIA"; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

"TRIA" means the federal Terrorism Risk Insurance Act of 2002 as amended.

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ADDITIONAL BENEFITS

This endorsement modifies insurance provided under the following:

ALL COVERAGES INCLUDED IN THIS POLICY

The following Condition is added to each Common Policy Conditions included in this policy:

Additional Benefits

1. We may offer or provide, or allow others to provide, you or another insured under this policy with goods and services, access to discounted goods and services, other program benefits or other items of value that could assist your business with managing your risk, with servicing your policy or with staying informed about loss control and mitigation of risk.
2. These Additional Benefits may be provided in any form. You or another insured under this policy may be eligible to receive additional benefits. You are under no obligation to pursue any of these Additional Benefits.
3. While we may arrange for these Additional Benefits, the other provider is liable to you or the other insured for the provision of the goods and services. We do not warrant the merchantability, fitness or quality of any goods or services provided or assume any additional obligation related to any Additional Benefits provided.
4. We have the right to modify or discontinue any Additional Benefits provided by us, or others authorized by us, without notice to you or any other insured.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
FARM COVERAGE PART

A. The exclusion set forth in Paragraph **B.** applies to all coverage under all forms and endorsements that comprise this Coverage Part or Policy, including but not limited to forms or endorsements that cover property damage to buildings or personal property and forms or endorsements that cover business income, extra expense, rental value or action of civil authority.

B. We will not pay for loss or damage caused by or resulting from any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease.

C. With respect to any loss or damage subject to the exclusion in Paragraph **B.**, such exclusion supersedes any exclusion relating to "pollutants".

D. The terms of the exclusion in Paragraph **B.**, or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this Coverage Part or Policy.

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TENNESSEE CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

A. Paragraph **5.** of the **Cancellation** Common Policy Condition is replaced by the following:

5. If this policy is cancelled, we will send the first Named Insured any premium refund due.

The refund will be pro rata if:

a. We cancel; or

b. The policy is cancelled at the request of a premium finance company that has financed this policy under a premium finance agreement.

The refund may be less than pro rata if the first Named Insured cancels the policy.

The cancellation will be effective even if we have not made or offered a refund.

B. The following is added to the **Cancellation** Common Policy Condition:

CANCELLATION OF POLICIES IN EFFECT FOR 60 DAYS OR MORE

If this policy has been in effect for 60 days or more, or if this policy is a renewal of a policy we issued, we may cancel this policy only for one or more of the following reasons:

1. Nonpayment of premium, including any additional premium, calculated in accordance with our current rating manual, justified by a physical change in the insured property or a change in its occupancy or use;

2. Your conviction of a crime increasing any hazard insured against;

3. Discovery of fraud or material misrepresentation on the part of either of the following:

a. You or your representative in obtaining this insurance; or

b. You in pursuing a claim under this policy;

4. Failure to comply with written loss control recommendations;

5. Material change in the risk which increases the risk of loss after we issued or renewed insurance coverage;

6. Determination by the insurance commissioner that the continuation of the policy would jeopardize our solvency or would place us in violation of the insurance laws of Tennessee or any other state;

7. Your violation or breach of any policy terms or conditions; or

8. Other reasons that are approved by the insurance commissioner.

Notice of cancellation will state the reason for cancellation.

C. The following is added and supersedes any provisions to the contrary:

NONRENEWAL

1. If we decide not to renew this policy, we will mail or deliver written notice of nonrenewal to the first Named Insured and agent, at least 60 days before the expiration date unless:

a. We have offered to issue a renewal policy; or

b. You have obtained replacement coverage or have agreed in writing to obtain replacement coverage.

2. Any notice of nonrenewal will be mailed or delivered to the first Named Insured's and agent's addresses shown in the policy. If notice is mailed, proof of mailing will be sufficient proof of notice.

D. The following is added to the **Premiums** Common Policy Condition:

Whenever an insurance policy which is financed with a premium finance company is cancelled, the insurer shall return, within 30 days after the effective date of the cancellation, whatever gross unearned premiums are due under the insurance policy directly to the premium finance company for the account of the first Named Insured.

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EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES DUE TO DATES OR TIMES

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL CRIME COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART

A. We will not pay for loss ("loss") or damage caused directly or indirectly by any of the following. Such loss ("loss") or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss ("loss") or damage.

1. The failure, malfunction or inadequacy of:

a. Any of the following, whether belonging to any insured or to others:

(1) Computer hardware, including microprocessors;

(2) Computer application software;

(3) Computer operating systems and related software;

(4) Computer networks;

(5) Microprocessors (computer chips) not part of any computer system; or

(6) Any other computerized or electronic equipment or components; or

b. Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph **A.1.a.** of this endorsement;

due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.

2. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph **A.1.** of this endorsement.

B. If an excluded Cause of Loss as described in Paragraph **A.** of this endorsement results:

1. In a Covered Cause of Loss under the Boiler and Machinery Coverage Part, the Commercial Crime Coverage Part or the Commercial Inland Marine Coverage Part; or

2. Under the Commercial Property Coverage Part:

a. In a "Specified Cause of Loss", in elevator collision resulting from mechanical breakdown, or from theft (if insured) under the Causes of Loss – Special Form; or

b. In a Covered Cause of Loss under the Causes of Loss – Basic Form or the Causes of Loss – Broad Form;

we will pay only for the loss ("loss") or damage caused by such "Specified Cause of Loss", elevator collision, theft, or a Covered Cause of Loss.

C. We will not pay for repair, replacement or modification of any items in Paragraphs **A.1.a.** and **A.1.b.** of this endorsement to correct any deficiencies or change any features.

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POLICYHOLDER NOTICES

POLICYHOLDER NOTICES

IMPORTANT NOTICE – INDEPENDENT AGENT AND BROKER COMPENSATION

NO COVERAGE IS PROVIDED BY THIS NOTICE. THIS NOTICE DOES NOT AMEND ANY PROVISION OF YOUR POLICY. YOU SHOULD REVIEW YOUR ENTIRE POLICY CAREFULLY FOR COMPLETE INFORMATION ON THE COVERAGES PROVIDED AND TO DETERMINE YOUR RIGHTS AND DUTIES UNDER YOUR POLICY. PLEASE CONTACT YOUR AGENT OR BROKER IF YOU HAVE ANY QUESTIONS ABOUT THIS NOTICE OR ITS CONTENTS. IF THERE IS ANY CONFLICT BETWEEN YOUR POLICY AND THIS NOTICE, THE PROVISIONS OF YOUR POLICY PREVAIL.

For information about how Travelers compensates independent agents and brokers, please visit www.travelers.com, call our toll-free telephone number 1-866-904-8348, or request a written copy from Marketing at One Tower Square, 2GSA, Hartford, CT 06183.

POLICYHOLDER NOTICES

POLICYHOLDER NOTICES

NOTICE OF NEW

ACTUAL CASH VALUE ENDORSEMENT

YOUR NEW POLICY INCLUDES A NEW ENDORSEMENT FROM YOUR PREVIOUS POLICY. IMPORTANT LANGUAGE IS IDENTIFIED IN THIS NOTICE. PLEASE READ THIS NOTICE CAREFULLY.

WE ALSO MAY HAVE MADE CERTAIN WORDING AND FORMATTING CHANGES FOR THE PURPOSE OF CLARIFICATION OR IMPROVED READABILITY. THIS NOTICE DOES NOT NECESSARILY IDENTIFY ANY OR EVERY CLARIFICATION OR EDITORIAL CHANGE MADE.

NO COVERAGE IS PROVIDED BY THIS NOTICE. THIS NOTICE DOES NOT AMEND ANY PROVISION OF YOUR POLICY. YOU SHOULD REVIEW YOUR ENTIRE POLICY CAREFULLY FOR COMPLETE INFORMATION ON THE COVERAGES PROVIDED AND TO DETERMINE YOUR RIGHTS AND DUTIES UNDER YOUR POLICY. PLEASE CONTACT YOUR AGENT, BROKER OR LOCAL COMPANY REPRESENTATIVE IF YOU HAVE ANY QUESTIONS ABOUT THIS NOTICE. IF THERE IS ANY CONFLICT BETWEEN YOUR POLICY AND THIS NOTICE, THE PROVISIONS OF YOUR POLICY PREVAIL.

Actual Cash Value endorsement, IL T0 63 07 22, is added to your policy. This endorsement adds a definition for Actual Cash Value, which is defined as the value of covered property at the time of loss or damage. When calculating actual cash value using the estimated cost to repair or replace covered property, we may apply depreciation to all components of the estimated cost, including materials, labor, overhead and profit, and any applicable tax. The deduction for depreciation may include such considerations as age, condition (such as wear and tear or deterioration), reduction in useful life and obsolescence. With respect to Illinois, Kentucky, Mississippi, Ohio and Tennessee, this endorsement may result in a reduction of coverage when a reasonable deduction for depreciation is applied.

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To Our Valued Customer,

Each year, homeowners and business owners across the nation sustain significant weather-related property damage due to floods. These can include losses caused by waves, tidal waters, the overflow of a body of water, the rapid accumulation or runoff of surface water, and mudslide. In nearly all cases, these flood losses cannot be prevented or even anticipated. And, in many instances, the losses are devastating.

Most standard property insurance policies, including most of our policies, do not provide coverage for flood losses. While flood coverage is often available – primarily through the National Flood Insurance Program – it is rarely purchased. Unfortunately, each year we find that some policyholders are surprised and disappointed to learn that damages they have suffered as a direct result of flood are not covered under the policies they have purchased.

Please review your insurance coverage with your agent or Company representative. As you consider the need for flood insurance, keep in mind that floods can, and do, occur in locations all over the country. They are not limited to coastal areas or locations with nearby rivers or streams. Several inches of rain falling over a short period of time can cause flood damage, even in normally dry areas that are not prone to flooding.

For further information about Flood Insurance, contact your agent or company representative, or contact the National Flood Insurance Program directly.

Berkley
Accident and Health
a Berkley Company



AN ACCIDENT INSURANCE QUOTE FOR:
City of Franklin, Tennessee

PRESENTED TO:
Tennessee Risk Management Partners, LLC dba Public Risk Insurors

UNDERWRITTEN BY:

Berkley Life and Health Insurance Company and/or StarNet Insurance Company

THIS QUOTE IS VALID FOR 90 DAYS

Berkley
Accident and Health
a Berkley Company

Renewal Quote

Dear Michael Williams:

Based on the information provided Berkley Accident and Health is pleased to offer a Renewal Quote for **City of Franklin, Tennessee**.

Renewal Policy Effective Date		**Renewal Policy Expiration Date**
January 1, 2026	to	January 1, 2027

Name of Policyholder: City of Franklin, Tennessee

Address: 109 Third Avenue South

City: Franklin **State:** TN **Zip Code:** 37064

Eligibility:

Class 1:

- All participants of the Franklin Fire Department Explorer program.

Covered Activities:

Class 1:

- While participating in the Policyholder's supervised and sponsored activities including direct travel to and from the activities.

Premium:

Funding Option		

1. Fully Insured	Premium Amount: $500.00 Premium Mode: Annual	

BENEFIT	LIMIT	
Accidental Death and Dismemberment	Principal Sum: $50,000	
Aggregate Limit of Liability per Covered Accident	$250,000	
Accident Medical and Dental Expense	Accident Medical Expense: $25,000	
	• Co-Insurance	100%
	• Deductible	$0 Corridor
	• Terms of Payment	Full Excess
	• Loss Period (first Covered Accident Expenses must be incurred within)	90 days after the date of the Covered Accident
	• Benefit Period	1 year(s)
ADDITIONAL BENEFITS:		
Accidental Burn & Disfigurement	• 75-100% Body Disfigurement	100% of the Principal Sum
	• 50-74% Body Disfigurement	75% of the Principal Sum
	• 25-49% Body Disfigurement	50% of the Principal Sum
	• Burn Classification	Third
Coma	1% of the Principal Sum for the first 11 months, subject to 100% of the Principal Sum amount	

CLAIMS ADMINISTRATION

Your Claims Service Provider is: Health Special Risk, Inc.

Claim forms are available at: https://www.hsri.com/claim-forms.jsp

If you have any questions please call: (800) 328-1114

Health Special Risk, Inc.

Health Special Risk, Inc. (HSR) is a Third Party Claims Administrator specializing in the Participant Accident & Special Risk insurance marketplace. Licensed in all US states, HSR provides state–of–the–art reporting technologies as well as front–end premium online enrollment and payment administration (PCI Compliant certification). HSR is contracted with the major national PPO networks and re–pricing firms and delivers some of the highest claim discounts in the industry. HSR has been a TPA for 37 years and administers all types of AD&D, Accident & Sickness Medical Expense (primary or excess); Disability; Leisure Travel; Hospital Indemnity and various property benefits nationwide. The HSR Customer Service Call Center is located in Carrollton, Texas, and is open ten hours a day handling calls in both English and Spanish.

Capitalized terms in this New Business Proposal will have the meaning as defined within the policy.

ACCIDENTAL DEATH AND DISMEMBERMENT BENEFIT

If Injury to the Covered Person results in any of the Covered Losses shown below, within 365 days of the date of the accident that caused the Injury, the Company will pay the percentage of the Principal Sum shown below for that loss. If multiple losses occur, only one Benefit, the largest, will be paid for all Covered Losses due to the same Covered Accident.

Loss of:	Benefit: (Percentage of Principal Sum)
Life	100%
Brain Death	100%
Quadriplegia	100%
Two or More Members	100%
One Member	50%
Hemiplegia	50%
Paraplegia	50%
Uniplegia	25%
Thumb and Index Finger of the Same Hand	25%
Four fingers of the Same Hand	25%

"Member" means Hand or Foot, Arm or Leg, Sight, Speech and Hearing. "Loss of a hand or foot" means complete severance through or above the wrist or ankle joint. "Loss of Arm or Leg" means complete severance through or above the elbow or knee joint. "Loss of sight" means total and permanent loss of sight of one/both eyes that is irrecoverable, including by surgical and artificial means. "Loss of speech" means total and permanent loss of audible communication that is irrecoverable by natural, surgical or artificial means. "Loss of hearing" means permanent total deafness in both ears such that it cannot be corrected by any aid or device. "Loss of thumb and index finger of the same hand" means complete severance of each through or above the metacarpophalangeal joint of both digits of the same hand. Severance means the complete separation and dismemberment of the part from the body. "Brain Death" means irreversible unconsciousness with total loss of brain function; and complete absence of electrical activity of the brain, although the heart is still beating. "Hemiplegia" means total Paralysis of the upper and lower limbs on one side of the body. "Paraplegia" means total Paralysis of both lower limbs or both upper limbs. "Quadriplegia" means total Paralysis of both upper and lower limbs. "Uniplegia" means total Paralysis of one lower limb or one upper limb.

Aggregate Limit of Liability

The maximum amount the Company will pay on behalf of all Covered Persons for all covered Accidental Death and Dismemberment losses resulting from the same Accident will not exceed the Aggregate Limit of Liability as described in this New Business Proposal.

ACCIDENT MEDICAL AND DENTAL EXPENSE BENEFIT

If a Covered Person suffers an Injury that requires him or her to be treated by a Physician within the Loss Period, the Company will pay up to the Accident Medical and Dental Expense Benefits maximum amount for Covered Medical Expenses incurred by the Covered Person that result directly, and from no other cause, from all Injuries caused by the covered accident. These benefits are subject to the Deductibles, Coinsurance Factors, and Benefit Periods outlined in the New Business Proposal above.

Accident Medical Expense Benefits are only payable:

1) for Usual and Customary Charges incurred after the Deductible, if any, has been met;
2) for those Medically Necessary Covered Expenses incurred by or on behalf of the Covered Person;
3) for Covered Medical Expenses incurred within the designated Benefit Period after the date of the Covered Accident.

No benefits will be paid for any expenses incurred that are in excess of Usual and Customary Charges.

Covered Medical Expenses include:

1) Hospital room and board expenses: the daily room rate when a Covered Person is Hospital Confined and general nursing care is provided and charged for by the Hospital. In computing the number of days payable under this benefit, the date of admission will be counted, but not the date of discharge.
2) Ancillary Hospital expenses: services and supplies including operating room, laboratory tests, anesthesia and medicines (excluding take home drugs) when Hospital Confined.
3) Daily Intensive Care Unit/Cardiac Care Unit Expenses: the daily room rate when a Covered Person is Hospital confined in a bed in the Intensive Care Unit/Cardiac Care Unit and nursing services other than private duty nursing services.
4) Registered Nurse Services Expenses for private duty nursing while a Covered Person is Hospital Confined, when services are ordered by a Physician.
5) Medical Emergency Care (room and supplies) expenses incurred within 72 hours of a Covered Accident and including the attending Physician's charges, x-rays, laboratory procedures, use of the emergency room and supplies.
6) Outpatient surgery expenses, including Ambulatory Surgical Center.
7) Outpatient surgical room and supply expenses for use of the surgical facility.
8) Outpatient diagnostic x-rays, laboratory procedures and test expenses.
9) Physician non-surgical treatment/examination expenses (excluding medicines) including the Physician's initial visit, each necessary follow-up visit and consultation visits when referred by the attending Physician.
10) Second surgical opinion expenses.
11) Physician surgical expenses. If an Injury requires multiple surgical procedures through the same incision, We will pay only one benefit, the largest of the procedures performed. If multiple surgical procedures are performed during the same operative session, but through different incisions, We will pay for the most expensive procedure and 50% of Covered Expenses for the additional surgeries.
12) Assistant Surgeon expenses when Medically Necessary.
13) Anesthesiologist expenses for pre-operative screening and administration of anesthesia during a surgical procedure whether on an inpatient or outpatient basis.
14) Outpatient laboratory test expenses.
15) Physiotherapy (physical medicine) expenses on an inpatient or outpatient basis limited to one visit per day; expenses include treatment and office visits connected with such treatment when prescribed by a Physician, including diathermy, ultrasonic, whirlpool, heat treatments, chiropractic, adjustments, manipulation, massage or any form of physical therapy.
16) Post-surgical physical medicine expenses and office visits connected with such treatment when prescribed by a Physician.
17) X-ray expenses (including reading charges) not including dental x-rays.

18) Diagnostic imaging expenses including magnetic resonance imaging (MRI) and CAT scans.
19) Dental expenses including dental x-rays for the repair or treatment of each injured tooth that is whole sound and a natural tooth at the time of the Covered Accident.
20) Dental expenses related to the installation of crowns, caps, bridges and dentures; oral surgery and endodontics and repair or replacement of caps and crowns that existed prior to the Covered Accident.
21) Outpatient registered nurse services if ordered by a Physician.
22) Ambulance expenses for transportation from the Accident site to the Hospital.
23) Rehabilitative braces or appliances prescribed by a Physician. It must be durable medical equipment that is primarily and customarily used to serve a medical purpose and can withstand repeated use and generally is not useful to a person in the absence of Injury. No benefits will be paid for rental charges in excess of the purchase price.
24) Prescription drug expenses prescribed by a Physician and administered on an outpatient basis.
25) Medical equipment rental expenses for a wheelchair or other medical equipment that has therapeutic value for the Covered Person. We will not cover computers, motor vehicles or modifications to a motor vehicle, ramps and installation costs.
26) Medical services and supplies for blood and blood transfusions; oxygen and its administration.
27) Eyeglasses, contact lenses and hearing aids when damage occurs in a Covered Accident that requires medical treatment.
28) Artificial limbs, eyes and larynx for initial acquisition and fitting. We will not pay for repair or replacement of artificial limbs, eyes or larynx.
29) Heart and circulatory conditions: expenses for treatment of heat exhaustion, heart attack, stroke, burst aneurysm if the condition occurs during a Covered Accident.
30) Rehabilitation care facility expenses for physical and occupational rehabilitation. Treatment must be provided in a duly licensed Rehabilitation Facility and be under the direction of a Physician. "Rehabilitation Facility" means a Hospital or special unit of a Hospital designated as a Rehabilitation Facility or a free standing facility which provides physical therapy, occupational therapy or speech therapy pursuant to the law of the jurisdiction in which treatment is received.

TERMS OF PAYMENT FOR ACCIDENT MEDICAL AND DENTAL EXPENSE BENEFIT

Full Excess: Covered Medical Expenses incurred by a Covered Person, subject to any cost containment limits set out in the Summary above, will be paid on an excess basis after any other valid and collectible insurance payments.

Failure by a Covered Person to follow the terms and conditions and/or failure to utilize the network providers and facilities of his or her primary coverage will result in a benefit reduction of Covered Medical Expense to 50% of the amount otherwise payable under the Policy. This limitation will not apply to emergency treatment required within 24 hours after an accident when the accident occurs outside the geographic area served by the Covered Person's primary plan's HMO, PPO or other similar arrangement for provision of benefits or services, if applicable.

ACCIDENTAL BURN & DISFIGUREMENT BENEFIT

We will pay this benefit if the Covered Person suffers burns that leave him or her Disfigured as defined in the policy. The burns must result directly and independently of all other causes from a Covered Accident. The Disfigurement must satisfy all of the conditions below:

1) Reconstructive or cosmetic surgery is required to restore the Covered Person's physical abilities or correct Disfigurement and must commence within 2 years of the Covered Accident; and
2) If occupational coverage is provided to the Covered Person, the Covered Accident must occur while the Covered Person is on the Policyholder's premises and engaged in the course of his or her job; and
3) A Physician must determine that the burn involves the minimum percentage required, be classified as defined herein and results in Disfigurement or loss of physical abilities.

COMA BENEFIT

If Injury results in a covered Coma within 30 days of the accident that caused the Injury and the Coma continues for at least 30 days, the Company will pay monthly benefits equal to 1% of the Principal Sum for the first 11 months; with the remainder paid in a lump sum up to 100% of the Principal Sum paid in the 12th month if the Covered Person remains in a Coma. If death results from the same accident that caused the Coma, the maximum benefit payable for Coma and accidental death combined will not be more than 100% of the Covered Person's Principal Sum. No benefit is provided for the first 7 days of Coma. The benefit is paid monthly, beginning on the 8th day of the Coma and ends on the earliest of the date the Coma ends, whether by death, recovery, or any other change of condition or when 100% of the Principal Sum is paid out.

EXCLUSIONS

The Policy does not cover any loss resulting in whole or part from, or contributed to by, or as a natural or probable consequence of any of the following even if the immediate cause of the loss is an accidental bodily Injury, unless otherwise covered under the policy by Additional Benefits:

1. Suicide, self–destruction, attempted self–destruction or intentional self–inflicted Injury while sane or insane.
2. War or any act of war, declared or undeclared.
3. Service or Active Duty in the armed forces, National Guard, military, naval or air service or organized reserve corps of any country or international organization.
4. Sickness, disease or any bacterial infection, except one that results from an accidental cut or wound or pyogenic infections that result from accidental ingestion of contaminated substances.
5. Disease or disorder of the body or mind.
6. Asphyxiation from voluntarily or involuntarily inhaling gas and not the result of the Covered Person's job.
7. Voluntarily taking any drug or narcotic unless the drug or narcotic is prescribed by a Physician.
8. Intoxication or being under the influence of any drug or narcotic.
9. Violation or in violation or attempt to violate any duly–enacted law or regulation, or commission or attempt to commit an assault or felony, or that occurs while engaged in an illegal occupation.
10. Conditions that are not caused by a Covered Accident.
11. Covered Expenses for which the Covered Person would not be responsible in the absence of this Policy.
12. Injuries paid under Workers' Compensation, Employer's liability laws or similar occupational benefits or while engaging in activity for monetary gain from sources other than the Policyholder.
13. Travel or activity outside the United States.
14. Participation in any motorized race or speed contest.
15. Aggravation or re–injury of a prior Injury that the Covered Person suffered prior to his or her coverage Effective Date, unless We receive a written medical release from the Covered Person's Physician.
16. Any Injury requiring treatment which arises out of, or in the course of fighting, brawling assault or battery.
17. Injury caused by, contributed to or resulting from the Covered Person's use of alcohol, illegal drugs or medicines that are not taken in the dosage or for the purpose as prescribed by the Covered Person's Physician.
18. Services or treatment rendered by a Physician, Nurse or any other person who is employed or retained by the Policyholder; or an Immediate Family member of the Covered Person.
19. Treatment of a hernia whether or not caused by a Covered Accident.
20. Treatment of Osgood–Schlatter's disease, osteochondritis, appendicitis, osteomyelitis, cardiac disease or conditions, pathological fractures, congenital weakness, whether or not caused by a Covered Accident.
21. Treatment of a detached retina unless caused by an Injury suffered from a Covered Accident.
22. Pregnancy, childbirth, miscarriage, abortion or any complications of any of these conditions.
23. Mental or nervous disorders, except as specifically provided in this policy.
24. Damage to or loss of dentures or bridges or damage to existing orthodontic equipment, except as specifically provided in this Policy.
25. Expense incurred for treatment of temporomandibular or craniomandibular joint dysfunction and associated myofacial pain, except as specifically provided in this Policy.

26. Loss resulting from participation in any activity not specifically covered by this Policy.
27. Any treatment, service or supply not specifically covered by this Policy.
28. Practice or play in any sports activity, including travel to and from the activity and practice, unless specifically provided for in the Policy.
29. Travel or flight in or on any vehicle for aerial navigation, including boarding or alighting from:
    i. While riding as a passenger in any aircraft not intended or licensed for the transportation of passengers; or
    ii. While being used for any test or experimental purpose; or
    iii. While piloting, operating, learning to operate or serving as a member of the crew thereof; or
    iv. while traveling in any such aircraft or device which is owned or leased by or on behalf of the Policyholder of any subsidiary or affiliate of the Policyholder, or by the Covered Person or any member of his household.

Except as a fare paying passenger on a regularly scheduled commercial airline.

IMPORTANT INFORMATION:
This Renewal Quote presents only a summary of the benefits, terms, conditions, limitations and exclusions provided under insurance policy form series AH51051 and is based on the information submitted and rates in effect on the Quote Date. Please refer to the actual policy for a complete description of all the coverages and benefits along with all the conditions, limitations and exclusions applicable under the policy. If there is a conflict between this Renewal Quote and the issued policy, the issued policy will prevail.

The insurance described in this Renewal Quote provides limited benefits. Limited benefits plans are insurance products with reduced benefits intended to supplement comprehensive health insurance plans. This insurance is not an alternative to comprehensive coverage. It does not provide major medical or comprehensive medical coverage and is not designed to replace major medical insurance. Further, this insurance is not minimum essential benefits as set forth under the Patient Protection and Affordable Care Act.

This Renewal Quote does not apply to the extent that trade or economic sanctions or other laws or regulations prohibit us from offering or providing insurance. To the extent any such provisions apply, this Renewal Quote is void. If any of the information submitted for this Renewal Quote is altered or if material new information is received, we reserve the right to change this quote accordingly. *Coverage under the policy may not be available in all states. For complete details, please contact us at* SpecialRiskSolutions@BerkleyAH.com.

VISIT OUR WEBSITES – Company Website: www.BerkleyAH.com • **Corporate Website:** www.WRBerkley.com *Insurance coverage offered by Berkley Accident and Health is underwritten by Berkley Life and Health Insurance Company (domiciled in Iowa - California Certificate of Authority #08527) and/or StarNet Insurance Company (domiciled in Delaware - California Certificate of Authority #6978), 2445 Kuser Road, Suite 201, Hamilton Square, NJ 08690, both member companies of W. R. Berkley Corporation and both rated A+ (Superior) by A.M. Best*
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Thank you for giving Berkley Accident & Health the opportunity to provide you with a Renewal Quote, please do not hesitate to contact your sales representative or underwriter with any questions.

Sincerely,



Trevor Blanchard
Regional Sales Representative

TBlanchard@berkleyah.com

Cheryl Lawrence
Underwriter

clawrence@berkleyah.com

ACCEPTANCE OF RENEWAL QUOTE

Policyholder Name: City of Franklin, Tennessee

Renewal Quote Date: 06/26/2024

Renewal Policy Effective Date: July 1, 2024

This Renewal Quote provides a summary of the Policy features only and does not cover all the terms, conditions and limitations. The Policy will contain the actual terms, conditions and limits of the coverage to be provided. If there is any conflict between the summary in this Renewal Quote and the Policy, the Policy will govern in all cases. Acceptance of this Renewal Quote is contingent upon and subject to the actual terms of the Policy as issued. **Please note that this quote is valid for 90 days (the valid period of 90 days does not extend beyond the expiration date of the current policy period).**

To bind coverage for this risk, simply complete the below acceptance of this Renewal Quote and remit via e-mail to TBlanchard@berkleyah.com

_____

Producer Signature

_____

Producer Name (Printed)

VISIT OUR WEBSITES- Company Website: www.BerkleyAH.com • Corporate Website: www.WRBerkley.com *Insurance coverage offered by Berkley Accident and Health is underwritten by Berkley Life and Health Insurance Company (domiciled in Iowa - California Certificate of Authority #08527) and/or StarNet Insurance Company (domiciled in Delaware - California Certificate of Authority #6978), 2445 Kuser Road, Suite 201, Hamilton Square, NJ 08690, both member companies of W. R. Berkley Corporation and both rated A+ (Superior) by A.M. Best.*

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CYBER OPTION #1

Risk Specialists Companies Insurance Agency, Inc.
d/b/a RSCIA in NH, UT & VT

CA Surplus Lines License #: 0G29322

One Alliance Center
3500 Lenox Road, Suite 1100
Atlanta, GA 30326

June 04, 2025

DIAL BURWELL
CONNECTED RISK SOLUTIONS, LLC
3340 PEACHTREE ROAD NE SUITE 1950
ATLANTA, GA 30326

Insured:	**FRANKLIN, CITY OF** **109 3RD AVE S** **FRANKLIN, TENNESSEE 37064-2519**
Insurance Carrier:	**LEXINGTON INSURANCE COMPANY** **99 HIGH ST, FLOOR 23, BOSTON, MA, 02110-2378**
Policy:	**SPECIALTY RISK PROTECTOR** **SUBMISSION #: 39663913** **REPLACEMENT OF POLICY #: 01-357-23-54 POLICY** **PERIOD: FROM 01/01/2026 TO 01/01/2027**

NOTICE: THIS INSURER IS NOT LICENSED IN THE STATE OF NEW YORK AND IS NOT SUBJECT TO ITS SUPERVISION.

Dear DIAL:

As per your request for a SPECIALTY RISK PROTECTOR conditional quote, and based upon the information submitted, we are pleased to conditionally quote the following subject to receipt, review and acceptance of the following information :

1. Brokers Surplus License (Prior to Bind)
2. Quote Subject to Change Based On Updated Controls At renewal Date

Option:1

Limit of Liability	$5,000,000
Total Premium	$148,754

CyberEdge® Security and Privacy Liability	
Coverage Section Limit	$5,000,000
Security and Privacy Insuring Agreement Sublimit	$5,000,000
Data Privacy Regulatory Insuring Agreement Sublimit	$0
Retention	$100,000
Security and Privacy Continuity Date	July 01, 2018
Data Privacy Regulatory Continuity Date	Not Applicable
Security and Privacy Retroactive Date	Full prior Acts
Data Privacy Regulatory Retroactive Date	Not Applicable

CyberEdge® Event Management Insurance	
Coverage Section Limit	$5,000,000
Event Response Insuring Agreement Sublimit	$5,000,000
Electronic Data Insuring Agreement Sublimit	$5,000,000
Retention	$100,000

CyberEdge® Network Interruption Insurance			
Coverage Section Limit			$5,000,000
Extended Period of Indemnity			180 days
Extra Expense Sublimit			$5,000,000
Proof of Loss Costs Sublimit			$100,000
Security Failure of:	Sublimit	Retention	Waiting Period
Insured's Computer System	$5,000,000	$100,000	12 hours
IT Service Provider's Computer System	$5,000,000	$100,000	12 hours
Non-IT Service Provider's Computer System	$5,000,000	$100,000	12 hours

CyberEdge® Cyber Extortion Insurance	
Coverage Section Limit	$5,000,000
Retention	$100,000

Media Content Insurance (Claims Made)	
Coverage Section Limit	$5,000,000
Retention	$100,000
Continuity Date	June 25, 2024
Retroactive Date	Full prior Acts

Reputation Guard (RG)	
Coverage Section Limit	$50,000
Coinsurance	0%
Retention	$0
Continuity Date	June 25, 2024

Premium figures do not include surplus lines tax, or stamping office fee (if applicable) or any other surcharges or taxes required by law (if any). The Surplus Lines Agent/Broker of Record listed below is responsible to follow applicable state surplus lines laws and, in particular, to see that appropriate premium tax, stamping fee (if applicable) and any other surcharges or taxes required by law are collected, reported and paid.

For purposes of surplus lines compliance, our records indicate the following:

1. The state set forth in the above- referenced Insured Address is the Home State1 of the Insured.
2. Surplus Lines Agent/Broker of Record:
3. Firm Name: CONNECTED RISK SOLUTIONS, LLC
4. Firm Address: 3340 PEACHTREE ROAD NE, SUITE 1950
   ATLANTA, GA,30326
5. Home State Surplus Lines License Number:

If the information enumerated above is complete and correct, no action is necessary.
If any of the above mentioned information is incomplete or incorrect, you must notify us in writing prior to binding

[1]Home State means:

(A) In general.– Except as provi dedi nsubparagraph (B), the term "home state" means, with respect to an insured –

(i) the statei nwhi chan insured mai ntai nsi tspri nci pal place of busi nessor, i nthe case of an i ndividual, the i ndividual's pri nci pal resi dence; or

(ii) if 100 percent of the insured risk is located out of the state referred to in clause (i), the state to which the greatest percentage of the insured's taxable premi um for that insurance contract is allocated.

(B) Affili ated Groups. – If more than 1 insured from an affili ated group are named insureds on a single non-admitted insurance contract, the term "home State" means the home State, as determined pursuant to subparagraph (A), of the member of the affili ated group that has the largest percentage of premi um attributed to it under such insurance contract.

SPECIALTY RISK PROTECTOR 143590 (07/23) will provide the basic contract. If you have not been previously provided with a copy of this policy form, a specimen is enclosed or will be provided at your request. Please read it carefully.
The following will be added to the basic policy:

#	Form #	Ed Dt	Title
1	143590	07/23	GENERAL TERMS AND CONDITIONS
2	143592	07/23	CYBER EXTORTION COVERAGE SECTION
3	143593	07/23	EVENT MANAGEMENT COVERAGE SECTION
4	143594	07/23	MEDIA CONTENT COVERAGE SECTION (CLAIMS MADE)
5	143596	07/23	NETWORK INTERRUPTION COVERAGE SECTION
6	143599	07/23	REPUTATIONGUARD COVERAGE SECTION
7	143600	07/23	SECURITY AND PRIVACY COVERAGE SECTION
8		12/99	2015 General LMG for Div 05

The following endorsements will be added to the basic policy:

#	Form #	Ed Dt	Title
1	149133	08/23	NOTICE PROVISION AMENDED ENDORSEMENT
2	119679	09/15	ECONOMIC SANCTIONS ENDORSEMENT
3	147709	03/23	SERVICE OF SUIT CLAUSE ADDED ENDORSEMENT
4	153768	08/24	CYBEREDGE LOSS PREVENTION SERVICES ENDORSEMENT
5	143890	06/22	TERRITORY RESTRICTION ENDORSEMENT (ALL COVERAGE SECTIONS OTHER THAN SPL CCP)
6	149160	08/23	REPUTATIONBASED INCOME LOSS COVERAGE ENDORSEMENT Full limits Waiting Period: 14 Days
7	147516	02/23	CHOICE OF PANEL COUNSEL ENDORSEMENT
8	147510	02/23	CRIMINAL REWARD COVERAGE EXTENSION
9	151418	12/23	SECURITY FAILURE AND EXTORTION THREAT DEFINITIONS AMENDED ENDORSEMENT CYBERTERRORISM DELETED
10	147477	02/23	OPIOID MISUSE EXCLUSION ENDORSEMENT
11	147483	02/23	MUSIC LICENSING AND MISAPPROPRIATION OF NAMEPERSONALIKENESS EXCLUSIONS ENDORSEMENT
12	151409	12/23	WAR EXCLUSION AMENDED 23-01 SPECIFIC TO CYBER COVERAGE SECTIONS
13	125595	03/17	FEDERAL SHARE OF COMPENSATION UNDER TRIA AND CAP ON LOSSES ENDORSEMENT
14	78859	10/01	FORMS INDEX ENDORSEMENT
15	152229	06/24	EXPANDED CYBER CRIME COVERAGE ENDORSEMENT 250K x 100k SIR
16	153797	08/24	SYSTEM FAILURE COVERAGE ENDT COMPUTER SYSTEM OF INSUREDIT SERVICE PROVIDERNON-IT PROVIDER • Insured's Computer Systems: Full limit, 100,000 retention, 12 hour waiting period • IT Service Provider's Computer System: Full limit, 100,000 retention,12 hour waiting period • Non - IT Service Provider: Full limit, 100,000 retention, 12 hour waiting period

17	155311	03/25	DEFINITION OF DEFENSE COSTS AMENDED ENDORSEMENT LOST EARNINGS - ATTEND TRIAL $500/ day $50k agg
18	151762	03/24	ITEM 2 AMENDED ENDORSEMENT POLICY PERIOD, AP The City of Franklin AP: $73,879 Expiration date: 1/1/2026

With respect to each Option above, the following will apply

Premium for Certified Acts of Terrorism Coverage under Terrorism Risk Insurance Act, as amended (TRIA): $0 included in policy premium stated above. Any coverage provided for losses caused by an act of terrorism as defined by TRIA (TRIA Losses) may be partially reimbursed by the United States under a formula established by TRIA as follows: 80% of TRIA Losses in excess of the insurer deductible mandated by TRIA, the deductible to be based on a percentage of the insurer's direct earned premiums for the year preceding the act of terrorism.

The TRIA disclosure is attached hereto.

IMPORTANT : READ CAREFULLY

In order to complete the underwriting process, we require that you send us the additional information requested at the beginning of the letter. We are not required to bind coverage prior to our receipt, review and underwriting approval of the above information. However, if we do bind coverage prior to such approval, we will issue a CONDITIONAL BINDER that is conditioned upon receipt, review and written underwriting approval of the above information. Such temporary binding of coverage shall be void ab initio ("from the beginning") if such information is not received, reviewed and approved in writing by the Insurer. Payment of premium shall not operate to extend the binding period or nullify the automatic voiding as described above.

This conditional quote is strictly conditioned upon no material change in the risk occurring between the date of this letter and the inception date of the proposed policy. In the event of such change in risk, the Insurer may in its sole discretion, whether or not this quote has been already accepted by the Insured, modify and/or withdraw this quote.

This conditional quote will remain open until the earliest of the following dates: (1) 30 days from the date of this letter; (2) the effective date of the quoted policy; or (3) the date of any withdrawal of this quote by the Insurer pursuant to any terms of this quote providing for such withdrawal.

If coverage is bound, the premium must be remitted within thirty (30) days of the effective date of this policy or fifteen (15) days from the date of billing, whichever is later. It is your responsibility to follow the surplus lines laws of the State of Tennessee, and in particular to see that the appropriate premium tax is collected and paid.

Thank you for the opportunity to conditional quote this account. Policy highlights are attached for your review. Please note that this conditional quote contains only a general description of coverages provided. For a detailed description of the terms of the policy, you must refer to the policy itself and any endorsements conditionally quoted. If you have any questions about this conditional quote, please do not hesitate to call. We would also be pleased to meet with you and your client to answer any questions they may have.

Sincerely,

Rochelle Elliott
Underwriter

CC:
Javantie James
Underwriting Analyst

POLICYHOLDER DISCLOSURE

NOTICE OF TERRORISM INSURANCE COVERAGE

(COVERAGE INCLUDED)

Coverage for acts of terrorism is included in your policy. You are hereby notified that under the Terrorism Risk Insurance Act, as amended in 2015, the definition of act of terrorism has changed. As defined in Section 102(1) of the Act: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury—in consultation with the Secretary of Homeland Security, and the Attorney General of the United States—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion. Under your coverage, any losses resulting from certified acts of terrorism may be partially reimbursed by the United States Government under a formula established by the Terrorism Risk Insurance Act, as amended. However, your policy may contain other exclusions which might affect your coverage, such as an exclusion for nuclear events. Under the formula, the United States Government generally reimburses 85% through 2015; 84% beginning on January 1, 2016; 83% beginning on January 1, 2017; 82% beginning on January 1, 2018; 81% beginning on January 1, 2019 and 80% beginning on January 1, 2020 of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The Terrorism Risk Insurance Act, as amended, contains a $100 billion cap that limits U.S. Government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds $100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed $100 billion, your coverage may be reduced.

The portion of your annual premium that is attributable to coverage for acts of terrorism is $0, and does not include any charges for the portion of losses covered by the United States government under the Act.

This endorsement, effective forms a part of
Policy number:
Issued to:

By:

NOTICE PROVISION AMENDED ENDORSEMENT

This endorsement modifies insurance provided under the following:

Specialty Risk Protector®
General Terms and Conditions

In consideration of the premium charged, it is hereby understood and agreed that paragraph (e) of Clause 6. **NOTICE** of the **General Terms and Conditions** is amended to include the following at the end thereof:

In addition to the above, written notice may be given to the **Insurer** by completing and submitting the First Notice of Loss ("FNOL") form in the CyberEdge(R) Communications Platform (powered by Cygnvs) available to the **Named Entity** at https://cygnvs.net.

Use of the above method of reporting is conditioned upon the **Named Entity** first being provisioned to the CyberEdge(R) Communications Platform. If the **Named Entity** has not been provisioned to the CyberEdge(R) Communications Platform already, they should contact CyberLossControl@aig.com for support or submit a request at cygnvs.info/aigriskservices.

The date of submission to the **Insurer** on CyberEdge(R) Communications Platform shall constitute the date that such notice was given.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

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END

ENDORSEMENT#

This endorsement, effective at forms a part of
Policy number
Issued to:

By:

ECONOMIC SANCTIONS ENDORSEMENT

This endorsement modifies insurance provided under the following:

Coverage shall only be provided and payment of loss under this policy shall only be made in full compliance with enforceable United Nations economic and trade sanctions and the trade and economic sanction laws or regulations of the European Union and the United States of America, including, but not limited to, sanctions, laws and regulations administered and enforced by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC").

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

AUTHORIZED REPRESENTATIVE

This endorsement, effective forms a part of
Policy number:
Issued to:

By:

SERVICE OF SUIT CLAUSE ADDED ENDORSEMENT

This endorsement modifies insurance provided under the following:

Specialty Risk Protector®
General Terms and Conditions

In consideration of the premium charged, it is hereby understood and agreed that the **General Terms and Conditions** is amended to include the following additional Clause at the end thereof:

S-1. **SERVICE OF SUIT**

Subject to Clause 16 above, it is agreed that in the event of the **Insurer's** failure to pay any amount claimed to be due under this policy, the **Insurer**, at the request of any **Insured**, will submit to the jurisdiction of a court of competent jurisdiction within the United States of America. Nothing in this Clause constitutes, or should be understood to constitute, a waiver of the **Insurer's** rights to commence an action in any court of competent jurisdiction in the United States of America, to remove an action to a United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States of America or of any state in the United States of America. It is further agreed that service of process may be made upon General Counsel, Legal Department, at the **Insurer** address set forth in Item 4 of the Declarations, or his or her representative, and that in any suit instituted against the **Insurer** upon this contract, the **Insurer** will abide by the final decision of such court or of any appellate court in the event of any appeal.

Further, pursuant to any statute of any state, territory, or district of the United States of America which makes provision therefore, the **Insurer** hereby designates the Superintendent, Commissioner, or Director of Insurance, or other officer specified for that purpose in the statute, or his or her successor or successors in office as the **Insurer's** true and lawful attorney upon whom may be served any lawful process in any action, suit, or proceeding instituted by or on behalf of any **Insured** or any beneficiary hereunder arising out of this contract of insurance, and hereby designates the above-named General

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Counsel as the person to whom the said officer is authorized to mail such process or a true copy thereof.

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This endorsement, effective forms a part of
Policy number:
Issued to:

By:

CYBEREDGE LOSS PREVENTION SERVICES ENDORSEMENT

In consideration of your purchase of this policy, it is hereby understood and agreed that the **Named Entity** is eligible to enroll for **Loss Prevention Services**. It is at the discretion of the **Named Entity** to enroll in the **Loss Preventions Services**, and such enrollment shall have no impact on the premium charged under this policy. The **Named Entity** can begin the enrollment process by visiting the following site: www.aig.com/cyberlosscontrol.

For purposes of this endorsement, "**Loss Prevention Services**" means cyber risk management tools and services made available to the **Named Entity** as further described at the link set forth above. The annual premium for this policy, as set forth in Item 3 of the Declarations, shall determine the tier of **Loss Prevention Services** in which the **Named Entity** is eligible to enroll.

Annual Premium	Tier of **Loss Prevention Services**
$899 or less	Tier I
$900 - $4,999	Tier II
$5,000 or greater	Tier III

The **Insurer** may modify (by adding, removing or replacing a tool or service) or discontinue the **Loss Prevention Services** at any time. The **Insurer** may partner with third party vendors to provide any or all of the **Loss Prevention Services** to the **Named Entity**.

The **Named Entity** is only eligible for **Loss Prevention Services** during the **Policy Period.**

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Pollcy number:
Issued to:

By:

TERRITORY RESTRICTION ENDORSEMENT
(ALL COVERAGE SECTIONS OTHER THAN SPL & CCP)

It is hereby understood and agreed that each **Applicable Coverage Section** is amended as follows:

Notwithstanding anything to the contrary in this policy, or any appendix or endorsement added to this policy, there shall be no coverage afforded by any **Applicable Coverage Section** for any:

i. entity organized or incorporated pursuant to local law in a **Specified Area**, or headquartered in a **Specified Area**;
ii. part of any claim, action, suit or proceeding made, brought or maintained in a **Specified Area**, other than amounts incurred outside the **Specified Area** by a natural person outside the **Specified Area** to defend a claim, action, suit or proceeding made, brought or maintained in the **Specified Area**, but solely as those amounts are covered elsewhere in such **Applicable Coverage Section**; however, in connection with the payment of any such amounts, the insurer shall have no duty to defend or investigate such claim, action, suit or proceeding; or
iii. loss of, theft of, damage to, loss of use of, encryption of, interruption to the operations or availability of, or destruction of any part of any property (tangible or intangible) located in a **Specified Area**, including, but not limited to, any computer system, data, digital assets, money or securities located in a **Specified Area**; however, nothing in this subparagraph shall limit the coverage afforded in connection with property which is in a **Specified Area** as a consequence of theft or misappropriation of such property from outside a **Specified Area**.

For purposes of this endorsement, **"Specified Area"** means:

a. The Republic of Belarus; or
b. The Russian Federation (as recognized by the United Nations) or their territories, including territorial waters, or protectorates where they have legal control; legal control shall mean where recognized by the United Nations.

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Where there is any conflict between the terms of this endorsement and the terms of the policy, the terms of this endorsement shall apply, subject at all times to the application of any Sanctions clause.

If any provision of this endorsement is or at any time becomes to any extent invalid, illegal or unenforceable under any enactment or rule of law, such provision will, to that extent, be deemed not to form part of this endorsement but the validity, legality and enforceability of the remainder of this endorsement will not be affected.

As used in this endorsement, "**Applicable Coverage Section**" means any purchased **Coverage Section** other than the **SPL Coverage Section** and **CCP Coverage Section**.

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This endorsement, effective forms a part of
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Issued to:

By:

REPUTATION-BASED INCOME LOSS COVERAGE ENDORSEMENT

This endorsement modifies insurance provided under the following:

Specialty Risk Protector®
Event Management Coverage Section
General Terms and Conditions

ENDORSEMENT SCHEDULE

Reputation Income Loss Sublimit	$ 2,500,000
Waiting Period	14 days

In consideration of the premium charged, it is hereby understood and agreed that the policy is amended as follows:

1. The following clause is added to the end of Clause 1. **INSURING AGREEMENTS** of the **Event Management Coverage Section** and is solely with respect to **Adverse Publicity** concerning a **Security Failure, Privacy Event or Extortion Threat** first discovered during the **Policy Period**:

   REPUTATION INCOME LOSS INSURING AGREEMENT

   The **Insurer** shall pay all **Loss** in excess of the applicable Retention that an **Insured** incurs after the **Waiting Period** solely as a result of **Adverse Publicity** concerning an actual or alleged **Security Failure, Privacy Event or Extortion Threat.**

2. Solely with respect to the coverage afforded under this endorsement, the following definitions are added to Clause 2. **DEFINITIONS** of the **Event Management Coverage Section:**

   "**Adverse Publicity**" means the dissemination via any medium (including but not limited to dissemination via print, video, audio, electronic, or digital or digitized form) of previously non-public information specifically concerning an actual or alleged **Security Failure, Privacy Event or Extortion Threat** affecting an **Insured's** customers, clients or patients. In determining the applicable **Waiting Period** and **Period of Indemnity,** all **Adverse Publicity** relating to the same

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Security Failure, **Privacy Event** or **Extortion Threat** or any **Related Acts** thereto shall be deemed to occur at the time of the first such **Adverse Publicity**.

"**Period of Indemnity**" means the six (6) month period of time beginning at the conclusion of the **Waiting Period.**

"**Waiting Period**" means the amount of time set forth in the ENDORSEMENT SCHEDULE that must elapse after the **Adverse Publicity**.

3. Solely with respect to the coverage afforded in this endorsement, the definition of "**Loss**" in Clause 2. **DEFINITIONS** of the **Event Management Coverage Section** is deleted in its entirety and replaced with the following:

   "**Loss**" means the Net Income (Net Profit before income taxes) that would have been earned by the **Insured** during the **Period of Indemnity** but for the **Adverse Publicity**.

4. Solely with respect to the coverage afforded in this endorsement, the definition of "**First Party Event**" in Clause 2. **DEFINITIONS** of the **Event Management Coverage Section** is deleted in its entirety and replaced with:

   "**First Party Event**" means any **Privacy Event**, **Security Failure**, **Extortion Threat,** or **Adverse Publicity**.

5. Solely with respect to the coverage afforded in this endorsement, Clause 3. **EXCLUSIONS** of the **Event Management Coverage Section** is amended to include the following additional exclusions at the end thereof:

   RB(a) for the fees or expenses for the services of a public relations firm, crisis management firm or law firm to advise an **Insured** on minimizing the harm to an **Insured's** brand or reputation or restoring public confidence in an **Insured.**

   RB(b) for public relations expenses, advertising expenses, or expenses to notify those persons or entities that may have been affected by the **Security Failure**, **Privacy Event** or **Extortion Threat.**

   RB(c) arising out of, based upon or attributable to **Adverse Publicity** that refers or relates to the security or privacy of other entities in the same or similar business or industry as an

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Insured, including an **Insured's** competitors, unless there are specific assertions as to a **Security Failure**, **Privacy Event** or **Extortion Threat** affecting the **Insured**.

RB(d) for any liability to third parties regardless of reason, including, without limitation, any legal costs and expenses, liquidated damages, contractual penalties, civil or criminal fines or penalties, or consequential damages.

RB(e) for any **Loss** resulting from an actual interruption or suspension of an **Insured's** business directly caused by a **Security Failure** or **Extortion Threat**.

6. Solely with respect to the coverage afforded under this endorsement, subparagraphs (b)(1)(a)-(b)(1)(g) of Clause 7. **INSURED'S OBLIGATIONS** of the **General Terms and Conditions** are deleted in their entirety and replaced with the following:

(b) complete and sign a written, detailed and affirmed proof of loss no earlier than ninety (90) days after, and no later than one hundred fifty (150) days after, the end of the **Period of Indemnity** (unless such requirement has been modified by the **Insurer** in writing) which shall include, along with any other pertinent information:

(1) a full description of such **Loss** and the circumstances surrounding such **Loss**, which shall include, among any other necessary information, the time, place and cause of the **Loss**;
(2) a detailed calculation of any **Loss**; and
(3) all underlying documents and materials that reasonably relate to or form a part of the basis of the proof of such **Loss**.

7. **SUBLIMIT OF LIABILITY**

The maximum liability of the **Insurer** for all **Loss** for which coverage is provided by this endorsement shall be the **Reputation Income Loss Sublimit** set forth in the ENDORSEMENT SCHEDULE. The **Reputation Income Loss Sublimit** is part of, and not in addition to, the **Limit of Liability** and the **Coverage Section Limit** for the **Event Management Coverage Section**.

8. **CONDITIONS**

Solely with respect to the coverage afforded by this endorsement, due consideration shall be given to the following conditions when calculating **Loss**:

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This endorsement, effective forms a part of
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(a) the experience of the **Insured's** business before the **Adverse Publicity** and probable experience thereafter during the **Period of Indemnity** had no **Adverse Publicity** occurred and to the continuation of only those normal charges and expenses that would have existed had no **Adverse Publicity** occurred.
(b) any **Loss** made up during, or within a reasonable time after the end of, the **Period of Indemnity**.

9. Solely with respect to the coverage afforded by this endorsement, Clause 16. **DISPUTE RESOLUTION PROCESS** of the **General Terms and Conditions** is deleted in its entirety and replaced with the following **APPRAISAL** clause:

APPRAISAL

Notwithstanding any other provision of this policy to the contrary, if the **Named Entity** and the **Insurer** disagree on the amount of **Loss**, either may make a written demand for an appraisal of such **Loss**. If such demand is made, each party will select a competent and impartial appraiser. The appraisers will then jointly select an umpire. If the appraisers cannot agree on an umpire, they may request that selection be made by a judge of a court having jurisdiction. Each appraiser will separately state the amount of **Loss**. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two of these three will be binding.

Such **Insured** and the **Insurer** will:

(a) pay their respective chosen appraiser; and

(b) bear the expenses of the umpire equally.

Any appraisal of **Loss** shall be calculated in accordance with all terms, conditions and exclusions of this policy.

If there is an appraisal, it is without prejudice to the **Insurer's** rights under the terms and conditions of this policy and the **Insurer's** right to deny the claim in whole or in part.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

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END

This endorsement, effective forms a part of
Policy number:
Issued to:

By:

CHOICE OF PANEL COUNSEL ENDORSEMENT

This endorsement modifies insurance provided under the following:

Specialty Risk Protector®
General Terms and Conditions

In consideration of the premium charged, it is hereby understood and agreed that the policy is amended as follows:

A. With regard to any **Claim** for which an **Insured** seeks coverage, the initial choice of counsel ("**Chosen Counsel**") shall be made by such **Insured** from the **Insurer's** list of panel firms, which list is available upon request by an **Insured**, provided, however, that any and all **Defense Costs** of **Chosen Counsel** shall be paid and satisfied on an ongoing basis by the **Insureds** until all applicable Retention amounts have been satisfied.

B. With regard to any **Claim** for which an **Insured** seeks coverage, such **Insured** agrees that as a condition precedent to coverage for **Defense Costs** incurred through **Chosen Counsel** in excess of the applicable Retention amount, such **Insured** and **Chosen Counsel** must comply with the **Insurer's** Litigation Management Guidelines (the "**Guidelines**"), which are available upon request by an **Insured**. The **Insureds** understands and agrees that the **Guidelines** contain reasonable and necessary reporting and billing procedures to be followed by **Chosen Counsel**, including, without limitation:

1. development of a litigation plan and litigation budget;
2. pre-approved rates for services;
3. pre-approval by the **Insurer** before designated legal services are provided; and
4. the required format for submitting **Defense Costs** to the **Insurer**.

The **Guidelines** also require that **Chosen Counsel** work closely and communicate regularly with the **Insurer's** assigned claims professional in coordinating defense efforts and that **Chosen Counsel** apprise the **Insurer** on a regular and timely basis as to significant case developments.

C. In the event **Insured(s)** cannot select legal counsel from the list of **Chosen Counsel** due to: (1) no firm is available in the jurisdiction in which such **Claim** is brought; (2) an actual conflict of interest; or (3) other circumstances in which the use of unlisted counsel is both reasonable and necessary, the **Insurer** and the **Insured(s)** shall jointly agree upon counsel who will defend the **Insured(s)** in

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such matter. If the **Insurer** and the **Insured(s)** are unable to agree upon selection of defense counsel, the **Insurer** shall select defense counsel.

D. Fees, costs, charges, billings and any other expense incurred through any law firm or other service provider, other than **Chosen Counsel** or a firm chosen pursuant to paragraph C above, shall not be recoverable under this policy as **Defense Costs** or otherwise.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

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END

This endorsement, effective forms a part of
Policy number:
Issued to:

By:

CRIMINAL REWARD COVERAGE EXTENSION

This endorsement modifies insurance provided under the following:

Specialty Risk Protector®
General Terms and Conditions

In consideration of the premium charged, it is hereby understood and agreed that the policy is amended as follows:

1. The terms, conditions, exclusions and other limitations set forth in this endorsement are solely applicable to coverage afforded by this endorsement, and do not modify the terms, conditions, exclusions and other limitations contained in the policy unless specifically set forth herein. Unless otherwise set forth herein, the terms, conditions, exclusions and other limitations contained in the policy apply to the coverage provided by this endorsement.

2. **CRIMINAL REWARD INSURING AGREEMENT**

   The **Insurer** may pay on an **Insured's** behalf, at the **Insurer's** sole and absolute discretion, up to fifty thousand dollars ($50,000), in the aggregate, as a **Criminal Reward Fund.** No Retention shall apply to this coverage.

3. Solely with respect to the coverage afforded under this endorsement, "**Criminal Reward Fund**" means any amount offered by the **Insurer** for information that leads to the arrest and conviction of any individual(s) committing or trying to commit any illegal act related to the coverage afforded by any **Coverage Section** of this policy.

4. The **Insurer** shall not pay any **Criminal Reward Fund** for, and this policy shall not cover any amount based upon, any information provided by any **Insured**, an **Insured's** auditors, whether internal or external, any individual hired or retained to investigate the aforementioned illegal acts, or any other individuals with responsibilities for the supervision or management of the aforementioned individuals.

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Policy number:
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5. All exclusions applicable to **Loss** under the **SPL Coverage Section**, the **Security and Privacy Coverage Section**, the **Network Interruption Coverage Section**, or the **Event Management Coverage Section** (to the extent any such **Coverage Sections** are purchased) shall apply to the **Criminal Reward Fund** and the coverage afforded under this endorsement.

6. Solely with respect to the coverage afforded under this endorsement, Clause 4. **LIMIT OF LIABILITY** of the **General Terms and Conditions** is amended to include the following paragraph at the end thereof:

   CR(a) The **Insurer's** maximum payment as a **Criminal Reward Fund** arising from any and all events occurring during the **Policy Period**, in the aggregate, regardless of the number of events, incidents or **Claims** or amount of **Loss** reported during the **Policy Period**, shall be $50,000. The **Criminal Reward Fund** shall be in addition to, and is not part of, the **Limit of Liability**.

7. There shall be no Retention applicable to the coverage afforded by this endorsement.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

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END

This endorsement, effective forms a part of
Policy number:
Issued to:

By:

SECURITY FAILURE AND EXTORTION THREAT DEFINITIONS AMENDED ENDORSEMENT (CYBERTERRORISM DELETED)

This endorsement modifies insurance provided under the following:

Specialty Risk Protector®
Security and Privacy Coverage Section (if purchased)
Event Management Coverage Section (if purchased)
Network Interruption Coverage Section (if purchased)
Cyber Extortion Coverage Section (if purchased)

In consideration of the premium charged, it is hereby understood and agreed that the policy is amended as follows:

1. In Clause 2. **DEFINITIONS** of the **Security and Privacy Coverage Section**, the **Event Management Coverage Section**, the **Network Interruption Coverage Section** and the **Cyber Extortion Coverage Section**, the definition of "**Cyberterrorism**" is deleted in its entirety.

2. In Clause 2. **DEFINITIONS** of the **Security and Privacy Coverage Section**, the last paragraph of the definition of "**Security Failure**" is deleted in its entirety and replaced with the following:

   Security Failure includes any such failure or violation, resulting from: (i) the theft of a password or access code by electronic or non-electronic means; (ii) the unauthorized reprogramming or corruption of software (including firmware) which renders a **Computer System**, or any component thereof, nonfunctional or useless for its intended purpose; or (iii) the use of a computer or electronic device (including mobile phones or tablets) owned or controlled by an officer, employee or **Information Holder** to access a **Computer System**.

3. In Clause 2. **DEFINITIONS** of the **Event Management Coverage Section**, the definition of "**Security Failure**" is deleted in its entirety and replaced it with the following:

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"**Security Failure**" means any failure or violation of the security of a **Computer System**, including, without limitation, that which results in or fails to mitigate any unauthorized access, unauthorized use, denial of service attack, or receipt or transmission of a malicious code. **Security Failure** includes any such failure or violation resulting from: (i) the theft of a password or access code by electronic or non-electronic means; (ii) the unauthorized reprogramming or corruption of software (including firmware) which renders a **Computer System**, or any component thereof, nonfunctional or useless for its intended purpose; or (iii) the use of a computer or electronic device (including mobile phones or tablets) owned or controlled by an officer, employee or **Information Holder** to access a **Computer System**.

4. In Clause 2. **DEFINITIONS** of the **Network Interruption Coverage Section**, the definition of "**Security Failure**" is deleted in its entirety and replaced with the following:

"Security Failure" means: a failure or violation of the security of a **Computer System** including, without limitation, that which results in or fails to mitigate any unauthorized access, unauthorized use, denial of service attack or receipt or transmission of a malicious code. **Security Failure** includes any such failure or violation resulting from: (i) the theft of a password or access code by electronic or non-electronic means; (ii) the unauthorized reprogramming or corruption of software (including firmware) which renders a **Computer System**, or any component thereof, nonfunctional or useless for its intended purpose; or (iii) the use of a computer or electronic device (including mobile phones or tablets) owned or controlled by an officer or employee to access a **Computer System**.

5. In Clause 2. **DEFINITIONS** of the **Cyber Extortion Coverage Section**, the definition of "**Extortion Threat**" is deleted in its entirety and replaced with the following:

"**Extortion Threat**" means a demand to an **Insured** for money, digital assets (including cryptocurrency), securities, tangible or intangible property, or the performance or cessation of a service or other activity by the **Insured,** in order to:

(1) end an attack against a **Computer System** including, without limitation, an attack resulting in or involving a denial of service attack, the encryption of data or the unavailability of all or part of the **Computer System**;

(2) avoid an attack on, the corruption of, damage to or destruction of a **Computer System**;

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(3) end a threat or connected series of threats to disclose information concerning a vulnerability in a **Computer System**; or

(4) end a threat or connected series of threats to unlawfully access, use, disclose, damage or destroy **Confidential Information** for which an **Insured** is legally responsible.

An **Extortion** Threat occurs at the time an **Insured** first receives a demand.

Extortion Threat does not include (a) a demand in connection with any physical attack on, or threat to physically attack, a **Computer System** or other tangible property, or (b) any regulatory or enforcement threat, action or demand by any government or public authority.

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OPIOID MISUSE EXCLUSION ENDORSEMENT

This endorsement modifies insurance provided under the following:

Specialty Risk Protector®
SPL Coverage Section
Publisher and Broadcaster Coverage Section
Media Content Coverage Section
ReputationGuard Coverage Section
CCP Coverage Section

In consideration of the premium charged, it is hereby understood and agreed that:

1. Clause 3. **EXCLUSIONS** of each purchased **Coverage Section** listed above, other than the **ReputationGuard Coverage Section**, is amended by adding the following exclusion at the end thereof:

   (O-1) alleging, arising out of, based upon or attributable to any **Wrongful Act** that results, directly or indirectly, in the misuse, abuse, overuse, addiction, diversion or overprescription of **Opioids**.

2. Clause 3. **EXCLUSIONS** of the **ReputationGuard Coverage Section**, if purchased, is amended by adding the following exclusion at the end thereof:

   (O-1) misuse, abuse, overuse, addiction, diversion or overprescription of **Opioids**.

3. As used in this endorsement:

   "**Opioid(s)**" means an "Opioid" as defined in 21 U.S.C. § 802(18) of the Controlled Substances Act. "**Opioid**" also means any substance, natural or synthetic, that binds to the body's opioid receptors. **Opioids** shall also include, but are not limited to, all opiates and opium derivatives identified as such in Schedules I through V of 21 U.S.C. § 812 of the Controlled Substances Act. For the avoidance of doubt, "**Opioids**" shall also include, but are not limited to, fentanyl, buprenorphine, oxycodone, oxymorphone, hydrocodone, hydromorphone, methadone, naloxone, codeine, morphine, tapentadol, tramadol, opium and heroin.

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This endorsement, effective forms a part of
Policy number:
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By:

MUSIC LICENSING AND MISAPPROPRIATION OF NAME/PERSONA/LIKENESS EXCLUSIONS ENDORSEMENT

This endorsement modifies insurance provided under the following:

Specialty Risk Protector®
Media Content Coverage Section

In consideration of the premium charged, it is hereby understood and agreed that the **Media Content Coverage Section** is amended as follows:

1. In Clause 2. **DEFINITIONS** the definition of "**Material**" is amended to include the following at the end thereof:

   Notwithstanding the foregoing, "**Material**" shall not include any musical works or sound recordings.

2. In Clause 2. **DEFINITIONS**, Sub-paragraph (3) of the definition of "**Wrongful Act**" is deleted in its entirety and replaced with the following:

   (3) invasion, infringement or interference with rights of privacy, false light, public disclosure of private facts, and intrusion; including, without limitation, emotional distress or mental anguish in connection with such conduct;

3. Clause 3. **EXCLUSIONS** is amended by adding the following additional exclusions to the end thereof:

   ML(a) alleging, arising out of, based upon or attributable to:
   (i) copyright infringement related to any musical work or sound recording; or
   (ii) the unauthorized use or dissemination of any musical work or sound recording;

   ML(b) alleging, arising out of, based upon or attributable to any misappropriation of the name, persona or likeness of any individual;

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This endorsement, effective forms a part of
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Issued to:

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WAR EXCLUSION AMENDED (23-01)
(SPECIFIC TO CYBER COVERAGE SECTIONS)

This endorsement modifies insurance provided under the following:

Specialty Risk Protector®
Security and Privacy Coverage Section (if purchased)
Event Management Coverage Section (if purchased)
Network Interruption Coverage Section (if purchased)
Cyber Extortion Coverage Section (if purchased)

In consideration of the **premium** charged, it is hereby understood and agreed that the policy is amended as follows:

1. In Clause 3. **EXCLUSIONS** of each of the **Security** and **Privacy Coverage Section**, the **Event Management Coverage Section**, the **Network Interruption Coverage Section** and the **Cyber Extortion Coverage Section**, subparagraph (e)(2) is deleted in its entirety.

2. Solely with respect to the coverages afforded under the **Security** and **Privacy Coverage Section**, the **Event Management Coverage Section**, the **Network Interruption Coverage Section** and the **Cyber Extortion Coverage Section**, the **Insurer** shall not be liable to make any payment of **Loss**, or provide coverage for any **Claim**, alleging, arising out of, based upon or attributable to:

   2.1. a **War**; and/or

   2.2. **a Cyber Operation** that is carried out as part of a **War** or the immediate preparation for a **War**; and/or

   2.3. a **Cyber Operation** causing an **Impacted State.**

   Provided, however, paragraph 2.3 shall not apply to the impact of a **Cyber Operation** on those portions of any **Computer System** owned by or leased to the **Insured** or its third-party service

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providers that are not physically located in an **Impacted State** but are impacted by a **Cyber Operation**.

3. The following definitions apply solely to this endorsement. If there is an inconsistency between a definition set forth below and a definition for the same term in any other part of the policy, the definition below shall apply to the interpretation of this endorsement:

"**Computer System**" means any computer, hardware, software, communications system, electronic device (including but not limited to, smart phone, laptop, tablet, wearable device), server, cloud infrastructure or microcontroller including any similar system or any configuration of the aforementioned and including any associated input, output, data storage device, networking equipment or back up facility.

"**Cyber Operation**" means the use of a **Computer System** by, at the direction, or under the control of a sovereign state to:
(1) disrupt, deny access to or degrade functionality of a **Computer System**; or
(2) copy, remove, manipulate, deny access to or destroy information in a **Computer System**.

"**Essential Service**" means a service that is essential for the maintenance of vital functions of a state, whether such service is provided by the state, a subdivision within the state or private entities, including, but not limited to, national defense, law enforcement, energy, telecommunication services and infrastructure, health services, utility services, emergency services, transportation services, and services necessary for the maintenance, operation and regulation of the financial systems (including banking and financial market infrastructure).

"**Impacted State**" means a sovereign state where a **Cyber Operation** has had a major detrimental impact on:
(1) the functioning of that sovereign state due to critical disruption to the availability, integrity or delivery of an **Essential Service** in that sovereign state; or
(2) the security or defense of that sovereign state.

Provided, however, an **Impacted State** shall not result from an attack, or related series of attacks, solely impacting the **Insured.**

"**War**" means armed conflict involving physical force either:

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(1) by a sovereign state against another sovereign state; or
(2) as part of a civil war, rebellion, revolution, insurrection, military action or usurpation of power;

regardless of whether war is declared.

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ENDORSEMENT#

This endorsement, effective at forms a part of
Policy number
Issued to:

By:

FEDERAL SHARE OF COMPENSATION UNDER TRIA AND CAP ON LOSSES
ENDORSEMENT

This endorsement modifies insurance provided by this Policy:

DISCLOSURE

You should know that where coverage is provided by this Policy for losses resulting from "Certified Acts of Terrorism" (as defined by Section 102 (1) of United States Terrorism Risk Insurance Act), such losses may be partially reimbursed by the United States Government under a formula established by federal law. However, your Policy may contain other exclusions which might affect your coverage such as, an exclusion for nuclear events. Under the formula, the United States Government generally reimburses 85% through 2015; 84% beginning on January 1, 2016; 83% beginning on January 1, 2017; 82% beginning January 1, 2018; 81% beginning January 1, 2019 and 80% beginning on January 1, 2020, of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage.

You should also know that the Terrorism Risk Insurance Act, as amended, contains a $100 billion cap that limits United States Government reimbursement as well as insurers' liability for losses resulting from "Certified Acts of Terrorism" when the amount of such losses in any one calendar year exceeds $100 billion. If the aggregate insured losses for all insurers exceed $100 billion in a calendar year and if we have met our insurer deductible, we are not liable for the payment of any portion of the amount of such losses that exceeds $100 billion; and for aggregate insured losses up to $100 billion, we will only pay a pro rata share of such insured losses as determined by the Secretary of the Treasury.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

AUTHORIZED REPRESENTATIVE

ENDORSEMENT#

This endorsement, effective forms a part of
policy number
issued to

by

FORMS INDEX ENDORSEMENT

The contents of the Policy is comprised of the following forms:

FORM NUMBER	EDITION DATE	FORM TITLE

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

AUTHORIZED REPRESENTATIVE

SPECIMEN

This endorsement, effective forms a part of
Policy number:
Issued to:

By:

EXPANDED CYBER CRIME COVERAGE ENDORSEMENT

This endorsement modifies insurance provided under the following:

Specialty Risk Protector®

In consideration of the premium charged, it is hereby understood and agreed that this policy is amended as follows:

I.

Item 6. **COVERAGE SUMMARY** of the Declarations Page is amended to include the following:

COVERAGE SECTION			COVERAGE SECTION LIMIT	RETENTION	RETROACTIVE DATE	CONTINUITY DATE
CCC	**Cyber Crime Coverage**		VAR001 (The **Cyber Crime Coverage Section Limit**, which is subject to the sublimits below)	See Below:	Not Applicable	Not Applicable
	a.	**Impersonation Fraud Coverage Sublimit**	VAR002	VAR003	Not Applicable	Not Applicable
	b.	**Funds Transfer Fraud Coverage Sublimit**	VAR004	VAR005	Not Applicable	Not Applicable
	c.	**Computer Fraud Coverage Sublimit**	VAR006	VAR007	Not Applicable	Not Applicable

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	d.	**Telephone Fraud Coverage Sublimit**	VAR008	VAR009	Not Applicable	Not Applicable
	e.	**Cryptojacking Fraud Coverage Sublimit**	VAR010	VAR011	Not Applicable	Not Applicable
	f.	**Invoice Manipulation Fraud Coverage Sublimit**	VAR012	VAR013	Not Applicable	Not Applicable

If "Not Covered" is written as the applicable **Sublimit of Liability** for any Insuring Agreement above, or if no amount (or an amount of "$0") is set as the applicable **Sublimit of Liability** for an Insuring Agreement, no coverage is provided under this **Cyber Crime Coverage Section** for such Insuring Agreement, nor shall the coverage described by such Insuring Agreement be provided by any other Insuring Agreement in this **Coverage Section.**

II.

The following **Cyber Crime Coverage Section** is added to the policy:

CYBER CRIME COVERAGE
("Cyber Crime Coverage Section")

THIS IS A DISCOVERY COVERAGE SECTION AND A FIRST PARTY COVERAGE SECTION

Notice: Pursuant to Clause 1. **TERMS AND CONDITIONS** of the **General Terms and Conditions**, the **General Terms and Conditions** are incorporated by reference into, made a part of, and are expressly applicable to this **Cyber Crime Coverage Section**, unless otherwise explicitly stated to the contrary in the **General Terms and Conditions** or in this **Cyber Crime Coverage Section.**

In consideration of the payment of the premium, and each of their respective rights and obligations in this policy, the **Insureds** and the **Insurer** agree as follows:

1. INSURING AGREEMENTS

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Solely with respect to a **Loss** first discovered during the **Policy Period** and reported to the **Insurer** pursuant to the terms of this policy, this **Coverage Section** affords the following coverages:

A. IMPERSONATION FRAUD COVERAGE

The **Insurer** will indemnify the **Insured** for **Impersonation Fraud Loss**, excess of the applicable Retention.

B. FUNDS TRANSFER FRAUD COVERAGE

The **Insurer** will indemnify the **Insured** for **Funds Transfer Fraud Loss**, excess of the applicable Retention.

C. COMPUTER FRAUD COVERAGE

The **Insurer** will indemnify the **Insured** for **Computer Fraud Loss**, excess of the applicable Retention.

D. TELEPHONE FRAUD COVERAGE

The **Insurer** will indemnify the **Insured** for **Telephone Fraud Loss**, excess of the applicable Retention.

E. CRYPTOJACKING FRAUD COVERAGE

The **Insurer** will indemnify the **Insured** for **Cryptojacking Fraud Loss**, excess of the applicable Retention.

F. INVOICE MANIPULATION FRAUD COVERAGE

The **Insurer** will indemnify the **Insured** for **Invoice Manipulation Fraud Loss**, excess of the applicable Retention.

2. DEFINITIONS:

(1) "**Assets**" means **Money, Securities** or other tangible property owned by the **Insured** or held by the **Insured,** whether pursuant to a written contract or not. **Assets** do not include income, interest or dividends that was not in fact earned or that potentially could have been earned by the **Insured** on such **Money, Securities** or other tangible property.

(2) "**Client**" means any person, firm, company, corporation, organization, association or other entity to whom the **Insured** provides goods or services for a fee pursuant to a legitimate written contract that pre-exists the **Loss** that is the subject of the **Insured's** claim.

(3) "**Computer Fraud**" means the unlawful taking of **Assets** under the direct or indirect control of an **Insured's Computer System** by means of:

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(i) the fraudulent accessing of such **Computer System**;

(ii) the insertion of fraudulent data or instructions into such **Computer System**; or

(iii) the fraudulent alteration of data, programs, or routines in such **Computer System**.

(4) "**Computer Fraud Loss**" means the direct deprivation of the **Insured** of **Assets** resulting directly from **Computer Fraud** by a single act or a series of related acts.

(5) "**Computer System**" means any:

(i) computer hardware, software or any components thereof, including wireless and mobile equipment and other devices enabled to electronically send and/or receive information, that are linked together through a network of two or more devices accessible through the Internet, internal network or connected with data storage or other peripheral devices, and are under ownership, operation or control of, or leased by, a **Company**; and

(ii) cloud computing or other hosted computer resources operated by a third party service provider for use by a **Company** as provided in a written contract between such third party and a **Company**.

(6) "**Cryptocurrency**" means any digital asset (also called a "cryptocurrency," "virtual currency," "digital currency," or "digital commodity") that is a digital representation of value based on the cryptographic protocol of a computer network and that is intended to be used as a medium of exchange and/or store of value.

(7) "**Cryptocurrency Mining**" means the use of a **Computer System** to generate or validate a new unit of any **Cryptocurrency** and/or the initial entry for such new unit on the blockchain (or any other form of distributed ledger) of a **Cryptocurrency**.

(8) "**Cryptojacking Fraud**" means the fraudulent use of a **Computer System** to perform **Cryptocurrency Mining**.

(9) "**Cryptojacking Fraud Loss**" means charges for hosted computer resources and/or electricity:

(i) provided to the **Insured** by a third party service provider in exchange for compensation; and

(ii) incurred solely due to and as a direct result of **Cryptojacking Fraud** by a single act or a series of related acts.

(10) "**First Party Event**" means any **Fraudulently-Induced Instruction**, **Funds Transfer Fraud, Computer Fraud**, **Telephone Fraud, Cryptojacking Fraud,** or **Invoice Manipulation Fraud**.

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(11) "**Financial Institution**" means:

(i) a banking, savings or thrift institution; or

(ii) a stockbroker, mutual fund, liquid assets fund or similar investment institution.

(12) "**Fraudulently-Induced Instruction**" means an electronic, telegraphic, cable, teletype, telefacsimile, telephone or written instruction directing a **Financial Institution** to transfer, pay or deliver **Funds** from a **Transfer Account,** communicated by the **Insured** or an employee of the **Insured** and based upon an instruction received and relied upon by the **Insured** or the employee which was transmitted:

(i) by a person purporting to be a director, officer, partner, member, sole proprietor or other employee of the **Insured,** who was authorized by the **Insured** to instruct other employees of the **Insured** to transfer, pay or deliver **Funds**—or by an individual acting in collusion with such purported director, officer, partner, member, sole proprietor or other employee—but which was in fact fraudulently transmitted by someone else without the knowledge of the **Insured** or the employee; or

(ii) by a person purporting to be a director, officer, partner, member, sole proprietor or employee of a **Vendor** or **Client** of the **Insured**—or by an individual acting in collusion with such purported director, officer, partner, member, sole proprietor or employee—but which was in fact fraudulently transmitted by someone else without the knowledge of the **Insured** or the employee; provided, however, **Fraudulently-Induced Instruction** shall not include any such instruction transmitted by an actual director, officer, partner, member, sole proprietor or employee of the **Vendor** or **Client** who was acting in collusion with any third party in submitting such instruction.

(13) "**Funds**" means a credit balance in a **Transfer Account**.

(14) "**Funds Transfer Fraud**" means:

(i) fraudulent electronic, e-mail, telegraphic, cable, teletype, telefacsimile, or telephone instructions issued to a **Financial Institution** to debit a **Transfer Account** and to transfer, pay or deliver **Funds** from said **Transfer Account** which instructions purport to have been transmitted by the **Insured** or by a person duly authorized by the **Insured** to issue such instructions but which have been fraudulently transmitted by another; and

(ii) fraudulent written instructions to a **Financial Institution** to debit a **Transfer Account** and to transfer, pay or deliver **Funds** from said **Transfer Account** through an electronic funds transfer system at

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specified times or under specified conditions, which written instructions purport to have been duly issued by the **Insured** but which have been fraudulently issued, forged or altered by another.

(15) "**Funds Transfer Fraud Loss**" means the direct deprivation of the **Insured** of **Funds** resulting directly from **Funds Transfer Fraud** by a single act or a series of related acts.

(16) "**Impersonation Fraud Loss**" means the direct deprivation of the **Insured** of **Funds** resulting directly from **Fraudulently-Induced Instructions** by a single act or a series of related acts.

(17) "**Insured**" means a **Company**.

(18) "Invoice Manipulation Fraud" means the fraudulent use of a **Computer System** to issue fraudulent payment instructions to a **Client** with respect to goods or services actually provided by the Insured to the **Client** that results in the **Client** making an unrecoverable payment to a party other than the **Insured**.

(19) **"Invoice Manipulation Fraud Loss"** means the amount of any account receivable that becomes uncollectable solely due to and as a direct result of **Invoice Manipulation Fraud** committed through a single act or a series of related acts.

(20) "**Loss**" means an **Impersonation Fraud Loss, Funds Transfer Fraud Loss, Computer Fraud Loss, Telephone Fraud Loss, Cryptojacking Fraud Loss**, or **Invoice Manipulation Fraud Loss**.

(21) "**Money**" means currency, coins, bank notes and bullion, traveler's checks, registered checks and money orders held for sale to the public.

(22) "**Securities**" mean all negotiable and non-negotiable instruments or contracts representing either money or property and include revenue and other stamps in current use, tokens and tickets, but do not include **Money**.

(23) **"Telecommunications Services"** means telephone, fax or data transmission services provided to the **Insured** by a third party service provider in exchange for compensation.

(24) "**Telecommunications System**" means a **Computer System** which functions as a private branch exchange (PBX), voice mail processor, automated call attendant or provides a similar capability used for the direction or routing of telephone calls in a voice communications network.

(25) "**Telephone Fraud**" means the fraudulent use or fraudulent manipulation of an account code or system password required to obtain access to a **Telecommunications System** installed on the **Insured's** premises, which is:

(i) owned or leased, or

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(ii) operated and controlled,

by the **Insured.**

(26) "**Telephone Fraud Loss**" means charges for **Telecommunication Services** incurred solely due to and as a direct result of **Telephone Fraud.** All **Loss** resulting directly from **Telephone Fraud** made only on telephone lines directly controlled by one **Telecommunications System**, and only toll call charges occurring for a period of not more than 30 days inclusive of the date on which the first such toll call charge was made, shall be considered a single **Loss.**

(27) "**Transfer Account**" means an account, maintained by the **Insured** at a **Financial Institution**, from which the **Insured** or the **Insured's** authorized representatives may cause the transfer, payment or delivery of **Funds**:

(i) by means of electronic, e-mail, telegraphic, cable, teletype, telefacsimile or telephone instructions (communicated directly or through a cash management service or funds transfer system); or

(ii) by means of written instructions establishing the conditions under which such transfers are to be initiated by such **Financial Institution** through an electronic funds transfer system.

(28) "**Vendor**" means any person, firm, company, corporation, organization, association or other entity that provides goods or services to the **Insured** pursuant to a legitimate relationship that pre-exists the **Loss** that is the subject of the **Insured's** claim.

3. EXCLUSIONS

The coverage afforded by this **Cyber Crime Coverage Section** does not apply to:

(a) **Loss** resulting from theft or any other fraudulent, dishonest or criminal act by the **Insured**, or any partner, owner, trustee, governor, management committee members, members of the management board, director, employee or leased worker of the **Insured**, whether acting alone or in collusion with others;

(b) **Loss** resulting from theft or any other fraudulent, dishonest or criminal act by a **Client**, or any partner, owner, trustee, governor, management committee members, members of the management board, director, employee or leased worker of a **Client**, whether acting alone or in collusion with others;

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(c) **Loss** resulting from theft or any other fraudulent, dishonest or criminal act by a **Vendor**, or any partner, owner, trustee, governor, management committee members, members of the management board, director, employee or leased worker of the **Vendor**, whether acting alone or in collusion with others;

(d) the costs of defending any legal proceeding brought against the **Insured**, or the fees, costs or expenses incurred or paid by the **Insured** in prosecuting or defending any legal proceeding;

(e) **Loss** arising out of war (whether war is declared or not), invasion, use of military force, civil war, popular or military uprising, rebellion, revolution, or any action taken to hinder or defend against any of these events;

(f) **Loss** resulting directly or indirectly from the actual or alleged use of credit, debit, charge, access, electronic benefit transfer, convenience, cash management or other cards;

(g) **Loss** to the extent that such **Loss** has been reversed or returned by a credit card company, **Financial Institution**, **Telecommunications Services** provider, or third party provider of hosted computing resources or electricity;

(h) **Loss** arising out of accounting or arithmetical errors or omissions;

(i) loss of potential income, including interest and dividends, of the **Insured**, a **Client**, a **Vendor** or any third party;

(j) any fines, penalties, consequential damages, punitive damages, expenses as a result of regularly scheduled recurring or routine regulatory examinations, or compliance activities or non-monetary relief, including without limitation, injunctive relief, or other equitable remedies of any type for which the **Insured** is legally liable;

(k) **Loss** resulting from **Computer Fraud** arising out of the giving or surrendering of **Assets** in any exchange or purchase, whether legitimate or fraudulent;

(l) **Loss** resulting from **Computer Fraud** or **Telephone Fraud** which induces the **Insured** to make any purchase or sale, whether legitimate or fraudulent;

(m) **Loss** resulting from **Computer Fraud or Telephone Fraud** arising out of unintentional errors or omissions;

(n) **Loss** resulting from **Telephone Fraud** made possible by:

(i) failure to incorporate a **Telecommunications System** password feature or failure to change the system password at least once every 60 days thereafter, or

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(ii) failure to have a call-disconnect feature in operation to automatically terminate a caller's access to the **Telecommunications System** after not more than three unsuccessful attempts to input an account code.

(o) loss of computer time or use due to **Computer Fraud** or **Cryptojacking Fraud**;

(p) loss of access to, or use of, a **Telecommunications System** or **Telecommunications Services** due to **Telephone Fraud**;

(q) **Loss** resulting from the loss of or damage to manuscripts, books of account or records maintained in any format or medium;

(r) **Loss** resulting directly or indirectly from any authorized or unauthorized trading of **Money**, **Securities** or other tangible property whether or not in the name of the **Insured** and whether or not in a genuine or fictitious account;

(s) **Loss** that is an indirect or consequential result of any **Impersonation Fraud Loss**, **Funds Transfer Fraud Loss**, **Computer Fraud Loss**, **Telephone Fraud Loss**, **Cryptojacking Fraud Loss**, **or Invoice Manipulation Fraud Loss** including but not limited to loss resulting from payment of damages of any type for which the **Insured** is legally liable;

(t) **Loss** resulting directly or indirectly from the:

(i) theft, disappearance or destruction of;

(ii) unauthorized use or disclosure of;

(iii) unauthorized access to; or

(iv) failure to protect any:

(1) confidential or non-public; or

(2) personal or personally identifiable;

information that any person or entity has a duty to protect under any law, rule or regulation, under any agreement, or any industry guideline or standard.

Notwithstanding the foregoing, however, this exclusion shall not apply to the extent that any **Impersonation Fraud Loss**, **Funds Transfer Fraud Loss**, **Computer Fraud Loss, Telephone Fraud Loss**, **Cryptojacking Fraud Loss**, or **Invoice Manipulation Fraud Loss** results directly from the unauthorized use or disclosure of a password or other user credential information;

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(u) **Loss** resulting directly or indirectly from reliance by the **Insured** or an employee of the **Insured** upon any transfer, payment or account-related instruction transmitted by an imposter purporting to be a customer, vendor, director or officer, owner, employee, or agent of the **Insured**; provided that this exclusion shall not apply to Insuring Agreement A. **IMPERSONATION FRAUD COVERAGE** of this **Coverage Section.**

4. NOTICE & DISCOVERY OF LOSS

With respect to this **Cyber Crime Coverage Section,** discovery of **Loss** by the **Insured** occurs when any personnel in the office of any member of the **Control Group** (or the Risk Management Department, Internal Audit Department or Human Resources/Personnel Department (or functional equivalent) of the **Insured**) or any partner or owner of the **Insured** first becomes aware of facts which would cause a reasonable person to believe that a **Loss** covered by this insurance has been or will be incurred, even though the exact amount or details may not then be known.

Notwithstanding any provisions in Clause 6. **NOTICE** of the **General Terms and Conditions** to the contrary and as a condition precedent to coverage for any **Loss** under this **Cyber Crime Coverage Section,** upon knowledge or discovery of **Loss** by the **Insured** or of an occurrence which would cause a reasonable person to believe that such **Loss** or occurrence would give rise to a covered **Loss** in the amount of 50% of the applicable Retention or more, the **Named Entity** shall, on behalf of all **Insureds**:

(a) give notarized written notice to the **Insurer** of such **Loss** or facts, at the address listed in Clause 6(e) of the **General Terms and Conditions,** no later than ninety (90) days after discovery or first obtaining such knowledge;

(b) complete and sign a written, detailed and affirmed proof of loss within one hundred twenty (120) days after the discovery of any **Loss** by the **Insured** (unless such period has been extended by the **Insurer** in writing) which shall include, among any other pertinent information:

(1) a full description of such **Loss** and the circumstances surrounding such **Loss**, which shall include, among any other necessary information, the time, place and cause of the **Loss;**

(2) a detailed calculation of any **Loss;** and

(3) all underlying documents and materials that reasonably relate to or form any part of the proof of such **Loss;**

(c) upon the **Insurer's** request, submit to an examination under oath;

(d) immediately record the specifics of any **Loss** and the date such **Insured** first became aware of such **Loss;**

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Policy number:
Issued to:

By:

(e) give notice to law enforcement authorities; and

(f) provide the **Insurer** with any cooperation and assistance that the **Insurer** may request, including assisting the **Insurer** in:

(1) any investigation of a **Loss** or circumstance;

(2) enforcing any legal rights an **Insured** or the **Insurer** may have against anyone who may be liable to an **Insured**; and

(3) executing any documents that the **Insurer** deems necessary to secure its rights under this policy.

The costs and expenses of establishing or proving an **Insured's Loss** under this **Cyber Crime Coverage Section,** including, without limitation, those connected with preparing a proof of loss, shall be such **Insured's** obligation, and are not covered under this policy.

5. RETENTION

In addition to the provisions of Clause 5. **RETENTION** of the **General Terms and Conditions**, it is understood and agreed that the **Insurer** shall only be liable under this **Cyber Crime Coverage Section** for the amount of **Loss** that exceeds the Retention stated in Item 6 of the Declarations as applicable to the Insuring Agreement of this **Coverage Section** affording coverage to such **Loss.** If a **Loss** arising from a single act or a series of related acts is covered pursuant to more than one Insuring Agreement of this **Coverage Section**, the highest applicable Retention amount shall apply to such **Loss.**

All Retention amounts must be borne by the **Insureds** and remain uninsured.

6. LIMIT OF LIABILITY AND OTHER INSURANCE

The following provisions shall apply in addition to the provisions of Clause 4. **LIMIT OF LIABILITY** of the **General Terms and Conditions**:

It is understood and agreed that:

(CC-1) The **Impersonation Fraud Coverage Sublimit** listed in the Declarations is the **Insurer's** maximum liability for all **Loss** under Insuring Agreement A. **IMPERSONATION FRAUD COVERAGE** of this **Coverage Section**. The **Impersonation Fraud Coverage Sublimit** is part of, and not in addition to, the **Cyber Crime Coverage Section Limit** and the **Limit of Liability**.

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(CC-2) The **Funds Transfer Fraud Coverage Sublimit** listed in the Declarations is the **Insurer's** maximum liability for all **Loss** under Insuring Agreement **B. FUNDS TRANSFER FRAUD COVERAGE** of this **Coverage Section**. The **Funds Transfer Fraud Coverage Sublimit** is part of, and not in addition to, the **Cyber Crime Coverage Section Limit** and the **Limit of Liability**.

(CC-3) The **Computer Fraud Coverage Sublimit** listed in the Declarations is the **Insurer's** maximum liability for all **Loss** under Insuring Agreement **C. COMPUTER FRAUD COVERAGE**. The **Computer Fraud Coverage Sublimit** is part of, and not in addition to, the **Cyber Crime Coverage Section Limit** and the **Limit of Liability**.

(CC-4) The **Telephone Fraud Coverage Sublimit** listed in the Declarations is the **Insurer's** maximum liability for all **Loss** under Insuring Agreement **D. TELEPHONE FRAUD COVERAGE**. The **Telephone Fraud Coverage Sublimit** is part of, and not in addition to, the **Cyber Crime Coverage Section Limit** and the **Limit of Liability**.

(CC-5) The **Cryptojacking Fraud Coverage Sublimit** listed in the Declarations is the **Insurer's** maximum liability for all **Loss** under Insuring Agreement E. **CRYPTOJACKING FRAUD COVERAGE**. The **Cryptojacking Fraud Coverage Sublimit** is part of, and not in addition to, the **Cyber Crime Coverage Section Limit** and the **Limit of Liability**.

(CC-6) **The Invoice Manipulation Fraud Coverage Sublimit** listed in the Declarations is the **Insurer's** maximum liability for all **Loss** under Insuring Agreement **F. INVOICE MANIPULATION FRAUD COVERAGE**. The **Invoice Manipulation Fraud Coverage Sublimit** is part of, and not in addition to, the **Cyber Crime Coverage Section Limit** and the **Limit of Liability**.

(CC-7) In the event that a single act or a series of related acts results in **Loss** that is covered pursuant to multiple Insuring Agreements of this **Cyber Coverage Section**, the **Insurer's** maximum liability for all **Loss** shall not exceed the largest applicable **Coverage Sublimit** specified in paragraphs (CC-1) through (CC-6) above.

(CC-8) Coverage provided by this **Cyber Crime Coverage Section** will be in excess of any other valid and collectible crime insurance or indemnity available to the **Insured**. It is further understood and agreed that with respect to any **Loss** directly or indirectly from any act, error or omission of an **Insured's Financial Institution, Telecommunications Services** provider, third party provider of hosted computing resources or electricity, or any electronic funds transfer system, or electronic data processor, coverage provided by the

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Cyber Crime Coverage Section shall apply solely as excess of any indemnity or other insurance provided for the benefit of customers of any of the aforesaid;

(CC-9) With respect to any **Loss** covered under this policy for which coverage is also provided by one or more other policies issued by the **Insurer** or any affiliate thereof, including any renewal or replacement thereof (the "**Other Policy**"), the most the **Insurer** or such affiliate shall pay under both policies combined shall not be greater than the **Cyber Crime Coverage Section Limit** or the **Other Policy's** applicable limit of liability, whichever is higher.

(CC-10) Subject to paragraph (CC-9) above, if coverage for a **Loss** is sought by the **Named Entity** under both this policy and the **Other Policy**, the **Insurer** will only be liable under this policy for the **Insurer's** pro-rata portion of the **Loss**. The **Insurer's** pro-rata portion of the **Loss** shall not be greater than the proportion of the **Loss** that this policy's applicable limit(s) of coverage bears to the total of the applicable limits of liability of both policies.

Nothing in the foregoing shall be construed to increase either the **Cyber Crime Coverage Section Limit** or the **Limit of Liability**.

7. SETTLEMENT AND VALUATION OF LOSS

The **Insurer** may, with the **Insured**'s consent, settle any claim for covered **Loss** of property with the owner. Any property for which the **Insurer** has made indemnification shall become the property of the **Insurer**. At its discretion, the **Insurer** may pay the actual cash value or make applicable repairs or replacements.

In no event shall the **Insurer** be liable for more than:

- at the sole discretion of the **Insurer**, the actual cash value of **Securities** at the close of business on the day the covered **Loss** was discovered (subject to all applicable "**Coverage Sublimits**" stated in Clause 6. **LIMIT OF LIABILITY AND OTHER INSURANCE** above and the **Cyber Crime Coverage Section Limit** and the **Limit of Liability**), or the actual cost of replacing the **Securities**, whichever is less, plus the cost to post any required lost instrument bonds. The costs of posting any required lost instrument bonds and replacing the **Securities** shall be paid by the **Insured** and the **Insurer**. The **Insured** shall pay the costs related to the value of covered **Loss** within the applicable **Retention** and the costs related to any amount of covered **Loss** in excess of the applicable "**Coverage Sublimit**" stated in Clause 6. **LIMIT OF LIABILITY AND OTHER INSURANCE** above, the **Cyber Crime Coverage Section Limit** or the **Limit of Liability** and the **Insurer** shall pay the costs related to the covered loss in excess of the

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applicable Retention and up to the applicable "**Coverage Sublimit**," the **Cyber Crime Coverage Section** Limit or the **Limit of Liability**;

- the actual cash value of other tangible property at the time of **Loss** or the actual cost of repairing or replacing the other tangible property with other tangible property or material of like quality or value, whichever is less. The actual cash value of other tangible property if held by the **Insured** as a pledge, or as collateral for an advance or a loan, shall be considered not to exceed the value of the other tangible property as determined and recorded by the **Insured** when making the advance or loan, or in the absence of a record, the unpaid portion of the advance or loan plus accrued interest at legal rates;
- if a foreign currency (a currency other than the currency in which this policy is written) is involved in a covered **Loss** sustained by the **Insured**, then for the purpose of any required calculation in the settlement of covered loss, the rate of exchange shall be the rate as published in the Wall Street Journal on the date of discovery of the **Loss**; and
- the selling price of inventory that is held for sale or the cost of the inventory plus 5%, whichever is less.

8. SUBROGATION

The following provisions shall apply in addition to the provisions of Clause 11. **SUBROGATION** of the **General Terms and Conditions**:

In the event of any payment under the **Cyber Crime Coverage Section**, the **Insurer** shall be subrogated to the extent of the payment to all of the **Insured's** rights of recovery. The **Insured** shall execute all papers required and shall do everything necessary to secure and preserve the rights, including the execution of the documents necessary to enable to **Insurer** effectively to bring suit in the name of the **Insured**. And, the **Insured** shall do nothing after discovery of **Loss** to prejudice the rights of recovery.

Recoveries (except from sureties, insurance, reinsurance or indemnity), less the actual cost of recovery, made after a covered **Loss** will be distributed as follows:

- **F**irst, the **Insured** shall be reimbursed for covered **Loss** exceeding the applicable **Coverage Sublimit** and the applicable Retention;

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- **S**econd, the **Insurer** shall be reimbursed for the settlement made; and
- Third, the **Insured** shall be reimbursed for covered **Loss** equal to the Retention amount.

9. JOINT INSURED

Pursuant to Clause 14. **NOTICE AND AUTHORITY** of the **General Terms and Conditions**, if more than one **Insured** is covered under this **Coverage Section**, the **Named Entity** shall act for itself and for every other **Insured** for all purposes of this **Coverage Section**.

It is further understood and agreed that:

(a) If any **Insured** or officer of that **Insured** has knowledge of any information relevant to this **Coverage Section**, that knowledge is considered knowledge of every **Insured**.

(b) If this **Coverage Section** is cancelled or terminated as to any **Insured**, loss sustained by such **Insured** is subject to coverage only if discovered prior to the effective date of cancellation or termination.

(c) The **Insurer** will not pay more for loss sustained by more than one **Insured** than the amount the **Insurer** would pay if all the loss had been sustained by one **Insured**.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

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This endorsement, effective forms a part of
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SYSTEM FAILURE COVERAGE ENDORSEMENT
(COMPUTER SYSTEM OF INSURED/IT SERVICE PROVIDER/NON-IT PROVIDER)

This endorsement modifies insurance provided under the following:

Specialty Risk Protector®
Declarations
Network Interruption Coverage Section

In consideration of the premium charged, it is hereby understood and agreed:

1. In Item 6. of the **Declarations**, the CyberEdge® Network Interruption Insurance section is amended to include the following:

System Failure of a/an:	Sublimit	Retention	Waiting Period
Insured's Computer System	VAR001	VAR002	VAR003 hours
IT Service Provider's Computer System	VAR004	VAR005	VAR006 hours
Non-IT Service Provider's Computer System	VAR007	VAR008	VAR009 hours

2. In Clause 2. **DEFINITIONS** of the **Network Interruption Coverage Section**, the following definitions are deleted in their entirety and replaced with the following:

"**Material Interruption**" means:

(1) the partial or total interruption, suspension or impairment of an **Insured's** business directly caused by a **Security Failure**, **System Failure of an Insured's Computer System**, **System Failure of an IT Service Provider's Computer System**, or **System Failure of a Non-IT Service Provider's Computer System**; or
(2) the necessary, partial or total, interruption or suspension of an **Insured's** business directly caused by a **Voluntary Shutdown**.

"**Period of Interruption**" means the period of time beginning at the inception of the **Material Interruption** and ending:

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(1) with respect to a **Security Failure** or **Voluntary Shutdown** of a **Computer System** under the ownership, operation or control of, or leased by, a **Company**, at the time the **Insured** restores access to its **Computer System** to the same or similar conditions that existed prior to the time of the **Material Interruption** (or could have restored access to its **Computer System** if the **Insured** exercised due diligence and dispatch); or

(2) with respect to a **System Failure of an Insured's Computer System**, at the time the **Insured** restores access to its **Computer System** to the same or similar conditions that existed prior to the time of the **Material Interruption** (or could have restored access to its **Computer System** if the **Insured** exercised due diligence and dispatch); or

(3) with respect to a **Security Failure** of a **Computer System** under the ownership, operation or control of an **Outsource Provider, System Failure of an IT Service Provider's Computer System**, or **System Failure of a Non-IT Service Provider's Computer System** , the earlier of:

(i) the time the **Insured** restores its business to the same or similar conditions that existed prior to the time of the **Material Interruption** (or could have restored its business if the **Insured** exercised due diligence and dispatch); or
(ii) the time such **Outsource Provider** restores access to its **Computer System** to the same or similar conditions that existed prior to the time of the **Material Interruption.**

The **Period of Interruption** shall not be cut short by the end of the **Policy Period**.

3. Clause 2. **DEFINITIONS** of the **Network Interruption Coverage Section** is further amended to include the following additional definition at the end thereof:

"**System Failure of an Insured's Computer System**" means any unintentional and unplanned outage of a **Computer System** under the ownership, operation or control of, or leased by, a **Company**. **System Failure of an Insured's Computer System** does not include any unintentional and unplanned outage of a **Computer System** under the ownership, operation or control of, or leased by, a **Company**:

(1) if such unintentional and unplanned outage is part of or results from a **Security Failure**; or

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(2) if such unintentional and unplanned outage results, in whole or in part, from the interruption or outage of computer systems that are not controlled by a **Company**.

"**System Failure of an IT Service Provider's Computer System**" means any unintentional and unplanned outage of a **Computer System** under the ownership, operation or control of, or leased by, an **IT Service Provider**. **System Failure of an IT Service Provider's Computer System** does not include any unintentional and unplanned outage of a **Computer System** under the ownership, operation or control of, or leased by, an **IT Service Provider**:

(1) if such unintentional and unplanned outage is part of or results from a **Security Failure**; or
(2) if such unintentional and unplanned outage results, in whole or in part, from the interruption or outage of computer systems that are not controlled by such **IT Service Provider**.

"**System Failure of a Non-IT Service Provider's Computer System**" means any unintentional and unplanned outage of a **Computer System** under the ownership, operation or control of, or leased by, a **Non-IT Service Provider**. **System Failure of a Non-IT Service Provider's Computer System** does not include any unintentional and unplanned outage of a **Computer System** under the ownership, operation or control of, or leased by, a **Non-IT Service Provider**:

(1) if such unintentional and unplanned outage is part of or results from a **Security Failure**; or
(2) if such unintentional and unplanned outage results, in whole or in part, from the interruption or outage of computer systems that are not controlled by such **Non-IT Service Provider**.

4. In Clause 3. **EXCLUSIONS** of the **Network Interruption Coverage Section**, exclusion (g) is deleted in its entirety and replaced with the following:

(g) arising out of, based upon or attributable to any **System Failure of an Insured's Computer System**, **System Failure of an IT Service Provider's Computer System, System Failure of a Non-IT Service Provider's Computer System, Security Failure**, **Material Interruption** or **Related Act** thereto which has been reported, or in any circumstances of which notice has been given, under any policy of which this **Network Interruption Coverage Section** is a renewal or replacement or which it may succeed in time.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

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DEFINITION OF DEFENSE COSTS AMENDED ENDORSEMENT
(LOST EARNINGS – ATTEND TRIAL)

This endorsement modifies insurance provided under the following:

Specialty Risk Protector®
Security and Privacy Coverage Section

In consideration of the premium charged, it is hereby understood and agreed that with respect to the defense of a **Suit** for which coverage is provided by the **Security and Privacy Coverage Section**, the **Insurer** shall pay a natural person **Insured** up to VAR001 for lost earnings for each day such **Insured** attends a trial, arbitration or deposition at the request of the **Insurer** in connection with a covered **Suit**. This payment only applies if the **Insurer** requests that such **Insured** attend such proceedings and such proceedings last for two days or more. The aggregate loss of earnings allowance paid to all **Insureds** pursuant to this provision shall not exceed VAR002, and such amounts shall be part of, and not in addition to, the **Limit of Liability** and the **Coverage Section Limit** for the **Security and Privacy Coverage Section**. The last sentence of the definition of **Defense Costs** and the exclusion in subparagraph 3(j)(2) of the **Security and Privacy Coverage Section** do not apply to the coverage afforded by this provision.

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This endorsement, effective forms a part of
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ITEM 2 AMENDED ENDORSEMENT
(POLICY PERIOD, AP)

This endorsement modifies insurance provided under the following:

Specialty Risk Protector®
Declarations

In consideration of the additional premium of VAR001, it is hereby understood and agreed that Item 2 of the Declarations "**POLICY PERIOD**" is deleted in its entirety and replaced with the following:

2	**POLICY PERIOD**	**Inception Date**	VAR002	**Expiration Date**	VAR003
		12:01 A.M. at the address stated in Item 1			

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

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END

CYBER OPTION #2

CORVUS
BY TRAVELERS

AMWINS™

Smart Cyber Insurance Quote

for City of Franklin, TN

Produced June 23, 2025

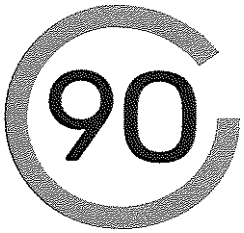
Producer
Dial Burwell, AmWINS
dial.burwell@amwins.com

Underwriter
Riley Boyle

Corvus Insurance
100 Summer Street, Suite 1175, Boston, MA 02110

City of Franklin, TN scores 90 out of 100 overall

Our proprietary non-invasive scan looks at your public-facing website, embedded software, and domains to better understand your risk profile. The score (out of 100) predicts how protected your organization is from existing cyber threats.



Scanned: Jun 09, 2025

Preview of Recommendations

BEST PRACTICE

Implement a Transfer Lock for Domains.

Finding

The Cyber Risk Scan identified issues with domains associated with your organization.

CORVUS | BY TRAVELERS

Travelers Cyber Risk Services

Monitoring, tools and services that help to predict and prevent cyber threats – so that you can focus on growing your business, not responding to cyberattacks.

CORVUS CYBER POLICIES INCLUDE:

Always-On Threat Monitoring and Alerts

- Take action with same-day threat alerts that help to stop attacks before they escalate.
- Review step-by-step actions tailored to your organization.

Expert Guidance from Our In-House Cyber Risk Services Team

- Get personalized guidance to strengthen security and reduce risk.
- Maximize the effectiveness of your security investments.

24/7 Cyber Risk Dashboard

- Check your cyber exposure and view custom security recommendations anytime.
- Access a network of preferred security vendors.

Personalized Policy Onboarding

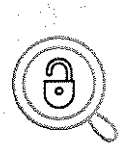
- Meet your Travelers Cyber Risk service team and get familiar with your service offerings.
- Review your current security report and receive actionable recommendations.

ORGANIZATIONS THAT ENGAGE WITH THESE SERVICES WERE SHOWN TO*:

- Be **20%** less likely to experience a cyber breach
- See **27%** lower total claim costs per cyber breach

*The frequency and severity of cyber insurance claims were found to be lower on average across all policyholder organizations that met a minimum threshold for engaging with the service offerings described above by registering their account on the cyber risk dashboard.

CUSTOMER STORY



Policyholder virtual private network (VPN) credentials are seen for sale on a dark web marketplace



Within minutes, Travelers has reached the policyholder and broker



VPN is taken offline to prevent the spread of an attack



Travelers helps set up multifactor authentication (MFA) on VPN accounts



Major ransomware attack averted, avoiding potential interruption to operations, reputational harm and an estimated $250,000+ claim

HOW IT WORKS:

1. **Get Started:** After your policy is issued, we'll send an email inviting you to register for the Travelers Cyber Risk Dashboard.
2. **Onboarding Call:** You'll meet your dedicated team and explore our services to maximize risk prevention.
3. **Year-Round Support:** Schedule an eligible service from the menu below anytime by sending us an email.

You and your insurance representative can reach us at cyberservices@travelers.com.

Online Tools and Always-On Services	All Cyber Policyholders	
Cyber Risk Dashboard	✓	
External perimeter scanning	✓	
Personalized alerts for emerging cyber threats	✓	
Continuous dark web monitoring	✓	
Cyber expert security consultations	✓	Up to 5 calls
Multifactor authentication implementation support	✓	Up to 5 calls
Self-service risk assessment	✓	
Employee security awareness training	✓	
Discounted vendor rates	✓	
Cyber newsletters and webinars	✓	

Expert Support *Available to policyholders with $1M+ cyber limit and the gross annual revenue shown in each column*	Under $50M Revenue	$50-100M Revenue	$100M+ Revenue
Policy onboarding call	✓ 30-min call	✓ 30-min call	✓ 30-min call
Meet the data breach coach	✓ 1-hr call	✓ 1-hr call	✓ 1-hr call
Post-incident consult	✓ 1-hr call	✓ 1-hr call	✓ 1-hr call
Scan reports for third-party vendors		✓ 15 scans	✓ 15 scans
Expert NIST-based risk assessment		✓ 1-hr call	✓ 1-hr call
Incident Response Tabletop Exercise**		✓ 30-min prep call	✓ 2-hr virtual + prep call
Incident Response Planning (IRP)	Template and guide	Template and guide	✓ 1-hr call
Business Continuity Planning (BCP)	Template and guide	Template and guide	✓ 1-hr call

**On-site tabletops are available via third-party vendors at a reduced cost.

CORVUS | BY TRAVELERS

Travelers Excess and Surplus Lines Company and its property casualty insurance subsidiaries and affiliates, Hartford CT 06183

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SMART CYBER INSURANCE™ QUOTE

June 23, 2025

Named Insured	City of Franklin, TN 109 3RD AVE S FRANKLIN, TN 37064-2519
Producer of Record	AmWINS 3630 Peachtree Road, Suite 1700 Atlanta, GA 30326 Through Corvus Insurance Agency, LLC
Policy Period	From **01/01/2026** to **01/01/2027** Both dates at 12:01 a.m. Standard Time at the address of the named Insured as stated herein.
Retroactive Date	None; Full Unknown Prior Acts
Insurer	Travelers Excess and Surplus Lines Company (Non-Admitted, AM Best "A++" Superior)
Breach Response Hotline	Corvus Smart Cyber Insurance® 24/7 Breach Response Hotline: (855) 248-2150

Third Party Insuring Agreements	Limit	Retention
☑ A. Network Security and Privacy Liability	$5,000,000 Each Claim / Aggregate	$100,000 Each Claim
☑ B. Regulatory Investigations, Fines and Penalties	$5,000,000 Each Claim / Aggregate	$100,000 Each Claim
☑ C. Media Liability	$5,000,000 Each Claim / Aggregate	$100,000 Each Claim
☑ D. PCI DSS Assessment Expenses	$5,000,000 Each Claim / Aggregate	$100,000 Each Claim
☑ E. Breach Management Expenses	$5,000,000 Each Claim / Aggregate	$100,000 Each Claim

First Party Insuring Agreements	Limit	Retention, Waiting Period, & Period of Indemnity
☑ A. Business Interruption See Video: www.corvusinsurance.com/bi	$5,000,000 Each Loss / Aggregate	Waiting Period: 8 Hours Period of Indemnity: 6 Months
☑ B. Contingent Business Interruption See Video: www.corvusinsurance.com/bi	$5,000,000 Each Loss / Aggregate	Waiting Period: 8 Hours Period of Indemnity: 6 Months
☑ C. Digital Asset Destruction, Data Retrieval and System Restoration	$5,000,000 Each Loss / Aggregate	$100,000 Each Loss
☑ D. System Failure Coverage	$5,000,000 Each Loss / Aggregate	Waiting Period: 8 Hours Period of Indemnity: 6 Months
☑ E. Social Engineering & Cyber Crime Coverage See Video: www.corvusinsurance.com/1st-party	$500,000 Each Loss / Aggregate	$100,000 Each Loss
☑ F. Reputational Loss Coverage	$5,000,000 Each Loss / Aggregate	Waiting Period: 2 Weeks Period of Indemnity: 6 Months

First Party Insuring Agreements	Limit	Retention, Waiting Period, & Period of Indemnity
☑ G. Cyber Extortion and Ransomware Coverage See Video: www.corvusinsurance.com/1st-party	$5,000,000 Each Loss / Aggregate	$100,000 Each Loss
☑ H. Breach Response and Remediation Expenses See Video: www.corvusinsurance.com/1st-party	$5,000,000 Each Loss / Aggregate	$100,000 Each Loss
☑ I. Court Attendance Costs	$250,000 Each Loss / Aggregate	$100,000 Each Loss

Maximum Policy Aggregate Limit: $5,000,000

Endorsements		Limit
CB-336-001	Add Coverage For SEC Reporting Costs Endorsement	
CB-171-004	AmWins Cyber Amendatory	
CB-308-001	Amend Specific Legislation Endorsement	
CB-328-003	Artificial Intelligence Endorsement	
CB-107-002	Bodily Injury Claims	$250,000
CB-126-002	Bricking	$5,000,000
CB-194-001	California Consumer Privacy Act	
CB-202-001	Coverage for Certified Acts of Terrorism	
CB-123-001	Criminal Reward Expenses	$50,000
CB-136-001	Forensic Accounting Coverage	$50,000
CB-111-003	GDPR Coverage	

Endorsements		Limit
CB-133-001	Invoice Manipulation Loss	$250,000
CB-128-001	Loss of Funds Exclusion Carveback	
CB-320-001	Non-IT Contingent Business Interruption Coverage Sublimit	
CB-174-001	Property Damage	$250,000
CB-288-003	Retention Reduction Endorsement	
CB-274-003	Smart Cyber Insurance Amendatory Endorsement	
CB-120-001	Solicitation Claims	$50,000
CB-159-003	Utility Fraud Coverage	
CB-167-001	War Exclusion Cyber Terrorism Carveback	

Premium, Taxes & Fees

Premium	$121,906
TRIA	$1,219
Total	$123,125

POLICY FORM

Corvus Smart Cyber Policy Form #CB-101-001

SUBJECTIVITIES

The proposed quoted terms are valid for 45 days and subject to the receipt, review, and acceptance of the following information and are based on the representation that there are no open or unreported claims, unless previously addressed herein, as of the date of this quote. The applicant must also pass a sanctions list check which Corvus will perform prior to binding. If at any time before binding we are made aware that a claim was reported, we reserve the right to rescind or revise the terms of this quote. If an insured elects to bind coverage during this period, the effective date of the policy must be within 45 days of the date on which the quote was issued.

Due prior to binding coverage:

- TRIA Waiver if coverage is rejected (attached to quote).
- A completed, signed and dated Corvus Smart Cyber Application. Please note we will need favorable responses to bind including: Segmented backups updated at least weekly; Email filtering; MFA for email access; MFA for remote access; Access Management Solution for privileged accounts; EDR or NGAV with 3rd party monitoring; regular phishing training; OOBA.
- Just FYI whether we are able to keep the increased SE/crime limits will depend on favorable responses here in particular as well as other terms/pricing. Review and approval of the details to the cyber crime/ financial fraud incident. What happened and when? Was any unauthorized access gained to the applicant's network? If so, how many individuals were impacted? What are the total costs associated with the incident? What remediating steps were taken to prevent future incidents from recurring?

Due within 7 days of binding coverage:

- A completed Surplus Lines Filing Form.
- Please provide policyholder contact information (client name, policyholder name, email, job title) to grant access to the Corvus by Travelers policyholder resource dashboard upon binding.

TAXES & FEES

If the risk is subject to surplus lines tax, you must arrange for the filing of the affidavit and for payment of applicable state tax and fees, in addition to the premium.

City of Franklin, TN Qualifies for Corvus Black

Because this account has over $100m in annual revenue, your client qualifies for additional free risk management services to better predict, prevent and prepare for cyber incidents.

Some of our Premium Risk Management Services Include:

- ✓ Scan Your Insured's Vendors
- ✓ "Welcome to the Flock" Onboarding Call
- ✓ Virtual Incident Response Tabletop Exercise

Learn More: www.corvusinsurance.com/corvus-black

Application for Smart Cyber Insurance

1. Company Name

City of Franklin, TN

2. Company Address

109 3RD AVE S, FRANKLIN, TN 37064-2519

3. Primary Website

https://www.franklintn.gov/

3b. Additional Websites

4. Nature of Business (Industry)

Municipality

5a. Current Gross Annual Revenue (previous 12 months)

5b. Projected Gross Annual Revenue (next 12 months)

$226,904,237

5. Are there any subsidiaries for which the Named Insured wishes to cover under the policy? ◯ Yes ◯ No

If Yes: Please list the names below and provide a relevant organization chart.

7. Estimated amount of records containing unique *personally identifiable information*, that are stored, processed or transmitted by the Applicant (including records stored by third-party providers).

- ◉ 0 - 250,000
- ◯ 250,001 - 500,000
- ◯ 500,001 - 1,000,000
- ◯ 1,000,001 - 2,500,000
- ◯ 2,500,001 - 5,000,000
- ◯ 5,000,001 - 10,000,000
- ◯ 10,000,001 +

9. Does the Applicant collect, capture, purchase, receive through trade, or otherwise obtain biometric data (biometric data is data related to body measurements and calculations related to human characteristics and includes, but is not limited to, fingerprints, iris or retina scans, voiceprints, sleep/health/exercise data, DNA or biological markers)? ○ Yes ◉ No

10. Do you have email filtering in place? ◉ Yes ○ No

11. Do you use an advanced email security solution that includes features such as URL and attachment sandboxing.(Secure Email Gateway) ◉ Yes ○ No

12. Do you have a backup solution? ◉ Yes ○ No

13. How frequently do you back up systems and data

○ Continuously ○ Daily ◉ Weekly ○ Monthly ○ Less than monthly ○ Never

14. Which of the following are in place for your backup solution(s)?(check all that apply)

- [x] Backup servers are segmented from the rest of the network
- [ ] Copy of backups are kept offline or air-gapped
- [ ] Cloud based backups
- [ ] Multiple copies of backups stored in 2 or more geographical locations
- [ ] MFA required for access to backups
- [ ] Backup solution with immutable backups
- [ ] Backup servers are not joined to a Windows domain
- [ ] Backup servers and user accounts leverage unique credentials
- [ ] Backups are encrypted
- [ ] Other controls

15. Do you enforce Multi-Factor Authentication to secure all remote access to your network? ◉ Yes ○ No ○ N/A

16. Do you enforce Multi-Factor Authentication to secure and manage internal use of privileged accounts (administrator accounts, service accounts, etc.)? ◉ Yes ○ No

17. Do you enforce Multi-Factor Authentication (MFA) for email access via webmail portal (i.e. Gmail), mailbox applications (i.e. Outlook Application) and non-corporate devices for all employees? ◉ Yes ○ No

18. How are privileged accounts secured and managed? (Please select ALL that apply)

- [ ] Administrative users use different accounts for administrative use and non-administrative use (e.g. day to day activities such as web browsing and email)
- [ ] A password management vault is used to manage privileged accounts
- [ ] Standard users do not have administrative rights to their workstations
- [ ] Local administrator accounts are unique and complex on all systems
- [ ] No controls

19. What Endpoint Security Technology do you have in place? (Please select ALL that apply and list the product and vendor)

- [ ] Standard Antivirus
- [ ] Next Gen Antivirus
- [x] Endpoint Detection & Response (EDR) across your enterprises
- [ ] Managed Detection & Response (MDR) across your enterprises
- [ ] Extended Detection & Response (XDR) across your enterprises

20. What security controls are in place to protect against unauthorized access to sensitive and confidential data? (check all that apply)

- [ ] Role-based access control leveraging the principle of least privilege
- [ ] Network segmentation of servers containing sensitive data
- [ ] MFA required for all user access to systems/applications with sensitive data
- [ ] Logging and monitoring
- [ ] Full disk encryption (workstations, on-premise laptops, etc.)
- [ ] Mobile Device encryption (e.g. cell phones, laptops, etc.)
- [ ] Encryption at Rest (File Level)
- [ ] Encryption of Data in-transit
- [ ] No security controls
- [ ] Other security controls

21. Do you have a Business Continuity Plan (BCP) or Disaster Recovery Plan (DRP) in place?	○ Yes	○ No	
22. If yes, has it been tested in the last 12 months?	○ Yes	○ No	
23. Do you have an Intrusion Detection System (IDS) or Intrusion Prevention System (IPS) in place?	○ Yes	○ No	
24. Do you conduct penetration testing of your network at least annually?	○ Yes	○ No	
25. Do you conduct employee security training or phishing training, for all employees, at least annually?	◉ Yes	○ No	
26. Prior to executing an electronic payment, do you verify the validity of the funds transfer request or payment change request, with the requestor, via a separate means of communication prior to transferring funds or making payment changes?	◉ Yes	○ No	
27. If you use multimedia material provided by others, do you always obtain the necessary rights, licenses, releases, and consents prior to publishing?	○ Yes	○ No	○ N/A
28. If you accept payment cards in exchange for goods or services rendered, are you PCI-DSS compliant?	◉ Yes	○ No	○ N/A
29. Do you deploy either end-to-end or point-to-point encryption on all your point of sale terminals?	○ Yes	○ No	

30. In the past three years, have you experienced any cyber security incident, data privacy incident or any multimedia liability claim? ◉ Yes ○ No

31. Do you or any other person or organization proposed for this insurance have knowledge of any actual or alleged: security breach, privacy breach, privacy-related event or incident, breach of privacy, or multimedia incident that may reasonably be expected to give rise to a claim or to costs being incurred? Please provide additional details.

○ Yes ◉ No ○ Uncertain

If Yes: Please provide additional details.

32. In the past 3 years, have you or any other organization proposed for this insurance sustained any unscheduled network outage or interruption lasting longer than 6 hours? ○ Yes ◉ No

33. Is the applicant involved in any services related to Cannabis, CBD, Firearms, Gambling, Fintech, or Adult Content?

○ Yes ◉ No

Additional Notes

Glossary

Air Gapped Backups
A method to create an 'offline backup'. A barrier between primary digital assets and malicious actors / catastrophes. There are two methods to create an air gapped backup: physical or logical air gap.

Email Filtering
Email security tool used to 'filter out' spam and other malicious content from an organization's inbound and outbound email messages. Email filtering provides average protection against obvious spam emails, but does not protect against more targeted and sophisticated email attacks.

Endpoint Detection & Response (EDR)
Security software that collects endpoint data and performs real-time continuous monitoring with rule-based automated response and analysis capabilities. An EDR has the capability to detect suspicious behavior, automatically block malicious activity, and provide remediation steps to restore affected system

Extended Detection & Response (XDR)
XDR extends EDR capabilities to protect more than endpoints. The security solution aims to simplify an organization's entire security stack (endpoints, cloud resources, email, network, etc.) by providing integrated visibility and threat management within a single solution.

FIDO2
Standard introduced by FIDO Alliance that allows users to log into mobile and web applications using biometrics, mobile applications, or FIDO U2F keys. Essentially, FIDO2 is passwordless authentication.

Immutable Backups
A type of backup copy that is unchangeable and prevents any deletion or modifications.

Logical Air Gap
Network and user access controls used to create an 'isolated backup' that is separate and inaccessible from the primary production environment.

Managed Detection & Response (MDR)
A third-party organization that provides 24/7 outsourced cybersecurity services like threat hunting, network monitoring, and remediation of detected threats.

Multi-factor Authentication (MFA)
Multi-factor authentication (MFA) is an authentication method that requires a user to provide two or more verification methods in order to gain access to a resource or system. MFA requires a combination of: something you know (a password or PIN), something you have (a code or token generated by a cell phone app or other hardware), and/or something you are (a fingerprint or face scan). Modern MFA does not include static authentication methods such as: certificates or pre-shared keys (PSK).

Next Generation Antivirus (NGAV)
Next-Gen AV (NGAV) can protect a system with more advanced malware enhanced capabilities to detect suspicious behaviors within the system with the limitations of exclusively focusing on the system it's installed on.

Offline backups
A copy of an organization's data which is offline (disconnected) and cannot be accessed from the primary environment.

Out-of-Band Authentication (OOBA)
Secondary verification method with the requester of a funds transfer through a communication channel separate from the original request. An example of this would be calling a known and trusted phone number to confirm a change in payment instructions sent via email from a vendor.

Personally Identifiable Information
Information that can be used to distinguish or trace an individual's identity, either alone or when combined with other personal or identifying information that is linked or linkable to a specific individual. This includes, but is not limited to: social security number, medical service or healthcare data, driver's license or state identification number, account, credit card, or debit card number.

Physical Air Gap
Backup copies on a storage media that are disconnected from the network and physically stored offsite.

Privileged Access Management (PAM) Solution
Software that focuses on secure management of privileged access. Privileged credentials are stored in a centralized, secure vault. PAM Solutions also include the ability to monitor and log privileged access and automate provisioning / deprovisioning of privileged accounts (i.e. account check-in and check-out).

Privileged Accounts
An account with elevated administrative privileges. Examples include domain admin accounts, local admin accounts, cloud admin accounts and service accounts.

Remote Access
Ability for a user to access a device, corporate web based service or network from any location through a network connection.

Secure Email Gateway (SEG)
Advanced email security solution used to monitor inbound and outbound emails to protect against spam, phishing, or malicious emails containing viruses and malware. The core functionality of SEG includes URL rewriting, URL and Attachment Sandboxing, impersonation protection for key individuals (CIO/CFO), and clawback ability to remove an email from an inbox if it is determined to be malicious after it has been delivered.

Standard Antivirus
Antivirus (AV) technology is most commonly used for personal computers, where it can be a useful tool for scanning systems and identifying malware. It blocks the execution of files, and quarantines or deletes detected malicious files, but it only offers minimal protection.

U2F(Universal 2nd Factor)-token
Standard for physical security keys that act as a second factor to the passwords of your online accounts. It allow administrators to leverage security tokens created by the FIDO (Fast IDentity Online) Alliance. This is a main implementation method for physical hardware keys.

Virtual Private Network (VPN)
Encrypted connection over the internet from a device to a network. The encrypted connection ensures that sensitive data is securely transmitted. Most commonly used to provide a secure remote connection to an organization's network.

Applicant Signature

Print Name

Date

Applicant Email[3]

Applicant Title

FOOTNOTES

[1] Corvus runs a scan on the Applicant's primary corporate website and any affiliated sites in order to create our Dynamic Loss Prevention report. We include the high-level results of the scan in our quote along with a preview of several personalized recommendations for the Applicant. After the Applicant binds a quote, Corvus generates a full report detailing the results of the scan, including all of our personalized recommendations for the Applicant.

[2] A multimedia liability claim includes one alleging defamation, disparagement, invasion of privacy, commercial misappropriation of likeness, plagiarism, piracy, or copyright or trademark infringement.

[3] You will be added to our software platform, the CrowBar, which provides helpful risk management advice, alerts and services.

NOTICES

Notice to All Applicants: Any person who knowingly, and with intent to defraud any insurance company or other person, files an application for insurance or statement of claim containing any materially false information, or, for the purpose of misleading, conceals information concerning any fact material thereto, may commit a fraudulent insurance act which is a crime and subjects such person to criminal and civil penalties in many states.

Notice to Alabama, Arkansas, New Mexico, and Rhode Island Applicants: Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or who knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

Notice to California Applicants: For your protection California law requires the following to appear on this form. Any person who knowingly presents false or fraudulent information to obtain or amend insurance coverage or to make a claim for the payment of a loss is guilty of a crime and may be subject to fines and confinement in state prison.

Notice to Colorado Applicants: It is unlawful to knowingly provide false, incomplete or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claiming with regard to a settlement or award payable for insurance proceeds shall be reported to the Colorado Division of Insurance within the Department of Regulatory Agencies.

Notice to District of Columbia and Louisiana Applicants: Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

Notice to Florida Applicants: Any person who knowingly and with intent to injure, defraud or deceive any insurance company, files a statement of claim containing any false, incomplete, or misleading information is guilty of a felony of the third degree.

Notice to Oklahoma Applicants: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, files a statement of claim containing any false, incomplete or misleading information is guilty of a felony.

Notice to Kansas Applicants: An act committed by any person who, knowingly and with intent to defraud, presents, causes to be presented or prepares with knowledge or belief that it will be presented to or by an insurer, purported insurer, broker or any agent thereof, any written statement as part of, or in support of, an application for the issuance of, or the rating of an insurance policy for personal or commercial insurance, or a claim for payment or other benefit pursuant to an insurance policy for commercial or personal insurance which such person knows to contain materially false information concerning any fact material thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto.

Notice to Maine, Tennessee, Virginia and Washington Applicants: It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines and/or denial of insurance benefits.

Notice to Maryland Applicants: Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly or willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

Notice to New Hampshire Applicants: Any person who, with a purpose to injure, defraud or deceive an insurance company, files a statement of claim containing any false, incomplete or misleading information is subject to prosecution and punishment for insurance fraud as provided in RSA 638:20.

Notice to New York Applicants: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed $5,000 and the stated value of the claim for each such violation.

Notice to Pennsylvania Applicants: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for purposes of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.

Surplus Lines Filing Form

By completing, you certify that you are a properly licensed surplus lines producer. Additionally, you agree to comply with all applicable laws and regulatory provisions including those relating to the payment of surplus lines taxes, fees, filing requirements, and all other surplus lines producer obligations.

Insured Name

City of Franklin, TN

Corvus Policy Number

Filing State

Tennessee

SL Filing Agency

Name

Address

SL Filer / License

Name

License Number (must be for filing state)

Individual Completing This Form

Name

Title

Signature

Date

Policyholder Disclosure: Notice of Terrorism Insurance Exclusion and Coverage Option

You are hereby notified that under the Terrorism Risk Insurance Act, as amended, you now have a right to purchase insurance coverage for losses resulting from acts of terrorism, as defined in Section 102(1) of the Act: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury – in consultation with the Secretary of Homeland Security, and the Attorney General of the United States – to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of an air carrier or vessel or the premises of a United States mission; and to have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

YOU SHOULD KNOW THAT WHERE COVERAGE IS PROVIDED BY THIS POLICY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM SUCH LOSSES MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THIS FORMULA, THE UNITED STATES GOVERNMENT GENERALLY REIMBURSES 85% THROUGH 2015; 84% BEGINNING ON JANUARY 1, 2016; 83% BEGINNING ON JANUARY 1, 2017; 82% BEGINNING ON JANUARY 1, 2018; 81% BEGINNING ON JANUARY 1, 2019 AND 80% BEGINNING ON JANUARY 1, 2020 OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A $100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT FOR SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS $100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED $100 BILLION, YOUR COVERAGE MAY BE REDUCED.

You have the right to accept or reject any coverage that might be provided under provisions of the Act and under the terms, conditions and exclusions of the policy. If you decide to purchase a policy from us and wish to take advantage of any terrorism coverage that might be provided, you will have to pay an additional premium for terrorism coverage in the amount of:

Limit Each Trigger	Aggregate Limit	Retention Each Trigger	Base Premium*	Additional Premium for Certified Acts of Terrorism Coverage* (1% of Base)
$5,000,000	$5,000,000	$100,000	$121,906	$1,219

* does not include surplus lines taxes and/or fees

Even if you do decide to take advantage of any terrorism coverage that might be provided under terms of the Act, we will exclude coverage for losses not eligible for federal reinsurance under the Act, which include losses due to domestic acts of terrorism and losses due to acts of terrorism to property located outside the United States. Further, as respects all losses, even losses eligible for federal reinsurance under the Act, the actual coverage available under our policies for acts of terrorism will still be limited by all of the terms, conditions, exclusions and endorsements of the policy and by generally applicable rules of law. This means that even if you decide to pay the additional premium to buy terrorism coverage to the extent provided under the Act, all terms, conditions and exclusions in the policy, will apply, even if they prevent coverage for losses resulting from terrorism.

If you decide not to accept this offer of terrorism coverage to the extent provided by the Act and not otherwise excluded by the policy, you must sign below to waive such coverage and return the original of this document to us.

Waiver of Coverage

I/we hereby waive all rights to any coverage for terrorism that may have been available under the Terrorism Risk Insurance Act and authorize Travelers Excess and Surplus Lines Company to fully exclude terrorism coverage under the policy issued or to be issued to me/us.

Proposed Named Insured

Proposed Named Insured Address

Applicant's Signature

Date

Print Name

Title

CORVUS SMART CYBER INSURANCE

In consideration of the payment of premium, reliance upon the **Application**, and subject to all terms of this Policy, the **Company** agrees to indemnify the **Insured** in excess of the **Retention** or after the expiration of the **Waiting Period**, as indicated in Item 5 of the Policy Declarations, for:

THIRD PARTY INSURING AGREEMENTS

I. Amounts which the **Insured** is legally obligated to pay as a direct result of a **Claim** first made against the **Insured** during the **Policy Period**, and reported in writing or by electronic notice to the **Company** during the **Policy Period** or Extended Reporting Period, if applicable, for:

A. **Network Security** and **Privacy Liability**
Damages and **Defense Expenses** which the **Insured** is legally obligated to pay as a result of a **Claim** arising from a **Security Breach** or **Privacy Breach**.

B. **Regulatory Investigations, Fines, and Penalties**
Regulatory Fines and Penalties and **Defense Expenses** which the **Insured** is legally obligated to pay as a result of a **Claim** arising from a **Security Breach** or **Privacy Breach**.

C. **Media Liability**
Damages and **Defense Expenses** which the **Insured** is legally obligated to pay as a result of a **Claim** arising from **Media Activities**.

D. **PCI DSS Assessment Expenses**
PCI DSS Assessment Expenses and **Defense Expenses** which the **Insured** is legally obligated to pay as a result of a **Claim** arising from a **Security Breach** or **Privacy Breach**.

E. **Breach Management Expenses**
Breach Management and Incident Response Expenses which the **Insured** has contractually indemnified a **Third Party** for a **Security Breach** or **Privacy Breach** when the **Insured** has a legal obligation to notify affected individuals.

FIRST PARTY INSURING AGREEMENTS

II. **Loss**, first discovered by the **Control Group** during the **Policy Period** and reported in writing or by electronic notice to the **Company** during the **Policy Period** or Extended Reporting Period, if applicable, for:

A. **Business Interruption**
Business Income Loss and **Extra Expenses** incurred during the **Interruption Period** directly as a result of the total, or partial, or intermittent interruption or degradation in service of an **Insured's Computer System** caused directly by a **Privacy Breach**, **Security Breach**, **Administrative Error** or **Power Failure**.

B. **Contingent Business Interruption**
Business Income Loss and **Extra Expenses** incurred during the **Interruption Period** caused directly as a result of

the total, partial, or intermittent interruption or degradation in service of the **Computer System** of an **Outsourced Service Provider** caused directly by a **Privacy Breach**, **Security Breach**, or **Administrative Error** at that **Outsourced Service Provider**.

C. **Digital Asset Destruction, Data Retrieval** and **System Restoration**
Digital Asset Loss and **Related Expenses** incurred as a direct and necessary result of a **Privacy Breach**, **Security Breach** or **Administrative Error**.

D. **System Failure Coverage**
Business Income Loss, **Extra Expenses**, and **Digital Asset Loss** incurred during the **Interruption Period** directly as a result of an unintentional or unplanned outage caused by **Administrative Error**, **Unintentional Damage or Destruction**, or **Computer Crime** and **Computer Attacks**.

E. **Social Engineering** and **Cyber Crime Coverage**
Financial Fraud Loss, **Telecommunications Fraud Loss**, **Phishing Attack Loss**, theft of **Funds Held in Escrow**, or theft of **Personal Funds** incurred directly as a result of **Financial Fraud**, **Telecommunications Fraud**, or **Phishing Attack**.

F. **Reputational Loss Coverage**
Reputational Loss incurred during the **Interruption Period** as a direct result of a **Media Event** arising from a **Privacy Breach**, **Security Breach**, **Cyber Extortion Threat**, or **Phishing Attack**.

G. **Cyber Extortion** and **Ransomware Coverage**
Extortion Expenses and **Extortion Payment** incurred directly as a result of a **Cyber Extortion Threat**.

H. **Breach Response** and **Remediation Expenses**
Breach Management and **Incident Response Expenses** incurred directly as a result of a **Privacy Breach** or **Security Breach**.

I. **Court Attendance Costs**
Expenses incurred to attend court for any tribunal, arbitration, adjudication, mediation or other hearing in connection with any **Claim** for which the **Insured** is entitled to indemnity under this policy.

DYNAMIC LOSS PREVENTION SERVICES

III. Consultative and support services requested by the **Insured** prior to notifying the Company of a potential **Loss** or **Claim**, including:

A. **IT Security Assessments**
The **Insured** shall have access to network security assessments and recommendations provided by the **Company's** data provider throughout the **Policy Period**. The **Insured** may request assessments as frequently as once every fourteen (14) business days.

B. **Pre-Claim Support Services**

If the Company is provided with notice of a potential Loss or of a Claim that is not yet a Loss or Claim under this policy and the Insured requests the Company's assistance to mitigate against such a Claim or Loss, the Company may agree to pay for up to $1,000,000 in Breach Management and Incident Response Expenses. Any such fees must be incurred with the Company's prior written consent by an attorney or consultant we have mutually agreed upon. Such attorney's and consultant's fees will be considered Claim expenses or Loss and will be subject to the Limits of Liability that would be applicable if a covered Claim is made and is also subject to the Policy's Aggregate Limit of Liability.

EXCLUSIONS

IV. The Company shall not be liable for any Claim, Damages, Defense Expenses or Loss based upon, arising out of, or in any way attributable to:

1. Prior Knowledge or Notification
   Any act, fact, error, omission, event, incident, occurrence, claim or circumstance that could reasonably be expected to give rise to a Claim or Loss when such act, fact, error, omission, event, incident, occurrence, claim or circumstance was known prior to the Inception Date of this Policy by any member of the Control Group;
2. Deliberate Acts
   The Insured's willful deliberate, malicious, fraudulent, dishonest, or criminal act or violation of law with the knowledge, connivance or acquiescence of any member of the Control Group; however, this exclusion shall not apply to Defense Expenses incurred in defending any such Claim until such time that there is final adjudication establishing such conduct, at which time the Insured shall reimburse the Company for all Defense Expenses incurred. Facts, or knowledge possessed by the Control Group regarding the foregoing conduct shall be imputed to other Insureds;
3. Insured. vs Insured
   Any Claim made by or on behalf of an Insured against another Insured. This exclusion shall not apply to any Claim brought by an Employee outside of the Control Group as a result of a Privacy Breach or Security Breach;
4. Bodily Injury
   Physical injury, sickness, disease, or death sustained by any individual and, where resulting from such physical injury only, mental anguish, mental injury, shock or emotional distress;
5. Property Damage
   Physical Injury to, or impairment, destruction or corruption of, any tangible property, including personal property in the care, custody or control of the Insured. Data and Digital Assets are not tangible property;
6. Employment Practices
   Any employer-employee relations, policies, practices, acts or omissions, any actual or alleged refusal to employ any persons or any misconduct, including physical or sexual, with respect to Employees, including negligent employment, investigation, supervision, hiring, training or retention of any Employee, Insured or person for

whom the **Insured** is legally responsible. However, this exclusion does not apply to a **Privacy Breach**;

7. **Breach of Contract**
   Any breach of any express, implied, actual or constructive contract, warranty, guarantee or promise. This exclusion does not apply to:
   a. Any liability or obligation an **Insured** would have had in the absence of such contract, warranty, guarantee or promise and which would have been insured by this Policy;
   b. A breach of the **Insured's** privacy policy; or
   c. An otherwise covered **Claim** under Insuring Agreement I. D. PCI DSS Assessment Expenses;
8. **Description of Price of Goods**
   Actual or alleged inaccurate, inadequate or incomplete description of the price of goods, products, or services, including cost guarantees, cost representations, contract price, or cost estimates being exceeded;
9. **Discrimination**
   Any actual or alleged discrimination of any kind, including but not limited to age, color, race, gender, religion, creed, national origin, marital status, sexual orientation, sexual preference, disability, financial condition, or pregnancy, including violations of civil rights or discrimination or retaliatory conduct of any kind;
10. **Government Intervention**
    Non-discriminatory measures of a government taken in the public interest for the purposes of ensuring public safety, raising revenues, protecting the environment or regulating economic activities;
11. **Patent Infringement**
    The actual or alleged:
    a. Infringement of any patent or patent rights or misuse or abuse of a patent; or
    b. The misappropriation, theft, copying, display or publication of any trade secret, unless arising out of a Privacy **Breach** or Security **Breach**;
12. **Bankruptcy**
    The insolvency, liquidation or bankruptcy of any person or entity, including any **Insured** to the extent permitted by law, or the failure, inability or unwillingness of any person or entity or **Insured** to make payments or perform obligations or conduct business because of insolvency, liquidation, or bankruptcy; However, the **Insured's** insolvency will not relieve the **Company** of any legal obligation under this contract of insurance where this insolvency does not give rise to a claim under this policy;
13. **Loss of Funds**
    a. **Loss**, decrease in value or theft of securities or currency;
    b. Trading losses, liabilities or changes in trading account value; or

c. The value of electronic funds, money, securities or wire transfer;

14. **Force Majeure**
Any loss incurred as a result of a natural disaster, including fire, smoke, explosion, lightning, wind, water, flood, earthquake, volcanic eruption, tidal wave, landslide, hail or any other natural physical event however caused;

15. **Payment Card Industry**
The failure by the Insured to comply with or follow the Payment Card Industry Data Security Standards, Merchant Services Agreements or any Payment Card Company rules, or the failure to implement, maintain or comply with any payment card industry security measures or standards. However, this exclusion does not apply to Insuring Agreement I.D. PCI DSS Assessment Expenses;

16. **Pollutants**
Any actual or alleged or threatened presence, discharge, dispersal, release, escape or failure to detect pollutants or solid, liquid, gaseous or thermal irritant or contaminant of any kind, including smoke, vapor, soot, fumes, other air emission, acids, toxic chemicals, alkalis, mold, spores, fungi germs, odor, waste, water, oil or oil product, infectious or medical waste, asbestos or asbestos product, lead or lead product, noise, and electric, magnetic, or electromagnetic field chemicals, or waste (including waste material to be recycled, reconditioned, or reclaimed), whether or not such presence, discharge, dispersal, release, escape or failure to detect results from the Insured's activities or the activities of others of whether such presence happened suddenly, gradually, accidentally or intentionally. This exclusion shall not apply to an otherwise covered claim under Insuring Agreement I. A. Security and Privacy Liability and I. B. Regulatory Investigations, Fines, and Penalties;

17. **Satellite, Electrical or Mechanical Failures**
Satellite failures; electrical or mechanical failures including spike, brownout or blackout; failures of overhead or subterranean transmission and distribution lines; or outage to utility infrastructure, including gas, water, telecommunications, telephone, internet, or cable, unless such infrastructure is under the Insured's direct operational control;

18. **Specific Legislation**
    a. The actual or alleged purchase, sale, or offer of, or solicitation of an offer to purchase or sell securities, or violations of any securities law including but not limited to the Securities Act of 1933, the Securities Exchange Act of 1934, the Sarbanes Oxley Act of 2002, including "Blue Sky" laws;
    b. The actual or alleged violation of the Organized Crime Control Act of 1970 (RICO);
    c. The actual or alleged government enforcement of any state or federal law or regulation including law or regulations promulgated by the United States Federal Trade Commission, Federal Communications Commission, or the Securities and Commission Exchange; however, this exclusion does not apply to Insuring Agreement II. B. Regulatory Investigations, Fines, and Penalties;
    d. Any breach or alleged breach of any workers' compensation, unemployment compensation, disability

benefits or similar laws, including the Federal Employers Liability Act, the Fair Labor Standards Act of 1938, the National Labor Relations Act, the Worker Adjustment and Retraining Act of 1988, the Certified Omnibus Budget Reconciliation Act of 1985, the Occupational Safety and Health Act of 1970;

e. Any violation of any pension, healthcare, welfare, profit sharing, mutual or investment plans, funds, or trusts; or any violation of any provision of the Employee Retirement Income Security Act of 1974 and/or the Pension Protection Act of 2006;

f. The violation of, or the exposure of the Insured or Company to, any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, UK, or USA;

g. The Telephone Consumer Protection Act of 1991 or CAN-SPAM Act of 2003 or any similar state or federal statute, law, regulation or rule with regard to unsolicited distribution of email, text messages, direct mail, facsimiles, spam, actual or alleged wiretapping, audio or video recording, or telemarketing;

19. **Terrorism**
Any act of terrorism, except for a terrorist event perpetrated by electronic or internet based applications or means;

20. Unauthorized **T**rading
Any and all trading by an Insured, including trade that at the time of the trade is:

a. In excess of permitted financial limits; or

b. Outside of permitted product lines;

21. **Anti-Trust Laws** and Unfair **C**ompetition
Any actual or alleged violation of any anti-trust statute, legislation or regulation including the Sherman Anti-Trust Act, the Clayton Act or any similar provisions of any federal, state or local statutory law or common law; or unfair competition, price fixing, deceptive trade practices;

22. Use of **Illeg**al or Unlicen**s**ed **P**rograms
Use of illegal or unlicensed programs or software;

23. **War**
Confiscation, nationalization, requisition, strikes, labor strikes or similar labor actions; war, invasion, or warlike operations, civil war, mutiny, rebellion, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military coup or usurped power;

24. **R**adioa**ctive C**ontamination, **C**hemical, **B**iological, **B**iochemical and **E**lectromagnetic
In no case shall this insurance cover loss, damage, liability or expense directly or indirectly caused by or contributed to, by, or arising from:

a. Ionizing radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste;

b. The radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;

c. Any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter;

d. The radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter;

e. Any chemical, biological, bio-chemical or electromagnetic weapon;

DEFINITIONS

Administrative Error
An error or omission by an Employee or member of the Control Group in the input, processing or output of the Insured's Digital Assets of the Insured's Computer System operation or maintenance; With respect to Insuring Agreement II. B. Contingent Business Interruption, Administrative Error includes error or omission by an employee of an Outsourced Service Provider in the input, processing or output of the Insured's Digital Assets or the Outsourced Service Provider's Computer System operation or maintenance.

Application
All information provided by or on behalf of the Insured to the Company as part of any request for this Policy, including any supplemental information submitted therewith; All of the above are deemed attached to, material and incorporated into this Policy;

Breach Management and Incident Response Expenses

a. Costs of an external IT security expert to determine the cause, scope and extent of the Privacy Breach or Security Breach or any immediate actions necessary to mitigate ongoing harm to the Insured's Computer System;

b. Costs and expenses of a legal firm to determine any actions necessary to comply with Privacy Regulations;

c. Notification costs and related expenses to notify:

   I. Individuals who are required to be notified in compliance with Privacy Regulations mandating notifications; or

   II. Any individual affected by the actual or suspected cyber event or to send email notices or issue substitute notices;

   III. Costs of setting up a telephone call center in order to support notified individuals and to provide credit file monitoring services and/or identity theft assistance;

d. Crisis Management Expenses;

e. Costs to provide credit monitoring services, identity monitoring services, identity restoration services or identity theft insurance to affected individuals for up to 24 months.

f. Access to Company's 24/7 Cyber Incident Response Hotline;

g. Costs to obtain initial report support and assistance from the Company;

h. Costs to conduct a forensic investigation of the **Insured's** Computer System where reasonable and necessary or as required by law or a regulatory body (including a requirement for a PCI Forensic Investigator);

i. Costs to contain and remove any malware discovered on the Insured's Computer Systems;

j. Costs to complete an information security risk assessment;

k. Costs to conduct an information security gap analysis;

Business Income Loss

a. The net profit before income taxes that the **Insured** is prevented from earning during the **Interruption Period**; and

b. Normal operating expenses incurred by the **Insured** (including payroll), but solely to the extent that such operating expenses must continue during the **Interruption Period** and would have been incurred had there been no interruption or degradation in service;

Business Income Loss does not include any:

I. Contractual penalties;

II. Costs or expenses incurred to update, restore, replace or improve a **Computer System** to a level beyond that which existed just before the Interruption of Service;

III. Expenses incurred to identify or remediate software program errors or vulnerabilities;

IV. Legal costs or expenses;

V. Loss arising out of liability to any third party;

VI. Other consequential loss or damage; or

VII. Extra Expenses;

'Business Income Loss', as used in item a. Shall mean:

a. For manufacturing operations, the net sales value of production less the cost of all raw stock, materials and supplies used in such production;

Claim

The following, when first received in writing or by electronic notice by any Insured during the **Policy Period** or, if applicable, an **Extended Reporting Period**.

a. A notice of an intention to hold the Insured responsible for **Damages**, including the service of legal proceedings, the institution of arbitration or mediation, or a written request to toll or waive a statute of limitations against any

of the Insureds;

b. A request for information, civil investigative demand, formal civic administrative proceeding or formal regulatory action only to the extent covered by Insuring Agreement I. B. Regulatory Investigations, Fines, and Penalties;

c. A demand for PCI DSS Assessment Expenses only to the extent covered by Insuring Agreement I. D. PCI DSS Assessment Expenses.

First receipt by any Insured is deemed to be first receipt by all Insureds.

Company
The Insurer listed under Item 3 of the Policy Declarations.

Computer Crime and Computer Attacks
An unintentional or negligent act, error or omission by an Insured, or an Outsourced Service Provider in the operation of an Insured's Computer System or in the handling of Digital Assets, which fails to prevent or hinder attacks on an Insured's Computer System, including, but not limited to Denial of Service attacks, unauthorized access, infection of malicious computer code, unauthorized use or an act of cyber terrorism.

Computer System
A system of interconnected hardware and peripherals, and associated software, including Internet of Things (Iot) devices, systems and application software, terminal devices, related communication networks, mobile devices, storage and back-up devices, operated by the Insured or an Outsourced Service Provider; With respect to Insuring Agreement II. A. Business Interruption, a Computer System will not include devices, systems, software, or networks operated by an Outsourced Service Provider;

Control Group
Any of the Chief Executive Officer, Chief Financial Officer, Chief Information Officer, Chief Operating Officer, Chief Information Security Officer, Chief Legal Officer/General Counsel, Risk Manager or the functional equivalent of any of those positions;

Crisis Management Expenses
Expense reasonably incurred by the Insured and approved in writing in advance by the Company for the employment of a public relations consultant if the Insured reasonably considers that action is needed in order to avert or mitigate a Business Income Loss or Media Event;

Cyber Extortion Threat
A credible threat or series of credible threats, that includes a demand for Extortion Payment, to:

a. Release, disseminate, destroy or corrupt the Insured's Digital Assets;

b. Introduce Malicious Code into the Insured's Computer System;

c. Corrupt, damage or destroy the Insured's Computer System;

d. Electronically communicate with the Insured's customers and falsely claim to be the Insured or to be acting under

the **Insured's** direction in order to falsely obtain personal confidential information of the **Named Insured's** customers (also known as "pharming," "phishing," or other types of false communications); or

e. Restrict or hinder access to the **Insured's Computer System**, including the threat of a criminal or malicious **Denial of Service**;

Damages

The amount an **Insured** is **legally** obligated to pay in respect of: a **Claim**, including a monetary judgement, award or settlement, interest and a claimant's legal costs; punitive and exemplary damages, to the extent such damages are insurable under the law pursuant to which this **Policy** is construed; **Regulatory** Fines and Penalties only to the extent covered by Insuring Agreement I. B. Regulatory Investigations, Fines, and Penalties; and PCI DSS Assessment Expenses only to the extent covered by Insuring Agreement I. D.; Damages shall not include:

a. Future profits or royalties, restitution, or disgorgement of the **Insured's** profits;

b. The cost of complying with orders granting injunctive or non-monetary relief, including specific performance, or any agreement to provide such relief;

c. Loss of the **Insured's** fees or profits, return or offset of the **Insured's** fees or charges (invoiced or not), or the **Insured's** commissions or royalties provided or contracted to be provided;

d. Fines, taxes or loss of tax benefits, sanctions unless covered under Insuring Agreement I.B. Regulatory Investigations, Fines, and Penalties and unless covered under **Insuring** Agreement I.D. Payment Card Industry Fines, Assessments and Expenses;

e. Liquidated damages to the extent that such damages exceed the amount for which the **Insured** would have been liable in the absence of such liquidated damages agreement, unless covered under Coverage I.D. Payment Card Industry Fines, Assessments and Expenses;

f. Any amount which the **Insured** is not **legally** obligated to pay; and

g. Amounts which are uninsurable under the law pursuant to which this **Policy** is construed;

Data

Information represented, transmitted or stored electronically, or digitally including code, or a series of instructions, operation systems program, software and firmware;

Defense Expenses

Reasonable and necessary: fees charged by an attorney to defend a **Claim**, and costs and expenses resulting from the investigation, adjustment, defense and appeal of a **Claim** incurred with the **Company's** prior written consent, or such fees and costs incurred by an attorney from the Pre-Approved Vendors specified on the Policy Declarations;

Denial of Service

Unauthorized interference or malicious attack that restricts or prevents access to the **Insured's Computer System** for entities authorized to gain access;

Digital Asset Loss
Expenses incurred to restore, recreate, or replace **Digital Assets** or **Computer Systems** directly impacted by a **Privacy Breach** or **Security Breach**. If it is determined that **Digital Assets** or a **Computer System** cannot be restored, recreated, or replaced, the Company will only reimburse the **Insured's** losses or expenses incurred up to the date of such determination;

Digital Assets
The **Insured's** digital files including **Data**, computer programs, electronic documents and audio content stored by the **Insured's Computer System**;

E-Media
Hard drives, CD ROMs, magnetic tapes, magnetic discs or any other media on which electronic **Data** is stored;

Employee
Any individual whose labor or service is engaged by and directed by the **Insured**, including volunteers and part-time, seasonal, temporary or leased workers, and independent contractors;

Extra Expenses
Reasonable and necessary extra costs incurred by the **Insured** to temporarily continue as nearly normal as practicable in the conduct of the **Insured's** business during the **Interruption Period**, less any value remaining at the end of the **Interruption Period** for property or services obtained in connection with such costs; "Normal" shall mean the condition that would have existed had no **Privacy Breach**, **Security Breach**, **Administrative Error** or **Power Failure** occurred;

Extortion Expenses
Reasonable and necessary expenses incurred to avoid a **Privacy Breach**, **Security Breach** or the disruption failure of the **Insured's Computer System**, resulting directly from a **Cyber Extortion Threat**;

Extortion Payment
The payment of a ransom demand to avoid a **Privacy Breach**, **Security Breach** or the disruption or failure of the **Insured's Computer System**, resulting directly from a **Cyber Extortion Threat**. The **Insured** must report any payments to legal or federal law enforcement authorities.

Financial Fraud

a. An intentional, unauthorized and fraudulent written, electronic or telephonic instruction transmitted to a financial institution, directing such institution to debit the **Insured's** account and to transfer, pay or deliver money or securities from the **Insured's** account, which instruction purports to have been transmitted by the **Insured**, an **Executive**, or an **Employee**, but was in fact fraudulently transmitted by a **Third Party** without the **Insured's** knowledge or consent; or

b. An intentional, unauthorized and fraudulent written, electronic or telephonic instruction transmitted to a financial institution by an **Executive** or **Employee** as a result of that **Executive** or **Employee** receiving intentional, misleading or deceptive telephonic or electronic communications from a **Third Party** falsely purporting to be the

Insured or the **Insured's** client, vendor, **Executive** or **Employee**, and which directs the financial institution to debit the **Insured's** account and to transfer, pay or deliver money or securities from the **Insured's** account; or

c. The theft of money or securities from the **Insured's** bank account or corporate credit cards by electronic means;

Financial Fraud Loss
Insured's loss of money, securities, or Specified **Property** which is directly caused by **Financial Fraud**;

Financial Fraud Loss does not include any amounts reimbursed to the **Insured** by any financial institution;

Funds Held In Escrow
Money or securities belonging to a **Third Party**;

Insured

a. The entity specified in Item 1 of the Policy Declarations;
b. Any **Subsidiary** but only during the time period such qualifies as a **Subsidiary**;
c. Any past, present or future officer, director, trustee, court-appointed receiver, or **Employee** of any of (a) and (b) above, but only while acting solely within the scope of their duties as such;
d. Any general or managing partner, principal, stockholder, or owner of any of (a) and (b) above, but only while acting solely within the scope of their duties as such;
e. Any legal entity required by contract to be named as an **Insured** under this **Policy** if agreed in advance and in writing by the **Company**, but only for the acts of any above parties (a) through (d), as detailed under the Insuring Agreements purchased;
f. Any agent or independent contractor, including distributors, licensees, and sublicensees, but only while acting on behalf of, at the direction of, or under the control of any party of (a) through (e) above; however, not including any **Outsourced Service Provider**;

Interruption Period
Under Insuring Agreement II. A. Business Interruption, Insuring Agreement II. B. Contingent Business Interruption, and Insuring Agreement II. D. System Failure, the period of time that commences when the partial or complete interruption, degradation or failure of the **Computer System** begins, and ends on the earlier of:

a. The date of full system restoration of the **Computer System** plus up to 30 days thereafter if necessary to allow for restoration of the **Insured's** business; or
b. The maximum Period of Indemnity as stated in Item 5 of the Policy Declarations;

Under Insuring Agreement II. D. Reputational **Loss**, the period of time that commences on the date of the earliest **Media Event** and ends after the maximum indemnity period as stated in Item 5 of the Policy Declarations;

Loss

Breach Management and Incident Response Expenses, Crisis Management Expenses, Digital Asset Loss, Extortion Expenses, Extra Expenses, Extortion Payment, Business Income Loss, Financial Fraud Loss, Phishing Attack Loss, Related Expenses, Telecommunications Fraud Loss, and theft of Funds Held In Escrow;

Malicious Code
Software intentionally designed to damage Digital Assets or a Computer System by a variety of forms including, but not limited to, virus, worms, Trojan horses, spyware, dishonest adware, ransomware and crimeware;

Media Activities
The release or display of any Media Material that is under the direct sole control of the Insured and directly results in any of the following:

a. Defamation, libel, slander, product disparagement or trade libel;
b. Infringement, interference, or invasion of an individual's right or privacy or publicity, including false light, intrusion upon seclusion, commercial misappropriation of likeness, and public disclosure of private facts;
c. Plagiarism, piracy, or misappropriation of ideas under an implied contract;
d. Infringement of copyright, trademark, trade name, trade dress, title, slogan, service mark or service names; or
e. Domain name infringement or improper deep-linking or framing;

Media Event
A report in the media of a Privacy Breach or Security Breach including via newspapers, radio, television, internet, blogging, and social media that has an adverse impact on the Insured's business or reputation;

Media Material
Communicative material of any kind or nature for which the Insured is responsible, including, but not limited to, words, pictures, sounds, images, graphics, code and Data, regardless of the method or medium of communication of such material or the purpose for which the communication is intended. Media Material does not include any tangible goods or products that are manufactured, produced, processed, prepared, assembled, packaged, labeled, sold, handled or distributed by the Insured or others trading under the Insured's name;

Named Insured
The entity listed in Item 1 of the Policy Declarations;

Outsourced Service Provider
An independent service provider that provides information technology services or business processing outsourcing services, including, but not limited to hosting, security management, colocation, call center services, fulfillment services, logistical support, and data storage, for the benefit of the Insured under a written contract with the Insured;

Personal Funds
Money, securities, or financial assets from a personal bank account belonging to the Control Group;

PCI-DSS Assessment Expenses

Payment Card Industry forensic investigation costs, fines or penalties, assessments, including fraud loss recoveries and card replacement costs, and administrative costs that the **Insured** is legally obligated to pay under the terms of a Merchant Services Agreement as a result of the **Insured's** actual or alleged non-compliance with Payment Card Industry Data Security Standards. **PCI DSS Assessment Expenses** does not include any ongoing obligation or audit following the imposition of an assessment, fine or penalty;

Phishing Attack
The use of fraudulent electronic communications or malicious websites to impersonate the **Insured**, the **Insured's** brand, or any of the **Insured's** products or services, in order to solicit **Protected Personal Information**;

Phishing Attack Loss

a. Expenses the **Insured** incurs, with the **Company's** prior written consent, to create and issue a specific press release or to establish a specific website to advise the **Insured's** customers and prospective customers of a **Phishing Attack**; and
b. The cost of reimbursing the **Insured's** existing customers for their losses arising directly from a **Phishing Attack**;
c. The cost of reimbursing the **Insured's** existing customers for their financial loss arising directly from the fraudulent communications;
d. **Insured's** direct loss of profits for 120 days following the **Insured's** discovery of the fraudulent communications as a direct result of the fraudulent communications;
e. External costs associated with the removal of websites designed to impersonate the **Insured**;

Policy or Insurance
This contract of insurance including the **Application**, any Declarations, and any endorsements or variations, all material to and forming part hereof;

Policy Period
The period of time between the Inception Date and Time and the Expiration Date and Time specified in Item 2 of the Policy Declarations unless terminated earlier, and specifically excluding any Extended Reporting Period;

Power Failure
Failure in electrical power supply caused by a **Security Breach**, but only where such power is under the direct operational control of the **Insured** or the equipment necessary to supply the power is under the direct operational control of the **Insured**;

Privacy Breach

a. A breach of confidentiality, or infringement or violation of any right to privacy, or a breach of the **Named Insured's** privacy policy or of **Privacy Regulations**; or
b. An accidental release, unauthorized disclosure, loss, theft or misappropriation of **Protected Personal Information** or confidential corporate information in the care, custody or control of an **Insured Entity** or **Outsourced Service**

Provider;

Privacy Regulations
Statutes, laws and regulations associated with the confidentiality, access, controls and use of personally identifiable, non-public information, including:

a. Health Insurance Portability and Accountability Act of 1996 (Public Law 104-191);
b. Gramm-Leach-Bliley Act of 1999, also known as the Financial Services Modernization Act of 1999;
c. State and federal statutes and regulations regarding the security and privacy of consumer information;
d. Governmental privacy protection regulations, statutes, or laws associated with the control and use of personal information;
e. Privacy provisions of consumer protection laws, including the Federal Fair Credit Reporting Act;
f. Children's Online Privacy Protection Act;
g. The EU Data Protection Act or other similar privacy laws worldwide;

Protected Personal Information
With respect to natural persons, any private, non-public information of any kind in an Insured's care, custody, or control, regardless of the nature or form of such information, including but not limited to the following, but only if such information allows an individual to be uniquely identified:

a. Social security number;
b. Medical service or healthcare data;
c. Driver's license or state identification number;
d. Equivalents of any of the information listed in a.-c. above;
e. Account, credit card, or debit card number, alone or in combination with any information that permits access to an individual's financial information, including, but not limit to, security or access code or password; and
f. Other-non-public information to the extent prescribed under Privacy Regulations;

However, Protected Personal Information does not mean publicly available information that is lawfully in the public domain or information available to the general public from government records;

Regulatory Fines and Penalties
Civil fines, monetary penalties payable or a monetary amount which the Insured is legally obligated to deposit in a fund as equitable relief as imposed by a governmental agency or regulatory authority as a result of a breach of the Privacy Regulations;

Related Expenses

Reasonable and necessary costs and expenses the **Insured** incurs to:

a. Prevent, preserve, minimize, or mitigate any further damage to **Digital Assets**, including the reasonable and necessary fees and expenses of specialists, outside consultants or forensic experts;

b. Preserve critical evidence of any criminal or malicious wrongdoing;

c. Purchase replacement licenses for computer programs because the copy protection system or access control software was damaged or destroyed by a **Loss**; or

d. Notify affected individuals of a total or partial interruption, degradation in service, or failure of an **Insured's Computer System** resulting from a **Loss**;

Reputational **Loss**
Provable and determinable **Business Income Loss** during the **Interruption Period**;
Reputational **Loss** shall not mean, and no coverage shall be available for, any of the following:

a. **Loss** arising out of any liability to a **Third Party**;

b. **Legal** costs or legal expenses of any type;

c. **Loss** incurred as a result of unfavorable business conditions, loss of market or any other consequential loss;

d. **Loss**, liability, or expense incurred in connection with a **Media Event** that also affects or refers in similar terms to a general security issue, an industry, or the **Insured's** specific competitors without any specific allegations regarding a **Security Breach**, **Privacy Breach**, **Extortion Threat**, or **Phishing Attack** committed by an **Insured**, or by others acting on your behalf, for whom you are legally responsible, including **Outsourced Service Providers**;

e. Costs or expenses the **Insured** incurs to identify, investigate, respond to or remediate a **Privacy Breach**, **Security Breach**, **Extortion Threat** or **Phishing Attack**;

Retention
The figures specified in Item 5 of the Policy Declarations that is payable by the **Insured** in respect of every **Claim** and **Loss**;

Security Breach

a. The use of the **Computer System** by an unauthorized person or persons, or by an authorized person in an unauthorized manner, including social engineering techniques;

b. A **Denial of Service** attack or DDoS attack;

c. Transmission of **Malicious Code**;

d. The failure to prevent or hinder participation in a **Denial of Service** attack from a **Computer System**;

A series of continuing **Security Breaches**, or related or repeated **Security Breaches** arising from the same sequence of

events, shall be considered a single **Security Breach** and be deemed to have occurred at the time of the first such **Security Breach**;

Specified Property
Any tangible property, other than money or securities, which has intrinsic value;

Subsidiary
Any corporation, limited liability company, or partnership while more than 50% of the outstanding voting securities or shares that represent the present right to vote for the election or appointment or designation of such entity's directors, managers or equivalent are directly owned or controlled by the **Insured**; or any joint venture while the **Named Insured** has managerial control, or while it has the right to elect or designate or otherwise appoint or directly control the appointment of more than 50% of such entity's directors, trustees, managers or equivalent;

Telecommunications Fraud
The intentional, unauthorized and fraudulent gaining of access to outgoing telephone service through infiltration and manipulation of an **Insured Telecommunications System**;

Telecommunications Fraud Loss
Charges the **Insured** incurs for unauthorized calls directly resulting from **Telecommunications Fraud**;

Telecommunications Systems
Any telephone network or system that the **Insured** owns, rents, licenses, or borrows.

Third Party
Any person who is not an **Employee** or any legal entity that is not the **Insured**.

Unintentional Damage or Destruction

a. Accidental physical damage to, or destruction of, **E-Media** so that stored **Digital Assets** are no longer machine-readable; Accidental damage to, or destruction of, computer hardware so that stored **Data** is no longer machine-readable;
b. Failure in power supply or under/over voltage, but only if such power supply, including back-up generators, is under the **Insured's** direct operational control;
c. Electrostatic build-up and static electricity.

Waiting Period
Under Insuring Agreement II. A. Business Interruption and Insuring Agreement II. B. Contingent Business Interruption, the period of time that commences when the partial or complete interruption, degradation or failure of the **Computer System** begins, and expires after the number of hours specified in Item 5 of the Policy Declarations. Under Insuring Agreement II. F. Reputational Loss, the period of time that commences when the **Media Event** occurs and expires after the number of hours specified in Item 5 of the Policy Declarations. **Business Income Loss** incurred during the **Waiting Period** is uninsured.

CLAIMS CONDITIONS

1. Subrogation

   If any payment is made under this Policy, the Insured shall maintain all rights of recovery against any Third Party. The Insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights, and shall do nothing to prejudice such rights. Any recoveries shall be applied first in payment of the Company's subrogation expenses, secondly to Loss, Damages, Defense Expenses, or any other amounts paid by the Company, thirdly to any uninsured amount, and lastly to the Retention. Any additional amounts recovered shall be paid to the Insured.

2. Notice of Claim, Loss or Circumstance

   a. If, during the Policy Period, the Control Group becomes aware of a Claim or Loss, the Insured must forward details to the Company as soon as practicable during the Policy Period or the Extended Reporting Period, if applicable. Notice must be provided through the contacts listed in Item 4 of the Policy Declarations. The Insured must report a Claim or Loss regardless of whether the Claim or Loss arises out of any previously reported incident, circumstances, acts, errors or omissions, or related Claim or Loss.

   b. If during the Policy Period, the Control Group becomes aware of any incidents, circumstances, acts, errors or omissions that could reasonably result in a Claim or Loss, the Insured must forward details to the Company as soon as practicable during the Policy Period. Notice must be provided through the contacts listed in Item 4 of the Policy Declarations. Any Claim or Loss arising out of such reported incidents, circumstances, acts, errors or omissions will be deemed to have been made or incurred when the Company first received notice complying with this paragraph.

   c. Any Loss, Claim or incidents, circumstances, acts, errors or omissions that could reasonably result in Loss or a Claim shall be considered properly reported to the Company when notice is provided through the contacts listed in Item 4 of the Policy Declarations.

3. Dispute Resolution

   a. No legal action shall be instituted by any Insured against the Company in any court in respect of any alleged Defense Expenses or indemnity payable by the Company in respect of any Claim unless, as a condition precedent thereto, there has been full compliance with all the terms of the Policy and the amount of the Insured's obligation to pay the relevant Third Party Claim shall have been finally determined by judgement or award against the Insured after actual trial or arbitration, or by written agreement of the Insured, the claimant and the Company.

   b. Any person or organization of the legal representative thereof who has secured such judgement, award, or written agreement shall thereafter be entitled to make a Claim under this Policy to the extent of the insurance afforded by this Policy. No person or organization shall have any right under this policy to join the Company as a party to an action or other proceeding against the Insured to determine the Insured's liability,

nor shall the Company be impleaded by the Insured or the Insured's legal representative. Bankruptcy or insolvency of the Insured or of the Insured's estate shall not relieve the Company of their obligations hereunder.

c. Mediation. If any dispute arises between any Insured and the Company involving Loss or a Claim under this Policy, such dispute shall be referred by the parties to a qualified mediator to negotiate a resolution of the dispute in good faith, prior to the initiation of any arbitration or other judicial proceedings. The party electing to mediation shall provide written notice to other party of its request to mediate with a brief statement regarding the issue to be mediated. The Named Insured is authorized and directed to accept such Notice of Mediation on behalf of any Insured.

d. In the event that non-binding Mediation does not resolve or settle the dispute between any Insured and the Company, after 30 days from the date of the Mediation, either party may:

   1. commence a judicial proceeding; or
   2. seek agreement to submit the matter to final and binding arbitration before either a single mutually agreed arbitrator or a three arbitrator panel whereby the Insured selects one arbitrator, the Company select one arbitrator and the two selected arbitrators agree upon the selection of the third arbitrator.

Defense, Settlement and Investigation of Claims

a. The Company shall have the right and duty to defend any Claim against the Insured, even if any of the allegations of the Claim are groundless, false, or fraudulent, subject to the Limit of Liability, Exclusions and other terms and conditions of this Policy.

b. Unless defense counsel or breach counsel is chosen from the list of PreApproved vendors specified on the Policy Declarations, defense counsel or breach counsel shall be appointed with the Company's prior written consent. Such consent shall not be unreasonably withheld. However, in the absence of agreement the Company's decision shall be final.

c. The Company shall have the right to make any investigation they deem necessary including with respect to the Application or to coverage.

d. If the Insured refuses to consent to a settlement that the Company recommends, and that the claimant will accept, the Insured must then defend, investigate or settle the Claim at the Insured's own expense. As a consequence of the refusal to settle as per Company's recommendation, Company's liability for any Claim shall not be more than the amount of the initial recommended settlement plus up to 70% of any additional costs incurred by the Insured above this amount in order to settle this matter, subject always to the limit of the Policy.

e. No Insured may incur any Defense Expenses, PCI DSS Assessment Expenses, or admit liability for, or settle, any Claim, without the Company's written consent, which shall not be unreasonably withheld. Provided that, if a proposal settlement amount, when combined with any Defense Expenses or PCI DSS Assessment

Expenses incurred, does not exceed 50% of the applicable **Retention** set forth in the Policy Declarations, the **Insured** may settle a **Claim**, or accept an offer of settlement, without the prior written consent of the **Company**. Such settlement must fully resolve the **Claim** with respect to the **Insured** and the **Company**.

GENERAL CONDITIONS

The **Company** has no duty to provide coverage under this Policy unless there has been full compliance with all the conditions contained in this Policy. Any clause designated as a condition precedent shall require the entity to which it applies to comply specifically and completely with it and any breach or failure to do so shall entitle the **Company** to reject all or part of the **Claim**, **Damages**, **Defense Expenses** or **Loss** or any related **Claim** or **Loss** whether or not such breach or failure causes loss, prejudice or damage.

1. **Policy Limits**
   The Aggregate Limit specified in Item 5 of the Policy Declarations shall be the maximum liability of the **Company** under this **Policy**. The limits for each Insuring Agreement specified in Item 5 of the Policy Declarations form part of, and are not in addition to, such Aggregate Limit.

   After the **Policy** Limit of Liability has been exhausted, the **Company** has no obligations to pay any **Damages**, **Defense Expenses**, **Loss** or any other amounts under the **Policy**, and shall have the right to withdraw from the defense.

2. **Retention** and Waiting Period
   The **Retention** amount specified in Item 5 of the Policy Declarations for each Insuring Agreement apply separately to each and every **Loss** and **Claim** and shall be satisfied in full by the **Insured's** monetary payments of **Loss**, **Damages**, or **Defense Expenses**.

   The **Company** shall only be liable for amounts in excess of the **Retention**, subject to the Limit of Liability.

   For Insuring Agreements subject to a **Waiting Period**, the **Company** will only become liable for any **Loss** upon expiration of the applicable **Waiting Period**. Any Loss incurred during the **Waiting Period** is uninsured.

   In the event of a **Claim** or **Loss** attaches to more than one Insuring Agreement, only the highest **Retention** or the longer **Waiting Period** will apply to that **Claim** or **Loss**.

   The **Insured's** payment of the applicable **Retention** is a condition precedent to the payment by the **Company** of any amounts covered under the **Policy**. The **Insured** shall make direct payments within the **Retention** to the appropriate parties as designated by the **Company**.

3. **Related Claims and Loss**
   All **Claims** and **Loss** arising out of the same related or continuing acts, facts, circumstances or events shall be considered a single **Claim** or **Loss**, without regard to the number of **Insureds**, **Claims** or claimants. All such **Claims** or **Loss** shall be deemed to have been made at the time of the first such **Claim** or **Loss**.

4. **Cancellation**

If this Policy is cancelled by the Named Insured, the Company will refund the unearned premium computed at the Company's short rate then in force. No premium will be refunded where any Claim or circumstance has been notified under this Policy, whether or not it has been accepted for coverage.

5. Other Insurance
   This Policy is excess to any other valid and collectible insurance (or other indemnity) available to the Insured.

6. Inspection and Audit
   The Company shall be permitted, but not obligated, to inspect any of the Insured's property, operations, or records and take copies of same at any time at the Insured's cost.

7. Mergers and Acquisitions
   If any Named Insured completes the legal acquisition of another entity during the Policy Period, then that acquired entity will automatically be included as an Insured but only with respect to Claims or Loss sustained or occurring after the date of the acquisition and otherwise qualifying for coverage under this Policy, unless:

   a. That acquired entity has an annual revenue of more than 20% of the Named Insured's annual revenue (evaluated according to the last set of audited accounts formally filed by that entity against the information provided by the Named Insured when applying for this Policy); or

   b. Unless that acquired entity stores a total number of unique, personally identifiable records that are in excess of 20% of the total unique, personally identifiable records that the Named Insured stores (as at the date of completion of such acquisition).

      If the above cover is not automatically provided to the newly acquired entity, to obtain cover the Named Insured must notify and obtain the written consent of the Company prior to the acquisition, and agree to pay any additional premium required.

8. Assignment
   The interest hereunder is not assignable by any qualifying Insured.

9. Innocent Insured

   a. Whenever coverage under this Policy would be excluded, suspended, or lost owning to non-compliance with Claims Conditions 2. Notice of claim or circumstance, with respect to which any other Named Insured shall be in default solely as a result of such non-compliance, then such insurance as would otherwise be afforded under this Policy shall cover and be payable to those Insureds who did not personally commit or personally participate in committing or personally acquiesce in such failure to give notice, provided that Insured entitled to the benefit of this provision shall comply with Claims Conditions 2. Notice of Claim or Circumstance promptly after obtaining knowledge of the failure of any other Insured to comply therewith.

      Any insurance afforded by this provision shall not cover a Claim if a member of the Control Group knew or should reasonably have known of a Claim or circumstance that could reasonably form the basis of a Claim or Loss and failed to give notice as required by Claims Conditions 2.

Notwithstanding the above, the reporting of any such **Claim** or **Loss** must be made during the **Policy Period** or Extended Reporting Period, if applicable.

b. Whenever coverage this **Policy** would be excluded, suspended, or lost because of the Insured Misconduct Exclusion, then such insurance as would otherwise be afforded under this **Policy** shall converge and be payable with respect to those **Insureds** who did not personally commit, personally participate in committing, personally acquiesce, or remain passive after having personal knowledge thereof, provided that the **Insured** entitled to the benefit of this provision shall comply with Claims Conditions 2. Notice of **Claim** or Circumstance promptly after obtaining knowledge of the failure of any other **Insured** to comply therewith.

10. Extended **Reporting Period**

a. Automatic Extended Reporting Period
The Named **Insured** shall have a period of sixty (60) days following the end of the **Policy Period** in which to give written or electronic notice to the **Company** of any **Claim** or **Loss**, but only in respect of any:

I. **Claim** first made during the **Policy Period** or Automatic Extended Reporting Period when such **Claim** is based upon a **Security Breach**, **Privacy Breach** or **Media Activity** prior to the end of the **Policy Period** or

II. **Loss** based upon a **Security Breach**, **Privacy Breach**, Administrative Error, Power Failure, **Unintentional Damage** or **Destruction**, **Computer Crime** and **Computer Attacks**, **Financial Fraud**, **Telecommunications Fraud**, **Phishing Attack** or **Cyber Extortion Threat** during the **Policy Period** when first discovered by the **Control Group** during the **Policy Period** or Automatic Extended Reporting Period and which is otherwise covered by this **Policy**.

b. Optional Extended Reporting Period
In the event of cancellation or non-renewal of this **Policy**, the Named **Insured** shall have the right to purchase an Optional Extended Reporting Period for additional premium, as stated in Item 7 of the Policy Declarations. Once purchased, the premium for the Extended Reporting Period will be deemed fully earned. The **Company** must receive the **Named Insured's** request for the Optional Extended Reporting Period by written or electronic notice within thirty (30) days of such cancellation or non-renewal that it requires, and the **Company** shall provide, an Optional Extended Reporting Period commencing at the end of the **Policy Period** in which to give written or electronic notice to the **Company** of any:

I. **Claim** first made during the **Policy Period** or Optional Extended Reporting Period when such **Claim** is based upon a **Security Breach**, **Privacy Breach** or **Media Activity** prior to the end of the **Policy Period**, or

II. **Loss** based upon a **Security Breach**, **Privacy Breach**, Administrative Error, Power Failure, **Unintentional Damage** or **Destruction**, **Computer Crime** and **Computer Attacks**, **Financial Fraud**, **Telecommunications Fraud**, **Phishing Attack** or **Cyber Extortion Threat** during the **Policy Period** when first discovered by the **Control Group** during the **Policy Period** or Optional Extended Reporting

Period and which is otherwise covered by this **Policy**. The payment of the additional premium for the Optional Extended Reporting Period must be paid to the **Company** within thirty (30) days of the non-renewal or cancellation.

c. The **Limit of Liability** for any Extended Reporting Period shall be part of, and not in addition to, the **Limit of Liability** for the **Policy Period**.

d. The right to any Extended Reporting Period shall not be available to the **Insured** where cancellation or non-renewal by the **Company** arises through non-payment of premium or the **Insured's** failure at any time to pay amounts within the applicable Retention.

11. **Change of Control**
In the event of the **Named Insured's** acquisition by or merger into another entity, or the **Named Insured's** liquidation or dissolution, the **Named Insured** may notify the **Company** within sixty (60) days of the actual change of control of the **Named Insured's** election for an Extended Reporting Period of twelve (12) months from the date of such change of control. Such Extended Reporting Period shall cover **Claims** reported or **Loss** notified to the **Company** during this change of control Extended Reporting Period, but only in respect of any **Claim** made during the **Policy Period** or **Loss** incurred during the **Policy Period** which is otherwise covered by this **Policy**.

12. **Assistance and Cooperation**

a. The **Insured** shall cooperate with the **Company** in all investigations relating to this **Policy**. The **Insured** shall execute or cause to be executed all documents and papers and render all assistance as requested by the **Company**, including providing copies of a **Third Party's** system security and event logs.

b. Upon the **Company's** request, the **Insured** shall assist in making settlements, in the conduct of all third party dispute resolution procedures and in enforcing any right of contribution or indemnity against any person or organization who may be liable to the **Insured** with respect to which insurance is afforded under this **Policy**, and the **Insured** shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses at the **Insured's** own cost.

c. It is a condition precedent to the **Company's** liability that the **Insured** shall not admit liability, make any payment, assume any obligations, incur any expense, enter into any settlement, stipulate to any judgement or award, or dispose of any **Claim** without the **Company's** prior written consent. However, the prompt public admission of a **Privacy Breach** potentially impacting non-public personally identifiable information as required by governmental privacy legislation or credit card association operating requirements will not be considered as an admission of liability requiring the **Company's** prior consent.

d. The **Company** shall have the right to make any investigation they deem necessary with respect to coverage including the **Application**.

e. The **Insured** shall submit for examination under oath by the **Company's** representative, if requested, in connection with all matters relating to this **Policy**.

13. **Warranty** by the **Named Insured**
    By acceptance of this **Policy**, all **Insureds** agree that the statements in the **Application** are their agreements and representations, which shall be deemed material to the risk, and that this **Policy** is issued in reliance upon the truth thereof. The misrepresentation or non-disclosure in the **Application** of any material matter by the **Insured** or its agent will render the **Policy** null and void and relieve the **Company** from all liability under the **Policy**.

14. **Forfeiture**
    Any:

    a. Action or failure to act by the **Insured** with the intent to defraud the **Company**; or

    b. Material misrepresentation or non-disclosure of any material fact or claims by the **Insured** in the **Application** or in any supplemental materials submitted to the **Company**:

    Shall render this **Policy** null and void, and all coverage hereunder shall be forfeited.

15. **Construction** and **Interpretation**

    a. Any reference to legislation, statute, regulation or law includes any similar or related law, statute, ordinance, or regulation, any amendments, and any rules or regulations or executive orders promulgated thereunder, or by a federal, state, local or other agencies or similar bodies thereof. Any reference to a regulatory or investigative or other state or local governmental body includes any similar, subsidiary or related agency or body.

    b. All or part of any provision of this **Policy** which is or becomes void or illegal, invalid or unenforceable by a court or other competent body under the law of any applicable jurisdiction shall be deleted. The parties shall use their best efforts to agree a replacement for the provision deleted which achieves as far as possible the same effect as would have been achieved by the deleted provision had it remained enforceable.

16. **Coverage Territory**
    Coverage under this **Policy** applies anywhere in the world.

This Endorsement changes the Policy. Please read it carefully.
Smart Cyber Insurance Endorsement

Add Coverage For SEC Reporting Costs Endorsement

In consideration of the premium charged, it is hereby understood and agreed that the **Policy** to which this endorsement attaches is amended as follows:

1. EXCLUSIONS, 18. Specific Legislation, c, is deleted and replaced with the following:
   c. The actual or alleged government enforcement of any state or federal law or regulation including law or regulations promulgated by the United States Federal Trade Commission, Federal Communications Commission, or the Securities and Exchange Commission; however, this exclusion does not apply to the Regulatory Investigations, Fines, and Penalties Insuring Agreement, and **SEC Reporting Costs**.
2. DEFINITIONS, Breach Management and Incident Response Expenses, is amended to include **SEC Reporting Costs**.
3. DEFINITIONS, **SEC Reporting Costs** is added and means:

   Reasonable costs incurred by the **Insured** and approved in writing in advance by the **Company** for a qualified service provider to:

   a. determine whether a **Security Breach** or **Privacy Breach** is required to be reported to the Securities and Exchange Commission (SEC) as a material cybersecurity incident; and
   b. if the **Security Breach** or **Privacy Breach** is determined to be a material cybersecurity incident, to prepare and file a form 6-K or 8-K if required, and in compliance with the SEC Cybersecurity Risk Management, Strategy, Governance, and Incident Disclosure rule (SEC Release No. 33-11216, 88 Fed. Reg. 51896 (adopted July 26, 2023)), as subject to amendment by the SEC.
5. DEFINITIONS, **Loss**, is amended to include **SEC Reporting Costs**.

This endorsement is to take effect on: TBD
Policy Number: TBD
Policy Inception Date: TBD
Policy Expiration Date: TBD
Endorsement Number: CB-336-001

All other terms and conditions of the Policy remain unchanged.

This Endorsement changes the Policy. Please read it carefully.
Smart Cyber Insurance Endorsement

AmWins Cyber Amendatory Endorsement

In consideration of the premium charged, it is hereby understood and agreed that the **Policy** is amended as follows:

1. On the Declarations page, **Item 6 B. Business Interruption, Contingent Business Interruption, System Failure Coverage** and **Reputational Loss Coverage** Period of Indemnity shall be 12 months;
2. On the Declarations page, **Item 8 Extended Reporting Period** is deleted and replaced with the following:

   1 year: 75% of the annual **Policy** premium
   2 years: 125% of the annual **Policy** premium
   3 years: 150% of the annual **Policy** premium
3. The paragraph above **THIRD PARTY INSURING AGREEMENTS** of the **Policy** is deleted and replaced with the following:

   I. In consideration of the payment of premium, reliance upon the **Application**, and subject to all terms of this **Policy**, the **Company** agrees to indemnify the **Insured** in excess of the **Retention**, as indicated in Item 5 of the Declarations page, for amounts which the **Insured** is legally obligated to pay as a direct result of a **Claim** first made against the **Insured** during the **Policy Period**, and reported in writing or by electronic notice to the **Company** during the **Policy Period** or Extended Reporting Period, if applicable, for:
4. First Party Insuring Agreement II. B **Contingent Business Interruption** is deleted and replaced with the following:

   Business Income Loss and **Extra Expenses** incurred during the **Interruption Period** caused directly as a result of the total, partial, or intermittent interruption or degradation in service of the **Computer System** of an **Outsourced Service Provider** caused directly by a **Privacy Breach, Security Breach, Administrative Error** or **Preventative Shutdown** at that **Outsourced Service Provider**.
5. Paragraph II under **FIRST PARTY INSURING AGREEMENTS** is deleted and replaced with the following:

   II. In consideration of the payment of premium, reliance upon the **Application**, and subject to all terms of this **Policy**, the **Company** agrees to reimburse the **Insured** in excess of the **Retention** or after the expiration of the **Waiting Period** (subject to the limit of the Period of Indemnity) as indicated in Item 6 of the Declarations page, for **Loss**, and to directly pay the **Insured's** vendors for invoices submitted for **Breach Management and Incident Response Expenses, Crisis Management Expenses, Extortion**

Expenses, **Extra Expenses**, Digital Asset Loss and Related **Expenses** first discovered by the **Control Group** during the **Policy Period** and reported in writing or by electronic notice to the **Company** during the **Policy Period** or Extended Reporting Period, if applicable, for:

6. First Party Insuring Agreement II. A **Business Interruption** is deleted and replaced with the following:

   Business Income Loss and Extra **Expenses** incurred during the **Interruption Period** directly as a result of the total, or partial, or intermittent interruption or degradation in service of an **Insured's Computer System** caused directly by a **Privacy Breach**, **Security Breach**, **Administrative Error**, **Power Failure**, or **Preventative Shutdown**.

7. Exclusions, 1. Prior Knowledge or Notification is deleted and replaced with the following:

   Any act, fact, error, omission, event, incident, occurrence, **Claim** or circumstance that could reasonably be expected to give rise to a **Claim** notified to, and accepted by, a previous insurer, or which occurred or commenced prior to the inception date of this **Policy** if at the inception date the **Control Group** knew or which could have reasonably expected that the act, fact, error, omission, event, incident, occurrence, **Claim** or circumstance could result in as likely to form the basis for a **Claim** or **Loss** under this **Policy**;

8. Exclusion 7. Breach of Contract is deleted and replaced with the following:

   Any breach of any express, implied, actual or constructive contract, warranty, guarantee or promise. This exclusion does not apply to:

   a. Any liability or obligation an **Insured** would have had in the absence of such contract, warranty, guarantee or promise and which would have been **Insured** by this **Policy**;
   b. A breach of the **Insured's** privacy policy; or
   c. An otherwise covered **Claim** under Insuring Agreement I. D. PCI DSS Assessment Expenses;
   d. Guarantees or promises to protect **Protected Personal Information**;

9. Exclusion 9. Discrimination is deleted and replaced with the following:

   Any actual or alleged discrimination of any kind, including but not limited to age, color, race, gender, religion, creed, national origin, marital status, sexual orientation, sexual preference, disability, financial condition, or pregnancy, including violations of civil rights or discrimination or retaliatory conduct of any kind; This exclusion shall not apply to an employee retaliation action that leads to a **Security Breach** or **Privacy Breach**.

10. Exclusion 15. Payment Card Industry, is deleted and replaced the following:

The failure by the **Insured** to comply with or follow the Payment Card Industry Data Security Standards, Merchant Services Agreements or any Payment Card Company rules, or the failure to implement, maintain or comply with any payment card industry security measures or standards. However, this exclusion does not apply to Insuring Agreement I.D. PCI DSS Assessment Expenses or Insuring Agreement II. H. Breach Response and Remediation Expenses;

11. Exclusion 17. Satellite, Electrical or Mechanical Failures, is amended to include the following:

    However, this exclusion shall not apply to Insuring Agreement II. H Breach Response and Remediation Expenses.

12. Exclusion 18. Specific Legislation (c) is deleted and replaced with the following:

    c. The actual or alleged government enforcement of any state or federal law or regulation including law or regulations promulgated by the United States Federal Trade Commission, Federal Communications Commission, or the Securities and Commission Exchange; however, this exclusion does not apply to Insuring Agreement II. B. Regulatory Investigations, Fines, and Penalties or for **Claims** arising from a **Security Breach** or **Privacy Breach**;

13. Exclusion 22. Use of Illegal or Unlicensed Programs is deleted in its entirety

14. Exclusions, 23. War, is deleted and replaced with the following:

    Confiscation, nationalization, requisition, strikes, labor strikes or similar labor actions; war, invasion, or warlike operations, civil war, mutiny, rebellion, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military coup or usurped power. This exclusion shall not apply to acts of cyber terrorism.

15. Definitions, **Application** is deleted and replaced with the following:

    All information provided by or on behalf of the **Insured** to the Company as part of any request for this **Policy**, including any supplemental information submitted therewith within twelve (12) months prior to the inception of this **Policy**; All of the above are deemed attached to, material and incorporated into this **Policy**;

16. Definitions, **Breach Management and Incident Response Expenses** is amended to include the following:

    Costs to implement a HIPAA Corrective Action Plan or costs related to PCI recertification

17. Definitions, **Computer Crime and Computer Attacks** and **Unintentional Damage or Destruction**, are amended to include the following:

    With respect to Insuring Agreement II. D. System Failure Coverage, **Unintentional Damage or Destruction** and **Computer Crime and Computer Attacks** includes **Business Income Loss, Extra Expenses**, and **Digital Asset Loss** caused by an **Outsourced Service** Provider.

18. Definitions, **Cryptojacking Fraud** is added to the **Policy** and means:

The secret use of the Insured's Computer System by a Third Party to mine cryptocurrency

19. Definitions, Damages, is amended to include:

With respect to the insurability of Damages, the applicable law will be the law of the state most favorable to the Insured, provided that the state whose law is most favorable to the Insured has a reasonable relationship to the Claim. A state's law will be considered to have a reasonable relationship to the Claim if it is the state where:

a. The Named Insured is incorporated or has a place of business;

b. The Claim is pending; or

c. The acts giving rise to the Claim were committed or allegedly committed

20. Definitions, Insured, is amended to include the following:

g. Members of the Insured's advisory board;

h. If the Insured is a partnership, limited liability partnership, or limited liability company, then any general or managing partner, principal, stockholder, or owner thereof, but only while acting solely within the scope of his or her duties as such.

21. Definitions, Media Material is deleted and replaced with the following:

Communicative material of any kind or nature for which the Insured is responsible, including, but not limited to, words, pictures, sounds, images, graphics, code and Data, regardless of the method or medium of communication of such material or the purpose for which the communication is intended. Media Material does not include any tangible goods or products that are manufactured, produced, processed, prepared, assembled, packaged, labeled, sold, handled or distributed by the Insured or others trading under the Insured's name;

Media Material also includes content posted by users to any website that is operated and managed by or on behalf of the Insured, and social media that is operated and managed by or on behalf of the Insured;

22. Definitions, PCI DSS Assessment Expenses is amended to include the following:

Costs related to PCI recertification or a PCI forensic investigator to investigate the existence and extent of an actual or reasonably suspected Security Breach involving payment card data and for a Qualified Security Assessor to certify and assist in attesting to the Insured's PCI compliance, as required by a Merchant Services Agreement;

23. Definitions, Phishing Attack, is deleted and replaced with the following:

a. the use of fraudulent electronic communications or malicious websites to impersonate an Insured, the Insured's brand, or any of the Insured's products or services, in order to solicit Protected Personal Information or confidential corporate information, or

b. the intentional, unauthorized, and fraudulent written, electronic, or telephonic instruction transmitted by a member of the **Control Group** or an **Employee** receiving intentionally misleading or deceptive telephonic or electronic communications from a Third Party falsely purporting to be an Insured or an Insured's client or vendor, and which directs either the;
   i. financial institution to debit the Insured's account to transfer, pay or deliver money or securities from the Insured's account; or
   ii. Insured to transfer or deliver Specified Property to a Third Party

24. Definitions is amended to include, Phishing Attack Expense, and means:

the reasonable and necessary costs and expenses, incurred with the Company's prior written consent, to create and issue a specific press release or to establish a specific website to advise the Insured's customers and prospective customers of a Phishing Attack and to remove websites designed to impersonate the Insured directly as a result of a Phishing Attack.

25. Definitions is amended to include, Phishing Attack Loss, and means:

the loss of Specified Property, Funds Held in Escrow or money or securities from an Insured account directly as a result of a Phishing Attack.

26. Definitions, Preventative Shutdown is added and means:

An Insured's reasonable and necessary intentional shutdown of:

a. With respect to Insuring Agreement II. A Business Interruption, an Insured's Computer System, but only to the extent that such shut down:
   i. is in response to an actual or credible threat of Computer Crime and Computer Attacks expressly directed against such Insured's Computer System which may reasonably be expected to cause an interruption in service in the absence of such shutdown; and
   ii. serves to mitigate, reduce, or avoid Business Income Loss as a result of the actual or credible threat of such Computer Crime and Computer Attacks; or
b. With respect to Insuring Agreement II. B. Contingent Business Interruption, the Insured's access or connectivity to an Outsourced Service Provider's Computer Network, but only to the extent that such shutdown:
   i. is in response to actual Computer Crime and Computer Attacks against such Outsourced Service Provider's Computer Network which may reasonably be expected to cause an interruption in service in the absence of such shutdown; and
   ii. serves to mitigate, reduce, or avoid Business Income Loss as a result of such Computer Crime and Computer Attacks.

27. Definitions, Protected Personal Information, is amended to include the following:

g. Biometric data

h. Third party corporate information

28. Definitions, Regulatory Fines and Penalties is deleted and replaced with the following:

Civil fines, monetary penalties payable, regulatory inquiries and requests for information, or a monetary amount which the Insured is legally obligated to deposit in a fund as equitable relief as imposed by a governmental agency or regulatory authority as a result of a breach of the Privacy Regulations;

29. Definitions, Telecommunications Fraud Loss is deleted and replaced with the following:

Charges the Insured incurs for unauthorized calls directly resulting from Telecommunications Fraud and Cryptojacking Fraud.

30. Claims Conditions, Notice of Claim, Loss or Circumstance is amended by the addition of the following:

Notwithstanding anything under Notice of Claim, Loss or Circumstance to the contrary, if any law enforcement authority expressly prevents the Insured from disclosing to the Company specific information concerning an incident (or reasonably suspected incident) described in the Network Security and Privacy Liability insuring agreement, the notice obligations under Notice of Claim, Loss or Circumstance shall be suspended, provided the Insured:

1. requests permission to share information regarding such incident or reasonably suspected incident with the Company as soon as practicable after receiving such direction from law enforcement authority and is prevented from doing so;
2. withholds only that portion of information it has been restricted from disclosing to the Company, meaning further that the Insured shall notify the Company of an incident or reasonably suspected incident even if any information relating to such notice is unable to be shared with the Company; and
3. the Insured provides notice as required under Notice of Claim, Loss or Circumstance as soon as legally possible after law enforcement authority permits.

In all instances, the Insured must provide notice no later than one hundred-eighty (180) days after the Policy Period, and unless such incident or suspected incident is reported in accordance with the obligations under Notice of Claim, Loss or Circumstance, there shall be no coverage in connection with such incident or suspected incident.

31. Claims Conditions - Defense, Settlement, and Investigation of Claims, paragraph (d) is deleted in its entirety and replaced with the following:

d. If the Insured refuses to consent to a settlement that the Company recommends and that the claimant will accept, the Insured must then defend, investigate or settle the Claim at the Insured's own expense. As a consequence of the refusal to settle as per the Company's recommendation, the

Company's liability for any Claim shall not be more than the amount of the initial recommended settlement plus up to 80% of any additional costs incurred by the Insured above this amount in order to settle this matter, subject always to the limit of the Policy.

32. Claims Conditions - Defense, Settlement, and Investigation of Claims, paragraph (e) is deleted in its entirety and replaced with the following:

    e. No Insured may incur any Defense Expenses, PCI DSS Assessment Expenses, or admit liability for, or settle, any Claim, without the Company's written consent, which shall not be unreasonably withheld. Provided that, if a proposed settlement amount, when combined with any Defense Expenses or PCI DSS Assessment Expenses incurred, does not exceed 50% of the applicable Retention set forth in the Declarations Page, the Insured may settle a Claim, or accept an offer of settlement, without the prior written consent of the Company. Such settlement must fully resolve the Claim with respect to the Insured and the Company.

    Notwithstanding the foregoing, it is understood that the Insured may settle any Claim for which the total cost of Claim expenses and Damages associated thereto is less than the amount of the remaining retention.

33. General Conditions, 4. Cancellation, is deleted and replaced with the following:

    4. Cancellation

    If this Policy is cancelled by the Named Insured, the Company will refund the unearned premium computed at the Company's pro-rata then in force. No premium will be refunded where any Claim or circumstance has been notified under this Policy, whether or not it has been accepted for coverage.

    The Company may only cancel this Policy for non-payment of premium by mailing to the Named Insured written notice stating when, not less than ten (10) days thereafter, such cancellation will be irrevocable. If payment is not received within the ten (10) day period, then this Policy will be cancelled ab initio, meaning coverage is null and void as of the effective date of this Policy.

34. General Conditions 5. Other Insurance is deleted in its entirety and replaced with the following:

    This Policy is primary to any other valid and collectible insurance available to the Insured.

35. General Condition 6. Inspection and Audit is deleted in its entirety.

36. General Conditions, 7. Mergers and Acquisitions, paragraphs a. and b. are deleted and replaced by the following:

    a. That acquired entity has an annual revenue of more than 30% of the Named Insured's annual revenue (evaluated according to the last set of audited accounts formally filed by that entity against the information provided by the Named Insured when applying for this Policy); or

b. Unless that acquired entity stores a total number of unique, personally identifiable records that are in excess of 30% of the total unique, personally identifiable records that the **Named Insured** stores (as at the date of completion of such acquisition)

37. General Conditions, 9. Innocent **Insured** is amended to include the following:

Any insurance afforded by this provision will not apply to a **Claim**, if the **Control Group** failed to give notice, as required by NOTICE PROVISION, of a **Claim** which was known to the **Control Group**.

38. General Conditions, 10. **Extended Reporting Period** section (a) is amended as follows:

1. Automatic Extended Reporting Period

The **Named Insured** shall have a period of sixty (90) days following the end of the **Policy Period** in which to give written or electronic notice to the **Company** of any **Claim** or **Loss**, but only in respect of any:

i. **Claim** first made during the **Policy Period** or Automatic Extended Reporting Period when such **Claim** is based upon a **Security Breach**, **Privacy Breach** or **Media Activity** prior to the end of the **Policy Period** or

ii. **Loss** based upon a **Security Breach**, **Privacy Breach**, **Administrative Error**, **Power Failure**, **Unintentional Damage or Destruction**, **Computer Crime and Computer Attacks**, **Financial Fraud**, **Telecommunications Fraud**, **Phishing Attack** or **Cyber Extortion Threat** during the **Policy Period** when first discovered by the **Control Group** during the **Policy Period** or Automatic Extended Reporting Period and which is otherwise covered by this **Policy**.

39. General Conditions is amended to add the following:

Sold Subsidiaries

If, after the inception of the **Policy Period**, the **Named Insured** sells a **Subsidiary**, that **Subsidiary** will be an **Insured** for the duration of the **Policy Period**, but only with respect to **Claims** or **Losses** that occur on or after the retroactive date (if applicable) and prior to the effective date of the sale. The **Named Insured** must give the **Company** written notice, through the entity named in Item 1 of the Declarations, of any sale within sixty (60) days of the effective date of the sale. There will be no return premium.

This endorsement is to take effect on: TBD
Policy Number: TBD
Policy Inception Date: TBD
Policy Expiration Date: TBD
Endorsement Number: CB-171-004

All other terms and conditions of the Policy remain unchanged.

This Endorsement changes the Policy. Please read it carefully.
Smart Cyber Insurance Endorsement

Amend Specific Legislation Endorsement

In consideration of the premium charged, it is hereby understood and agreed that the **Policy** to which this endorsement attaches is amended as follows:

EXCLUSION 18. Specific Legislation, paragraph c., is deleted in its entirety and replaced with the following:

c. The actual or alleged government enforcement of any state or federal law or regulation including law or regulations promulgated by the United States Federal Trade Commission, Federal Communications Commission, or the Securities and Exchange Commission however, this exclusion does not apply to Insuring Agreement II. B. Regulatory Investigations, Fines, and Penalties;

COPY

This endorsement is to take effect on: TBD
Policy Number: TBD
Policy Inception Date: TBD
Policy Expiration Date: TBD
Endorsement Number: CB-308-001

All other terms and conditions of the Policy remain unchanged.

This Endorsement changes the Policy. Please read it carefully.
Smart Cyber Insurance Endorsement

Artificial Intelligence Endorsement

In consideration of the premium charged, it is hereby understood and agreed that the Policy to which this Endorsement attaches is amended as follows:

1. Section DEFINITIONS, is amended to include **Artificial Intelligence Security Breach** which means:

The failure of the Insured's Computer System caused by any artificial intelligence, deepfake, or similar technology.

2. Section DEFINITIONS, Financial Fraud a. and b. are deleted in their entirety and replaced with the following:
   a. An intentional, unauthorized and fraudulent written, electronic or telephonic instruction, including instructions generated by artificial intelligence, deepfake, or similar technology, transmitted to a financial institution, directing such institution to debit the Insured's account and to transfer, pay or deliver money or securities from the Insured's account, which instruction purports to have been transmitted by the Insured, a member of the Control Group, or an Employee, but was in fact fraudulently transmitted by a Third Party without the Insured's knowledge or consent; or
   b. An intentional, unauthorized and fraudulent written, electronic or telephonic instruction, including instructions generated by artificial intelligence, deepfake, or similar technology, transmitted to a financial institution by a member of the Control Group or Employee as a result of that member of the Control Group or Employee receiving intentional, misleading or deceptive telephonic or electronic communications from a Third Party, falsely purporting to be the Insured or the Insured's client, vendor, member of the Control Group, or Employee, and which directs the financial institution to debit the Insured's account and to transfer, pay or deliver money or securities from the Insured's account; or
3. Section DEFINITIONS, Security Breach, is amended to add the following:

   e. An **Artificial Intelligence Security Breach**

SPECIMEN

This endorsement is to take effect on: TBD
Policy Number: TBD
Policy Inception Date: TBD
Policy Expiration Date: TBD
Endorsement Number: CB-328-003

All other terms and conditions of the Policy remain unchanged.

This Endorsement changes the Policy. Please read it carefully.
Smart Cyber Insurance Endorsement

Bodily Injury Claims Endorsement

It is understood and agreed that the Policy is hereby amended as follows:

1. Item 5 of the Policy Declarations is amended to include the following:
   Bodily Injury Claim: Limit of Liability $250,000 Each Claim/$250,000 Aggregate Retention: **$100,000**
2. Third Party Insuring Agreements, Section I. is amended to include the following insuring agreement:

   Bodily Injury Claims

   Subject to the Retention and limit applicable to **Bodily Injury Claims**, the **Company** will pay on behalf of an **Insured** the sums that such **Insured** becomes legally obligated to pay as **Damages**, and related **Defense Expenses**, resulting from a **Bodily Injury Claim**, but only if: 1) the **Bodily Injury Claim** is first made against the Insured during the **Policy Period** (or during the extended reporting period, if applicable) and 2) the **Bodily Injury Claim** is reported to the **Company** in writing as soon as practicable, but no later than sixty (60) days after expiration of the **Policy Period** (or during the extended reporting period, if applicable). The **Company** has the right and duty to defend an **Insured** against any **Bodily Injury Claim**, even if the allegations of the **Bodily Injury Claim** are groundless, false or fraudulent. The **Company** has the right to appoint an attorney to defend any **Bodily Injury Claim**.

   Coverage under this **Bodily Injury Claim** Insuring Agreement shall be excess insurance over all other valid and collectible insurance available to an **Insured** for **Bodily Injury Claims**, including any deductible portion thereof.
3. It is agreed that paragraph a. of Defense, Settlement and Investigation of Claims applies to the **Bodily Injury Claims** insuring agreement.
4. General Conditions Section 1. Policy Limits is amended to include the following provisions:

   Bodily injury claims will be subject to the **Bodily Injury Claim** Limit. The **Bodily Injury Claim** Limit will be the exclusive limit applicable to **Bodily Injury Claims**. The **Bodily Injury Claim** Limit is part of, and will reduce, the Maximum Policy Aggregate Limit of Liability set forth in Item 5 C. of the Policy Declarations. The **Company** will have no obligation to pay or defend, or to continue to pay or defend, any **Bodily Injury Claim** after the **Bodily Injury Claim** Limit is exhausted. **Bodily Injury Claims** arising out of the same, related, or continuing incidents, events, acts, facts or circumstances will be considered a single **Bodily Injury Claim**, and only one "each claim" limit will apply, regardless of the number of claimants or **Insureds**.
5. General Conditions Section 2. **Retention and Waiting Period** is amended to include the following provisions:

The Retention applicable to **Bodily Injury Claims** will apply separately to each **Bodily Injury claim**. The Retention must be satisfied by the **Insured's** actual payment of Damages and Defense Expenses. The **Insured's** payment of the Retention is a condition precedent to payment by the Company of any amounts covered under the **Bodily Injury Claim** Insuring Agreement, and the Company will only be liable for **Damages** and/or **Defense Expenses** that exceed the Retention, subject to the **Bodily Injury Claim Limit**. The **Insured** must make direct payments within the Retention to the appropriate parties designated by the Company. **Bodily injury Claims** arising out of the same, related, or continuing incidents, events, acts, facts or circumstances will be considered a single **Bodily Injury Claim**, and only one Retention will apply, regardless of the number of claimants or **Insureds**.

6. **Definitions** is amended to to include the following definitions:

   Bodily Injury Claim means:

   A. A written demand for **Damages** or non-monetary relief made against an **Insured** solely for Bodily Injury caused by a **Security Breach** or **Privacy Breach**;

   B. A written request received by an **Insured** to toll or waive a statute of limitations relating to a potential Claim against an **Insured** solely for **Bodily Injury** caused by a **Security Breach** or **Privacy Breach**; or

   C. The service of a civil lawsuit or the institution of arbitration or other alternative dispute resolution proceedings against an **Insured** seeking **Damages** solely for actual or alleged **Bodily Injury** caused by a **Security Breach** or **Privacy Breach**.

   A **Bodily Injury Claim** will be deemed to be first made when any of the foregoing is received by an **Insured**.

   Business Equipment means any machinery, vehicle or electronic device or equipment that:

   A. Is owned by or leased to you, and operated by you solely to conduct your business,

   B. Can send and receive data, and

   C. Is connected to the internet through your computer network.

   Products mean:

   A. Any tangible goods, products or devices that are manufactured, produced, processed, prepared, assembled, packaged, labeled, sold or distributed by you, by others trading under your name, or by a person or organization whose business or assets have been acquired by you; and

   B. Containers, materials, parts or equipment furnished in connection with such goods, products or devices.

7. **Definitions, Computer System** is amended to include the following:

Solely with respect to the Bodily Injury Claim Insuring Agreement, Computer System means:

A. A Computer System operated by, and either owned by or leased to the Named Insured and any Subsidiary;

B. Industrial control systems, such as supervisory control and data acquisition (SCADA) systems, but only while owned and operated by the Named Insured and any Subsidiary; and

C. Business equipment, but only while owned and operated by the Named Insured and any Subsidiary. However, Insured's Computer System does not include any Products.

8. Section 7. Definitions, Damages, is amended to include the following:

   Most favorable law provisions applicable to the Bodily Injury Claim Insuring Agreement only:

   With respect to the insurability of punitive, exemplary or multiplied Damages, the applicable law will be the law of the state most favorable to the Insured, if the state whose law is most favorable to the Insured has a reasonable relationship to the Claim.

   A state's law will be deemed to have a reasonable relationship to the Claim if it is the state where:

   A. The Named Insured is incorporated or has a place of business;

   B. The Bodily Injury Claim is pending; or

   C. Where the Bodily Injury occurred.

9. Definitions, Wrongful Act, is amended to include the following:

   Solely with respect to the Bodily Injury Claim Insuring Agreement, Wrongful Act means Bodily Injury caused by a Security Breach or Privacy Breach.

10. It is agreed that Exclusion 4, does not apply to an otherwise covered Bodily Injury Claim.

11. Exclusions is amended to include the following exclusion:

    The Company will not be liable for any Claim based upon, arising from, or in any way involving any actual or alleged warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of Products, or the providing of, or failure to provide, warnings or instructions for Products.

SPECIMEN

This endorsement is to take effect on: TBD
Policy Number: TBD
Policy Inception Date: TBD
Policy Expiration Date: TBD
Endorsement Number: CB-107-002

All other terms and conditions of the Policy remain unchanged.

This Endorsement changes the Policy. Please read it carefully.
Smart Cyber Insurance Endorsement

Bricking Endorsement

In consideration of the premium charged, up to the amount of $5,000,000 subject to an applicable **Retention** of $100,000, it is hereby understood and agreed that the Policy to which this endorsement attaches is amended as follows:

Exclusions, **Property Damage** is deleted in its entirety and replaced with the following:

Property Damage

Physical Injury to, or impairment, destruction or corruption of, any tangible property, including personal property in the care, custody or control of the Insured. Data and Digital Assets are not tangible property and are not Property Damage. Property Damage does not include the loss of use of electronic equipment caused by the reprogramming of the software (including firmware) of such electronic equipment rendering it useless for its intended purposes.

The definition of Security Breach is amended to include the following sentence to the end thereof:

e. The loss of use of all or part of a Computer System caused by the unauthorized reprogramming of software (including firmware) which renders such **Computer System**, or any component thereof, nonfunctional or useless for its intended purpose;

This endorsement is to take effect on: TBD
Policy Number: TBD
Policy Inception Date: TBD
Policy Expiration Date: TBD
Endorsement Number: CB-126-002

All other terms and conditions of the Policy remain unchanged.

This Endorsement changes the Policy. Please read it carefully.
Smart Cyber Insurance Endorsement

California Consumer Privacy Act Endorsement

In consideration of the premium charged, it is hereby understood and agreed that the Policy to which this endorsement attaches is amended as follows:

1. Definitions, **Privacy Regulations**, is amended to include the following:
   a. The California Consumer Privacy Act or any rules or regulations promulgated thereunder.
2. Exclusion, 21. Anti-Trust Laws and Unfair Competition will not apply to claims grounded in the California Consumer Privacy Act, provided no member of the Control Group participated or colluded in the activities or incident giving rise to coverage under this endorsement.

COPY

This endorsement is to take effect on: TBD
Policy Number: TBD
Policy Inception Date: TBD
Policy Expiration Date: TBD
Endorsement Number: CB-194-001

All other terms and conditions of the Policy remain unchanged.

This Endorsement changes the Policy. Please read it carefully.
Smart Cyber Insurance Endorsement

Coverage for Certified Acts of Terrorism Endorsement

You and the Company agree to the following:

1. Exclusions, item 19. is deleted and replaced with the following:

   Terrorism;
   Any act of terrorism.

   This exclusion shall apply and prevent any and all coverage for claims arising from terrorism, regardless of whether any other cause or event that otherwise would be covered contributes in any way to the loss. This exclusion does not apply to a Certified Act of Terrorism, or to a terrorist event perpetrated by electronic or internet based applications or means, however:

   a. Except for a terrorist event perpetrated by electronic or internet based applications or means, the Company will not pay any amounts for which the Company is not responsible under the terms of the federal Terrorism Risk Insurance Act of 2002 as amended (the "Act"); and

   b. The amendment of this exclusion does not create coverage for any loss that would otherwise be excluded under the Policy. All other policy terms and conditions, including the Policy's exclusions, remain in full force and effect, even in the event of a Certified Act of Terrorism.

3. Definitions is changed to add the following:

   Certified Act of Terrorism means an actthat is certified by the Secretary of the Treasury, in consultation with the Secretary of Homeland Security and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act (the "Act"). Section 102(1) of the Act requires such act be certified to be an act of terrorism and resulted in insured losses in excess of $5 million in the aggregate, attributable to all types of insurance subject to the Act; to be a violent act or an act that is dangerous to human life, property or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

In all other respects, the policy remains the same.

NOTICE

COVERAGE FOR CERTIFIED ACTS OF TERRORISM IS INCLUDED IN YOUR POLICY. UNDER YOUR COVERAGE,

ANY LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT UNDER A FORMULA ESTABLISHED BY THE TERRORISM RISK INSURANCE ACT, AS AMENDED. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THE FORMULA, THE UNITED STATES GOVERNMENT GENERALLY REIMBURSES 85% THROUGH 2015; 84% BEGINNING ON JANUARY 1, 2016; 83% BEGINNING ON JANUARY 1, 2017; 82% BEGINNING ON JANUARY 1, 2018; 81% BEGINNING ON JANUARY 1, 2019 AND 80% BEGINNING ON JANUARY 1, 2020 OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A $100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INVESTORS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES EXCEEDS $100 BILLION IN ANY ONE CALENDAR YEAR. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED $100 BILLION, YOUR COVERAGE MAY BE REDUCED.

SPECIMEN

This endorsement is to take effect on: TBD
Policy Number: TBD
Policy Inception Date: TBD
Policy Expiration Date: TBD
Endorsement Number: CB-202-001

All other terms and conditions of the Policy remain unchanged.

This Endorsement changes the Policy. Please read it carefully.
Smart Cyber Insurance Endorsement

Criminal Reward Expenses Endorsement

In consideration of the premium charged, it is hereby understood and agreed that the Policy to which this endorsement attaches is amended as follows:

The Company will pay for the Reward Expenses up to the amount of $50,000 subject to an application retention of $100,000 incurred by the Insured and approved in writing in advance by the Company, but only if a written request for indemnification is made by a member of the Control Group to the Company in accordance with Claims Conditions, section 2. Notice of Claim, Loss or Circumstance.

Reward Expenses means the reasonable amount that the Insured pays to an Informant for information not otherwise available, and which leads to the arrest and conviction of any person who commits an illegal act that causes a Loss.

Informant means any person, other than a member of the Control Group, who provides information regarding an illegal act committed by another person which causes a Loss, solely in return for money that the Insured pays or promises to pay. Informant does not include: 1) any person who commits an illegal act which causes a Loss, whether acting alone or in collusion with others; 2) any Insured; 3) any Insured's auditors, whether internal or external; 4) any person or firm hired or retained to investigate a Loss;

This endorsement is to take effect on: TBD
Policy Number: TBD
Policy Inception Date: TBD
Policy Expiration Date: TBD
Endorsement Number: CB-123-001

All other terms and conditions of the Policy remain unchanged.

This Endorsement changes the Policy. Please read it carefully.
Smart Cyber Insurance Endorsement

Forensic Accounting Coverage

In consideration of the premium charged, it is hereby understood and agreed that the Policy is amended as follows:

1. The definition of **Business Income Loss** is amended to include the following:

   c. **Forensic Accounting Costs**; provided however, that the Company's maximum liability for such costs shall be $50,000, which amount shall be part of, and not in addition to, the limit of liability for Insuring Agreement II. A Business Interruption and Insuring Agreement II. B. Contingent Business Interruption.

2. **Forensic Accounting Costs** means those costs and expenses of establishing or proving an **Insured's Loss** under Insuring Agreement II. A Business Interruption and Insuring Agreement **II.** B. Contingent Business Interruption, including, without limitation, those connected with preparing a proof of loss. All loss described in this paragraph must be reported, and all proofs of loss must be provided, to the **Underwriters** no later than 6 months after the end of the **Policy Period**.

COPY

This endorsement is to take effect on: TBD
Policy Number: TBD
Policy Inception Date: TBD
Policy Expiration Date: TBD
Endorsement Number: CB-136-001

All other terms and conditions of the Policy remain unchanged.

This Endorsement changes the Policy. Please read it carefully.
Smart Cyber Insurance Endorsement

GDPR Coverage

In consideration of the premium charged, it is hereby understood and agreed that the Policy is amended as follows:

A. The following Insuring Agreement is added to the **Policy**, under Third Party Insuring Agreements:

I. Amounts which the **Insured** is legally obligated to pay as a direct result of a **Claim** first made against the **Insured** during the **Policy Period**, and reported in writing or by electronic notice to the **Company** during the **Policy Period** or Extended Reporting Period, if applicable, for **General** Data **Protection Regulation.**

B. The following definition is added to the DEFINITIONS section of the **Policy:**
General Data **Protection Regulation**
Damages, **Regulatory Fines** and **Penalties** and Defense **Expenses** which the **Insured** is legally obligated to pay because of any **Claim** first made against any **Insured** during the **Policy Period** for a violation of the EU General Data Protection Regulation (or legislation in the relevant EU jurisdiction implementing this Regulation) arising from a **Security Breach** or **Privacy Breach.**

C. Solely for purposes of coverage provided by this Endorsement, the definition of **Claim** is amended to include a request for information or institution of a regulatory proceeding against any **Insured** under the **General** Data **Protection Regulation** Insuring Agreement for a violation of the EU General Data Protection Regulation (or legislation in the relevant EU jurisdiction implementing this Regulation).

D. Solely for purposes of coverage provided by this Endorsement, Exclusion 21. Anti-Trust Laws and Unfair Competition shall not apply to the General Data Protection Regulation insuring agreement, provided no member of the **Control Group** participated or colluded in the activities or incident giving rise to coverage under such insuring agreement.

E. Solely for purposes of coverage provided by this Endorsement, Exclusion 10. Government Intervention is deleted.

This endorsement is to take effect on: TBD
Policy Number: TBD
Policy Inception Date: TBD
Policy Expiration Date: TBD
Endorsement Number: CB-111-003

All other terms and conditions of the Policy remain unchanged.

This Endorsement changes the Policy. Please read it carefully.
Smart Cyber Insurance Endorsement

Invoice Manipulation Loss

In consideration of the premium charged, up to the amount of $250,000 subject to an applicable retention of $100,000, it is hereby understood and agreed that the Policy to which this endorsement attaches is amended as follows:

Clause II. E. Social Engineering and Cyber Crime Coverage is amended to include:

Invoice Manipulation Loss
Insured's Direct Net Loss resulting directly from the **Insured's** inability to collect **Payment** for goods, products or services after such goods, products or services have been transferred to a **Third Party**, as a result of an **Invoice Manipulation Loss** that the **Insured** first discovers during the **Policy Period**:

DEFINITIONS is amended to include:

Direct Net Loss means the direct net cost to the **Insured** to provide goods, products or services to a **Third Party**. **Direct Net Loss** will not include any profit to the **Insured** as a result of providing such goods, products or services.

Invoice Manipulation Loss means the release or distribution of any fraudulent invoice or fraudulent payment instruction to a **Third Party** as a direct result of a **Security Breach** or a **Privacy Breach**.

Payment means currency, coins or bank notes in current use and having a face value.

This endorsement is to take effect on: TBD
Policy Number: TBD
Policy Inception Date: TBD
Policy Expiration Date: TBD
Endorsement Number: CB-133-001

All other terms and conditions of the Policy remain unchanged.

This Endorsement changes the Policy. Please read it carefully.
Smart Cyber Insurance Endorsement

Loss of Funds Exclusion Carveback

In consideration of the premium charged, it is hereby understood and agreed that the Policy is amended as follows:

Exclusions, exclusion #13 is deleted in its entirety and replaced with the following:

13. Loss of Funds

a. Loss, decrease in value or theft of securities or currency;

b. Trading losses, liabilities or changes in trading account value; or

c. The value of electronic funds, money, securities or wire transfer;

However, this exclusion does not apply to Insuring Agreement II.E. Social Engineering and Cyber Crime Coverage.

SPECIMEN

This endorsement is to take effect on: TBD
Policy Number: TBD
Policy Inception Date: TBD
Policy Expiration Date: TBD
Endorsement Number: CB-128-001

All other terms and conditions of the Policy remain unchanged.

This Endorsement changes the Policy. Please read it carefully.
Smart Cyber Insurance Endorsement

Non-IT Contingent Business Interruption Coverage Sublimit

In consideration of the premium charged, it is hereby understood and agreed that the Policy to which this endorsement attaches is amended as follows:

1. FIRST PARTY INSURING AGREEMENT II. B Contingent Business Interruption is deleted and replaced with the following:

   Business Income Loss and Extra Expenses incurred during the Interruption Period caused directly as a result of the total, partial, or intermittent interruption or degradation in service of the Computer System of an Outsourced Service Provider or Dependent Business caused directly by a Privacy Breach, Security Breach, or Administrative Error at that Outsourced Service Provider or Dependent Business.

2. DEFINITIONS is amended to include the following:

   Dependent Business
   A third-party entity, not including an Outsourced Service Provider, which is not owned, operated, or controlled by an Insured, that the Insured depends upon to conduct business, pursuant to a written contract between the third-party entity and the Insured.

3. GENERAL CONDITIONS, 1. Policy Limits is amended to add the following:

   Dependent Business Sublimit of Liability

   Subject always to the applicable Insuring Agreement Limits of Liability, $1,000,000 is the maximum amount the Company will pay under this Policy for all Business Income Loss or Extra Expenses incurred during the Interruption Period caused directly as a result of the total, partial, or intermittent interruption or degradation in service of the Computer System of an Dependent Business caused directly by a Privacy Breach, Security Breach, or Administrative Error at that Dependent Business.

SPECIMEN

This endorsement is to take effect on: TBD
Policy Number: TBD
Policy Inception Date: TBD
Policy Expiration Date: TBD
Endorsement Number: CB-320-001

All other terms and conditions of the Policy remain unchanged.

This Endorsement changes the Policy. Please read it carefully.
Smart Cyber Insurance Endorsement

Property Damage

In consideration of the premium charged, up to the amount of $250,000 subject to an applicable retention of $100,000, it is hereby understood and agreed that the Policy to which this endorsement attaches is amended as follows:

The **Company** will pay for physical loss of or damage to **Covered Property** caused by or resulting from a **Hacking Attack**, but only if:

1. The **Hacking Attack** occurs during the **Policy Period**,
2. **Immediate** notice is given to the **Company** of such loss or damage,
3. The **Insured** provides evidence that such loss or damage is caused by or results from a **Hacking Attack**, and
4. There is no other valid and collectible insurance available to the **Insured** for such loss or damage.

The following definitions are added to the policy:

Covered Property

1. Tangible real and personal property, including **Specified Property**, in which the **Insured** has an insurable interest as of the effective date of the **Policy Period**;
2. Tangible real and personal property, including **Specified Property**, the **Insured** acquires during the **Policy Period**;
3. Property, including **Specified Property**, of others for which the **Insured** had assumed liability prior to loss; and
4. The **Insured's** financial interest in property, including **Specified Property**, that belongs to others.

Covered property does not include the following:

1. Currency, money, securities, precious metal in bullion form, notes, evidences of debt or title, letters of credit, stamps, tickets, or precious and semi-precious stones;
2. Fine art;
3. Land, water, or any other substance in or on land;
4. Animals, standing timber, or growing crops;
5. Watercraft or aircraft;

6. Vehicles of the **Control Group** or employees, or vehicles otherwise insured for physical loss or damage;
7. Underground mines or mine shafts, or any property within such mines or shafts;
8. Property in transit;
9. Property sold by an **Insured** under conditional sale, trust agreement, installment plan or other deferred payment plan after delivery to customers;
10. Satellites;
11. Offshore property;
12. Dams, water shafts, power tunnels, dikes, levees, gates and flumes; and
13. Outside plants, including owned electrical power transmission and distribution lines, beyond 1,000 feet from the Insured's business premises.

Hacking Attack means the process of an unwanted individual or group gaining access to your computer or network in order to steal or destroy information.

SPECIMEN

This endorsement is to take effect on: TBD
Policy Number: TBD
Policy Inception Date: TBD
Policy Expiration Date: TBD
Endorsement Number: CB-174-001

All other terms and conditions of the Policy remain unchanged.

This Endorsement changes the **Policy**. Please read it carefully.
Smart Cyber Insurance Endorsement

Smart Cyber Insurance Endorsement
Retention Reduction Endorsement

In consideration of the premium charged, it is hereby understood and agreed that the **Policy** is amended as follows:

1. The **Retention** amount specified in Item 5 of the Declarations Page for each Insuring Agreement listed below will be reduced by 25%, subject to a maximum reduction of $25,000 per **Claim**, if the **Insured** is determined to be an **Engaged Insured** prior to the discovery of the **Claim** or the discovery of a **Security Breach**, **Privacy Breach**, **Administrative Error**, **Financial Fraud**, **Telecommunications Fraud**, **Phishing Attack**, or **Cyber Extortion Threat**.

   Third Party Insuring Agreements:

   A. Network Security and Privacy Liability
   B. Regulatory Investigations, Fines and Penalties
   D. PCI DSS Assessment Expenses
   E. Breach Management Expenses

   First Party Insuring Agreements:

   C. Digital Asset Destruction, Data Retrieval and System Restoration
   E. Social Engineering & Cyber Crime Coverage
   G. Cyber Extortion and Ransomware Coverage
   H. Breach Response and Remediation Expenses
   I. Court Attendance Costs

2. The 25% reduction in **Retention** afforded by this endorsement is not applicable to any other standalone **Retention** added or amended by another endorsement and not specified on Item 5 of the Declarations Page and listed above.
3. DEFINITIONS, **Engaged Insured**, is added and means:

   A **Named Insured** that:

   1. has at least one **Employee** with knowledge of the **Insured's** IT and security systems complete all modules in the Security Questionnaire section of the Travelers Cyber Risk Dashboard;

2. completes any new modules within 60 days of the **Policy's** effective date of renewal; and
3. certifies within 60 days of the **Policy's** effective date of renewal that the prior year's answers in the Security Questionnaire are still accurate.

SPECIMEN

This endorsement is to take effect on: TBD
Policy Number: TBD
Policy Inception Date: TBD
Policy Expiration Date: TBD
Endorsement Number: CB-288-003

All other terms and conditions of the Policy remain unchanged.

This Endorsement changes the Policy. Please read it carefully.
Smart Cyber Insurance Endorsement

Smart Cyber Insurance Amendatory Endorsement

It is understood and agreed that, notwithstanding anything to the contrary, the Policy is amended as follows:

I. The section entitled Definitions is amended as follows:

A. The definition of **Defense Expenses** is deleted and replaced as follows:

Defense Expenses means:

a. the reasonable and necessary fees, costs, and expenses incurred by an **Insured** with the **Company's** prior written consent in the investigation, defense, or appeal of a **Claim**; and

b. any premiums for any appeal bond, attachment bond, or similar bond arising out of a covered judgment, provided that the **Company** will not have any obligation to apply for or furnish any such bond.

However, **Defense Expenses** does not include any:

1. fees, costs, or expenses incurred prior to the time that a **Claim** is first made against an **Insured**; or

2. salaries, wages, fees, overhead, benefits, or compensation of any **Insured**.

Provided, always, that the **Company** has the right to select and appoint defense counsel.

B. The definition of **Breach Management and Incident Response Expenses** is amended by adding the following:

However, the **Company** will only indemnify the **Breach Management and Incident Response Expenses** in paragraphs a. through k. above if such costs and expenses are reasonable and necessary, and are incurred by the **Insured** with the **Company's** prior written consent.

Breach Management and Incident Response Expenses. does not include any:

1. internal costs or expenses incurred by any **Insured**;

2. **Extortion Expenses**; or

3. **Extortion Payment**.

The **Company** has the right to select and appoint any vendors, external IT security experts, breach coach, or legal counsel providing services in connection with **Breach Management and Incident Response Expenses**.

C. The definitions of **Digital Asset Loss** and **Related Expenses**, respectively, are amended by adding the following:

However, the **Company** will only indemnify such expenses if incurred with the **Company's** prior written consent. The **Company** has the right to select and appoint any vendors or third parties to provide services in connection with such expenses.

D. The definition of **Extortion Expenses** is amended by adding the following:

However, the **Company** will only indemnify such expenses if incurred with the **Company's** prior written consent. The **Company** has the right to select and appoint any vendors or third parties to provide services in connection with such expenses.

Extortion Expenses does not include any:

1. **Breach Response and Remediation Expenses**;
2. **Extra Expenses**;
3. **Extortion Payment**; or
4. internal costs or expenses incurred by the **Insured Entity**.

E. The definition of **Extortion Payment** is amended by adding the following:

However, the **Company** will only indemnify the payment of any such ransom demand if made with the **Company's** prior written consent.

F. The definition of **Extra Expenses** is amended by the following:

However, **Extra Expenses** does not include any:

1. costs or expenses incurred to update, restore, replace, or improve a **Computer System** to a level beyond that which existed just before the **Interruption Period**;
2. expenses incurred to identify or remediate software program errors or vulnerabilities;
3. legal costs or expenses; or
4. **Breach Management and Incident Response Expenses**, **Digital Asset Loss**, **Extortion Expenses**, **Extortion Payment**, **Financial Fraud Loss**, **Phishing Attack Loss**, **Related Expenses**, **Reputational Loss**, or **Telecommunications Fraud Loss**.

II. The section entitled Claims Conditions, Subsection 2. Notice of Claim, Loss or Circumstance is deleted and replaced with the following:

2. **Notice of Claim, Loss, or Circumstance**

a. If, during the **Policy Period**, any member of the **Control Group** becomes aware of a **Claim** or **Loss**, the **Insured**, as a condition precedent for coverage under the **Policy**, must give written notice to the **Company** as soon as practicable in the manner described in paragraph c. below, but in no event later than:

i. sixty (60) days after the termination or expiration of the **Policy Period**; or

ii. the end of the Extended Reporting Period (if applicable).

The **Insured** must report a **Claim** or **Loss** regardless of whether it arises out of any previously reported incident, circumstances, acts, errors or omissions, or related **Claim** or **Loss**.

The date that written notice is received and accepted by the **Company** will be deemed the effective date of notice to the **Company**.

b. If during the **Policy Period**, a member of the **Control Group** becomes aware of any incidents, circumstances, acts, errors, or omissions that could reasonably result in a **Claim**, the **Insureds** must give written notice to the **Company** as soon as practicable during the **Policy Period**.

If a covered **Claim** subsequently arises out of such notified incidents, circumstances, acts, errors, or omissions, the **Claim** will be deemed to have been first made when the **Company** first received and accepted notice containing the information described in paragraph c., below.

c. The notice required by paragraphs a. and b. above must be provided by the **Insured** to the contact listed in Item 4 of the Declarations. Such notice must include:

1. a description of the **Claim**, **Loss**, incidents, circumstances, acts, errors, or omissions;
2. the identity of the **Insured(s)** involved;
3. the identity of any actual or potential claimants;
4. a description of the remedies sought, the amount of actual or potential **Loss** sustained, or any other consequences or exposures, and
5. a description of when any **Insured** first became aware of the **Claim** or **Event**, incidents, circumstances, acts, errors, or omissions.

d. If a member of the **Control Group** is unable to provide the notification required under paragraphs a. and b. above due to prohibition by any law enforcement or governmental authority, the **Insured** agrees to use its best efforts to provide the **Company** with information to make the **Company** aware of a potential or actual **Claim**, or **Loss** until written notice can actually be provided.

However, notwithstanding the foregoing, there will be no coverage for any **Claim** or **Event** if the information withheld was:

i. known to the **Insured** prior to the **Policy** Inception Date shown in Item 2 of the Declarations, and was not disclosed in the Application; or

ii. was not disclosed in writing to the **Company** within a reasonable time period after the prohibition on disclosing the information was revoked or deemed no longer necessary.

III. The section entitled General Conditions is amended as follows:

A. Subsection 10 **Extended Reporting Period** Paragraph a. Automatic Extended Reporting Period is deleted.

B. The following new Condition is added:
Proof of Loss

As a condition precedent to the **Company's** payment of **Loss** under Section II. First Party Insuring Agreements, the **Insured** must provide the **Company** with information requested by the **Company**, including, but not limited to:

1. a complete description of the **Loss**, including the time, place, and cause of **Loss**;
2. a calculation of **Loss**; and
3. all documents or materials supporting, demonstrating, or related to the **Insured's** proof of **Loss** incurred.

This endorsement is to take effect on: TBD
Policy Number: TBD
Policy Inception Date: TBD
Policy Expiration Date: TBD
Endorsement Number: CB-274-003

All other terms and conditions of the Policy remain unchanged.

This Endorsement changes the Policy. Please read it carefully.
Smart Cyber Insurance Endorsement

Solicitation Claims Endorsement

In consideration of the premium charged, it is hereby understood and agreed that the Policy to which this endorsement attaches is amended as follows:

1. General Conditions Policy Limits is amended by the addition of the following:

   Any Solicitation Claim will be subject to the sub-limits set forth below. The limits shown below will be the exclusive limits applicable to Solicitation Claims. Such sub- limits are part of, and will erode, the Limits of Liability set forth in Item 5.A. of the Declarations for the Network Security and Privacy Liability insuring agreement or the Regulatory Investigations, Fines and Penalties insuring agreement, whichever applies, and the Maximum Policy Aggregate Limit of Liability set forth in Item 5.C. of the Declarations.

   Solicitation Claim sublimit:

   $50,000 each Solicitation Claim

   $50,000 Aggregate

2. Definitions, Privacy Regulations, is amended to include the following:

   H. CAN-SPAM Act of 2003;

   I. Truth In Caller Act of 2009; and

   J. Telephone Consumer Protection Act of 1991.

3. Definitions is amended to include the following definition:

   Solicitation Claim means any Claim under the Network Security and Privacy Liability insuring agreement or Regulatory Investigations, Fines and Penalties insuring agreement for, based upon, arising from, in consequence of, or in any way involving any actual or alleged Privacy Breach in violation of the CAN-SPAM Act of 2003, the Truth In Caller Act of 2009, or the Telephone Consumer Protection Act of 1991, as amended, or any regulation promulgated under the foregoing statutes, or any federal, state, local or foreign laws similar to the foregoing statutes, whether such law is statutory, regulatory or common law.

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This endorsement is to take effect on: TBD
Policy Number: TBD
Policy Inception Date: TBD
Policy Expiration Date: TBD
Endorsement Number: CB-120-001

All other terms and conditions of the Policy remain unchanged.

This Endorsement changes the Policy. Please read it carefully.
Smart Cyber Insurance Endorsement

Smart Cyber Insurance Endorsement
Utility Fraud Coverage

In consideration of the premium charged, up to the amount of $250,000 subject to an applicable retention of $100,000, it is hereby understood and agreed that the Policy to which this endorsement attaches is amended as follows:

1. FIRST PARTY INSURING AGREEMENTS is amended to include the following:

   Utility Fraud Coverage

   Utility Overage incurred directly as a result of **Utility Fraud**.

   The Company will pay for **Loss** up to the **Utility Fraud Limit of Liability** identified above, provided the **Loss** first occurs and is discovered by the **Insured** during the **Policy Period** and is reported to the Company in accordance with the CLAIMS CONDITIONS section of this policy. If the Insured incurs **Loss** for a period exceeding 90 days from the date on which the **Utility Overages** are first incurred, the Company will only be obligated to pay such **Loss** that is incurred during the first 90 days.

   Any payment the Company makes under this subsection will be in excess of the **Utility Fraud** retention identified above, and such payments will be part of, and not in addition to, the Policy Aggregate Limit stated in Item 5 of the Declarations.

2. DEFINITIONS, **Loss**, is amended to include **Utility Overage**
3. DEFINITIONS, **Utility Overage**, is added and means:

   An increase in expenses incurred by the **Insured** resulting from the unauthorized use of any of the following services or resources:

   a. electricity;
   b. water;
   c. natural gas;
   d. heating oil;
   e. internet access, including mobile data;
   f. telephone;
   g. cable or satellite television;
   h. sewerage; or

i. cloud computing

provided such expenses:

a. are charged to the **Insured** in a periodic billing statement by the provider of such service or resource pursuant to a written contract or agreement between the **Insured** and the provider that was executed before the **Utility Fraud** occurred; and

b. are not charged at a flat fee that does not scale with the rate of use of such service or resource.

4. DEFINITIONS, **Utility Fraud**, is added and means:

The unauthorized use of or access to the **Insured's Computer System** by a **Third Party**, including **Cryptojacking** or Telecommunications **Fraud**, that results in a **Utility Overage**.

5. DEFINITIONS, **Cryptojacking Fraud**, is added and means:

The secret use of the **Insured's Computer System** by a **Third Party** to mine cryptocurrency.

6. Solely with respect to the coverage provided by this endorsement, the following is added to **CLAIMS** CONDITIONS, 2. Notice of Claim, Loss or Circumstance:

The **Insured** must promptly notify the **Company** of any **Loss**, or circumstances reasonably likely to lead to a **Loss**, that in the **Insured's** best estimate, will exceed 50% of the **Utility Fraud** Coverage retention identified above, once the **Insured** discovers such **Loss** or circumstances, but in any event no later than 90 days after the **Insured** discovers such loss or circumstances.

7. Solely with respect to the coverage provided by this endorsement, the following is added to GENERAL CONDITIONS:

The following are conditions precedent to the payment by the **Company** of any **Loss** under this endorsement:

A. The **Insured** must inform, or allow the **Company** to inform, the appropriate law enforcement authorities if the **Insured** has reason to believe that any **Utility Fraud** involves a violation of law;

B. The **Insured** must give the **Company** a detailed, sworn proof of loss within 120 days of notification to us of a **Loss**, which will include, at a minimum:

1. a detailed calculation of any **Utility Overage**; and

all underlying documents and materials that reasonably relate to or form part of the basis of the proof of such **Utility Overage**;

C. The **Company** has the right to examine and audit the **Insured's** books and records as they relate to the coverage provided by this endorsement at any time during the **Policy Period** and up to three years afterward;

D. In determining the amount of **Loss** under this endorsement, due consideration will be given to the **Insured's** prior utility expenses and the probable utility expenses the **Insured** would have incurred had no **Utility Fraud** occurred.

8. EXCLUSIONS is amended to include the following:

With respect to any Utility Fraud only:

A. Any dishonest act committed by:

1. the **Insured**, if the **Named Insured** is an individual;
2. any board member, trustee, director, or officer (or equivalent position) of the **Insured** organization; or
3. any **Employee** of the **Insured** organization, if any board member, trustee, director, or officer (or equivalent position) of the **Insured** organization had knowledge of such dishonest act;

B. Any actual or alleged unauthorized acquisition, access, use, or disclosure of **Protected Personal Information** that is held or transmitted in any form; however, this exclusion will not apply to a **Utility Fraud** directly resulting from the use of such **Protected Personal Information**;

C. Any **Claim** expenses incurred by the **Insured** which are related to any legal action resulting from **Loss** covered under this endorsement; or

D. Any business interruption costs or costs resulting from lost productivity, including the throttling or capping of bandwidth by any internet or mobile data service provider, due to a **Third Party's** unauthorized access to or use of the **Insured's Computer System**.

This endorsement is to take effect on: TBD
Policy Number: TBD
Policy Inception Date: TBD
Policy Expiration Date: TBD
Endorsement Number: CB-159-003

All other terms and conditions of the Policy remain unchanged.

This Endorsement changes the Policy. Please read it carefully.
Smart Cyber Insurance Endorsement

War Exclusion Cyber Terrorism Carveback

In consideration of the premium charged, it is hereby understood and agreed that the Policy to which this endorsement attaches is amended as follows:

Exclusion 23., War is deleted and replaced with the following:

Confiscation, nationalization, requisition, strikes, labor strikes or similar labor actions; war, invasion, or warlike operations, civil war, mutiny, rebellion, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military coup or usurped power.

This exclusion shall not apply to a terrorist event perpetrated by electronic or internet-based applications or means;

Sample

This endorsement is to take effect on: TBD
Policy Number: TBD
Policy Inception Date: TBD
Policy Expiration Date: TBD
Endorsement Number: CB-167-001

All other terms and conditions of the Policy remain unchanged.

This Endorsement changes the Policy. Please read it carefully.

Service of Suit Endorsement

This endorsement changes the following:

It is agreed that in the event of the failure of the Travelers Excess and Surplus Lines Company (the Insurer) to pay any amount claimed to be due hereunder, the Insurer shall honor the decision of the court that is authorized to hear the case; provided that the Insurer has the right to appeal that decision. It is further agreed that service of process for any lawsuit brought against the Insurer may be made upon the Insurer by serving its Corporate Secretary, or the Corporate Secretary's designee, at One Tower Square, Hartford, CT 06183 and such person shall be authorized to receive the papers on behalf of the Insurer. However, the Insured may also serve or send papers involving such lawsuit to the Commissioner, Director or Superintendent of Insurance for the state in which the lawsuit is being filed. The Insurer designates that appropriate officer, or that person's successor, to mail a copy of the paper to the Insurer.

California Clause:

For the State of California, it is agreed that service of process in a lawsuit against the Insurer may be made upon:

CSC-Lawyers Incorporating Service
2730 Gateway Oaks Drive, Suite 100
Sacramento, California 95833

Rhode Island Clause:

For the State of Rhode Island, it is agreed that service of process in a lawsuit against the Insurer may be made upon:

Corporation Service Company
222 Jefferson Blvd., Suite 200
Warwick, Rhode Island 02888

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions,exclusions or limitations of the above-mentioned policy, except as expressly stated herein. This endorsement is part of such policy and incorporated therein.

Issuing Company: Travelers Excess and Surplus Lines Company
Policy Number: TBD

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Important Notice

NOTICE TO TENNESSEE POLICYHOLDERS

In the event you should have a question, complaint or concern about your insurance policy you may contact any of the following:

Corvus Insurance Agency, LLC
100 Summer Street, Suite 1175
Boston, MA 02110
(855) 231-3833

Travelers Consumer Affairs
One Tower Square
Hartford, CT 06183
(860) 954 2382 (Toll-free: (866) 894 0687)
complaints@travelers.com
www.Travelers.com

SPECIMEN

EXCESS CYBER OPTION #1

Coalition

Coalition Insurance Solutions, Inc.
TN License No. 2367792
44 Montgomery Street, Suite 4210
San Francisco, CA 94104

Coalition Excess Insurance Policy Quotation

*Please be advised this quotation is for surplus lines coverage. Compliance with applicable laws and payment of taxes and fees is the responsibility of the Insured, Insurance Agent, or Insurance Broker. Upon binding of this account, **We** must receive a signed application from the **Named Insured**.*

*Subject to the terms and conditions contained herein, Coalition Insurance Solutions ("Coalition") agrees to issue to the below **Named Insured** the following quotation for excess insurance coverage:*

Coalition Quote Number	C-4LRC-133108-CEPSME-2025
Named Insured	City of Franklin, TN
Address	109 3rd Avenue South Franklin, TN 37064
Policy Period	Effective Date: January 01, 2026 Expiration Date: January 01, 2027 *Both dates at 12:01 A.M. local time at the **Named Insured's** address listed above.*
Policy Premium	**Total Premium** $111,566.00
Limit of Insurance	$5,000,000 **Aggregate Limit** for the **Policy Period** (inclusive of defense costs) Excess of $5,000,000 **Underlying Insurance** listed below

Underlying Insurance

Followed Policy

Insurer	Policy Description	Policy Number	Limit	Retention	Premium
LEXINGTON INSURANCE COMPANY	SPECIALTY RISK PROTECTOR	01-357-23-54	$5,000,000	$100,000	$148,754.00

Underlying Excess Policies

Insurer	Policy Description	Policy Number	Limit	Attachment Point	Premium
N/A	N/A	N/A	N/A	N/A	N/A

Coalition Policy Quota Share Participants

Insurer	Quote Share % of Loss
Arch Specialty Insurance Company	30%
Aspen Specialty Insurance Company	10%
Fireman's Fund Indemnity Corporation	20%
Fortegra Specialty Insurance Company	35%
Vantage Risk Specialty Insurance Company	5%

Coalition Insurance Solutions, Inc.
TN License No. 2367792
44 Montgomery Street, Suite 4210
San Francisco, CA 94104

*Each quota share Insurer's obligation to **You** under this Policy is several, not joint, and limited solely to the extent of its individual Quota Share % of Loss.*

Extended Reporting Terms	As per **Followed Policy**, but in no event shall any Extended Reporting Period exceed 72 months.

Endorsements and Forms

COALITION EXCESS INSURANCE POLICY DECLARATIONS	CYUSX-00DC-1124-01
SIGNATURE PAGE - USA	CYUSX-00NT-000011-1024-01
SIGNATURE ARCH	CYUSX-00NT-000001-0622-01
SIGNATURE PAGE FORTEGRA	CYUSX-00NT-000003-0922-01
SIGNATURE PAGE VANTAGE	CYUSX-00NT-000002-0922-01
SIGNATURE PAGE ASPEN SPECIALTY INSURANCE COMPANY	CYUSX-00NT-000007-0124-01
COALITION EXCESS INSURANCE POLICY	CYUSX-00PF-1124-01
QUOTA SHARE NOTICE	CYUSX-00NT-000012-1124-01
CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM	CYUSX-00EN-000009-1024-01
DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT	CYUSX-00EN-000010-1024-01
SERVICE OF SUIT ENDORSEMENT	CYUSX-00EN-000011-1024-01
DROP DOWN COVERAGE OVER CERTAIN SUB-LIMITS	CYUSX-00EN-000007-1024-01
MEDIA CONTENT - GOODS & PRODUCTS EXCLUSION	CYUSX-00EN-000017-1124-01
UNSOLICITED COMMUNICATIONS (CAN-SPAM & TCPA) EXCLUSION	CYUSX-00EN-000019-1124-01
COINSURANCE ON FOLLOWED POLICY	CYUSX-00EN-000022-1124-01

Conditions:

This quotation expires within sixty (60) days or on the expiration date of the current coverage, whichever comes first.

This quotation for insurance coverage is issued based on the truthfulness and accuracy of the responses to the questions on the insurance application(s) provided to **Us**.

If between the date of this quotation and the Effective Date of the proposed insurance contract, there is a material change in the condition of the **Named Insured** or if any notice of a claim or loss, or circumstance giving rise to a claim or loss, is reported prior to the Effective Date of the proposed insurance contract, then the **Named Insured** must notify Coalition. Whether or not this quotation has already been accepted by the **Named Insured**, Coalition reserves the right to rescind this quotation as of its Effective Date or to modify the final terms and conditions of this quotation upon review of such information. Coalition also reserves the right to modify the final terms and conditions upon review of the information received in satisfaction of the aforementioned conditions.

This quotation is also subject to **Our** review and acceptance of **Your** responses to the following conditions:

- Copies of all underlying binders of insurance when issued.
- Copies of all **Underlying Insurance** when issued.

- Recently Signed and Dated Primary Application
- Underlying Contingencies
- Confirmation revenues are $226,900,000

Please note this quotation contains only a general description of coverage provided. For a detailed description of the terms, **You** must refer to the insurance contract itself and the endorsements listed herein.

EXCESS CYBER OPTION #2

Coalition

Coalition Insurance Solutions, Inc.
TN License No. 2367792
44 Montgomery Street, Suite 4210
San Francisco, CA 94104

Coalition Excess Insurance Policy Quotation

*Please be advised this quotation is for surplus lines coverage. Compliance with applicable laws and payment of taxes and fees is the responsibility of the Insured, Insurance Agent, or Insurance Broker. Upon binding of this account, **We** must receive a signed application from the **Named Insured**.*

*Subject to the terms and conditions contained herein, Coalition Insurance Solutions ("Coalition") agrees to issue to the below **Named Insured** the following quotation for excess insurance coverage:*

Coalition Quote Number	C-4LRC-135157-CEPSME-2025
Named Insured	City of Franklin, TN
Address	109 3rd Avenue South Franklin, TN 37064
Policy Period	Effective Date: January 01, 2026 Expiration Date: January, 01 2026 *Both dates at 12:01 A.M. local time at the **Named Insured's** address listed above.*
Policy Premium	**Total Premium** $91,430.00
Limit of Insurance	$5,000,000 **Aggregate Limit** for the **Policy Period** (inclusive of defense costs) Excess of $5,000,000 **Underlying Insurance** listed below

Underlying Insurance

Followed Policy

Insurer	Policy Description	Policy Number	Limit	Retention	Premium
Travelers Excess and Surplus Lines Company	Corvus	TBD	$5,000,000	$100,000	$121,906.00

Underlying Excess Policies

Insurer	Policy Description	Policy Number	Limit	Attachment Point	Premium
N/A	N/A	N/A	N/A	N/A	N/A

Coalition Policy Quota Share Participants

Insurer	Quote Share % of Loss
Arch Specialty Insurance Company	30%
Aspen Specialty Insurance Company	10%
Fireman's Fund Indemnity Corporation	20%
Fortegra Specialty Insurance Company	35%
Vantage Risk Specialty Insurance Company	5%

*Each quota share Insurer's obligation to **You** under this Policy is several, not joint, and limited solely to the extent of its individual Quota Share % of Loss.*

Extended Reporting Terms	As per **Followed Policy**, but in no event shall any Extended Reporting Period exceed 72 months.

Endorsements and Forms

COALITION EXCESS INSURANCE POLICY DECLARATIONS	CYUSX-00DC-1124-01
SIGNATURE PAGE - USA	CYUSX-00NT-000011-1024-01
SIGNATURE ARCH	CYUSX-00NT-000001-0622-01
SIGNATURE PAGE FORTEGRA	CYUSX-00NT-000003-0922-01
SIGNATURE PAGE VANTAGE	CYUSX-00NT-000002-0922-01
SIGNATURE PAGE ASPEN SPECIALTY INSURANCE COMPANY	CYUSX-00NT-000007-0124-01
COALITION EXCESS INSURANCE POLICY	CYUSX-00PF-1124-01
QUOTA SHARE NOTICE	CYUSX-00NT-000012-1124-01
CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM	CYUSX-00EN-000009-1024-01
DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT	CYUSX-00EN-000010-1024-01
SERVICE OF SUIT ENDORSEMENT	CYUSX-00EN-000011-1024-01
DROP DOWN COVERAGE OVER CERTAIN SUB-LIMITS	CYUSX-00EN-000007-1024-01

Conditions:

This quotation expires within sixty (60) days or on the expiration date of the current coverage, whichever comes first.

This quotation for insurance coverage is issued based on the truthfulness and accuracy of the responses to the questions on the insurance application(s) provided to **Us**.

If between the date of this quotation and the Effective Date of the proposed insurance contract, there is a material change in the condition of the **Named Insured** or if any notice of a claim or loss, or circumstance giving rise to a claim or loss, is reported prior to the Effective Date of the proposed insurance contract, then the **Named Insured** must notify Coalition. Whether or not this quotation has already been accepted by the **Named Insured**, Coalition reserves the right to rescind this quotation as of its Effective Date or to modify the final terms and conditions of this quotation upon review of such information. Coalition also reserves the right to modify the final terms and conditions upon review of the information received in satisfaction of the aforementioned conditions.

This quotation is also subject to **Our** review and acceptance of **Your** responses to the following conditions:

- Copies of all underlying binders of insurance when issued.
- Copies of all **Underlying Insurance** when issued.
- Recently Signed and Dated Primary Application
- Underlying Contingencies
- Confirmation revenues are $226,900,000

Please note this quotation contains only a general description of coverage provided. For a detailed description of the terms, **You** must refer to the insurance contract itself and the endorsements listed herein.

Coalition

Coalition Excess Insurance Policy

In consideration of the payment of the premium and in reliance upon all statements made and information provided to **Us** in connection with the underwriting of this Policy, including all underlying insurance application(s), **We** and the **Insureds** agree as follows:

1. Insuring Agreement

We agree to provide the **Insureds** with excess insurance coverage in accordance with the terms, conditions and limitations of the **Followed Policy**, except as otherwise stated in this Policy. **Our** liability to make any payment under this Policy will only attach after the **Underlying Limits** of the **Underlying Insurance** have been exhausted by the payment of covered amounts by the insurers of the **Underlying Insurance**, or by **You** or on **Your** behalf. In no event will this Policy grant broader coverage than is provided by any **Underlying Insurance**.

Unless specifically provided otherwise by endorsement to this Policy, this Policy does not drop down to attach excess over any coverage that is subject to a sublimit of liability in any **Underlying Insurance**. However, **We** will recognize payment of any covered sub-limited amounts as reducing the **Underlying Limits**.

2. Our Limit of Insurance

The **Aggregate Limit** is the most **We** will pay under this Policy for all covered loss, including, without limitation, defense costs. Once the **Aggregate Limit** is exhausted, **Our** obligations under this Policy will be deemed completely fulfilled and extinguished.

3. The Underlying Insurance

You must maintain the **Underlying Insurance** during the **Policy Period**, and any applicable Extended Reporting Period, except for the reduction of any **Underlying Limits** by payment of covered amounts under the **Underlying Insurance**. If, for any reason, the **Underlying Insurance** is not maintained or becomes uncollectible, in full or in part, **You** will be deemed self-insured for that amount of the **Underlying Limits** of such **Underlying Insurance**, and **We** will not be liable under this Policy to a greater extent than **We** would have been had such **Underlying Insurance** been maintained and collectible.

In the event of the exhaustion of the **Underlying Limits** of the **Underlying insurance** as a result of the payment of covered amounts thereunder, this Policy will continue in force as primary insurance excess of any retention or deductible in the **Followed Policy**, which will be applied to any subsequent claim or loss, in the same manner as specified in the **Followed Policy**.

If, during the **Policy Period** or any applicable Extended Reporting Period, the **Followed Policy** is modified to broaden or expand coverage in any way, such modifications will not apply to this Policy unless and until **We** agree in writing that this Policy will follow such modifications. **We** may require the payment of additional premium as a condition to agree to any such change.

4. Notice and Claim Participation

You will provide to **Us** any notice that is permitted or required by the **Followed Policy** in the same manner as given in the **Followed Policy**; however, such notice will be sent to the address in Item 7. of the Policy Declarations. Notice to any other insurer will not constitute notice to **Us**. **We** have the right to participate in the investigation, settlement and defense of any claim, potential claim, or other incident noticed under this Policy, even if the **Underlying Limits** have not been exhausted. **You** will provide **Us** with information and cooperation as **We** reasonably request, and no action by any other insurer will bind **Us** under this Policy.

Coalition

5. Definitions

"Aggregate Limit" means the amount stated as such in Item 3. of the Policy Declarations.

"Followed Policy" means the policy designated as such in Item 4. of the Policy Declarations.

"Insureds", "You", "Your" means the **Named Insured** and those individuals or organizations qualifying as insureds under the **Followed Policy**.

"Named Insured" means the individual or organization stated in Item 1. of the Policy Declarations.

"Policy Period" means the period of time stated in Item 2. of the Policy Declarations, or any shorter period resulting from the cancellation or other modification of this Policy.

"Underlying Insurance" means the **Followed Policy** and all Underlying Excess Policies listed in Item 4. of the Policy Declarations, including any self-insurance listed therein.

"Underlying Limits" means an amount equal to the total limits of liability of all **Underlying Insurance**.

"We", "Us", "Our" means the Insurer(s) providing this Policy.

6. Trade and Economic Sanctions

This insurance does not apply to the extent that trade or economic sanctions or other laws or regulations prevent **Us** from providing insurance, including, but not limited to, the payment of claims.

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QUOTA SHARE NOTICE

This Policy is issued on a quota share basis. Each quota share insurer will be responsible for payment of a certain percentage share of the **Aggregate Limit** as specified in the Declarations for this Policy as follows:

Quota Share Percentage of each insurer:

Arch Specialty Insurance Company	30%
Aspen Specialty Insurance Company	10%
Fireman's Fund Indemnity Corporation	20%
Fortegra Specialty Insurance Company	35%
Vantage Risk Specialty Insurance Company	5%

Each quota share insurer's obligation to **You** under this Policy is several and not joint and is limited solely to the extent of its individual quota share percentage. The quota share insurers are not responsible for the obligations of any quota share insurer who for any reason does not satisfy all or part of its obligations. None of the quota share insurers have a duty to pay before any of the other quota share insurers. Defense costs are part of and not in addition to the **Aggregate Limit**.

Provided that:

1. The collective liability of the quota share insurers shall not exceed the **Aggregate Limit** for the **Policy Period** as specified in Item 3. of the Declarations.
2. The **Aggregate Limit** of each of the quota share insurers individually shall be limited to the pro rata percentage of liability set opposite its name.

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POLICY NO.: C-4LRC-133108-CEPSME-2025 **ENDT NO.: 1**

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

Form Number	CYUSX-00EN-000009-1024-01
Effective Date of Endorsement	July 01, 2025
Named Insured	City of Franklin, TN
Policy Number	C-4LRC-133108-CEPSME-2025
Issued by (Name of Insurance Company)	Arch Specialty Insurance Company, Aspen Specialty Insurance Company, Fireman's Fund Indemnity Corporation, Fortegra Specialty Insurance Company, Vantage Risk Specialty Insurance Company

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COALITION EXCESS INSURANCE POLICY

In consideration of the premium charged for this Policy, it is hereby understood and agreed that the following is added:

CERTIFIED ACTS OF TERRORISM

If aggregate insured losses attributable to terrorist acts certified under the federal Terrorism Risk Insurance Act exceed $100 billion in a calendar year and **We** have met **Our** insurer deductible under the Terrorism Risk Insurance Act, **We** will not be liable for the payment of any portion of the amount of such losses that exceeds $100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

Certified Act of Terrorism means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act for a Certified Act of Terrorism include the following:

1. The act resulted in insured losses in excess of $5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for damages or loss that is otherwise excluded under this Policy.

All other terms and conditions of this Policy remain unchanged.

This endorsement forms a part of the Policy to which attached, effective on the inception date of the Policy unless otherwise stated herein.

Coalition

POLICY NO.: C-4LRC-133108-CEPSME-2025 **ENDT NO.: 2**

DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT

Form Number	CYUSX-00EN-000010-1024-01
Effective Date of Endorsement	July 01, 2025
Named Insured	City of Franklin, TN
Policy Number	C-4LRC-133108-CEPSME-2025
Issued by (Name of Insurance Company)	Arch Specialty Insurance Company, Aspen Specialty Insurance Company, Fireman's Fund Indemnity Corporation, Fortegra Specialty Insurance Company, Vantage Risk Specialty Insurance Company

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COALITION EXCESS INSURANCE POLICY

It is hereby understood and agreed that the following is added:

DISCLOSURE OF TERRORISM RISK INSURANCE ACT PREMIUM

In accordance with the federal Terrorism Risk Insurance Act, **We** are required to provide **You** with a notice disclosing the portion of **Your** premium, if any, attributable to coverage for terrorist acts certified under the Terrorism Risk Insurance Act. The portion of **Your** annual premium that is attributable to coverage for such acts of terrorism is $0 and does not include any charges for the portion of losses covered by the United States government under the Terrorism Risk Insurance Act.

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals 80% of the amount of such insured losses that exceeds the applicable insurer retention.

However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed $100 billion in a calendar year, the Treasury will not make any payment for any portion of the amount of such losses that exceeds $100 billion.

If aggregate insured losses attributable to terrorist acts certified under the federal Terrorism Risk Insurance Act exceed $100 billion in a calendar year and **We** have met **Our** insurer deductible under the Terrorism Risk Insurance Act, **We** will not be liable for the payment of any portion of the amount of such losses that exceeds $100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

All other terms and conditions of this Policy remain unchanged.

This endorsement forms a part of the Policy to which attached, effective on the inception date of the Policy unless otherwise stated herein.

Coalition®

POLICY NO.: C-4LRC-133108-CEPSME-2025 **ENDT NO.: 3**

SERVICE OF SUIT ENDORSEMENT

Form Number	CYUSX-00EN-000011-1024-01
Effective Date of Endorsement	July 01, 2025
Named Insured	City of Franklin, TN
Policy Number	C-4LRC-133108-CEPSME-2025
Issued by (Name of Insurance Company)	Arch Specialty Insurance Company, Aspen Specialty Insurance Company, Fireman's Fund Indemnity Corporation, Fortegra Specialty Insurance Company, Vantage Risk Specialty Insurance Company

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COALITION EXCESS INSURANCE POLICY

It is understood and agreed that in the event **We** fail to pay any amount claimed to be due hereunder, **We**, at the request of the **Named Insured**, will submit to the jurisdiction of a court of competent jurisdiction within the United States of America. The foregoing shall not constitute a waiver of the right by **Us** to remove, remand, or transfer such suit to any other court of competent jurisdiction in accordance with the applicable statutes of the state of United States pertinent hereto. In any suit instituted against **Us** upon this contract, **We** will abide by the final decision of such court or of any appellate court in the event of an appeal.

It is further agreed that service of process in such suit may be made upon the Superintendent, Commissioner, or Director of Insurance or other person specified for that purpose in the Statute or his successor or successors in office as their 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 **Named Insured** or any beneficiary hereunder arising out of this contract of insurance.

We hereby designate the following address as the address to which the said Superintendent, Commissioner, or Director of Insurance is authorized to mail such process or a true copy thereof, in compliance with the applicable statutes governing said service of process in the state or jurisdiction in which a cause of action under this contract of insurance arises:

Arch Specialty Insurance Company
Attention: Legal Department
One Liberty Plaza, 53rd Floor
New York, NY 10006, USA

All other terms and conditions of this Policy remain unchanged.

This endorsement forms a part of the Policy to which attached, effective on the inception date of the Policy unless otherwise stated herein.

Coalition

POLICY NO.: C-4LRC-133108-CEPSME-2025 **ENDT NO.: 4**

DROP DOWN COVERAGE OVER CERTAIN SUB-LIMITS

Form Number	CYUSX-00EN-000007-1024-01
Effective Date of Endorsement	July 01, 2025
Named Insured	City of Franklin, TN
Policy Number	C-4LRC-133108-CEPSME-2025
Issued by (Name of Insurance Company)	Arch Specialty Insurance Company, Aspen Specialty Insurance Company, Fireman's Fund Indemnity Corporation, Fortegra Specialty Insurance Company, Vantage Risk Specialty Insurance Company

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COALITION EXCESS INSURANCE POLICY

In consideration of the premium charged for this Policy, it is hereby understood and agreed that:

Solely with respect to the sub-limited underlying coverages listed in the schedule below, this Policy will provide coverage per the attachment points and sub-limits in the schedule. The sub-limits provided below will not apply until the sub-limits of the **Underlying Insurance** have been exhausted by actual payments of loss by or on behalf of the insurers of such **Underlying Insurance**, or by **You** or on **Your** behalf. The sub-limits listed below are part of, and not in addition to, the Aggregate Limit set forth in item 3 of the Declarations.

Schedule of Coverage Excess of Underlying Sub-Limits

Underlying Coverage	Sub-limit in **Followed Policy**	Attachment point of sub-limited coverage in this Policy	Sub-limit of liability in this Policy
REPUTATION BASED INCOME LOSS	$2,500,000	$2,500,000	$2,500,000
EXPANDED CYBER CRIME	$250,000	$250,000	$250,000

All other terms and conditions of this Policy remain unchanged.

This endorsement forms a part of the Policy to which attached, effective on the inception date of the Policy unless otherwise stated herein.

Coalition

POLICY NO.: C-4LRC-133108-CEPSME-2025 **ENDT NO.: 5**

MEDIA CONTENT - GOODS & PRODUCTS EXCLUSION

Form Number	CYUSX-00EN-000017-1124-01
Effective Date of Endorsement	July 01, 2025
Named Insured	City of Franklin, TN
Policy Number	C-4LRC-133108-CEPSME-2025
Issued by (Name of Insurance Company)	Arch Specialty Insurance Company, Aspen Specialty Insurance Company, Fireman's Fund Indemnity Corporation, Fortegra Specialty Insurance Company, Vantage Risk Specialty Insurance Company

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COALITION EXCESS INSURANCE POLICY

In consideration of the premium charged for this Policy, it is hereby understood and agreed that:

Solely with respect to the coverage provided by the terms of MEDIA CONTENT COVERAGE SECTION of the **Followed Policy**, the following exclusion is added to this Policy:

MEDIA CONTENT - GOODS & PRODUCTS EXCLUSION

This Policy does not apply to and excludes from coverage any claim or loss directly or indirectly arising out of, resulting from, based upon, or attributable to the actual goods or products described, referenced, illustrated, or displayed in any " SECTION IV" as stated or defined in the **Followed Policy**.

All other terms and conditions of this Policy remain unchanged.

This endorsement forms a part of the Policy to which attached, effective on the inception date of the Policy unless otherwise stated herein.

SPECIMEN

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POLICY NO.: C-4LRC-133108-CEPSME-2025 **ENDT NO.: 6**

UNSOLICITED COMMUNICATIONS (CAN-SPAM & TCPA) EXCLUSION

Form Number	CYUSX-00EN-000019-1124-01
Effective Date of Endorsement	July 01, 2025
Named Insured	City of Franklin, TN
Policy Number	C-4LRC-133108-CEPSME-2025
Issued by (Name of Insurance Company)	Arch Specialty Insurance Company, Aspen Specialty Insurance Company, Fireman's Fund Indemnity Corporation, Fortegra Specialty Insurance Company, Vantage Risk Specialty Insurance Company

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COALITION EXCESS INSURANCE POLICY

In consideration of the premium charged for this Policy, it is hereby understood and agreed that the following exclusion is added to this Policy:

UNSOLICITED COMMUNICATIONS EXCLUSION

This Policy does not apply to and excludes from coverage any claim directly or indirectly arising out of, resulting from, based upon, or attributable to any violation of:

1. the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (CAN-SPAM); or,
2. Telephone Consumer Protection Act (TCPA); or,
3. any similar local, state, federal, common, or foreign laws or legislation to the laws described in 1. and 2. above.

All other terms and conditions of this Policy remain unchanged.

This endorsement forms a part of the Policy to which attached, effective on the inception date of the Policy unless otherwise stated herein.

SPECIMEN

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POLICY NO.: C-4LRC-133108-CEPSME-2025 **ENDT NO.: 7**

COINSURANCE ON FOLLOWED POLICY

Form Number	CYUSX-00EN-000022-1124-01
Effective Date of Endorsement	July 01, 2025
Named Insured	City of Franklin, TN
Policy Number	C-4LRC-133108-CEPSME-2025
Issued by (Name of Insurance Company)	Arch Specialty Insurance Company, Aspen Specialty Insurance Company, Fireman's Fund Indemnity Corporation, Fortegra Specialty Insurance Company, Vantage Risk Specialty Insurance Company

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COALITION EXCESS INSURANCE POLICY

In consideration of the premium charged for this Policy, it is hereby understood and agreed that Section 2. OUR LIMIT OF INSURANCE, is amended to include the following:

COINSURANCE

If the **Followed Policy** contains a coinsurance provision applicable to any coverage, then this Policy will apply the same coinsurance percentage (the "Coinsurance Percentage") to any claim or loss encompassed by such co-insured coverage. **You** will bear uninsured and at **Your** own risk the Coinsurance Percentage on this Policy.

Payment by **You** of any Coinsurance Percentage applicable to this Policy will not reduce the applicable **Aggregate Limit** of the Policy. Provided, however, that if the **Followed Policy** states that payment of any coinsurance applicable to any coverage provided by such **Followed Policy** also reduces the applicable limits of liability of such **Followed Policy,** then payment by **You** of any Coinsurance Percentage applicable to this Policy shall also reduce the applicable **Aggregate Limit** under this Policy.

Our attachment point will not be reduced by any reduction in the limits, if any, of any **Underlying Insurance** by any coinsurance provisions.

If the **Aggregate Limit** for the **Policy Period** under this Policy is exhausted by payment of loss, **Our** obligations under this Policy will be deemed completely fulfilled and extinguished.

All other terms and conditions of this Policy remain unchanged.

This endorsement forms a part of the Policy to which attached, effective on the inception date of the Policy unless otherwise stated herein.

SPECIMEN

2025-019 Addendum 1
Public Risk Insurors
Tennessee Risk Management Partners LLC
Supplier Response

Event Information

Number: 2025-019 Addendum 1
Title: liability, property, and workers compensation insurance products and services
Type: Request for Proposal
Issue Date: 5/23/2025
Deadline: 6/24/2025 02:00 PM (CT)
Notes: NOTICE TO PROPOSERS

NOTICE IS HEREBY GIVEN that the City of Franklin, TN, is receiving sealed written proposals until 2:00 p.m. Central Time on June 24, 2025, at which time they will be publicly unsealed, for the following procurement: liability, property, and workers compensation insurance products and services (Solicitation No. 2025-019). Proposals must be prepared and submitted in accordance with the City's request for proposals and other procurement documents pertaining to this solicitation, including any addenda that may be issued, available on the Business Opportunities page of the City's website (https://www.franklintn.gov/) or by contacting City Purchasing (purchasing@franklintn.gov; 615-550-6692). Per T.C.A. § 12-4-116, potential proposers are not required to receive or respond to this procurement solicitation electronically. The City reserves the right to reject any and all proposals, and to waive minor informalities.

Contact Information

Contact: Purchasing Office

Address: Interim City Hall
1st Floor
740 Columbia Avenue
Franklin, TN 37064
Phone: US (615) 550 x6692
Email: purchasing@franklintn.gov

Public Risk Insurors Information

Contact: Laura Jungmichel
Address: 1881 Gen. George Patton Drive
Suite 105
Franklin, TN 37067
Phone: (615) 243-5667
Email: laura@publicriskinsurors.com

By submitting your response, you certify that you are authorized to represent and bind your company.

Laura Jungmichel
Signature

laura@publicriskinsurors.
Email

Submitted at 6/24/2025 01:45:00 PM (CT)

Supplier Note

Buyer notes supplier submitted a paper bid in person 1:45pm prior to close on 6/24/25.

Requested Attachments

Identification, listing and description of any exceptions to the procurement solicitation including the Request for Proposals

No response

Please upload a document here titled "Exceptions" if additional space was needed in the attributes tab.

Proposal

Public Risk Insurors Proposal for Solicitation No 2025-019.pdf

Please upload a proposal document titled "Proposal" that is responsive to the procurement solicitation including the Request for Proposals.

Affidavit of Non-Collusion

No response

Please upload the City of Franklin Affidavit of Non-Collusion, executed in full.

Standard Procurement Terms and Conditions

No response

Please upload the City of Franklin Standard Procurement Terms and Conditions, with the proposer's contact information inserted.

Proposer's proposed agreement or contract

No response

Please upload the proposer's proposed agreement or contract, if any, the terms and conditions of which are not inconsistent with the City's Standard Procurement Terms and Conditions.

Affidavit of Title VI Compliance

No response

Please upload the City of Franklin Affidavit of Title VI Compliance, executed in full.

Proposal Submittal Form

No response

Please upload the completed Proposal Submittal Form.

Affidavit of Drug-Free Workplace

No response

Please upload the City of Franklin Affidavit of Drug-Free Workplace, executed in full.

Bid Attributes

1 Proposer's name, street address, and mailing address

Enter the proposer's name, street address, and mailing address (if different than street address).

Public Risk Insurors

2 Proposer's contact person's name, title, telephone number and e-mail address:

Enter the proposer's contact person's name, title, telephone number and e-mail address.

Laura L. Jungmichel, President, laura@publicriskinsurors.com

3 Does the proposer take any exceptions?

Does the proposer take any exceptions to the City's procurement solicitation including the Request for Proposals?

Yes

4 Exceptions listed

- List any exceptions taken to the City's procurement solicitation including the Request for Proposals. Exceptions must be listed separately, described, and compared to the City's intention as expressed and implied by the City's solicitation documents. If additional space is required, upload a separate document with the title "Exceptions" on the response attachments tab.
- If no exceptions are taken, enter "NONE TAKEN".

Listed separately.

5 City's preferred payment terms

Are the City's preferred payment terms (net 30 days from date of delivery or date of invoice, whichever is later) acceptable to proposer?

No response

6 Proposer's requested payment terms

If the proposer answered "No" to the City's preferred payment terms (net 30 days from date of delivery or date of invoice, whichever is later), enter the proposer's requested payment terms.

No response

7 Last date proposal and pricing is valid and may be accepted by the City

Enter last date (no sooner than September 30, 2025 that proposal and associated pricing is valid and may be accepted by the City.

No response

8 Method of payment

The City's default method of payment is by electronic means, either by direct deposit (i.e., "ACH" or "Electronic Funds Transfer"), or by bank credit card, rather than by conventional check. Which electronic payment method the proposer would prefer?

No response

9

First subscription and affirmation of proposer's authorized representative

By submission of this proposal, each proposer and each person signing on behalf of any proposer certifies, and in the case of a joint proposal each party thereto certifies as to its own organization, under penalty of perjury, that to the best of its knowledge and belief that each proposer is not on the list created pursuant to Tennessee Code Annotated § 12-12-106.

This constitutes as your electronic signature. (If submitting by hard copy, sign the paper copy.)

No response

10

Second subscription and affirmation of proposer's authorized representative

Except for any contract resulting from the submittal of this proposal with a total potential value of less than $250,000, by submission of this proposal, each proposer, except those with fewer than ten employees, and each person signing on behalf of any such proposer certifies, and in the case of a joint proposal each party thereto certifies as to its own organization, under penalty of perjury, that, to the best of its knowledge and belief, such proposer is not currently engaged in, and will not, for the duration of any such contract, engage in, a boycott of Israel.

This constitutes as your electronic signature. (If submitting by hard copy, sign the paper copy.)

No response

11

Signature of proposer's authorized representative

I affirm that I am authorized by the proposer to sign this Proposal Submittal Form as well as any and all companion forms and documents included herewith. I have obtained and read, and do understand and consent, to all instructions, terms and conditions, including those imposed by reference, which apply to this procurement solicitation and compliance with which is required as a condition precedent to consideration of the proposal submitted herewith.

This constitutes as your electronic signature. (If submitting by hard copy, sign the paper copy.)

Laura Jungmichel

12

Title of proposer's authorized representative

Enter the title of proposer's authorized representative.

President

13

Contact information for required references

Provide contact information for references required (see Request for Proposals). If additional space is needed, please upload a document in the response attachments tab with the title "References".

14

Reference #1

Enter contact information for reference #1.

Franklin Special School District - Current Broker

15

Reference #2

Enter contact information for reference #2.

Maury County Board of Education - Current Broker

16

Reference #3

Enter contact information for reference #3.

Coffee County Government - Current Broker

17

Reference #4

Enter contact information for reference #4.

City of Tullahoma - Current Broker

18	**Reference #5** Enter contact information for reference #5. City of Franklin - Current Broker
19	**Acknowledgement of Addendum #1 distributed 6/3/25** ☐ *Acknowledgement of Addendum #1 distributed 6/3/25*
20	**Acknowledgement for Q&A distributed 6/3/25** ☐ *Acknowledgement of Q&A distributed 6/3/25*

CITY OF FRANKLIN, TENNESSEE
PROCUREMENT AGREEMENT

(City of Franklin Contract No. 2025-0486)

Attachment No. 2

CITY'S TERMS

Standard Procurement Terms and Conditions
City of Franklin, Tennessee

1. Assignment. Neither party may assign any rights or obligations under these Standard Procurement Terms and Conditions, or any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply, without the prior written consent of the other party.

2. Successors. These Standard Procurement Terms and Conditions, and any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply, will be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns.

3. Subcontracting. Vendor may subcontract any portion of the work only with the prior consent of City, but such subcontracting will not relieve Vendor of its duties under these Standard Procurement Terms and Conditions and any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply.

4. Time of the Essence. The parties agree that TIME IS OF THE ESSENCE with respect to Vendor's performance of all provisions of the contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply.

5. Taxes. As a tax-exempt entity, City shall not be responsible for sales or use taxes incurred for products or services. Upon request, City shall supply Vendor with a copy of its Sales and Use Tax Exemption Certificate. Vendor shall bear the burden of providing its suppliers with a copy of City's tax exemption certificate and shall assume all liability for such taxes, if any, that should be incurred.

6. Notices. Any notice provided pursuant to these Standard Procurement Terms and Conditions, or any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply, if specified to be in writing, will be in writing and will be deemed given: (a) if by hand delivery, then upon receipt thereof; (b) if mailed, then three (3) City business days after deposit in the mail where sender is located, postage prepaid, certified mail return receipt requested; (c) if by next day delivery service, then upon such delivery; or (d) if by facsimile transmission or electronic mail, then upon confirmation of receipt. All notices will be addressed to the parties at the addresses set forth below (or set forth in such other document to which these Standard Procurement Terms and Conditions apply, or such other address as either party may in the future specify in writing to the other):

In the case of City:	In the case of Vendor:
City of Franklin	Public Risk Insurors
Attn: Purchasing Manager	Attn: Laura Jungmichel
Re: City of Franklin Purchasing Office Solicitation No.	2025-019
Franklin City Hall	Public Risk Insurors
109 3rd Ave. South	1881 Gen. Geo. Patton Dr. Suite 105
Franklin, TN 37064	Franklin, TN 37067
E-mail: purchasing@franklintn.gov	laura@publicriskinsurors.com

7. Confidentiality and Proprietary rights. Vendor waives any right to confidentiality of any document, e-mail or file it fails to clearly mark on each page (or section as the case may be) as confidential or proprietary. Proprietary rights do not extend to the data created by City's users of the System; all rights to that data (including derivative or hidden data such as metadata) shall vest solely in City at the moment of creation and City shall retain exclusive rights, title, and ownership of all data and images created therefrom at the moment of creation and utilization, through and including image creation. City may be required to disclose documents under state or federal law. City shall notify Vendor if a request for documents has been made and shall give Vendor a reasonable opportunity under the circumstances to respond to the request by redacting proprietary or other confidential information. In exchange, Vendor agrees to indemnify, defend, and hold harmless City for any claims by third parties relating thereto or arising out of (i) City's failure to disclose such documents or information required to be disclosed by law, or (ii) City's release of documents as a result of City's reliance upon Vendor's representation that materials supplied by Vendor (in full or redacted form) do not contain trade secrets or proprietary information, provided that City impleads Vendor and Vendor assumes control over that claim.

8. Derivative Works. To the extent that the Agreement contains Vendor's reservation of rights, such definitions and limitations are superseded by the following: "Derivative Work" means a program that is based on or derived from one or more existing programs or components. If the original software is modified to create a new program, a derived work is created. If the original software was designed to accept plug-ins or drivers using a defined mechanism, such a driver or plug-in does not form a derived work. Linking to a library in the way it was designed to be interfaced with, does *not* constitute deriving a work. "Derivative work" is *not* the data that the Licensee inputs, manipulates, modifies or otherwise improves, nor the images resulting therefrom.

9. Arbitration/Mediation. Neither arbitration nor mediation shall be required as a condition precedent to filing any legal claim arising out of or relating to any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply. Neither arbitration nor mediation shall be binding.

10. Waiver. Neither party's failure or delay to exercise any of its rights or powers under these Standard Procurement Terms and Conditions, or any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply, will constitute or be deemed a waiver or forfeiture of those rights or powers. For a waiver of a right or power to be effective, it must be in writing signed by the waiving party. An effective waiver of a right or power shall not be construed as either (a) a future or continuing waiver of that same right or power, or (b) the waiver of any other right or power.

11. Warranties/Limitation of Liability/Waiver. City reserves all rights afforded to local governments under law for all general and implied warranties. City does not waive any rights it may have to all remedies provided by law and therefore any attempt by Vendor to limit its liability shall be void and unenforceable.

12. Severability. If any term or provision of these Standard Procurement Terms and Conditions is held to be illegal or unenforceable, the validity or enforceability of the remainder of these Standard Procurement Terms and Conditions will not be affected.

13. Precedence. In the event of conflict between the provisions of these Standard Procurement Terms and Conditions and that of any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply, the provisions of these Standard Procurement Terms and Conditions will, to the extent of such conflict, take precedence unless such document expressly states that it is amending these Standard Procurement Terms and Conditions pursuant to the "Amendment" section below.

14. Indemnification. Vendor agrees to indemnify and save the Government of Franklin, City of Franklin and individual, on or off duty, officers, and employees of City of Franklin, harmless from any and all losses, damages and expenses, including court costs and attorneys' fees, by reason of any loss, whatsoever, arising out of or relating to or in consequence of the work done in connection with any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply, excepting only such losses as shall be occasioned solely by the negligence of City of Franklin.

15. Additions/Modifications. If seeking any addition or modification to any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply, the parties agree to reference the specific paragraph number sought to be changed on any future document or purchase order issued in furtherance of any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply, however, an omission of the reference to same shall not affect its applicability. In no event shall either party be bound by any terms contained in any purchase order, acknowledgement, or other writings unless: (a) such purchase order, acknowledgement, or other writings specifically refer to any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply or to the specific clause they are intended to modify; (b) clearly indicate the intention of both parties to override and modify any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply; and (c) such purchase order, acknowledgement, or other writings are signed, with specific material clauses separately initialed, by authorized representatives of both parties.

16. Applicable Law; Choice of Forum/Venue. These Standard Procurement Terms and Conditions and any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply are made under and will be construed in accordance with the laws of the State of Tennessee without giving effect to any state's choice-of-law rules. The choice of forum and venue shall be exclusively in the Courts of Williamson County, TN.

17. Termination. Unless City has indicated otherwise in the contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply, either party may terminate the contract or agreement or purchase order or other procurement to which these Standard Procurement Terms and Conditions apply, with or without cause, upon thirty (30) calendar days' notice to the other. Upon termination by Vendor, City shall be entitled to retain ownership of any and all goods and equipment purchased. Upon termination by City, Vendor shall be entitled to receive any amounts due as a result of goods and equipment already delivered and/or services already rendered; however, City shall maintain ownership and control of any goods and equipment

purchased. Upon termination of services, whether connected or unconnected to goods and equipment, such services shall be rendered until the conclusion of the 30th calendar day as stated in the notice or until a contractual benchmark has been achieved, or as the parties may otherwise agree.

18. Breach. Upon deliberate breach of these Standard Procurement Terms and Conditions, or of any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply, by either party, the non-breaching party shall be entitled to terminate the contract or agreement or purchase order or other procurement to which these Standard Procurement Terms and Conditions apply without notice, with all of the remedies it would have in the event of termination under the "Severability" section above, and may also have such other remedies as it may be entitled to in law or in equity.

19. Default. If Vendor fails to perform or comply with any provision of these Standard Procurement Terms and Conditions, or of any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply, then City (i) may cancel the contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply, in whole or in part, without penalty or protest by Vendor; (ii) may consider such failure to perform or comply as a breach of contract; (iii) reserves the right to purchase its requirements from Vendor that submitted the next lowest and best responsive and responsible bid, or Vendor that submitted the next best proposal, if that Vendor will still honor that bid or proposal, or to seek new bids or proposals, or to pursue one or more other options available to City in compliance with its then current purchasing policy; and (iv) may hold the defaulting Vendor liable for all damages provided by law, including cost of cover.

20. Entire Agreement. These Standard Procurement Terms and Conditions, including any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply, constitutes the entire agreement between the parties and supersedes any prior or contemporaneous communications, representations or agreements between the parties, whether oral or written, regarding the subject matter of these Standard Procurement Terms and Conditions.

21. Amendment. The terms and conditions of these Standard Procurement Terms and Conditions may not be changed except by an amendment expressly referencing these Standard Procurement Terms and Conditions by section title and signed by an authorized representative of each party.

22. Survival. These Standard Procurement Terms and Conditions shall survive the completion of or any termination of any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply.

Attachment No. 3

AFFIRMATION OF INTENT TO BE BOUND

Affirmation Of Intent To Be Bound By Proposal Submitted To City of Franklin, Tennessee

Purchasing Office Solicitation No.: 2025-019

Proposer's name, street address, and mailing address (if different):	PUBLIC RISK INSURORS 1881 GEN. GEORGE PATTON DRIVE SUITE 105 FRANKLIN, TN 37067
Proposer's contact person's name (printed), title, telephone number and e-mail address:	LAURA JUNGMICHEL PRESIDENT 615. 243. 5667 LAURA@PUBLICRISKINSURORS.com
Affirmation of proposer's intent to be bound by proposer's proposal: I affirm (a) that the failure on the part of the proposer identified above to sign the City of Franklin, Tennessee Proposal Submittal Form, and provide answers to the questions provided from the excerpts below from the online Proposal Submittal Form, as said form was otherwise completed and included in the proposer's June 24, 2025 proposal submitted in response to the City's Purchasing Office Solicitation No. 2025-019 and opened by the City on June 24, 2025, was inadvertent, (b) that said proposer did and does intend to be bound by said proposal the same as if the Proposal Submittal Form had been executed in full, and (c) that I am authorized to declare this affirmation on behalf of said proposer.	(signature)
Title of proposer's authorized representative:	PRESIDENT
Date of signature:	7.7.2025

The portion of this affirmation below is excerpted from the online Proposal Submittal Form:

City's preferred payment terms	Are the City's preferred payment terms (net 30 days from date of delivery or date of invoice, whichever is later) acceptable to proposer? (Yes) or No
Proposer's requested payment terms	If the proposer answered "No" to the City's preferred payment terms (net 30 days from date of delivery or date of invoice, whichever is later), enter the proposer's requested payment terms
Last date proposal and pricing is valid and may be accepted by the City	Enter last date (no sooner than September 30, 2025 that proposal and associated pricing is valid and may be accepted by the City. 12.31.2025

Affirmation Of Intent To Be Bound By Proposal Submitted To
City of Franklin, Tennessee

Purchasing Office Solicitation No.: 2025-019

Method of payment	The City's default method of payment is by electronic means, either by direct deposit (i.e., "ACH" or "Electronic Funds Transfer"), or by bank credit card, rather than by conventional check. Which electronic payment method the proposer would prefer? DIRECT DEPOSIT (ACH OR EFT)
Acknowledge any and all issued addenda to this solicitation: (Prior to submitting its proposal, it is the responsibility of each potential proposer to determine whether any addenda to this procurement solicitation have in fact been issued by the City.)	☒ Addendum No. 1 distributed 6/3/25 ☒ Q&A distributed 6/3/25
First subscription and affirmation of proposer's authorized representative: By submission of this proposal, each proposer and each person signing on behalf of any proposer certifies, and in the case of a joint proposal each party thereto certifies as to its own organization, under penalty of perjury, that to the best of its knowledge and belief that each proposer is not on the list created pursuant to Tennessee Code Annotated § 12-12-106.	(signature)
Second subscription and affirmation of proposer's authorized representative: Except for any contract resulting from the submittal of this proposal with a total potential value of less than $250,000, by submission of this proposal, each proposer, except those with fewer than ten employees, and each person signing on behalf of any such proposer certifies, and in the case of a joint proposal each party thereto certifies as to its own organization, under penalty of perjury, that, to the best of its knowledge and belief, such proposer is not currently engaged in, and will not, for the duration of any such contract, engage in, a boycott of Israel.	(signature)
Signature of proposer's authorized representative: I affirm that I am authorized by the proposer to sign this Proposal Submittal Form as well as any and all companion forms and documents included herewith. I have obtained and read, and do understand and consent, to all instructions, terms and conditions, including those imposed by reference, which apply to this procurement solicitation and compliance with which is required as a condition precedent to consideration of the proposal submitted herewith.	(signature)
Title of proposer's authorized representative:	PRESIDENT
Date of signatures:	7.7.2025

CITY OF FRANKLIN, TENNESSEE
PROCUREMENT AGREEMENT

(City of Franklin Contract No. 2025-0486)

Attachment No. 4

CERTIFICATES OF INSURANCE

Certificate Date	Producer	Certificate Number	Certificate Holder	Type of Insurance	Policy Expiration
8/19/25	Bruce Smith State Farm 1896 General George Patton Dr., Suite 100 Franklin, TN 37067	(not referenced)	City of Franklin, Tennessee 109 3rd Ave. S. Franklin, TN 37064	Automobile Liability	9/27/2025
				Umbrella Liability	9/1/2026
8/19/25	THW Insurance Services, LLC 321 W. Main St. Lebanon, TN 37087	(not referenced)	City of Franklin, Tennessee 109 3rd Ave. S. Franklin, TN 37064	Commercial General Liability	7/1/2026
				Cyber / Breach Response	
				Employee Dishonesty	
7/3/2025	Swiss Re Corporate Solutions America Insurance Corporation Kansas City, Missouri	WED4TN012385902	City of Franklin, Tennessee 109 3rd Ave. S. Franklin, TN 37064	Errors and Omissions / Professional Liability	7/1/2026
n/a	n/a	n/a	n/a	Workers Compensation and Employers' Liability	n/a

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 08/19/2025

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER

State Farm

BRUCE SMITH STATE FARM
1896 GENERAL GEORGE PATTON DR STE 100

FRANKLIN TN 37067

CONTACT NAME: EVE DUTTON
PHONE (A/C, No, Ext): 615-373-2320 FAX (A/C, No): 615-373-5960
E-MAIL ADDRESS: eve.dutton.jpo1@statefarm.com

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A : State Farm Fire and Casualty Company	25143
INSURER B : State Farm Mutual Automobile Insurance Company	25178
INSURER C :	
INSURER D :	
INSURER E :	
INSURER F :	

INSURED

JUNGMICHEL, LAURA
5 INNIS BROOK LN

BRENTWOOD TN 37027

COVERAGES **CERTIFICATE NUMBER:** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	COMMERCIAL GENERAL LIABILITY						EACH OCCURRENCE	$
	☐ CLAIMS-MADE ☐ OCCUR						DAMAGE TO RENTED PREMISES (Ea occurrence)	$
							MED EXP (Any one person)	$
							PERSONAL & ADV INJURY	$
	GEN'L AGGREGATE LIMIT APPLIES PER:						GENERAL AGGREGATE	$
	☐ POLICY ☐ PRO-JECT ☐ LOC						PRODUCTS - COMP/OP AGG	$
	☐ OTHER:							$
	AUTOMOBILE LIABILITY						COMBINED SINGLE LIMIT (Ea accident)	$
	☐ ANY AUTO						BODILY INJURY (Per person)	$ 250,000
B	☐ OWNED AUTOS ONLY ☒ SCHEDULED AUTOS			034 5843-C27-42I	03/27/2025	09/27/2025	BODILY INJURY (Per accident)	$ 500,000
	☐ HIRED AUTOS ONLY ☐ NON-OWNED AUTOS ONLY						PROPERTY DAMAGE (Per accident)	$ 100,000
								$
	☒ UMBRELLA LIAB ☒ OCCUR						EACH OCCURRENCE	$ 1,000,000
A	EXCESS LIAB ☐ CLAIMS-MADE			42-KR-5045-1	09/01/2024	09/01/2026	AGGREGATE	$ 2,000,000
	DED RETENTION $							$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y/N						☐ PER STATUTE ☐ OTH-ER	
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? ☐ N/A						E.L. EACH ACCIDENT	$
	(Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE	$
							E.L. DISEASE - POLICY LIMIT	$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

ADDITIONAL INSURED: CITY OF FRANKLIN, TENNESSEE, 109 3RD AVE S, FRANKLIN, TN 37064

CERTIFICATE HOLDER

CITY OF FRANKLIN, TENNESSEE
109 3RD AVE S

FRANKLIN, TN 37064

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Completed by an authorized State Farm representative. If signature is required, please contact a State Farm agent.

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CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 08/19/2025

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER	THW Insurance Services, LLC 321 W. Main St. Lebanon, TN 37087
CONTACT NAME:	Kim Gilsinger
PHONE (A/C, No, Ext):	615-443-3849
FAX (A/C, No):	615-443-7434
E-MAIL ADDRESS:	certificates@thwins.com
INSURER(S) AFFORDING COVERAGE	**NAIC #**
INSURER A :	CONTINENTAL CASUALTY CO — 20443
INSURER B :	
INSURER C :	
INSURER D :	
INSURER E :	
INSURER F :	
INSURED	Tennessee Risk Managment Partners LLC DBA Public Risk Insurors 1881 Gen George Patton Drive, Ste 105 Franklin, TN 37067

COVERAGES **CERTIFICATE NUMBER:** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	☑ COMMERCIAL GENERAL LIABILITY			B 7013588890	07/01/2025	07/01/2026	EACH OCCURRENCE	$ 2,000,000
	☐ CLAIMS-MADE ☐ OCCUR						DAMAGE TO RENTED PREMISES (Ea occurrence)	$ 1,000,000
							MED EXP (Any one person)	$ 10,000
							PERSONAL & ADV INJURY	$ 2,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:						GENERAL AGGREGATE	$ 4,000,000
	☐ POLICY ☐ PRO-JECT ☐ LOC						PRODUCTS - COMP/OP AGG	$
	☐ OTHER:							$
	AUTOMOBILE LIABILITY						COMBINED SINGLE LIMIT (Ea accident)	$
	☐ ANY AUTO						BODILY INJURY (Per person)	$
	☐ OWNED AUTOS ONLY ☐ SCHEDULED AUTOS						BODILY INJURY (Per accident)	$
	☐ HIRED AUTOS ONLY ☐ NON-OWNED AUTOS ONLY						PROPERTY DAMAGE (Per accident)	$
								$
	☐ UMBRELLA LIAB ☐ OCCUR						EACH OCCURRENCE	$
	☐ EXCESS LIAB ☐ CLAIMS-MADE						AGGREGATE	$
	☐ DED ☐ RETENTION $							$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y/N						☐ PER STATUTE ☐ OTH-ER	
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? ☐ (Mandatory in NH)	N/A					E.L. EACH ACCIDENT	$
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE	$
							E.L. DISEASE - POLICY LIMIT	$
A	Cyber/Breach Response			B 7013588890	07/01/2025	07/01/2026		$500,000
A	Emploee Dishonesty			B 7013588890	07/01/2025	07/01/2026		$500,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Certificate Holder is named as Additional Insured if required by w ritten contract. Waiver of subrogation applies. Coverage is Primary Non-Contributory.

CERTIFICATE HOLDER

Fax #: (615) 791-3250

City of Franklin, Tennessee
109 Third Avenue South
Franklin, TN 37064

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE Kim Gilsinger

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Swiss Re Corporate Solutions America Insurance Corporation

CERTIFICATE OF INSURANCE
(Claims First Made)

Issue Date: 7/1/2024

Certificate Holder:
CITY OF FRANKLIN TENNESSEE
109 3RD AVE. SOUTH
FRANKLIN, TN 37064

This is to certify that the Named Insured is covered by the insurance policy described below issued by Swiss Re Corporate Solutions America Insurance Corporation of Kansas City, Missouri. This certificate of insurance is issued as a matter of information only and confers no rights upon the certificate holder. Coverage afforded the Named Insured is subject to all terms, exclusions, limitations and conditions of such policy. Limits shown may have been reduced by paid claims. This certificate of insurance does not affirmatively or negatively amend, extend, or alter the coverage afforded by the insurance policy.

TYPE OF INSURANCE: Insurance Agents Errors & Omissions Liability

POLICY NUMBER: **WED4TN012385901**

NAMED INSURED: **TENNESSEE RISK MANAGEMENT PARTNERS, LLC D/B/A PUBLIC RISK INSURORS**

OTHER INSUREDS AS DEFINED IN POLICY:

[X] **CLAIMS EXPENSES ARE IN ADDITION TO THE LIMIT OF LIABILITY FOR THE COVERAGES PROVIDED BY THE ABOVE POLICY NUMBER**

[ ] **CLAIMS EXPENSES ARE INCLUDED WITHIN THE LIMIT OF LIABILITY FOR THE COVERAGES PROVIDED BY THE ABOVE POLICY NUMBER**

Limits of Liability:	$ 5,000,000	Per Claim
	$ 5,000,000	Aggregate for the Policy Period
Sublimit of Liability for BREACH OF PERSONAL DATA:	NO COVERAGE	Per Claim
	NO COVERAGE	Aggregate for the Policy Period
Deductible:	$ 5,000	Per Claim
	$ 15,000	Aggregate for the Policy Period

Retroactive Date: **04/25/2011**

EFFECTIVE DATE: FROM: **July 01, 2024** TO: **July 01, 2025**

By the issuance of this Certificate, Swiss Re Corporate Solutions America Insurance Corporation assumes no obligation to provide notice of change in or cancellation of the policy.

Swiss Re Corporate Solutions America Insurance Corporation

Authorized Representative

SP 000 260 0521

Swiss Re Corporate Solutions America Insurance Corporation

CERTIFICATE OF INSURANCE
(Claims First Made)

Issue Date: 7/3/2025

Certificate Holder:
CITY OF FRANKLIN TENNESSEE
109 3RD AVE. SOUTH
FRANKLIN, TN 37064

This is to certify that the Named Insured is covered by the insurance policy described below issued by Swiss Re Corporate Solutions America Insurance Corporation of Kansas City, Missouri. This certificate of insurance is issued as a matter of information only and confers no rights upon the certificate holder. Coverage afforded the Named Insured is subject to all terms, exclusions, limitations and conditions of such policy. Limits shown may have been reduced by paid claims. This certificate of insurance does not affirmatively or negatively amend, extend, or alter the coverage afforded by the insurance policy.

TYPE OF INSURANCE: Insurance Agents Errors & Omissions Liability

POLICY NUMBER: **WED4TN012385902**

NAMED INSURED: **TENNESSEE RISK MANAGEMENT PARTNERS, LLC D/B/A PUBLIC RISK INSURORS**

OTHER INSUREDS AS DEFINED IN POLICY:

[X] **CLAIMS EXPENSES ARE IN ADDITION TO THE LIMIT OF LIABILITY FOR THE COVERAGES PROVIDED BY THE ABOVE POLICY NUMBER**

[ ] **CLAIMS EXPENSES ARE INCLUDED WITHIN THE LIMIT OF LIABILITY FOR THE COVERAGES PROVIDED BY THE ABOVE POLICY NUMBER**

Limits of Liability:	**$ 5,000,000**	Per Claim
	$ 5,000,000	Aggregate for the Policy Period
Sublimit of Liability for BREACH OF PERSONAL DATA:	**NO COVERAGE**	Per Claim
	NO COVERAGE	Aggregate for the Policy Period
Deductible:	**$ 5,000**	Per Claim
	$ 15,000	Aggregate for the Policy Period

Retroactive Date: **04/25/2011**

EFFECTIVE DATE: FROM: **July 01, 2025** TO: **July 01, 2026**

By the issuance of this Certificate, Swiss Re Corporate Solutions America Insurance Corporation assumes no obligation to provide notice of change in or cancellation of the policy.

Swiss Re Corporate Solutions America Insurance Corporation

Authorized Representative

Attachment No. 5

INDEMNIFICATION AGREEMENT

Indemnification Agreement

a form required of Bidders and Proposers on purchases of services for the

City of Franklin, Tennessee

State of Tennessee)
) SS
County of Williamson)

On behalf of Bidder/Proposer, Laura Jungmichel agrees that:
(printed name of person signing Agreement)

1. He or she is the President of
(Owner or Authorized Partner, Officer, Representative or Agent of Owner)
Tennessee Risk Management Partners LLC dba Public Risk Insurors,
(legal name of entity submitting bid or proposal)
the Bidder or Proposer who has submitted the attached bid or proposal;

2. The Bidder or Proposer is fully informed respecting the preparation and content of the attached bid or proposal and of all pertinent circumstances respecting such bid or proposal;

3. The Bidder or Proposer agrees to indemnify and save the Government of Franklin, the City of Franklin and individual, on or off duty, officers, and employees of the City of Franklin, harmless from any and all losses, damages and expenses, including court costs and attorneys' fees, by reason of any loss, whatsoever, arising out of or relating to or in consequence of the work done in connection with any contract, agreement, purchase order or other procurement to which this Agreement applies, excepting only such losses as shall be occasioned solely by the negligence of the City of Franklin; and

4. This Agreement is made on personal knowledge.

(signature of person whose printed name appears above)

President
(title of person whose printed name appears above)

Sworn and subscribed to before me this 26th day of August, 2025

(Notary Public)

AVANI DEVDHARA
STATE OF TENNESSEE NOTARY PUBLIC
WILLIAMSON COUNTY

My Commission Expires: 04/7/2028

(Submitted in response to City of Franklin Purchasing Office Solicitation No. 2025-019)

Form revised 12/12/2016

City of Franklin

109 3rd Ave S.
Franklin, TN 37064
(615) 791-3217

File #: 21-01752

DATE: 12/4/2025

TO: Budget & Finance Committee

FROM: Sara Sylvis, Benefits Manager
Kevin Townsel, Director of Human Resources
Kristine Brock, Asst. City Administrator/CFO

SUBJECT:

Consideration Of DRAFT Procurement Award To P&A Administrative Services, Inc. Of Williamsville, New York In The Total Estimated Fee Of $4,166.40 Per Year For Flexible Spending Account (FSA) And Dependent Care Services For A Term Of Award For The Human Resources Department (Solicitation No 2026-005; Contract No. 2025-0485).

PURPOSE:

The purpose of this procurement is to purchase flexible spending account (FSA) and dependent care services for a term of award in order to establish a new term contract for administering the City's FSA program offered to full-time employees of the City.

BACKGROUND/STAFF COMMENTS:

The City published on August 28, 2025 a Notice to Proposers in the *Williamson Herald* for flexible spending account and dependent care services. In addition, solicitation documents were sent on or about the same date directly to six (6) potential proposers known or thought to be interested in this solicitation. Proposals from eight (8) service providers were publicly opened at the submittal opening held on September 12, 2025. A tabulation of the proposals received for this solicitation is attached.

Using evaluation criteria included in the request for proposals, the proposal evaluation team, consisting of Human Resources Department staff, recommends the City select the firm that submitted the proposal ranked highest by the proposal evaluation team, namely P&A Administrative Services, Inc (which is the incumbent service provider). The evaluation criteria included in the request for proposals consisted of (a) competency, experience and qualifications (25%), (b) capabilities; unique strengths of the proposer/proposal (25%), (c) thoroughness and quality of proposal (10%), (d) methodology and approach; pricing and payment clarity (10%), (e) schedule (10%), and (f) fee for proposed products and services (20%). The proposal evaluation team scored this firm's proposal the highest at 96% of the eligible points for the evaluation criteria included in the request for proposals.

FINANCIAL IMPACT:

The proposal ranked highest by the proposal evaluation team is from P&A Administrative Services, Inc. of Williamsville, New York, with the total estimated fee of $4,166.40 per year for the required products and services. The fee is to be allocated to the respective City funds of the various operating departments of the City in which employees are participating in the FSA program.

RECOMMENDATION:

Staff recommends that the City accept, contingent upon Law Department and City Administrator approval of City Contract No. 2025-0485, the proposal ranked highest by the proposal evaluation team, P&A Administrative Services, Inc. of Williamsville, New York, in the total estimated fee of $4,166.40 per year for the required products and/or services, and award this procurement to this proposer. The City's Purchasing Manager believes the prepared solicitation documents as distributed allowed for competition among multiple service providers and that the staff recommendation appears to be made in a fair and impartial manner based upon the proposals received.

Contract No. 2025-0485 is not yet in final form and therefore a DRAFT copy is attached. When it is in final form, and if the staff recommendation to accept the proposal from and award the procurement to P&A Administrative Services, Inc. is approved by the Board of Mayor and Aldermen, then, pursuant to authority previously granted by the Board of Mayor and Aldermen, Contract No. 2025-0485 will be executed by the City Administrator and subsequently reported to the Board of Mayor and Aldermen.

City of Franklin, Tennessee
Tabulation of Submittals*

Purchasing Office Solicitation No.:	**2026-005 Flexible Spending Account and Dependent Care Services**
Notice to proposers published in the *Williamson Herald* on:	**8/28/2025 - Thursday**
Number of potential proposers that were notified of / that submitted a proposal in response to this request for proposals:	**84 / 8**
Date and time proposal due and publicly opened:	**9/12/25 2:00 PM**
Present at opening of proposals:	**Suzanne Ward and Charlie Selke of the City of Franklin Finance Deapartment; Sara Sylvis and Ashley Peery of the City of Franklin HR Department**
Target meeting of BOMA at which recommendation is scheduled to be considered:	**11/11/2025 - BOMA Formal Session**

Proposals received from:	**Is the proposal complete?**	**Does the proposal take any exceptions to the City's procurement solicitation? / If so, how many?**	**Average points allocated by proposal evaluation team (out of a possible 100, utilizing evaluation criteria as listed in RFP):**	**Total estimated fee per year:**	**Payment terms:**	**Proposal is offered through:**
Total Administrative Services Corp. (TASC) Madison, WI	YES	Yes / 4 (WC Insurance and Standard Terms & Conditions)	65.31	$4,099.20	net 30 days	1/31/2026
Surency Wichita, KS	YES	No	84.06	$4,914.00	net 30 days	1/31/2026
Pinnacle Financial Partners Nashville TN	YES	No	92.67	$4,026.00	Billed one month in arrears	12/31/2026
P&A Administrative Services, Inc. Williamsville, NY	YES	No	96.00	$4,166.40	net 30 days	12/31/2025
Flexible Benefit Administrators, Inc. Chesapeake, VA	YES	No	77.64	$4,318.80	net 30 days	12/31/2025
Driven 125 Huntsville, AL	YES	No	81.64	$4,318.80	net 30 days	3/31/2026
Ameriflex Carrollton, TX	YES	No	82.33	$4,392.00	net 30 days	12/31/2028
American Fidelity Assurance Company Oklahoma City, OK	YES	Yes / 1 (proposed FSA that included 2-3 add'l products not specified by CoF)	57.33	$0.00	net 30 days	12/31/2025

*Shaded submittal is the submittal scored highest by the interview team

CITY OF FRANKLIN, TENNESSEE
PROCUREMENT AGREEMENT

(City of Franklin Contract No. 2025-0485)

THIS PROCUREMENT AGREEMENT ("AGREEMENT") is by and between the City of Franklin, Tennessee ("CITY"), and P&A Administrative Services, Inc. of Williamsville, NY ("SERVICE PROVIDER"), who mutually agree as follows:

1. CITY issued (a) on August 28, 2025 Purchasing Office Solicitation No. 2026-005, a procurement solicitation for proposals for flexible spending account and dependent care services, and (b) on September 10, 2025 Addendum No. 1 to Purchasing Office Solicitation No. 2026-005 (collectively, "SOLICITATION").

2. In response to SOLICITATION, SERVICE PROVIDER submitted a proposal dated September 11, 2025 ("SUBMITTAL"), a copy of excerpts from which is attached hereto as Attachment No. 1 and hereby incorporated by reference as if fully set forth herein.

3. SERVICE PROVIDER included in SUBMITTAL CITY's Standard Procurement Terms and Conditions with SERVICE PROVIDER's contact information inserted ("CITY'S TERMS"), a copy of which is attached hereto as Attachment No. 2 and hereby incorporated by reference as if fully set forth herein.

4. SERVICE PROVIDER has, subsequent to SUBMITTAL, also submitted four (4) Certificates of Liability Insurance ("CERTIFICATE(S) OF INSURANCE"), copies of which are attached hereto as Attachment No. 3 and hereby incorporated by reference as if fully set forth herein, that collectively meet or exceed CITY's Insurance Requirements as included in SOLICITATION.

5. If and when insurance coverage documented by CERTIFICATES OF INSURANCE referenced above expires either before the expiration of any term of award described below, including any extensions thereto, or before the supply and delivery by SERVICE PROVIDER and the acceptance by CITY of all of the products and/or services ordered from SERVICE PROVIDER, pursuant to this AGREEMENT, then SERVICE PROVIDER shall immediately suspend work or supply and delivery unless and until it provides one or more unexpired replacement certificates of insurance that either indicates or collectively indicate the new dates of insurance coverage expiration and that either (a) meets or exceeds or (b) collectively meet or exceed CITY's Insurance Requirements as included in SOLICITATION.

6. In the event that insurance coverage documented by CERTIFICATES OF INSURANCE referenced above is materially modified or canceled either before the expiration of any term of award described below, including any extensions thereto, or before the supply and delivery by SERVICE PROVIDER and the acceptance by CITY of all of the products and/or services ordered from SERVICE PROVIDER, pursuant to this AGREEMENT, then SERVICE PROVIDER shall, immediately upon learning of any such material modification or cancelation, suspend work or supply and delivery and shall, within three (3) calendar days of such learning, notify CITY of any such material modification or cancelation.

7. SERVICE PROVIDER agrees to impose CITY's Insurance Requirements as included in SOLICITATION upon any subcontractors it utilizes for this procurement. Except as may be approved and authorized by CITY in advance of any subcontractor commencing work for this award, SERVICE PROVIDER may not subcontract any service component of the award except as is indicated in SUBMITTAL.

8. SERVICE PROVIDER has, subsequent to SUBMITTAL, also submitted CITY's Indemnification Agreement, executed for SERVICE PROVIDER ("INDEMNIFICATION AGREEMENT"), a copy of which is attached hereto as Attachment No. 4 and hereby incorporated by reference as if fully set forth herein.

9. CITY awarded on November 11, 2025 to SERVICE PROVIDER the purchase of flexible spending account and dependent care services pursuant to SOLICITATION and SUBMITTAL.

10. Products shall be delivered and/or services shall be rendered to the satisfaction of CITY by February 1, 2026 unless a later delivery has been authorized in writing by CITY. Failure by SERVICE PROVIDER to meet the delivery schedule shall constitute grounds for CITY to cancel order and/or consider SERVICE PROVIDER to be in breach of contract.

11. The term of award shall commence upon execution of this AGREEMENT (the effective date of this AGREEMENT) for the three (3) calendar years beginning January 1, 2026 and concluding December 31, 2028. At any time after commencement but before or as soon as practicable after the expiration of this term of award, CITY and SERVICE PROVIDER may, by mutual consent, exercise not more than two (2) options to extend the term of award, each time for up to one (1) additional year, for a maximum possible term of award of five (5) years total, provided: (a) that both parties consent to such an extension at that time; (b) that the decision to exercise such an extension is memorialized in writing and is executed by authorized representatives of each party (in the case of CITY, either CITY's City Administrator or CITY's Purchasing Manager or CITY's Procurement Officer IV, after consultation with CITY's director of Human Resources, is so authorized); (c) that the same terms and conditions that apply to the original term of award shall also apply to such an extension, including pricing; (d) that if SERVICE PROVIDER chooses not to consent to an extension to the term of award, then it shall notify CITY of that decision a minimum of six (6) months in advance of the scheduled expiration of the term of award; and (e) at CITY's discretion, CITY and SERVICE PROVIDER may negotiate an additional extension beyond such expiration. Note that CITY and SERVICE PROVIDER each specifically retain the non-exclusive right, with or without cause, not to extend the term of award.

12. In the event of a conflict between the following documents, the order of precedence shall be as follows: (a) this AGREEMENT; (b) CITY's TERMS; (c) INDEMNIFICATION AGREEMENT; (e) SOLICITATION; and (f) SUBMITTAL.

EXECUTED THIS _____ DAY OF _____ 20____.

For SERVICE PROVIDER:

_____

(signature of SERVICE PROVIDER's authorized representative)

TITLE: _____

For CITY:

_____

(signature of CITY's authorized representative)

TITLE: City Administrator

Approved as to Form:

_____

J. Blake Harper, Assistant City Attorney II

Attachment No. 1

Excerpts from SUBMITTAL

2026-005 Addendum 1
P&A Administrative Services, Inc.
Supplier Response

Event Information

Number: 2026-005 Addendum 1
Title: Flexible spending account and dependent care services
Type: Request for Proposal
Issue Date: 8/28/2025
Deadline: 9/12/2025 02:00 PM (CT)
Notes:

NOTICE TO PROPOSERS

NOTICE IS HEREBY GIVEN that the City of Franklin, TN, is receiving sealed written proposals until 2:00 p.m. Central Time on September 12, 2025, at which time they will be publicly unsealed, for the following procurement: flexible spending account and dependent care services (Solicitation No. 2026-005). Proposals must be prepared and submitted in accordance with the City's request for proposals and other procurement documents pertaining to this solicitation, including any addenda that may be issued, available on the Business Opportunities page of the City's website (https://www.franklintn.gov/) or by contacting City Purchasing (purchasing@franklintn.gov; 615-550-6692). Per T.C.A. § 12-4-116, potential proposers are not required to receive or respond to this procurement solicitation electronically. The City reserves the right to reject any and all proposals, and to waive minor informalities.

Contact Information

Contact: Purchasing Office
Address: Interim City Hall
1st Floor
740 Columbia Avenue
Franklin, TN 37064

Phone: US (615) 550 x6692
Email: purchasing@franklintn.gov

P&A Administrative Services, Inc. Information

Address: 6400 Main Street
Suite 210
Williamsville, NY 14221
Phone: (716) 362-5500

By submitting your response, you certify that you are authorized to represent and bind your company.

Michael Rizzo
Signature

rizzom@padmin.com
Email

Submitted at 9/11/2025 02:18:42 PM (CT)

Requested Attachments

Proposal

P&A Group Response RFP 2026-005 CIty of Franklin.pdf

Please upload a proposal document titled "Proposal" that is responsive to the procurement solicitation including the Request for Proposals.

Identification, listing and description of any exceptions to the procurement solicitation including the Request for Proposals

No response

Please upload a document here titled "Exceptions" if additional space was needed in the attributes tab.

Standard Procurement Terms and Conditions

2026-005.h Standard Procurement Terms and Conditions - complete.pdf

Please upload the City of Franklin Standard Procurement Terms and Conditions, with the proposer's contact information inserted.

Proposer's proposed agreement or contract

No response

Please upload the proposer's proposed agreement or contract, if any, the terms and conditions of which are not inconsistent with the City's Standard Procurement Terms and Conditions.

City of Franklin Affidavit of Non-Collusion

2026-005.e Affidavit of Non-Collusion - notarized.pdf

Please upload the City of Franklin Affidavit of Non-Collusion, executed in full.

Affidavit of Title VI Compliance

2026-005.f Affidavit of Title VI Compliance - notarized.pdf

Please upload the City of Franklin Affidavit of Title VI Compliance, executed in full.

Affidavit of Drug-Free Workplace

2026-005.g Affidavit of Drug-Free Workplace - notarized.pdf

Please upload the City of Franklin Affidavit of Drug-Free Workplace, executed in full.

Bid Attributes

1	**Proposal Submittal Form** The Attributes and Line Items sections are the Proposal Submittal Form referenced in the Instructions for Proposers document.
2	**Proposer's name, street address, and mailing address** Enter the proposer's name, street address, and mailing address (if different than street address). P&A Administrative Services, Inc. 6400 Main Street Suite 210 Williamsville, NY 14221

3 **Proposer's contact person's name, title, telephone number and e-mail address:**

Enter the proposer's contact person's name, title, telephone number and e-mail address.

Michael Rizzo, President. (716) 362-5500 rizzom@padmin.com

4 **Does the proposer take any exceptions?**

Does the proposer take any exceptions to the City's procurement solicitation including the Request for Proposals?

No, proposer takes no exceptions.

5 **Exceptions listed**

- List any exceptions taken to the City's procurement solicitation including the Request for Proposals. Exceptions must be listed separately, described, and compared to the City's intention as expressed and implied by the City's solicitation documents. If additional space is required, upload a separate document with the title "Exceptions" on the response attachments tab.
- If no exceptions are taken, enter "NONE TAKEN".

NONE TAKEN

6 **City's preferred payment terms**

Are the City's preferred payment terms (net 30 days from date of delivery or date of invoice, whichever is later) acceptable to proposer?

Yes

7 **Proposer's requested payment terms**

If the proposer answered "No" to the City's preferred payment terms (net 30 days from date of delivery or date of invoice, whichever is later), enter the proposer's requested payment terms.

No response

8 **Last date proposal and pricing is valid and may be accepted by the City**

Enter last date (no sooner than December 31, 2025) that proposal and associated pricing is valid and may be accepted by the City.

12/31/2025

9 **Estimated time of delivery / completion of project**

Enter the estimated time of delivery / completion of project, measured in number of calendar days after receipt of order.

30

10 **Method of payment**

The City's default method of payment is by electronic means, either by direct deposit (i.e., "ACH" or "Electronic Funds Transfer"), or by bank credit card, rather than by conventional check. Which electronic payment method the proposer would prefer?

ACH or Electronic Funds Transfer

11 **First subscription and affirmation of proposer's authorized representative**

By submission of this proposal, each proposer and each person signing on behalf of any proposer certifies, and in the case of a joint proposal each party thereto certifies as to its own organization, under penalty of perjury, that to the best of its knowledge and belief that each proposer is not on the list created pursuant to Tennessee Code Annotated § 12-12-106.

This constitutes as your electronic signature. (If submitting by hard copy, sign the paper copy.)

Michael Rizzo

12 **Second subscription and affirmation of proposer's authorized representative**

Except for any contract resulting from the submittal of this proposal with a total potential value of less than $250,000, by submission of this proposal, each proposer, except those with fewer than ten employees, and each person signing on behalf of any such proposer certifies, and in the case of a joint proposal each party thereto certifies as to its own organization, under penalty of perjury, that, to the best of its knowledge and belief, such proposer is not currently engaged in, and will not, for the duration of any such contract, engage in, a boycott of Israel.

This constitutes as your electronic signature. (If submitting by hard copy, sign the paper copy.)

Michael Rizzo

13 **Signature of proposer's authorized representative**

I affirm that I am authorized by the proposer to sign this Proposal Submittal Form as well as any and all companion forms and documents included herewith. I have obtained and read, and do understand and consent, to all instructions, terms and conditions, including those imposed by reference, which apply to this procurement solicitation and compliance with which is required as a condition precedent to consideration of the proposal submitted herewith.

This constitutes as your electronic signature. (If submitting by hard copy, sign the paper copy.)

Michael Rizzo

14 **Title of proposer's authorized representative**

Enter the title of proposer's authorized representative.

President

15 **Contact information for required references**

Provide contact information for references required (see Request for Proposals). If additional space is needed, please upload a document in the response attachments tab with the title "References".

16 **Reference #1**

Enter contact information for reference #1.

County of Erie. Shawn Lavin, (716) 858-4758 shawnlavin.erie.gov

17 **Reference #2**

Enter contact information for reference #2.

City and County of San Francisco. William Kudenov, (628) 652-4624

18 **Reference #3**

Enter contact information for reference #3.

Hennepin County. Amy Mandell, (612) 348-2692

19 **Reference #4**

Enter contact information for reference #4.

No response

20 **Reference #5**

Enter contact information for reference #5.

No response

21 **Addendum #1 acknowledgement 9/10/25**

☑ I acknowledge receipt of Addendum #1 9/10/25

22	**Q&A acknowledgement of 9/10/25** ☑ I acknowledge receipt of the Q&A sent on 9/10/25

Bid Lines

1	Total quoted per-participating-employee-per-month (PPEPM) fee for bid products and services: Price: $4,172.40 Total: $4,172.40

Response Total: $4,172.40

City of Franklin

Request for Proposal #2026-005
Flexible Spending Account and Dependent Care Services

ORIGINAL

09-12-2025

Corporate Office
6400 Main Street
Williamsville, NY 14221
(800) 688-2611

https://padmin.com/

P&A GROUP EST. 1975
Employee Benefits

P&A Administrative Services, Inc.
6400 Main Street, Suite 210
Williamsville, NY 14221

(716) 852-2611
www.padmin.com

09-11-2025

RE: Request for Proposal #2026-005 Flexible Spending Account and Dependent Care Services for City of Franklin

Dear Purchasing Office,

P&A Group would like to thank you in advance for your time, and your continued business, your time, and your consideration. Enclosed you will find our response to Request for Proposal #2026-005 for Flexible Spending Account and Dependent Care Services for the City of Franklin.

For 50 years, P&A has cultivated a diverse national clientele of over 4,500 employer groups representing a wide range of industries. Approximately 50% of our clientele consists of governmental entities such as counties, cities, towns, authorities, states, community colleges, universities, school districts, etc. We integrate well with groups of all sizes, and we understand the needs of governmental employers differ from those of the private sector.

As a comprehensive benefits administrator we provide our clients with a *boutique* service experience. Our core competency revolves around state-of-the-art benefits administration tailored to your unique needs. We have been administering FSA plans for 40 years, since 1985. With P&A, the City of Franklin will receive an efficient benefits program that utilizes advanced technology coupled with the personal touch of our experienced consultants and administrators.

We are a privately held, financially stable corporation headquartered in Buffalo, NY with personnel located in Raleigh, New York City, and Los Angeles. Our clients benefit from our experienced, responsive account managers, leading customer service team, extensive knowledge base, and access to our Legal Department who ensures P&A and our clients are always in compliance with IRS regulations. These strengths position us well to continue to work with City of Franklin.

We hope you find our response clear, concise, and satisfactory in all aspects. Should you have any questions regarding the information provided in this RFP please feel free to contact our VP, Business Development Rick Neward directly at (949) 202-8266 or via e-mail at newardr@padmin.com. We are excited for the opportunity to build and grow our continuing relationship with the City of Franklin. We look forward to hearing from you.

Best Regards,

Michael Rizzo
President

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D. Methodology and approach; pricing and payment clarity:.....45

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F. Fee for proposed products and services: 46

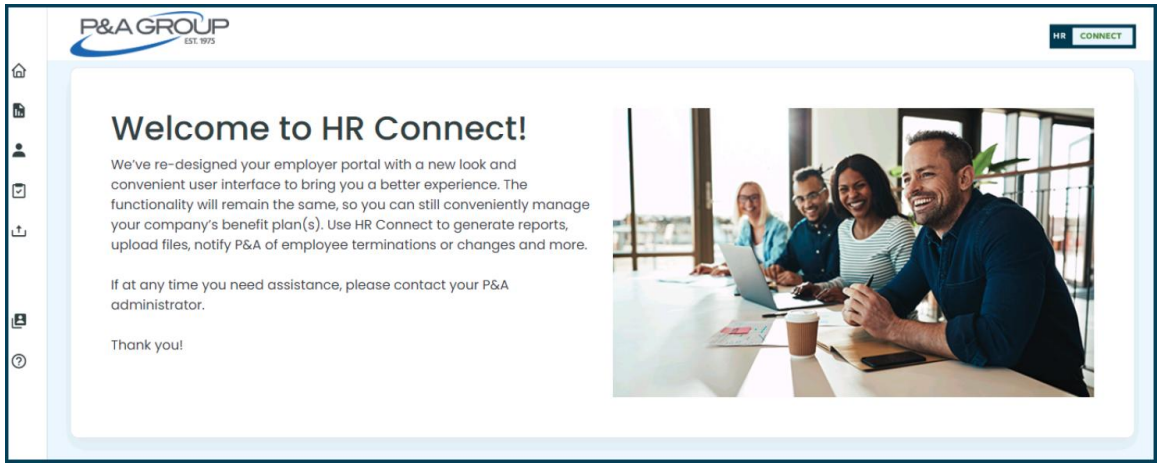
Required Forms:
Affidavit of Non-Collusion
Affidavit of Title VI Compliance
Affidavit of Drug-Free Workplace
Standard Procurement Terms and Conditions
Indemnification Agreement

Attachments:
Debit Card-IIAS Flyer 2019 for Flex and HSA.pdf
Layout D for Open Enrollment, Ongoing Changes and Ongoing Changes AND Payrolls 07142021.pdf
M&T Bank Letter 2025.pdf
P & A Administrative Services - 2023 FS FINAL.pdf
P&A Administrative Services - 2022 FS FINAL.pdf
P_and_A EZ Scan_re-branded.pdf
P_and_A Group - How to Use QuikClaim_.pdf
P_and_A Mobile App.pdf
P_and_A Mobile Pay_Consumer FAQ.pdf
P_and_A Mobile Pay_Consumer Flyer.pdf
Sample Customized FSA employee Communication Materials.pdf
Sample FSA Employee Communication Materials.pdf
Sample FSA Reports.pdf
Sample List of FSA Eligible Expenses.pdf

13.4. Anticipated Scope of Work; Required Products, Services and Deliverables

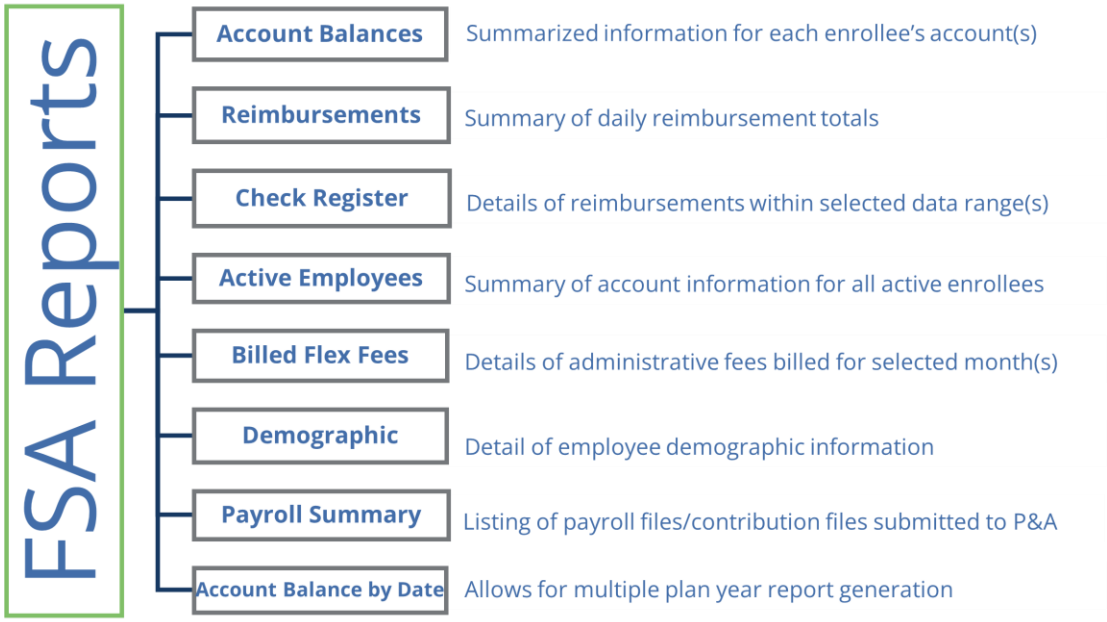
• Please include in proposal screen images/pictures of your employee and employer portal and app showing a full scope of what is offered to employees.

Web Capabilities - Employer:



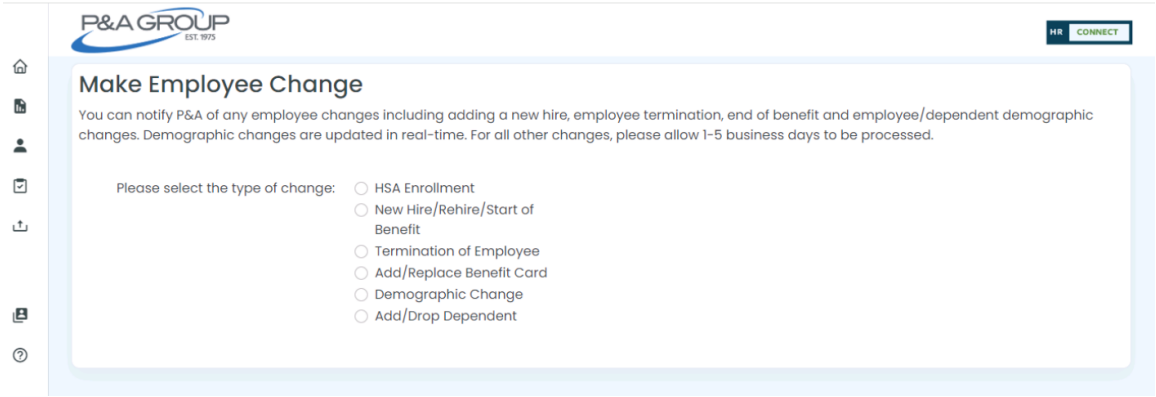
City of Franklin's HR/Finance personnel will continue to have access to real-time account information and reporting 24/7, through our secure online portal, *HR Connect.* Multiple, comprehensive reports are available. Reports can be sorted for ad hoc customizations and exported reporting in a variety of formats (XML, CSV, PDF, MHTML, Excel, TIFF, and Word).

FSA reporting includes:



In addition to multiple comprehensive reports, *HR Connect* can be used for the following:

- Update eligibility (submit employee data for new hires, terminations, etc.)
- Upload files and forms directly to the administrator securely
- Access billing statements
- Turn off debit cards in real-time



Web Capabilities – Employee:



FSA participants will continue to have access to real-time account information, 24/7, via our secure online portal, *My Benefits*.

The following information is accessible:

- Available account balance
- Election amounts
- Plan year
- Plan to date deposits
- Plan to date claims
- Plan to date paid
- Pending claims
- Claim status

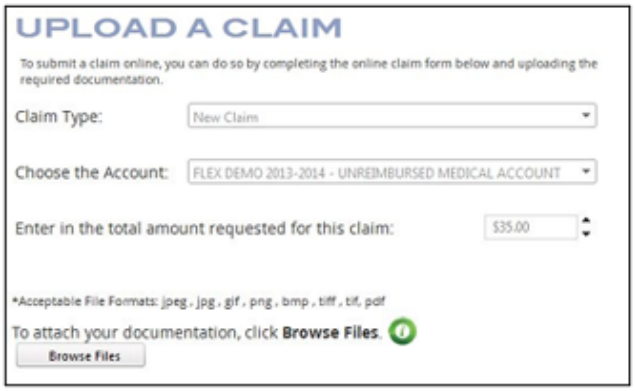


Upload	Status	Claim/Trans#	Claim Date	Amount	Amount Paid	Amount Unpaid	Remarks
	Pending Review	34440	07/28/2017	$5.79	5.79	0.00	CVS/PHARMACY #00308 BUFFALO NY
	Pending Review	34440	07/28/2017	$5.79	5.79	0.00	CVS/PHARMACY #00308 BUFFALO NY
	Pending Review	33507	07/28/2017	$11.99	11.99	0.00	RITE AID STORE - 056 BUFFALO NY
	Pending Review	34514	07/28/2017	$3.99	3.99	0.00	CVS/PHARMACY #00308 BUFFALO NY
	Pending Review	34459	07/28/2017	$4.29	4.29	0.00	CVS/PHARMACY #00308 BUFFALO NY
	Pending Review	33536	07/28/2017	$11.99	11.99	0.00	RITE AID STORE - 056 BUFFALO NY
	Pending Review	33536	07/28/2017	$11.99	11.99	0.00	RITE AID STORE - 056 BUFFALO NY

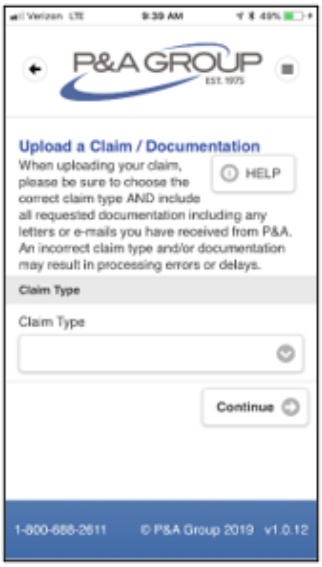
Participants can access *My Benefits* through both our website and our Mobile App & Site. Employees who prefer to text message can enroll in our SMS Texting tool to send/receive text messages for account balance and claim status information (24/7).

Participants can submit claims online through our website as well as our Mobile App & Site. We also accept claims via toll-free fax and U.S. Mail. We process claims on a 24/7 basis.

My Benefits via P&A website



My Benefits via P&A Mobile App/Site



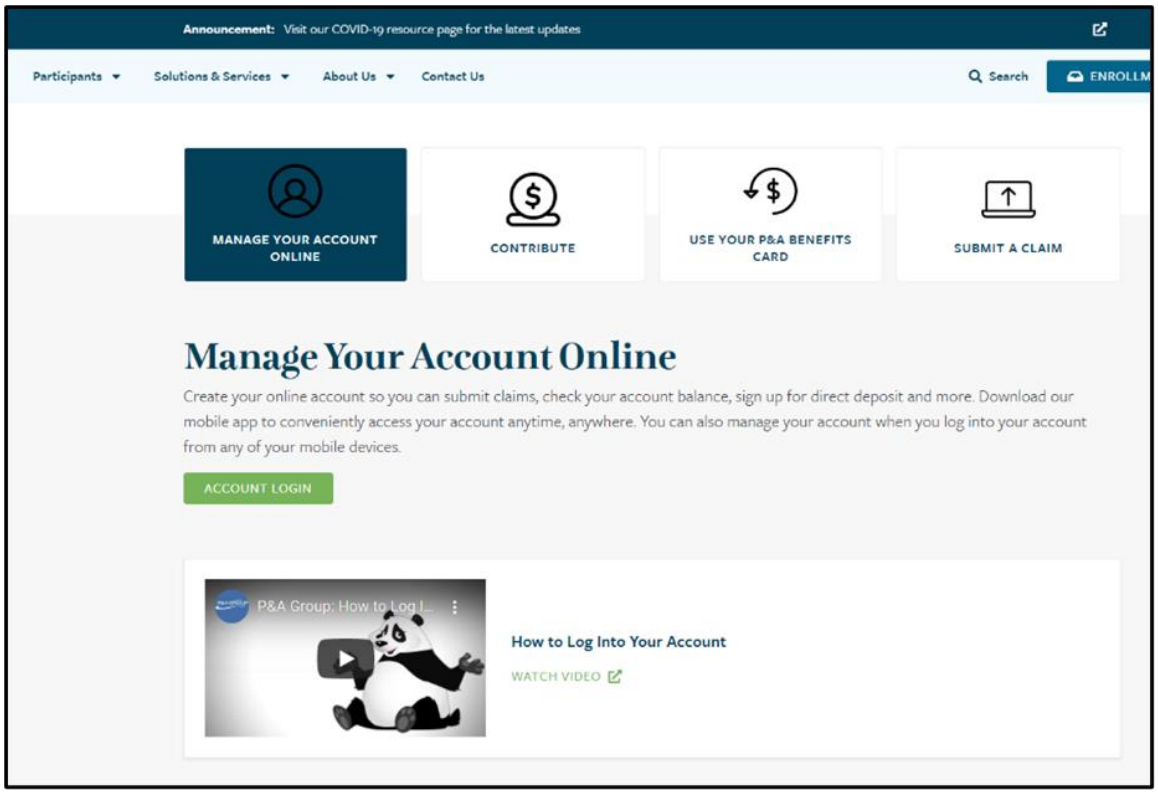
Participants can view their pending claims and track uploaded or faxed claims by logging into their online account through, *My Benefits.*



P&A offers a wide array of educational resources to inform employees and illustrate the tax advantages of plan participation. A majority of our employee educational information is available 24/7 through our website https://padmin.com/.

Available resources include:

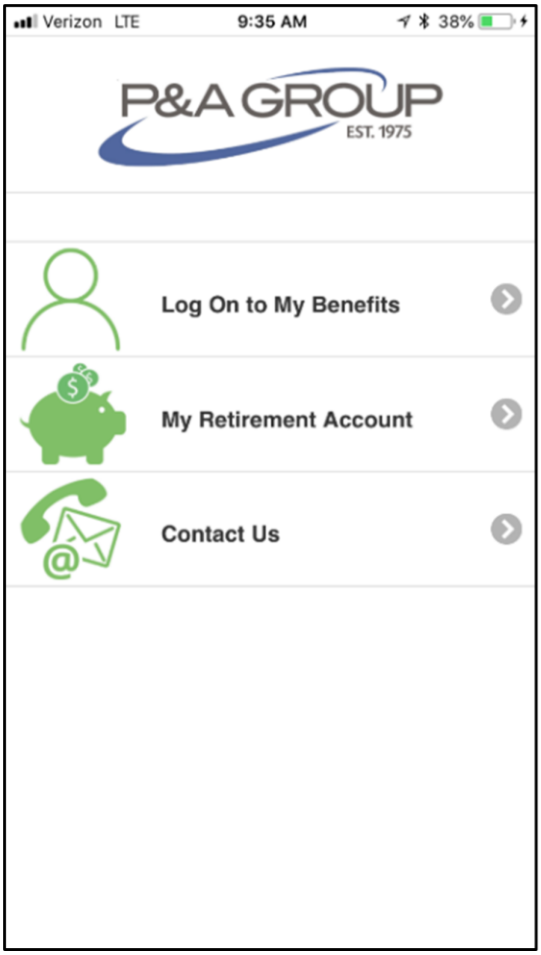
- FSA Brochure
- FSA Videos
- Eligible expense lists
- FSA tax savings calculator
- IRS Publications

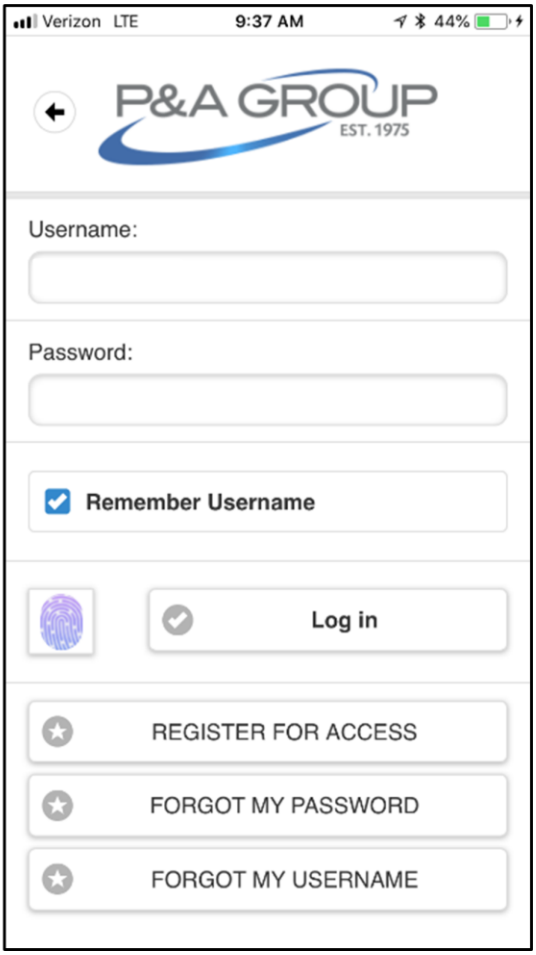




P&A's Mobile App/Site:

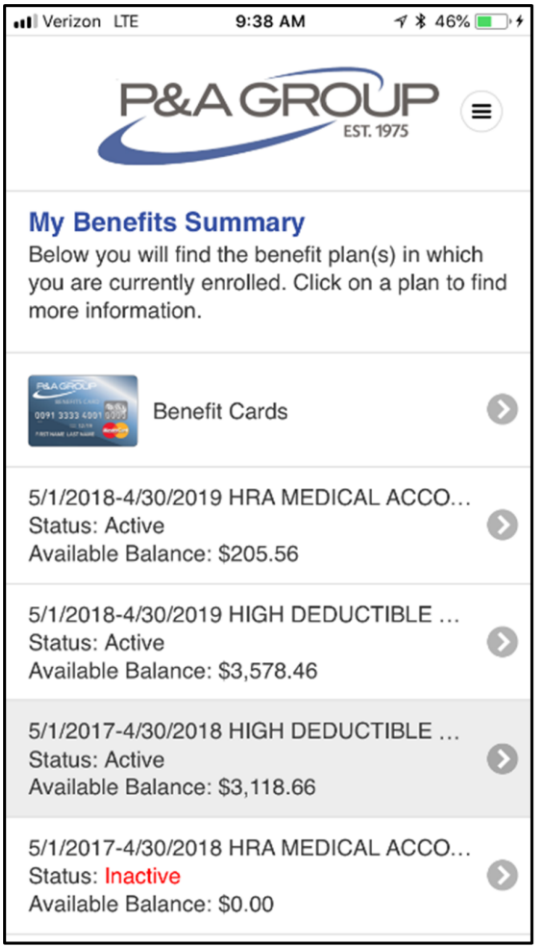
Our Mobile App is available for FSA Participants 24/7 through Apple and Android devices providing on-the-go account access. Our Mobile Site is also available 24/7 for smartphone and tablet users across every platform. Mobile App & Site have the same functionality as our website https://padmin.com/.

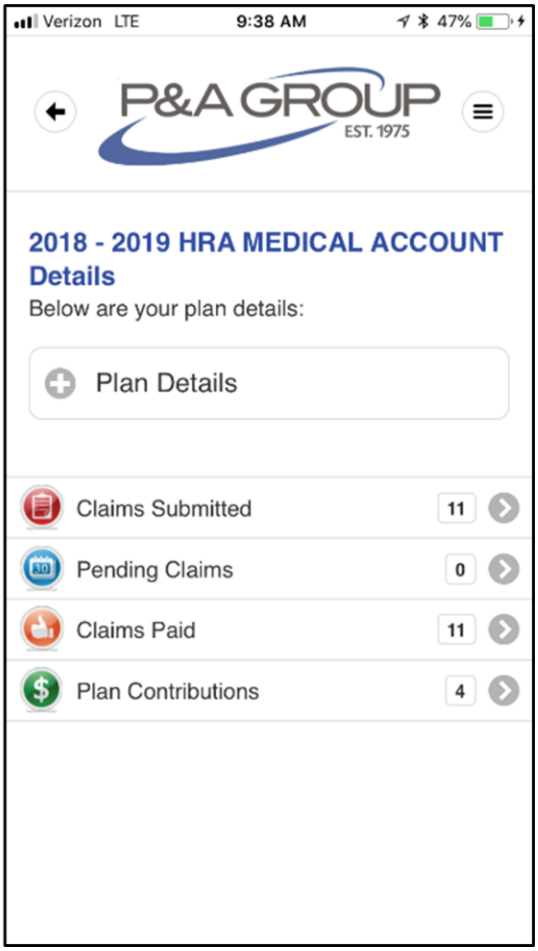




Participants can access the following information:

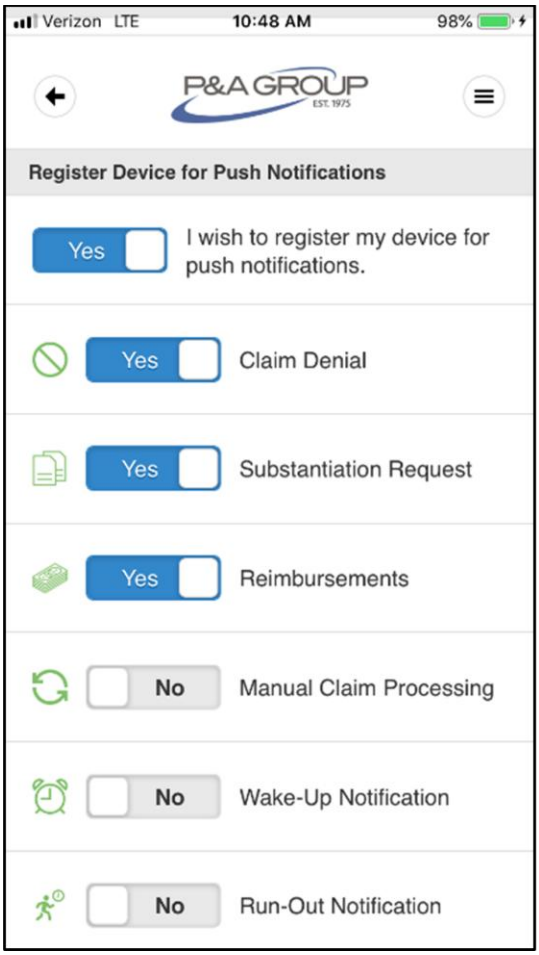
- Available account balance
- Election amounts
- Plan year
- Plan to date deposits
- Plan to date claims
- Plan to date paid
- Pending claims
- Claim status

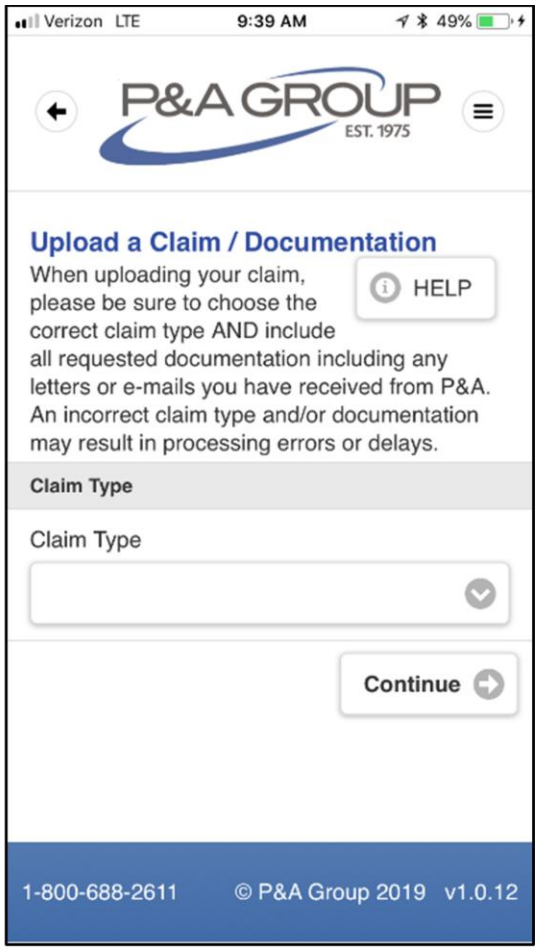




Our Mobile App & Site can be used for the following:

- Sign in with Easy Touch ID (App)
- Upload claims via QuikClaim
- Check account and claim information
- Mobile Pay is a secure digital payment method that allows participants to pay for eligible benefit account expenses digitally, through mobile devices at the point-of-service
- Customizable Alert Notifications via App including Wake up notifications, Run-out period reminders, Reimbursement notifications, Manual claim processing notifications, Substantiation requests, and Claim denial notifications
- Contact Participant Support

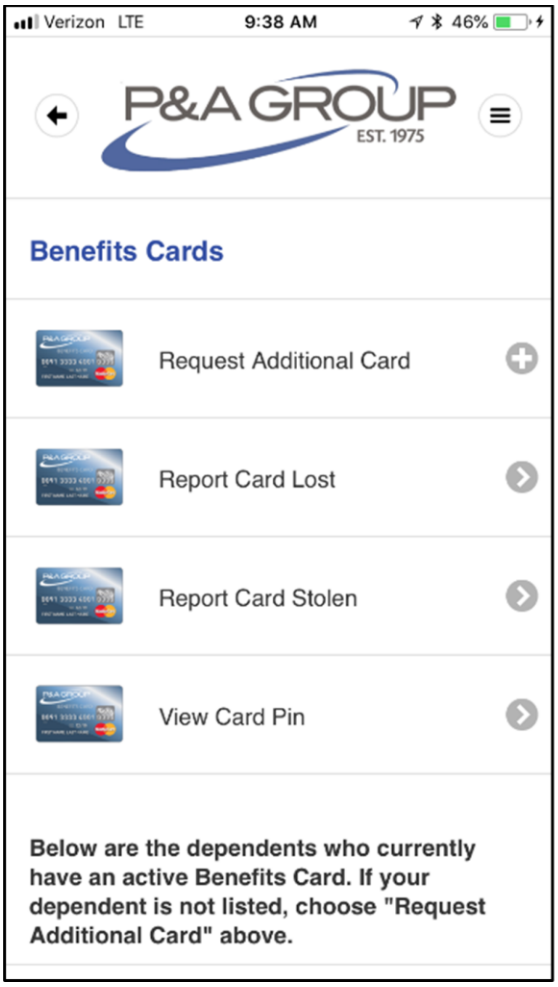


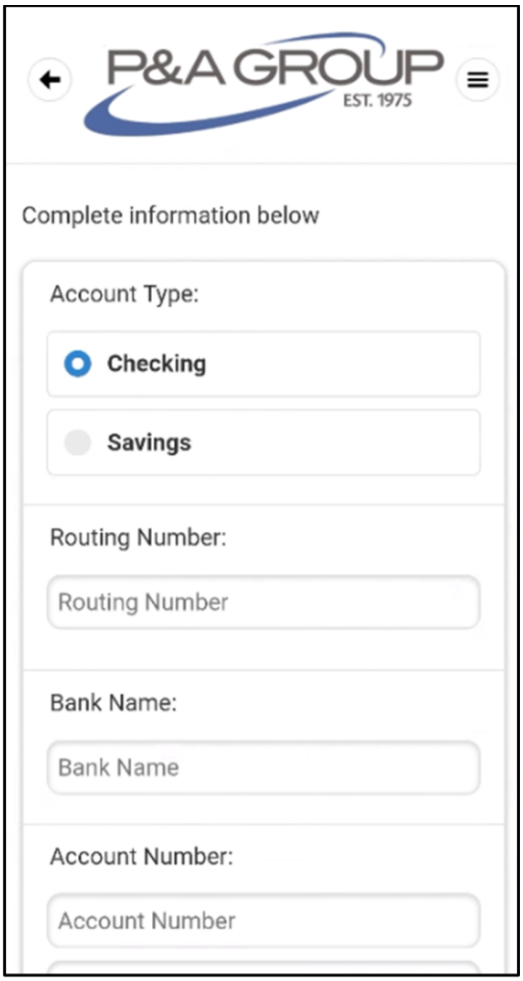


Samples communication materials and employer reports are available for review in Attachments P_and_A EZ Scan_re-branded.pdf; P_and_A Group - How to Use QuikClaim_.pdf; P_and_A Mobile App.pdf; P_and_A Mobile Pay_Consumer FAQ.pdf; P_and_A Mobile Pay_Consumer Flyer.pdf; Sample FSA Reports.pdf.

Additionally, you can now perform the following account management task directly from Mobile App & Site:

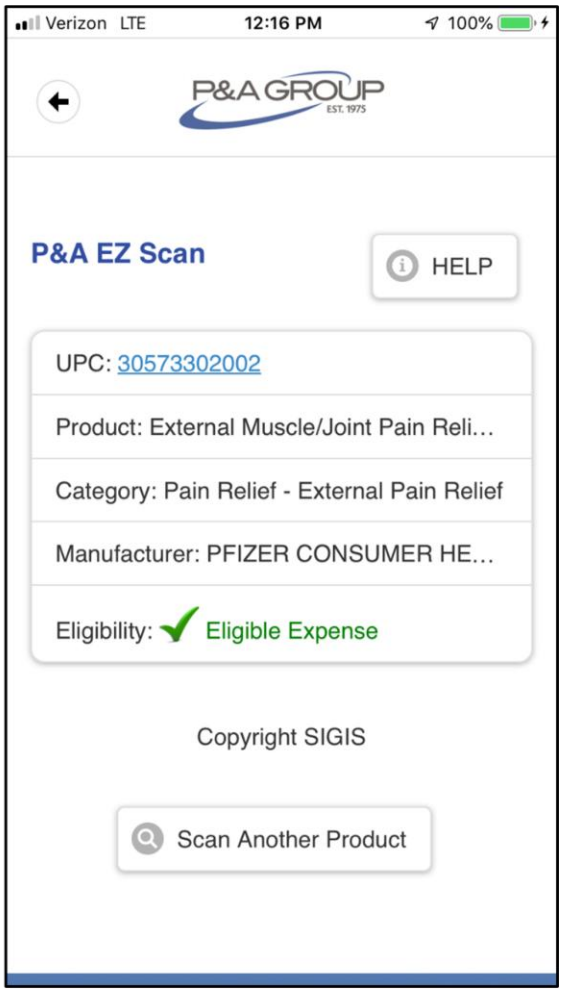
- Order a new or additional Benefits Card, or report a card lost/stolen - view all active Benefits Cards and details
- Enroll in direct deposit - you can also update ACH information. Confirmation emails are sent automatically when changes are made
- View denied claim details in real-time





P&A's mobile app features an EZ scan. EZ Scan enables participants to scan product bar codes right from their mobile phones at the point of service to determine their FSA eligibility.





• Please provide a sample of the required annual employee enrollment file with data specifications.

As the current administrator, P&A will continue to administer City of Franklin's FSA plan without any design deviations. Ongoing administration will continue without interruption.

P&A can continue to accept eligibility and enrollment electronically. For FSA, we typically receive eligibility files on a weekly basis from clients. Ideally, P&A will receive an eligibility file that informs us as to who has enrolled in the plan. This data is cross-referenced with the payroll deduction file for reconciliation purposes. If P&A discovers any discrepancies or errors, we will flag them and bring them to City of Franklin's attention. Our system tracks payroll deductions, enrollment, termination, demographic changes, and account change information.

EDI can continue to be set up to occur at any frequency City of Franklin prefers for transmitting data. P&A prefers to receive a payroll file at

each pay cycle to verify participant withholdings, add any new hires or make any terminations.

Our File Management Team will then work with you to determine the best file layout specific to City of Franklin ’s FSA plan in order to capture the necessary data such as:

- New enrollees
- Demographic changes
- Employee terminations or loss of eligibility
- Election changes

P&A can accept EDI for enrollment and routine payroll activity in the following ways:

- Direct upload through our secure employer portal, *HR Connect* (confirmation numbers generated with every file upload)
- Upload to our SFTP site (PGP encryption provided)
- Download from your SFTP site (PGP encryption provided)

For secure data transmission (payroll data, PHI, etc.), P&A allows for the transfer of files in the following ways:

- sFTP file feed
- Secure HTTPS SSL certificate via our website
- SOAP/RESTful HTTPS SSL transmissions

P&A also requests that our PGP Key be applied to any files regardless of transmission mode. These options meet the requirements of HIPAA and HITECH.

While we do accept a variety of EDI/file formats for FSA administration, P&A is not an insurance carrier and currently, we do not work with the 834 file format. Instead, during the implementation phase for these plans, our File Management Team works with our clients and/or their HRIS vendor to determine which of our many file templates is appropriate to capture the necessary data for FSA administration within our systems. A sample Layout D File Layout is available for review in Attachment Layout D for Open Enrollment, Ongoing Changes and Ongoing Changes AND Payrolls 07142021.pdf

• Please provide a list of FSA and dependent care eligible expenses.

Sample customized FSA communication material and eligible expense list are available for review in Attachments Sample Customized FSA employee Communication Materials.pdf; Sample List of FSA Eligible Expenses.pdf.

• Please list your current monthly billing process from start to finish with details of expectations for how The City of Franklin will provide necessary information and payment.

As the current administrator, P&A will continue to administer City of Franklin's FSA plan without any design deviations. Ongoing administration will continue without interruption.

For FSA, we will continue to generate our administrative fee invoices on the 1st of each month. If we receive a mid-year enrollment prior to generating the monthly fee invoice, that participant will appear on the invoice. If we receive a mid-year enrollment after we have generated the fee invoice, that participant will appear on the next month's invoice. The grace period for administrative fees is 30 days. There are no late penalties.

If we receive a mid-year termination prior to generating the monthly fee invoice, that participant will not appear on the invoice. If we receive a mid-year termination after we have generated the fee invoice, that participant will appear on that generated invoice but then be removed from it on the next month's invoice.

• Please describe your standard process for adding new participants to your system. Are there any opportunities to integrate with your system?

City of Franklin's HR/Finance personnel will continue to have access to real-time account information and reporting 24/7, through our secure online portal, *HR Connect.* Multiple, comprehensive reports are available. Reports can be sorted for ad hoc customizations and exported reporting in a variety of formats (XML, CSV, PDF, MHTML, Excel, TIFF, and Word).

In addition to multiple comprehensive reports, *HR Connect* can be used for the following:

- Update eligibility (submit employee data for new hires, terminations, etc.)
- Upload files and forms directly to the administrator securely
- Access billing statements

- Turn off debit cards in real-time

Our File Management Team will continue to work with you to determine the best file layout specific to City of Franklin's plan(s) in order to capture the necessary data such as:

- New enrollees
- Demographic changes
- Employee terminations or loss of eligibility
- Election changes

• Please describe your process for claims. How are payments processed to employees? What is the timeframe for processing payments for claims? How is the employee reimbursed?

CLAIMS SUBMISSION:

Participants can submit claims to us in the following ways:

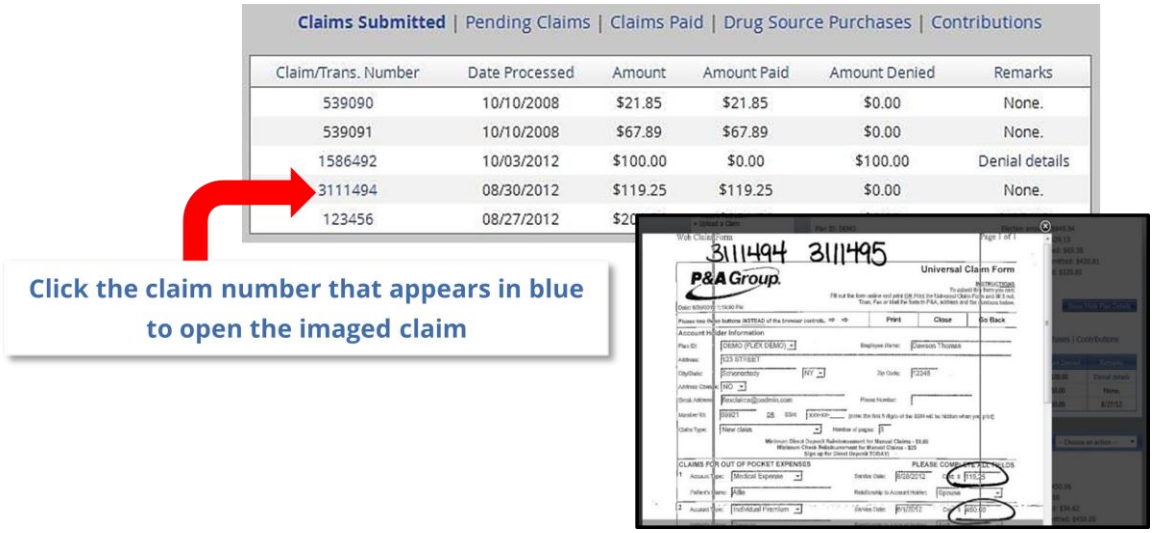
- Secure online upload via the website at https://padmin.com/
- Mobile App/Site (for smartphone/tablet users)
- Toll-free fax
- U.S. Mail

We require the following documentation for reimbursement:

- Completed claim form either online (web or mobile app & site) or via paper (manual signature required)
- Supporting documentation of eligible expenses for reimbursement (receipts) showing dates of service and services rendered
- Explanation of Benefits (EOB) – if applicable for HRA

Claims received electronically are directly imported into our proprietary Enterprise Content Management (ECM) systems. We can scan all hard-copy claims received by US mail immediately into our ECM system. All claims are imaged, managed, processed, and archived within the system.

Participants can view their pending claims and track uploaded or faxed claims by logging into their online account through My Benefits.



Claims Review:

Our in-house claims adjudicators work within our ECM system to review and process claims 24/7. We have internal controls in place within the ECM system to route and audit claims during the adjudication process. Claims undergo a Double-Blind Indexing Audit Process to ensure they are accurately linked to the correct participant and correct account prior to actual processing. Claims that appear to be duplicates are flagged and automatically routed to a special system queue for review. Claims requiring research as part of the review process are routed to a special research queue. Our Claim Supervisor conducts periodic audits to ensure quality control.

Claims Adjudication & reimbursement:

P&A claims processing turnaround time is 2-5 business days; clean claims are often processed on the same day. We process and issue reimbursements in the form of paper checks or direct deposits every business day. Participants enrolled in direct deposit will receive their claim reimbursements faster depending on their financial institution.

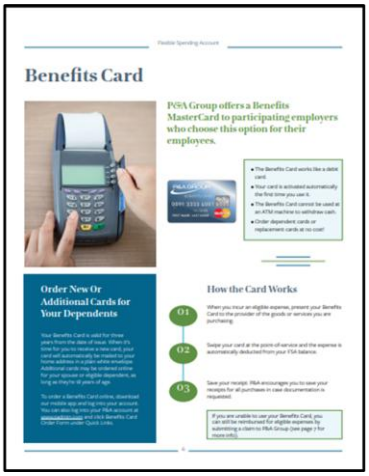
• What kind of support, customer service and/or materials will you provide to The City of Franklin for new employee orientation?

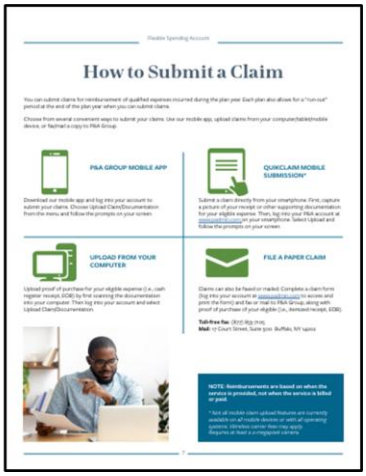
As the current administrator, our VP, Business Development and City of Franklin 's dedicated Client Support Specialist will continue to be available during normal business hours Monday through Friday, 8:30 am-5:00 pm EST. They are reachable via direct dial, direct fax, and direct e-mail. If your assigned Client Support Specialist is ever unavailable for immediate support, then their assistant, team leader, or department supervisor will be available to you for backup coverage.

P&A will provide all necessary employee communication materials, as well as requested customized communication materials, to help raise awareness of and educate employees about FSA accounts. P&A can provide targeted marketing campaigns for City of Franklin and work collaboratively with HR to develop a strong campaign that includes a broad understanding of the client's culture. We incorporate this into a clear communications strategy designed to increase participation and develop positive employee relations. Communication materials include our FSA brochure, "cheat sheets" highlighting important dates, how to enroll, and claim submission options. If desired, P&A can also provide e-mail blasts prior to Open Enrollment as well as enrollment reminder e-mails several times during the O/E process.
P&A can provide customized presentations, educational webinars, and educational videos available on our website to further educate employees. We also find face-to-face communication at enrollment meetings and benefits fairs is the best way to educate employees on the benefits and ease of use of the plans.
P&A's Creative Services/Marketing Strategist will continue to be available to City of Franklin for customized communication materials. She works closely with our clients to understand, write, design, print, and distribute customized communication materials that meet each employer's needs. Materials are reviewed for edits/input and final approvals by each client. This is a very collaborative process. Customization includes client logo and colors (assuming high-resolution logo and color palate are provided). Examples include an administrator transition piece (this is important for the first year), FAQ, claim submission options, claim form, and eligible expense list, along with any other applicable forms or educational materials.
The following employee communications and tools are available and included as part of our standard administrative services:

- Open Enrollment/New hire materials
- Welcome E-mail
- FSA Brochure
- Informational Flyers
- SmartFlex marketing e-mail campaign during Open Enrollment
- Eligible Expense List
- Tax Saving Calculator
- FSA videos
- Customized FSA videos for an additional cost
- IRS Publications







Sample employee communication materials and customized FSA communication materials are available for review in Attachments Sample Customized FSA employee Communication Materials.pdf; Sample FSA Employee Communication Materials.pdf.

• What type of debit card is provided to participating employees? Are you able to provide multiple debit cards to dependents?

We will continue to provide the debit card as part of our standard FSA administrative services at NO additional cost for immediate access to funds. Enrolled participants receive a debit card automatically. Our debit card platform is provided by Alegeus Technologies. Additional/replacement debit cards are also available at NO additional cost.
A single card may be used for the FSA/DCAP accounts.

Our debit card is fully compliant with the Inventory Information Approval System (IIAS) and the IRS's 90% Rule (an exception to IIAS). Therefore, eligible expenses will be auto-adjudicated at the point of service and ineligible expenses will be denied. Our transaction auto-adjudicated rate at point-of-service is high: 94% auto-adjudication rate for non-prescription expenses and 99% auto-adjudication rate for prescriptions.

Debit card transactions go through two layers of security. Scanned items are recognized as eligible or ineligible healthcare expenses at the time of purchase. The vendor’s point-of-sale system identifies eligible healthcare items by comparing inventory control information (i.e., UPC or SKU number) against a pre-established list of eligible expenses.

A second layer of quality control auditing of expenses is the Merchant Category Code (MCC). The debit card will not work at vendors with ineligible Merchant Category Codes in place. Additionally, we can place restrictions on specific merchant codes (i.e. if an employer wants the debit card to only be used for prescription purchases).

We provide the following information for both employers and employees about the debit card:

- How the card works
- Information on IIAS
- Advantages of the debit card
- Ease of use

Additional information about our debit card and IIAS is available for review in Attachment Debit Card-IIAS Flyer 2019 for Flex and HSA.pdf.

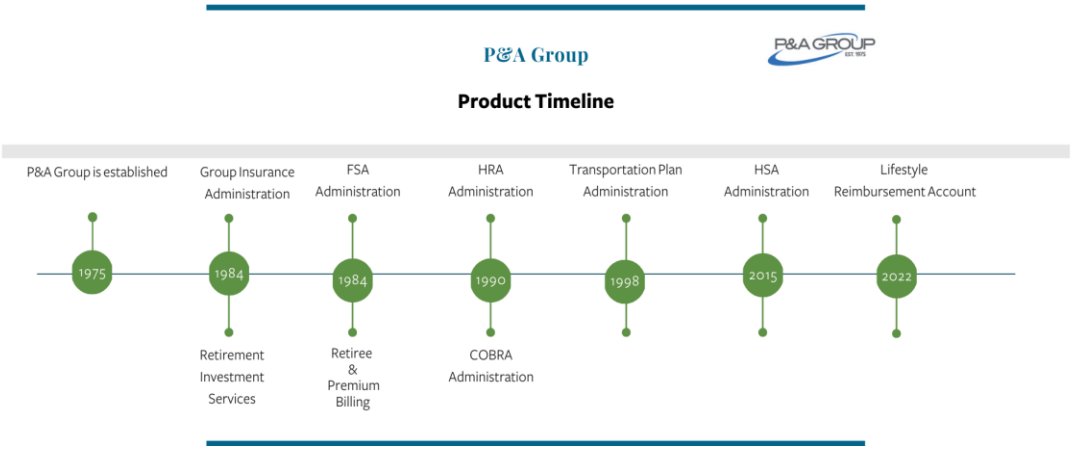
• What is your process for reissuing debit cards that are lost or stolen?

If a debit card is ever lost or stolen an employee can order a new one on their employee portal at any time. Additional/Replacement debit cards are included at NO additional cost.

A. COMPETENCY, EXPERIENCE AND QUALIFICATIONS:

1. Overview of the firm including organizational structure (e.g., publicly held corporation, private non-profit, partnership, etc.) and a brief history.

For 50 years P&A has dedicated itself to developing expertise in a single niche field – employee benefits administration. As a national third-party benefits administrator, our business philosophy revolves around providing the ultimate customer experience at both the employer and employee levels. We have been offering third-party administrative services since 1984. Our services include FSA, HRA, Commuter, COBRA, Direct & Retiree Billing, Group Insurance Administration, HSA, and Lifestyle.



Our diverse national clientele consists of over 4,000 employer groups that combined employ over 1,000,000 people. These employer groups represent a wide range of industries including retail, hospitality, cities, towns, counties, higher education, school districts, finance, technology, entertainment, healthcare, and energy. We work with both public and private sector employers.

50% of our clientele are public sector employer groups

Our corporate office is located in Buffalo, NY. This office would serve (City of Franklin). P&A currently has 200 employees, a majority of whom work from our corporate office. We also have additional personnel in Los Angeles, New York City, and Raleigh. We do not use subcontractors for our services, nor do we outsource. P&A is a privately held S-corporation owned 50/50 by our CEO Joseph Priselac, Jr. and President Michael Rizzo.

Our CEO, Joseph Priselac, Jr., has earned the Chartered Life Underwriter and Chartered Financial Consultant designation. He lectures extensively across the country on tax-advantaged accounts such as FSA programs and their integration into employee benefits programs. His accessibility is an asset to our clients.

Our Legal Department is available as a resource regarding IRS regulations and compliance. Our Legal Departments experience in tax and benefits law and ensures we are always in compliance.

P&A has been administering FSA plans for 40 years, since 1985. We have extensive experience administering these services. P&A currently has 2,910 FSA clients nationwide.



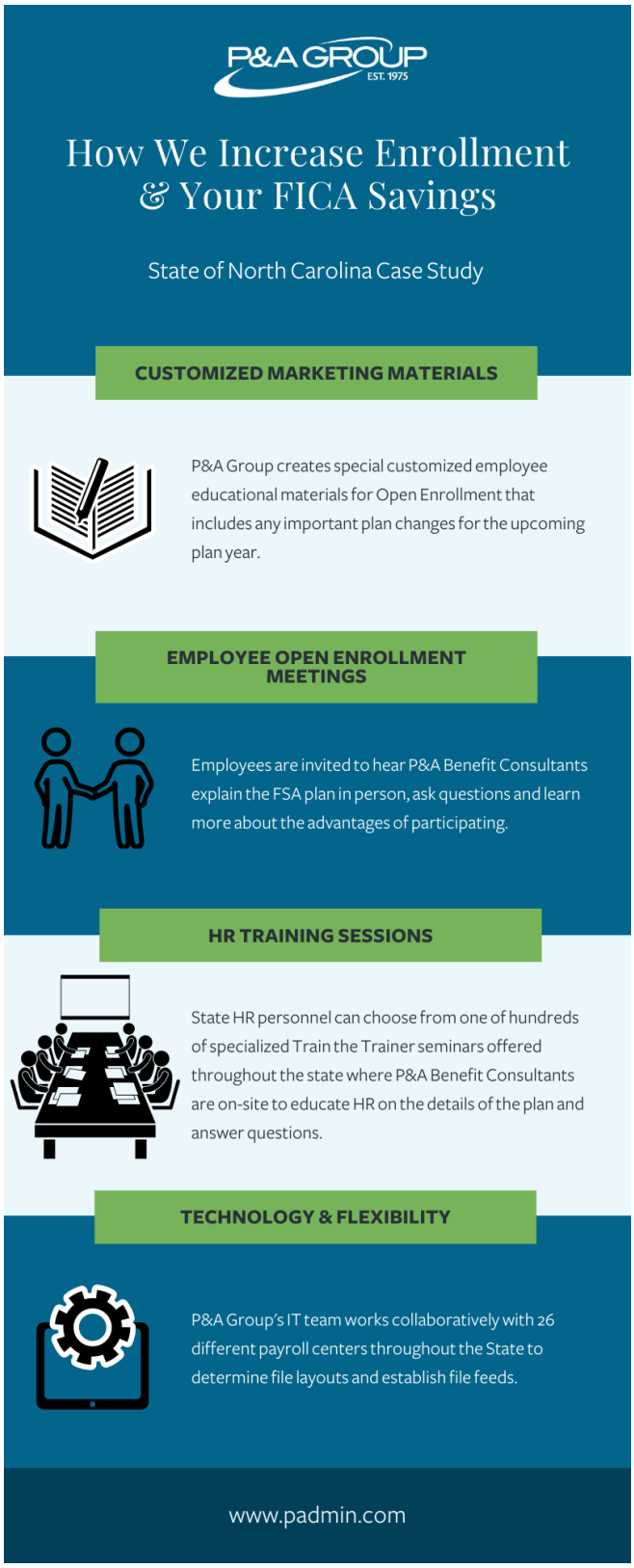
2. Describe the firm's experience, expertise, and capabilities, especially with respect to similar scopes of work and accounts/customers/clients, that makes it well qualified for this procurement.

P&A has been administering FSA plans for 40 years, since 1985. We have extensive experience administering these services. P&A currently has 2,910 FSA clients nationwide.
The following case studies highlight our experience:

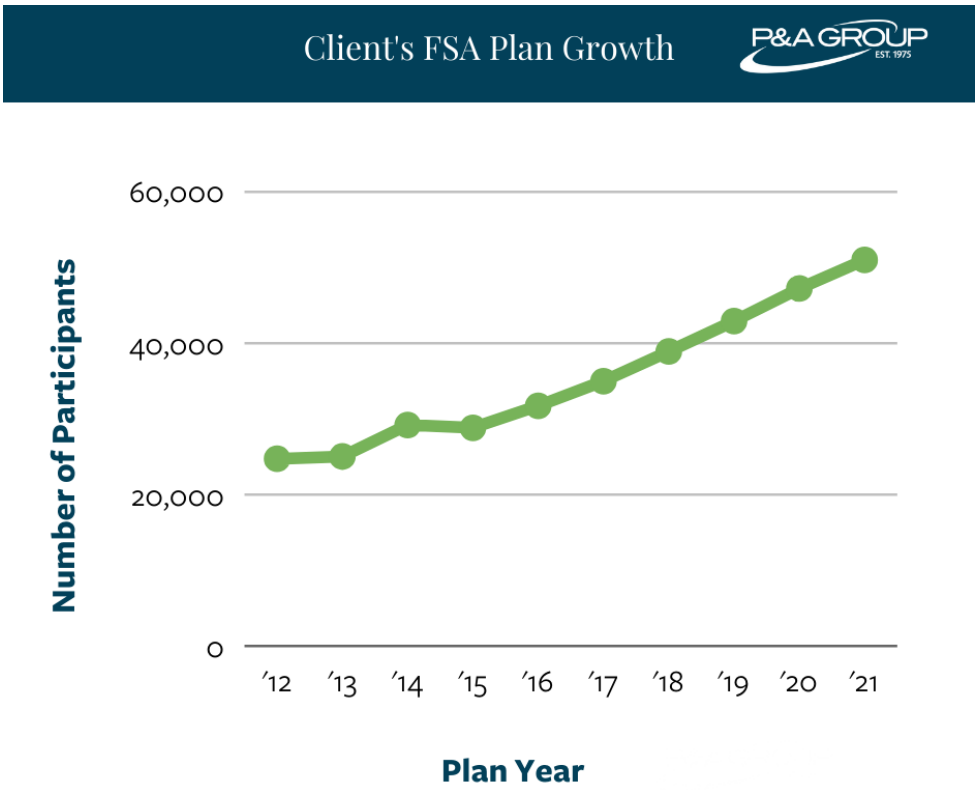
City and County of San Francisco Case Study:



The State of North Carolina Case Study:



P&A has more than doubled participation for the State since taking over as administrator and greatly increased their FICA savings.



3. Identify key personnel that would be assigned to the City and identify each individual's education, certifications, experience, and qualifications that makes him/her well qualified for this procurement.

The following individuals will continue to play a role during the day to day operation of City of Franklin's account:

Rick Neward – VPVP, Business Development
Rick began his career at P&A as an intern in 2001 while attending college in Buffalo, NY. After graduating from Canisius College with a Bachelor of Science in Finance and Economics, Rick joined P&A full-time in 2003. Since then, Rick has focused extensively on expanding P&A's broker relationships on a national basis. After several years working at the home office in Buffalo, Rick moved to Raleigh, North Carolina to expand P&A's presence in the region. Looking to continue P&A's national expansion, Rick relocated to Southern California in 2008 to give himself greater access to West Coast clients and brokers. He has extensive experience designing and

implementing FSA, HRA, HSA, COBRA, Commuter, and Retiree Billing services. Rick supports P&A's broker partners and clients around the country.

Reimbursement Account Administration:

Karen Chassin – Senior Manager, Operations & Enterprise Projects
Karen originally joined P&A in 2020, becoming the Senior Manager, Reimbursement Account Services & Enterprise Projects in 2024. Karen is responsible for the operational and administrative activities of the RAS department and related strategic initiatives from development through successful execution. She is committed to driving positive outcomes, fostering a culture of excellence, and is constantly seeking ways to enhance processes and elevate service standards. Her department is comprised of the following functional teams which are designed to support our service model while providing employees with opportunities for career growth and advancement: RAS Client Support Specialist Team, Claims Processing Team, Implementation Team, File Integration Team, Training and Quality Control Team, and Administrative Support. Prior to her current role, Karen served as Sr. Manager, Operations & Enterprise Projects where she collaborated with our Business and IT Development teams on software enhancements to our proprietary systems. Before joining P&A, Karen worked at a law firm for 16 in the administrative departments, including Operations, Accounting, HR, and IT. Karen has a degree in Hotel & Restaurant Administration from Niagara University.

Christine Insera – Client Experience Manager
Christine has been with P&A since 2001 and has extensive experience in Reimbursement account services including FSA, HRA, HSA, Lifestyle, and Commuter Benefits (Section 125, 132, 223, and 105(h) plans). Christine is dedicated to ensuring a seamless and positive experience for all clients. She gathers feedback from our clients to identify opportunities to further enhance and improve our service delivery. When issues arise, Christine takes the lead in communicating with our clients and works with our team to ensure we provide a prompt resolution. She also collaborates with the RAS team members on complex administrative, system and/or client concerns and escalates matters of importance to Sr. Management and Executives. Christine assumed her current role in 2024 after previously serving as the manager for RAS.

Brad Zabel – File Processing Supervisor
Brad joined P&A in 2007, starting in customer service and then transitioning into IT as a file processor. He worked with the IT and Flex Implementation

Manager to create and develop file processing programs and processes that have become standard and instrumental for administration. Brad attended both Finger Lakes Community College and Niagara County Community College, studying Computer Science and Computer Aided Drafting (CAD). He holds certifications in CAD and Microsoft and works towards finding ways to automate internal processes for efficiency. Brad currently oversees a team of File Integration Specialists and File Processing Specialists.

Emily Boldinski – Client Support Specialist II

Emily originally joined P&A in 2018 in the COBRA department, moving to the Reimbursement Account Services department in 2023. As a Client Support Specialist II, Emily works to resolve any day-to-day inquiries or issues that arise with the client or members, as well as staying aware of and implementing any IRS updates and regulations. Emily previously studied psychology at Argosy University. Emily has been the dedicated administrator for City of Franklin since July 2023 and will continue to be the City's dedicated Reimbursement Account Services administrator.

Additionally, City of Franklin will continue to have access to the following key personnel for the duration you are with P&A:

Steve Brostko – Vice President, Sales and Marketing

As the Vice President of Sales & Marketing, Steve drives new business initiatives and oversees the Buffalo sales team, working closely with our benefits consultants to continually expand employers' benefit solutions. Steve also works collaboratively with brokers throughout the country and has exponentially grown our relationships with key industry leaders. His experience working closely with school districts and municipalities on implementing complex benefit plan designs helps him provide cost effective, efficient solutions that compliment marketplace trends. Steve has been part of the P&A team since 2005. He resides in Lake View with his wife and three sons.

Mike Freund – Claims Team Supervisor

Mike joined P&A in 2017 and is currently the Claims Team Supervisor, where he is responsible for training, supervising and assigning claims to staff. Additionally, he audits a percentage of claims processed for each individual claims processor with the company, and also researches and responds to elevated calls/emails from participants and Participant Service Representatives. Mike is a Certified Employee Benefits Specialist (CEBS) and a Group Benefits Associate and Retirement Plans Associate through the

Wharton Business School at the University of Pennsylvania. Mike is a graduate of SUNY Buffalo and has over 25 years of experience in benefits administration.

Jennifer Nolan – Client Acquisition & Onboarding Coordinator

Jennifer assumed the role of Client Acquisition & Onboarding Coordinator in 2022. In her role, she assists the Sales Team with new business initiatives and presentations, and also demonstrates our secure online portal for employers, *HR Connect*. Jennifer also assists with client relations, investigating and monitoring all issues that may arise. Previously, Jennifer was the Assistant V.P. of Operations, where she was responsible for the planning, development, and implementation of new product and service delivery offerings such as new file layouts with benefits and HR administration systems, the addition of H.S.A. administration to our suite of services, COBRA software conversion, and enhancements to our COBRA data file warehouse. Working closely with P&A's Sales and Operations Teams, Jennifer continues to identify opportunities to improve upon efficiencies and services. Jennifer joined P&A in 1998. She obtained an Associate's Degree in Business Management from Erie Community College. Jennifer has extensive experience in the implementation and administration of FSA, HRA, and Commuter Benefits (Section 125, 132, and 105(h) plans).

Jeremy Fenton – Sr. Manager, Customer Experience

With ten years of customer contact center experience, including supervision, senior management, human resources and recruitment, Jeremy joined P&A in 2020 as the Senior Manager for Customer Experience. In this role, Jeremy oversees the day to day strategic planning and operations of P&A's customer service call center. He is a graduate of D'Youville College with a degree in Business Management, as well as Erie Community College, with a degree in Criminal Justice/Law Enforcement.

Lisa Turner - Client Relations Liaison

Lisa began her career at P&A in 2003 as the Group Insurance Manager. In this role, she oversaw the day-to-day operations of the department involved in the administration of COBRA and Consolidated Billing/Cafeteria Plans for over 200 various clients. In addition, Lisa also managed a staff of 15 administrators and call center representatives. In 2010, she became P&A's Client Relationship Manager and has proven to be instrumental in cultivating and developing solid relationships with P&A clients through providing problem resolution, customer service training, and management support.

Lisa has 17 years of experience in Human Resources Benefits Administration and she obtained a Bachelor of Science Degree in Media Communications in 1986.

Kathryn (Katie) Alfaro – Creative Services/Marketing Strategist
Katie joined P&A in 2008. She focuses on communications and marketing for the company, working collaboratively with sales and directly with our clients' HR teams to create customized communication materials and marketing strategies specific to their company, and distributes external regulatory updates through P&A's communications team. Additionally, Katie manages P&A's marketing and web content, as well as the company's social media platforms. Katie is a graduate of Canisius College, where she had a dual major in communication studies and English with a minor in technical writing. She has served as Vice President of Communications for the Association for Talent Development (ATD) Niagara Frontier and has ten years of experience in hospitality and customer service, including co-leading P&A's onboarding/new hire orientation for new employees.
Julianne Musielak - Vice President, Administration
Julianne began her career at P&A in 1996 and is the driving force behind our operational processes and procedures. She has extensive experience in management, administration, compliance, customer service and quality control. Julianne's passion for delivering a positive customer experience is evident in how she keeps P&A focused on providing quality customer service from every level. In 2007, Julianne was appointed Vice President of Operations, where she currently oversees various administrative departments and provides additional support to IT and Sales. She is responsible for the management, development and continuous improvement of P&A's operational productivity across all administrative areas. A graduate of SUNY Buffalo State, Julianne is also a member of the Society for Human Resource Management (SHRM).

Joseph Priselac, Jr. - CEO
A graduate of Michigan State University, Joe founded P&A in 1975 and has over 35 years of experience in the insurance and employee benefits field. He has earned the Chartered Life Underwriter and Chartered Financial Consultant designations. Joe has lectured extensively across the Country on tax-advantaged accounts and their integration into employee benefit programs. Joe utilizes his extensive experience working with governmental employers to design and communicate a benefits program customized to the needs of each P&A client.

Michael A. Rizzo - President

Michael has over 35 years of experience in the employee benefits industry. As President of P&A, Michael oversees the business aspects of the company and is responsible for P&A's extensive growth in the past eight years. Michael holds his Life, Health and Accident License, along with the NASD Series 6 and 63 Licenses. A graduate of Canisius College, Michael received his Bachelors of Arts and Masters of Arts degrees in English. Michael also taught as an Associate Professor at Canisius College and was involved in several business ventures, including a restaurant and real estate development. Michael continues his community involvement by sitting on several development boards.

Gregory Zilliox – Director of IT Services

After graduating from the Advanced Training Center in Computer Science, Greg has continued to update his knowledge and skills by periodically attending advanced computer science courses at the State University of New York at Buffalo. He is a registered Microsoft Certified Professional (MCP +I & MSCE), with over 32 years of experience in project management, applications and system design in the banking, insurance and telecommunications industries. Greg and his technology team have extensive experience interfacing with a wide variety of employers, insurance companies and third party administrators.

Jaime Smith – IT Security Officer

After graduating from Mechanical Engineering from SUNY at Buffalo, Jaime has continued to update his knowledge during his career through certifications such as MCT (Microsoft Certified Trainer), MCSE (Microsoft Certified Systems Engineer), MCSD (Microsoft Certified Solution Developer), MCDBA (Microsoft Certified Database Administrator), Oracle Certified Instructor, CCNA (Cisco Certified Network Associate), CNI (Certified NetWare Instructor) and MCNE (Master Certified NetWare Engineer). He joined the P&A team in 2017. Jaime has over 20 years of experience in corporate IT, holding a variety of positions in organization of different size and scope giving him perspective on challenges facing todays businesses. He has been involved in IT Security at the infrastructure level, platform level training and working with switches and routers. Also packaged application level training administrators and administering several operating systems, custom application level training and administering databases as well as both

teaching secure programming and working as developer of public-facing Internet solutions.

Ziad Almreif – Application Development Director
Joining P&A in 2019 Ziad plans, coordinates, and supervises all activities related to the analysis, design, development, and implementation of organizational information systems, software applications and projects, including P&A's Mobile App. He is also responsible for maintaining, supporting, and upgrading existing internally developed systems and applications. Ziad attended Erie Community College, earning an A.A.S. degree in Computer Science, and then continued his education at SUNY Buffalo State College, where he completed a Bachelor of Science degree in Computer Information Systems. Prior to joining P&A, Ziad worked as a Director of Development, Sr. Software Engineer/Architect for 19 years.

Nicholas Priselac, Vice President, Strategy & Technology
Leveraging his many years of experience as a management consultant, Nick provides leadership and guidance across the organization related to enterprise-level initiatives, operational best practices supporting both front and back office functions, information technology governance and controls, enterprise risk management, and privacy and security compliance.

Prior to P&A Group, Nick served as managing principal of Focal Point Data Risk's Boston office. Focal Point Data Risk is a risk management consulting firm that focuses on cyber security, identity governance and access management, data privacy and analytics, internal audit, and Service Organization Control ("SOC") Reporting services through its subsidiary, Sunera CPAs & Associates.

As the managing principal of Focal Point's Boston office, Nick was responsible for leading the firm's professional services efforts throughout New England. While leading a team of experienced audit, risk, and compliance professionals, Nick is heavily involved in all aspects of Focal Point's client engagements, including business development, project management, delivery, and client relationship management. Nick's team performs various engagements for Focal Point's clients, including: Internal Audit outsourcing and co-sourcing projects; SOC 1/SOC 2 reporting engagements; financial and technology risk assessments; Sarbanes-Oxley compliance audits; and infrastructure and ERP audits. Nick is a member of the Information Security Audit and Control Association and the International Association of Privacy

Professionals. He is a Certified Information Systems Auditor (CISA) and a Certified Information Privacy Professional (CIPP). He has degrees in Operations & Strategic Management and Philosophy from Boston College.

4. Indicate the degree of availability of each identified individual for this procurement. Identify the number of additional accounts/clients which will be managed by key personnel during the implementation timeframe of this procurement.

   As the current administrator, our VP, Business Development and City of Franklin 's dedicated Client Support Specialist will continue to be available during normal business hours Monday through Friday, 8:30 am-5:00 pm EST. They are reachable via direct dial, direct fax, and direct e-mail. If your assigned Client Support Specialist is ever unavailable for immediate support, then their assistant, team leader, or department supervisor will be available to you for backup coverage. On average, our Client Support Specialists handle 45-65 accounts. Case assignment is dependent upon the size and complexity of the accounts, as well as the industry.

5. Identify how long the organization has been providing the services being requested.

   P&A has been administering FSA plans for 40 years, since 1985.

6. Describe the firm's past success, including whether the procurement was completed on time, within budget and to a high level of quality, especially with respect to similar scopes of work and accounts/customers/clients.

   For 50 years P&A has dedicated itself to developing expertise in a single niche field – employee benefits administration. As a national third-party benefits administrator, our business philosophy revolves around providing the ultimate customer experience at both the employer and employee levels. We have been offering third-party administrative services since 1984. Our services include FSA, HRA, Commuter, COBRA, Direct & Retiree Billing, Group Insurance Administration, HSA, and Lifestyle. P&A has been administering FSA plans for 40 years, since 1985. We have extensive experience administering these services. P&A currently has 2,910 FSA clients nationwide.

7. List at least three (3) but no more than five (5) different accounts/customers/clients for whom, within the last three (3) years, the firm has provided services closely resembling the services being requested. For each account/customer/client, describe the type of work performed by the firm, indicate similarities and differences of the account/customer/client with the City of Franklin, and note the period of time the firm was or has been retained by the account/customer/client. For each account/customer/client, include the name, title, street address, current e mail address, and current telephone number of the person best informed and qualified to speak about

the experience of the account/customer/client with the firm that the City of Franklin may contact as a reference for that account/customer/client. If the City of Franklin is a current or past account/customer/client of the proposer for similar services, then list the City of Franklin in addition to the list of other account/customer/client references.

CLIENT REFERENCES:

Company: County of Erie
Contact: Shawn Lavin, Asst. to Commissioner of Personnel
Phone: (716) 858-4758
Email:shawn.lavin@erie.gov erie
P&A Client Since: 1/1/2001-present
Number of Eligible Employees: 4,745
Services Provided: HRA, FSA, Commuter & COBRA

Company: City and County of San Francisco
Contact: William Kudenov, Senior Administrative Analyst
Phone: (628) 652-4624
Email: william.kudenov@sfgov.org
P&A Client Since: 1/1/2016 – Present
Number of Eligible Employees: 50,000
Services Provided: FSA & COBRA

Company: Hennepin County
Contact: Amy Mandell - Sr. HR Representative
Phone: (612)348-2692
Email: Amy.Mandell@hennepin.us
P&A Client Since: 1/1/2020 – Present
Number of Eligible Employees: 9,000
Services Provided: FSA & Commuter

8. Indicate the presence or absence of any conflict of interest between the firm and/or its key personnel and the City.

   No, we do not have any conflicts of interest that may affect the City of Franklin's potential selection of, or entering into an agreement with our organization.

9. Describe, and provide documentation to support the description of, the service provider's financial wherewithal to perform the services requested. That is, provide evidence that the service provider is financially stable and likely to remain in business during the term of award anticipated by the Request for Proposals. The strength of the evidence the service provider chooses to provide will be factored into the evaluation of the proposal. Examples of evidence of the service provider's financial wherewithal include the service

provider's most recent annual financial report and/or financial audit or excerpts thereof, when the service provider was founded or established, a description of the current ownership structure, the tenure of current management, the number of current full-time employees, annual revenue for the most recently completed fiscal year, the number of current clients, the service provider's current short- and long-term bond rating (if applicable), a statement regarding the volume of pending client claims and lawsuits, and a recent letter from the service provider's bank or other financial partner commenting on the service provider's financial wherewithal.

For 50 years P&A has dedicated itself to developing expertise in a single niche field – employee benefits administration. As a national third-party benefits administrator, our business philosophy revolves around providing the ultimate customer experience at both the employer and employee levels. We have been offering third-party administrative services since 1984. Our services include FSA, HRA, Commuter, COBRA, Direct & Retiree Billing, Group Insurance Administration, HSA, and Lifestyle Spending Account Administration.

Our diverse national clientele consists of over 4,500 employer groups that combined employ over 1,000,000 people. These employer groups represent a wide range of industries including retail, hospitality, cities, towns, counties, higher education, school districts, finance, technology, entertainment, healthcare, and energy. We work with both public and private sector employers.

Our corporate office is located in Buffalo, NY. P&A currently has 200 employees, a majority of whom work from our corporate office. We also have additional personnel located in Los Angeles, New York City, and Raleigh. We do not use subcontractors for our services, nor do we outsource. P&A is a privately held S-corporation owned 50/50 by our CEO Joseph Priselac, Jr. and President Michael Rizzo.

Our CEO, Joseph Priselac, Jr., has earned the Chartered Life Underwriter and Chartered Financial Consultant designation. He lectures extensively across the country on tax-advantaged accounts such as FSA programs and their integration into employee benefits programs. His accessibility is an asset to our clients.

Our Legal Department is available as a resource regarding IRS regulations and compliance. Our Legal Department is experienced in tax and benefits law ensuring we are always in compliance.

P&A has administered FSA plans for 39 years, since 1985. Today we have 2,910 FSA clients nationwide.

Our independently audited financial statements and Bank Reference Letter are available for review in Attachments P&A Administrative Services - 2022 FS FINAL.pdf; M&T Bank Letter 2025.pdf; P & A Administrative Services - 2023 FS FINAL.pdf.

10. Indicate the ability of the firm to meet the City's insurance requirements (see below).

Confirmed.

B. Capabilities; unique strengths of the proposer/proposal:

1. Describe the service provider's capabilities, especially with respect to similar scopes of services and clients, that makes it well qualified for this procurement.

FSA Administration - Overview:

Claims Administration Capabilities:

Claims administration is a major component of FSA administrative services. We have been providing these services for 40 years, since 1985. Participants can submit claims to us in several ways (secure upload, fax, U.S. Mail). Upon receipt, all claims are imaged, managed, processed, and archived within our proprietary Enterprise Content Management (ECM) system. Our in-house claims adjudicators review and process claims within this system 24/7. Internal controls within the ECM system provide for quality control and claims auditing.

P&A issues claim reimbursements every business day. Reimbursements are available via check or direct deposit. We strongly encourage direct deposit as it is the fastest way to obtain reimbursement.

Debit Card Administration:

Once participant accounts are set up in our proprietary administration system, P&A will issue debit cards. Our debit card is compliant with all applicable IRS regulations, rules, and guidance. Additionally, it is fully compliant with the Inventory Information Approval System (IIAS) and the IRS's 90% Rule (an exception to IIAS). Our point-of-service auto-adjudication rate is high: 94% for non-prescription and 99% for prescription transactions.

Participants can order additional or replacement cards through our website and/or Participant Support Center. Additionally, they report a card lost or stolen in real-time through our website 24/7. They can also contact our Participant Support for assistance.

If ever any fraud or abuse of the debit card is suspected, P&A will communicate this with City of Franklin and develop a mutually agreed-upon solution to rectify the situation.

PARTICIPANT SUPPORT CENTER:
Our live, in-house Participant Support Specialists and Live Chat Agents are available for extended hours Monday through Friday, 7:30 am – 9:00 pm CST (8:30 am-10:00 pm EST). Participant Specialists and Live Chat Agents are reachable via a toll-free number and online Live Chat through our website (https://padmin.com/). Participant Support is provided in both English and Spanish.

P&A uses RingCentral Call Center software to monitor, manage, and track all calls received in our Participant Support Center.

RingCentral system provides the following:

- Call volumes
- Call length
- Abandon rates
- Answer times
- Incoming call recording
- Visibility and control of call queues

Additionally, we use our proprietary Flex-Connect system to log and review all calls and online Live Chats between our Participant Specialists/Live Chat Agents and participants. We monitor and measure our telephone responsiveness every day. Our Sr. Manager, Customer Experience, and Customer Service Team Lead work from within the Participant Support Center to provide immediate assistance as needed and for quality control oversight.

REPORTING CAPABILITIES:
Our system offers flexibility for HR personnel to generate both ad hoc On-Demand reporting as well as Archived Reports. A majority of our offered reports originated as ad hoc customizations for clients. Multiple,

comprehensive reporting is available. Reports can be sorted for ad hoc customization and exported in a variety of formats (XML, CSV, PDF, MHTML, Excel, TIFF, and Word).

COMMUNICATION:
Communication and education is the key to a successful FSA program. Educational materials and tools for employees are available throughout the plan year, not just during Open Enrollment. A majority of these resources are accessible through our website at https://padmin.com/.P&A can also provide customized communication materials if City of Franklin desires.

DATA MANAGEMENT:
Since our data management systems are proprietary versus canned, we can handle special data needs as they arise. Our onsite IT personnel can configure our systems to accommodate special needs. This is extremely important when regulatory changes arise that impact our administrative services, our clients, and their employees.

Our data coordinators work with clients to set up and receive Electronic Data Interface (EDI)/files in the following ways:

- Direct upload through our secure *HR Connect* (confirmation numbers generated with every file upload)
- Upload to our secure FTP site (PGP encryption provided)
- Download from your secure FTP site (PGP encryption provided)

HIPAA/HITECH:
As a Business Associate of our clients, we comply with all HIPAA and HITECH requirements. We develop, implement, maintain, and use appropriate administrative, technical, and physical security measures which are consistent with and in compliance with HITECH. P&A is bound by the provisions in our Business Associate Agreement (BAA) which we have in place with our clients. This BAA governs all aspects of how P&A handles Protected Health Information (PHI).

DATA SECURITY:
In terms of data transmission, P&A allows the transfer of files via our Website, SFTP, and FTP SSH is encrypted with our SSL 256-bit secure certificate. Our Microsoft SQL Servers utilize TDE (Transparent Data Encryption) while data is at rest. Data in motion both internal and external

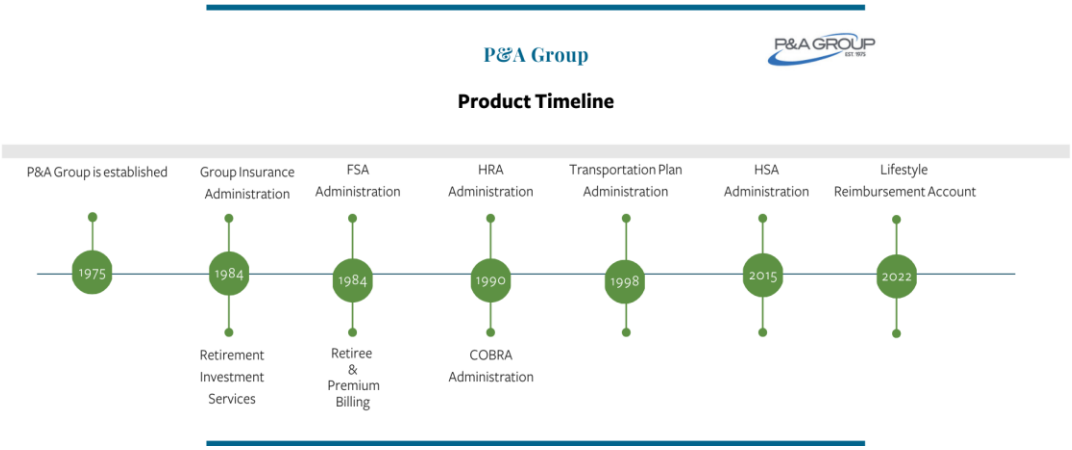
use our SSL 256-bit secure certificate. We also require that our PGP Key be applied to any files regardless of transmission mode. These options meet the requirements of HIPAA and HITECH.

For physical security, P&A has a business security access control system in place for all floors of our building. Second-layer security access control is in place for the IT wing and server room. Access to each secured area within the building is customized per employee and granted only as needed to perform his/her job duties. Each entry into secure areas is electronically logged and monitored internally. Cameras are positioned throughout the building which record activity and are monitored on a regular basis. Physical records are secured in locked filing cabinets and access to these records is limited only to those employees who are reasonably required to have such information as necessary to carry out their job duties.

All electronic data is destroyed via our subcontractor, Regional Computer Recycling, Inc. They comply with the National Association for Information Destruction (NAID) Certified Hard Drive Data Destruction Terms & Conditions as well as all state and federal laws regarding electronic recycling and hard drive data destruction practices. Any printed material containing PHI is incinerated via our subcontractor, "Shred It" in compliance with HIPAA and HITECH. Pursuant to our BAA (Section 3.4), we use the minimum necessary PHI to conduct the task at hand.

2. Describe the service provider's breadth of capabilities (spectrum of specialties).

For 50 years P&A has dedicated itself to developing expertise in a single niche field – employee benefits administration. As a national third-party benefits administrator, our business philosophy revolves around providing the ultimate customer experience at both the employer and employee levels. We have been offering third-party administrative services since 1984. Our services include FSA, HRA, Commuter, COBRA, Direct & Retiree Billing, Group Insurance Administration, HSA, and Lifestyle.



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50% of our clientele are public sector employer groups

Our corporate office is located in Buffalo, NY. This office would serve (City of Franklin). P&A currently has 200 employees, a majority of whom work from our corporate office. We also have additional personnel in Los Angeles, New York City, and Raleigh. We do not use subcontractors for our services, nor do we outsource. P&A is a privately held S-corporation owned 50/50 by our CEO Joseph Priselac, Jr. and President Michael Rizzo.

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Our Legal Department is available as a resource regarding IRS regulations and compliance. Our Legal Departments experience in tax and benefits law and ensures we are always in compliance.

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3. Describe the service provider's depth of resources (capacity to render services within proposed response schedule).

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comprehensive reporting is available. Reports can be sorted for ad hoc customization and exported in a variety of formats (XML, CSV, PDF, MHTML, Excel, TIFF, and Word).

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4. Describe the exceptional, value-added features of the service provider's proposal.

P&A offers the following value-added services at NO additional cost. These services include:

- Dedicated account manager with direct phone, fax, & e-mail access
- HR personnel have direct access to department managers and leadership team
- In-house document and contract generation
- Legal compliance resource for clients
- Secure online employer portal includes on-demand reporting
- Export reports in seven (7) available formats
- Make employee changes
- Upload files
- Live, in-house Participant Support with extended hours (M-F, 8:30 am-10:00 PM EST)
- 24/7 IVR in English and Spanish
- Mobile App & Site technology
- Secure online employee participant portal

- Manage direct deposit & HIPAA information
- Educational videos
- Live Chat
- FSA plan information
- View account information
- Secure online claim upload
- QuikClaim upload for Mobile App and Site
- SMS Texting for account and claim information
- Mobile Pay Wallet
- EZ Scan

5. Describe what sets the service provider apart from its competition.

WHAT DIFFERENTIATES P&A?

We believe the following factors differentiate us from our competitors:

- Our commitment to *all-encompassing* participant support –

- Dedicated and responsive account management
- Our commitment to high-quality participant support
- Increasing participation levels (FSA)
- Ensuring you are always in compliance with IRS regulations
- Nothing cookie-cutter!

- Legal Department – Our Legal Department is available as a resource for plan design, plan documents, compliance questions, and eligibility issues. Our Legal Department keeps abreast of the ever-changing regulatory environment. As changes occur, we can rapidly respond by implementing any necessary modifications to our proprietary system and administration process. Our Legal Department generates all necessary legal plan documents and any necessary plan amendments as regulatory changes arise. These services are included in our standard administration at NO additional cost. Our Legal department is experienced in tax and benefits law.

- We offer all four flexible spending accounts – The IRS Section Code 125 allows for four flexible spending accounts (medical reimbursement, dependent care reimbursement, individual premium reimbursement, and adoption assistance). By offering all four accounts, this increase in choice leads to an increase in employee participation. We have found that many of our

competitors do not provide the option of all four accounts. This restricts employee options and in turn, does not fully maximize the potential and the benefits of a flexible spending account.

- Our commitment to technology – From the beginning of our administrative services (1985), we recognized that technology would be the key to the successful administration of Section 125 plans. We developed our own proprietary software and customized it based on input from our plan administrators and our clients. Since 1985, we have invested in excess of $3 million in our proprietary systems. Our offered technologies include:

- Secure online claim upload/QuikClaim upload (Mobile App & Site)
- Mobile App & Site (smartphone/tablet users)
- Account access through website and mobile app & site
- SMS texting for FSA account and claim information
- Online Live Chat with customer service
- FSA Store

Value-Added Services:

P&A offers value-added services at NO additional cost. These services include:

- Dedicated account manager with direct phone, fax, & e-mail access
- Direct access to department managers and leadership team
- Legal Department
- In-house document and contract generation
- Legal compliance resource for clients
- No dollar amount maximum on liability (many administrators have a max)
- Secure & self-direct employer portal includes on-demand reporting
- Export reports in seven (7) available formats
- Make employee changes
- Upload files
- Live, in-house Participant Support with extended hours (M-F, 8:30 am-10 PM EST)
- 24/7 IVR in English and Spanish
- Mobile App & Site technology
- Secure & self-directed participant portal
- Manage direct deposit & HIPAA information
- Educational videos

- Live Chat
- Cancel benefits
- View account information

C. THOROUGHNESS AND QUALITY OF PROPOSAL:

1. Provide evidence that the service provider understands the City's needs as described in the Request for Proposals.

   Confirmed. As the current administrator, P&A will continue to administer City of Franklin's FSA plan without any design deviations. Ongoing administration will continue without interruption.

2. Provide evidence that the service provider has responded thoroughly to the Request for Proposals, including the Instructions for Proposers and other component documents to the solicitation package.

   Confirmed.

3. Predict the likely outcome from the City's perspective if the City should choose to accept the service provider's proposal. Identify and describe the benefits the City would be likely to derive from accepting the service provider's proposal, and what measures the respondent would employ to maximize the likelihood of the City achieving those benefits.

   As the current administrator, P&A will continue to administer City of Franklin's FSA plan without any design deviations. Ongoing administration will continue without interruption.

   We believe the following factors differentiate us from our competitors:
   1. Our commitment to all-encompassing Participant Support –
      - Dedicated and responsive account management
      - Our commitment to high-quality Participant Support
      - Increasing participation levels (FSA)
      - Ensuring you are always in compliance with IRS regulations
      - Taking on 100% Liability of COBRA Administration
      - Nothing cookie-cutter!

   2. Legal Department – Our Legal Department is available as a resource for plan design, plan documents, compliance questions, and eligibility issues. Our Legal Department keeps abreast of the ever-changing regulatory environment. As changes occur, we can rapidly respond by implementing any necessary modifications to our proprietary system and administration process. Our Legal Department generates all necessary legal plan documents and any necessary plan amendments as regulatory changes arise. These services are included in our standard administration at NO additional cost. Our Legal department is experienced in tax and benefits law.

3. We offer all four flexible spending accounts – The IRS Section Code 125 allows for four flexible spending accounts (medical reimbursement, dependent care reimbursement, individual premium reimbursement, and adoption assistance). By offering all four accounts, this increase in choice leads to an increase in employee participation. We have found that many of our competitors do not provide the option of all four accounts. This restricts employee options and in turn, does not fully maximize the potential and the benefits of a flexible spending account.

4. Our commitment to technology – From the beginning of our Reimbursement Account Services (1985), we recognized that technology would be key to the successful administration of Section 125 plans. We developed our own proprietary software and customized it based on input from our plan administrators and our clients. Since 1985, we have invested in excess of $3 million in our proprietary systems. Our offered technologies include:

- Secure online claim upload/QuikClaim upload (Mobile App & Site)
- Mobile App & Site (smartphone/tablet users)
- Account access through website and mobile app & site
- SMS texting for FSA account and claim information
- Online Live Chat with customer service
- FSA Store
- Multiple premium COBRA payment options (check, money order, auto-ACH, online payment, Credit Card payment, IVR payment)
- Monthly Late COBRA Notices sent as payment reminders

4. Indicate whether the City accepting the service provider's proposal would be likely to result in the City achieving its objectives. Explain whether and how the likely outcome predicted by the respondent would advance the City's interests.

Confirmed. As the current administrator, P&A will continue to administer City of Franklin's FSA plan without any design deviations. Ongoing administration will continue without interruption.

D. Methodology and Approach; Pricing and Payment Clarity:

1. Identify, describe and explain the proposed methodology and approach to achieving the City's desired results and outcomes.

As the current administrator, P&A will continue to administer City of Franklin's FSA plan without any design deviations. Ongoing administration will continue without interruption.

2. Explain the proposed fee or schedule of fees, including details of itemized and/or unit pricing and any expenses to be passed on to the City, including travel. Indicate which fees included in the proposed pricing are one-time fees and which are recurring. Clarity to avoid misunderstandings is valuable.

The monthly FSA administration fee is $2.85 per participant per month. Please note that if a participant is enrolled in both the Health FSA and Dependent Care FSA, the $2.85 PPPM fee is assessed only once. Our fees are *all-inclusive,* our Per Participant Per Month administrative fee is our one and only fee. There are no additional add-ons, extra charges, or "hidden" expenses.

3. Indicate when payments would be due, whether they would be tied to milestones, and what those milestones would be.

P&A will send monthly fee invoices to City of Franklin for services performed. Invoices can be paid by manual check or ACH to or from P&A. Payment is generally due net 30 days.

E. Schedule:

1. Present a proposed implementation schedule which identifies all major events and tasks to be performed by the firm and the City, to include meetings and milestones. The schedule shall include allowances for periods of times and meetings required for City input as well as for the City's review and approval of submissions. The target date of completion for implementation is January 1, 2026. An implementation completion date earlier than this date would be welcome.

As City of Franklin's current administrator, there will not be any transition or implementation for FSA services. Ongoing administration will continue without interruption.

2. Provide evidence of the firm's ability to complete and capacity to deliver the scope of work within the time frame indicated in the proposal.

As the current administrator, P&A will continue to administer City of Franklin's FSA plan without any design deviations. Ongoing administration will continue without interruption.

F. Fee for proposed products and services:

1. Identify the amount of the proposed fee or schedule of fees. For all proposed services, express one subtotal for all one-time fees and a separate subtotal for all recurring fees over the course of the initial term of award.

The monthly FSA administration fee is $2.85 per participant per month. Please note that if a participant is enrolled in both the Health FSA and

Dependent Care FSA, the $2.85 PPPM fee is assessed only once. Our fees are *all-inclusive,* our Per Participant Per Month administrative fee is our one and only fee. There are no additional add-ons, extra charges, or "hidden" expenses.

Our fees are *all-inclusive,* our Per Participant Per Month administrative fee is our one and only fee. There are no additional add-ons, extra charges, or "hidden" expenses. Our FSA administration pricing is as follows:

SERVICES	ADMINISTRATIVE FEES
FSA Administration	
Initial Set-up Fees	*WAIVED*
Minimum Monthly Fee	NO FEE
Annual Fee	NO FEE
Renewal Fee	NO FEE
Rate Guarantee	5 years
Monthly Administrative Fee *(Per Participant Per Month)*	
Flexible Spending Account:	
➢ *Health Care FSA*	$2.85
➢ *Dependent Care FSA*	$2.85
➢ *Individual Premium Reimbursement Account (optional)*	$2.85
➢ *Adoption Assistance Account (optional)*	$2.85
➢ *Enrolled in 1 or more FSA accounts*	$2.85
Debit Card	INCLUDED
Additional/Replacement Debit Cards	NO FEE
Online Claims Submission	INCLUDED
QuikClaim (Mobile Site)	INCLUDED
Claims Processing (24/7)	INCLUDED
Direct Deposit or Check Reimbursements	INCLUDED
Enrollment Meetings (onsite, webinar)	INCLUDED
Enrollment Materials for Employees	INCLUDED
Legal Documents (SPD, Plan Document)	INCLUDED
IRS Non-Discrimination Testing	INCLUDED
HIPAA/HITECH Compliance	INCLUDED
Employer Reports (*HR Connect*)	INCLUDED
Employer Online Services (*HR Connect*)	INCLUDED
Employee Online Services (*My Benefits*)	INCLUDED
Customer Service (English & Spanish)	INCLUDED
Technological Tools (Mobile Site, SMS Texting, Live Chat)	INCLUDED
IVR System (toll-free/English & Spanish)	INCLUDED
FSA Store	INCLUDED

2. Identify the maximum amount for any actual, reasonable and necessary travel expenses that would be directly attributable to the services to be rendered pursuant to this procurement solicitation, including for airfare, car rental, fuel, mileage, parking, lodging and meals, for which the firm would seek reimbursement by the City. Any reimbursable travel expenses shall be documented and shall total no more than the maximum amount for travel expenses to be reimbursed by the City as identified in the proposal unless any excess amount is authorized by the City Administrator in writing and in advance. Any reimbursable travel expenses for lodging and meals shall not exceed the then-current respective per diem rates for the continental U.S. (CONUS) developed by the U.S. General Services Administration for Franklin, Williamson County, Tennessee.

   $0.00. There are no additional fees.

3. Identify the maximum amount for any actual, reasonable and necessary other out of-pocket expenses that would be directly attributable to the services to be rendered pursuant to this procurement solicitation for which the firm would seek reimbursement by the City. Any such expenses shall be documented and shall total no more than the maximum amount for such expenses to be reimbursed by the City as identified in the proposal unless any excess amount is authorized by the City Administrator in writing and in advance.

   $0.00. There are no additional fees. Our fees are *all-inclusive,* our Per Participant Per Month administrative fee is our one and only fee. There are no additional add-ons, extra charges, or “hidden” expenses.

Affidavit of Non-Collusion

a form required of Bidders and Proposers on purchases of supplies, materials, equipment and services for the

City of Franklin, Tennessee

State of New York)
) SS
County of Erie)

Affiant, Michael Rizzo, deposes and makes oath that:
(printed name of person signing Affidavit)

1. He or she is the President of
(Owner or Authorized Partner, Officer, Representative or Agent of Owner)

P&A Administrative Services, Inc.,
(legal name of entity submitting bid or proposal)

the Bidder or Proposer who has submitted the attached bid or proposal;

2. The Bidder or Proposer is fully informed respecting the preparation and content of the attached bid or proposal and of all pertinent circumstances respecting such bid or proposal;
3. Such bid or proposal is genuine and is not a collusive or sham bid or proposal;
4. Neither the said Bidder or Proposer nor any of its officers, partners, owners, agents, representatives, employees, or parties in interest, including this Affiant, has in any way colluded, conspired, connived or agreed, directly or indirectly, with any official or agent of the City of Franklin or with any other firm, person, or potential or actual bidder or proposer to submit a collusive or sham bid or proposal in connection with the contract for which the attached bid or proposal has been submitted, or to refrain from bidding or proposing indirectly, or sought by agreement, or collusion, or communication, or conference with any other firm, person, or potential or actual bidder or proposer to fix the price or prices or cost element of the bid, quoted or proposed price or the bid, quoted or proposed price of any other potential or actual bidder or proposer, or to secure through any collusion, conspiracy, connivance, or unlawful agreement any advantage against the City of Franklin or any person interested in the proposed contract;
5. The price or prices quoted in the attached bid or proposal are fair and proper and are not tainted by a collusion, conspiracy, connivance, or unlawful agreement on the part of the Bidder or Proposer or any of its agents, representatives, owners, employees, or parties in interest, including this Affiant; and
6. He or she understands that Article VIII, Section 16, of the City Charter of Franklin, and T.C.A. §6-54-107, prohibit any member of the Board of Mayor and Aldermen, or officer elected by said Board, from being interested in any contract, or work of any kind whatever, under its control and direction, and any contract in which any such person shall have an interest shall be void and unenforceable, subjecting any funds received by contractor to be returned in full to the City, in addition to any other penalties provided by law.

Michael Rizzo
(signature of Affiant)

President
(title of Affiant)

Sworn and subscribed to before me this 3rd day of September, 2025

Joseph A. Mertes
(Notary Public)

My Commission Expires: January 7, 2027

(Submitted in response to City of Franklin Purchasing Office Solicitation No. 2026-005)

Affidavit of Title VI Compliance

a form required of Bidders and Proposers on purchases of services for the

City of Franklin, Tennessee

State of New York)
) SS
County of Erie)

Affiant, Michael Rizzo, deposes and makes oath that:
(printed name of person signing Affidavit)

1. He or she is the President of
(Owner or Authorized Partner, Officer, Representative or Agent of Owner)
P&A Administrative Services,
(legal name of entity submitting bid or proposal)
the Bidder or Proposer who has submitted the attached bid or proposal;
2. The Bidder or Proposer is fully informed respecting the preparation and content of the attached bid or proposal and of all pertinent circumstances respecting such bid or proposal;
3. No person on the grounds of handicap or disability, age, race, color, religion, sex, national origin or any other class protected by federal and/or Tennessee constitutional, statutory and/or case law shall be excluded from participation in, or denied benefits of, or be otherwise subjected to discrimination in, the performance of the contract that results from the procurement solicitation to which this affidavit is a component, or in the employment practices of the successful Bidder or Proposer during the performance of the contract that results from said procurement solicitation;
4. The successful Bidder or Proposer shall, upon request, show proof of such non-discrimination, and shall post in conspicuous places, available to employees and job applicants, notices of such non-discrimination;
5. If, with the prior consent of the City, the successful Bidder or Proposer subcontracts any portion of the contract that results from the procurement solicitation to which this affidavit is a component, then the successful Bidder or Proposer shall contractually obligate all of its subcontractors for said contract to comply with the same non-discrimination provisions as those required of the successful Bidder or Proposer; and
6. This Affidavit is made on personal knowledge.

Michael Rizzo
(signature of Affiant)

President
(title of Affiant)

Sworn and subscribed to before me this 3rd day of September, 2025

Cheryl A Myers
(Notary Public)

My Commission Expires: January 7, 2027

Affidavit of Drug-Free Workplace

a form required of Bidders and Proposers on purchases of services for the

City of Franklin, Tennessee

State of New York)
) SS
County of Erie)

Affiant, Michael Rizzo, deposes and makes oath that:
(printed name of person signing Affidavit)

1. He or she is the President of
(Owner or Authorized Partner, Officer, Representative or Agent of Owner)

P&A Administrative Services, Inc.,
(legal name of entity submitting bid or proposal)

the Bidder or Proposer who has submitted the attached bid or proposal;

2. The Bidder or Proposer is fully informed respecting the preparation and content of the attached bid or proposal and of all pertinent circumstances respecting such bid or proposal;

OPTION 1 (mark here [X]):

3. The Bidder or Proposer entity employs five (5) or more employees;
4. The Bidder or Proposer has in effect, at the time of submission of its bid or proposal to perform the services described in the attached bid or proposal, a drug-free workplace program that complies with T.C.A. § 50-9-101 et seq.;
5. The Bidder or Proposer operates a drug-free workplace program or other drug or alcohol testing program with requirements at least as stringent as that of the program operated by the City as described in the City's procurement solicitation; and

OPTION 2 (mark here [ ]):

6. The Bidder or Proposer entity employs fewer than five (5) employees;

AND:

7. This Affidavit is made on personal knowledge.

Michael Rizzo
(signature of Affiant)

President
(title of Affiant)

Sworn and subscribed to before me this 3rd day of September, 2025

Cheryl L. Rufer
(Notary Public)

My Commission Expires: January 7, 2027

Standard Procurement Terms and Conditions
City of Franklin, Tennessee

1. Assignment. Neither party may assign any rights or obligations under these Standard Procurement Terms and Conditions, or any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply, without the prior written consent of the other party.

2. Successors. These Standard Procurement Terms and Conditions, and any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply, will be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns.

3. Subcontracting. Vendor may subcontract any portion of the work only with the prior consent of City, but such subcontracting will not relieve Vendor of its duties under these Standard Procurement Terms and Conditions and any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply.

4. Time of the Essence. The parties agree that TIME IS OF THE ESSENCE with respect to Vendor's performance of all provisions of the contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply.

5. Taxes. As a tax-exempt entity, City shall not be responsible for sales or use taxes incurred for products or services. Upon request, City shall supply Vendor with a copy of its Sales and Use Tax Exemption Certificate. Vendor shall bear the burden of providing its suppliers with a copy of City's tax exemption certificate and shall assume all liability for such taxes, if any, that should be incurred.

6. Notices. Any notice provided pursuant to these Standard Procurement Terms and Conditions, or any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply, if specified to be in writing, will be in writing and will be deemed given: (a) if by hand delivery, then upon receipt thereof; (b) if mailed, then three (3) City business days after deposit in the mail where sender is located, postage prepaid, certified mail return receipt requested; (c) if by next day delivery service, then upon such delivery; or (d) if by facsimile transmission or electronic mail, then upon confirmation of receipt. All notices will be addressed to the parties at the addresses set forth below (or set forth in such other document to which these Standard Procurement Terms and Conditions apply, or such other address as either party may in the future specify in writing to the other):

In the case of City:	In the case of Vendor:
City of Franklin	P&A Administrative Services, Inc.
Attn: Purchasing Manager	Attn: Michael Rizzo - President
Re: City of Franklin Purchasing Office Solicitation No. 2026-005	
Franklin City Hall	6400 Main Street
109 3rd Ave. South	Suite 210
Franklin, TN 37064	Williamsville, NY 14221
E-mail: purchasing@franklintn.gov	rizzom@padmin.com

7. Confidentiality and Proprietary rights. Vendor waives any right to confidentiality of any document, e-mail or file it fails to clearly mark on each page (or section as the case may be) as confidential or proprietary. Proprietary rights do not extend to the data created by City's users of the System; all rights to that data (including derivative or hidden data such as metadata) shall vest solely in City at the moment of creation and City shall retain exclusive rights, title, and ownership of all data and images created therefrom at the moment of creation and utilization, through and including image creation. City may be required to disclose documents under state or federal law. City shall notify Vendor if a request for documents has been made and shall give Vendor a reasonable opportunity under the circumstances to respond to the request by redacting proprietary or other confidential information. In exchange, Vendor agrees to indemnify, defend, and hold harmless City for any claims by third parties relating thereto or arising out of (i) City's failure to disclose such documents or information required to be disclosed by law, or (ii) City's release of documents as a result of City's reliance upon Vendor's representation that materials supplied by Vendor (in full or redacted form) do not contain trade secrets or proprietary information, provided that City impleads Vendor and Vendor assumes control over that claim.

8. Derivative Works. To the extent that the Agreement contains Vendor's reservation of rights, such definitions and limitations are superseded by the following: "Derivative Work" means a program that is based on or derived from one or more existing programs or components. If the original software is modified to create a new program, a derived work is created. If the original software was designed to accept plug-ins or drivers using a defined mechanism, such a driver or plug-in does not form a derived work. Linking to a library in the way it was designed to be interfaced with, does *not* constitute deriving a work. "Derivative work" is *not* the data that the Licensee inputs, manipulates, modifies or otherwise improves, nor the images resulting therefrom.

9. AI System. Definition of AI System. The parties define "artificial intelligence" or "AI" to be a machine-based system that can, for a given set of human-defined objectives, make predictions, recommendations, or decisions influencing real or virtual environments. AI systems use machine- and human-based inputs to perceive real and virtual environments; abstract such perceptions into models through analysis in an automated manner; and use model inference to formulate options for information or action.

a. The parties define an "AI system" to be any data system, software, hardware, application, tool, or utility that operates in whole or in part using AI.

b. Guiding Principles. The Contractor shall demonstrate that the AI system and its usage, deployment, and maintenance as it pertains to the services outlined in this agreement do not conflict with the City's AI Policy and Principles therein.

c. Risk Mitigation

i. The Contractor represents that the AI system is suitable for its intended use by the City and has been developed and will perform in a manner that is in compliance with all applicable laws and regulations.

ii. The Contractor shall maintain, follow, and provide, upon request, a copy of their Risk Management Plan that complies with accepted risk management frameworks, such as the NIST AI Risk Management Framework, ISO 42001, or other AI risk management governance standard.

iii. The Contractor shall work with the City to evaluate and minimize risks posed by the AI system.

d. AI Incident Response. In the event of an AI incident, at the request of the City, the Contractor shall thoroughly investigate their systems of any suspected AI incident and promptly report findings to the Agency. An "AI incident" is an alleged harm or near harm event to people, property, reputation, technical integrity of the environment where an AI system is implicated. Examples of AI incidents include providing false information, copyright infringement, generating harmful bias, system misuse, exposure of sensitive information, and liability risk.

e. Remediation. At the City's request, the Contractor will immediately discontinue the use of any AI system involved in providing services to the City. If the City, in its sole discretion, determines that the AI system is in violation of one or more of the requirements stated herein or that the Contractor does not promptly resolve an AI incident, or that the system does not adequately supports the City's commitment to the City's AI Policy and Principles, then the City will provide the Contractor with notice that they have thirty (30) calendar days to promptly assess and resolve the issue. Potential methods to address such issues include, without limitation, changing the behavior of the AI system or subsystem; supplementing the system or subsystem to achieve the necessary outcomes; replacing the system with a non-AI system that meets the City's needs; or limiting the function of the AI system or subsystem. After thirty (30) calendar days, the Contractor must provide evidence that the AI system is adequately fixed and ready for re-deployment, or that the AI system is not suitable for use.

f. Requirements for Contractors AI System(s). To the extent permissible by law, the Contractor shall adhere to the following requirements in the course of doing business with or for the City:

i. Updates: Contractor shall provide prior notice for system upgrades that substantially impact the services provided to the City. Example of a substantial impact includes but is not limited to changes to: sensitive or protected information used in the system, compatibility with the City's other systems, or decisions that impact the rights or safety of individuals. In the event of a change with a substantial impact, Contractor will provide the City opportunity to stay on the existing system version at the City's request. Any updates made to the AI system that render the AI system unserviceable to the City to provide services defined in the agreement as determined by the City may be cause for termination by the City.

ii. Data portability: At the City's request, and at no additional cost, the Contractor shall provide all data owned by the City in a format that is easily usable by the City and, to the extent technically feasible, in a structured, commonly used, machine-readable format. The Contractor is not obligated to provide such data more than twice in a 12-month period.

iii. Authorized use: Data owned by the City cannot be used for other commercial applications without written consent from the City.

iv. Data rights: Data owned by the City that contains sensitive or protected information must be able to be deleted, edited, or anonymized at the request of the City or the data subject.

v. Performance: Provide the City or entity working on behalf of the City with the means to monitor the performance, including the accuracy, of the AI system it uses and report this accuracy to the City. This may include, but is not limited to, the false positive rate, the false negative rate, the true positive rate, the average percentage error, the mean-squared error, and human judgement scores.

vi. Algorithmic bias: Contractor will provide the City with evidence that demonstrates that bias present in the AI system is effectively managed for the context in which it will be deployed. Contractor shall provide information describing in detail how bias is assessed.

vii. Human oversight: Provide the City the means for a human to evaluate and override outputs of the AI system. The human evaluator must be able to override the outputs of the AI system and take precedence over all outputs.

viii. Explainability: Provide the City with an explanation of how the AI system generates outputs, including what factors influence the system's decisions, rule-based logic, training data sources, and probability-based decisions. The City holds the right to communicate its general usage of the AI system and explain its decision-making processes to the public.

ix. Notice: If required by the City, provide written notice of the usage of the AI system to data subjects and/or end-users, preferably at the point of service.

x. Process: Contractor shall comply with existing local, state, and federal law for data access and decision appeals related to the use or operation of the system.

xi. Ongoing Monitoring: Contractor shall regularly monitor the performance of the AI system to detect and rectify system behavior that violates any of the requirements in this section. Contractor shall promptly communicate the discovery of system behavior that violates any of the requirements in this section to the City, including the potential impact to services.

xii. Training: Ensure that appropriate training is available to City staff who may operate the AI system, which may include how to:

1. Protect sensitive or personal information;
2. Mitigate harmful algorithmic bias;
3. Promote optimal performance;
4. Report system errors; and
5. Maintain service delivery if the AI system fails, to the extent possible.

xiii. Auditing: The City retains the right to observe, assess, or audit any relevant work processes, services, or documents in the course of doing business with the City to confirm that the Contractor (and any relevant sub-contractors) is complying with this Policy. Contractor shall provide access to information, documentation, and personnel required to complete this audit at no additional cost to the City.

10. Data Governance. For the purposes of this Agreement, "City Data" includes, but is not limited to, all information, records, databases, documents, materials, or any other data provided by the City, collected or accessed by the Contractor on behalf of the City, or generated in the

performance of services under this Agreement. This includes confidential, sensitive, personal, operational, or proprietary information, regardless of format or medium. The City retains exclusive ownership of all City Data. The Contractor shall not claim any right, title, or interest in City Data, and any use of City Data by the Contractor shall be limited strictly to the purposes outlined in this Agreement. The Contractor is expressly prohibited from accessing, using, disclosing, distributing, selling, or licensing City Data for any unauthorized purpose, including for its own benefit or the benefit of third parties. The Contractor shall implement and maintain comprehensive, industry-standard security measures to safeguard City Data against unauthorized access, loss, theft, alteration, or misuse. These measures shall include, at a minimum, encryption, access controls, monitoring, and regular security audits. The Contractor shall not transfer City Data outside of approved systems, networks, or jurisdictions without the City's prior written consent. In the event of a suspected or confirmed breach or unauthorized use of City Data, the Contractor shall immediately notify the City within twenty-four (24) hours of discovery and provide a detailed written report within forty-eight (48) hours. The Contractor shall cooperate fully with the City to contain, mitigate, and investigate the incident, including providing access to all relevant systems and records. Upon the City's request, the Contractor shall securely return all City Data to the City and permanently delete all copies from its systems and those of its subcontractors or affiliates. The Contractor shall certify in writing that the destruction is complete and irreversible. The Contractor shall comply with all applicable laws, regulations, and City policies governing the handling of City Data. The Contractor agrees to indemnify, defend, and hold the City harmless against any claims, damages, liabilities, fines, or penalties arising from the Contractor's breach of this clause or improper handling of City Data. This clause shall survive the expiration or termination of this Agreement.

11. Arbitration/Mediation. Neither arbitration nor mediation shall be required as a condition precedent to filing any legal claim arising out of or relating to any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply. Neither arbitration nor mediation shall be binding.

12. Waiver. Neither party's failure or delay to exercise any of its rights or powers under these Standard Procurement Terms and Conditions, or any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply, will constitute or be deemed a waiver or forfeiture of those rights or powers. For a waiver of a right or power to be effective, it must be in writing signed by the waiving party. An effective waiver of a right or power shall not be construed as either (a) a future or continuing waiver of that same right or power, or (b) the waiver of any other right or power.

13. Warranties/Limitation of Liability/Waiver. City reserves all rights afforded to local governments under law for all general and implied warranties. City does not waive any rights it may have to all remedies provided by law and therefore any attempt by Vendor to limit its liability shall be void and unenforceable.

14. Severability. If any term or provision of these Standard Procurement Terms and Conditions is held to be illegal or unenforceable, the validity or enforceability of the remainder of these Standard Procurement Terms and Conditions will not be affected.

15. Precedence. In the event of conflict between the provisions of these Standard Procurement Terms and Conditions and that of any contract, agreement, purchase order, invoice, Vendor

terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply, the provisions of these Standard Procurement Terms and Conditions will, to the extent of such conflict, take precedence unless such document expressly states that it is amending these Standard Procurement Terms and Conditions pursuant to the "Amendment" section below.

16. Indemnification. Vendor agrees to indemnify and save the Government of Franklin, City of Franklin and individual, on or off duty, officers, and employees of City of Franklin, harmless from any and all losses, damages and expenses, including court costs and attorneys' fees, by reason of any loss, whatsoever, arising out of or relating to or in consequence of the work done in connection with any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply, excepting only such losses as shall be occasioned solely by the negligence of City of Franklin.

17. Additions/Modifications. If seeking any addition or modification to any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply, the parties agree to reference the specific paragraph number sought to be changed on any future document or purchase order issued in furtherance of any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply, however, an omission of the reference to same shall not affect its applicability. In no event shall either party be bound by any terms contained in any purchase order, acknowledgement, or other writings unless: (a) such purchase order, acknowledgement, or other writings specifically refer to any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply or to the specific clause they are intended to modify; (b) clearly indicate the intention of both parties to override and modify any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply; and (c) such purchase order, acknowledgement, or other writings are signed, with specific material clauses separately initialed, by authorized representatives of both parties.

18. Applicable Law; Choice of Forum/Venue. These Standard Procurement Terms and Conditions and any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply are made under and will be construed in accordance with the laws of the State of Tennessee without giving effect to any state's choice-of-law rules. The choice of forum and venue shall be exclusively in the Courts of Williamson County, TN.

19. Termination. Unless City has indicated otherwise in the contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply, either party may terminate the contract or agreement or purchase order or other procurement to which these Standard Procurement Terms and Conditions apply, with or without cause, upon thirty (30) calendar days' notice to the other. Upon termination by Vendor, City shall be entitled to retain ownership of any and all goods and equipment purchased. Upon termination by City, Vendor shall be entitled to receive any amounts due as a result of goods and equipment already delivered and/or services already rendered; however, City shall maintain ownership and control of any goods and equipment purchased. Upon termination of services, whether connected or unconnected to goods and equipment, such services shall be rendered until the conclusion of the 30th calendar day as

stated in the notice or until a contractual benchmark has been achieved, or as the parties may otherwise agree.

20. Breach. Upon deliberate breach of these Standard Procurement Terms and Conditions, or of any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply, by either party, the non-breaching party shall be entitled to terminate the contract or agreement or purchase order or other procurement to which these Standard Procurement Terms and Conditions apply without notice, with all of the remedies it would have in the event of termination under the "Severability" section above, and may also have such other remedies as it may be entitled to in law or in equity.

21. Default. If Vendor fails to perform or comply with any provision of these Standard Procurement Terms and Conditions, or of any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply, then City (i) may cancel the contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply, in whole or in part, without penalty or protest by Vendor; (ii) may consider such failure to perform or comply as a breach of contract; (iii) reserves the right to purchase its requirements from Vendor that submitted the next lowest and best responsive and responsible bid, or Vendor that submitted the next best proposal, if that Vendor will still honor that bid or proposal, or to seek new bids or proposals, or to pursue one or more other options available to City in compliance with its then current purchasing policy; and (iv) may hold the defaulting Vendor liable for all damages provided by law, including cost of cover.

22. Entire Agreement. These Standard Procurement Terms and Conditions, including any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply, constitutes the entire agreement between the parties and supersedes any prior or contemporaneous communications, representations or agreements between the parties, whether oral or written, regarding the subject matter of these Standard Procurement Terms and Conditions.

23. Amendment. The terms and conditions of these Standard Procurement Terms and Conditions may not be changed except by an amendment expressly referencing these Standard Procurement Terms and Conditions by section title and signed by an authorized representative of each party.

24. Survival. These Standard Procurement Terms and Conditions shall survive the completion of or any termination of any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply.

Indemnification Agreement

a form required of Bidders and Proposers on purchases of services for the

City of Franklin, Tennessee

State of New York)
) SS
County of Erie)

On behalf of Bidder/Proposer, Michael Rizzo agrees that:
(printed name of person signing Agreement)

1. He or she is the President of
(Owner or Authorized Partner, Officer, Representative or Agent of Owner)
P&A Administrative Services, Inc.,
(legal name of entity submitting bid or proposal)
the Bidder or Proposer who has submitted the attached bid or proposal;

2. The Bidder or Proposer is fully informed respecting the preparation and content of the attached bid or proposal and of all pertinent circumstances respecting such bid or proposal;

3. The Bidder or Proposer agrees to indemnify and save the Government of Franklin, the City of Franklin and individual, on or off duty, officers, and employees of the City of Franklin, harmless from any and all losses, damages and expenses, including court costs and attorneys' fees, by reason of any loss, whatsoever, arising out of or relating to or in consequence of the work done in connection with any contract, agreement, purchase order or other procurement to which this Agreement applies, excepting only such losses as shall be occasioned solely by the negligence of the City of Franklin; and

4. This Agreement is made on personal knowledge.

Michael Rizzo
(signature of person whose printed name appears above)

President
(title of person whose printed name appears above)

Sworn and subscribed to before me this 3rd day of September, 2025

Cheryl A. Meyer
(Notary Public)

My Commission Expires: January 7, 2027

(Submitted in response to City of Franklin Purchasing Office Solicitation No. 2026-005)

Form revised 12/12/2016

P&A GROUP
EST. 1975

Card Perks

* Improve personal cash flow!
* Reduce the hassle of submitting claims and waiting for reimbursements
* Order additional cards for your spouse or dependent(s) - at no cost to you!
* Real-time account balance available at www.padmin.com



Order Additional Cards

Your Benefits Card is valid for three years from the date of issue. To order an additional card for your spouse or eligible dependent or to report a lost or stolen card, log into your P&A account at www.padmin.com and select Benefits Card Order Form.

Customer Service

Contact P&A's customer service team for assistance Monday - Friday, 8:30 am - 10:00 pm ET

(800) 688-2611

www.padmin.com

Click Online Chat at the top of the page

Your benefits just got easier

Use your P&A Benefits Card to easily pay for your eligible expenses, including medical, dental, vision and dependent day care expenses, depending on your company's plan design. When you swipe the card at the point-of-service, the data is captured electronically and is automatically debited from your account. Your Benefits Card is "smart," and recognizes Merchant Category Codes (MCCs) and the Inventory Information Approval System (IIAS) so only eligible expenses are charged at pre-approved vendors.

Occasionally, you may have an instance where your card is declined because an expense isn't categorized as eligible, or the expense needs supporting documentation in order to be approved for reimbursement, like a Letter of Medical Necessity Form. If you're unable to use your Benefits Card, or if your provider doesn't accept debit cards, pay for the expense out-of-pocket and submit a claim for reimbursement to P&A Group, along with a copy of your receipt and any requested additional documentation.

Submit a Claim for Reimbursement

Claims can be submitted directly from your computer or mobile device through QuikClaim, P&A's mobile claim upload option at www.padmin.com. You can also complete a claim form and submit it via fax or mail to P&A Group. Claim forms are available when you log into your P&A Group account at www.padmin.com under Employee Participants- Quick Links- Forms.

P&A GROUP BENEFITS CARD

Since July 1, 2009, Health Flexible Spending Account (FSA), Health Reimbursement Arrangement (HRA) and Health Savings Account (HSA) Benefit Cards can only be used at stores that support the Inventory Information Approval System (IIAS).

Drugstores or pharmacies that don't utilize IIAS can only authorize Health FSA, HRA or HSA Benefit Card transactions if they meet the requirements of the 90% Rule. The rule states that the Benefits Card can be used at drugstores and pharmacies that have 90% or more of gross sales from eligible healthcare items.

WHAT IS IIAS?

IIAS is a technology that retailers use in order to identify items that are eligible under an FSA, HRA or HSA plan. Under this system scanned items are recognized as eligible or ineligible healthcare expenses at the time of purchase. This auto adjudication capability eliminates the need for paper claim substantiation.

The Benefits Card can also be used at mixed-use merchants who sell both eligible and ineligible healthcare items, such as supermarkets, large drugstores and superstores. Under IRS rules, these types of merchants must adopt the IIAS so that FSA, HRA and HSA Benefits Cards are accepted. The retailer's point-of-sale system identifies eligible healthcare FSA, HRA or HSA purchases by comparing the inventory control information (i.e., UPC or SKU number) for the items being purchased against a pre-established list of eligible expenses.



WHAT ARE ADVANTAGES OF THE BENEFITS CARD?

- Limits your double out-of-pocket exposure
- Reduces paperwork
- Ability to integrate plans with one card solution (i.e., FSA & Commuter)

WHAT SHOULD I DO IF A STORE DECLINES MY BENEFITS CARD?

If your Benefits Card transaction is declined at the point-of-purchase, you are still eligible for reimbursement as long as the item you purchase is an IRS approved expense. Save your receipt(s) and submit a claim to P&A Group by logging into your account at www.padmin.com. Once your claim is processed, you'll receive a check or you can sign up for direct deposit and have your funds automatically deposited into your designated checking or savings account. To enroll in direct deposit, log into your P&A account and click **Direct Deposit** under **Quick Links**.

HOW CAN I TELL IF A STORE HAS IMPLEMENTED IIAS?

Many of the "big box" merchants already utilize IIAS, such as Walmart, Walgreens and CVS. If you're a patron of a smaller local store that does not support the IIAS, you'll be unable to use the Benefits Card at that location. Instead, you can submit a claim to P&A Group for reimbursement of any eligible expenses. For a list of IRS eligible expenses, visit **www.padmin.com.**

P&A GROUP CUSTOMER SERVICE

HOURS: Monday - Friday, 8:30 am - 10:00 pm ET

PHONE: (800) 688-2611 | **WEB**: www.padmin.com | **FAX**: (877) 855-7105

MAIL: 17 Court Street, Suite 500 Buffalo, N.Y. 14202

P&A GROUP PAYROLL AND ONGOING ENROLLMENT FILE

Warehouse File Layout D Instructions

P&A Administrative Services, Inc.
17 Court Street, Suite 500 Buffalo, NY
14202 (800) 688-2611
(716) 852-2611

If you have any questions regarding this layout please contact your FSA\Commuter Plan Administrator or:

Sheila Maldonado – File Feed Implementation Specialist

E-mail:	Maldonados@padmin.com
Direct:	(716) 362-5514
Toll-free:	(800) 688-2611 ext. 5514
Fax:	(716) 855-7196

Ross Hansen – File Feed Implementation Specialist

E-mail:	HansenR@padmin.com
Toll-free:	800.688.2611 ext 5572
Fax:	(716) 855-7196

Warehouse layout D for Payroll and Ongoing Enrollment

FAQs and Answers

1. Q: What is the purpose of this file?
A: This file is used to update P&A's systems with transactions that occur each payroll cycle. The file includes information such as employee payroll contributions, employee addresses, name changes, new hire information, and employee termination dates.

2. Q: Should we include all participants?
A: Only employees who have had an FSA or Section 132 payroll transaction during the pay cycle should be included on this file.

3. Q: How often should a file be sent?
A: Since the file is used for payroll purposes, the file should be sent to P&A as soon as payroll has been finalized.

4. Q: Is a header record required?
A: No, please do not send a file with a header record. If a header record is sent, the file may be rejected and a corrected file will be requested.

5. Q: Is there a file format for the trailer record required?
A: Yes, a trailer record is a required field. If a trailer record is not sent, the file may be rejected and a corrected file will be requested.

6. Q: Is there a format for the trailer record?
A: Yes, the trailer record should list the pay date under field A (pay date field); 999999999 under field B (Social Security Number Field); and, field C (Employee ID field) should contain the total number of records including the trailer record. All account totals for both the annualized and payroll deduction amount should also be included.

7. Q: What is the desired file format (i.e. csv, txt)?
A: The file should be sent in a comma delimited file format with an extension of .csv or .txt format. **P&A cannot accept excel files (.xls).** If an alternate format is required, please contact P&A and we will work together on a mutually acceptable format.

8. Q: What is the naming convention of the file?
A: The naming convention of the file is the PPA and Client Number and the pay date. Please contact the P&A Group for your PPA and Client Numbers. Using an example of 999 as the PPA Number and a Client Number of 12345 and a pay date of April 15, 2021, the naming convention would be 99912345_20210415.csv

9. Q: What is the maximum number of characters or true position field on the file?
A: We have included a column on the below spec sheet to include the number of characters (bytes) per field. This is under column named **Field Length.**

10. Q: Is there a requirement for any fields that contain a comma?
A: Any field that contains alphanumeric information, i.e. an address, should be encapsulated with double quotes. As an example, an address of 123 Main Street, Apartment 5a, should be remitted to P&A as "123 Main Street, Apartment 5a". Numeric fields MUST not contain a comma, a slash, or $ sign. Negative amounts must have a leading sign. Example: -250.00

11. Q: Does P&A have a preference as to how the file should be transmitted?
A: Yes, P&A would like you to SFTP the file to our FTP site, ftp@padmin.com, with an FTP user name that will be provided to you at a later date, along with the password. We ask you push the file to P&A on a weekly basis, and we will supply you with our public PGP Key at a later date. Additionally, we are requesting your Public SFTP (SSH) Key for additional security purposes.

The following Q&As are regarding specific fields and formatting concerns

12. Q: Please explain the field A, Pay Date.
A: This is the date of the pay date the deductions appear on participant pay check. This date should correspond to the list of pay dates P&A received from the client for Implementation and\or Enrollment purposes. The "pay date" is the date the participants receive their paycheck, not the date payroll has commenced, was processed or finalized. This must be formatted in a Year Month Date format of YYYYMMDD. Please only remit one pay date per file, and ensure all dates are uniform.

13. Q: How should field B, Social Security Numbers, be sent?
A: P&A will need the full Social Security numbers. It may be helpful to surround the Social Security number with quotations (" ") to avoid leading zeros from being dropped. Hyphens are not necessary (123456789 or XXX-XX-XXXX are both valid); but all Social Security numbers must contain the full nine digits and they must all be uniform (i.e. all hyphens or no hyphens)

14. Q: What is required under field C, Level 1 Reporting?
A: This is only required if the client requests and is determined by the employer. Ideally this is used to break down employee's for billing and\or reporting purposes. This is the first sort hierarchy per the client's needs for various reporting purposes.

15. What is required under field D, Level 2 Reporting?
A: This is only required if the client requests and is determined by the employer. Ideally this is used for billing and\or reporting purposes, and is to only be used if additional sub reporting is required by the employer after Level 1 Reporting.

16. What is required under field E, Level 3 Reporting Field?
A: This is only required if the client requests and is determined by the employer. Ideally this is used for billing and\or reporting purposes, and is to only be used if additional sub reporting is required by the employer after both Level 1 Reporting and Level 2 Reporting.

17. Q: Please explain the field Payroll Deduction Frequency.
A: The payroll deduction cycle field refers to the frequency of deductions taken from the participant's pay. In most cases, the deduction frequency is the same as the payroll frequency. However, some employers prefer to use a different cycle for payroll deductions. For example, if a participant is paid bi-weekly (26 times per year) but deductions will occur twice-monthly (24 times per year- on the first two payrolls of each month); the payroll deduction code should be listed as **S**. If deductions are taken once per month from the participant's pay, the code should be listed as **M**, if deductions are taken weekly, the code should be listed as **W** and if the deductions are taken bi-weekly, the code should be listed as **B**. If you process deductions on a frequency not covered here, please contact P&A and we will work with you to determine the proper code.

18. Q: Please explain the Employee ID field.
A: This is only required if the client requests and is determined by the employer. Typically, this is a number used by the Employer to refer to their employees.

Warehouse layout D for Payroll and Ongoing Enrollment

19. Q: Please explain field Employee Termination Date.
A: This column should only include participants who are no longer actively employed. The employee termination date should be included when the employee is terminated from their position. Past termination dates, ones that are no longer applicable to the participant and\or plan year, should not be included on the file. If an outdated termination date is in the file the participant will be terminated, and their debit card will be shut off, if applicable. As an example, if an employee was terminated June 1, 2021 and was rehired January 1, 2022, the old termination date of June 1, 2021 should not be remitted. Only current dates that apply to the current or upcoming plan years can be sent to P&A.

20. Q: Please explain field Employee Re-Hire Date.
A: The date the employee was re-hired should be sent when the employee was previously terminated and re-hired by the same agency. **Past re-hire dates, which are no longer applicable to the current or upcoming plan years should not be included**. As an example, an employee was terminated March 1, 2020 but was rehired April 30, 2020. Once the 2021 plan years begins, the old re-hire date April 30, 2020 should not be included. Only current dates that apply to the current or upcoming plan years can be sent to P&A. If this is not used, please leave blank.

21. Q: Please explain field Employee LOA Date.
A: Depending on plan rules and eligibility, this is the date the employee was placed on a Leave of Absence (LOA). **Past LOA dates, which are no longer applicable to the current or upcoming plan years should not be included**.

22. Q: Please explain field Employee Return LOA Date.
A: The date the employee was has returned from their LOA. **Past LOA dates, which are no longer applicable, should not be sent to P&A.** As an example if an employee has returned from an LOA on November 1, 2019, this is no longer applicable and should not be sent on a file.

23. Q: What is the PPA Number?
A: The PPA number will be 999.

24. Q: Will the PPA Number change each plan year?
A: No, the PPA Number will always stay 999.

25. Q: What is the Client Number?
A: The Client Number will be assigned to you upon completion of the Installation Questionnaire. It may be an alpha numeric character.

File Layout Instructions

Field	Field Length	Description	Description	Format	Example
A	8	Pay Date		This MUST be in the format YYYYMMDD. This is the date employees receive their paychecks.	20200703
B	11	Social Security Number		Hyphens not necessary, but all SSN's must be uniform.	"012345678"
C	20	Level 1 Reporting			Management
D	20	Level 2 Reporting			NY City
E	20	Level 3 Reporting			9542B
F	20	Last Name			Doe
G	20	First Name			John
H	1	Middle Initial		If intials are not used, please leave blank.	J
I	50	Street Address			123 Main Street
J	50	Street Address			Apt 5a
K	20	City			Anywhere
L	2	State		Use standard, two-character, postal abbreviation.	MD
M	10	Zip			12345
N	100	Email address		Personal Emails Strongly Preferred.	DoeJ@email.net
O	8	Date of birth		This field MUST be formatted as MMDDYYYY	01011960
P	1	Payroll deduction cycle		Frequency of Deductions. One Position only (B=Biweekly, S=Semimonthly, M=monthly)	S
Q	10	Employee ID		Employee ID number, if applicable	987654
R	8	Employee Termination		This MUST be in format MMDDYYYY. This is the last date of employment.	04012020
S	8	Employee Rehire Date		This MUST be in format MMDDYYYY.	04012021
T	8	Employee LOA Date		This MUST be in format MMDDYYYY.	04012022
U	8	Employee Return LOA		This MUST be in format MMDDYYYY.	04012023
V	9	Pad	Pad	Please leave this field empty	
W	20	Pad	Pad	Please leave this field empty	
X	1	Pad	Pad	Please leave this field empty	
Y	3	PPA Number		999	999
Z	5	Client Number		This is a five (5) character field which will vary by Client, plan year and possibly plan design and will be given at both Implementation AND Renewal. Could vary between alpha only, numeric only or alpha numeric	F9854
AA	8	General Purpose Health FSA	Effective date	This MUST be in format MMDDYYYY.	01012021
AB	12		Annual election	Numeric field only - do not populate with $ or commas	1200
AC	12		Per Pay Amount	Numeric field only - do not populate with $ or commas	50
AD	8		Termination Date	This MUST be in format MMDDYYYY.	03012020
AE	8	Dependent Daycare	Effective date	This MUST be in format MMDDYYYY.	01012021
AF	12		Annual election	Numeric field only - do not populate with $ or commas	5000
AG	12		Per Pay Amount	Numeric field only - do not populate with $ or commas	416.66
AH	8		Termination Date	This MUST be in format MMDDYYYY.	03012020
AI	8	PAD	PAD	Please leave this field empty	
AJ	8	Individual Premium	Effective date	This MUST be in format MMDDYYYY.	01012021
AK	12		Annual election	Numeric field only - do not populate with $ or commas	
AL	12		Per Pay Amount	Numeric field only - do not populate with $ or commas	
AM	8		Termination Date	This MUST be in format MMDDYYYY.	03012020
AN	8	Adoption Assistance	Effective date	This MUST be in format MMDDYYYY.	01012021
AO	12		Annual election	Numeric field only - do not populate with $ or commas	
AP	12		Per Pay Amount	Numeric field only - do not populate with $ or commas	
AQ	8		Termination Date	This MUST be in format MMDDYYYY.	03012020
AR	8	Pre tax Parking	Effective date	This MUST be in format MMDDYYYY.	01012021
AS	12		Annual election	Numeric field only - do not populate with $ or commas	
AT	12		Per Pay Amount	Numeric field only - do not populate with $ or commas	
AU	8		Termination Date	This MUST be in format MMDDYYYY.	03012020
AV	8	Pre tax Transit	Effective date	This MUST be in format MMDDYYYY.	01012021
AW	12		Annual election	Numeric field only - do not populate with $ or commas	1300
AX	12		Per Pay Amount	Numeric field only - do not populate with $ or commas	0
AY	8		Termination Date	This MUST be in format MMDDYYYY.	03012020
AZ	8	Limited Purpose Health FSA	Effective date	This MUST be in format MMDDYYYY.	01012021
BA	12		Annual election	Numeric field only - do not populate with $ or commas	1200
BB	12		Per Pay Amount	Numeric field only - do not populate with $ or commas	100
BC	8		Termination Date	This MUST be in format MMDDYYYY.	03012020
BD	8	HRA	Effective date	This MUST be in format MMDDYYYY.	01012021
BE	12		Annual election	Numeric field only - do not populate with $ or commas	36
BF	12		Per Pay Amount	Numeric field only - do not populate with $ or commas	
BG	8		Termination Date	This MUST be in format MMDDYYYY.	03012020

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BH	8	HRP	Effective date	This MUST be in format MMDDYYYY.	01012021
BI	12		Annual election	Numeric field only - do not populate with $ or commas	
BJ	12		Per Pay Amount	Numeric field only - do not populate with $ or commas	
BK	8		Termination Date	This MUST be in format MMDDYYYY.	03012020
BL	1	Debit card	Debit card	One Character (Y or N)	Y
BM	8	ER Funded General Purpose Health FSA	Effective date	This MUST be in format MMDDYYYY.	01012021
BN	12		Annual election	Numeric field only - do not populate with $ or commas	
BO	12		Per Pay Amount	Numeric field only - do not populate with $ or commas	
BP	8		Termination Date	This MUST be in format MMDDYYYY.	03012020
BQ	8	ER Funded Health DCA	Effective date	This MUST be in format MMDDYYYY.	01012021
BR	12		Annual election	Numeric field only - do not populate with $ or commas	
BS	12		Per Pay Amount	Numeric field only - do not populate with $ or commas	
BT	12		Termination Date	This MUST be in format MMDDYYYY.	03012020
BU	100	Corpoate Email Address	Corporate Email	EE's corporate e-mail address only.	Doej@USCorp.com

Trailer Record Layout Instructions

Field	Field Length	Description	Description	Format	Example
A	8	DATE		Date Listed in Field A on Other Rows. This field MUST be formatted as YYYYMMDD	20180101
B	11	SSN Placeholder		This should be a nine digit number consisting of 9s. Hyphens are not necessary 999999999. Please be uniform in use of hyphens.	999999999
C	20	Row Number		The total number of rows in the file. (Trailer Record Included)	15
D	20	Pad	Pad	Please leave this field empty	
E	20	Pad	Pad	Please leave this field empty	
F	20	Pad	Pad	Please leave this field empty	
G	20	Pad	Pad	Please leave this field empty	
H	1	Pad	Pad	Please leave this field empty	
I	50	Pad	Pad	Please leave this field empty	
J	50	Pad	Pad	Please leave this field empty	
K	20	Pad	Pad	Please leave this field empty	
L	2	Pad	Pad	Please leave this field empty	
M	10	Pad	Pad	Please leave this field empty	
N	100	Pad	Pad	Please leave this field empty	
O	8	Pad	Pad	Please leave this field empty	
P	1	Pad	Pad	Please leave this field empty	
Q	10	Pad	Pad	Please leave this field empty	
R	8	Pad	Pad	Please leave this field empty	
S	8	Pad	Pad	Please leave this field empty	
T	8	Pad	Pad	Please leave this field empty	
U	8	Pad	Pad	Please leave this field empty	
V	9	Pad	Pad	Please leave this field empty	
W	20	Pad	Pad	Please leave this field empty	
X	1	Pad	Pad	Please leave this field empty	
Y	3	Pad	Pad	Please leave this field empty	
Z	5	Pad	Pad	Please leave this field empty	
AA	8	Pad	Pad	Please leave this field empty	
AB	12	General Purpose Health FSA Totals	Annual election	Numeric field only - do not populate with $ or commas	1200
AC	12		Per Pay Amount	Numeric field only - do not populate with $ or commas	50
AD	8	Pad	Pad	Please leave this field empty	
AE	8	Pad	Pad	Please leave this field empty	
AF	12	Dependent Daycare Totals	Annual election	Numeric field only - do not populate with $ or commas	5000
AG	12		Per Pay Amount	Numeric field only - do not populate with $ or commas	416.66
AH	8	Pad	Pad	Please leave this field empty	
AI	8	PAD	PAD	Please leave this field empty	
AJ	8	PAD	PAD	Please leave this field empty	

Warehouse layout D for Payroll and Ongoing Enrollment

AK	12	Individual Premium Totals	Annual election	Numeric field only - do not populate with $ or commas	
AL	12		Per Pay Amount	Numeric field only - do not populate with $ or commas	
AM	8	Pad	Pad	Please leave this field empty	
AN	8	Pad	Pad	Please leave this field empty	
AO	12	Adoption Assistance Totals	Annual election	Numeric field only - do not populate with $ or commas	
AP	12		Per Pay Amount	Numeric field only - do not populate with $ or commas	
AQ	8	Pad	Pad	Please leave this field empty	
AR	8	Pad	Pad	Please leave this field empty	
AS	12	Pre tax Parking Totals	Annual election	Numeric field only - do not populate with $ or commas	
AT	12		Per Pay Amount	Numeric field only - do not populate with $ or commas	
AU	8	Pad	Pad	Please leave this field empty	
AV	8	Pad	Pad	Please leave this field empty	
AW	12	Pre tax Transit Totals	Annual election	Numeric field only - do not populate with $ or commas	1300
AX	12		Per Pay Amount	Numeric field only - do not populate with $ or commas	0
AY	8	Pad	Pad	Please leave this field empty	
AZ	8	Pad	Pad	Please leave this field empty	
BA	12	Limited Purpose Health FSA Totals	Annual election	Numeric field only - do not populate with $ or commas	1200
BB	12		Per Pay Amount	Numeric field only - do not populate with $ or commas	100
BC	8	Pad	Pad	Please leave this field empty	
BD	8	Pad	Pad	Please leave this field empty	
BE	12	HRA Totals	Annual election	Numeric field only - do not populate with $ or commas	36
BF	12		Per Pay Amount	Numeric field only - do not populate with $ or commas	
BG	8	Pad	Pad	Please leave this field empty	
BH	8	Pad	Pad	Please leave this field empty	
BI	12	HRP Totals	Annual election	Numeric field only - do not populate with $ or commas	
BJ	12		Per Pay Amount	Numeric field only - do not populate with $ or commas	
BK	8	Pad	Pad	Please leave this field empty	
BL	1	Pad	Pad	Please leave this field empty	
BM	8	Pad	Pad	Please leave this field empty	
BN	12	ER Funded General Purpose Health FSA Totals	Annual election	Numeric field only - do not populate with $ or commas	
BO	12		Per Pay Amount	Numeric field only - do not populate with $ or commas	
BP	8	Pad	Pad	Please leave this field empty	
BQ	8	Pad	Pad	Please leave this field empty	
BR	12	ER Funded Health DCA Totals	Annual election	Numeric field only - do not populate with $ or commas	
BS	12		Per Pay Amount	Numeric field only - do not populate with $ or commas	
BT	12	Pad	Pad	Please leave this field empty	
BU	100	Pad	Pad	Please leave this field empty	

Warehouse layout D for Payroll and Ongoing Enrollment

M&T Bank

345 Main Street, Buffalo, NY 14203

January 13, 2025

P & A Administrative Services, Inc.
17 Court Street Suite 500
Buffalo, NY 14202

To Whom It May Concern:

In March 1990, M&T Bank established a banking relationship with P & A Administrative Services, Inc. The company maintains several checking accounts with M&T Bank; average balance between them is in the low to mid eight figures. Company also maintains a savings account with a current balance of high six figures. Company maintains a small line of credit with M&T Bank – no current outstanding balance. Should P&A need any future lending or bonding related accommodations, the bank would be pleased to provide those as well. Company utilizes numerous treasury management products to process their transactions for the company.

All loan accommodations and accounts are handled satisfactorily, and we look forward to a continued and long-standing relationship with this successful business. We consider the financial capability of this company as positive. To our knowledge this company has had the adequate financial and technology resources to perform and complete the proposals they have bid and been awarded.

If any further information is requested, please contact me at (716) 842-4205, fax (716) 842-5280 or email ddimatteo@mtb.com.

Very truly yours,

Deborah Di Matteo
Senior Vice President

P & A ADMINISTRATIVE SERVICES, INC.
AND
AFFILIATES

Combined Financial Statements
and
Supplemental Information
For the Years Ended
December 31, 2023 and 2022
with
Independent Accountants' Review Report

P & A ADMINISTRATIVE SERVICES, INC. AND AFFILIATES

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Chiampou Travis Besaw & Kershner LLP

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors and Partners of
P & A Administrative Services, Inc. and Affiliates
Buffalo, New York

We have reviewed the accompanying combined financial statements of P & A Administrative Services, Inc. and Affiliates, which comprise the combined balance sheets as of December 31, 2023 and 2022, and the related combined statements of income, of changes in equity, and of cash flows for the years then ended, and the related notes to the combined financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the combined financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the combined financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of P & A Administrative Services, Inc. and Affiliates and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying combined financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Combining and Supplementary Information

The supplemental information included in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic combined financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the review procedures applied in our review of the basic combined financial statements. We are not aware of any material modifications that should be made to the information. We have not audited the information and, accordingly, do not express an opinion on such information.

Champoux Travis Besaw & Kershner LLP

August 2, 2024

P & A ADMINISTRATIVE SERVICES, INC. AND AFFILIATES

COMBINED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS:		
Cash	$ 4,871,918	$ 4,433,423
Restricted cash and investments	26,829,783	22,620,175
Investments	312,454	54,373
Accounts receivable, net of allowance for doubtful accounts of $104,642 and $35,014, respectively	1,749,236	1,620,088
Refundable payroll taxes	-	2,198,544
Current portion of notes receivable - stockholder	148,631	29,777
Current portion of notes receivable - related party	28,322	27,214
Prepaid expenses and other current assets	377,223	296,233
Total current assets	34,317,567	31,279,827
PROPERTY AND EQUIPMENT, NET	503,791	22,199
OTHER ASSETS:		
Notes receivable - stockholder	348,696	500,194
Notes receivable - related party	351,740	379,736
Cash surrender value of officers' life insurance	282,120	271,100
	982,556	1,151,030
RIGHT-OF-USE ASSETS	2,087,813	217,045
	$ 37,891,727	$ 32,670,101
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 408,886	$ 477,611
Client trust funds	26,829,783	22,620,175
Accrued expenses	1,379,270	1,537,371
Deferred revenue	7,433	20,032
Deferred commitment agreements	358,645	326,008
Current portion of operating lease liability	286,239	217,045
Total current liabilities	29,270,256	25,198,242
LONG TERM - OPERATING LEASE LIABILITY	1,801,574	-
DEFERRED COMMITMENT AGREEMENTS	404,641	504,816
EQUITY	6,415,256	6,967,043
	$ 37,891,727	$ 32,670,101

See independent accountants' review report and notes to combined financial statements.

P & A ADMINISTRATIVE SERVICES, INC. AND AFFILIATES

COMBINED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
REVENUE	$ 19,810,437	$ 18,214,161
OPERATING EXPENSES	18,091,080	16,241,315
INCOME FROM OPERATIONS	1,719,357	1,972,846
OTHER:		
Gain on sale of property and equipment	-	288,668
Interest income	625,500	37,369
Unrealized gain (loss) on investments	45,904	(38,397)
	671,404	287,640
NET INCOME	$ 2,390,761	$ 2,260,486

See independent accountants' review report and notes to combined financial statements.

P & A ADMINISTRATIVE SERVICES, INC. AND AFFILIATES

COMBINED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	Capital Stock	Additional Paid-In Capital	Combined Retained Earnings	Partners' Capital	Accumulated Other Comprehensive Income	Combined Equity
January 1, 2022	$ 1,300	$ 27,900	$ 6,384,427	$ 756,546	$ -	$ 7,170,173
Net income	-	-	1,765,964	494,522	-	2,260,486
Contributions	-	-	-	44,504	-	44,504
Unrealized gain on debt securities	-	-	-	-	54,373	54,373
Distributions	-	-	(1,956,033)	(606,460)	-	(2,562,493)
December 31, 2022	1,300	27,900	6,194,358	689,112	54,373	6,967,043
Net income	-	-	2,305,112	85,649	-	2,390,761
Unrealized gain on debt securities	-	-	-	-	258,081	258,081
Distributions	-	-	(3,062,989)	(137,640)	-	(3,200,629)
December 31, 2023	$ 1,300	$ 27,900	$ 5,436,481	$ 637,121	$ 312,454	$ 6,415,256

See independent accountants' review report and notes to combined financial statements.

P & A ADMINISTRATIVE SERVICES, INC. AND AFFILIATES

COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 2,390,761	$ 2,260,486
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	15,670	53,293
Gain on sale of property and equipment	-	(288,668)
Bad debt expense (recovery)	69,628	(13,952)
Increase in cash surrender value of officers' life insurance	(11,020)	(11,824)
Amortization of right-of-use asset	331,865	377,476
Changes in operating assets and liabilities:		
Accounts receivable	(198,776)	(73,889)
Refundable payroll taxes (Note 12)	2,198,544	230,481
Prepaid expenses and other current assets	(80,990)	(65,933)
Accounts payable	(68,725)	(61,672)
Accrued expenses	(158,101)	(66,621)
Deferred revenue	(12,599)	13,095
Deferred commitment agreements	(67,538)	(88,647)
Operating lease liability	(331,865)	(377,476)
Net cash provided by operating activities	4,076,854	1,886,149
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(497,262)	-
Proceeds from sale of property and equipment	-	444,993
Collections of notes receivable - stockholder	32,644	-
Collections of notes receivable - related party	26,888	25,849
Net cash provided by (used in) investing activities	(437,730)	470,842
CASH FLOWS FROM FINANCING ACTIVITIES:		
Capital contributions	-	44,504
Net change in client trust funds held	4,209,608	2,925,538
Distributions to stockholders/partners	(3,200,629)	(2,562,493)
Net cash provided by financing activities	1,008,979	407,549
NET CHANGE IN CASH AND RESTRICTED CASH	4,648,103	2,764,540
CASH AND RESTRICTED CASH, beginning of year	27,053,598	24,289,058
CASH AND RESTRICTED CASH, end of year	$ 31,701,701	$ 27,053,598
Included in the accompanying balance sheets under the following captions:		
Cash	$ 4,871,918	$ 4,433,423
Restricted cash and investments	26,829,783	22,620,175
CASH AND RESTRICTED CASH, end of year	$ 31,701,701	$ 27,053,598
SUPPLEMENTAL DISCLOSURE OF NON-CASH OPERATING ACTIVITIES:		
Right-of-use asset obtained in exchange for lease obligations:		
Operating lease	$ 2,202,633	$ 594,521

See independent accountants' review report and notes to combined financial statements.

1. ORGANIZATION

P & A Administrative Services, Inc. ("P & A Admin"), P & A Benefits, Inc. ("P & A Benefits"), P & A Retirement Plan Services, Inc. ("P & A RPS"), and Priselac and Associates ("Priselac") are engaged in the design, administration and communication of pension and profit sharing plans, flexible spending accounts, cafeteria plans and other employee benefits. Clients are located throughout the United States, with a concentration in the Northeastern United States.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Combination – The combined financial statements include the accounts of P & A Admin, P & A Benefits P & A RPS, and Priselac (collectively, the "Companies"). The Companies are associated due to common ownership. All significant intercompany accounts and transactions have been eliminated upon combination.

Cash – The Companies maintain their cash in bank deposit accounts which, at times, may exceed federally-insured limits. The Companies have not experienced any losses in such accounts and management believes that the Companies are not exposed to any significant credit risk with their cash.

Investment Valuation and Income Recognition – The Companies determine the fair value of assets and liabilities which are subject to reporting at fair value based on standards established within generally accepted accounting principles. These standards establish a hierarchy for the determination of fair value, as well as disclosure requirements relative to those assets and liabilities. The hierarchy identified three levels of input. Level 1 inputs are generally quoted market prices for identical assets or liabilities, which are actively traded on an exchange. Level 2 inputs generally consist of market prices for identical assets which are not actively traded or market prices of similar assets or liabilities which are actively traded on an exchange. Level 3 inputs are referred to as unobservable inputs and consist primarily of information derived by management where Level 1 and Level 2 inputs are not available. These may include such things as present value of expected future cash flows or other valuation methodologies. Under the hierarchy, Level 1 inputs are the most preferred followed by Level 2, and Level 3. Level 3 inputs are to be used when neither Level 1 nor Level 2 inputs are available.

An investment's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Companies' investments are subject to measurement at fair value on a recurring basis. The fair value of actively traded securities was determined by quoted prices in active markets for identical assets (level 1), which represents net asset values of the shares held by the Companies at year end.

The Companies present in the combined statements of income the net unrealized and realized gains and losses on mutual funds that were held or sold during the year. Purchases and sales are recorded on a trade date basis. Interest income is recorded on the accrual basis and is recorded as earned by the Companies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable and Allowance for Estimated Credit Losses – The Companies do not require collateral or charge interest when granting credit. The Companies use the reserve method to account for bad debts and review their accounts receivable on a monthly basis. When an account is deemed uncollectible, the Companies charge operations.

Property and Equipment – Property and equipment are stated at cost. Depreciation and amortization over the estimated useful lives of the assets (5 to 10 years) is computed using straight-line and accelerated methods for financial statement reporting purposes. Maintenance and repairs are charged to operations as incurred; significant improvements are capitalized.

Capital Stock – Capital stock consisted of the following at December 31, 2023 and 2022:

P & A Admin - Common stock: no par value. Authorized - 200 shares; issued and outstanding - 150 shares.

P & A Benefits- Common stock: $10 par value. Authorized - 200 shares; issued and outstanding - 90 shares.

P & A RPS - Common stock: $1 par value. Authorized, issued and outstanding - 100 shares.

Revenue Recognition – Revenue is recognized in the month earned as services are provided to clients.

Income Taxes – P & A Admin, P & A Benefits and P & A RPS are S-Corporations, and Priselac is a partnership for Federal and state tax purposes. Income from the S-Corporations and partnership are taxed to the stockholders and partners, respectively, on their individual returns.

Use of Estimates – The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Recently Adopted Accounting Standards – On January 1, 2023, the Companies adopted Accounting Standard Update 2016-13, *Financial Instruments – Credit Losses (Topic 326)*. This standard replaces the incurred loss model with current expected credit loss ("CECL") model to estimate credit losses for financial assets measured at amortized cost. The CECL model requires the Company to estimate credit losses over the life of the financial assets based on historical experience, current conditions, and reasonable and supportable forecasts. The standard requires a modified retrospective approach by recording a cumulative-effect adjustment to retained earnings as of the beginning of the year of adoption. Financial assets held by the Companies that are subject to this standard are accounts receivable. The adoption of this standard did not have a material impact on the combined financial statements.

Subsequent Events – Management of the Companies has evaluated the effects of all subsequent events through August 2, 2024, the date the combined financial statements were available to be issued, to determine if events or transactions occurring through that date require potential adjustment or disclosure in the combined financial statements.

3. RESTRICTED CASH AND INVESTMENTS

As a third-party administrator, P & A Admin maintains cash and investments in trust accounts for its clients, which is used to pay benefit claims and insurance premiums. There was $26,829,783 and $22,620,175 of cash and investments held in such trust accounts as of December 31, 2023 and 2022, respectively. Restricted cash funds are maintained in depository accounts with a bank which, at times, may exceed federally-insured limits. Management does not believe that there is significant risk of loss associated with cash held in bank accounts. Restricted investment accounts were comprised of U.S. Treasury securities which mature at various dates through December 2024, and mutual funds. These were classified as available-for-sale securities. Unrealized and realized gains and losses on investments represent unrestricted gains and losses to the Companies and are reported separately in the accompanying combined balance sheets. The following table presents the Companies' restricted and unrestricted cash and investments as of December 31:

	2023		
	Cost	Fair Value	Unrealized Gain (Loss) (Unrestricted)
Cash	$ 9,786,428	$ 9,786,428	$ -
Debt Securities	16,031,868	16,344,322	312,454
Mutual Funds	1,011,487	993,352	(18,135)
	$ 26,829,783	$ 27,124,102	$ 294,319

	2022		
	Cost	Fair Value	Unrealized Gain (Loss) (Unrestricted)
Cash	$ 11,889,637	$ 11,889,637	$ -
Debt Securities	9,728,717	9,783,090	54,373
Mutual Funds	1,011,487	947,448	(64,039)
	$ 22,629,841	$ 22,620,175	$ (9,666)

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2023	2022
Leasehold improvements	$ 112,982	$ 112,982
Office equipment and computer software	2,693,475	2,693,475
Construction in progress	497,262	-
Furniture and fixtures	70,140	70,140
	3,373,859	2,876,597
Less accumulated depreciation and amortization	2,870,068	2,854,398
	$ 503,791	$ 22,199

5. DEMAND NOTE PAYABLE

P & A Admin has a line of credit arrangement with a bank which provides for borrowings of up to $150,000. Borrowings bear interest at the bank's prime rate plus .50%, and are secured by substantially all assets of the Companies. Repayment is personally guaranteed by the stockholders. There were no borrowings outstanding under this arrangement at December 31, 2023 and 2022.

6. RELATED PARTY TRANSACTIONS

The Companies' New York office facilities were leased from a partnership in which Priselac holds a partnership interest through July 2023.

The Companies also have a note receivable with a related party due in monthly installments of $3,342, including interest at 4%, through February 2033.

7. NOTES RECEIVABLE - STOCKHOLDER

Notes receivable - stockholder consists of a promissory note with a stockholder due in monthly installments of $10,970, including interest at 7%. The terms of this note were modified to allow for interest-only payments from January 2021 through December 2023, with an extension of the maturity date to December 2027. During 2021, $71,867 was advanced to a stockholder, which is non-interest bearing, and due in monthly installments of $2,481 from January 2023 through May 2025.

8. OPERATING LEASES

The Companies lease vehicles and office space under various non-cancelable operating leases, which expire at various dates through July 2030.

The right-of-use assets and operating lease liability are recognized based on the present value of the lease payments over the lease terms, including options to extend if reasonably foreseeable, discounted utilizing the incremental borrowing rate at the date of the commencement of the lease. The Companies recognize operating lease expense on a straight-line basis over the lease terms.

Other information related to the Companies operating leases were as follows:

Weighted-average remaining lease term (in years): 6.37
Weighted-average discount rate: 4.21%

8. OPERATING LEASES (continued)

Future minimum lease payments under the Companies operating leases as of December 31, 2023, were as follows:

2024	$ 368,652
2025	380,475
2026	365,716
2027	347,170
2028	354,095
Thereafter	574,356
Total minimum lease payments	2,390,464
Less: imputed interest	302,651
Total operating lease liabilities	2,087,813
Less: current portion	286,239
Long-term portion	$ 1,801,574

9. PROFIT SHARING AND 401(K) PLAN

The Companies maintain a 401(k) profit sharing plan, which allows employee contributions through voluntary salary deferrals, and covers substantially all employees. The Companies may make discretionary contributions for those employees eligible to participate, as defined in the plan. The Companies made discretionary contributions to the plan of $160,831 and $153,174 for the years ended December 31, 2023 and 2022, respectively.

10. DEFERRED COMMITMENT AGREEMENTS

The Companies maintain agreements, which cover certain parties, providing for deferred payments based upon annual income thresholds, and subject to vesting schedules. There was $763,286 and $830,824 accrued relating to these plans as of December 31, 2023 and 2022, respectively. During September 2019, the Companies and one of the parties entered into an agreement for fixed payments of principal and interest through October 2028. The balances due under these agreements are due as follows: 2024 - $358,645; 2025 - $102,212; 2026 - $104,290; 2027 - $106,411; and 2028 - $91,728.

11. CONTINGENCIES

The Companies are involved in certain litigation and claims arising in the ordinary course of business. Management believes that the ultimate resolution of such contingencies will not materially affect the combined financial position or results of combined operations of the Companies.

12. COVID-19 PANDEMIC

Under Section 2301 of the CARES Act, the Employee Retention Credit ("ERC") was implemented to encourage businesses to retain employees. For eligible employers, the ERC provides refundable tax credits of certain employment taxes. During the year ended December 31, 2021, the Companies were eligible for refundable credits of $2,429,025. Approximately $2,200,000 and $230,000 of these credits were received during the years ended December 31, 2023 and 2022, respectively.

* * * * * *

P & A ADMINISTRATIVE SERVICES, INC. AND AFFILIATES

COMBINING BALANCE SHEET
DECEMBER 31, 2023

	COMBINED	ELIMINATIONS	P & A ADMIN	P & A BENEFITS	PRISELAC & ASSOCIATES	P & A RPS
ASSETS						
CURRENT ASSETS:						
Cash	$ 4,871,918	$ -	$ 4,517,284	$ -	$ 29,717	$ 324,917
Restricted cash and investments	26,829,783	-	26,829,783	-	-	-
Investments	312,454	-	312,454	-	-	-
Accounts receivable, net	1,749,236	-	1,522,946	93,358	-	132,932
Accounts receivable - intercompany	-	(481,079)	-	253,737	227,342	-
Current portion of notes receivable - stockholder	148,631	-	148,631	-	-	-
Current portion of notes receivable - related party	28,322	-	-	-	28,322	-
Prepaid expenses and other current assets	377,223	-	352,124	-	-	25,099
Total current assets	34,317,567	(481,079)	33,683,222	347,095	285,381	482,948
PROPERTY AND EQUIPMENT, NET	503,791	-	503,791	-	-	-
OTHER ASSETS:						
Notes receivable - stockholder	348,696	-	348,696	-	-	-
Notes receivable - related party	351,740	-	-	-	351,740	-
Cash surrender value of officers' life insurance	282,120	-	282,120	-	-	-
Total other assets	982,556	-	630,816	-	351,740	-
RIGHT-OF-USE ASSETS	2,087,813	-	2,087,813	-	-	-
	$ 37,891,727	$ (481,079)	$ 36,905,642	$ 347,095	$ 637,121	$ 482,948
LIABILITIES AND EQUITY						
CURRENT LIABILITIES:						
Accounts payable	$ 408,886	$ (481,079)	$ 684,319	$ -	$ -	$ 205,646
Client trust funds	26,829,783	-	26,829,783	-	-	-
Accrued expenses	1,379,270	-	1,181,673	52,941	-	144,656
Deferred revenue	7,433	-	-	-	-	7,433
Deferred commitment agreements	358,645	-	358,645	-	-	-
Current portion of operating lease liability	286,239	-	286,239	-	-	-
Total current liabilities	29,270,256	(481,079)	29,340,659	52,941	-	357,735
LONG TERM - OPERATING LEASE LIABILITY	1,801,574	-	1,801,574	-	-	-
DEFERRED COMMITMENT AGREEMENTS	404,641	-	404,641	-	-	-
EQUITY:						
Capital stock	1,300	-	300	900	-	100
Additional paid-in capital	27,900	-	-	-	-	27,900
Retained earnings	5,436,481	-	5,046,014	293,254	-	97,213
Partners' capital	637,121	-	-	-	637,121	-
Accumulated other comprehensive income	312,454	-	312,454	-	-	-
	6,415,256	-	5,358,768	294,154	637,121	125,213
	$ 37,891,727	$ (481,079)	$ 36,905,642	$ 347,095	$ 637,121	$ 482,948

See independent accountants' review report.

P & A ADMINISTRATIVE SERVICES, INC. AND AFFILIATES

COMBINING BALANCE SHEET
DECEMBER 31, 2022

	COMBINED	ELIMINATIONS	P & A ADMIN	P & A BENEFITS	PRISELAC & ASSOCIATES	P & A RPS
ASSETS						
CURRENT ASSETS:						
Cash	$ 4,433,423	$ -	$ 3,772,997	$ -	$ 104,811	$ 555,615
Restricted cash and investments	22,620,175	-	22,620,175	-	-	-
Investments	54,373	-	54,373	-	-	-
Accounts receivable, net	1,620,088	-	1,344,893	96,140	-	179,055
Accounts receivable - intercompany	-	(435,146)	-	257,795	177,351	-
Refundable payroll taxes	2,198,544	-	2,198,544	-	-	-
Current portion of notes receivable - stockholder	29,777	-	29,777	-	-	-
Current portion of notes receivable - related party	27,214	-	-	-	27,214	-
Prepaid expenses and other current assets	296,233	-	268,385	-	-	27,848
Total current assets	31,279,827	(435,146)	30,289,144	353,935	309,376	762,518
PROPERTY AND EQUIPMENT, NET	22,199	-	22,199	-	-	-
OTHER ASSETS:						
Notes receivable - stockholder	500,194	-	500,194	-	-	-
Notes receivable - related party	379,736	-	-	-	379,736	-
Cash surrender value of officers' life insurance	271,100	-	271,100	-	-	-
Total other assets	1,151,030	-	771,294	-	379,736	-
RIGHT-OF-USE ASSETS	217,045	-	217,045	-	-	-
	$ 32,670,101	$ (435,146)	$ 31,299,682	$ 353,935	$ 689,112	$ 762,518
LIABILITIES AND EQUITY						
CURRENT LIABILITIES:						
Accounts payable	$ 477,611	$ (435,146)	$ 635,667	$ -	$ -	$ 277,090
Client trust funds	22,620,175	-	22,620,175	-	-	-
Accrued expenses	1,537,371	-	1,303,290	55,724	-	178,357
Deferred revenue	20,032	-	-	-	-	20,032
Deferred commitment agreements	326,008	-	326,008	-	-	-
Current portion of operating lease liability	217,045	-	217,045	-	-	-
Total current liabilities	25,198,242	(435,146)	25,102,185	55,724	-	475,479
DEFERRED COMMITMENT AGREEMENTS	504,816	-	504,816	-	-	-
EQUITY:						
Capital stock	1,300	-	300	900	-	100
Additional paid-in capital	27,900	-	-	-	-	27,900
Retained earnings	6,194,358	-	5,638,008	297,311	-	259,039
Partners' capital	689,112	-	-	-	689,112	-
Accumulated other comprehensive income	54,373	-	54,373	-	-	-
	6,967,043	-	5,692,681	298,211	689,112	287,039
	$ 32,670,101	$ (435,146)	$ 31,299,682	$ 353,935	$ 689,112	$ 762,518

See independent accountants' review report.

P & A ADMINISTRATIVE SERVICES, INC. AND AFFILIATES

COMBINING STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023

	COMBINED	ELIMINATIONS	P & A ADMIN	P & A BENEFITS	PRISELAC & ASSOCIATES	P & A RPS
REVENUE	$ 19,810,437	$ (451,082)	$ 13,809,840	$ 4,646,619	$ 318,885	$ 1,486,175
OPERATING EXPENSES	18,091,080	(451,082)	12,913,813	3,884,227	246,121	1,498,001
INCOME (LOSS) FROM OPERATIONS	1,719,357	-	896,027	762,392	72,764	(11,826)
OTHER:						
Management fee income (expense)	-	-	150,000	-	-	(150,000)
Interest income	625,500	-	612,615	-	12,885	-
Unrealized gain on investments	45,904	-	45,904	-	-	-
	671,404	-	808,519	-	12,885	(150,000)
NET INCOME (LOSS)	$ 2,390,761	$ -	$ 1,704,546	$ 762,392	$ 85,649	$ (161,826)

See independent accountants' review report.

P & A ADMINISTRATIVE SERVICES, INC. AND AFFILIATES

COMBINING STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022

	COMBINED	ELIMINATIONS	P & A ADMIN	P & A BENEFITS	PRISELAC & ASSOCIATES	P & A RPS
REVENUE	$ 18,214,161	$ (567,806)	$ 12,231,202	$ 4,190,661	$ 581,735	$ 1,778,369
OPERATING EXPENSES	16,241,315	(567,806)	11,287,301	3,246,646	391,098	1,884,076
INCOME (LOSS) FROM OPERATIONS	1,972,846	-	943,901	944,015	190,637	(105,707)
OTHER:						
Gain on sale of property and equipment	288,668	-	-	-	288,668	-
Management fee income (expense)	-	-	150,000	-	-	(150,000)
Interest income	37,369	-	18,611	-	15,217	3,541
Unrealized loss on investments	(38,397)	-	(38,397)	-	-	-
	287,640	-	130,214	-	303,885	(146,459)
NET INCOME (LOSS)	$ 2,260,486	$ -	$ 1,074,115	$ 944,015	$ 494,522	$ (252,166)

See independent accountants' review report.

P & A ADMINISTRATIVE SERVICES, INC. AND AFFILIATES

COMBINED SCHEDULES OF OPERATING EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Salaries and wages	$ 10,492,083	$ 9,311,585
Employee benefits	1,774,852	1,536,718
Commissions	1,230,439	1,055,870
Postage	955,150	749,916
Payroll taxes	948,418	829,101
Software and maintenance	659,166	712,897
Professional fees	325,076	322,412
Telephone and internet	291,419	319,305
Rent	198,449	340,200
Trading costs	157,848	164,243
Insurance	140,330	132,192
Supplies	125,446	100,720
Dues and subscriptions	96,414	81,136
Marketing and advertising	66,007	36,500
Travel and entertainment	50,706	33,346
Vehicle	46,348	41,884
Bank service charges	38,701	33,278
Training	26,249	30,057
Licenses and fees	17,676	18,546
Distribution process fees	17,035	24,949
Depreciation and amortization	15,670	53,293
Statement costs	7,056	28,493
Outside services	5,130	400
Office equipment rental	4,850	5,078
Miscellaneous	400,562	279,196
	$ 18,091,080	$ 16,241,315

See independent accountants' review report.

P & A ADMINISTRATIVE SERVICES, INC.
AND
AFFILIATES

Combined Financial Statements
and
Supplemental Information
For the Years Ended
December 31, 2022 and 2021
with
Independent Accountants' Review Report

P & A ADMINISTRATIVE SERVICES, INC. AND AFFILIATES

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors and Partners of
P & A Administrative Services, Inc. and Affiliates
Buffalo, New York

We have reviewed the accompanying combined financial statements of P & A Administrative Services, Inc. and Affiliates, which comprise the combined balance sheets as of December 31, 2022 and 2021, and the related combined statements of income, of changes in equity, and of cash flows for the years then ended, and the related notes to the combined financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the combined financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the combined financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of P & A Administrative Services, Inc. and Affiliates and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying combined financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Combining and Supplementary Information

The supplemental information included in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic combined financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the review procedures applied in our review of the basic combined financial statements. We are not aware of any material modifications that should be made to the information. We have not audited the information and, accordingly, do not express an opinion on such information.

Champion Travis Besaw & Kershner LLP

August 8, 2023

P & A ADMINISTRATIVE SERVICES, INC. AND AFFILIATES

COMBINED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS:		
Cash	$ 4,433,423	$ 4,594,421
Restricted cash and investments	22,620,175	19,694,637
Investments	54,373	-
Accounts receivable, net of allowance for doubtful accounts of $48,966 and $30,754, respectively	1,620,088	1,532,247
Refundable payroll taxes	2,198,544	2,429,025
Current portion of notes receivable - stockholder	29,777	50,517
Current portion of notes receivable - related party	27,214	26,148
Prepaid expenses and other current assets	296,233	230,300
Total current assets	31,279,827	28,557,295
PROPERTY AND EQUIPMENT, NET	22,199	72,825
OTHER ASSETS:		
Notes receivable - stockholder	500,194	479,454
Notes receivable - related party	379,736	565,643
Cash surrender value of officers' life insurance	271,100	259,276
	1,151,030	1,304,373
RIGHT-OF-USE ASSETS	217,045	-
	$ 32,670,101	$ 29,934,493
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 477,611	$ 539,283
Client trust funds	22,620,175	19,694,637
Accrued expenses	1,537,371	1,603,992
Deferred revenue	20,032	6,937
Deferred commitment agreements	326,008	316,477
Current portion of operating lease liability	217,045	-
Total current liabilities	25,198,242	22,161,326
DEFERRED COMMITMENT AGREEMENTS	504,816	602,994
EQUITY	6,967,043	7,170,173
	$ 32,670,101	$ 29,934,493

See independent accountants' review report and notes to combined financial statements.

P & A ADMINISTRATIVE SERVICES, INC. AND AFFILIATES

COMBINED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
REVENUE	$ 18,214,161	$ 18,620,379
OPERATING EXPENSES	16,241,315	15,970,147
INCOME FROM OPERATIONS	1,972,846	2,650,232
OTHER:		
Gain on sale of property and equipment	288,668	-
Other income	-	2,429,025
Interest income	37,369	19,797
Unrealized loss on investments	(38,397)	(9,155)
	287,640	2,439,667
NET INCOME	$ 2,260,486	$ 5,089,899

See independent accountants' review report and notes to combined financial statements.

P & A ADMINISTRATIVE SERVICES, INC. AND AFFILIATES

COMBINED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	Capital Stock	Additional Paid-In Capital	Combined Retained Earnings	Partners' Capital	Accumulated Other Comprehensive Income	Combined Equity
January 1, 2021	$ 1,300	$ 27,900	$ 4,787,473	$ 756,823	$ -	$ 5,573,496
Net income	-	-	4,883,716	206,183	-	5,089,899
Distributions	-	-	(3,286,762)	(206,460)	-	(3,493,222)
December 31, 2021	1,300	27,900	6,384,427	756,546	-	7,170,173
Net income	-	-	1,765,964	494,522	-	2,260,486
Contributions	-	-	-	44,504	-	44,504
Unrealized gain on debt securities	-	-	-	-	54,373	54,373
Distributions	-	-	(1,956,033)	(606,460)	-	(2,562,493)
December 31, 2022	$ 1,300	$ 27,900	$ 6,194,358	$ 689,112	$ 54,373	$ 6,967,043

See independent accountants' review report and notes to combined financial statements.

P & A ADMINISTRATIVE SERVICES, INC. AND AFFILIATES

COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 2,260,486	$ 5,089,899
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	53,293	72,125
Gain on sale of property and equipment	(288,668)	-
Bad debt expense (recovery)	(13,952)	18,212
Increase in cash surrender value of officers' life insurance	(11,824)	(9,205)
Amortization of right-of-use asset	377,476	-
Changes in operating assets and liabilities:		
Accounts receivable	(73,889)	(149,550)
Refundable payroll taxes (Note 11)	230,481	(2,429,025)
Prepaid expenses and other current assets	(65,933)	44,149
Accounts payable	(61,672)	(27,394)
Accrued expenses	(66,621)	264,226
Deferred revenue	13,095	(3,707)
Deferred commitment agreements	(88,647)	(41,541)
Operating lease liability	(377,476)	-
Net cash provided by operating activities	1,886,149	2,828,189
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property and equipment	444,993	-
Collections of notes receivable - stockholder	-	8,249
Borrowings from notes receivable - stockholder	-	(71,867)
Collections of notes receivable - related party	25,849	25,125
Net cash provided by (used in) investing activities	470,842	(38,493)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Capital contributions	44,504	-
Net change in client trust funds held	2,925,538	(2,938,134)
Distributions to stockholders/partners	(2,562,493)	(3,493,222)
Net cash provided by (used in) financing activities	407,549	(6,431,356)
NET CHANGE IN CASH AND RESTRICTED CASH	2,764,540	(3,641,660)
CASH AND RESTRICTED CASH, beginning of year	24,289,058	27,930,718
CASH AND RESTRICTED CASH, end of year	$ 27,053,598	$ 24,289,058
Included in the accompanying balance sheets under the following captions:		
Cash	$ 4,433,423	$ 4,594,421
Restricted cash and investments	22,620,175	19,694,637
CASH AND RESTRICTED CASH, end of year	$ 27,053,598	$ 24,289,058
SUPPLEMENTAL DISCLOSURE OF NON-CASH OPERATING ACTIVITIES:		
Right-of-use asset obtained in exchange for lease obligations:		
Operating lease	$ 594,521	$ -

See independent accountants' review report and notes to combined financial statements.

P & A ADMINISTRATIVE SERVICES, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(See Independent Accountants' Review Report)

1. ORGANIZATION

P & A Administrative Services, Inc. ("P & A Admin"), P & A Insurance Services, Inc. ("P & A Insurance"), P & A Retirement Plan Services, Inc. ("P & A RPS"), and Priselac and Associates ("Priselac") are engaged in the design, administration and communication of pension and profit sharing plans, flexible spending accounts, cafeteria plans and other employee benefits. Clients are located throughout the United States, with a concentration in the Northeastern United States.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Combination – The combined financial statements include the accounts of P & A Admin, P & A Insurance, P & A RPS, and Priselac (collectively, the "Companies"). The Companies are associated due to common ownership. All significant intercompany accounts and transactions have been eliminated upon combination.

Cash – The Companies maintain their cash in bank deposit accounts which, at times, may exceed federally-insured limits. The Companies have not experienced any losses in such accounts and management believes that the Companies are not exposed to any significant credit risk with their cash.

Investment Valuation and Income Recognition – The Companies determines the fair value of assets and liabilities which are subject to reporting at fair value based on standards established within generally accepted accounting principles. These standards establish a hierarchy for the determination of fair value, as well as disclosure requirements relative to those assets and liabilities. The hierarchy identified three levels of input. Level 1 inputs are generally quoted market prices for identical assets or liabilities, which are actively traded on an exchange. Level 2 inputs generally consist of market prices for identical assets which are not actively traded or market prices of similar assets or liabilities which are actively traded on an exchange. Level 3 inputs are referred to as unobservable inputs and consist primarily of information derived by management where Level 1 and Level 2 inputs are not available. These may include such things as present value of expected future cash flows or other valuation methodologies. Under the hierarchy, Level 1 inputs are the most preferred followed by Level 2, and Level 3. Level 3 inputs are to be used when neither Level 1 nor Level 2 inputs are available.

An investment's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Company's investments are subject to measurement at fair value on a recurring basis. The fair value of actively traded securities was determined by quoted prices in active markets for identical assets (level 1), which represents net asset values of the shares held by the Companies at year end.

The Companies present in the combined statements of income the net unrealized and realized gains and losses on mutual funds that were held or sold during the year. Purchases and sales are recorded on a trade date basis. Interest income is recorded on the accrual basis and is recorded as earned by the Companies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable – The Companies do not require collateral or charge interest when granting credit. The Companies use the reserve method to account for bad debts and review their accounts receivable on a monthly basis. When an account is deemed uncollectible, the Companies charge operations. In addition, a general reserve for uncollectible accounts may be recorded based on management's estimation of uncollectible accounts.

Property and Equipment – Property and equipment are stated at cost. Depreciation and amortization over the estimated useful lives of the assets (5 to 10 years) is computed using straight-line and accelerated methods for financial statement reporting purposes. Maintenance and repairs are charged to operations as incurred; significant improvements are capitalized.

Capital Stock – Capital stock consisted of the following at December 31, 2022 and 2021:

P & A Admin - Common stock: no par value. Authorized - 200 shares; issued and outstanding - 150 shares.

P & A Insurance - Common stock: $10 par value. Authorized - 200 shares; issued and outstanding - 90 shares.

P & A RPS - Common stock: $1 par value. Authorized, issued and outstanding - 100 shares.

Revenue Recognition – Revenue is recognized in the month earned as services are provided to clients.

Income Taxes – P & A Admin, P & A Insurance and P & A RPS are S-Corporations, and Priselac is a partnership for Federal and state tax purposes. Income from the S-Corporations and partnership are taxed to the stockholders and partners, respectively, on their individual returns.

Use of Estimates – The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Recently Adopted Accounting Standards – Effective January 1, 2022, the Companies adopted FASB Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842),* which requires the recognition of leases on the statement of financial position as right-of-use assets and lease liabilities. The Companies elected to adopt Topic 842 using the effective date transition method, which permits the Companies to apply the new standard prospectively and present comparative years under legacy GAAP.

In adoption of the standard, the Companies also elected the following:

- to apply the package of practical expedients during transition, under which they were not required to reassess as of the date of adoption (i) whether any of their contracts are or contain leases, (ii) the classification of their leases, and (iii) any initial direct costs related to those leases.
- to exclude leases with an initial term of 12 months or less from recognition requirements under Topic 842.
- to not separate lease components and non-lease components.

Subsequent Events – Management of the Companies has evaluated the effects of all subsequent events through August 8, 2023, the date the combined financial statements were available to be issued, to determine if events or transactions occurring through that date require potential adjustment or disclosure in the combined financial statements.

3. RESTRICTED CASH AND INVESTMENTS

As a third-party administrator, P & A Admin maintains cash and investments in trust accounts for its clients, which is used to pay benefit claims and insurance premiums. There was $22,620,175 and $19,694,637 of cash and investments held in such trust accounts as of December 31, 2022 and 2021, respectively. Restricted cash funds are maintained in depository accounts with a bank which, at times, may exceed federally-insured limits. Management does not believe that there is significant risk of loss associated with cash held in bank accounts. Restricted investment accounts were comprised of U.S. Treasury securities which mature at various dates through October 2023, and mutual funds. These were classified as available-for-sale securities. Unrealized and realized gains and losses on investments represent unrestricted gains and losses to the Companies and are reported separately in the accompanying combined balance sheets. The following table presents the Companies' restricted and unrestricted cash and investments as of December 31:

	2022		
	Cost	Fair Value	Unrealized Gain (Loss) (Unrestricted)
Cash	$ 11,889,637	$ 11,889,637	$ -
Debt Securities	9,728,717	9,783,090	54,373
Mutual Funds	1,011,487	947,448	(64,039)
	$ 22,629,841	$ 22,620,175	$ (9,666)

	2021		
	Cost	Fair Value	Unrealized Loss (Unrestricted)
Cash	$ 18,708,792	$ 18,708,792	$ -
Mutual Funds	995,000	985,845	(9,155)
	$ 19,703,792	$ 19,694,637	$ (9,155)

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2022	2021
Leasehold improvements	$ 112,982	$ 112,982
Office equipment and computer software	2,693,475	2,989,815
Furniture and fixtures	70,140	70,140
	2,876,597	3,172,937
Less accumulated depreciation and amortization	2,854,398	3,100,112
	$ 22,199	$ 72,825

5. DEMAND NOTE PAYABLE

P & A Admin has a line of credit arrangement with a bank which provides for borrowings of up to $150,000. Borrowings bear interest at the bank's prime rate plus .50%, and are secured by substantially all assets of the Companies. Repayment is personally guaranteed by the stockholders. There were no borrowings outstanding under this arrangement at December 31, 2022 and 2021.

6. RELATED PARTY TRANSACTIONS

The Companies' New York office facilities are leased from a partnership in which Priselac holds a partnership interest.

The Companies also have a note receivable with a related party due in monthly installments of $3,342, including interest at 4%, through February 2033.

7. NOTES RECEIVABLE - STOCKHOLDER

Notes receivable - stockholder consists of a promissory note with a stockholder due in monthly installments of $10,970, including interest at 7%. The terms of this note were modified to allow for interest-only payments from January 2021 through December 2023, with an extension of the maturity date to December 2027. During 2021, $71,867 was advanced to a stockholder, which is non-interest bearing, and due in monthly installments of $2,481 from January 2023 through May 2025.

8. OPERATING LEASES

The Companies lease vehicles and office space under various non-cancelable operating leases, which expire at various dates through July 2023.

The right-of-use assets and operating lease liability are recognized based on the present value of the lease payments over the lease terms, including options to extend if reasonably foreseeable, discounted utilizing the incremental borrowing rate at the date of adoption of the standard (January 1, 2022) or the date of the commencement of the lease, if subsequent to the date of adoption. The Companies recognize operating lease expense on a straight-line basis over the lease terms. The incremental borrowing rate utilized was 0.06%.

Future minimum lease payments under the Companies operating leases as of December 31, 2022, were as follows:

2023	$ 217,088
Less: imputed interest	43
Total operating lease liability	$ 217,045

8. OPERATING LEASES (continued)

During August 2023, the Companies entered into a lease agreement for new office space, which expires in July 2030. Future minimum rental payments required under this operating lease for the years subsequent to December 31, 2022 are as follows:

2023	$ 131,447
2024	321,932
2025	333,755
2026	340,425
2027	347,170
Thereafter	928,451
	$ 2,403,180

9. PROFIT SHARING AND 401(K) PLAN

The Companies maintain a 401(k) profit sharing plan, which allows employee contributions through voluntary salary deferrals, and covers substantially all employees. The Companies may make discretionary contributions for those employees eligible to participate, as defined in the plan. The Companies made discretionary contributions to the plan of $153,174 and $136,128 for the years ended December 31, 2022 and 2021, respectively.

10. DEFERRED COMMITMENT AGREEMENTS

The Companies maintain agreements, which cover certain parties, providing for deferred payments based upon annual income thresholds, and subject to vesting schedules. There was $830,824 and $919,471 accrued relating to these plans as of December 31, 2022 and 2021, respectively. During September 2019, the Companies and one of the parties entered into an agreement for fixed payments of principal and interest through October 2028. The balances due under these agreements are due as follows: 2023 - $326,008; 2024 - $100,175; 2025 - $102,212; 2026 - $104,290; 2027 - $106,411; and, thereafter - $91,728.

11. COVID-19 PANDEMIC

Under Section 2301 of the CARES Act, the Employee Retention Credit ("ERC") was implemented to encourage businesses to retain employees. For eligible employers, the ERC provides refundable tax credits of certain employment taxes. During the year ended December 31, 2021, the Companies were eligible for refundable credits of $2,429,025, which is included as a component of other income in the accompanying 2021 combined statements of income. Approximately $230,000 of these credits were received during the year ended December 31, 2022, and the remaining credits of approximately $2,200,000 are expected to be received during 2023, and have been reported as refundable payroll taxes on the accompanying combined balance sheets as of December 31, 2022.

The Companies receipt of the claimed refundable credits has been delayed. Delays have occurred, generally, in the processing of ERC claims. This is, in part, due to the significant backlog of ERC claims and the process for their review, as well as additional scrutiny of the eligibility of claimants. Management believes that the Companies met the eligibility requirements and will, ultimately, receive the full amount of the claimed credits.

* * * * * *

P & A ADMINISTRATIVE SERVICES, INC. AND AFFILIATES

COMBINING BALANCE SHEET
DECEMBER 31, 2022

	COMBINED	ELIMINATIONS	P & A ADMIN	P & A INSURANCE	PRISELAC & ASSOCIATES	P & A RPS
ASSETS						
CURRENT ASSETS:						
Cash	$ 4,433,423	$ -	$ 3,772,997	$ -	$ 104,811	$ 555,615
Restricted cash and investments	22,620,175	-	22,620,175	-	-	-
Investments	54,373	-	54,373	-	-	-
Accounts receivable, net	1,620,088	-	1,344,893	96,140	-	179,055
Accounts receivable - intercompany	-	(435,146)	-	257,795	177,351	-
Refundable payroll taxes	2,198,544	-	2,198,544	-	-	-
Current portion of notes receivable - stockholder	29,777	-	29,777	-	-	-
Current portion of notes receivable - related party	27,214	-	-	-	27,214	-
Prepaid expenses and other current assets	296,233	-	268,385	-	-	27,848
Total current assets	31,279,827	(435,146)	30,289,144	353,935	309,376	762,518
PROPERTY AND EQUIPMENT, NET	22,199	-	22,199	-	-	-
OTHER ASSETS:						
Notes receivable - stockholder	500,194	-	500,194	-	-	-
Notes receivable - related party	379,736	-	-	-	379,736	-
Cash surrender value of officers' life insurance	271,100	-	271,100	-	-	-
Total other assets	1,151,030	-	771,294	-	379,736	-
RIGHT-OF-USE ASSETS	217,045	-	217,045	-	-	-
	$ 32,670,101	$ (435,146)	$ 31,299,682	$ 353,935	$ 689,112	$ 762,518
LIABILITIES AND EQUITY						
CURRENT LIABILITIES:						
Accounts payable	$ 477,611	$ (435,146)	$ 635,667	$ -	$ -	$ 277,090
Client trust funds	22,620,175	-	22,620,175	-	-	-
Accrued expenses	1,537,371	-	1,303,290	55,724	-	178,357
Deferred revenue	20,032	-	-	-	-	20,032
Deferred commitment agreements	326,008	-	326,008	-	-	-
Current portion of operating lease liability	217,045	-	217,045	-	-	-
Total current liabilities	25,198,242	(435,146)	25,102,185	55,724	-	475,479
DEFERRED COMMITMENT AGREEMENTS	504,816	-	504,816	-	-	-
EQUITY:						
Capital stock	1,300	-	300	900	-	100
Additional paid-in capital	27,900	-	-	-	-	27,900
Retained earnings	6,194,358	-	5,638,008	297,311	-	259,039
Partners' capital	689,112	-	-	-	689,112	-
Accumulated other comprehensive income	54,373	-	54,373	-	-	-
	6,967,043	-	5,692,681	298,211	689,112	287,039
	$ 32,670,101	$ (435,146)	$ 31,299,682	$ 353,935	$ 689,112	$ 762,518

See independent accountants' review report.

P & A ADMINISTRATIVE SERVICES, INC. AND AFFILIATES

COMBINING BALANCE SHEET
DECEMBER 31, 2021

	COMBINED	ELIMINATIONS	P & A ADMIN	P & A INSURANCE	PRISELAC & ASSOCIATES	P & A RPS
ASSETS						
CURRENT ASSETS:						
Cash	$ 4,594,421	$ -	$ 4,275,308	$ -	$ 10,072	$ 309,041
Restricted cash and investments	19,694,637	-	19,694,637	-	-	-
Accounts receivable, net	1,532,247	-	992,598	91,184	-	448,465
Accounts receivable - intercompany	-	(569,653)	-	447,377	122,276	-
Refundable payroll taxes	2,429,025	-	2,198,544	-	-	230,481
Current portion of notes receivable - stockholder	50,517	-	50,517	-	-	-
Current portion of notes receivable - related party	26,148	-	-	-	26,148	-
Prepaid expenses and other current assets	230,300	-	208,754	656	-	20,890
Total current assets	28,557,295	(569,653)	27,420,358	539,217	158,496	1,008,877
PROPERTY AND EQUIPMENT, NET	72,825	-	40,418	-	32,407	-
OTHER ASSETS:						
Notes receivable - stockholder	479,454	-	479,454	-	-	-
Notes receivable - related party	565,643	-	-	-	565,643	-
Cash surrender value of officers' life insurance	259,276	-	259,276	-	-	-
Total other assets	1,304,373	-	738,730	-	565,643	-
	$ 29,934,493	$ (569,653)	$ 28,199,506	$ 539,217	$ 756,546	$ 1,008,877
LIABILITIES AND EQUITY						
CURRENT LIABILITIES:						
Accounts payable	$ 539,283	$ (569,653)	$ 831,057	$ -	$ -	$ 277,879
Client trust funds	19,694,637	-	19,694,637	-	-	-
Accrued expenses	1,603,992	-	1,367,711	51,425	-	184,856
Deferred revenue	6,937	-	-	-	-	6,937
Deferred commitment agreements	316,477	-	316,477	-	-	-
Total current liabilities	22,161,326	(569,653)	22,209,882	51,425	-	469,672
DEFERRED COMMITMENT AGREEMENTS	602,994	-	602,994	-	-	-
EQUITY:						
Capital stock	1,300	-	300	900	-	100
Additional paid-in capital	27,900	-	-	-	-	27,900
Retained earnings	6,384,427	-	5,386,330	486,892	-	511,205
Partners' capital	756,546	-	-	-	756,546	-
	7,170,173	-	5,386,630	487,792	756,546	539,205
	$ 29,934,493	$ (569,653)	$ 28,199,506	$ 539,217	$ 756,546	$ 1,008,877

See independent accountants' review report.

P & A ADMINISTRATIVE SERVICES, INC. AND AFFILIATES

COMBINING STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022

	COMBINED	ELIMINATIONS	P & A ADMIN	P & A INSURANCE	PRISELAC & ASSOCIATES	P & A RPS
REVENUE	$ 18,214,161	$ (567,806)	$ 12,231,202	$ 4,190,661	$ 581,735	$ 1,778,369
OPERATING EXPENSES	16,241,315	(567,806)	11,287,301	3,246,646	391,098	1,884,076
INCOME (LOSS) FROM OPERATIONS	1,972,846	-	943,901	944,015	190,637	(105,707)
OTHER:						
Gain on sale of property and equipment	288,668	-	-	-	288,668	-
Management fee income (expense)	-	-	150,000	-	-	(150,000)
Interest income	37,369	-	18,611	-	15,217	3,541
Unrealized loss on investments	(38,397)	-	(38,397)	-	-	-
	287,640	-	130,214	-	303,885	(146,459)
NET INCOME (LOSS)	$ 2,260,486	$ -	$ 1,074,115	$ 944,015	$ 494,522	$ (252,166)

See independent accountants' review report.

P & A ADMINISTRATIVE SERVICES, INC. AND AFFILIATES

COMBINING STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021

	COMBINED	ELIMINATIONS	P & A ADMIN	P & A INSURANCE	PRISELAC & ASSOCIATES	P & A RPS
REVENUE	$ 18,620,379	$ (603,582)	$ 12,143,863	$ 3,959,011	$ 606,587	$ 2,514,500
OPERATING EXPENSES	15,970,147	(603,582)	11,736,014	2,550,956	415,376	1,871,383
INCOME FROM OPERATIONS	2,650,232	-	407,849	1,408,055	191,211	643,117
OTHER:						
Other income	2,429,025	-	2,198,544	-	-	230,481
Management fee income (expense)	-	-	150,000	-	-	(150,000)
Interest income	19,797	-	4,823	-	14,974	-
Unrealized loss on investments	(9,155)	-	(9,155)	-	-	-
	2,439,667	-	2,344,212	-	14,974	80,481
NET INCOME	$ 5,089,899	$ -	$ 2,752,061	$ 1,408,055	$ 206,185	$ 723,598

See independent accountants' review report.

P & A ADMINISTRATIVE SERVICES, INC. AND AFFILIATES

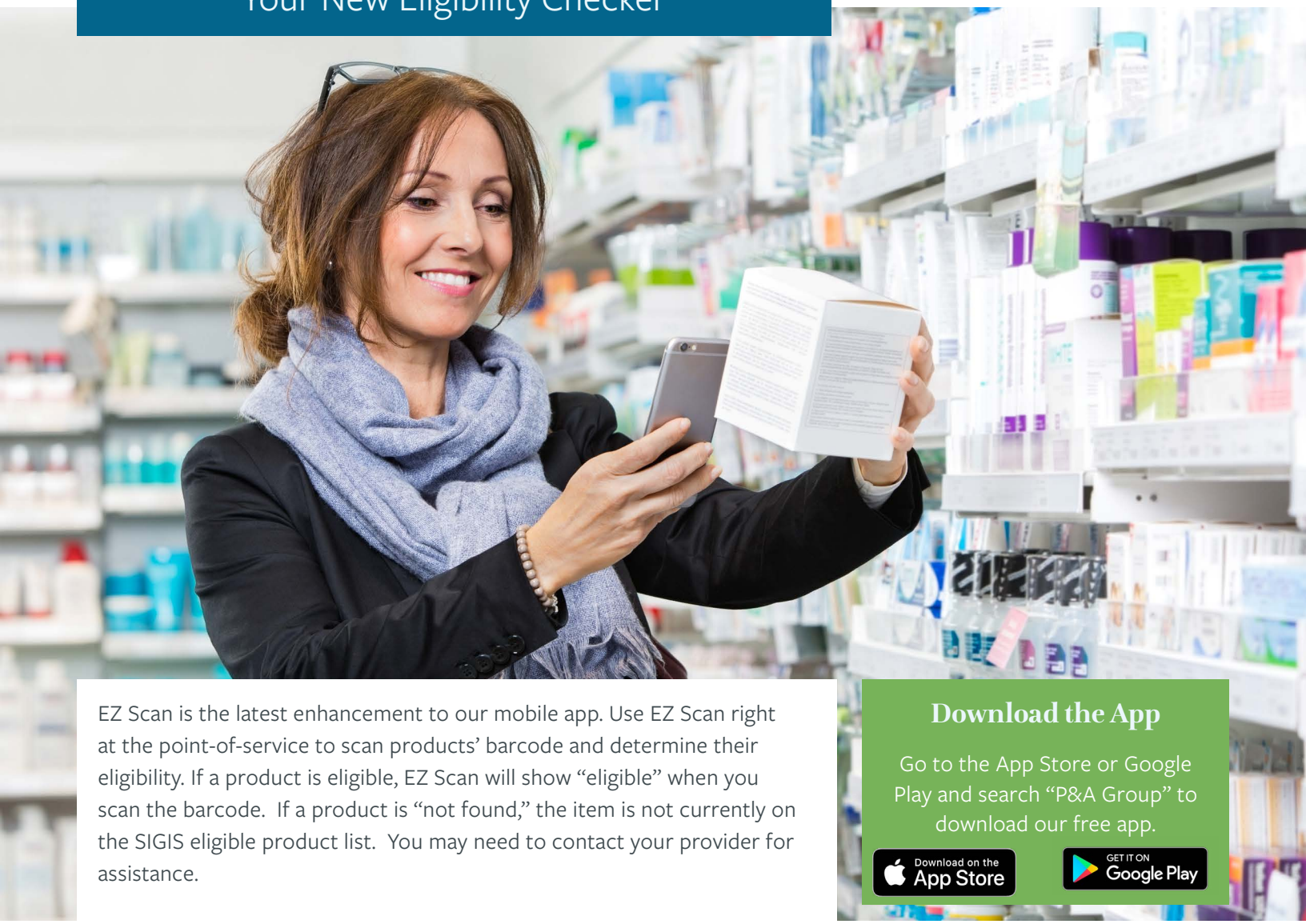
COMBINED SCHEDULES OF OPERATING EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Salaries and wages	$ 9,311,585	$ 8,878,321
Employee benefits	1,536,718	1,420,589
Commissions	1,055,870	1,063,111
Payroll taxes	829,101	819,242
Postage	749,916	791,063
Software and maintenance	712,897	805,564
Rent	340,200	340,200
Professional fees	322,412	369,270
Telephone and internet	319,305	344,010
Trading costs	164,243	234,877
Insurance	132,192	121,394
Supplies	100,720	97,527
Dues and subscriptions	81,136	87,308
Depreciation and amortization	53,293	72,125
Vehicle	41,884	40,128
Marketing and advertising	36,500	26,303
Travel and entertainment	33,346	14,480
Bank service charges	33,278	20,079
Training	30,057	29,735
Statement costs	28,493	25,245
Distribution process fees	24,949	28,602
Licenses and fees	18,546	19,795
Office equipment rental	5,078	5,116
Outside services	400	22,397
Miscellaneous	279,196	293,666
	$ 16,241,315	$ 15,970,147

See independent accountants' review report.

EZ Scan

Your New Eligibility Checker



EZ Scan is the latest enhancement to our mobile app. Use EZ Scan right at the point-of-service to scan products' barcode and determine their eligibility. If a product is eligible, EZ Scan will show "eligible" when you scan the barcode. If a product is "not found," the item is not currently on the SIGIS eligible product list. You may need to contact your provider for assistance.

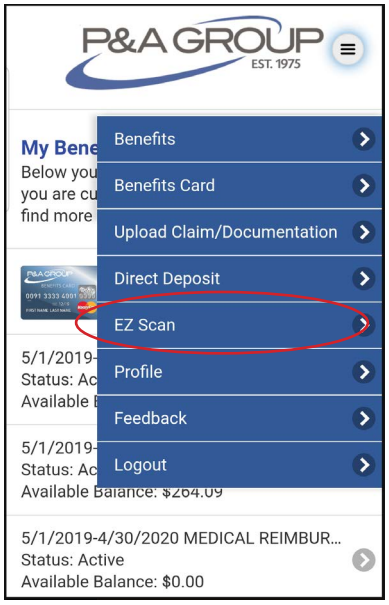
Download the App

Go to the App Store or Google Play and search "P&A Group" to download our free app.

Download on the App Store

GET IT ON Google Play

EZ Scan lets you know right away if a product is eligible or ineligible for reimbursement.



HOW TO GET EZ SCAN

1. Log into P&A's mobile app.
2. From the menu tab, click EZ Scan.
3. Scan the product's barcode using the camera on your phone (make sure there is proper light so the scanner can read the code).
4. EZ Scan will let you know if the item is "eligible" or "not found."

P&A GROUP'S PARTICIPANT SUPPORT CENTER

For questions about your account, please contact a Participant Support Specialist Monday - Friday, 8:30 a.m. - 10:00 p.m. ET.

WEB: www.padmin.com | **PHONE**: (716) 852-2611

P&A QuikClaim

Upload claims from your smartphone

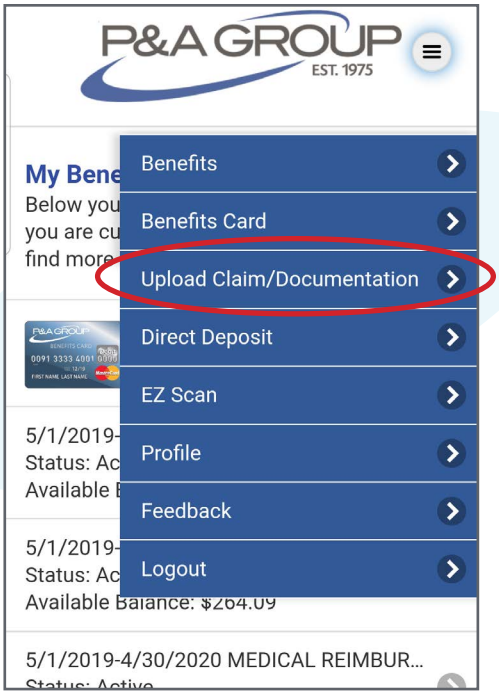
Instantly upload claims and receipts directly from your smartphone with P&A Group's QuikClaim mobile submission!

Log into your P&A Group Account from your smartphone and follow the steps below.



HOW TO USE QUIKCLAIM*

1. From your smartphone, go to www.padmin.com and log into My Benefits.
2. Select "Upload Claim/Documentation."
3. Select claim type. Choose your account and enter claim amount.
4. Upload your receipt/documentation by selecting Add File. This allows you to use your camera to take a picture of your receipt or select a picture of your receipt from your gallery.
5. Select "Continue."
6. Review the claim, agree to the authorization statement and click "Submit."
7. You have successfully submitted a claim!



Not all mobile claim upload features are currently available on all mobile devices or with all operating systems. Wireless carrier fees may apply. Requires at least a 2- megapixel camera.

When you log into My Benefits, your P&A account(s) will be displayed on the screen. You can view claims submitted, pending claims, claims paid and plan contributions. Click on Claims Paid to see what you have paid to date for that account!

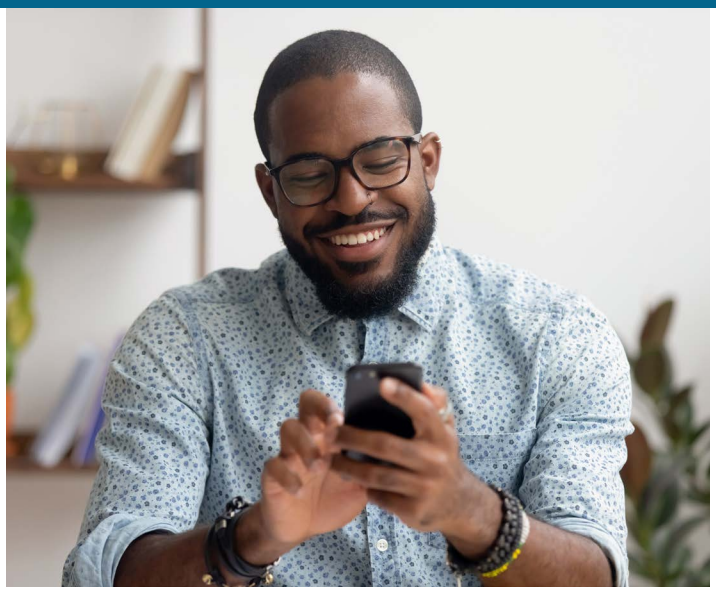
Now you can retrieve your claim image when logged in from your mobile device under the "Claims Paid" option!

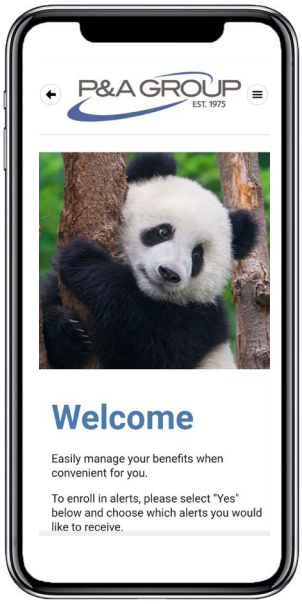
P&A PARTICIPANT SUPPORT CENTER

Hours: Monday - Friday, 8:30 a.m. - 10:00 p.m. ET

PH: (716) 852-2611 | Live Online Chat at www.padmin.com

P&A Group Mobile App





Download the App

Go to the App Store (on Apple devices) or Google Play (on Android devices) and search "P&A Group" to get the app.

Download on the App Store

GET IT ON Google Play

Sign in with Easy Touch Id

With P&A's mobile app, you can sign in with new touch ID technology using your fingerprint. Just turn the fingerprint scanner option on under your phone settings and register your fingerprint under your P&A account profile. Once activated, you can sign into your P&A account with the touch of your finger, or key in your username and password.



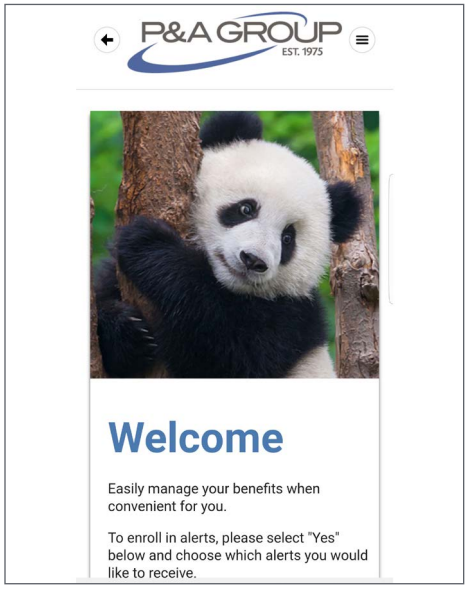
Register for Helpful on-the-go Alerts

	WAKE-UP NOTIFICATIONS	get notified prior to your plan year end date to check your available account balance and spend any remaining funds
	RUN-OUT PERIOD REMINDERS	submit claims for eligible expenses incurred during the plan year
	REIMBURSEMENTS	keep track of your claim reimbursements
	MANUAL CLAIM PROCESSING	receive an alert when your claim has entered the processing mode
	SUBSTANTIATION REQUESTS	get notified when further documentation is required to approve your Benefits Card transaction
	CLAIM DENIALS	receive an alert when your claim is either partially or fully denied

P&A Group's mobile app complements your busy life with on-the-go convenient tools.

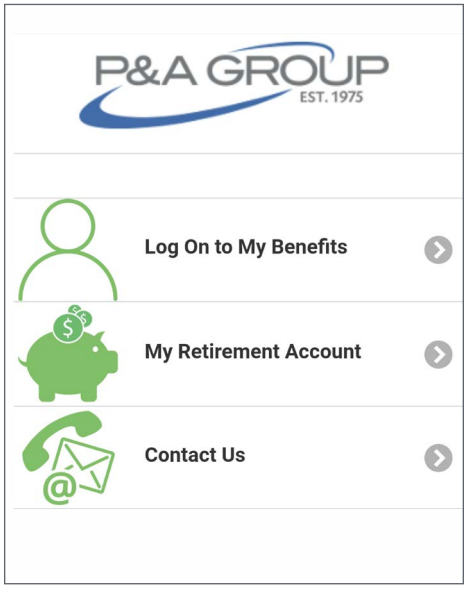
Administered Around You

Managing your benefit plans is easier than ever before with P&A Group's new mobile app. Time-saving tools are quickly accessible with the tap of an icon, providing you with everything you need to manage your account(s) wherever, whenever. And, if you ever need assistance, we are only a phone call or chat away. Helpful customer service agents are available to assist you during extended customer service hours of Monday - Friday, 8:30 a.m. - 10:00 p.m. ET.



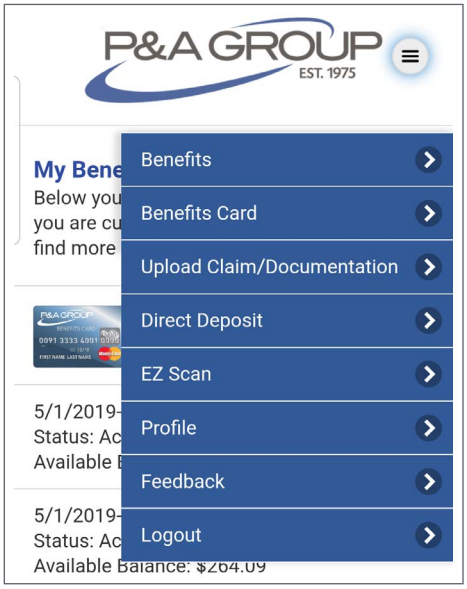
WELCOME PAGE

P&A's friendly panda greets you the first time you log into your account from your mobile phone. Choose which alerts you want to enroll in right away.



LOGIN PAGE

Choose to log into your P&A Group My Benefits account, log into your P&A Group retirement account, or contact P&A Group.



MY BENEFITS MENU OPTIONS

After you log into My Benefits, your plans are displayed on the screen. Click the menu icon to perform account management functions like upload a claim, order a new Benefits Card and more!

QUESTIONS?

Please contact P&A Group's Participant Support Center Monday - Friday, 8:30 a.m. - 10:00 p.m. ET.

(716) 852-2611 www.padmin.com 17 Court Street, Suite 500 Buffalo, NY 14202

P&A GROUP EST. 1975

Frequently Asked Questions

Introducing Mobile Pay

What is P&A Group Mobile Pay?

P&A Group Mobile Pay is a payment option that allows you to pay for eligible benefit account expenses digitally, through your mobile devices.

How does P&A Group Mobile Pay work?

P&A Group Mobile Pay offers a fast, easy and secure way for you to pay for eligible benefit account expenses. To begin using Mobile Pay, simply:

Step 1: Open your digital wallet (Apple Pay, Google Pay, or Samsung Pay)
Step 2: Enter your Benefits Card details
Step 3: Accept the Terms & Conditions
Step 4: Complete the authentication process, as prompted
Step 5: Begin using your digital wallet to pay for eligible expenses

What is a digital wallet and how does it work?

A digital wallet is an app that stores your debit and credit card details so you can pay for things digitally using your mobile device. To use a digital wallet, simply add your debit and/or credit card information to the app, which will be stored securely.

To make a payment via your digital wallet, you simply hold your device close to a mobile-enabled payments terminal to set the transaction in motion. Since there is no physical contact between the device and the payments reader, digital wallet payments are often referred to as contactless payments.

Which digital wallet applications are supported?

Apple Pay, Google Pay and Samsung Pay are supported at this time.

How do I add my Benefits Card to my digital wallet?

Simply open the Apple Pay, Google Pay, or Samsung Pay application on your device and follow the instructions to add a new card, entering your name, benefits debit card number, expiration date, and CVV code. You may be prompted to authenticate using a one-time passcode sent via text or email, or by speaking with a member services representative, before being able to add your benefits debit card to your digital wallet. Once added, your digital wallet should be ready to use for eligible benefit account purchases.

What if I receive an error message while trying to add my benefits debit card to my digital wallet?

If you receive an error message, ensure you have an email and/or phone number on file in your account, then try again after 48 hours. For fraud protection, your email or phone number must be in your account for at least 48 hours before you will be able to successfully add your benefits debit card to your digital wallet. If you still receive an error, please contact Alegeus at (844) 940-3043.

Is P&A Group Mobile Pay safe?

Yes! Your benefits debit card in your digital wallet is protected by your device passcode and in some cases, biometric authentication such as fingerprints scans or facial recognition. As added protection, your benefits debit card number is neither shared with the merchant nor stored on your device or mobile server. Instead, a unique digital code is created specifically for your device.

Is Mobile Pay the same as contactless cards?

No, contactless cards are a different form of payment. Contactless cards have a wave-like symbol that looks similar to a Wi-Fi symbol on the front of the physical payment card. This indicates you can pay for purchases by tapping your card on the point-of-sale terminal at participating retailers.

Do transactions process differently when my benefits debit card is used through a digital wallet?

No. Transactions process in the same way and according to the same eligibility requirements established by your benefits plan. All mobile transactions will also show within your transaction history in your benefit account in the exact same way as physical benefits debit card swipes.

How will I know a payment went through?

You will hear a small sound or feel a vibration to indicate the payment was successful, as well as see a paid message on your device's display.

What types of benefit account purchases can I use my digital wallet for?

Spending through your digital wallet abides by the same rules & regulations as spending on your benefits debit card. You may use your digit wallet to pay for eligible benefit account expenses, as defined by your plan.

What merchants accept Apple Pay / Google Pay / Samsung Pay?

Apple Pay is available at more than a million stores and online via the Safari browser. You can view the full list of merchants at the Apple Pay site. Samsung Pay and Google Pay work almost anywhere you can swipe or tap your card.

Call us at 716-852-2611 to learn more.

Mobile Pay

A fast, easy and secure way for you to pay for eligible benefit account expenses.

What is P&A Group Mobile Pay?

Are you interested in a more convenient way to pay for benefit account expenses? Do you prefer to use contactless payments for all types of purchases? With P&A Group Mobile Pay you can quickly and easily pay for eligible benefit account expenses, both in-store and online, using your digital wallet app on your mobile device.

How does it work?

To take advantage of P&A Group Mobile Pay, simply:

- Open your digital wallet (Apply Pay, Google Pay, or Samsung Pay)
- Enter your Benefits Card details
- Accept the Terms & Conditions
- Complete the authentication process, as prompted
- Begin using your digital wallet to pay for eligible expenses

What are the benefits of using P&A Group Mobile Pay?

- Provides access to a convenient and secure contactless payment option for your benefit account purchases.
- Uses tap-to-pay technology, which is more reliable and secure than other forms of payment. Plus, mobile devices often provide a layer of biometric authentication, resulting in safer transactions.
- Eliminates the need for you to touch payment terminals or pass your Benefits Card card back and forth with cashiers.
- You can say goodbye to the hassle of having to carry your Benefits Card with you. Your mobile device is all you need to make eligible benefit account purchases.

Take advantage of the convenience of P&A Group Mobile Pay. Add your benefits debit card to your digital wallet today!

padmin.com

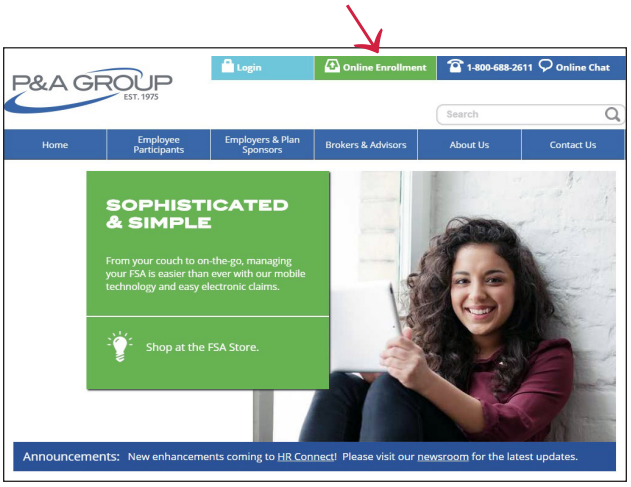
17 Court Street, Suite 500 • Buffalo, NY 14202 • 716-852-2611

WELCOME, STATE OF MAINE EMPLOYEES!

You can enroll in the Flexible Spending Account (FSA) from November 20, 2019 - December 3, 2019 at www.padmin.com. Follow the steps below to access P&A Group's online enrollment center.

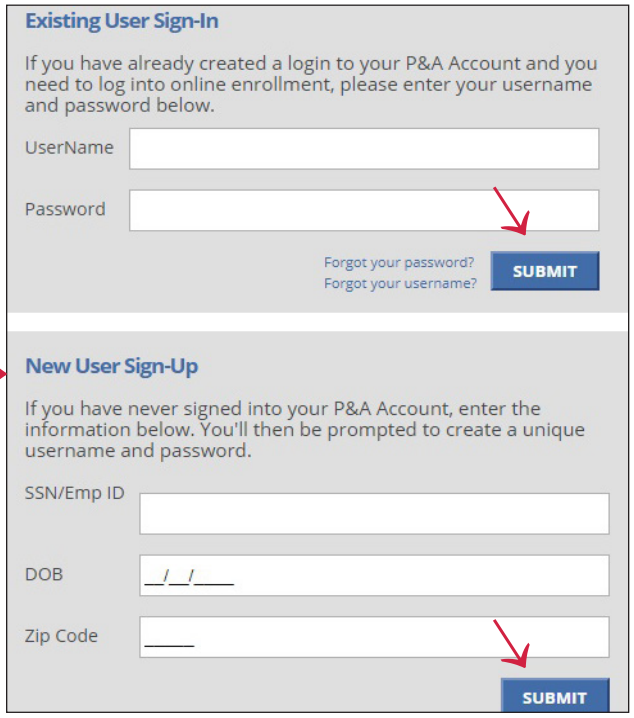
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1 Go to www.padmin.com. Choose **Online Enrollment** at the top of the screen. Select **FSA** to enroll in the Flexible Spending Account.

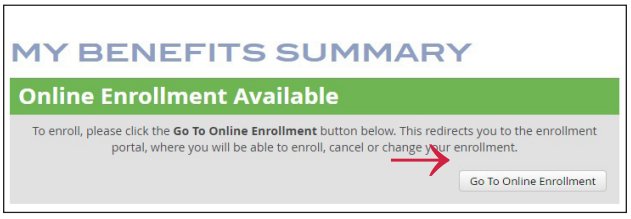


2 Under **New User Sign-In**, enter your credentials and click **Submit**. You must do this first in order to create login credentials for your account.

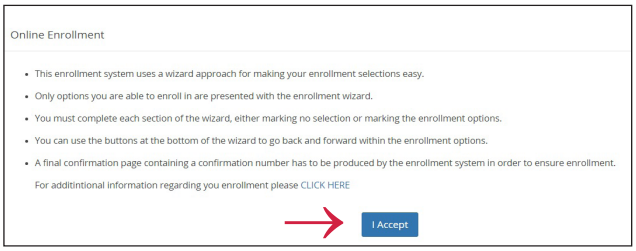
Once you've created your login credentials, you can sign into your account anytime under **Existing User Sign-In**.



3 Once logged in, click **Go to Online Enrollment**.



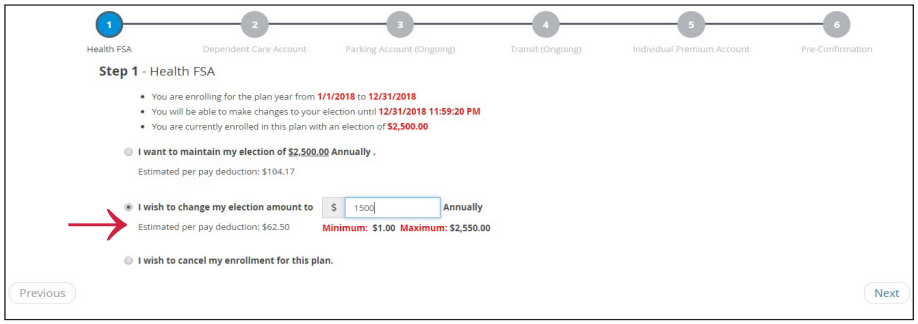
4 A pop up of instructions will appear on your screen. After reading, click **I Accept**.



5 **Online Enrollment Wizard** – you are now ready to make your elections based on the account(s) made available by your employer. For each account available, make your election choice by clicking the gray circle. You can choose to maintain your current election, change your election amount, cancel your election or opt not to enroll.

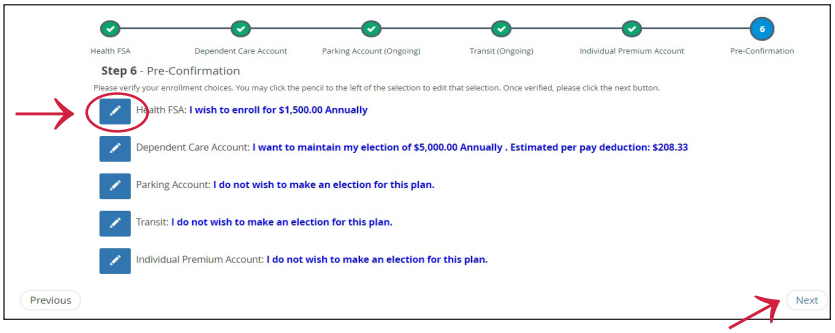
EXAMPLE
(Not all plans below may apply to your employer)

EXAMPLE: To change your annual Health FSA election amount, enter your desired annual election. The estimated per payroll deduction will appear below. Once finished, click **Next**. To go back at any time, click **Previous**.

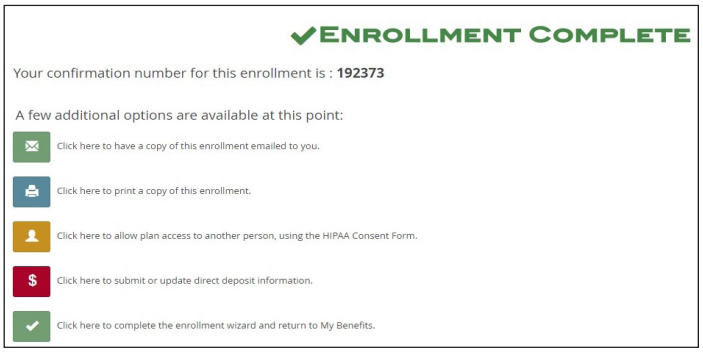


EXAMPLE
(Not all plans below may apply to your employer)

6 **Pre-Confirmation Page** – this page summarizes the elections you made. To make any changes, click the blue pencil icon and you'll be directed back to your account options. If no changes are needed, click **Next**.



7 **Enrollment Complete Page** – your enrollment is now complete. Please note the available options to help manage your account, like e-mailing or printing your confirmation page. You can also access forms, update your direct deposit information and more.



BALTIMORE CITY PUBLIC SCHOOLS



WHAT IS A FLEXIBLE SPENDING ACCOUNT?

A Flexible Spending Account (FSA) allows you to set aside a portion of your pay pre-tax to use for medical, dental, vision, and child care/elder care expenses that are not covered by insurance, or only partially covered. Because it is deducted from your pay before taxes, you can save up to 30% on your dollar (depending on your tax bracket). You need to estimate how much you usually spend for these types of expenses in a year and set aside that dollar amount into your chosen account(s). You do not need to be enrolled in Baltimore City Public School's health insurance plan in order to participate in the Flexible Spending Account.

Flexible Spending Accounts are designed to cut inevitable costs while increasing your take-home pay. Maximize every dollar by taking advantage of this benefit choice!

FLEXIBLE SPENDING ACCOUNTS AVAILABLE

Health Care FSA

Covers the cost of medical, dental, and vision expenses incurred by you and or your eligible dependent(s). Eligible expenses include deductibles, co-pays, prescriptions, eyeglasses, and dental work.

Minimum Annual Election Amount: $120

Maximum Annual Election Amount: $2,750

Dependent Day Care FSA

This account does NOT reimburse medical expenses for your dependent(s). It is for qualified day care/ elder care expenses only.

Covers the amount you pay to daycare centers, baby sitters, after school programs, day camp programs (as long as the child is under age 13) and eldercare facilities.

Maximum Annual Election Amount: $5,000

FSA RULES TO REMEMBER

- Plan Year: January 1, 2021 - December 31, 2021
- Grace period: An extension of the plan year during which participants can incur expenses and spend down remaining balances in their account(s). Participants have until March 15, 2022 to incur expenses. Claims incurred during the plan year and grace period can be submitted until April 30, 2022.
- Use or Lose Rule: Unused money left over in your account at the end of the plan year **does not roll over**! Remember, only contribute money you are confident you will use to pay for qualified expenses during the plan year.

Note: The complete FSA brochure is available for you on the P&A Group website at www.padmin.com.

Baltimore City Public Schools
Flexible Spending Account

P&A BENEFITS CARD

Baltimore City Public Schools offers a Benefits MasterCard for employees who participate in the plan. Your debit card is valid for three years from the date of issue. When it is time for you to receive a new card your card will automatically be mailed to your home address in a plain white envelope.

The Benefits MasterCard works like a debit card. When you incur an eligible expense present your Benefits Card to the provider of the goods or services you are purchasing. Swipe your card at the point-of-service and the expense will automatically be deducted from your Pre-Tax Account balance. If you are unable to use your Benefits Card you can still be reimbursed for all eligible expenses. Make sure to save a copy of your receipt to submit when you file a claim. This card cannot be used at an ATM machine to withdraw cash.



P&A GROUP CUSTOMER SERVICE

Contact a customer representative via phone or use our live online chat feature!

HOURS: Monday - Friday 8:30 am - 10:00 pm ET.

PHONE: (800) 688-2611

WEB: www.padmin.com

Mobile App

Manage your account through our mobile app. Go to the App Store or Google Play and search "P&A Group" to download it today!

- Register for account alerts
- Submit claims
- Order a Benefits Card
- Check your account balance & more!

Download on the App Store | GET IT ON Google Play

CLAIM SUBMISSION OPTIONS



4 WAYS TO SUBMIT YOUR CLAIMS

P&A Group Mobile App

NEW

Download our mobile app and log into your account. Go to the menu and tap Upload Claim/Documentation to submit your claims.

QuikClaim from Your Smartphone

Capture a picture of your receipt or other supporting documentation of your eligible expense. Log into your P&A Account at www.padmin.com from your mobile device by selecting Account Login and follow the prompts on your screen.

Electronic Claim Upload from Your Computer

Submit claims directly online at P&A's website www.padmin.com by logging into your P&A account. Select Upload Claim/Documentation under Member Tools.

Fax or Mail a Paper Claim

Complete a claim form and fax or mail it to P&A Group. Claim forms are available when you log into your account at www.padmin.com.

FAX: (877) 855-7105

MAIL: P&A Group 17 Court St. Ste 500 Buffalo, NY 14202

When submitting a claim make sure to include proof of service/documentation (itemized receipt, etc).



CATHOLIC HEALTH WELLNESS HRA

P&A GROUP EST. 1975

EMPLOYER & EMPLOYEE BENEFITS

Promote a healthy lifestyle with your workforce and get a tax break when you offer a special reimbursement plan: P&A's Wellness HRA. This section 105(h) plan is a win for employers because it's 100% tax-deductible and it's also a great addition to your benefits package – a nice perk for your workforce. HRAs are completely employer funded, giving employees an additional benefit that costs your staff nothing out of pocket. Wellness HRAs also complement employer health and wellness initiatives by rewarding employees for making healthy choices.

CREATIVE PLAN DESIGN OPTIONS

Wellness HRAs are flexible and can be easily integrated into your existing benefits strategy. You can pre-determine what wellness activities employees complete in order to earn funds in their HRA, like getting an annual physical, completing a biometric screening or doing a health risk assessment. You can also choose how frequently you want the HRA funded: as activities are successfully completed, quarterly, up front, or on a different schedule that best meets your business needs.

CREATE YOUR WELLNESS PLAN



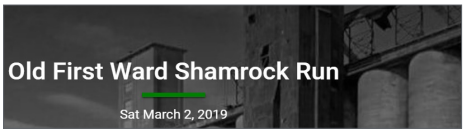
1. Create your plan design and determine what activities will earn HRA funds.
2. Establish a funding frequency , i.e., annually, monthly, quarterly.
3. Communicate your new plan to employees! Take advantage of P&A's marketing services to help educate your employees.



ADDITIONAL WELLNESS OPTIONS

You can also setup a special reimbursement program* for employees that refunds fitness club memberships, fitness classes, races and more. While this type of reimbursement can be taxable to the employee, it provides employees with additional savings on healthy activities – an added bonus for your employees!





**Fitness memberships and fitness expenses reimbursed through the Wellness HRA are taxable to the employee in the year received by the employee.*



P&A GROUP WELLNESS BENEFITS CARD

P&A's Benefits Card uses smart debit card technology so that only pre-approved eligible expenses can be purchased using the card. Participants can swipe the card at the point-of-service and expenses are automatically deducted from their HRA account.

Cards are valid for three years from the date of issue and can be re-set with HRA funds every plan year. Employees can order cards for their spouse or eligible dependent(s) for free online at www.padmin.com or by calling P&A Group's Customer Service Support Team.



P&A Group can create a customized Benefits Card for Catholic Health's Wellness HRA.



WELLNESS HRA PERKS

- √ Tax-deductible savings for employers
- √ Reduces overall medical costs and helps employees live happier, healthier lives
- √ Encourages workplace wellness
- √ Adds value to Catholic Health's benefits package
- √ Generates positive feelings of goodwill for employees because offering conscientious plans like a Wellness HRA shows employees their welfare is valued by their employer

City of Harrisonburg

Your Guide to Pre-Tax Savings

FSA Rules to Remember

Plan Year

July 1, 2021 - June 30, 2022

Health FSA Carry Forward

An employer- chosen provision allowing up to a maximum of $550 of unused Health FSA funds to roll over into the next plan year.

Run-Out Period

You have until August 31, 2022 to submit for expenses incurred during the plan year.

Use or Lose Rule

Unused Dependent Care Account balances or any amount over $550 in the Health FSA will not rollover. Remember, only contribute money you are confident you will use to pay for qualified expenses during the plan year.

NEW Over-the-counter (OTC) medications are now reimbursable under Flexible Spending Accounts without requiring a prescription or completing a Letter of Medical Necessity Form. This provision is retroactive to January 1, 2020. Menstrual care products are also now reimbursable as eligible expenses, including tampons and pads.



WHAT IS A FLEXIBLE SPENDING ACCOUNT?

A Flexible Spending Account (FSA) allows you to set aside a portion of your pay pre-tax to use for medical, dental, vision, and child care/elder care expenses that are not covered by insurance, or only partially covered. Because it is deducted from your pay before taxes, you can save up to 30% on your dollar (depending on your tax bracket)! Estimate how much you usually spend on these types of expenses in a year and set aside that dollar amount into your FSA. PLEASE NOTE: You do not need to be enrolled in your company's health insurance plan in order to participate in the FSA.

Health Flexible Spending Account

Covers the cost of medical, dental, and vision expenses incurred by you and or your eligible dependent(s). Eligible expenses include deductibles, co-pays, prescriptions, eyeglasses, and dental work.

Maximum annual election amount: $2,750

Limited Purpose Health Flexible Spending Account

If you enroll in a Health Savings Account, any unused Health FSA funds will rollover into the Limited Purpose FSA. New elections are NOT permitted for the Limited Purpose FSA.

Covers the cost of dental, vision care and preventive medical care expenses. "Preventive care" includes annual physicals, blood tests, and immunizations for adults and children.

Dependent Care Assistant Account

Covers the amount you pay to daycare centers, babysitters, after school programs, day camp programs and eldercare facilities. This account does NOT reimburse medical expenses for your dependent(s). It is for qualified daycare expenses only.

Maximum annual election amount: $5,000

FLEXIBLE SPENDING ACCOUNT

P&A BENEFITS CARD



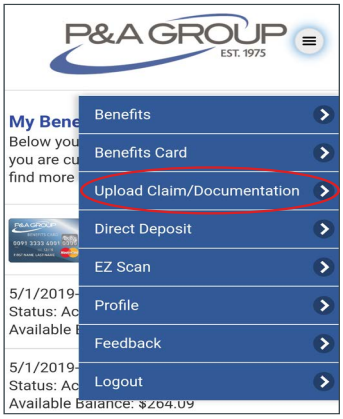
Your employer offers a Benefits MasterCard for employees who participate in the plan. The Benefits MasterCard works like a debit card. When you incur an eligible expense, swipe your card at the point-of-service and the expense will automatically be deducted from your FSA balance. If you are unable to use your Benefits Card, you can still be reimbursed for all eligible expenses. Save your receipt and submit a claim to P&A Group using one of the methods below. For all purchases, we encourage you to save your receipts in case documentation is requested. NOTE: This card cannot be used at an ATM machine to withdraw cash.

Your Benefits Card is valid for three years from the date of issue. If this is your third year enrolling with P&A Group, you may be receiving a new Benefits Card in the mail. A new card is automatically mailed to your home address when it's time for you to receive a new one.

4 WAYS TO SUBMIT YOUR CLAIMS

P&A Group Mobile App

Download our mobile app and log into your account. Go to the menu and tap Upload Claim/Documentation to submit your claims.



QuikClaim from Your Smartphone

Capture a picture of your receipt or other supporting documentation of your eligible expense. Log into your account from your mobile device at **www.padmin.com** by selecting Account Login and follow the prompts on your screen.

Electronic Claim Upload from Your Computer

Submit claims directly online at P&A's website **www.padmin.com** by logging into your P&A account. Select Upload Claim/Documentation under Member Tools.

Fax or Mail a Paper Claim

Complete a claim form and fax or mail it to P&A Group. Claim forms are available when you log into your account at **www.padmin.com**.

FAX: (877) 855-7105

MAIL: P&A Group 17 Court St. Ste 500 Buffalo, NY 14202

When submitting a claim make sure to include proof of service/documentation (itemized receipt, etc).

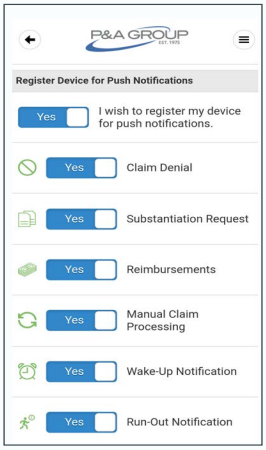
MOBILE APP

Manage your account through our mobile app. Go to the App Store or Google Play and search "P&A Group" to download it today!

Download on the App Store | GET IT ON Google Play

- √ Register for account alerts
- √ Submit claims
- √ Order a Benefits Card
- √ Check your account balance & more!

Opt-in to get account alerts



QUESTIONS?

HRS: Monday - Friday, 8:30 a.m. - 10:00 p.m. EST.

PH: (800) 688-2611

WEB: www.padmin.com

MAIL: 17 Court Street
Suite 500
Buffalo, NY 14202

Introducing the P&A Group Parking Plan



What is the Pre-Tax Parking Plan?

The Parking Plan helps you save taxes on the money you use to pay for work-related parking by using pre-tax dollars on eligible parking costs. Depending on your tax bracket, you can save up to 40% on state, federal and FICA taxes when you enroll in this plan.

How Does It Work?

Estimate the money you expect to pay for work related parking expenses and have that dollar amount withheld from your paychecks pre-tax each month. The money you elect to be withheld from your paycheck is credited to an account in your name that is used to pay for your work related parking expenses.

For Example:

Let's assume you spend $100.00 per month for parking at work. This expense is inevitable for those who drive to work every day. The average person's tax bracket is about 30%, meaning they have to make $130.00 in income to be able to take home $100.00 as disposable income after tax deductions have been made.

By signing up for the Parking Plan, $100.00 will be withheld from your paychecks over a month-long period *pre-tax*, so you never have to pay the state, federal and FICA taxes on your parking expenses! If you fall within a 30% tax bracket this will save you $30 every month.

See reverse side for more plan details!

Parking Claims

Choose from one of the three easy options below to receive reimbursement for your parking expenses.

1 *QuikClaim*

Instantly submit claims and receipts directly from your smartphone. Log into your account at www.padmin.com from your mobile device by selecting **Account Login** and following the prompts on your screen.

2 *Electronic Claim Upload*

Upload claims through P&A's website www.padmin.com when logging into your P&A account. Select **Upload a Claim** under the **Member Tools** tab.

3 *Fax or Mail a Paper Claim*

Claim forms are available when you log into your account at www.padmin.com. Complete a claim form and fax or mail it to P&A Group.

FAX: (877) 855-7105
MAIL: P&A Group
17 Court St.
Suite 500
Buffalo, N.Y. 14202

P&A Group Benefits Card



If you enroll in this plan you will receive a debit card that can be used to pay for your parking expenses right at the point-of-service. Employees who enroll in the Flexible Spending Account (FSA) and the Parking Account will receive one debit card for both accounts. ***If you are currently enrolled in the FSA and enroll in the Parking Account, your election amount will be automatically added to your current debit card.***

Using Your Parking Account

When you incur a work-related parking expense, simply swipe your P&A Benefits Card at the point-of-service and the funds will automatically be deducted from your pre-tax Parking Account. If your parking ramp does not accept debit/credit cards, you can submit a claim to P&A for reimbursement. (See the gray column for P&A's easy claim options.) You can receive reimbursement up to the amount available in your P&A Parking Account.

If the cost of your parking increases or decreases, you may change the amount of your salary withholding for parking each month, with any change you make becoming effective with the first pay period beginning on or after the following month.

Parking Claims Reimbursement

Typically, you will be reimbursed 3-5 business days after P&A receives the claim as long as there are funds available in the account. You will be reimbursed by check, but you also have the option to sign-up for direct deposit reimbursement. Direct deposit is recommended- it provides faster reimbursement time, and the opportunity to go green and use less paper! To enroll in direct deposit, log into your P&A Account and select **Direct Deposit** under the **Quick Links** menu.

Maximum Pre-Tax Contribution Amounts

The IRS issues monthly maximum contribution amounts, which are subject to change and usually do once a year. Currently, the maximum amount of pre-tax parking reimbursement that you may receive is $255 per month.

How to Log Into Your Account

Go to www.padmin.com and at the top of the page select the blue login box. From the drop down, select **Employees**. Use your login credentials to log into your My Benefits Account Login. If this is your first time logging in, select the "first time logging in" hyperlink in the gray box to setup your username and password.

Customer Service

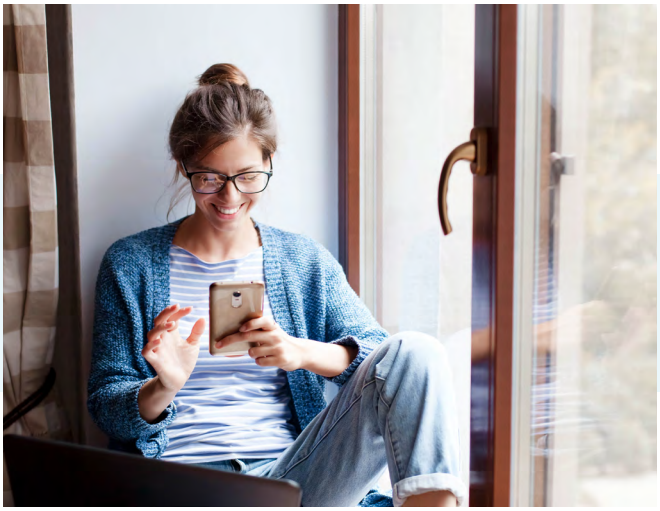
Call (800) 688-2611 to speak with a representative or use P&A Group's online webchat at www.padmin.com (click the live chat button in the upper right hand corner). Customer service hours are Monday-Friday, 8:30AM to 10:00PM ET.

Flexible Spending Account



P&A GROUP
EST. 1975

Save money on eligible expenses and increase your take-home pay!



FSA Glossary

ANNUAL ELECTION AMOUNT

This is the total dollar amount you elect to put into your FSA at the beginning of each plan year.

DEPENDENT

A person whose expenses are eligible for reimbursement through the employee's FSA. A dependent also includes any child of a participant whose 27th birthday will not have occurred by the last day of the current calendar year. Please visit our website www.padmin.com for more information.

ELIGIBLE EXPENSE

Items that are reimbursable under the FSA Plan are classified as "eligible expenses" according to IRS rules. For a detailed list of what is eligible please refer to page 10.

FICA

Taxes collected for Social Security and Medicare benefits.

FLEXIBLE SPENDING ACCOUNT

Also known as an FSA; a pre-tax benefit plan that enables the employee to save up to 30-40% on eligible expenses. By enrolling in this plan, the participant saves on state (except in New Jersey), federal and FICA taxes.

GRACE PERIOD

An employer-chosen provision that gives you two and a half months after the end of the plan year to incur eligible expenses, as long as you are actively enrolled as of the last day of the plan year.

HEALTH FSA CARRY FORWARD

An employer-chosen provision allowing up to a maximum of $570 of unused Health FSA funds to carry forward into the next plan year. The increase will be indexed in future years.

OPEN ENROLLMENT

A designated time, prior to the start of your plan year, during which employees can enroll in the FSA plan and change their benefit elections.

PLAN YEAR

Typically, a twelve month period during which the annual election is effective.

RUN-OUT PERIOD

A period of time after the plan year ends during which participants may submit receipts for expenses that were incurred during the plan year or grace period.

UNIFORM COVERAGE RULE

This rule allows you to access your entire annual election for the Health FSA immediately after the start of the plan year. All other accounts are "pay-as-you-go." This rule only applies for the Health Flexible Spending Account.

USE OR LOSE RULE

An IRS rule which states that employees must spend any remaining balance in their FSA by the end of the plan year. If you don't spend the money, you forfeit it.



HOW IT WORKS

Under this plan you can use pre-tax money to pay for different kinds of expenses, including: your medical, dental and vision care expenses that are not covered by your insurance; the cost of caring for a dependent while you work; the cost of dental, vision and accident insurance not provided by your employer; and, your cost of adopting a child.



WHEN YOU ENROLL

When you enroll you determine the amount of expenses you anticipate for the upcoming year. The benefits you elect are paid for with pre-tax dollars deducted from your paycheck each payroll period. These dollars are subtracted from your gross earnings before taxes are taken out.



ENHANCED BENEFITS

FSAs are designed to cut predictable costs while increasing your take-home pay. Maximize every dollar by taking advantage of this benefit choice. Alleviate those high out-of-pocket expenses by enrolling in a plan that works for you.

Please see page 10 for a sample list of FSA eligible expenses.

A Flexible Spending Account (FSA) is a benefit plan your employer sponsors that allows you to save Federal, state and Social Security (FICA) taxes on eligible expenses. When you enroll in an FSA, you increase your take-home pay and improve your bottom line!

EXAMPLE OF HOW THE TAX-SAVINGS WORKS

Bi-Weekly Payroll Example	
Estimated Amount of Eligible Expenses	$720
Bi-weekly Payroll	24 paychecks*
$720/24 paychecks =	a deduction of $30 per paycheck
*No payroll deductions are taken from the first and last pay period in the calendar year.	

Weekly Payroll Example	
Estimated Amount of Eligible Expenses	$720
Weekly Payroll	48 paychecks*
$720/48 paychecks =	a deduction of $15 per paycheck
*No payroll deductions are taken from the first two and last two pay periods in the calendar year.	

WHOSE EXPENSES ARE ELIGIBLE?

Under the plan, only the expenses of a participant, a participant's spouse or a participant's dependent(s) qualify for pre-tax treatment. If you are unsure if a person qualifies as an eligible dependent, please refer to P&A's website for a more detailed definition.

YOUR SPENDABLE INCOME INCREASES!

When you elect pre-tax benefits under a flexible benefits plan, you lower your taxable income on your W-2; therefore, you pay less in taxes and increase your spendable income. Depending on your tax bracket, this plan can save you 30% to 40% on qualifying expenses!



Enrollment Information



Any benefits you elect are paid for with money that is withheld from your pay. These pay reductions do not count as income for income tax or Social Security tax purposes. This means that the Plan allows you to use tax-free dollars for expenses that would otherwise have to be paid for with money that you have already paid taxes on.

WHEN CAN I ENROLL?

Participants can enroll in an FSA during open enrollment. This is the period of time determined by the employer when employees can elect their benefits and determine how much money to put into an FSA.

MAY I CHANGE MY BENEFIT ELECTION?

You may only make a change in your election(s) during open enrollment. This means you may not make a change in your election(s) after the open enrollment period unless you experience a qualifying event, which includes the following:

- a change in legal status (e.g., marriage, death of your spouse, divorce, legal separation or annulment),
- a change in the number of your dependents due to events such as birth or adoption and,
- a termination or commencement of employment by your spouse or dependent.

Mid-year election changes will be permitted to the extent allowed by IRS regulations. Changes must be requested within 30 days of the qualifying event.

WILL MY SOCIAL SECURITY BENEFITS BE AFFECTED BY MY CONTRIBUTIONS TO THE PLAN?

Your Social Security benefits may be slightly reduced because, when your pay is reduced to cover your benefits under the Plan, the amount of contributions that are made to the federal Social Security system to provide you Social Security benefits also are reduced. However, for most employees, the reduction in Social Security benefits will be insignificant compared to the value of paying lower taxes today.

USE OR LOSE RULE

Under IRS guidelines, if you contribute money to a reimbursement account and do not use all of the money you deposit, you will lose any remaining balance in the account at the end of the plan year. Only contribute money you are confident you will use to pay for qualified expenses during the plan year!

If your employer selects the option to add the grace period provision or Health FSA carry forward provision to the plan, the "use-or-lose" rule will be modified. Please check your Summary Plan Description (SPD) for details specific to your plan.

IMPORTANT NOTE:

Remember, unless you experience one of the limited circumstances allowing for election changes during the Plan Year, you will not be able to reduce or increase the amounts designated on your enrollment form, nor will you be able to change amounts from one account to another. This is why you are encouraged to plan carefully before you enroll in this plan!

Tax Savings

Whether you are an individual, part of a dual-income household or a couple with one working spouse, a Flexible Spending Account will provide you with additional benefits and more take-home pay.

INDIVIDUAL

In the illustration below, the single employee earns $42,000. She uses the flex plan to pay for her health insurance co-payments, deductibles and vision expenses. By using a flex plan, she increases her take-home pay by $468. That is additional take-home pay she can use for herself!

WORKING COUPLE WITH DEPENDENTS

This husband and wife both work. They have two children and make a total combined income of $114,000. They use the flex plan to help pay for orthodontia and child care for their younger child. The chart shows that this couple increases their monthly take-home by $256 a month or $3,072 total this year. That gives them additional money for the emergency expenses every family has and allows them to set some money aside to fund an additional retirement plan.

COUPLE – ONE WORKING SPOUSE

With grown children and only one spouse working, this couple has no child-care expenses. The annual salary of the working spouse is $90,000. They use the flex plan to meet their health insurance deductibles and to pay for dental care expenses. The flex plan increases the spouse's take-home pay by $52 per month, or $624 for the year – a nice raise for the family budget!

Monthly Expenses	Individual		Working Couple With Dependents**		Couple- One Working Spouse***	
	WITHOUT FSA	WITH FSA	WITHOUT FSA	WITH FSA	WITHOUT FSA	WITH FSA
Gross Monthly Income	$3,500	$3,500	$9,500	$9,500	$7,500	$7,500
Less Non-Deductible Benefits						
Medical/Dental Expenses		$150		$300		$200
Child Care Expenses				$400		
Total Monthly Income Subject to Tax	$3,500	$3,350	$9,500	$8,800	$7,500	$7,300
Monthly Federal & State Taxes*	$428	$401	$815	$613	$380	$344
Monthly Social Security & Medicare Taxes	$268	$256	$727	$673	$574	$558
After Tax Income	$2,804	$2,693	$7,958	$7,514	$6,546	$6,398
After Tax Expenses						
Medical/Dental Expenses	$150		$300		$200	
Child Care Expenses			$400			
Monthly Spendable Income	$2,654	$2,693	$7,258	$7,514	$6,346	$6,398
Annual Increase in Take-Home Pay		$468		$3,072		$624

**Federal and state taxes reflect 2021 federal tax rates and typical state taxes with standard deductions and exemptions.*
***Working couple assumes married filing jointly, with two children under age 13 for which eligible child care expenses are incurred.*
****Couple with one working spouse assumes married filing jointly.*

Account Options



INDIVIDUAL PREMIUM REIMBURSEMENT FSA

Use this account to pay for certain premium/disability premiums for non-employer sponsored coverage.

Eligible expenses include:

- disability premiums
- individual accident, dental or vision premiums

PLEASE NOTE: If you use this account to pay for the cost of your individual disability policy, the benefit you would receive will be taxed. The IRS does not allow you to use tax-free dollars and receive a tax-free benefit for the same expense.

HEALTH FLEXIBLE SPENDING ACCOUNT

Enroll in a Health FSA to save money on medical, dental and vision expenses that are only partially covered or not covered at all by insurance.

Eligible expenses include:

- braces
- eyeglasses/prescription sunglasses
- insurance deductibles, co-payments
- OTC medications

If you enroll in a Health FSA, the total amount you elect will be available for use beginning on the first day of your plan year. You will be entitled for reimbursement of claims up to the entire elected amount even if the total salary reduction contributions are less than the total amount of claims that you have submitted.

The Health FSA is the only account where participants have access to their full annual election immediately. All other accounts accrue the election amount on a per pay deduction basis.

DEPENDENT CARE ASSISTANCE FSA

Set aside money into this account to pay for dependent daycare expenses for your eligible dependents. See page 17 for details on eligible dependents. Childcare expenses are only eligible until the date your dependent child turns 13.

Eligible expenses include:

- after school programs
- babysitters
- caregivers/eldercare
- daycare centers

ADOPTION ASSISTANCE FSA

With an Adoption Assistance FSA, you can save money on reasonable and necessary adoption expenses.

Eligible expenses include:

- adoption agency fees
- attorney fees
- court costs

PLEASE NOTE: This account is subject to FICA taxes. You save only federal and state income taxes.

Claims & Reimbursement FAQs



WHAT DOCUMENTATION DO I NEED TO SUBMIT IN ORDER TO GET REIMBURSED?

For the Health FSA:

- Insurance company statement or Explanation of Benefits (EOB)
- Itemized bill from the provider showing date of service, services rendered, provider of service, amount paid and, if applicable, amount covered by insurance
- Prescription claims MUST include the Rx pharmacy receipt with Rx number. Credit card receipts are not acceptable

For the Dependent Care Assistance Account:

A claim must include the name, address and taxpayer identification number of the dependent care service provider. In the case of a babysitter, the taxpayer identification number is the babysitter's Social Security Number. If you cannot remit a copy of your bill/contract, your daycare provider can sign your claim form and you upload as your "receipt."

For the Individual Premium Reimbursement Account:

When submitting a claim for this account, you must include a copy of the insurance company billing statement or vision/accident/dental invoice.

For the Adoption Assistance Account:

P&A Group must have evidence that you have started an adoption. This would be apparent if you submit a bill from an adoption agency or a document from a court indicating the nature of the judicial proceeding. Also, P&A must be able to see that expenses like travel costs are related to your adoption proceeding.

HOW DOES P&A REIMBURSE ME?

The quickest way to receive your money is by direct deposit into your personal checking or savings account. Sign up for direct deposit by logging into your account from our mobile app (see page 9 for more info) or log into your account at www.padmin.com. If you don't enroll in direct deposit, you will receive reimbursements via check mailed to you at home. Once enrolled in direct deposit, all reimbursements are made through direct deposit until we are otherwise notified.

WHAT IS THE MAXIMUM AMOUNT I CAN BE REIMBURSED?

Medical, dental, vision expenses will be reimbursed based on the total amount indicated on the claim request. This amount must not exceed your total plan-year election amount.

Dependent care expenses will be reimbursed based on the amount indicated on the claims request up to the total amount in your account (payroll deducted) at the time the claim is received. Total amounts must not exceed your plan-year election amount and must be submitted with appropriate documentation to verify eligibility of expenses.

- Minimum check reimbursement is $25.00
- Minimum direct deposit reimbursement is .50¢

RECEIVE FASTER REIMBURSEMENTS - ENROLL IN DIRECT DEPOSIT!

Enjoy receiving your reimbursement quicker, without the hassle of a check!

Benefits Card



P&A Group offers a Benefits MasterCard to participating employers who choose this option for their employees.



- The Benefits Card works like a debit card.
- Your card is activated automatically the first time you use it.
- The Benefits Card cannot be used at an ATM machine to withdraw cash.
- Order dependent cards or replacement cards at no cost!

Order New Or Additional Cards for Your Dependents

Your Benefits Card is valid for three years from the date of issue. When it's time for you to receive a new card, your card will automatically be mailed to your home address in a plain white envelope. Additional cards may be ordered online for your spouse or eligible dependent, as long as they're 18 years of age.

To order a Benefits Card online, download our mobile app and log into your account. You can also log into your P&A account at www.padmin.com and click Benefits Card Order Form under Quick Links.

How the Card Works

01 When you incur an eligible expense, present your Benefits Card to the provider of the goods or services you are purchasing.

02 Swipe your card at the point-of-service and the expense is automatically deducted from your FSA balance.

03 Save your receipt. P&A encourages you to save your receipts for all purchases in case documentation is requested.

If you are unable to use your Benefits Card, you can still be reimbursed for eligible expenses by submitting a claim to P&A Group (see page 7 for more info).

How to Submit a Claim

You can submit claims for reimbursement of qualified expenses incurred during the plan year. Each plan also allows for a "run-out" period at the end of the plan year when you can submit claims.

Choose from several convenient ways to submit your claims. Use our mobile app, upload claims from your computer/tablet/mobile device, or fax/mail a copy to P&A Group.

P&A GROUP MOBILE APP

Download our mobile app and log into your account to submit your claims. Choose Upload Claim/Documentation from the menu and follow the prompts on your screen.

QUIKCLAIM MOBILE SUBMISSION*

Submit a claim directly from your smartphone. First, capture a picture of your receipt or other supporting documentation for your eligible expense. Then, log into your P&A account at www.padmin.com on your smartphone. Select Upload and follow the prompts on your screen.

UPLOAD FROM YOUR COMPUTER

Upload proof of purchase for your eligible expense (i.e., cash register receipt, EOB) by first scanning the documentation into your computer. Then log into your account and select Upload Claim/Documentation.



FILE A PAPER CLAIM

Claims can also be faxed or mailed. Complete a claim form (log into your account at www.padmin.com to access and print the form) and fax or mail to P&A Group, along with proof of purchase of your eligible (i.e., itemized receipt, EOB).

Toll-free fax: (877) 855-7105
Mail: 17 Court Street, Suite 500 Buffalo, NY 14202

NOTE: Reimbursements are based on when the service is provided, not when the service is billed or paid.

** Not all mobile claim upload features are currently available on all mobile devices or with all operating systems. Wireless carrier fees may apply. Requires at least a 2-megapixel camera.*



P&A Digital Tools

At P&A Group, our tools are built specifically for you to make account management convenient and straightforward. View your account balance or claim history, upload a claim electronically, chat with a Participant Support Specialist and more - all from your P&A account.

PENNY PANDA VIDEOS

Need a refresher on how to use your account, submit a claim or login? View P&A's Penny Panda video library on our YouTube channel or click here.

MOBILE APP DIGITAL ACCOUNT TOOLS

Helpful tools are also available to make your account more convenient. See next page for more details!

SPANISH SPEAKING AGENTS ARE AVAILABLE TOO

If you prefer, you can speak with a Spanish speaking Participant Support Specialist when you contact our Support Center!

HOLA!

Get the most out of your FSA with P&A's easy-to-use features and support center.

Need Help? We're Here for You!

Contact P&A's Participant Support Center with any questions about your account. Participant Support Specialists are available to assist you Monday - Friday, 8:30 a.m. - 10:00 p.m. ET.

Call to speak with an agent or use live webchat to connect online!

WEB: padmin.com
PHONE: (716) 852-2611 or (800) 688-2611

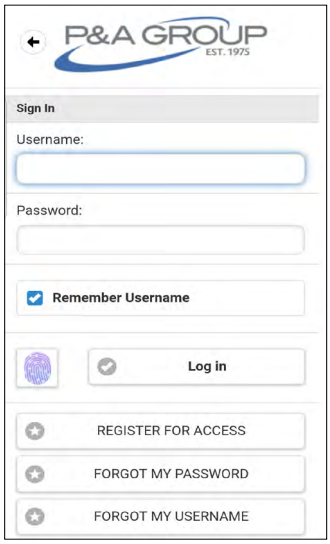
Log Into Your Account

Go to www.padmin.com. In the login box, select "Participant" and "Reimbursement Accounts" from the drop down menus. Click "Go to Login and enter your username and password. If this is your first time logging in, click the "first time logging in" link to create your unique username and password. You can also manage your account through our mobile app.

P&A Mobile App

Download on the App Store

GET IT ON Google Play



Download the App Today!

Go to the App Store (On Apple devices) or Google Play (on Android devices) and search "P&A Group" to get the app.

SIGN-IN WITH TOUCH ID

With P&A's mobile app, you can sign in with new touch ID technology using your fingerprint. Just turn the fingerprint scanner option on under your phone settings and register your fingerprint under your P&A account profile. Once activated, you can sign into your P&A account with the touch of your finger or enter your username and password.

GET ACCOUNT ALERTS

Opt-in to receive helpful alerts on-the-go!

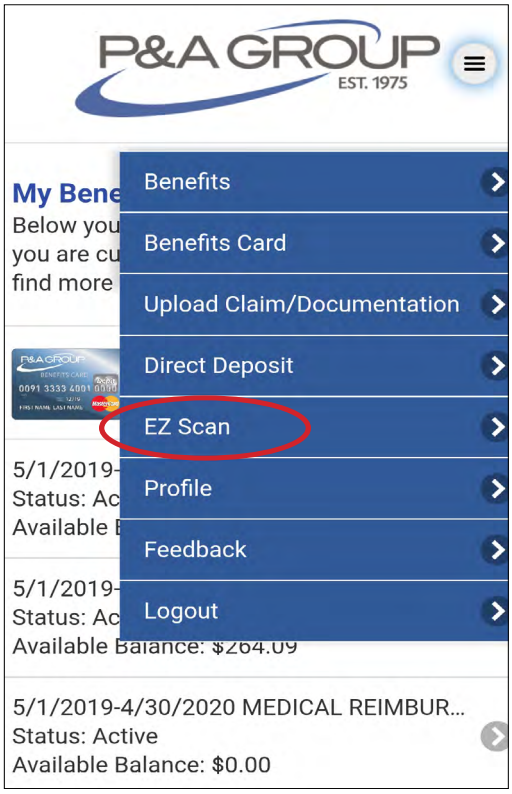
Using your account just got easier with EZ Scan & Mobile Pay!

EZ SCAN

Determining product eligibility just got a little easier with EZ Scan, P&A's FSA eligibility tracker. Using EZ Scan you can scan the barcode of any product to see if it's an eligible or ineligible expense. To access EZ Scan, log into your account from P&A's mobile app and click "EZ Scan" from the drop down menu.

MOBILE PAY

Purchasing eligible expenses is now even easier with P&A's Mobile Pay option – a secure digital payment method that allows you to pay for eligible benefit account expenses digitally, through your mobile device, at the point-of-service. Mobile Pay can be used instead of your Benefits Card, so if you don't want to bring your card with you, or if you forgot it at home, you can still use your account at the point-of-service. Mobile Pay is free and easy to set up. Click here for instructions on how to get Mobile Pay or visit https://padmin.com/blog/pa-mobile-pay-now-available-for-participants/



FSA Sample Eligible Expense List

ELIGIBLE HEALTH FSA EXPENSES

- Acupuncture
- Alcoholism treatment
- Allergy medication, nasal sprays
- Ambulance
- Analgesics, fever reducers, pain reducers (aspirin, ibuprofen, acetaminophen)
- Antacids and heartburn relief
- Antibiotic ointments
- Anti-itch creams and hydrocortisone creams
- Arthritis pain relieving creams
- Athlete's foot treatment, anti-fungal creams
- new At-home COVID-19 tests
- Artificial teeth/dentures
- Bandages
- Birth control - only eligible with a prescription
- Blood pressure monitors
- Braces
- Braille-books and magazines
- Breast pumps and lactation supplies
- Cancer screening
- Chiropractors
- Chondroitin
- Co-insurance amount you pay
- Cold/hot packs
- Cold medicines, tablets, syrups, cough drops & lozenges
- Co-pay amount you pay
- Compression hose (30-40 mmHg or higher)
- Condoms
- Contact lenses and eyeglasses
- Contact lens solutions
- Cost of medically necessary operations and related treatments
- Crutches
- Deductible medical coverage (amounts you pay)
- Dental fees
- Diabetic supplies
- Diaper rash ointment
- Drug addiction treatment
- Ear wax removal kits
- Eye exams, eye surgery
- Eye glasses (protection plans/warranties are NOT eligible expenses)
- Eczema treatments
- Feminine hygiene products
- Fertility treatments (in vitro fertilization, surgery)
- First-aid cream
- Glucosamine
- Hearing devices and batteries
- Hemorrhoid treatments
- Hospital services
- Incontinence products
- Infertility treatments
- Insulin
- Laboratory fees
- Lamaze classes
- Latex gloves
- Laxatives
- Medical alert bracelets
- Medical information plan
- Menstrual pain relievers
- Mentally handicapped persons cost of special home care
- Motion sickness pills
- Nasal spray and strips
- Nicotine gum, patches
- Nursing services (including boarding)
- Obstetrical expenses
- Orthotics
- Over-the-counter medications
- Oxygen
- PPE (i.e.,face masks, hand sanitizer, sanitizing wipes).
- Petroleum jelly
- Prosthesis
- Pregnancy tests
- Prenatal vitamins
- Psychiatrists' and psychologists' fees
- Radial keratotomy and lasik eye surgery
- Routine physical & other non diagnostic services or treatments
- Sinus medication
- Smoking cessation programs
- Speech therapy
- Special education for the blind
- Special plumbing for handicapped
- Sterilization (i.e., tubal ligation,vasectomy) and reversal
- Stomach and digestive relief items
- Sunburn cream (Solarcaine)
- Surgical fees
- Telephone, special for hearing impaired
- Television audio display equipment for hearing impaired
- Therapeutic care for drug and alcohol addiction received as medical treatment
- Thermometers
- Toothache and teething pain relievers
- Transportation expenses for person to receive medical care
- Urinary pain relief medication
- Vaccines
- Varicose vein, treatment of
- Walkers
- Wart removal, i.e., W Freeze Off (certain wart medicines may require a prescription)
- Wheelchair
- X-rays
- Yeast infection medication

ELIGIBLE HEALTH FSA EXPENSES ONLY WITH A LETTER OF MEDICAL NECESSITY FORM

- Acupressure
- Compression hose (20-30 mmHg)
- Dietary supplements
- Doula
- Exercise programs or equipment
- Fiber supplements
- Humidifier
- Hypnosis
- Lead-base paint removal
- Massage therapy, rolfing therapy
- Mineral supplements
- Occupational therapy
- Orthopedic shoes (Reimbursement is permitted for the cost difference between orthopedic shoes and regular shoes.)
- Scooter, electric
- Service animal (guide dogs are eligible without a LOMN)
- Tuition/meals/lodging for special needs schooling
- Vitamins
- Water-Pik

NEVER ELIGIBLE

- COBRA premiums
- Concierge service fees - only medical services actually provided are eligible for reimbursement; membership fees for concierge services are not eligible for reimbursement
- Cosmetic products and cosmetic surgery (unless to remediate damage from an illness or injury)
- Disposable diapers
- Diet program foods
- Electric toothbrush
- Electrolysis
- Fitness programs*
- Hair transplants*
- Household help
- Maternity clothes
- Teeth whitening*

**Unless prescribed by a doctor to treat an existing illness or injury.*

ELIGIBLE DEPENDENT CARE FSA EXPENSES

- Babysitters
- Daycare centers
- Nursery schools
- After-school programs
- Day camp
- Eldercare
- (Overnight camps are NOT eligible)

ELIGIBLE INDIVIDUAL PREMIUM FSA EXPENSES*

- Individual dental/vision/accident coverage
- Individual disability premiums

***PLEASE NOTE:** If you use this account to pay for the cost of your individual disability policy, the benefit you would receive will be taxed. The IRS does not allow you to use tax-free dollars and receive a tax-free benefit for the same expense.

ELIGIBLE ADOPTION ASSISTANCE FSA EXPENSES

- Reasonable and necessary adoption fees
- Court costs
- Attorney's fees
- Travel expenses



Expense eligibility is subject to change. If you are unsure if an expense is eligible for reimbursement, please call P&A Group at (716) 852-2611 or (800) 688-2611. You can also chat with a Participant Support Specialist by online webchat at **padmin.com.**



Flex spending with zero guesswork.

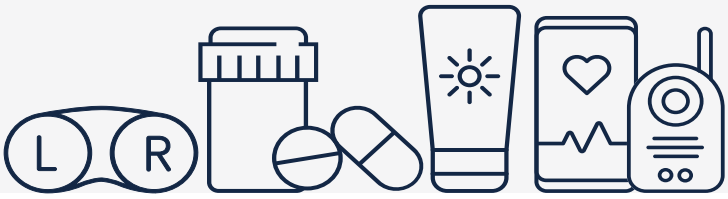
Shop for your FSA-eligible health needs through FSA Store, P&A's vendor partner and the largest selection of guaranteed FSA-eligible products.

Visit www.padmin.com/fsaextras

and get instant access to great deals and more, including money-saving tips from a Learning Center, an Eligibility List and other features to help answer your toughest FSA questions.

- The largest selection of guaranteed FSA-eligible products
- 24/7 support, FREE shipping on orders over $50
- Are your health needs eligible? Easily check with our expansive Eligibility List
- Need an Rx? We'll work with you to make getting one easier
- Learning Center Get daily money-saving info
- Use your FSA card or any major credit card

Everything 100% guaranteed eligible.



Letter of Medical Necessity Form

Certain Flexible Spending Account (FSA) items are eligible for reimbursement only if a letter of medical necessity is provided. The letter must include the diagnosis of a medical condition and state that the expense is necessary to treat the medical diagnosis. It must also include the length of treatment. Examples of expenses that are deemed as medically necessary in order to treat a medical condition (and therefore are eligible for reimbursement under the FSA plan) include massages, gym memberships and weight loss programs. Your physician must complete and sign the form below, thereby acknowledging that the medical expense is being used to treat a medical condition.

This form is valid for one year from the date of signature. A new form must be submitted annually.

EMPLOYEE INFORMATION

Company Name		Employee DOB
Employee Last Name	**Employee First Name**	**Last 4 Digits of SSN or Member ID #**
Patient Last Name (if different than above)		**Patient First Name (if different than above)**

PHYSICIAN'S DIAGNOSIS *(This section must be completed by the attending physician to confirm if treatment is necessary for a specific medical condition.)*

Healthcare Provider Name	Provider License No.	Healthcare Provider Phone No.
Diagnosis Date (mm/dd/yyyy)	**Treatment Start Date (mm/dd/yyyy)**	**Treatment End Date (mm/dd/yyyy)**
/ /	/ /	/ /

Please diagnose the medical condition being treated.

Describe the required treatment.

I assert that this treatment is medically necessary to treat the specific medical condition noted above. This treatment is not in any way intended for general health maintenance or cosmetic purposes.

Healthcare Provider Signature: X _____ Date: / /

Submit completed form to P&A Group.
Fax: (877) 855-7105 | Mail: P&A Group 17 Court Street Suite 500 Buffalo, NY 14202

Authorization for Release of Information

The HIPAA law was enacted to ensure your healthcare information remains private. As the employee and holder of the spending account, you may want to authorize someone other than yourself to have access to your P&A Group claim and plan information. For example, you may ask your spouse to contact P&A and inquire about a claim. By law, our Participant Support Specialists cannot speak to your spouse unless you have authorized the disclosure of protected health information in writing. In order to make the transition of information as seamless as possible, please complete this form and submit it to P&A. Please note, this form can be completed electronically by logging into your P&A Account. You also have the option of sending this form to P&A via fax or mail.

Fax: (877) 855-7105 Mail: 17 Court Street Suite 500 Buffalo, NY 14202

I. INFORMATION ABOUT THE USE OR DISCLOSURE

I hereby authorize the use or disclosure of my individually identifiable information as described below. I understand that this authorization is voluntary and that I may revoke it at any time by submitting my revocation in writing to the entity providing the information.

Participant name: SSN Number:

Persons authorized to receive the information:

Relationship to the participant, including authority for status as representative:

☐ I authorize any and all information shared with the above named persons, with the following exception(s):

Unless otherwise revoked, this authorization will expire on the following date: ____/____/___

If I fail to specify a date, this authorization will expire when I cease to be a participant under this plan.

II. IMPORTANT INFORMATION ABOUT YOUR RIGHTS

I have read and understand the following statements about my rights:

I may revoke this authorization at any time by notifying the providing organization in writing, but the revocation will not have any affect on any actions the entity took before it received the revocation.

I may see and copy the information described on this form if I ask for it.

I am not required to sign this form to receive my health care benefits (enrollment, treatment or payment).

The information that is used or disclosed pursuant to this authorization may be re-disclosed by the receiving entity. I have the right to seek assurances from the above-named persons/organizations authorized to receive the information that they will not re-disclose the information to any other party without my further authorization.

III. SIGNATURE OF PARTICIPANT

SIGNATURE: DATE: / /

Dependent Care Guidelines

QUALIFYING INDIVIDUALS

Dependent care expenses must be provided to Qualifying Individuals. A Qualifying Individual is defined as any of the following:

1. A person under age 13 who is your "qualifying child" under the Internal Revenue Code (the "code"). i.e., (a) he or she has the same principal residence as you for more than half the year, (b) he or she is your child or step-child (by blood or adoption), foster child, sibling or step-sibling, or a descendant of one of them; and (c) he or she does not provide more than half of his or her own support for the year.

If you are divorced or separated, you must be the primary custodial parent of your child in order to be eligible for this account (irrespective of whether which parent may claim a personal exemption for the child on his or her federal income tax return). Non-custodial parents may wish to check with your legal or tax advisor to see if special rules apply to you that would enable you to utilize this account.

2. Your spouse if he or she is physically or mentally incapable of self-care and has the same principal abode as you for more than half the year.

3. A person who is physically or mentally incapable of self-care, has the same principal abode as you for more than half the year and is your tax dependent under the Code (for this purpose, status as a tax dependent is determined without regard to the gross income limitation for a "qualifying relative" and certain other provisions of the Code's definition).

ELIGIBLE EXPENSES

Eligible expenses are defined as those that enable you (and your spouse, if any) to be gainfully employed* or to seek employment. They include the following:

1. Expenses for services provided by a dependent care center (including a day camp) that complies with all applicable state and local laws and regulations;

2. Expenses for the care of a Qualifying individual or for household services attributable in part to the care of a Qualifying individual

3. Expenses for services outside of your household for the care of a qualifying individual other than a person under age 13 who is your qualifying child, provided that qualifying individual regularly spends at least eight hours per day in your household.

In the case of any expenses for dependent care services provided by a child of yours, that child must be at least 19 years old at the end of the year in which the services were provided.

*If your spouse is a full-time student or is physically or mentally not capable of self-care, he or she is treated as if gainfully employed. A spouse is a "full-time student" if he or she is enrolled at and attends a school for the number of hours or classes that the school considers full time. Your spouse must have been a student for some part of each of five calendar months during the year.

PROHIBITED EXPENDITURES

Expenditures that are prohibited for reimbursement include the following:

1. Babysitting for social events;

2. Educational expenses;

3. Charges for overnight camp

4. Expenses that you will take as a child care tax credit on your income tax return; and

5. Expenses for services provided by your spouse, by a parent of your under-age-13 qualifying child or by a person for whom you or your spouse is entitled to claim a personal exemption on a federal income tax return.

MAXIMUM ANNUAL CONTRIBUTION

The maximum annual contribution is $5,000 ($2,500 if you are married and file separate income tax returns), but no more than the lesser of the earned income of you or your spouse. If your spouse is a full-time student or incapacitated, the maximum annual election is $3,000 for one child or $5,000 for two or more children. (Amounts subject to change due to IRS guidelines.)

P&A GROUP CUSTOMER SERVICE

HOURS: Monday - Friday, 8:30 a.m. - 10:00 p.m. ET

WEB: www.padmin.com

PHONE: (716) 852-2611 or (800) 688-2611

Flexible Spending Account



P&A Group
17 Court Street Suite 500
Buffalo, NY 14202

Phone: (716) 852-2611 or (800) 688-2611
Web: www.padmin.com
Volume: 4Acct_82022_Digital

P&A GROUP BENEFITS CARD

Your Benefits Card Perks

* Improve personal cash flow!
* Reduce the hassle of submitting claims and waiting for reimbursements.
* Order additional cards for your spouse or dependent(s) - at no cost to you!
* Real-time account balance available at www.padmin.com.



Order Additional Cards

Your Benefits Card is valid for three years from the date of issue. To order an additional card for your spouse or eligible dependent or to report a lost or stolen card, log into your account at www.padmin.com and select Benefits Card Order Form.

Customer Service

Contact P&A's customer service team for assistance.

Online web chat with an agent @ www.padmin.com.

(800) 688-2611

OPEN
Monday - Friday
8:30 a.m. - 10:00 p.m. ET

Your Benefits Just Got Easier.

Use your P&A Benefits Card to easily pay for your eligible expenses, including medical, dental, vision and dependent day care expenses, depending on your company's plan design. When you swipe the card at the point-of-service, the data is captured electronically and is automatically debited from your account. Your Benefits Card is "smart," and recognizes Merchant Category Codes (MCCs) and the Inventory Information Approval System (IIAS) so only eligible expenses are charged at pre-approved vendors.

Occasionally, you may have an instance where your card is declined because an expense isn't categorized as eligible, or the expense needs supporting documentation in order to be approved for reimbursement, like a Letter of Medical Necessity Form. If you're unable to use your Benefits Card, or if your provider doesn't accept debit cards, pay for the expense out-of-pocket and submit a claim for reimbursement to P&A Group, along with a copy of your receipt and any requested additional documentation.

Submit a Claim for Reimbursement.

Claims can be submitted directly from your computer or mobile device through QuikClaim, P&A's mobile claim upload option at www.padmin.com. You can also complete a claim form and submit it via fax or mail to P&A Group. Claim forms are available when you log into your P&A Group account at www.padmin.com. Go to Forms, then click Claim Form.

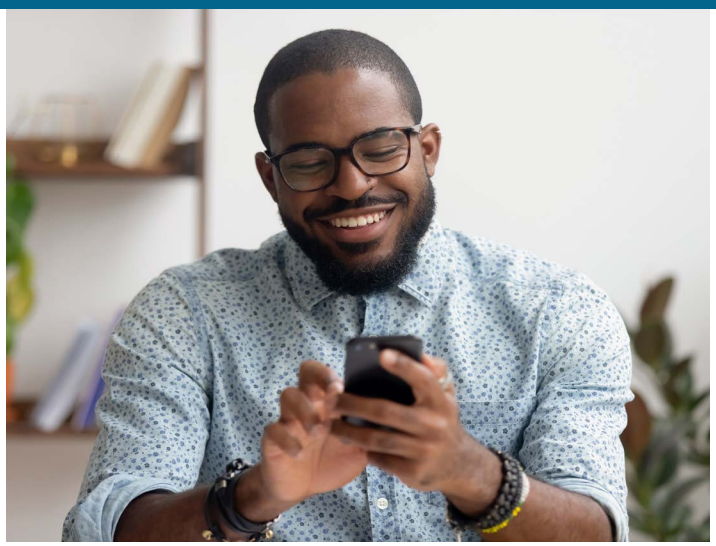
Download P&A Group's Mobile App!

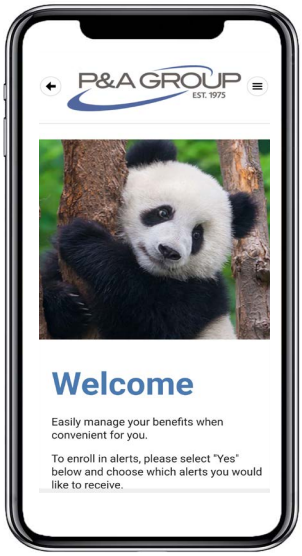
Manage your account and your Benefits Card with P&A's mobile app. Check your account balance, order new or additional cards and more. Go to the **App Store** (On Apple devices) or **Google Play** (on Android devices) and search "P&A Group" to get the app.

Download on the App Store

GET IT ON Google Play

P&A Group Mobile App





Download the App

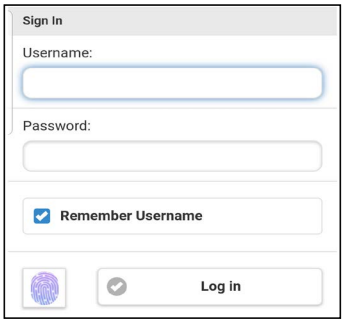
Go to the App Store (on Apple devices) or Google Play (on Android devices) and search "P&A Group" to get the app.

Download on the App Store

GET IT ON Google Play

Sign in with Easy Touch Id

With P&A's mobile app, you can sign in with new touch ID technology using your fingerprint. Just turn the fingerprint scanner option on under your phone settings and register your fingerprint under your P&A account profile. Once activated, you can sign into your P&A account with the touch of your finger, or key in your username and password.



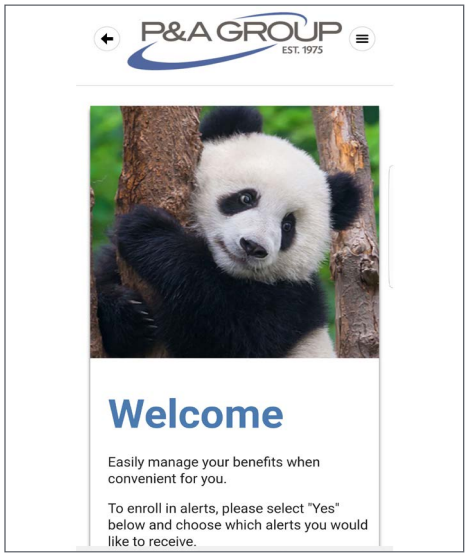
Register for Helpful on-the-go Alerts

	WAKE-UP NOTIFICATIONS	get notified prior to your plan year end date to check your available account balance and spend any remaining funds
	RUN-OUT PERIOD REMINDERS	submit claims for eligible expenses incurred during the plan year
	REIMBURSEMENTS	keep track of your claim reimbursements
	MANUAL CLAIM PROCESSING	receive an alert when your claim has entered the processing mode
	SUBSTANTIATION REQUESTS	get notified when further documentation is required to approve your Benefits Card transaction
	CLAIM DENIALS	receive an alert when your claim is either partially or fully denied

P&A Group's mobile app complements your busy life with on-the-go convenient tools.

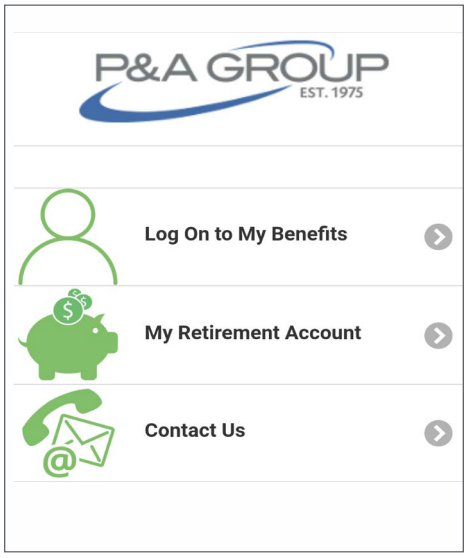
Administered Around You

Managing your benefit plans is easier than ever before with P&A Group's new mobile app. Time-saving tools are quickly accessible with the tap of an icon, providing you with everything you need to manage your account(s) wherever, whenever. And, if you ever need assistance, we are only a phone call or chat away. Helpful customer service agents are available to assist you during extended customer service hours of Monday - Friday, 8:30 a.m. - 10:00 p.m. ET.



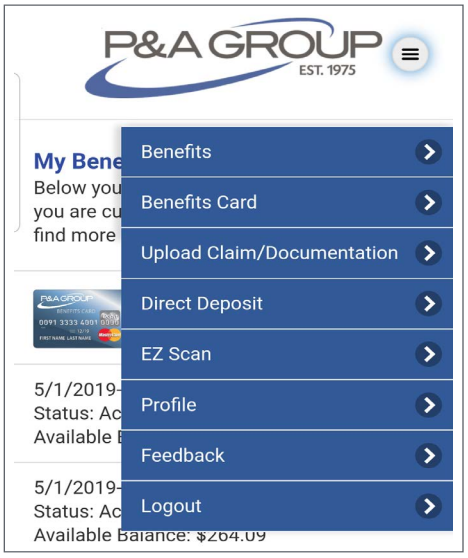
WELCOME PAGE

P&A's friendly panda greets you the first time you log into your account from your mobile phone. Choose which alerts you want to enroll in right away.



LOGIN PAGE

Choose to log into your P&A Group My Benefits account, log into your P&A Group retirement account, or contact P&A Group.



MY BENEFITS MENU OPTIONS

After you log into My Benefits, your plans are displayed on the screen. Click the menu icon to perform account management functions like upload a claim, order a new Benefits Card and more!

QUESTIONS?

Please contact P&A Group's Participant Support Center Monday - Friday, 8:30 a.m. - 10:00 p.m. ET.

(716) 853-2611 www.padmin.com 17 Court Street, Suite 500 Buffalo, NY 14202

QUIKCLAIM

Instantly upload claims and receipts directly from your smartphone with P&A Group's QuikClaim mobile submission.

Log into your P&A Group Account from your smartphone and follow the steps below. Check out our new "View Claims Paid" feature too!



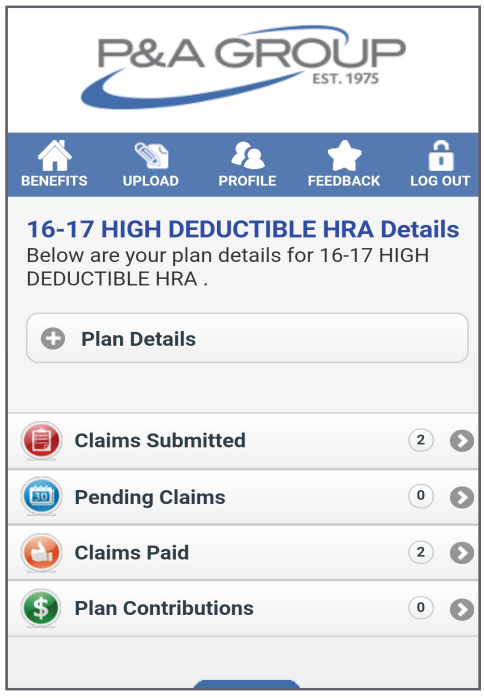
HOW TO USE QUIKCLAIM*

1. From your smartphone, go to www.padmin.com and log into ***My Benefits.***
2. Select **Upload.**
3. Select claim type. Choose your account and enter claim amount.
4. Upload your receipt/documentation by selecting **Add File**. This allows you to use your camera to take a picture of your receipt or select a picture of your receipt from your gallery.
5. Select **Continue.**
6. Review the claim, agree to the authorization statement and click **Submit.**
7. You have successfully submitted a claim!

Now you can retrieve your claim image when logged in from your mobile device under the "Claims Paid" option!

When you log into ***My Benefits***, your P&A account(s) will be displayed on the screen. You can view claims submitted, pending claims, claims paid and plan contributions. Click on **Claims Paid** to see what you have paid to date for that account!

EXAMPLE



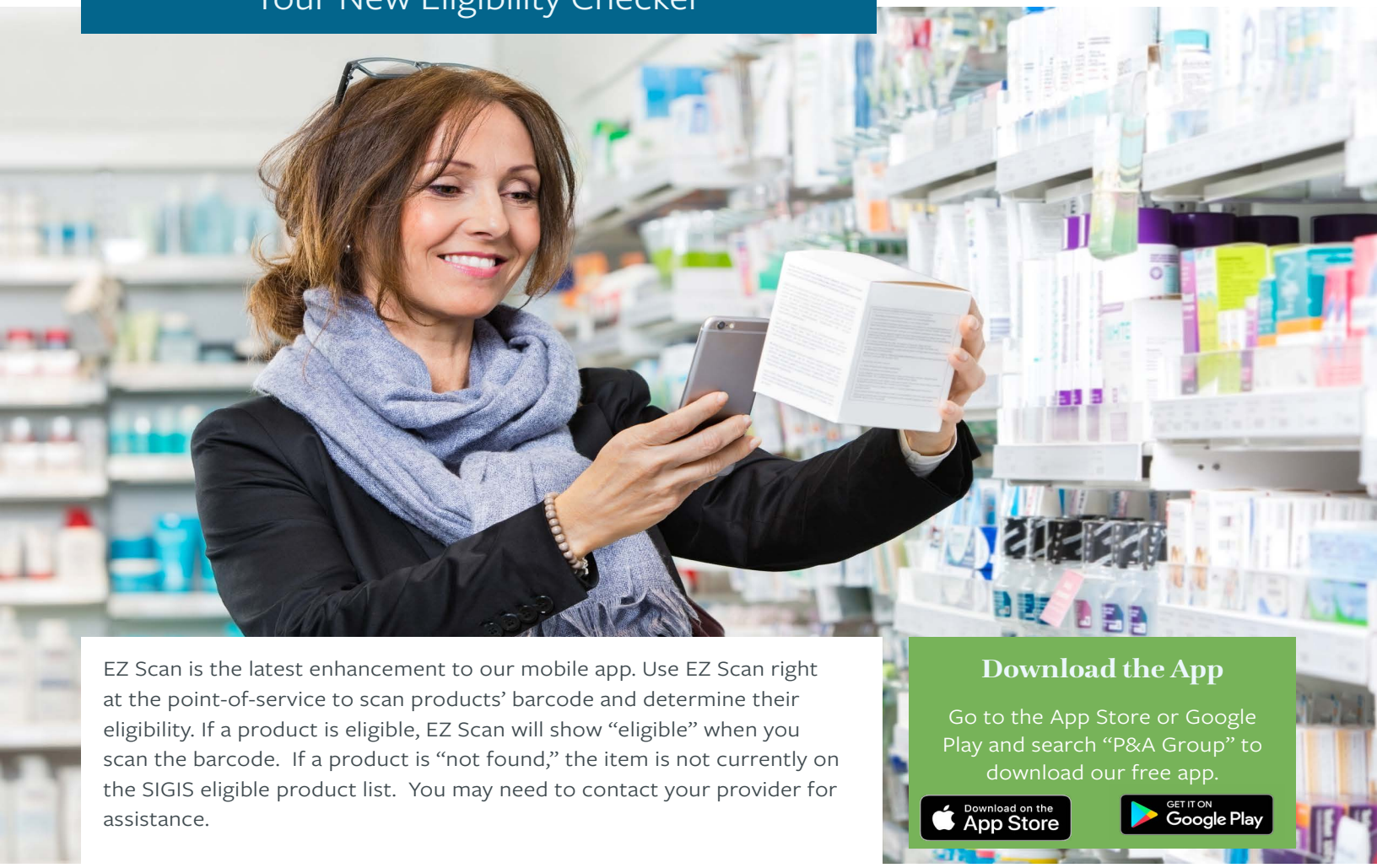
P&A GROUP CUSTOMER SERVICE

Hours: Monday - Friday, 8:30 AM - 10:00 PM ET
PH: (800) 688-2611 | Live Online Chat at www.padmin.com

**Not all mobile claim upload features are currently available on all mobile devices or with all operating systems. Wireless carrier fees may apply. Requires at least a 2- megapixel camera.*

EZ Scan

Your New Eligibility Checker



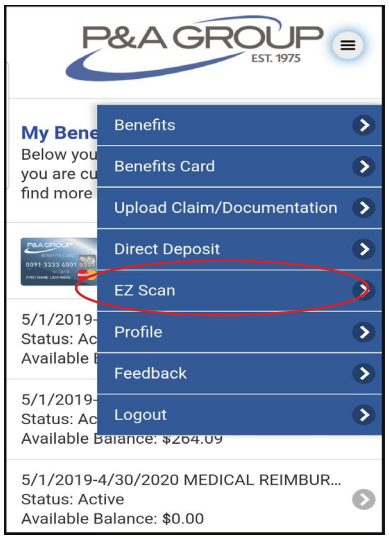
EZ Scan is the latest enhancement to our mobile app. Use EZ Scan right at the point-of-service to scan products' barcode and determine their eligibility. If a product is eligible, EZ Scan will show "eligible" when you scan the barcode. If a product is "not found," the item is not currently on the SIGIS eligible product list. You may need to contact your provider for assistance.

Download the App

Go to the App Store or Google Play and search "P&A Group" to download our free app.

Download on the App Store | GET IT ON Google Play

EZ Scan lets you know right away if a product is eligible or ineligible for reimbursement.



HOW TO GET EZ SCAN

1. Log into P&A's mobile app.
2. From the menu tab, click EZ Scan.
3. Scan the product's barcode using the camera on your phone (make sure there is proper light so the scanner can read the code).
4. EZ Scan will let you know if the item is "eligible" or "not found."

P&A GROUP'S PARTICIPANT SUPPORT CENTER

For questions about your account, please contact a Participant Support Specialist Monday - Friday, 8:30 a.m. - 10:00 p.m. ET.

WEB: www.padmin.com | **PHONE**: (716) 852-2611

Flex Account Balances

Report Generated Date: 07/15/2011

Status: A For Active T For Terminated

SSN	MemberID	Division	Last Name	First Name	Benefit	Annual Election	YTD Deposits	YTD Claims	YTD Paid	Avail Balance	Curr Balance	Status
XXX-XX-6017	69922	ADMIN	GRACE	TAYLOR	UNREIMBURSED MEDICAL ACCOUNT	$3600.00	$450.00	$753.52	$753.52	$2846.48	-$303.52	A
XXX-XX-3030	69920	ADMIN	GREGORY	CAMERON	UNREIMBURSED MEDICAL ACCOUNT	$1500.00	$187.50	$0.00	$0.00	$1500.00	$187.50	A
XXX-XX-2231	69916	CLERICAL	JOHN	MICHAEL	UNREIMBURSED MEDICAL ACCOUNT	$2499.90	$384.60	$5500.00	$2499.90	$0.00	-$2115.30	A
XXX-XX-5646	69915	ADMIN	MICHAEL	RYAN	UNREIMBURSED MEDICAL ACCOUNT	$1000.08	$125.01	$500.00	$500.00	$500.08	-$374.99	A
XXX-XX-1654	69914	TEACHER	MICHELLE	BRENNA	UNREIMBURSED MEDICAL ACCOUNT	$500.00	$0.00	$0.00	$0.00	$500.00	$0.00	A
XXX-XX-5630	69919	TEACHER	ROSE	KARLEIGH	UNREIMBURSED MEDICAL ACCOUNT	$600.00	$0.00	$289.65	$289.65	$310.35	-$289.65	A
XXX-XX-3154	69917	TEACHER	SHEA	KATELYN	UNREIMBURSED MEDICAL ACCOUNT	$900.00	$0.00	$204.79	$204.79	$695.21	-$204.79	A
XXX-XX-4000	69921	CLERICAL	THOMAS	DAWSON	UNREIMBURSED MEDICAL ACCOUNT	$848.94	$130.76	$89.74	$89.74	$759.20	$41.02	A
XXX-XX-4861	69918	TEACHER	WARD	JACK	UNREIMBURSED MEDICAL ACCOUNT	$4000.00	$0.00	$348.87	$348.87	$3651.13	-$348.87	A
XXX-XX-6017	69922	ADMIN	GRACE	TAYLOR	DEPENDENT CARE ACCOUNT	$4600.08	$575.01	$0.00	$0.00	$575.01	$575.01	A
XXX-XX-3030	69920	ADMIN	GREGORY	CAMERON	DEPENDENT CARE ACCOUNT	$2800.08	$350.01	$0.00	$0.00	$350.01	$350.01	A
XXX-XX-2231	69916	CLERICAL	JOHN	MICHAEL	DEPENDENT CARE ACCOUNT	$800.02	$123.08	$0.00	$0.00	$123.08	$123.08	A
XXX-XX-5646	69915	ADMIN	MICHAEL	RYAN	DEPENDENT CARE ACCOUNT	$4999.92	$624.99	$0.00	$0.00	$624.99	$624.99	A
XXX-XX-3154	69917	TEACHER	SHEA	KATELYN	DEPENDENT CARE ACCOUNT	$1700.00	$0.00	$0.00	$0.00	$0.00	$0.00	A
XXX-XX-4861	69918	TEACHER	WARD	JACK	DEPENDENT CARE ACCOUNT	$1800.00	$0.00	$1000.00	$0.00	$0.00	$0.00	A
XXX-XX-6017	69922	ADMIN	GRACE	TAYLOR	INDIVIDUAL PREMIUM ACCOUNT	$799.92	$99.99	$137.50	$66.66	$33.33	$33.33	A
XXX-XX-3030	69920	ADMIN	GREGORY	CAMERON	INDIVIDUAL PREMIUM ACCOUNT	$744.96	$93.12	$0.00	$0.00	$93.12	$93.12	A
XXX-XX-2231	69916	CLERICAL	JOHN	MICHAEL	INDIVIDUAL PREMIUM ACCOUNT	$325.00	$50.00	$0.00	$0.00	$50.00	$50.00	A
XXX-XX-5630	69919	TEACHER	ROSE	KARLEIGH	INDIVIDUAL PREMIUM ACCOUNT	$800.00	$0.00	$145.00	$0.00	$0.00	$0.00	A
XXX-XX-4000	69921	CLERICAL	THOMAS	DAWSON	INDIVIDUAL PREMIUM ACCOUNT	$450.06	$69.24	$1200.00	$50.98	$18.26	$18.26	A
XXX-XX-4861	69918	TEACHER	WARD	JACK	INDIVIDUAL PREMIUM ACCOUNT	$2500.00	$0.00	$0.00	$0.00	$0.00	$0.00	A
XXX-XX-6017	69922	ADMIN	GRACE	TAYLOR	ADOPTION ASSISTANCE PLAN	$6000.00	$0.00	$0.00	$0.00	$0.00	$0.00	A
				Report Totals:	22	**$43768.96**	**$3263.31**	**$10169.07**	**$4804.11**	**$12630.25**	**-$1540.80**	

This report is available anytime through P&A's secure employer web portal, *HR Connect*™. This report can be sorted and exported in a variety of formats: XML, CSV, PDF, MHTML, Excel, Tiff File, and Word.

Explanation of Data Elements:

This report provides summarized information for each enrollee's account(s).

FSA Reimbursement Report
By Division

Debit Card, Check and ACH Transactions

From 01/01/2009 To 07/15/2011

Report Generated On: 07/15/2011

Trans Date	ADMIN	CLERICAL	TEACHER	Daily Total
07/10/2009		$89.74		**$89.74**
07/20/2009			$503.66	**$503.66**
07/29/2009		$50.98		**$50.98**
08/02/2009			$50.00	**$50.00**
08/03/2009	$1320.18	$2499.90	$289.65	**$4109.73**
Division Total:	**$1320.18**	**$2640.62**	**$843.31**	**$4804.11**

Total Reimbursement: $4804.11

This report is available anytime through P&A's secure employer web portal, *HR Connect*™. This report can be sorted and exported in a variety of formats: XML, CSV, PDF, MHTML, Excel, Tiff File, and Word.

Explanation of Data Elements:

This report provides a summary of daily reimbursement totals.

Check Register From: 01/01/2009 Thru 07/15/2011

FLEX DEMO

Division	Last Name	First Name	Entry Date	Check No	Amount	MOP	Stat	Acc. Type	Notes
ADMIN	GRACE	TAYLOR	08/03/2009	11113	$68.52	CHK	A	FSA MED	
ADMIN	GRACE	TAYLOR	08/03/2009	11113	$685.00	CHK	A	FSA MED	
ADMIN	MICHAEL	RYAN	08/03/2009	11114	$500.00	CHK	A	FSA MED	
ADMIN	GRACE	TAYLOR	08/03/2009	11113	$66.66	CHK	A	FSA IND	
		FSA IND	**Acct Total:**		$66.66				
		FSA MED	**Acct Total:**		$1253.52				
		ADMIN	**Division Total:**		$1320.18				
CLERICAL	THOMAS	DAWSON	07/10/2009	11111	$21.85	CHK	A	FSA MED	
CLERICAL	THOMAS	DAWSON	07/10/2009	11111	$67.89	CHK	A	FSA MED	
CLERICAL	THOMAS	DAWSON	07/29/2009	11111	$50.98	CHK	A	FSA IND	
CLERICAL	JOHN	MICHAEL	08/03/2009	11112	$2499.90	CHK	A	FSA MED	
		FSA IND	**Acct Total:**		$50.98				
		FSA MED	**Acct Total:**		$2589.64				
		CLERICAL	**Division Total:**		$2640.62				
TEACHER	WARD	JACK	07/20/2009	11115	$348.87	CHK	A	FSA MED	
TEACHER	SHEA	KATELYN	07/20/2009	11117	$154.79	CHK	A	FSA MED	
TEACHER	SHEA	KATELYN	08/02/2009	11117	$50.00	CHK	A	FSA MED	
TEACHER	ROSE	KARLEIGH	08/03/2009	11116	$289.65	CHK	A	FSA MED	
		FSA MED	**Acct Total:**		$843.31				
		TEACHER	**Division Total:**		$843.31				
			Report Summary:						
		FSA IND	Rpt Acct Total:		$117.64				
		FSA MED	Rpt Acct Total:		$4686.47				
		ADMIN	Division Total:		$1320.18				
		CLERICAL	Division Total:		$2640.62				
		TEACHER	Division Total:		$843.31				
			Report Total:		**$4804.11**				

This report is available anytime through P&A's secure employer web portal, *HR Connect*™. This report can be sorted and exported in a variety of formats: XML, CSV, PDF, MHTML, Excel, Tiff File, and Word.

Explanation of Data Elements:

This report provides details of reimbursements within selected data range(s).

Active Employees

Report Generated Date: 07/15/2011

SS#	MBR ID	File ID	Division	Last Name	First Name	Acc. Type	YTD Claim	YTD DEP	YTD Paid	YTD Debit	Election Amt
XXX-XX-5646	69915		ADMIN	MICHAEL	RYAN	FSADPNT	$0.00	$624.99	$0.00	$0.00	$4999.92
XXX-XX-5646	69915		ADMIN	MICHAEL	RYAN	FSAMED	$500.00	$125.01	$500.00	$0.00	$1000.08
XXX-XX-1654	69914		TEACHER	MICHELLE	BRENNA	FSAMED	$0.00	$0.00	$0.00	$0.00	$500.00
XXX-XX-3154	69917		TEACHER	SHEA	KATELYN	FSADPNT	$0.00	$0.00	$0.00	$0.00	$1700.00
XXX-XX-3154	69917		TEACHER	SHEA	KATELYN	FSAMED	$204.79	$0.00	$204.79	$0.00	$900.00
XXX-XX-5630	69919		TEACHER	ROSE	KARLEIGH	FSAMED	$289.65	$0.00	$289.65	$0.00	$600.00
XXX-XX-5630	69919		TEACHER	ROSE	KARLEIGH	FSAIND	$145.00	$0.00	$0.00	$0.00	$800.00
XXX-XX-4000	69921		CLERICAL	THOMAS	DAWSON	FSAMED	$89.74	$130.76	$89.74	$0.00	$848.94
XXX-XX-4000	69921		CLERICAL	THOMAS	DAWSON	FSAIND	$1200.00	$69.24	$50.98	$0.00	$450.06
XXX-XX-4861	69918		TEACHER	WARD	JACK	FSADPNT	$1000.00	$0.00	$0.00	$0.00	$1800.00
XXX-XX-4861	69918		TEACHER	WARD	JACK	FSAMED	$348.87	$0.00	$348.87	$0.00	$4000.00
XXX-XX-4861	69918		TEACHER	WARD	JACK	FSAIND	$0.00	$0.00	$0.00	$0.00	$2500.00
XXX-XX-3030	69920		ADMIN	GREGORY	CAMERON	FSADPNT	$0.00	$350.01	$0.00	$0.00	$2800.08
XXX-XX-3030	69920		ADMIN	GREGORY	CAMERON	FSAMED	$0.00	$187.50	$0.00	$0.00	$1500.00
XXX-XX-3030	69920		ADMIN	GREGORY	CAMERON	FSAIND	$0.00	$93.12	$0.00	$0.00	$744.96
XXX-XX-2231	69916		CLERICAL	JOHN	MICHAEL	FSADPNT	$0.00	$123.08	$0.00	$0.00	$800.02
XXX-XX-2231	69916		CLERICAL	JOHN	MICHAEL	FSAMED	$5500.00	$384.60	$2499.90	$0.00	$2499.90
XXX-XX-2231	69916		CLERICAL	JOHN	MICHAEL	FSAIND	$0.00	$50.00	$0.00	$0.00	$325.00
XXX-XX-6017	69922		ADMIN	GRACE	TAYLOR	FSAADPT	$0.00	$0.00	$0.00	$0.00	$6000.00
XXX-XX-6017	69922		ADMIN	GRACE	TAYLOR	FSADPNT	$0.00	$575.01	$0.00	$0.00	$4600.08
XXX-XX-6017	69922		ADMIN	GRACE	TAYLOR	FSAMED	$753.52	$450.00	$753.52	$0.00	$3600.00
XXX-XX-6017	69922		ADMIN	GRACE	TAYLOR	FSAIND	$137.50	$99.99	$66.66	$0.00	$799.92
				Grand Total:			$10169.07	$3263.31	$4804.11	$0.00	$43768.96

This report is available anytime through P&A's secure employer web portal, *HR Connect*™. This report can be sorted and exported in a variety of formats: XML, CSV, PDF, MHTML, Excel, Tiff File, and Word.

Explanation of Data Elements:

This report provides a summary of account information for all active enrollees.

Flex Demographic

SSN	Division	Last Name	First Name	MNAME	Address	City	State	Zip	Country	DOB	Division
XXX-XX-5646	ADMIN	MICHAEL	RYAN		123 STREET	CITY	NY	12345		1968-09-05	ADMIN
XXX-XX-1654	TEACHER	MICHELLE	BRENNA		123 STREET	CITY	NY	12345		1976-12-15	TEACHER
XXX-XX-3154	TEACHER	SHEA	KATELYN		123 STREET	CITY	NY	12345		1974-06-26	TEACHER
XXX-XX-5630	TEACHER	ROSE	KARLEIGH		123 STREET	CITY	NY	12345		1975-04-11	TEACHER
XXX-XX-4000	CLERICAL	THOMAS	DAWSON		123 STREET	CITY	NY	12345		1981-05-08	CLERICAL
XXX-XX-4861	TEACHER	WARD	JACK		123 STREET	CITY	NY	12345		1981-12-16	TEACHER
XXX-XX-3030	ADMIN	GREGORY	CAMERON		123 STREET	CITY	NY	12345		1962-09-05	ADMIN
XXX-XX-2231	CLERICAL	JOHN	MICHAEL		123 STREET	CITY	NY	12345		1962-05-04	CLERICAL
XXX-XX-6017	ADMIN	GRACE	TAYLOR		123 STREET	CITY	NY	12345		1980-02-22	ADMIN

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Explanation of Data Elements:

This report provides detail of employee demographic information.

Account Balance By Date Range

Report Generated Date: 07/15/2011

Account Balance From 1/1/2009 To 1/2/2009

Company	Division	Member ID	Last Name	First Name	Acct Nbr	Account	Claims	Deposits	Paid	Debit
DEMO	ADMIN	69915	MICHAEL	RYAN	1	FSA MED	$0.00	$0.00	$0.00	$0.00
DEMO	ADMIN	69915	MICHAEL	RYAN	2	FSA DPNT	$0.00	$0.00	$0.00	$0.00
DEMO	TEACHER	69914	MICHELLE	BRENNA	1	FSA MED	$0.00	$0.00	$0.00	$0.00
DEMO	TEACHER	69917	SHEA	KATELYN	1	FSA MED	$0.00	$0.00	$0.00	$0.00
DEMO	TEACHER	69917	SHEA	KATELYN	2	FSA DPNT	$0.00	$0.00	$0.00	$0.00
DEMO	TEACHER	69919	ROSE	KARLEIGH	1	FSA MED	$0.00	$0.00	$0.00	$0.00
DEMO	TEACHER	69919	ROSE	KARLEIGH	3	FSA IND	$0.00	$0.00	$0.00	$0.00
DEMO	CLERICAL	69921	THOMAS	DAWSON	1	FSA MED	$0.00	$0.00	$0.00	$0.00
DEMO	CLERICAL	69921	THOMAS	DAWSON	3	FSA IND	$0.00	$0.00	$0.00	$0.00
DEMO	TEACHER	69918	WARD	JACK	1	FSA MED	$0.00	$0.00	$0.00	$0.00
DEMO	TEACHER	69918	WARD	JACK	2	FSA DPNT	$0.00	$0.00	$0.00	$0.00
DEMO	TEACHER	69918	WARD	JACK	3	FSA IND	$0.00	$0.00	$0.00	$0.00
DEMO	ADMIN	69920	GREGORY	CAMERON	1	FSA MED	$0.00	$0.00	$0.00	$0.00
DEMO	ADMIN	69920	GREGORY	CAMERON	2	FSA DPNT	$0.00	$0.00	$0.00	$0.00
DEMO	ADMIN	69920	GREGORY	CAMERON	3	FSA IND	$0.00	$0.00	$0.00	$0.00
DEMO	CLERICAL	69916	JOHN	MICHAEL	1	FSA MED	$0.00	$0.00	$0.00	$0.00
DEMO	CLERICAL	69916	JOHN	MICHAEL	2	FSA DPNT	$0.00	$0.00	$0.00	$0.00
DEMO	CLERICAL	69916	JOHN	MICHAEL	3	FSA IND	$0.00	$0.00	$0.00	$0.00
DEMO	ADMIN	69922	GRACE	TAYLOR	1	FSA MED	$0.00	$0.00	$0.00	$0.00
DEMO	ADMIN	69922	GRACE	TAYLOR	2	FSA DPNT	$0.00	$0.00	$0.00	$0.00
DEMO	ADMIN	69922	GRACE	TAYLOR	3	FSA IND	$0.00	$0.00	$0.00	$0.00
DEMO	ADMIN	69922	GRACE	TAYLOR	4	FSA ADPT	$0.00	$0.00	$0.00	$0.00

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Explanation of Data Elements:

This report allows for multiple plan year report generation.

FSA Sample Eligible Expense List

ELIGIBLE HEALTH FSA EXPENSES

- Acupuncture
- Alcoholism treatment
- Allergy medication, nasal sprays
- Ambulance
- Analgesics, fever reducers, pain reducers (aspirin, ibuprofen, acetaminophen)
- Antacids and heartburn relief
- Antibiotic ointments
- Anti-itch creams and hydrocortisone creams
- Arthritis pain relieving creams
- Athlete's foot treatment, anti-fungal creams
- At-home COVID-19 tests new
- Artificial teeth/dentures
- Bandages
- Birth control - only eligible with a prescription
- Blood pressure monitors
- Braces
- Braille-books and magazines
- Breast pumps and lactation supplies
- Cancer screening
- Chiropractors
- Chondroitin
- Co-insurance amount you pay
- Cold/hot packs
- Cold medicines, tablets, syrups, cough drops & lozenges
- Co-pay amount you pay
- Compression hose (30-40 mmHg or higher)
- Condoms
- Contact lenses and eyeglasses
- Contact lens solutions
- Cost of medically necessary operations and related treatments
- Crutches
- Deductible medical coverage (amounts you pay)
- Dental fees
- Diabetic supplies
- Diaper rash ointment
- Drug addiction treatment
- Ear wax removal kits
- Eye exams, eye surgery
- Eye glasses (protection plans/warranties are NOT eligible expenses)
- Eczema treatments
- Feminine hygiene products
- Fertility treatments (in vitro fertilization, surgery)
- First-aid cream
- Glucosamine
- Hearing devices and batteries
- Hemorrhoid treatments
- Hospital services
- Incontinence products
- Infertility treatments
- Insulin
- Laboratory fees
- Lamaze classes
- Latex gloves
- Laxatives
- Medical alert bracelets
- Medical information plan
- Menstrual pain relievers
- Mentally handicapped persons cost of special home care
- Motion sickness pills
- Nasal spray and strips
- Nicotine gum, patches
- Nursing services (including boarding)
- Obstetrical expenses
- Orthotics
- Over-the-counter medications
- Oxygen
- PPE (i.e.,face masks, hand sanitizer, sanitizing wipes)
- Petroleum jelly
- Prosthesis
- Pregnancy tests
- Prenatal vitamins
- Psychiatrists' and psychologists' fees
- Radial keratotomy and lasik eye surgery
- Routine physical & other non diagnostic services or treatments
- Sinus medication
- Smoking cessation programs
- Speech therapy
- Special education for the blind
- Special plumbing for handicapped
- Sterilization (i.e., tubal ligation,vasectomy) and reversal
- Stomach and digestive relief items
- Sunburn cream (Solarcaine)
- Surgical fees
- Telephone, special for hearing impaired
- Television audio display equipment for hearing impaired
- Therapeutic care for drug and alcohol addiction received as medical treatment
- Thermometers
- Toothache and teething pain relievers
- Transportation expenses for person to receive medical care
- Urinary pain relief medication
- Vaccines
- Varicose vein, treatment of
- Walkers
- Wart removal, i.e., W Freeze Off (certain wart medicines may require a prescription)
- Wheelchair
- X-rays
- Yeast infection medication

ELIGIBLE HEALTH FSA EXPENSES ONLY WITH A LETTER OF MEDICAL NECESSITY FORM

- Acupressure
- Compression hose (20-30 mmHg)
- Doula
- Dietary supplements
- Exercise programs or equipment
- Fiber supplements
- Humidifier
- Hypnosis
- Lead-base paint removal
- Massage therapy, rolfing therapy
- Mineral supplements
- Occupational therapy
- Orthopedic shoes (Reimbursement is permitted for the cost difference between orthopedic shoes and regular shoes.)
- Scooter, electric
- Service animal (guide dogs are eligible without a LOMN)
- Tuition/meals/lodging for special needs schooling
- Vitamins
- Water-Pik

NEVER ELIGIBLE

- COBRA premiums
- Concierge service fees - only medical services actually provided are eligible for reimbursement; membership fees for concierge services are not eligible for reimbursement
- Cosmetic products and cosmetic surgery (unless to remediate damage from an illness or injury)
- Disposable diapers
- Diet program foods
- Electric toothbrush
- Electrolysis
- Fitness programs*
- Hair transplants*
- Household help
- Maternity clothes
- Teeth whitening*

**Unless prescribed by a doctor to treat an existing illness or injury.*

ELIGIBLE DEPENDENT CARE FSA EXPENSES

- Babysitters
- Daycare centers
- Nursery schools
- After-school programs
- Day camp
- Eldercare
- (Overnight camps are NOT eligible)

ELIGIBLE INDIVIDUAL PREMIUM FSA EXPENSES*

- Individual dental/vision/accident coverage
- Individual disability premiums

***PLEASE NOTE:** If you use this account to pay for the cost of your individual disability policy, the benefit you would receive will be taxed. The IRS does not allow you to use tax-free dollars and receive a tax-free benefit for the same expense.

ELIGIBLE ADOPTION ASSISTANCE FSA EXPENSES

- Reasonable and necessary adoption fees
- Court costs
- Attorney's fees
- Travel expenses



Expense eligibility is subject to change. If you are unsure if an expense is eligible for reimbursement, please call P&A Group at (716) 852-2611 or chat with a Participant Support Specialist through online webchat at **www.padmin.com**.

Affidavit of Non-Collusion

a form required of Bidders and Proposers on purchases of supplies, materials, equipment and services for the

City of Franklin, Tennessee

State of New York)
) SS
County of Erie)

Affiant, Michael Rizzo, deposes and makes oath that:
(printed name of person signing Affidavit)

1. He or she is the President of
(Owner or Authorized Partner, Officer, Representative or Agent of Owner)

P&A Administrative Services, Inc.,
(legal name of entity submitting bid or proposal)

the Bidder or Proposer who has submitted the attached bid or proposal;

2. The Bidder or Proposer is fully informed respecting the preparation and content of the attached bid or proposal and of all pertinent circumstances respecting such bid or proposal;
3. Such bid or proposal is genuine and is not a collusive or sham bid or proposal;
4. Neither the said Bidder or Proposer nor any of its officers, partners, owners, agents, representatives, employees, or parties in interest, including this Affiant, has in any way colluded, conspired, connived or agreed, directly or indirectly, with any official or agent of the City of Franklin or with any other firm, person, or potential or actual bidder or proposer to submit a collusive or sham bid or proposal in connection with the contract for which the attached bid or proposal has been submitted, or to refrain from bidding or proposing indirectly, or sought by agreement, or collusion, or communication, or conference with any other firm, person, or potential or actual bidder or proposer to fix the price or prices or cost element of the bid, quoted or proposed price or the bid, quoted or proposed price of any other potential or actual bidder or proposer, or to secure through any collusion, conspiracy, connivance, or unlawful agreement any advantage against the City of Franklin or any person interested in the proposed contract;
5. The price or prices quoted in the attached bid or proposal are fair and proper and are not tainted by a collusion, conspiracy, connivance, or unlawful agreement on the part of the Bidder or Proposer or any of its agents, representatives, owners, employees, or parties in interest, including this Affiant; and
6. He or she understands that Article VIII, Section 16, of the City Charter of Franklin, and T.C.A. §6-54-107, prohibit any member of the Board of Mayor and Aldermen, or officer elected by said Board, from being interested in any contract, or work of any kind whatever, under its control and direction, and any contract in which any such person shall have an interest shall be void and unenforceable, subjecting any funds received by contractor to be returned in full to the City, in addition to any other penalties provided by law.

Michael Rizzo
(signature of Affiant)

President
(title of Affiant)

Sworn and subscribed to before me this 3rd day of September, 2025

Cheryl L. Gretzler
(Notary Public)

My Commission Expires: January 7, 2027

(Submitted in response to City of Franklin Purchasing Office Solicitation No. 2026-005)

CHERYL L GRETZLER
NOTARY PUBLIC, STATE OF NEW YORK
NO. 01GR6385617
QUALIFIED IN ERIE COUNTY
MY COMMISSION EXPIRES JANUARY 7, 2027

Affidavit of Title VI Compliance

a form required of Bidders and Proposers on purchases of services for the

City of Franklin, Tennessee

State of New York)
) SS
County of Erie)

Affiant, Michael Rizzo, deposes and makes oath that:
(printed name of person signing Affidavit)

1. He or she is the President of
(Owner or Authorized Partner, Officer, Representative or Agent of Owner)
P&A Administrative Services,
(legal name of entity submitting bid or proposal)
the Bidder or Proposer who has submitted the attached bid or proposal;
2. The Bidder or Proposer is fully informed respecting the preparation and content of the attached bid or proposal and of all pertinent circumstances respecting such bid or proposal;
3. No person on the grounds of handicap or disability, age, race, color, religion, sex, national origin or any other class protected by federal and/or Tennessee constitutional, statutory and/or case law shall be excluded from participation in, or denied benefits of, or be otherwise subjected to discrimination in, the performance of the contract that results from the procurement solicitation to which this affidavit is a component, or in the employment practices of the successful Bidder or Proposer during the performance of the contract that results from said procurement solicitation;
4. The successful Bidder or Proposer shall, upon request, show proof of such non-discrimination, and shall post in conspicuous places, available to employees and job applicants, notices of such non-discrimination;
5. If, with the prior consent of the City, the successful Bidder or Proposer subcontracts any portion of the contract that results from the procurement solicitation to which this affidavit is a component, then the successful Bidder or Proposer shall contractually obligate all of its subcontractors for said contract to comply with the same non-discrimination provisions as those required of the successful Bidder or Proposer; and
6. This Affidavit is made on personal knowledge.

Michael Rizzo
(signature of Affiant)

President
(title of Affiant)

Sworn and subscribed to before me this 3rd day of September, 2025

Cheryl L Gretzler
(Notary Public)

My Commission Expires: January 7, 2027

Form revised 10/30/2012 Submitted in response to City of Franklin Purchasing Office Solicitation No. 2026-005

CHERYL L GRETZLER
NOTARY PUBLIC, STATE OF NEW YORK
NO. 01GR6385617
QUALIFIED IN ERIE COUNTY
MY COMMISSION EXPIRES JANUARY 7, 2027

Affidavit of Drug-Free Workplace

a form required of Bidders and Proposers on purchases of services for the

City of Franklin, Tennessee

State of New York)
) SS
County of Erie)

Affiant, Michael Rizzo, deposes and makes oath that:
(printed name of person signing Affidavit)

1. He or she is the President of
(Owner or Authorized Partner, Officer, Representative or Agent of Owner)

P&A Administrative Services, Inc.,
(legal name of entity submitting bid or proposal)

the Bidder or Proposer who has submitted the attached bid or proposal;

2. The Bidder or Proposer is fully informed respecting the preparation and content of the attached bid or proposal and of all pertinent circumstances respecting such bid or proposal;

OPTION 1 (mark here [X]):

3. The Bidder or Proposer entity employs five (5) or more employees;
4. The Bidder or Proposer has in effect, at the time of submission of its bid or proposal to perform the services described in the attached bid or proposal, a drug-free workplace program that complies with T.C.A. § 50-9-101 et seq.;
5. The Bidder or Proposer operates a drug-free workplace program or other drug or alcohol testing program with requirements at least as stringent as that of the program operated by the City as described in the City's procurement solicitation; and

OPTION 2 (mark here [ ]):

6. The Bidder or Proposer entity employs fewer than five (5) employees;

AND:

7. This Affidavit is made on personal knowledge.

Michael Rizzo
(signature of Affiant)

President
(title of Affiant)

Sworn and subscribed to before me this 3rd day of September, 2025

Cheryl L. Gretzler
(Notary Public)

My Commission Expires: January 7, 2027

CHERYL L GRETZLER
NOTARY PUBLIC, STATE OF NEW YORK
NO. 01GR6385617
QUALIFIED IN ERIE COUNTY
MY COMMISSION EXPIRES JANUARY 7, 2027

Attachment No. 2

CITY'S TERMS

Standard Procurement Terms and Conditions
City of Franklin, Tennessee

1. Assignment. Neither party may assign any rights or obligations under these Standard Procurement Terms and Conditions, or any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply, without the prior written consent of the other party.

2. Successors. These Standard Procurement Terms and Conditions, and any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply, will be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns.

3. Subcontracting. Vendor may subcontract any portion of the work only with the prior consent of City, but such subcontracting will not relieve Vendor of its duties under these Standard Procurement Terms and Conditions and any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply.

4. Time of the Essence. The parties agree that TIME IS OF THE ESSENCE with respect to Vendor's performance of all provisions of the contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply.

5. Taxes. As a tax-exempt entity, City shall not be responsible for sales or use taxes incurred for products or services. Upon request, City shall supply Vendor with a copy of its Sales and Use Tax Exemption Certificate. Vendor shall bear the burden of providing its suppliers with a copy of City's tax exemption certificate and shall assume all liability for such taxes, if any, that should be incurred.

6. Notices. Any notice provided pursuant to these Standard Procurement Terms and Conditions, or any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply, if specified to be in writing, will be in writing and will be deemed given: (a) if by hand delivery, then upon receipt thereof; (b) if mailed, then three (3) City business days after deposit in the mail where sender is located, postage prepaid, certified mail return receipt requested; (c) if by next day delivery service, then upon such delivery; or (d) if by facsimile transmission or electronic mail, then upon confirmation of receipt. All notices will be addressed to the parties at the addresses set forth below (or set forth in such other document to which these Standard Procurement Terms and Conditions apply, or such other address as either party may in the future specify in writing to the other):

In the case of City:	In the case of Vendor:
City of Franklin	P&A Administrative Services, Inc.
Attn: Purchasing Manager	Attn: Michael Rizzo - President
Re: City of Franklin Purchasing Office Solicitation No. 2026-005	
Franklin City Hall	6400 Main Street
109 3rd Ave. South	Suite 210
Franklin, TN 37064	Williamsville, NY 14221
E-mail: purchasing@franklintn.gov	rizzom@padmin.com

7. Confidentiality and Proprietary rights. Vendor waives any right to confidentiality of any document, e-mail or file it fails to clearly mark on each page (or section as the case may be) as confidential or proprietary. Proprietary rights do not extend to the data created by City's users of the System; all rights to that data (including derivative or hidden data such as metadata) shall vest solely in City at the moment of creation and City shall retain exclusive rights, title, and ownership of all data and images created therefrom at the moment of creation and utilization, through and including image creation. City may be required to disclose documents under state or federal law. City shall notify Vendor if a request for documents has been made and shall give Vendor a reasonable opportunity under the circumstances to respond to the request by redacting proprietary or other confidential information. In exchange, Vendor agrees to indemnify, defend, and hold harmless City for any claims by third parties relating thereto or arising out of (i) City's failure to disclose such documents or information required to be disclosed by law, or (ii) City's release of documents as a result of City's reliance upon Vendor's representation that materials supplied by Vendor (in full or redacted form) do not contain trade secrets or proprietary information, provided that City impleads Vendor and Vendor assumes control over that claim.

8. Derivative Works. To the extent that the Agreement contains Vendor's reservation of rights, such definitions and limitations are superseded by the following: "Derivative Work" means a program that is based on or derived from one or more existing programs or components. If the original software is modified to create a new program, a derived work is created. If the original software was designed to accept plug-ins or drivers using a defined mechanism, such a driver or plug-in does not form a derived work. Linking to a library in the way it was designed to be interfaced with, does *not* constitute deriving a work. "Derivative work" is *not* the data that the Licensee inputs, manipulates, modifies or otherwise improves, nor the images resulting therefrom.

9. AI System. Definition of AI System. The parties define "artificial intelligence" or "AI" to be a machine-based system that can, for a given set of human-defined objectives, make predictions, recommendations, or decisions influencing real or virtual environments. AI systems use machine- and human-based inputs to perceive real and virtual environments; abstract such perceptions into models through analysis in an automated manner; and use model inference to formulate options for information or action.

a. The parties define an "AI system" to be any data system, software, hardware, application, tool, or utility that operates in whole or in part using AI.

b. Guiding Principles. The Contractor shall demonstrate that the AI system and its usage, deployment, and maintenance as it pertains to the services outlined in this agreement do not conflict with the City's AI Policy and Principles therein.

c. Risk Mitigation

i. The Contractor represents that the AI system is suitable for its intended use by the City and has been developed and will perform in a manner that is in compliance with all applicable laws and regulations.

ii. The Contractor shall maintain, follow, and provide, upon request, a copy of their Risk Management Plan that complies with accepted risk management frameworks, such as the NIST AI Risk Management Framework, ISO 42001, or other AI risk management governance standard.

iii. The Contractor shall work with the City to evaluate and minimize risks posed by the AI system.

d. AI Incident Response. In the event of an AI incident, at the request of the City, the Contractor shall thoroughly investigate their systems of any suspected AI incident and promptly report findings to the Agency. An "AI incident" is an alleged harm or near harm event to people, property, reputation, technical integrity of the environment where an AI system is implicated. Examples of AI incidents include providing false information, copyright infringement, generating harmful bias, system misuse, exposure of sensitive information, and liability risk.

e. Remediation. At the City's request, the Contractor will immediately discontinue the use of any AI system involved in providing services to the City. If the City, in its sole discretion, determines that the AI system is in violation of one or more of the requirements stated herein or that the Contractor does not promptly resolve an AI incident, or that the system does not adequately supports the City's commitment to the City's AI Policy and Principles, then the City will provide the Contractor with notice that they have thirty (30) calendar days to promptly assess and resolve the issue. Potential methods to address such issues include, without limitation, changing the behavior of the AI system or subsystem; supplementing the system or subsystem to achieve the necessary outcomes; replacing the system with a non-AI system that meets the City's needs; or limiting the function of the AI system or subsystem. After thirty (30) calendar days, the Contractor must provide evidence that the AI system is adequately fixed and ready for re-deployment, or that the AI system is not suitable for use.

f. Requirements for Contractors AI System(s). To the extent permissible by law, the Contractor shall adhere to the following requirements in the course of doing business with or for the City:

i. Updates: Contractor shall provide prior notice for system upgrades that substantially impact the services provided to the City. Example of a substantial impact includes but is not limited to changes to: sensitive or protected information used in the system, compatibility with the City's other systems, or decisions that impact the rights or safety of individuals. In the event of a change with a substantial impact, Contractor will provide the City opportunity to stay on the existing system version at the City's request. Any updates made to the AI system that render the AI system unserviceable to the City to provide services defined in the agreement as determined by the City may be cause for termination by the City.

ii. Data portability: At the City's request, and at no additional cost, the Contractor shall provide all data owned by the City in a format that is easily usable by the City and, to the extent technically feasible, in a structured, commonly used, machine-readable format. The Contractor is not obligated to provide such data more than twice in a 12-month period.

iii. Authorized use: Data owned by the City cannot be used for other commercial applications without written consent from the City.

iv. Data rights: Data owned by the City that contains sensitive or protected information must be able to be deleted, edited, or anonymized at the request of the City or the data subject.

v. Performance: Provide the City or entity working on behalf of the City with the means to monitor the performance, including the accuracy, of the AI system it uses and report this accuracy to the City. This may include, but is not limited to, the false positive rate, the false negative rate, the true positive rate, the average percentage error, the mean-squared error, and human judgement scores.

vi. Algorithmic bias: Contractor will provide the City with evidence that demonstrates that bias present in the AI system is effectively managed for the context in which it will be deployed. Contractor shall provide information describing in detail how bias is assessed.

vii. Human oversight: Provide the City the means for a human to evaluate and override outputs of the AI system. The human evaluator must be able to override the outputs of the AI system and take precedence over all outputs.

viii. Explainability: Provide the City with an explanation of how the AI system generates outputs, including what factors influence the system's decisions, rule-based logic, training data sources, and probability-based decisions. The City holds the right to communicate its general usage of the AI system and explain its decision-making processes to the public.

ix. Notice: If required by the City, provide written notice of the usage of the AI system to data subjects and/or end-users, preferably at the point of service.

x. Process: Contractor shall comply with existing local, state, and federal law for data access and decision appeals related to the use or operation of the system.

xi. Ongoing Monitoring: Contractor shall regularly monitor the performance of the AI system to detect and rectify system behavior that violates any of the requirements in this section. Contractor shall promptly communicate the discovery of system behavior that violates any of the requirements in this section to the City, including the potential impact to services.

xii. Training: Ensure that appropriate training is available to City staff who may operate the AI system, which may include how to:

1. Protect sensitive or personal information;
2. Mitigate harmful algorithmic bias;
3. Promote optimal performance;
4. Report system errors; and
5. Maintain service delivery if the AI system fails, to the extent possible.

xiii. Auditing: The City retains the right to observe, assess, or audit any relevant work processes, services, or documents in the course of doing business with the City to confirm that the Contractor (and any relevant sub-contractors) is complying with this Policy. Contractor shall provide access to information, documentation, and personnel required to complete this audit at no additional cost to the City.

10. Data Governance. For the purposes of this Agreement, "City Data" includes, but is not limited to, all information, records, databases, documents, materials, or any other data provided by the City, collected or accessed by the Contractor on behalf of the City, or generated in the

performance of services under this Agreement. This includes confidential, sensitive, personal, operational, or proprietary information, regardless of format or medium. The City retains exclusive ownership of all City Data. The Contractor shall not claim any right, title, or interest in City Data, and any use of City Data by the Contractor shall be limited strictly to the purposes outlined in this Agreement. The Contractor is expressly prohibited from accessing, using, disclosing, distributing, selling, or licensing City Data for any unauthorized purpose, including for its own benefit or the benefit of third parties. The Contractor shall implement and maintain comprehensive, industry-standard security measures to safeguard City Data against unauthorized access, loss, theft, alteration, or misuse. These measures shall include, at a minimum, encryption, access controls, monitoring, and regular security audits. The Contractor shall not transfer City Data outside of approved systems, networks, or jurisdictions without the City's prior written consent. In the event of a suspected or confirmed breach or unauthorized use of City Data, the Contractor shall immediately notify the City within twenty-four (24) hours of discovery and provide a detailed written report within forty-eight (48) hours. The Contractor shall cooperate fully with the City to contain, mitigate, and investigate the incident, including providing access to all relevant systems and records. Upon the City's request, the Contractor shall securely return all City Data to the City and permanently delete all copies from its systems and those of its subcontractors or affiliates. The Contractor shall certify in writing that the destruction is complete and irreversible. The Contractor shall comply with all applicable laws, regulations, and City policies governing the handling of City Data. The Contractor agrees to indemnify, defend, and hold the City harmless against any claims, damages, liabilities, fines, or penalties arising from the Contractor's breach of this clause or improper handling of City Data. This clause shall survive the expiration or termination of this Agreement.

11. Arbitration/Mediation. Neither arbitration nor mediation shall be required as a condition precedent to filing any legal claim arising out of or relating to any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply. Neither arbitration nor mediation shall be binding.

12. Waiver. Neither party's failure or delay to exercise any of its rights or powers under these Standard Procurement Terms and Conditions, or any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply, will constitute or be deemed a waiver or forfeiture of those rights or powers. For a waiver of a right or power to be effective, it must be in writing signed by the waiving party. An effective waiver of a right or power shall not be construed as either (a) a future or continuing waiver of that same right or power, or (b) the waiver of any other right or power.

13. Warranties/Limitation of Liability/Waiver. City reserves all rights afforded to local governments under law for all general and implied warranties. City does not waive any rights it may have to all remedies provided by law and therefore any attempt by Vendor to limit its liability shall be void and unenforceable.

14. Severability. If any term or provision of these Standard Procurement Terms and Conditions is held to be illegal or unenforceable, the validity or enforceability of the remainder of these Standard Procurement Terms and Conditions will not be affected.

15. Precedence. In the event of conflict between the provisions of these Standard Procurement Terms and Conditions and that of any contract, agreement, purchase order, invoice, Vendor

terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply, the provisions of these Standard Procurement Terms and Conditions will, to the extent of such conflict, take precedence unless such document expressly states that it is amending these Standard Procurement Terms and Conditions pursuant to the "Amendment" section below.

16. Indemnification. Vendor agrees to indemnify and save the Government of Franklin, City of Franklin and individual, on or off duty, officers, and employees of City of Franklin, harmless from any and all losses, damages and expenses, including court costs and attorneys' fees, by reason of any loss, whatsoever, arising out of or relating to or in consequence of the work done in connection with any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply, excepting only such losses as shall be occasioned solely by the negligence of City of Franklin.

17. Additions/Modifications. If seeking any addition or modification to any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply, the parties agree to reference the specific paragraph number sought to be changed on any future document or purchase order issued in furtherance of any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply, however, an omission of the reference to same shall not affect its applicability. In no event shall either party be bound by any terms contained in any purchase order, acknowledgement, or other writings unless: (a) such purchase order, acknowledgement, or other writings specifically refer to any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply or to the specific clause they are intended to modify; (b) clearly indicate the intention of both parties to override and modify any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply; and (c) such purchase order, acknowledgement, or other writings are signed, with specific material clauses separately initialed, by authorized representatives of both parties.

18. Applicable Law; Choice of Forum/Venue. These Standard Procurement Terms and Conditions and any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply are made under and will be construed in accordance with the laws of the State of Tennessee without giving effect to any state's choice-of-law rules. The choice of forum and venue shall be exclusively in the Courts of Williamson County, TN.

19. Termination. Unless City has indicated otherwise in the contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply, either party may terminate the contract or agreement or purchase order or other procurement to which these Standard Procurement Terms and Conditions apply, with or without cause, upon thirty (30) calendar days' notice to the other. Upon termination by Vendor, City shall be entitled to retain ownership of any and all goods and equipment purchased. Upon termination by City, Vendor shall be entitled to receive any amounts due as a result of goods and equipment already delivered and/or services already rendered; however, City shall maintain ownership and control of any goods and equipment purchased. Upon termination of services, whether connected or unconnected to goods and equipment, such services shall be rendered until the conclusion of the 30th calendar day as

stated in the notice or until a contractual benchmark has been achieved, or as the parties may otherwise agree.

20. Breach. Upon deliberate breach of these Standard Procurement Terms and Conditions, or of any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply, by either party, the non-breaching party shall be entitled to terminate the contract or agreement or purchase order or other procurement to which these Standard Procurement Terms and Conditions apply without notice, with all of the remedies it would have in the event of termination under the "Severability" section above, and may also have such other remedies as it may be entitled to in law or in equity.

21. Default. If Vendor fails to perform or comply with any provision of these Standard Procurement Terms and Conditions, or of any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply, then City (i) may cancel the contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply, in whole or in part, without penalty or protest by Vendor; (ii) may consider such failure to perform or comply as a breach of contract; (iii) reserves the right to purchase its requirements from Vendor that submitted the next lowest and best responsive and responsible bid, or Vendor that submitted the next best proposal, if that Vendor will still honor that bid or proposal, or to seek new bids or proposals, or to pursue one or more other options available to City in compliance with its then current purchasing policy; and (iv) may hold the defaulting Vendor liable for all damages provided by law, including cost of cover.

22. Entire Agreement. These Standard Procurement Terms and Conditions, including any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply, constitutes the entire agreement between the parties and supersedes any prior or contemporaneous communications, representations or agreements between the parties, whether oral or written, regarding the subject matter of these Standard Procurement Terms and Conditions.

23. Amendment. The terms and conditions of these Standard Procurement Terms and Conditions may not be changed except by an amendment expressly referencing these Standard Procurement Terms and Conditions by section title and signed by an authorized representative of each party.

24. Survival. These Standard Procurement Terms and Conditions shall survive the completion of or any termination of any contract, agreement, purchase order, invoice, Vendor terms and conditions or other procurement to which these Standard Procurement Terms and Conditions apply.

CITY OF FRANKLIN, TENNESSEE
PROCUREMENT AGREEMENT

(City of Franklin Contract No. 2025-0485)

Attachment No. 3

CERTIFICATE(S) OF INSURANCE

Certificate Date	Producer	Certificate Number	Certificate Holder	Type of Insurance	Policy Expiration
10/31/2024	Consolidated Insurance Agents, Inc. Maranta Agency, Inc. 36 Hopkins Road Williamsville, NY 14221	CL2491160518	P&A Administrative Services, Inc. 6400 Main St., Suites 21 Williamsville, NY 14221	Commercial General Liability Workers Compensation and Employer's Liability Auto Liability Umbrella Liability	11/21/2025
6/18/2025	Consolidated Insurance Agents, Inc. Maranta Agency, Inc. 36 Hopkins Road Williamsville, NY 14221	CL2561863752	P&A Administrative Services, Inc. 6400 Main St., Suites 120 & 210 Williamsville, NY 14221	Cyber	7/7/2026
6/18/2025	Consolidated Insurance Agents, Inc. Maranta Agency, Inc. 36 Hopkins Road Williamsville, NY 14221	CL2561863770	P&A Administrative Services, Inc. 6400 Main St., Suites 120 & 210 Williamsville, NY 14221	Errors & Omissions Professional Liability	7/26/2026
9/8/2025	Consolidated Insurance Agents, Inc. Maranta Agency, Inc. 36 Hopkins Road Williamsville, NY 14221	CL2581864591	P&A Administrative Services, Inc. 17 Court Street, Suite 500 Buffalo, NY 14202	Employee Dishonesty Crime	9/26/2026

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 06/18/2025

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Consolidated Insurance Agents, Inc. Maranto Agency, Inc. 36 Hopkins Road Williamsville NY 14221	CONTACT NAME: Joelle Maranto PHONE (A/C, No, Ext): (716) 633-1818 FAX (A/C, No): (716) 633-6442 E-MAIL ADDRESS: jmaranto@marantoagency.com
INSURED P&A Administrative Services Inc.; Priselac & Associates; P&A Benefits Inc.; P&A Retirement Plan Services Inc.; P&A Group 6400 MAIN ST. SUITE 210 Williamsville NY 14221-5803	INSURER(S) AFFORDING COVERAGE — NAIC # INSURER A: Arch Insurance Company — 021199 INSURER B: INSURER C: INSURER D: INSURER E: INSURER F:

COVERAGES **CERTIFICATE NUMBER:** CL2561863752 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	COMMERCIAL GENERAL LIABILITY						EACH OCCURRENCE	$
	☐ CLAIMS-MADE ☐ OCCUR						DAMAGE TO RENTED PREMISES (Ea occurrence)	$
							MED EXP (Any one person)	$
							PERSONAL & ADV INJURY	$
	GEN'L AGGREGATE LIMIT APPLIES PER						GENERAL AGGREGATE	$
	☐ POLICY ☐ PRO-JECT ☐ LOC						PRODUCTS - COMP/OP AGG	$
	☐ OTHER							$
	AUTOMOBILE LIABILITY						COMBINED SINGLE LIMIT (Ea accident)	$
	☐ ANY AUTO						BODILY INJURY (Per person)	$
	☐ OWNED AUTOS ONLY ☐ SCHEDULED AUTOS						BODILY INJURY (Per accident)	$
	☐ HIRED AUTOS ONLY ☐ NON-OWNED AUTOS ONLY						PROPERTY DAMAGE (Per accident)	$
								$
	☐ UMBRELLA LIAB ☐ OCCUR						EACH OCCURRENCE	$
	☐ EXCESS LIAB ☐ CLAIMS-MADE						AGGREGATE	$
	☐ DED ☐ RETENTION $							$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y/N						☐ PER STATUTE ☐ OTH-ER	
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? ☐ N/A (Mandatory in NH)						E.L. EACH ACCIDENT	$
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE	$
							E.L. DISEASE - POLICY LIMIT	$
A	Privacy & Security Liability (Cyber)	Y		C4M00238400	07/07/2025	07/07/2026	Limit	5,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER

P&A Administrative Services, Inc.
6400 Main St, Suites 120 & 210
Williamsville NY 14221

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 06/18/2025

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER	CONTACT NAME: Joelle Maranto	
Consolidated Insurance Agents, Inc. Maranto Agency, Inc. 36 Hopkins Road Williamsville NY 14221	PHONE (A/C, No, Ext): (716) 633-1818	FAX (A/C, No): (716) 633-6442
	E-MAIL ADDRESS: jmaranto@marantoagency.com	
	INSURER(S) AFFORDING COVERAGE	NAIC #
	INSURER A : Allied World Surplus Lines Ins Co	24319
INSURED P&A Administrative Services Inc.; Priselac & Associates; P&A Benefits Inc.; P&A Retirement Plan Services Inc.; P&A Group 6400 MAIN ST. SUITES 210 Williamsville NY 14221-5803	INSURER B :	
	INSURER C :	
	INSURER D :	
	INSURER E :	
	INSURER F :	

COVERAGES **CERTIFICATE NUMBER:** CL2561863770 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOWHAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	COMMERCIAL GENERAL LIABILITY						EACH OCCURRENCE	$
	☐ CLAIMS-MADE ☐ OCCUR						DAMAGE TO RENTED PREMISES (Ea occurrence)	$
							MED EXP (Any one person)	$
							PERSONAL & ADV INJURY	$
	GEN'L AGGREGATE LIMIT APPLIES PER:						GENERAL AGGREGATE	$
	☐ POLICY ☐ PRO-JECT ☐ LOC						PRODUCTS - COMP/OP AGG	$
	☐ OTHER:							$
	AUTOMOBILE LIABILITY						COMBINED SINGLE LIMIT (Ea accident)	$
	☐ ANY AUTO						BODILY INJURY (Per person)	$
	☐ OWNED AUTOS ONLY ☐ SCHEDULED AUTOS						BODILY INJURY (Per accident)	$
	☐ HIRED AUTOS ONLY ☐ NON-OWNED AUTOS ONLY						PROPERTY DAMAGE (Per accident)	$
								$
	UMBRELLA LIAB ☐ OCCUR						EACH OCCURRENCE	$
	EXCESS LIAB ☐ CLAIMS-MADE						AGGREGATE	$
	☐ DED ☐ RETENTION $							$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y/N						☐ PER STATUTE ☐ OTH-ER	
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? ☐ (Mandatory in NH)	N/A					E.L. EACH ACCIDENT	$
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE	$
							E.L. DISEASE - POLICY LIMIT	$
A	Errors & Omissions Professional Liability			03091166	07/26/2025	07/26/2026	Each Claim	5,000,000
							Aggregate	5,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER

P&A Administrative Services, Inc.
6400 Main St, SUites 120 & 210
Williamsville NY 14221

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Joelle Maranto

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CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 10/31/2024

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Consolidated Insurance Agents, Inc. Maranto Agency, Inc. 36 Hopkins Road Williamsville NY 14221	CONTACT NAME: Joelle Maranto PHONE (A/C, No, Ext): (716) 633-1818 FAX (A/C, No): (716) 633-6442 E-MAIL ADDRESS: jmaranto@marantoagency.com
INSURED P&A Administrative Services Inc & P&A Retirement Plan Services Inc Priselac & Associates, P&A Benefits Inc, P&A Group 6400 Main Street Suites 210 Williamsville NY 14221	INSURER(S) AFFORDING COVERAGE / NAIC # INSURER A: Sentinel Insurance Company,LTD 11000 INSURER B: Rated by Multiple Companies 00914 INSURER C: INSURER D: INSURER E: INSURER F:

COVERAGES **CERTIFICATE NUMBER:** CL2491160518 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	[X] COMMERCIAL GENERAL LIABILITY [ ] CLAIMS-MADE [X] OCCUR [X] Contractual Liability [X] Completed Operations GEN'L AGGREGATE LIMIT APPLIES PER: [X] POLICY [ ] PRO-JECT [X] LOC [ ] OTHER	Y	Y	01SBARE9925	11/21/2024	11/21/2025	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG Non-owned	$ 2,000,000 $ 1,000,000 $ 10,000 $ 2,000,000 $ 4,000,000 $ 4,000,000 $ 2,000,000
A	AUTOMOBILE LIABILITY [ ] ANY AUTO [ ] OWNED AUTOS ONLY [ ] SCHEDULED AUTOS [X] HIRED AUTOS ONLY [X] NON-OWNED AUTOS ONLY	Y	Y	01SBARE9925	11/21/2024	11/21/2025	COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	$ 2,000,000 $ $ $
A	[X] UMBRELLA LIAB [X] OCCUR EXCESS LIAB [ ] CLAIMS-MADE [ ] DED [X] RETENTION $ 10,000	Y	Y	01SBARE9925	11/21/2024	11/21/2025	EACH OCCURRENCE AGGREGATE	$ 5,000,000 $ 5,000,000 $
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) Y/N: N If yes, describe under DESCRIPTION OF OPERATIONS below	N/A		01WBCAJ2NHP	11/21/2024	11/21/2025	[X] PER STATUTE [ ] OTH-ER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	 $ 1,000,000 $ 1,000,000 $ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Proof of Insurance

CERTIFICATE HOLDER

P&A Administrative Services, Inc.
6400 Main Street Suite 21
Williamsville NY 14221

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE



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CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 09/08/2025

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER	CONTACT NAME: Joelle Maranto	
Consolidated Insurance Agents, Inc. Maranto Agency, Inc. 36 Hopkins Road Williamsville NY 14221	PHONE (A/C, No, Ext): (716) 633-1818	FAX (A/C, No): (716) 633-6442
	E-MAIL ADDRESS: jmaranto@marantoagency.com	
	INSURER(S) AFFORDING COVERAGE	NAIC #
	INSURER A: Hiscox Ins Co	10200
INSURED P&A Administrative Services Inc.; P&A Benefits Inc. P&A Group 6400 MAIN ST. SUITE 210 Williamsville NY 14221-5803	INSURER B:	
	INSURER C:	
	INSURER D:	
	INSURER E:	
	INSURER F:	

COVERAGES **CERTIFICATE NUMBER:** CL2581864591 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

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	COMMERCIAL GENERAL LIABILITY						EACH OCCURRENCE	$
	☐ CLAIMS-MADE ☐ OCCUR						DAMAGE TO RENTED PREMISES (Ea occurrence)	$
							MED EXP (Any one person)	$
							PERSONAL & ADV INJURY	$
	GEN'L AGGREGATE LIMIT APPLIES PER						GENERAL AGGREGATE	$
	☐ POLICY ☐ PRO-JECT ☐ LOC						PRODUCTS - COMP/OP AGG	$
	☐ OTHER							$
	AUTOMOBILE LIABILITY						COMBINED SINGLE LIMIT (Ea accident)	$
	☐ ANY AUTO						BODILY INJURY (Per person)	$
	☐ OWNED AUTOS ONLY ☐ SCHEDULED AUTOS						BODILY INJURY (Per accident)	$
	☐ HIRED AUTOS ONLY ☐ NON-OWNED AUTOS ONLY						PROPERTY DAMAGE (Per accident)	$
								$
	☐ UMBRELLA LIAB ☐ OCCUR						EACH OCCURRENCE	$
	☐ EXCESS LIAB ☐ CLAIMS-MADE						AGGREGATE	$
	☐ DED ☐ RETENTION $							$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y/N						☐ PER STATUTE ☐ OTH-ER	
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? ☐ (Mandatory in NH)	N/A					E.L. EACH ACCIDENT	$
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE	$
							E.L. DISEASE - POLICY LIMIT	$
A	Employee Dishonesty Crime			UC2521935124	09/26/2025	09/26/2026	Employee Theft	2,000,000
							Third Parties Property	2,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER

P&A Administrative Services, Inc.
17 Court Street, Suite 500
Buffalo NY 14202

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Joelle Maranto

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Attachment No. 4

INDEMNIFICATION AGREEMENT

Indemnification Agreement

a form required of Bidders and Proposers on purchases of services for the

City of Franklin, Tennessee

State of New York)
) SS
County of Erie)

On behalf of Bidder/Proposer, Michael Rizzo (printed name of person signing Agreement) agrees that:

1. He or she is the President (Owner or Authorized Partner, Officer, Representative or Agent of Owner) of P&A Administrative Services, Inc. (legal name of entity submitting bid or proposal), the Bidder or Proposer who has submitted the attached bid or proposal;

2. The Bidder or Proposer is fully informed respecting the preparation and content of the attached bid or proposal and of all pertinent circumstances respecting such bid or proposal;

3. The Bidder or Proposer agrees to indemnify and save the Government of Franklin, the City of Franklin and individual, on or off duty, officers, and employees of the City of Franklin, harmless from any and all losses, damages and expenses, including court costs and attorneys' fees, by reason of any loss, whatsoever, arising out of or relating to or in consequence of the work done in connection with any contract, agreement, purchase order or other procurement to which this Agreement applies, excepting only such losses as shall be occasioned solely by the negligence of the City of Franklin; and

4. This Agreement is made on personal knowledge.

Michael Rizzo
(signature of person whose printed name appears above)

President
(title of person whose printed name appears above)

Sworn and subscribed to before me this 3rd day of September, 2025

Joseph A. Meyer
(Notary Public)

My Commission Expires: January 7, 2027

(Submitted in response to City of Franklin Purchasing Office Solicitation No. 2026-005)

Form revised 12/12/2016

CHERYL L GRETZLER
NOTARY PUBLIC, STATE OF NEW YORK
NO. 01GR6385617
QUALIFIED IN ERIE COUNTY
MY COMMISSION EXPIRES JANUARY 7, 2027

City of Franklin

109 3rd Ave S.
Franklin, TN 37064
(615) 791-3217

File #: 21-05555

DATE: 12/4/2025

TO: Budget & Finance Committee

FROM: Kristine Brock, Asst. City Administrator/CFO
Margaret Wilson, Finance Director

SUBJECT:

Report Of The City's External Auditor, Crosslin, PLLC, And Presentation Of The Fiscal Year 2025 Annual Comprehensive Financial Report

PURPOSE:

The purpose of this memorandum is to provide information to the Franklin Board of Mayor and Aldermen (BOMA) concerning the financial condition of the City on June 30, 2025.

BACKGROUND/STAFF COMMENTS:

Each year, the City is required by State law to provide an annual financial report to the State of Tennessee. Additionally, certain disclosure requirements in bond documents also provide for periodic financial reports to be prepared. The City takes this responsibility seriously and provides regular financial updates throughout the year. However, at the end of the fiscal year, a more elaborate report, called the Annual Comprehensive Financial Report (ACFR), is produced by City staff and audited by an independent firm of Certified Public Accountants. Representatives of our CPA firm, Crosslin & Associates, will be present at the December 4th meeting of the Budget & Finance Committee to make a verbal report.

The final report will be delivered prior to the 12/9/2025 meeting of the Board and Mayor and Aldermen.

FINANCIAL IMPACT:

The delivery of the ACFR is for reporting purposes only. There is no financial impact.

RECOMMENDATION:

Staff recommends acknowledgment by the Board of Mayor and Aldermen of the FY 2025 ACFR for the City.

CROSSLIN
CERTIFIED PUBLIC ACCOUNTANTS

December 4, 2025

To the Board of Mayor and Aldermen
City of Franklin, Tennessee

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Franklin, Tennessee (the "City") for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 12, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note I to the financial statements. As described in Note IK to the financial statements, the City changed accounting policies related to Compensated Absences by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 101, *Compensated Absences*, in fiscal year 2025. Accordingly, there was no cumulative effect of the accounting change as of the beginning of the year.

We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the City's financial statements are related to City's pension and other postemployment benefits obligations ("OPEB"). The City's financial statements include significant accounting estimates related to the net pension liability and net OPEB liability, as well as related deferred outflows/inflows of resources and annual expense amounts. These estimates are determined based on actuarial valuations performed by

independent actuaries using prescribed assumptions under GASB Statements No. 68 and 75, respectively. We evaluated the methods, assumptions, and data used to develop these estimates and have determined that they are reasonable in relation to the financial statements taken as a whole. The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no audit adjustments or passed adjustments during the audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter. The management representation letter is expected to be dated shortly after the 2025 OMB Compliance Supplement is issued final for the Single Audit.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis, Required Schedules for Pension, Required Schedules for OPEB, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on Schedule of Expenditures of Federal and State Awards, Combining and Individual Fund Financial Statements and Schedules, Other Supplementary Schedules not marked "unaudited", which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the Introductory Section, the Statistical or other Supplementary Schedules marked "unaudited", which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the information and use of To the Board of Mayor and Aldermen City of Franklin, Tennessee and management of and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Jennifer Manternach
Audit Principal

City of Franklin, Tennessee

Annual Comprehensive Financial Report

DRAFT



Opening of Bicentennial Park

For the Fiscal Year Ended June 30, 2025

DRAFT

CITY OF FRANKLIN, TENNESSEE

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2025

DRAFT

Prepared by:

City of Franklin
Department of Finance

CITY OF FRANKLIN, TENNESSEE
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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INTRODUCTORY SECTION

HISTORIC
FRANKLIN
TENNESSEE

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DRAFT

December 9, 2025

To the Honorable Mayor & Aldermen and Citizens of Franklin, Tennessee:

State law requires that all general-purpose local governments publish, within six months of the close of each fiscal year, a complete set of financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2025.

Management assumes full responsibility for the completeness and reliability of all of the information presented in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Crosslin, PLLC, Certified Public Accountants, has issued an unmodified ("clean") opinion on the City of Franklin's financial statements for the year ended June 30, 2025. The independent auditor's report is presented as the first component of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statement. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the government

The City of Franklin, incorporated in 1799, is in Middle Tennessee. The local economy is a well-balanced blend of financial, agricultural, wholesale, retail, manufacturing, and service industries. No single industry is critical to the region's economy. The City covers an area of 44.9 square miles and serves a population of 83,454 according to the 2020 census. The City is one of the fastest growing municipalities in the State of Tennessee, with the population increasing by 18% since the 2017 special census of 70,908. The City is empowered to levy both real and personal properties located within its boundaries. In addition, it is empowered by State statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing board and upon request of the property owner.

The City has operated under a Mayor/Board of Aldermen form of government under State charter since 1903. Policy-making and legislative authority are vested in a governing board consisting of the Mayor and eight other members (Aldermen). The Board is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring the government's Administrator. The Administrator's responsibilities include carrying out the policies and ordinances of the governing board, preparing an annual budget, and overseeing the day-to-day operations of the government. The Board is elected on a non-partisan basis. Board members serve four-year staggered terms, with four Aldermen elected at large and the remaining four elected by ward two years later. The Aldermen elected by wards must live within the ward they represent. The Mayor also serves a term of four years.

The City provides a full range of services, including police and fire protection; the construction and maintenance of highways, streets, and other infrastructure; pickup and disposal of solid waste; planning and codes; operation of a city court; implementation of stormwater regulations and remedies; an inner-city transit system; and a citywide park system. The City also has its own water, sanitary sewer, and reclaimed water system.

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The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for budget appropriations to the Administrator in late fall/winter of the calendar year prior to the next Fiscal Year. The Administrator, in concert with the Executive Leadership Team and the Chief Budget & Perofmrance Officer, uses these requests as a starting point for developing a proposed budget. After meetings with department heads and reviews by the Budget & Finance Committee, the Administrator presents the budget to the Board of Mayor and Aldermen for approval.

Three meetings of the full board and a public hearing are necessary for approving the budget. The legal level of budgetary control, the level at which management cannot overspend the without the approval of the governing body, is the fund level. Although the legal level of budgetary control is at the fund level, the budget is prepared by fund, function, and department. Amendments to a fund have three readings by the Board, one of which is a public hearing. Budget-to-actual comparisons are provided within this report for each individual governmental fund for which a budget has been adopted. For the General Fund and Road Impact Fund, this comparison is presented on pages 36-44 as part of the basic financial statements. For the other governmental funds with appropriated annual budgets, the comparisons are presented beginning on page 93.

Local economy

The City of Franklin generally enjoys a favorable economic environment and local indicators point to continued stability. The region has a varied commercial and industrial base, which adds to employment stability with one of the State's lowest rate of unemployment (of cities with a population of 50,000 or more). The local economy is a well-balanced blend of financial, agricultural, wholesale, retail, manufacturing, and service industries. Residential and commercial development in the area has spurred continuing growth.

The City is a retail hub of the Metro Nashville area. The Cool Springs Galleria has one million square feet of retail shops and restaurants including anchors Belk, Dillard's, JC Penny, and Macy's. Other notable retail includes Trader Joe's (2021), The Factory at Franklin (initial phase of renovation completed in 2023) and Historic Downtown Franklin.

Tourism is another significant aspect of the local economy. In 2024, Williamson County ranked 6th of Tennessee's 95 counties for direct visitor spending, with $1.37 billion. Visitors to Franklin enjoy the City's historic downtown, shopping options, arts and entertainment venues, and historic sites. One such place, the Carter House State Historic site, broke ground in March 2025 for a new $8.5 million visiton center, which will open in 2026.

Several well-known corporations have their national, regional, or state headquarters in Franklin; among them are: Acadia Healthcare, Cigna Healthcare, CKE Restaurants, Community Health Systems, eviCore Healthcare, Franklin American Mortgage, Franklin Madison Group, Huskey Truss & Building Supply, Iasis Healthcare, Jackson National Life, Landmark Recovery, Lee Company, Mars Petcare, Medhost, Mitsubishi Motors North America, Nissan North America, Ramsey Solutions, Schneider Electric, OMNIA Partners, and Video Gaming Technologies. In September 2024, In-N-Out Burger broke ground on the corporate hub in Franklin, which is expected to be completed in 2026.

Long-term financial planning and major initiatives

The governing body periodically reviews its ten-year capital investment plan (CIP). The ultimate intent is to match available funding with needed projects and to highlight any funding shortfalls. On October 14, 2025, the Board of Mayor and Alderman via Resolution 2025-85 amended the CIP previously approved to include a new list of approved capital projects for the ten-year window of FY 2026-2035 period of time. These include:

Under Construction

1. New City Hall
2. The Pearlene M. Bransford Complex (The Pearl) - Phase 1
3. East McEwen Drive - Phase 4
4. Robinson Lake
5. USACE - Home Raising Project

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Right-of-Way/Acquisition/Bidding

6. Long Lane & Old Peytonsville
7. McEwen Phase 5
8. Liberty Park Improvements
9. Lewisburg Sidewalk - to Collins Farm

Design

10. Goose Creek By-Pass & Carothers Extensions
11. Mallory/N Royal Oaks/Liberty
12. Church Street
13. Franklin Road Improvements (SR-397 to Mallory St.)
14. Fire Station 3 Replacement
15. Boyd Mill Avenue (South of SR96-Downs Blvd)
16. Eddy Lane (SR-96 to Liberty Pike)
17. Peytonsville Rd & Pratt Ln Intersection Improvements
18. Mack Hatcher Parkway & Hillsboro Road Intersection
19. South Margin Street & 5th Avenue Intersection
20. Main Street Sidewalk Repair Project
21. Lewisburg Sidewalk - Carriage Park Drive to Mack Hatcher
22. Lewisburg Sidewalk - Collins Farm to Carriage Park Drive
23. Greenway (Aspen Grove to Mack Hatcher)
24. Mack Hatcher Multiuse Trail (Franklin-Hillsboro)
25. Greenway (Pinkerton Park to Franklin Road Bridge)

As of October 14, 2025, of the 25 projects shown above, 5 were under construction, 4 were under right of way acquisition, conceptual design or actively being bid, and 15 were in early preliminary design. In the last five years, the City has completed 18 projects approved in prior capital investment plans.

Continued revisitation of the 10-year window (FY 2026-2035) of capital projects will occur sporadically, with the Board set to receive quarterly status updates on projects beginning in January 2026

Relevant financial policies

The City has adopted financial policies in recent years as follows:

- Alternative Payments Policy. Adopted in May 2020.
- Bad Debts Policy. Adopted in July 2012
- Capital Assets Policy. Adopted in June 2019. Updated in August 2022. Updated in June 2024.
- City Administrator Authority Policy. Adopted in July 2022. Updated in January 2023.
- COLA for Closed Pension Plan Policy. Adopted in January 2023
- Customer Service Policy. Updated in October 2023.
- Debt Management Policy. Adopted in December 2017.
- Disbursements Policy. Adopted in June 2018. Updated in June 2024.
- Federal Tax Compliance Policy. Adopted in January 2012.
- Fire Step Up Pay. Adopted in January 2024.
- Fund Balance Policy - General Fund. Updated in September 2014.
- Grants Policy. Adopted in June 2020. Updated in August 2022.
- HR Manual. Adopted in October 2019. Updated in September 2023.
- Internal Control Documentation. Adopted in June 2020. Updated in August 2022.
- Investment Policy for Non-Pension Assets. Adopted April 2021.
- Lease Accounting and Reporting Policy. Adopted in June 2021. Updated in August 2022 and June 2023.
- OPEB Contributions (retiree option II coverage) Policy. Adopted in May 2023.
- OPEB Adjustments (retiree option II coverage, effective 7/1/2024). Adopted May 2024.
- Payroll Procedures. Adopted in June 2019. Updated in June 2025.
- Pension COLA (closed plan) Policy. Adopted in January 2023.
- Pension Funding Policy (closed plan). Adopted in October 2014. Updated in April 2023.
- Pension Policy (closed plan). Adopted in August 2018.

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- Procurement Policy. Updated most recently in July 2022 and June 2023.
- Purchasing-Debarment and Suspension Procedures. Adopted in February 2015.
- Purchasing-Values and Guiding Principles of Public Procurement. Adopted in March 2012.
- Travel and Expense Policy. Adopted in June 2018. Updated in June 2025.
- Uncollectible Accounts Receivable Write-offs. Adopted in June 2022. Updated in June 2023.

The City continues to explore adopting additional best practice financial policies including budgeting, revenues, economic development, enterprise risk management, capital improvements, and reserves for funds other than the General Fund.

Awards and acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Franklin for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2024. This was the thirty-fourth (34th) consecutive year that the government received this prestigious award. To be awarded a Certificate of Achievement, the government is required to publish an easily readable and efficiently organized ACFR. This report satisfies both GAAP and applicable legal requirements. The Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

In closing, the preparation of this report would not have been possible without first, the leadership and support of the Mayor and Board of Aldermen, and second, the efficient and dedicated services of the entire staff of the Finance Department.

Respectively submitted,



Eric S. Stuckey
City Administrator

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CITY OF FRANKLIN, TENNESSEE
GFOA CERTIFICATE OF ACHIEVEMENT

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Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Franklin
Tennessee

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

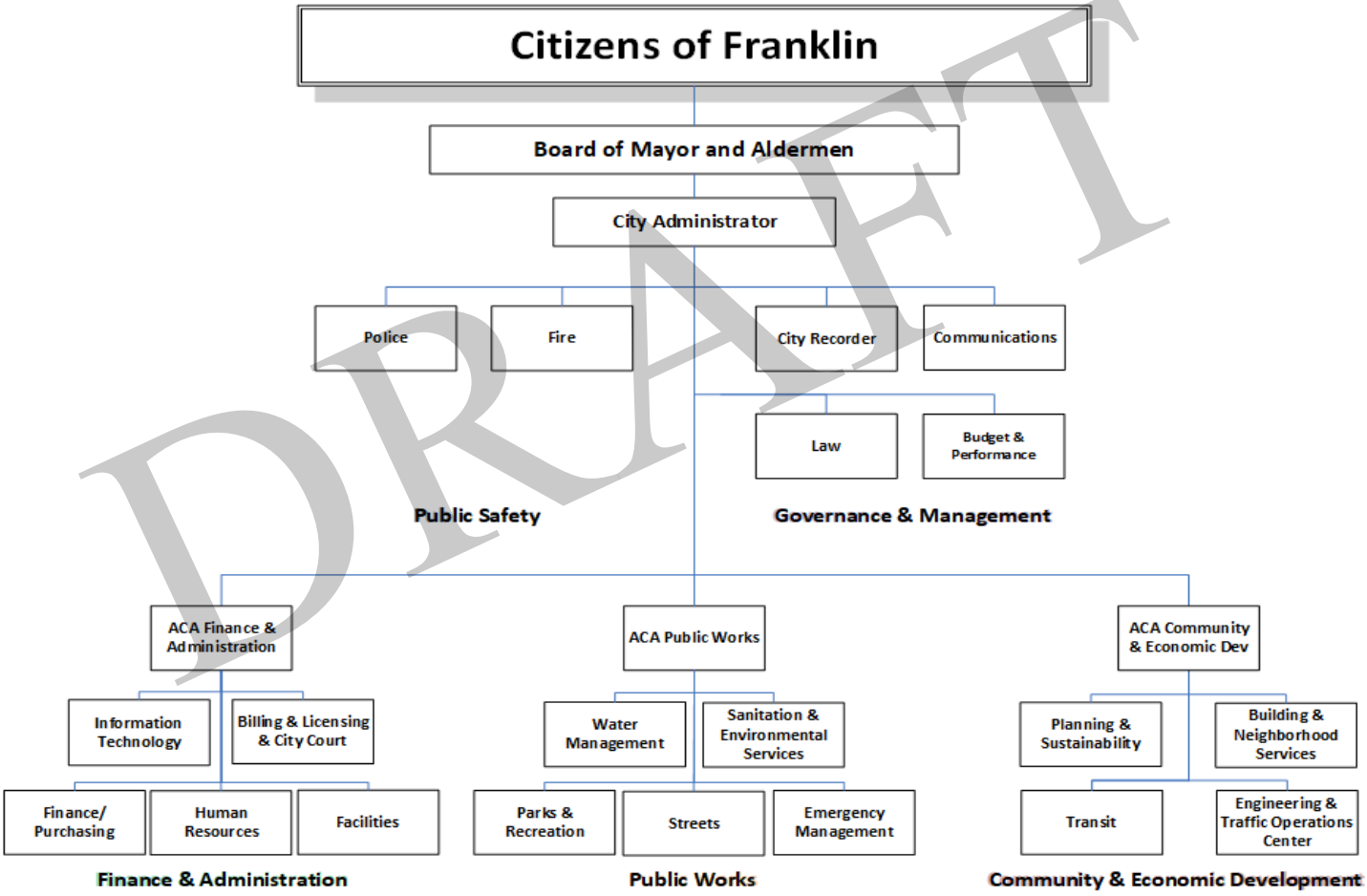
June 30, 2024

Christopher P. Morrill

Executive Director/CEO

CITY OF FRANKLIN, TENNESSEE
ORGANIZATIONAL CHART

FOR THE FISCAL YEAR ENDED JUNE 30, 2025



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CITY OF FRANKLIN, TENNESSEE
LIST OF ELECTED AND APPOINTED OFFICIALS
JUNE 30, 2025

Elected Officials

Mayor	Dr. Ken Moore
Alderman – 1st Ward	Beverly Burger
Alderman – 2nd Ward (Vice-Mayor)	Matt Brown
Alderman – 3rd Ward	Jason L. Potts
Alderman – 4th Ward	Patrick Baggett
Alderman – At Large	Clyde Barnhill
Alderman – At Large	Brandy Blanton
Alderman – At Large	Gregory Caesar
Alderman – At Large	Ann Petersen

Appointed Officials

City Administrator	Eric Stuckey
Assistant City Administrator / Chief Financial Officer	Kristine Brock, CPFO
Assistant City Administrator / Community & Economic Development	Vernon Gerth
Assistant City Administrator / Public Works	Mark Hilty
Billing & Licensing Director/City Court Clerk	Jessica Davey, J.D.
Building & Neighborhood Services (BNS) Director	Tom Marsh
City Attorney	Shauna Billingsley
Engineering Director	Paul Holzen, P.E.
Finance Director	Margaret Wilson, CPFO
Fire Chief	Glenn Johnson
Human Resources Director	Kevin Townsel, J.D.
Information Technology (IT) Director	M. Jason Potts
Parks Director	Lisa Clayton
Planning & Sustainability Director	Emily Wright
Police Chief	Deb Faulkner
Sanitation & Environmental Services (SES) Director	Jack Tucker
Streets Director	Steve Grubb
Water Management Director	Michelle Hatcher, P.E.

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Mayor and Aldermen
City of Franklin, Tennessee

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Franklin, Tennessee (the "City"), as of and for the year ended June 30, 2025 (except for the Fiduciary Pension Fund, which is as of December 31, 2024 and for the year then ended), and the related notes to the financial statements, which collectively comprise the City of Franklin, Tennessee's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Franklin, Tennessee, as of June 30, 2025 (except for the Fiduciary Pension Fund which is as of December 31, 2024), and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the general fund and road impact fee fund for the year then ended (except for the Fiduciary Pension Fund, which is for the year ended December 31, 2024), in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial

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likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

The financial statements of the City include summarized prior-year comparative information. Such information does not include all of the information required or sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended June 30, 2024, from which the summarized information was derived. We have previously audited the City's 2024 financial statements, and we expressed an unmodified opinion on those statements in our report, dated December 10, 2024. In our opinion, the summarized comparative information presented herein as of and for the year end June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 19–28, the schedule of changes in the net pension liability and related ratios – pension plan on pages 87 and 90, the schedule of employer contributions - pension plan on pages 88 and 91, the schedule of investment returns - pension plan on page 89, and the schedule of changes in total OPEB liability and related ratios on page 92 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, the supplemental schedules on pages 113 - 120, the supplemental schedule on page 152, and schedule of expenditures of federal awards and state financial assistance, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State of Tennessee, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the supplemental schedules on pages 113 – 120, the supplemental schedule on page 152, and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections, the schedules on pages 121 - 124, the schedules on pages 150-151, and the schedules on pages 153 – 154, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December XX, 2025, on our consideration of the City of Franklin, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Nashville, Tennessee
December XX, 2025

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CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025

As management of the City of Franklin, Tennessee (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2025. Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3 through 6 of this report.

Financial Highlights

- **Net Position**. The assets and deferred outflows of resources of the City of Franklin exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $984,270,670, compared to $969,741,814 in the previous fiscal year. Of this amount, $53,868,039 (unrestricted net position) may be used to meet government's ongoing obligations to citizens and creditors

- **Fund Balances**. At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $205,336,278. In the prior year, this amount was $180,659,629. There is a increase in fund balances of $24,676,649 due primarily to the issuance of new debt.

- **General Fund – Fund Balance**. At the end of the current fiscal year, fund balance in the General Fund is $89,483,990, or 78% of General Fund expenditures (including transfers to other funds) of $115,456,899. The fund balance increased $2,824,085 from the prior year. The primary impacts on fund balance in 2025 included slight increases in specific revenues, such as sales and state shared revenues, and lower need of transfers among city funds.

- **Budget**. The City's 2025 original General Fund budget had an original draw of $1,508,078 and final draw of $1,508,078 from the accumulated fund balance. In actuality, a use of fund balance was not needed.

- **Capital Assets**. The City continued working on several infrastructure projects including bridge replacement, adaptive signal technology, trails, parks, water and sewer line improvements, and wastewater plant improvements.

- **Debt**. The City's bonds (excluding bond premiums) and SBITA increased by $25,445,333 (from $236,216,625 to $261,661,958) during the current fiscal year. There was $214,902 in new SBITA and $43,775,000 in new bonds in governmental activities. A total of $18,544,570 ($11,028,588 governmental and $7,515,982 business-type) in debt was repaid. The City issued its first new money General Obligation Bond issue since 2019 with the issuance of $43,775,000 Series 2025 Bonds.

Overview of the Financial Statements

This discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: (1) government–wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government–wide Financial Statements. The *government–wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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Both of the government–wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include:

Governance & management (elected officials, administration, budget and perforance, legal, and communications);

Public safety (police and fire);

Finance & administration (finance, purchasing, human resources, information technology, billing and licensing, court, and project and facilities management);

Community & economic development (building and neighborhood services, planning and sustainability, engineering, traffic operations center, economic development, transit, and CDBG);

Public works (streets, parks, sanitation, emergency management, and storm water);

Other general government (general expenses, appropriations, and non-park tourism in hotel/motel).

The business-type activity of the City is ***water and sewer***.

The *government–wide financial statements* can be found on pages 30 through 31 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary fund, and fiduciary fund.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government–wide financial statements. However, unlike the government–wide financial statements, governmental fund financial statements focus on near–term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near–term financing requirements.

Because the focus of governmental funds is narrower than that of the government–wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government–wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains fifteen (15) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Multi-Purpose Capital Project Fund, Road Impact Fee Fund, and Debt Service Fund, which are considered to be major funds. Data from the other eleven governmental funds are combined into a single, aggregated presentation in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The City adopts an annual appropriated budget for its General Fund, special revenue funds, and Debt Service Fund. A budgetary comparison has been provided for the General Fund on pages 36-43, Road Impact Fee Fund on page 44, special revenue funds (excluding Road Impact Fee Fund) on pages 98-107, the Fleet Replacement Fund on page 108, and the Debt Service Fund on page 109 to demonstrate compliance.

The basic governmental fund financial statements can be found on pages 32 through 35 of this report.

Proprietary Funds. The City maintains one type of proprietary fund. An *Enterprise* fund is used to report the same functions presented in the business-type activities in the government–wide financial statements. The City uses an enterprise fund to account for its water, sewer, and reclaimed water operations. No internal service funds were used during the year covered by this report.

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Proprietary funds provide the same type of information as the government–wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Water and Sewer Fund, which is considered to be a major fund of the City.

The basic proprietary fund financial statements can be found on pages 45-47 of this report.

Fiduciary Funds. A fiduciary fund is used to account for resources held for the benefit of parties outside the government. The City uses a fiduciary fund to account for the City of Franklin Employees' Pension Plan (closed plan). The fiduciary fund is not reported in the government–wide financial statements because the resources of these funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used in proprietary funds.

The fiduciary fund financial statements can be found on pages 48-49 of this report.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government–wide and fund financial statements. The notes to the financial statements can be found on pages 51-84 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's progress in funding its obligations to provide pension and OPEB benefits to its employees. Required supplementary information can be found on pages 87-92 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions and OPEB. Combining and individual fund statements can be found on pages 95-109.

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Government–wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by $984,270,670 at the close of the most recent fiscal year.

City of Franklin's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets						
Current and other assets	$ 275,155,869	$ 242,025,644	$ 73,502,863	$ 61,907,663	$ 348,658,732	$ 303,933,307
Capital assets, net of accumulated depreciation	718,489,023	699,119,319	359,299,485	357,433,538	1,077,788,508	1,056,552,857
Total assets	993,644,892	941,144,963	432,802,348	419,341,201	1,426,447,240	1,360,486,164
Total deferred outflows of resources	30,686,622	39,253,782	3,894,272	5,155,479	34,580,894	44,409,261
Liabilities						
Long-term liabilities outstanding	240,343,922	200,248,396	139,312,106	144,495,244	379,656,028	344,743,640
Current and other liabilities	50,057,686	48,741,364	10,882,538	11,671,692	60,940,224	60,413,056
Total liabilities	290,401,608	248,989,760	150,194,644	156,166,936	440,596,252	405,156,696
Total deferred inflows of resources	35,446,368	29,152,340	714,844	844,575	36,161,212	29,996,915
Net position:						
Net investment in capital assets	622,346,270	607,252,196	224,754,168	218,196,290	847,100,438	825,448,486
Restricted	63,866,011	28,635,469	19,436,182	15,621,869	83,302,193	44,257,338
Unrestricted	12,271,257	66,368,980	41,596,782	33,667,010	53,868,039	100,035,990
Total net position	$ 698,483,538	$ 702,256,645	$ 285,787,132	$ 267,485,169	$ 984,270,670	$ 969,741,814

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Governmental Activities

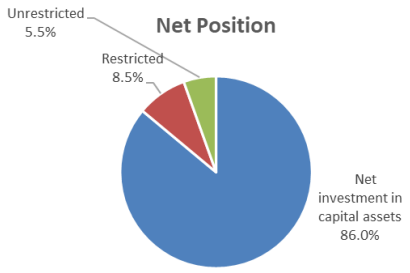
Current and other assets increased in governmental activities by $33,130,225 primarily from additional revenues from local sales tax (from increased sales and prices) and state shared taxes. Capital assets increased by $19,369,704. Long term liabilities increased by $40,095,525 due to issuance of new debt in 2025.

Business-Type Activities

Current and other assets increased in business-type activities slightly from water and sewer rates that increased on January 1, 2025. Capital assets had a net increase from water and sewer projects. Long term liabilities decreased as principal is amortized annually. In addition, the final maturity of the Series 2005 Water and Sewer Reveue Bond occurred in 2025..

Governmental policy continues to recognize that local revenue sources must be the foundation for providing basic public services rather than depending on uncertain federal and state sources. To this end, it is vitally important to continue efforts to seek balanced diversity, equity, and efficiency in local revenue systems to better accommodate future change.

By far, the largest portion of the City's net position, $847,100,438, or 86.0%, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less the portion of related debt outstanding used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated to repay these liabilities. A portion of the City's net position, $83,302,193, or 8.5%, represents resources that are subject to external restriction on how they may be used. The remaining balance of $53,868,039, or 5.5%, is unrestricted net position that may be used to meet the government's ongoing obligations to citizens and creditors.



Governmental and business-type activities changed the City's net position by $(3,773,107) and $18,301,963, respectively.

Key elements of this increase are as follows:

City of Franklin's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues:						
Charges for services	$ 20,232,299	$ 18,342,130	$ 49,418,661	$ 47,169,798	$ 69,650,960	$ 65,511,928
Operating grants & contributions	9,390,863	9,338,997	7,300,170	1,663,729	16,691,033	11,002,726
Capital grants & contributions	11,597,145	16,298,925	4,160,560	10,523,944	15,757,705	26,822,869
General Revenues:						
Property taxes	23,956,584	24,233,164	-	-	23,956,584	24,233,164
Sales taxes	65,865,952	62,424,823	-	-	65,865,952	62,424,823
Wholesales beer tax	1,580,025	1,675,086	-	-	1,580,025	1,675,086
Wholesale liquor tax	1,804,208	1,932,197	-	-	1,804,208	1,932,197
Hotel/motel tax	5,476,275	5,829,839	-	-	5,476,275	5,829,839
Other taxes	243,993	187,326	-	-	243,993	187,326
Intergovernmental	24,410,710	23,470,223	-	-	24,410,710	23,470,223
Impact fees and taxes	10,494,553	16,477,610	-	-	10,494,553	16,477,610
Franchise fees	2,616,141	2,307,280	-	-	2,616,141	2,307,280
Use of money and property	9,651,088	8,723,488	3,129,312	2,444,929	12,780,400	11,168,417
Miscellaneous	666,703	1,182,295	-	-	666,703	1,182,295
Total revenues	187,986,539	192,423,383	64,008,703	61,802,400	251,995,242	254,225,783
Expenses:						
Governance & management	4,381,249	6,285,343	-	-	4,381,249	6,285,343
Public safety	55,488,193	56,188,230	-	-	55,488,193	56,188,230
Finance & administration	16,139,634	13,561,989	-	-	16,139,634	13,561,989
Community & economic development	14,150,631	14,414,252	-	-	14,150,631	14,414,252
Public Works	69,767,418	69,520,518	-	-	69,767,418	69,520,518
Other general government	28,914,862	39,580,757	-	-	28,914,862	39,580,757
Interest expense on long-term debt:	3,117,659	3,172,582	-	-	3,117,659	3,172,582
Water & sewer:	-	-	45,506,740	40,985,653	45,506,740	40,985,653
Total expenses	191,959,646	202,723,671	45,506,740	40,985,653	237,466,386	243,709,324
Increase (decrease) in net position before transfers	(3,973,107)	(10,300,288)	18,501,963	20,816,747	14,528,856	10,516,459
Transfers	200,000	200,000	(200,000)	(200,000)	-	-
Increase (decrease) in net position	(3,773,107)	(10,100,288)	18,301,963	20,616,747	14,528,856	10,516,459
Net position - beginning of year	702,256,645	712,356,933	267,485,169	246,868,422	969,741,814	959,225,355
Net position, end of year	$ 698,483,538	$ 702,256,645	$ 285,787,132	$ 267,485,169	$ 984,270,670	$ 969,741,814

Governmental Activities

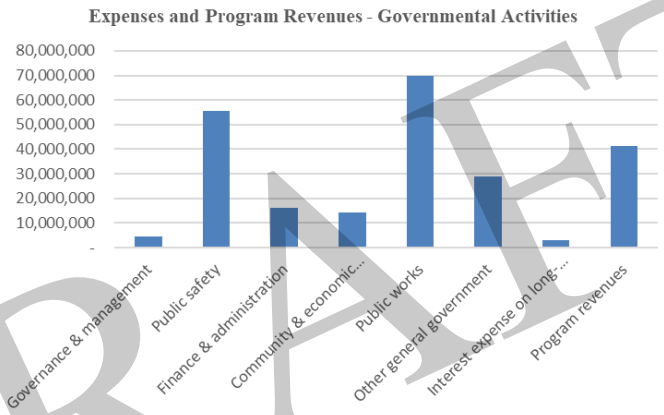
Revenues for governmental activities decreased approximately $4.4 million, or (2.3)% due primarily to three factors: (1) lower total property tax collections due to $220,000 of prior year refunds issued by the State Board Of Equalization, (2) lower operating grants & contributions and (3) lower capital grants & contributions. Impact fees and taxes were $16.5 million in 2024 but $10.5 million in 2025. These fees and taxes are highly dependent on the type and timing of development.

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Business-Type Activities

Revenues for business-type activities increased 3.6%. The primary factor underlying the increase was planned rate increases in 2025 compared to 2024.

Expenses and Program Revenues – Governmental Activities

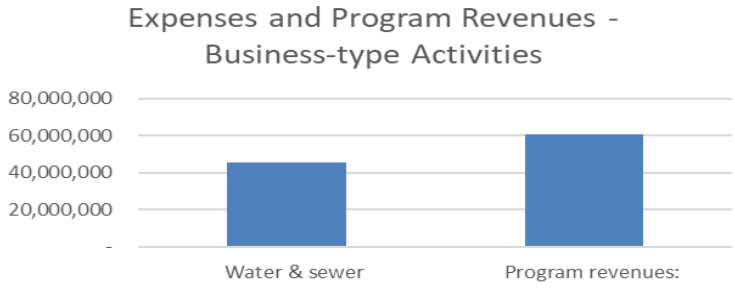


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Governmental Activities

Expenses for governmental activities were $191,959,646. Expenses were offset by $41,220,307 in program revenues. The remainder of $150,739,339 was covered by $146,766,232 in general revenues such as property, sales, and other taxes and $200,000 net from the Water and Sewer fund for its portion of the public works facility. The amount of $(3,773,107) represents the decrease in net position in 2025.

Expenses and Program Revenues – Business-type Activities



Business-Type Activities

Expenses for business-type activities were $45,506,740. Expenses were offset by $64,008,703 in program and general revenues. (Program revenues include $49.4 million in charges for services). There is also the net $(200,000) transfer mentioned above. The amount of $18,301,963 represents the improvement in net position in 2025.

Financial Analysis of Governmental Funds

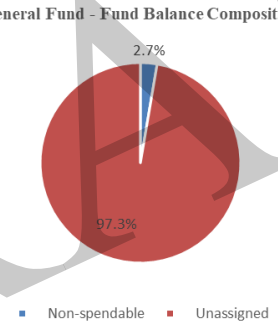
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds

The focus of the City of Franklin's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance that has not yet been limited to use for a particular purpose.

On June 30, 2025, the City's governmental funds reported combined ending fund balances of $205,336,278, an increase of $24,676,649 in comparison with the prior year of $180,659,629. The increase is due primarily to increased revenues from charges for services, grants, increase in capital expenditures, and issuance of new debt.

The General Fund is the chief operating fund of the City. The 2025 ending fund balance of $89,483,990 has the following composition: An amount of $2,387,636, or 2.7%, is non-spendable for inventory and prepaid items. The remainder of $87,096,354, or 97.3%, is unassigned. (Additional information on fund balance can be found in the notes to the financial statements on page 81).



The most significant continuing revenue sources in the General Fund are derived from taxes. Of total General Fund revenues, $84,344,562, or 68.0%, was from taxes. Local option sales tax increased by $3,441,129 (from $62,424,823 to $65,865,952). The increase in local option sales tax is a sign of economic strength in the region with increased sales along with inflation's impact on prices. This revenue has been the City's most significant due to the retail success in the Cool Springs area and continued growth of commercial properties, including new corporate and regional headquarters in the area. Property taxes for the General Fund increased by $1,215,816 (from $11,732,303 to $12,948,119) due to the lower allocation necessary to the debt service fund.

The Debt Service Fund, which receives property taxes for debt previously paid by the General Fund, and transfers from the Sanitation Fund, Road Impact Fund, and Hotel/Motel Tax Fund for their portion of debt, had a fund balance of $127,752. It is the City's intention to hold minimal cash and fund balance in the Debt Service Fund.

The Road Impact Fee Fund saw collections decrease from $10.5 million in 2024 to $6.9 million in 2025. Collections are based on the timing and type of development. With $18 million in expenditures including transfers to the debt service fund, the fund balance decreased from $28.9 million to $17.7 million. The Facilities Tax Fund saw lower collections from $2.9 million in 2024 to $2.7 million in 2025. However, its fund balance decreased from $13,986,389 to $13,149,491 as the fund spent $3.6 million.

The Multi-Purpose Capital Project Fund had an increase in fund balance from $18,892,182 to $51,412,319 due to issuance of Series 2025 General Obligation Bonds..

In the Hotel/Motel Tax Fund, the fund balance decreased during the fiscal year due primarily to increased expenditures due to park acquisitions. The fund balance decreased from $8,736,516 to $7,901,812. The County Facilities Tax Fund, established in 2017 with prior year county facilities taxes received by the City, had an increase in fund balance from $5,654,100 to $6,567,671 due to an increase in facilities tax, which is based on the timing and type of development.

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Budgetary Highlights

In accordance with state law, the City's governing body approves a budget for the General Fund, Special Revenue Funds, and the Debt Service Fund.

Original budget compared to final budget
The original and final budgets (both including transfers to other funds) is as follows:

Fund	Original Budget	Final Budget	Change
General	$ 112,252,391	$ 116,771,802	$ 4,519,411
Street Aid	$ 6,220,212	$ 6,318,939	$ 98,727
Sanitation	$ 13,680,920	$ 13,649,764	$(31,156)
Road Impact	$ 7,293,446	$ 7,961,455	$ 668,009
Facilities Tax	$ 405,673	$ 3,613,642	$ 3,207,969
County Facilities Tax	$ 200,000	$ 200,000	$ -
Stormwater	$ 3,587,343	$ 4,503,273	$ 915,930
Drug	$ 206,415	$ 206,415	$ -
Hotel/Motel	$ 3,967,746	$ 9,017,746	$ 5,050,000
Parkland Dedication	$ -	$ -	$ -
Transit	$ 4,350,253	$ 4,350,253	$ -
CDBG	$ 368,352	$ 368,352	$ -
Fleet Replacement	$ 2,807,000	$ 2,807,000	$ -
Debt Service	$ 15,698,603	$ 15,098,603	$(600,000)
	$ 171,038,354	$ 184,867,244	$ 13,828,890

The original General Fund budget was $112,252,391. The final budget (including transfers) was increased by $4,519,411 to $116,771,802. During the year, the budget was amended to add $4.5 million to the original budget for transfers to Stormwater Management in regards to Fund Balance, cruiser replacements in the Fleet Replacement Fund, Sidewalk Gap Initiatives, and various CIP Projects such as the Pearl Bransford Recreational Complex.

Final budget compared to actual results
In the General Fund, the original budget (including transfers) of $112.2 million anticipated $110 million in current revenues. Actual revenues were almost $118 million. This was $3 million more than anticipated current revenues. The revenue was due primarily to the increase in local sales tax collections, intergovernmental taxes, and interest income. In conjunction with the increased revenue, the City finished the year with $115.5 million in expenditures (including transfers). Actual results showed an increase in fund balance of $2,824,085.

Capital Asset and Debt Administration

Capital Assets

The City of Franklin's investment in capital assets from its governmental and business-type activities as of June 30, 2025, is $1,077,788,509 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, park facilities, roads, highways, and bridges.

The City of Franklin passed Resolution 2024-112, Jaunary 14, 2025, stating the intent to commence with the planning, design, construction, and eventual operation of a six (6) million gallon per day Clean Water Facility. This facility will be located in the southern portion of the City between Carothers Parkway and I-65 in the Southeast Municipal Complex.

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City of Franklin's Capital Assets (net of depreciation)

	Governmental Activities	Business-Type Activities	Total
Land	$ 76,835,161	$ 7,649,291	$ 84,484,452
Construction in progress	39,820,744	20,458,608	60,279,352
Buildings and improvements	55,626,227	165,952,718	221,578,945
Improvements other than buildings	18,493,650	-	18,493,650
Utility plant in service	-	164,547,952	164,547,952
Infrastructure	503,910,478	-	503,910,478
Machinery & equipment	20,561,005	690,916	21,251,921
Intangible assets	3,241,759	-	3,241,759
Total capital assets	$ 718,489,024	$ 359,299,485	$ 1,077,788,509

Major capital asset events during the current fiscal year included the following:

- The City's governmental activities received $15,128,573 in developer-contributed assets.
- Construction on Bicentennial Park Improvements finished.
- Design of Liberty Park Master Plan Phase 1 continued.
- Construction on the Harlinsdale Farm Main Barn restoration continued.
- Construction on Pearl Bransford Recreational Complex began.
- Construction on a new City Hall started.
- Design on Lewisburg Pike Sidewalk - Multi-Use Trail continued.
- Construction of East McEwen Drive Improvements, Phase 4 began.
- Design on East McEwen Drive Improvements, Phase 5 continued.
- Design on Intersection Improvements at Mallory Lane continued.
- Design on Long Lane Bridge and Connector project continued.
- Construction on Jordan Road Improvements finished.
- Construction on Ewingville Drive Emergency Sewer Replacement project began.
- Design on Church Street Improvements continued.
- Design of Del Rio Pike Improvements began.
- Design on Lewisburg Pike Area Waterline continued.
- Design on Lewisburg Pike Water Main Relocation continued.
- Construction on Brine Making Facility began.
- Construction on Adams Street Water and Sewer Improvements continued.
- Evaluation of Southeast Wastewater Facility continued.
- Design on Carter's Creek Sewer Line Improvements continued.
- Design and Evaluation of Wastewater Treatment Plant Resiliency Improvements continued.

Additional information on the City of Franklin's capital assets can be found in the notes to the financial statements section of this report beginning on page 62.

Long-term Debt

At the end of the current year, the City of Franklin had bonded debt (excluding premiums) of $261,661,958. Of this amount, $132,460,000 comprises general obligation bonds backed by the full faith and credit of the government and $363,186 of SBITA payable. Of the $128,838,772 of business-type activities debt, $18,065,000 is secured by Water and Sewer fund revenues, $1,560,000 is direct borrowing, and $109,213,772 in SRF loans.

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City of Franklin's Outstanding Debt

	Governmental Activities	Business-Type Activities	Total
General obligation bonds - capital	$ 132,460,000	$ -	$ 132,460,000
SBITA payable	363,186	-	363,186
Revenue and tax bonds	-	18,065,000	18,065,000
Bank direct borrowing	-	1,560,000	1,560,000
SRF loans	-	109,213,772	109,213,772
Total Outstanding Debt	$ 132,823,186	$ 128,838,772	$ 261,661,958

The City's governmental activities debt of bonds (excluding premiums) and SBITA payable increased by $32,941,986 (from $99,861,871 to $132,803,857). There was $214,902 in new SBITA payable. Debt of $11,028,587 was repaid ($10,780,000 in bonds and $248,587 in SBITA).

The business-type activities (Water and Sewer) debt of revenue and tax bonds, bank direct borrowing, and SRF loans decreased by a total of $7,515,982 ($2,335,000 in business-type bonds, $1,520,000 in bank direct borrowing, and $3,660,982 in SRF loans).

The City of Franklin maintains an "Aaa/AAA" Rating for general obligation debt. This rating was first received by Moody's in 2000 and last affirmed in March 2025 by both Moody's and Standard & Poor's. A general obligation bond in the par amount of $43,775,000 was issued in March 2025 with a rating by Moody's of Aaa/AAA. The most recent business-type debt issue backed by system revenues was issued a rating by Moody's of Aa2 (its third highest rating) in August 2021. State statutes impose no debt limit on the amount of general obligation debt a governmental entity may issue. The City's debt policy establishes debt capacity ranges.

Additional information on the City of Franklin's long-term debt can be found in the notes to the financial statements section of this report beginning on page 79.

Economic Factors and Next Year's Budget and Rates

The unemployment rate (not seasonally adjusted) for August 2025 for the City of Franklin was 2.9%, compared to the State of Tennessee's rate of 3.6% and a national average of 4.5%. In addition to the unemployment rate, factors considered in preparing the City's budget for fiscal year 2026 included:

1. The property tax rate for fiscal year 2026 of 29.6 cents per $100 of assessed value allows payment of debt service, streets maintenance, and funding for capital projects. FY2026 (tax year 2025) is a reappraisal year for property in WIlliamson County, TN. The adopted rate of 29.6 cents represents an increase of 6.5 cents from the certified rate of 23.1 cents. The additional proeprty tax revenue is dedicated to city operations and capital projects.

2. The City received $9.2 million of ARPA funds in 2021 and 2022. Of this amount, $8.5 million has been spent with $700,000 available to budget in 2026.

Requests for Information

This financial report is designed to provide a general overview of the City of Franklin, Tennessee's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Department of Finance, City of Franklin, 109 Third Avenue South, Franklin, TN 37064

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BASIC FINANCIAL STATEMENTS

HISTORIC
FRANKLIN
TENNESSEE

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF NET POSITION
JUNE 30, 2025
With Comparative Totals as of June 30, 2024

	Governmental Activities	Business-type Activities	Total	2024
ASSETS				
Cash and cash equivalents	$ 31,924,162	$ 3,727,927	$ 35,652,089	$ 25,643,921
Cash and cash equivalents-restricted	8,732,311	3,891,187	12,623,498	8,941,161
Investments	110,552,919	37,172,815	147,725,734	162,323,126
Investments-restricted	57,788,861	15,544,995	73,333,856	41,344,534
Receivables (net of allowance for uncollectibles)	57,614,144	11,135,050	68,749,194	56,549,473
Lease receivable	456,231	452,632	908,863	930,696
Inventories	1,152,203	1,556,082	2,708,285	2,879,424
Prepaids	1,261,938	22,175	1,284,113	233,351
Net investment in joint venture - Conference Center	5,673,101	-	5,673,101	5,087,621
Capital assets, not being depreciated	116,655,905	28,107,899	144,763,804	119,299,435
Capital assets, net of accumulated depreciation	601,833,117	331,191,586	933,024,703	937,253,422
Total assets	**993,644,892**	**432,802,348**	**1,426,447,240**	**1,360,486,164**
DEFERRED OUTFLOWS OF RESOURCES				
Pension related	27,360,658	3,439,229	30,799,887	43,972,899
OPEB related	3,281,383	447,461	3,728,844	258,636
Deferred charge on refundings	44,581	7,582	52,163	177,726
Total deferred outflows of resources	**30,686,622**	**3,894,272**	**34,580,894**	**44,409,261**
LIABILITIES				
Accounts payable	19,136,818	2,927,558	22,064,376	20,225,884
Accrued liabilities	5,274,657	-	5,274,657	5,064,455
Accrued interest payable	1,410,273	324,557	1,734,830	1,439,827
Unearned revenue	2,815,406	462,971	3,278,377	6,699,857
Noncurrent liabilities				
Due within one year: bonds, SBITA, compensated absences	21,420,532	7,167,452	28,587,984	26,983,033
Due in more than one year: bonds, SBITA, compensated absences	140,677,738	125,721,261	266,398,999	243,194,706
Net pension liability	76,179,202	10,388,075	86,567,277	79,697,936
OPEB liability	23,486,982	3,202,770	26,689,752	21,850,998
Total liabilities	**290,401,608**	**150,194,644**	**440,596,252**	**405,156,696**
DEFERRED INFLOWS OF RESOURCES				
January 1 property tax levy	32,185,951	-	32,185,951	25,048,918
Lease related	409,206	326,043	735,249	777,838
Pension related	164,945	22,492	187,437	69,401
OPEB related	2,686,266	366,309	3,052,575	4,100,758
Total deferred inflows of resources	**35,446,368**	**714,844**	**36,161,212**	**29,996,915**
NET POSITION				
Net investment in capital assets	622,346,270	224,754,168	847,100,438	825,448,486
Restricted for:				
State street aid	575,999	-	575,999	1,750,151
Sanitation use	2,351,839	-	2,351,839	1,592,465
Drug fund use	377,833	-	377,833	530,343
CDBG program use	492,815	-	492,815	216,228
Development	60,067,525	-	60,067,525	24,546,282
Water and sewer	-	19,436,182	19,436,182	15,621,869
Unrestricted	12,271,257	41,596,782	53,868,039	100,035,990
Total net position	**$ 698,483,538**	**$ 285,787,132**	**$ 984,270,670**	**$ 969,741,814**

The accompanying notes are an integral part of the financial statements.

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CITY OF FRANKLIN, TENNESSEE
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

Functions/Program:	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Total	2024
Primary government								
Governmental activities:								
Governance & management	$ 4,381,249	$ 3,200	$ -	$ -	$ (4,378,049)	$ -	$ (4,378,049)	$ (6,281,243)
Public safety	55,488,193	1,673,684	268,895	-	(53,545,614)	-	(53,545,614)	(54,390,482)
Finance & administration	16,139,634	3,769	-	-	(16,135,865)	-	(16,135,865)	(13,561,347)
Community & economic development	14,150,631	3,279,103	5,480,061	400,057	(4,991,410)	-	(4,991,410)	(5,757,575)
Public works	69,767,418	14,915,790	3,010,276	11,197,088	(40,644,264)	-	(40,644,264)	(38,274,072)
Other general government	28,914,862	356,753	631,631	-	(27,926,478)	-	(27,926,478)	(37,306,318)
Interest	3,117,659	-	-	-	(3,117,659)	-	(3,117,659)	(3,172,582)
	191,959,646	20,232,299	9,390,863	11,597,145	(150,739,339)	-	(150,739,339)	(158,743,619)
Business-type activities:								
Water and sewer	45,506,740	49,418,661	7,300,170	4,160,560	-	15,372,651	15,372,651	18,371,818
Total primary government	**$ 237,466,386**	**$ 69,650,960**	**$ 16,691,033**	**$ 15,757,705**	**$ (150,739,339)**	**$ 15,372,651**	**$ (135,366,688)**	**$ (140,371,801)**
General revenues and transfers								
Property taxes					23,956,584	-	23,956,584	24,233,164
Sales taxes					65,865,952	-	65,865,952	62,424,823
Wholesale privilege tax					1,580,025	-	1,580,025	1,675,086
Wholesale liquor tax					1,804,208	-	1,804,208	1,932,197
Hotel/motel tax					5,476,275	-	5,476,275	5,829,839
Other taxes					243,993	-	243,993	187,326
State shared revenue					24,410,710	-	24,410,710	23,470,223
Impact fees and taxes					10,494,553	-	10,494,553	16,477,610
Franchise taxes					2,616,141	-	2,616,141	2,307,280
Use of money and property					9,651,088	3,047,002	12,698,090	11,168,417
Miscellaneous					666,703	82,310	749,013	1,182,295
Transfers					200,000	(200,000)	-	-
Total general revenues and transfers					**146,966,232**	**2,929,312**	**149,895,544**	**150,888,260**
Change in net position					(3,773,107)	18,301,963	14,528,856	10,516,459
Net position - beginning, as restated					702,256,645	267,485,169	969,741,814	959,087,081
Net position - ending					**$ 698,483,538**	**$ 285,787,132**	**$ 984,270,670**	**$ 969,603,540**

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The accompanying notes are an integral part of the financial statements.

CITY OF FRANKLIN, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025
With Comparative Totals as of June 30, 2024

	General	Multi-Purpose Capital Project	Road Impact	Debt Service	Total Nonmajor Funds	Total Governmental Funds 2025	Total Governmental Funds 2024
ASSETS							
Cash and cash equivalents	$ 23,091,824	$ 5,638,530	$ 2,102,908	$ 128,144	$ 9,695,067	$ 40,656,473	$ 27,966,722
Investments	68,166,255	51,126,720	15,448,442	-	33,600,363	168,341,780	159,879,116
Receivables (net of allowance for uncollectibles)	35,046,839	2,804,476	152,643	13,502,196	6,107,990	57,614,144	46,966,793
Lease receivable	456,231	-	-	-	-	456,231	464,871
Inventories	1,125,698	-	-	-	26,505	1,152,203	1,436,770
Prepaid items	1,261,938	-	-	-	-	1,261,938	223,751
Total assets	**$ 129,148,785**	**$ 59,569,726**	**$ 17,703,993**	**$ 13,630,340**	**$ 49,429,925**	**$ 269,482,769**	**$ 236,938,023**
LIABILITIES							
Accounts payable	$ 12,091,602	$ 5,740,999	$ -	$ 480	$ 1,303,737	$ 19,136,818	$ 17,495,840
Accrued liabilities	5,274,657	-	-	-	-	5,274,657	5,064,455
Unearned revenue	2,391,142	90,094	-	-	334,170	2,815,406	6,699,857
Total liabilities	**19,757,401**	**5,831,093**	**-**	**480**	**1,637,907**	**27,226,881**	**29,260,152**
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue-property tax-Jan. 1 levy	17,520,814	-	-	13,502,108	1,163,029	32,185,951	25,048,918
Unavailable revenue-property taxes	267,749	-	-	-	-	267,749	167,522
Unavailable revenue-in lieu of taxes	32,391	-	-	-	-	32,391	32,391
Unavailable revenue-assessments	43,200	-	-	-	-	43,200	43,200
Unavailable revenue-court fines	594,677	-	-	-	-	594,677	465,070
Unavailable revenue-franchise fees	401,901	-	-	-	-	401,901	412,912
Unavailable revenue-grant proceeds	596,128	2,326,314	-	-	20,765	2,943,207	390,457
Unavailable revenue-police extra duty	41,328	-	-	-	-	41,328	24,090
Lease related	409,206	-	-	-	-	409,206	433,682
Total deferred inflows of resources	**19,907,394**	**2,326,314**	**-**	**13,502,108**	**1,183,794**	**36,919,610**	**27,018,242**
FUND BALANCES							
Non-spendable	2,387,636	-	-	-	26,505	2,414,141	1,660,521
Restricted	-	51,412,319	-	-	10,339,652	61,751,971	28,635,469
Committed	-	-	17,703,993	127,752	32,041,965	49,873,710	60,055,033
Assigned	-	-	-	-	4,200,102	4,200,102	5,259,286
Unassigned	87,096,354	-	-	-	-	87,096,354	85,049,320
Total fund balances	**89,483,990**	**51,412,319**	**17,703,993**	**127,752**	**46,608,224**	**205,336,278**	**180,659,629**
Total liabilities, deferred inflows of resources, and fund balances	**$ 129,148,785**	**$ 59,569,726**	**$ 17,703,993**	**$ 13,630,340**	**$ 49,429,925**	**$ 269,482,769**	**$ 236,938,023**

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The accompanying notes are an integral part of the financial statements.

CITY OF FRANKLIN, TENNESSEE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025
With Comparative Totals as of June 30, 2024

Amounts reported for the governmental activities in the Statement of Net Position (Pages 30 and 31) are different because:

	2025		2024	
Fund balance - total governmental funds (Page 34)		$ 205,336,278		$ 180,659,629
Capital and other assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds				
Capital assets, at cost	1,101,598,428		1,057,314,349	
Less related accumulated depreciation	(383,109,404)		(358,195,031)	
Investment in joint venture - conference center	5,673,101	724,162,125	5,087,621	704,206,939
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postemployment benefits (pension and OPEB) are recognized as deferred outflow of resources and deferred inflows of resources on the statement of net position.				
Deferred outflows of resources - pension related	27,360,658		38,936,235	
Deferred outflows of resources - OPEB related	3,281,386		227,600	
Deferred inflows of resources - pension related	(164,943)		(61,073)	
Deferred inflows of resources - OPEB related	(2,686,265)	27,790,836	(3,608,667)	35,494,095
Receivables not available to pay for current expenditures and, therefore are unavailable in the funds				
Property taxes	267,749		167,522	
In lieu of taxes	32,391		32,391	
Assessments	43,200		43,200	
Franchise fees	401,901		412,912	
Court fines	594,677		465,070	
Police extra duty	41,328		24,090	
Hotel/motel tax	-		-	
Grant revenues	2,943,207	4,324,453	390,457	1,535,642
Long-term items, including bonds and leases payable, are not due in the current period and, therefore, are not reported in the governmental funds				
Bonds outstanding	(132,460,000)		(99,465,000)	
Leases payable (GASB 96 SBITA)	(363,185)		(396,871)	
Accrued interest payable	(1,410,273)		(1,080,814)	
Compensated absences	(12,814,954)		(15,382,809)	
Net pension liability	(76,179,202)		(70,134,180)	
OPEB liability	(23,486,981)	(246,714,595)	(19,228,878)	(205,688,552)
Payables, such as accrued interest payable and park acquisition agreement, are not due and payable in the current period and, therefore, are not reported in the funds				
Deferred loss on refunding	44,581		89,947	
Bond premiums	(16,460,131)	(16,415,550)	(14,041,056)	(13,951,109)
Net position - governmental activities		$ 698,483,538		$ 702,256,645

The accompanying notes are an integral part of the financial statements.

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CITY OF FRANKLIN, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	General Fund	Multi-Purpose Capital Project Fund	Road Impact Fee Fund	Debt Service Fund	Other Governmental Funds	2025	2024
Revenues:							
Taxes							
Property tax	$ 12,948,119	$ -	$ -	$ 9,787,155	$ 1,121,083	$ 23,856,357	$ 24,212,301
Sales tax	65,865,952	-	-	-	-	65,865,952	62,424,823
Wholesale beer tax	1,580,025	-	-	-	-	1,580,025	1,675,086
Wholesale liquor tax	1,804,208	-	-	-	-	1,804,208	1,932,197
Mixed drink tax (state shared)	1,902,265	-	-	-	-	1,902,265	1,881,940
Facilities tax (impact tax)	-	-	-	-	2,805,181	2,805,181	3,217,761
Hotel/ motel tax	-	-	-	-	5,476,275	5,476,275	5,907,179
Other taxes	243,993	-	-	-	-	243,993	187,326
Licenses and permits							
Franchise fees	2,627,152	-	-	-	-	2,627,152	2,391,990
Impact fee	-	-	5,425,420	-	2,263,952	7,689,372	-
Road impact fee	-	-	-	-	-	-	13,259,849
Building permits	2,002,762	-	-	-	-	2,002,762	1,878,751
Other licenses and permits	1,182,445	-	-	-	177,631	1,360,076	1,115,785
Intergovernmental							
State shared revenue	18,939,648	-	-	-	3,568,797	22,508,445	21,588,283
Federal and state grants	3,002,958	513,532	-	-	3,721,680	7,238,170	11,051,550
Charges for services	974,491	-	-	-	14,441,894	15,416,385	14,009,999
Fines and fees	697,425	-	-	-	195,792	893,217	751,959
Use of money and property	4,168,173	1,327,721	1,486,680	136,623	2,369,555	9,488,752	9,808,073
Sidewalk reserve fees	100,746	-	-	-	-	100,746	-
Miscellaneous	25,720	211,558	-	-	523,047	760,325	895,343
Total revenues	**118,066,082**	**2,052,811**	**6,912,100**	**9,923,778**	**36,664,887**	**173,619,658**	**178,190,195**
Expenditures:							
Current							
Governance & management	4,370,970	-	-	-	-	4,370,970	6,074,413
Public Safety	56,015,887	609,292	-	-	146,735	56,771,914	53,082,476
Finance & administration	13,831,079	541	-	-	-	13,831,620	11,913,127
Community & Economic Development	10,348,013	48,130	-	-	3,855,257	14,251,400	15,051,099
Public Works	16,970,083	2,502,955	3,599,087	-	21,013,253	44,085,378	44,659,920
Other General Government	4,182,623	1,919,681	-	-	2,011,414	8,113,718	4,672,042
Debt service							
Principal	246,451	-	-	10,780,000	-	11,026,451	11,555,000
Interest	9,265	-	-	4,305,603	-	4,314,868	4,739,016
Debt Service Fees	-	263,766	-	3,259	-	267,025	3,620
Capital outlay							
Public Safety	-	-	-	-	-	-	740,288
Finance and Administration	419,517	-	-	-	-	419,517	565,841
Community & Economic Development	71,032	-	-	-	-	71,032	597,562
Public Works	36,625	31,418,346	-	-	3,244,930	34,699,901	23,376,235
Other General Government	124,213	4,777,137	-	-	-	4,901,350	5,670,249
Total expenditures	**106,625,758**	**41,539,848**	**3,599,087**	**15,088,862**	**30,271,589**	**197,125,144**	**182,700,888**
Excess (deficiency) of revenues over (under) expenditures	$ 11,440,324	$ (39,487,037)	$ 3,313,013	$ (5,165,084)	$ 6,393,298	$ (23,505,486)	$ (4,510,693)
Other financing sources (uses):							
Issuance of debt	-	43,775,000	-	-	-	43,775,000	-
Leases (as lessee)	214,902	-	-	-	-	214,902	288,695
Premium on debt issuance	-	3,992,232	-	-	-	3,992,232	-
Transfers from other funds	-	24,239,942	-	4,745,580	3,791,200	32,776,722	24,135,471
Transfers to other funds	(8,831,141)	-	(14,539,745)	-	(9,205,835)	(32,576,721)	(23,935,471)
Total other financing sources (uses)	**(8,616,239)**	**72,007,174**	**(14,539,745)**	**4,745,580**	**(5,414,635)**	**48,182,135**	**488,695**
Net changes in fund balances	2,824,085	32,520,137	(11,226,732)	(419,504)	978,663	24,676,649	(4,021,998)
Fund balances - beginning	86,659,905	18,892,182	28,930,725	547,256	45,629,561	180,659,629	184,681,627
Fund balances - ending	**$ 89,483,990**	**$ 51,412,319**	**$ 17,703,993**	**$ 127,752**	**$ 46,608,224**	**$ 205,336,278**	**$ 180,659,629**

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The accompanying notes are an integral part of the financial statements.

CITY OF FRANKLIN, TENNESSEE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

Amounts reported for the governmental activities in the Statement of Net Activities are different because:

	2025		2024	
Net changes in fund balances - total governmental funds		$ 24,676,649		$ (4,021,998)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.				
Acquisition of capital assets	39,963,464		30,950,175	
Depreciation expense	(28,935,440)	11,028,024	(28,401,177)	2,548,998
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds for:				
Property taxes	100,227		20,863	
Hotel/motel tax	-		(77,340)	
Franchise fees	(11,011)		(84,710)	
Insurance reimbursements	-		-	
Court fines	129,606		212,012	
Police extra duty	17,238		24,090	
Grant revenues	2,552,750		(1,170,394)	
Contributed capital assets	10,992,592	13,781,402	15,343,797	14,268,318
The net effect of various miscellaneous transactions involving capital and other assets that increase of decrease net position.				
Disposals, adjustments and reclassifications of capital assets	(2,650,910)		(15,394,206)	
Change in investment in joint venture - Conference Center	585,480	(2,065,430)	(35,130)	(15,429,336)
Bond and other debt proceeds provide current financial resources to governmental funds but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.				
Bond issuance	(43,775,000)		-	
Bond premiums	(3,992,232)		-	
Leases issued	(214,902)		(288,695)	
Principal paid on bonds	10,780,000		11,555,000	
Principal paid on leases	246,448	(36,955,686)	119,154	11,385,459
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds and certain expenditures in the governmental funds are capitalized.				
Accrued interest on long-term debt	(333,870)		17,932	
Accrued interest on SBITA leases	6,547		(49)	
Amortization of bond premiums	1,573,157		1,626,526	
Amortization of deferred amounts of refunding	(45,366)		(71,654)	
Compensated absences	2,567,856		(1,835,369)	
Changes in pension liabilities and related deferred outflows and inflows of resources-closed plan	(18,147,097)		(15,671,444)	
Changes in pension liabilities and related deferred outflows and inflows of resources-TCRS plan	422,627		717,495	
Changes in OPEB liabilities and related deferred outflows and inflows of resources	$ (281,920)	(14,238,066)	$ (3,635,166)	(18,851,729)
Change in net position of governmental activities		$ (3,773,107)		$ (10,100,288)

The accompanying notes are an integral part of the financial statements.

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CITY OF FRANKLIN, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	2024
Revenues:					
Taxes:					
Real and personal property taxes	$ 13,217,427	$ 13,817,427	$ 12,538,875	$ (1,278,552)	$ 11,732,303
Penalty and interest	44,819	44,819	28,530	(16,289)	36,759
In lieu of tax	376,673	376,673	380,714	4,041	369,292
Sales tax	63,163,748	65,367,321	65,865,952	498,631	62,424,823
Wholesale beer tax	1,755,491	1,755,491	1,580,025	(175,466)	1,675,086
Wholesale liquor tax	2,103,166	2,103,166	1,804,208	(298,958)	1,932,197
Mixed drink tax (state shared)	1,840,121	1,840,121	1,902,265	62,144	1,881,940
Beer privilege tax	26,482	26,482	27,184	702	40,426
Liquor privilege tax	144,258	144,258	216,809	72,551	146,900
	82,672,185	**85,475,758**	**84,344,562**	**(1,131,196)**	**80,239,726**
Licenses and permits:					
Franchise fees	2,455,799	2,455,799	2,627,152	171,353	2,391,990
Building permits	1,463,857	1,463,857	2,002,762	538,905	1,878,751
Demo Permit	2,100	2,100	3,150	1,050	2,450
Pool Permit	30,000	30,000	30,404	404	35,409
Mechanical licenses	3,035	3,035	3,525	490	4,050
Mechanical permits	145,828	145,828	128,201	(17,627)	111,541
Technology fee	56,532	56,532	76,895	20,363	70,110
Plumbing permits	92,319	92,319	85,342	(6,977)	78,753
Electric permits	294,063	294,063	256,164	(37,899)	226,847
Inspection fees	96,953	96,953	137,800	40,847	85,487
Licenses and permits	99,641	99,641	114,047	14,406	110,544
Site review, rezoning and submittal fees	202,321	202,321	228,711	26,390	188,994
Beer permits and licenses	10,024	10,024	14,900	4,876	13,250
Yard sale permits	4,035	4,035	3,660	(375)	4,105
Business license	15,073	15,073	20,631	5,558	14,915
Alarm permits	26,042	26,042	59,065	33,023	24,078
Miscellaneous permits	19,886	19,886	19,950	64	11,850
	5,017,508	**5,017,508**	**5,812,359**	**794,851**	**5,253,124**
Intergovernmental:					
State income tax	-	-	8,341	8,341	3,782
Sales tax	10,051,703	10,051,703	10,550,609	498,906	10,269,176
State beer tax	38,240	38,240	35,122	(3,118)	36,682
State excise tax	245,496	245,496	454,463	208,967	417,503
Transportation Modernization	-	-	38,582	38,582	15,454
In lieu of tax - TVA	1,022,878	1,022,878	1,014,006	(8,872)	1,022,878
Business tax from State	4,342,404	4,872,404	6,227,233	1,354,829	5,689,807
Business tax recording fee	529,769	529,769	611,292	81,523	569,636
Federal & State grants	1,342,000	2,312,935	3,002,958	690,023	3,276,075
	17,572,490	**19,073,425**	**21,942,606**	**2,869,181**	**21,300,993**

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The accompanying notes are an integral part of the financial statements.

CITY OF FRANKLIN, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	2024
Revenues:					
Charges for services:					
Maps sold	3,500	3,500	1,938	(1,562)	640
Plans sold	2,500	2,500	1,450	(1,050)	900
Records sold	2,801	2,801	3,821	1,020	2,257
Special event services fee	2,620	2,620	3,200	580	4,100
Accident reports	1,655	1,655	1,656	1	2,229
Offender registry	2,025	2,025	2,250	225	1,950
License seizure fees	774	774	830	56	1,220
Citizens Police Academy	-	-	-	-	175
3rd party billable overtime	983,904	983,904	912,629	(71,275)	932,074
Technology Fee - PD	-	-	7,347	7,347	8
Compost vouchers	26,252	26,252	39,370	13,118	48,550
	1,026,031	**1,026,031**	**974,491**	**(51,540)**	**994,103**
Fines and fees:					
Fines - city court	153,084	153,084	280,570	127,486	179,065
Fines - general sessions/circuit court	159,888	159,888	136,761	(23,127)	169,188
Parking fines	65,416	65,416	128,010	62,594	118,993
Technology fee - court	-	-	1,831	1,831	2
Confiscated goods - state	-	-	74,693	74,693	-
Beer board violations	1,030	1,030	-	(1,030)	250
Building & street standards appeals fees	1,030	1,030	-	(1,030)	250
Tree bank fees	-	-	75,560	75,560	-
Sidewalk reserve fees	-	-	100,746	100,746	-
	380,448	**380,448**	**798,171**	**417,723**	**467,748**
Use of money and property:					
Interest income	3,515,398	3,515,398	3,764,855	249,457	3,617,959
Lease interest revenue	-	-	20,851	20,851	22,637
Opioid settlement	-	-	2,906	2,906	24,401
Rebates on purchases	103,029	103,029	145,564	42,535	126,322
Rent - mall and other	13,414	13,414	14,401	987	22,901
Park concessions and rentals	151,339	151,339	189,278	37,939	176,861
Christmas Tree Lighting Donations	35,000	35,000	29,000	(6,000)	31,000
Sale of surplus assets	176,149	176,149	16,945	(159,204)	123,145
Electric Charging Stations-Garages	1,000	1,000	1,318	318	2,839
	3,995,329	**3,995,329**	**4,185,118**	**189,789**	**4,148,065**
Miscellaneous:					
Reimb of prior year expenditures	-	-	-	-	128
Called performance bonds	-	-	-	-	113,824
Miscellaneous income	80,322	80,322	8,775	(71,547)	1,280
	80,322	**80,322**	**8,775**	**(71,547)**	**115,232**
Total revenues	**$ 110,744,313**	**$ 115,048,821**	**$ 118,066,082**	**$ 3,017,261**	**$ 112,518,991**

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The accompanying notes are an integral part of the financial statements.

CITY OF FRANKLIN, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	2024
Expenditures:					
Governance & Management:					
Elected officials:					
Personnel	264,756	277,956	267,303	10,653	284,408
Services	73,875	73,875	67,703	6,172	118,428
Supplies	17,135	17,135	25,755	(8,620)	13,052
Business expenses	3,785	3,785	3,654	131	98
	359,551	372,751	364,415	8,336	415,986
Administration:					
Personnel	1,646,242	1,676,242	1,719,256	(43,014)	1,839,741
Services	193,897	193,897	122,857	71,040	133,687
Supplies	52,838	52,838	55,046	(2,208)	65,331
Business expenses	21,457	21,457	19,828	1,629	19,206
Reimbursement of interfund services	(338,748)	(338,748)	(338,748)	-	(338,748)
	1,575,686	1,605,686	1,578,239	27,447	1,719,217
Legal:					
Personnel	859,449	931,346	942,032	(10,686)	887,591
Services	250,741	250,741	188,491	62,250	274,415
Supplies	23,769	23,769	7,357	16,412	10,451
Business expenses	15,142	15,142	8,170	6,972	7,192
Reimbursement of interfund services	(80,658)	(80,658)	(80,658)	-	(80,658)
	1,068,443	1,140,340	1,065,392	74,948	1,098,991
Communications:					
Personnel	597,540	640,630	643,435	(2,805)	614,864
Services	126,553	167,153	141,924	25,229	111,406
Supplies	26,911	26,911	21,394	5,517	26,478
Operational units	2,062	2,062	4,229	(2,167)	5,914
Business expenses	10,045	10,045	8,789	1,256	9,564
Reimbursement of interfund services	(46,452)	(46,452)	(46,451)	(1)	(46,451)
	716,659	800,349	773,320	27,029	721,775
Budget & Performance:					
Personnel	529,284	565,124	562,089	3,035	-
Services	38,552	38,552	16,415	22,137	-
Supplies	6,250	6,250	6,632	(382)	-
Business expenses	5,000	5,000	4,468	532	-
	579,086	614,926	589,604	25,322	-
Total Governance & Management	**4,299,425**	**4,534,052**	**4,370,970**	**163,082**	**3,955,969**

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The accompanying notes are an integral part of the financial statements.

CITY OF FRANKLIN, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	2024
Expendtures:					
Public Safety:					
Police department-administration:					
Personnel	3,713,405	4,792,328	3,970,353	821,975	3,683,404
Services	2,559,735	2,476,706	2,294,383	182,323	2,478,531
Supplies	1,337,818	1,438,418	1,138,414	300,004	1,327,612
Operational units	37,900	37,900	31,182	6,718	20,559
Business expenses	126,715	126,715	123,075	3,640	119,159
	7,775,573	8,872,067	7,557,407	1,314,660	7,629,265
Police department-criminal investigations:					
Personnel	2,746,861	2,955,286	2,998,310	(43,024)	2,672,333
Services	124,109	124,109	124,087	22	100,562
Supplies	33,550	33,550	20,091	13,459	8,092
Operational units	22,985	22,985	17,021	5,964	18,999
Business expenses	151,760	151,760	103,141	48,619	130,489
	3,079,265	3,287,690	3,262,650	25,040	2,930,475
Police department-patrol:					
Personnel	12,720,350	13,391,372	14,649,819	(1,258,447)	13,090,514
Services	127,300	127,300	114,239	13,061	157,198
Supplies	181,400	181,400	200,794	(19,394)	112,183
Operational units	113,253	113,253	109,866	3,387	65,303
Business expenses	365,161	365,161	436,388	(71,227)	406,903
	13,507,464	14,178,486	15,511,106	(1,332,620)	13,832,101
Fire department:					
Personnel	24,804,353	25,855,894	26,412,515	(556,621)	25,212,287
Services	1,693,358	1,793,358	1,673,241	120,117	1,550,068
Supplies	1,271,079	1,346,079	1,313,808	32,271	1,308,694
Operational units	2,000	2,000	1,533	467	1,182
Business expenses	241,797	241,797	283,627	(41,830)	242,765
	28,012,587	29,239,128	29,684,724	(445,596)	28,314,996
Total Public Safety	**52,374,889**	**55,577,371**	**56,015,887**	**(438,516)**	**52,706,837**

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The accompanying notes are an integral part of the financial statements.

CITY OF FRANKLIN, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	2024
Expenditures:					
Finance & Administration:					
Finance:					
Personnel	1,108,382	1,094,846	1,118,313	(23,467)	1,353,984
Services	53,140	53,140	27,666	25,474	93,012
Supplies	43,500	43,500	16,941	26,559	40,645
Business expenses	126,376	126,376	123,243	3,133	127,599
Reimbursement of interfund services	(216,262)	(216,262)	(216,261)	(1)	(216,261)
	1,115,136	1,101,600	1,069,902	31,698	1,398,979
Human resources:					
Personnel	1,724,709	1,817,285	1,805,663	11,622	1,732,944
Services	666,250	705,850	554,120	151,730	463,579
Supplies	68,700	68,700	51,105	17,595	38,924
Business expenses	24,026	24,026	29,205	(5,179)	23,010
Reimbursement of interfund services	(439,006)	(439,006)	(439,006)	-	(439,006)
	2,044,679	2,176,855	2,001,087	175,768	1,819,451
Purchasing:					
Personnel	442,526	460,563	483,634	(23,071)	450,308
Services	47,140	47,140	9,131	38,009	23,957
Supplies	7,225	7,225	7,897	(672)	15,341
Business expenses	3,665	3,665	3,669	(4)	3,490
Reimbursement of interfund services	(93,872)	(93,872)	(93,872)	-	(93,872)
	406,684	424,721	410,459	14,262	399,224
Information technology:					
Personnel	3,541,926	3,691,926	3,693,269	(1,343)	3,480,392
Services	3,413,293	3,566,264	3,465,855	100,409	3,222,518
Supplies	352,901	352,901	509,546	(156,645)	387,521
Business expenses	52,724	52,724	33,431	19,293	132,351
Lease principal	-	-	94,105	(94,105)	74,454
Lease interest	-	-	3,927	(3,927)	2,701
Reimbursement of interfund services	(915,778)	(915,778)	(915,780)	2	(915,780)
	6,445,066	6,748,037	6,884,353	(136,316)	6,384,157
Billing & Licensing management:					
Personnel	1,433,779	1,564,609	1,507,804	56,805	1,489,378
Services	32,690	32,690	15,569	17,121	19,923
Supplies	49,425	49,425	19,270	30,155	40,475
Business expenses	474,012	474,012	429,160	44,852	429,832
Reimbursement of interfund services	(1,069,233)	(1,069,233)	(1,069,234)	1	(1,069,234)
	920,673	1,051,503	902,569	148,934	910,374
Court:					
Personnel	272,006	319,197	280,276	38,921	261,662
Services	16,584	94,884	10,160	84,724	12,708
Supplies	16,850	16,850	7,078	9,772	5,798
Business expenses	10,730	10,730	13,442	(2,712)	11,016
Lease principal	-	-	39,362	(39,362)	44,700
Lease interest	-	-	5,338	(5,338)	-
	316,170	441,661	355,656	86,005	335,884

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The accompanying notes are an integral part of the financial statements.

CITY OF FRANKLIN, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	2024
Expenditures:					
Project & facilities management:					
Personnel	620,661	620,661	634,310	(13,649)	631,837
Services	1,371,983	2,076,508	1,902,653	173,855	1,886,639
Supplies	77,397	77,397	102,318	(24,921)	141,844
Business expenses	34,234	34,234	37,506	(3,272)	33,427
Reimbursement of interfund services	(209,239)	(209,239)	(209,238)	(1)	(209,238)
	1,895,036	2,599,561	2,467,549	132,012	2,484,509
Total Finance & Administration	**13,143,444**	**14,543,938**	**14,091,575**	**452,363**	**13,732,578**
Community & Economic Development:					
Building & neighborhood services:					
Personnel	3,593,773	3,679,653	3,588,123	91,530	3,552,737
Services	156,100	181,100	175,035	6,065	340,831
Supplies	73,550	73,550	77,187	(3,637)	75,046
Business expenses	79,707	79,707	62,512	17,195	61,875
	3,903,130	4,014,010	3,902,857	111,153	4,030,489
Planning & sustainability:					
Personnel	1,824,881	1,938,375	1,931,911	6,464	1,852,004
Services	241,000	211,000	124,202	86,798	166,582
Supplies	64,250	64,250	43,444	20,806	71,820
Operational units	5,000	5,000	-	5,000	-
Business expenses	16,422	16,422	15,876	546	14,987
	2,151,553	2,235,047	2,115,433	119,614	2,105,393
Engineering:					
Personnel	2,131,612	2,237,113	2,146,880	90,233	2,123,605
Services	67,660	167,660	117,447	50,213	57,509
Supplies	60,803	60,803	59,572	1,231	25,730
Business expenses	21,656	21,656	10,305	11,351	14,045
Reimbursement of interfund services	(193,668)	(193,668)	(193,667)	(1)	(193,667)
	2,088,063	2,293,564	2,140,537	153,027	2,027,222
Traffic operations center:					
Personnel	615,185	637,816	557,166	80,650	540,950
Services	609,157	1,434,157	1,444,533	(10,376)	1,355,230
Supplies	179,484	179,484	104,441	75,043	153,294
Business expenses	21,988	21,988	16,896	5,092	14,607
	1,425,814	2,273,445	2,123,036	150,409	2,064,081

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The accompanying notes are an integral part of the financial statements.

CITY OF FRANKLIN, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	2024
Expenditures:					
Economic Development:					
Personnel	254,616	267,745	265,636	2,109	257,993
Services	79,850	79,850	38,462	41,388	23,731
Supplies	20,750	20,750	34,562	(13,812)	17,269
Appropriations	98,353	98,353	66,150	32,203	66,150
	453,569	466,698	404,810	61,888	365,143
Total Community & Economic Development	**10,022,129**	**11,282,764**	**10,686,673**	**596,091**	**10,592,328**
Public Works:					
Streets-Maintenance:					
Business expenses	2,025	2,025	4,305	(2,280)	-
	2,025	2,025	4,305	(2,280)	-
Parks:					
Personnel	4,291,067	4,463,414	4,686,231	(222,817)	4,463,580
Services	942,220	952,220	1,043,832	(91,612)	903,810
Supplies	493,480	508,480	537,614	(29,134)	523,546
Business expenses	87,688	152,688	210,832	(58,144)	98,692
	5,814,455	6,076,802	6,478,509	(401,707)	5,989,628
Streets-Traffic:					
Personnel	1,220,283	1,276,412	1,263,344	13,068	1,211,357
Services	181,900	181,900	149,006	32,894	224,825
Supplies	381,135	381,135	345,598	35,537	294,971
Business expenses	90,429	90,429	116,846	(26,417)	91,984
	1,873,747	1,929,876	1,874,794	55,082	1,823,137
Streets-Fleet:					
Personnel	1,094,779	1,146,894	1,165,738	(18,844)	1,057,215
Services	462,648	462,648	748,447	(285,799)	656,199
Supplies	(208,401)	(208,401)	(786,035)	577,634	(474,247)
Business expenses	18,869	18,869	32,049	(13,180)	17,344
Payments on capital leases	-	-	112,984	(112,984)	-
	1,367,895	1,420,010	1,273,183	146,827	1,256,511
Emergency management:					
Personnel	4,652,189	4,879,077	4,730,492	148,585	4,505,975
Services	1,537,095	1,597,095	1,331,162	265,933	1,251,745
Supplies	941,896	941,896	833,936	107,960	668,404
Operational units	40,000	40,000	24,250	15,750	-
Business expenses	183,966	183,966	200,225	(16,259)	146,534
	7,355,146	7,642,034	7,120,065	521,969	6,572,658
Total Public Works	**16,413,268**	**17,070,747**	**16,750,856**	**319,891**	**15,641,934**
Other General Government:					
General expenses:					
Personnel	3,976,382	1,192,208	1,866,947	(674,739)	(832,720)
Services	403,084	423,084	404,799	18,285	215,868
Supplies	2,000	2,000	51,365	(49,365)	(255)
Operational units	-	970,935	1,010,935	(40,000)	2,980,050
Business expenses	4,450	4,450	145,274	(140,824)	229,681
	4,385,916	2,592,677	3,479,320	(886,643)	2,592,624

The accompanying notes are an integral part of the financial statements.

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CITY OF FRANKLIN, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	2024
Expenditures:					
Contributions:					
Appropriations	703,302	703,302	703,303	(1)	668,802
Total Contributions	703,302	703,302	703,303	(1)	668,802
Total Other General Government	**5,089,218**	**3,295,979**	**4,182,623**	**(886,644)**	**3,261,426**
Capital Outlay:					
Governance & Management:					
Public Safety:					
Fire	-	-	-	-	88,573
Finance & Administration:					
Court	-	-	-	-	288,695
Information technology	325,000	325,000	295,001	29,999	277,146
Community & Economic Development:					
Traffic operations center	2,455,000	555,000	71,032	483,968	-
Public Works:					
Streets-maintenance	165,000	165,000	36,625	128,375	389,940
Streets-traffic	183,970	-	-	-	-
Streets-fleet	-	214,903	124,516	90,387	90,387
Parks	300,000	300,000	-	300,000	51,104
Engineering	74,000	-	-	-	-
Total Capital Outlay	**3,502,970**	**1,559,903**	**527,174**	**1,032,729**	**1,185,845**
Total expenditures	**104,845,343**	**107,864,754**	**106,625,758**	**1,238,996**	**101,076,917**
Excess of revenues over expenditures	5,898,970	7,184,067	11,440,324	4,256,257	11,442,074
Other financing sources (uses):					
SBITAs	-	214,903	214,902	(1)	288,695
Transfers out	(7,407,048)	(8,907,048)	(8,831,141)	75,907	(9,712,090)
Total other financing sources (uses)	**(7,407,048)**	**(8,692,145)**	**(8,616,239)**	**75,906**	**(9,423,395)**
Net changes in fund balances*	$ (1,508,078)	$ (1,508,078)	2,824,085	$ 4,332,163	2,018,679
Fund balance - beginning			86,659,905		84,641,226
Fund balance - ending			$ 89,483,990		$ 86,659,905

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* The net change in fund balance was included in the budget as an allocation from fund balance.

The accompanying notes are an integral part of the financial statements.

CITY OF FRANKLIN, TENNESSEE
ROAD IMPACT FEE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	2024
Revenues:					
Licenses and permits:					
Impact fee	$ 6,122,176	$ 6,122,176	$ 5,425,420	$ (696,756)	$ -
Road impact fee	-	-	-	-	9,276,497
Use of money and property:					
Interest earned	598,612	598,612	1,486,680	888,068	1,293,321
Total revenues	6,720,788	6,720,788	6,912,100	191,312	10,569,818
Expenditures:					
Public works:					
Services	3,200,001	3,200,001	3,599,087	(399,086)	1,332,084
Total expenditures	3,200,001	3,200,001	3,599,087	(399,086)	1,332,084
Excess (deficiency) of revenues over (under) expenditures	3,520,787	3,520,787	3,313,013	(207,774)	9,237,734
Other financing sources (uses):					
Transfers out	(3,939,602)	(14,939,102)	(14,539,745)	399,357	(4,960,649)
Total other financing sources (uses)	(3,939,602)	(14,939,102)	(14,539,745)	399,357	(4,960,649)
Net change in fund balances	$ (418,815)	$ (11,418,315)	(11,226,732)	$ 191,583	4,277,085
Fund balance - beginning			28,930,725		24,653,640
Fund balance - ending			$ 17,703,993		$ 28,930,725

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The accompanying notes are an integral part of the financial statements.

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUND (WATER AND SEWER FUND)
JUNE 30, 2025
With Comparative Totals as of June 30, 2024

	2025	2024
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,727,927	$ 2,198,211
Cash and cash equivalents-restricted	3,891,187	4,420,148
Investments	37,172,815	32,586,824
Investments-restricted	15,544,995	11,201,721
Receivables (net of allowance for uncollectibles)	11,135,050	9,582,680
Lease receivables (current)	13,657	13,192
Inventory	1,556,077	1,442,654
Prepaids	22,175	9,600
Total current assets	73,063,883	61,455,030
Noncurrent assets:		
Lease receivables (long-term)	438,975	452,633
Capital assets (net of accumulated depreciation):		
Land	7,649,291	7,085,091
Construction in progress	20,458,608	12,323,616
Buildings and improvements	165,952,718	170,511,611
Utility plant in service	164,547,952	166,716,259
Machinery and equipment	690,916	796,961
Total capital assets (net of accumulated depreciation):	359,299,485	357,433,538
Total noncurrent assets	359,738,460	357,886,171
Total assets	432,802,343	419,341,201
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refundings	7,582	87,779
OPEB related	447,458	31,036
Pension related	3,439,229	5,036,664
Total deferred outflows of resources	3,894,269	5,155,479
LIABILITIES		
Current liabilities:		
Accounts payable	2,927,558	2,730,044
Accrued interest payable	324,557	359,013
Unearned revenue	462,971	-
Compensated absences - current	777,475	769,801
Bank direct borrowing - current	1,560,000	1,520,000
SRF loans - current	3,715,651	3,660,982
Bonds payable - current	1,114,326	2,631,852
Total current liabilities	10,882,538	11,671,692
Long-term liabilities:		
Compensated absences - long-term	558,337	797,175
Bank direct borrowing - long-term	-	1,560,000
SRF loans - long-term	105,498,122	109,213,772
Bonds payable - long-term	19,664,800	20,738,421
Total OPEB liability	3,202,766	2,622,120
Net pension liability	10,388,075	9,563,756
Total long-term liabilities	139,312,100	144,495,244
Total liabilities	150,194,638	156,166,936
DEFERRED INFLOWS OF RESOURCES		
OPEB related	366,310	492,091
Pension related	22,492	8,328
Leases	326,043	344,156
Total deferred inflows of resources	714,845	844,575
NET POSITION		
Net investment in capital assets	224,754,168	218,196,290
Restricted-system improvements	19,436,182	15,621,869
Unrestricted	41,596,779	33,667,010
Total net position	$ 285,787,129	$ 267,485,169

The accompanying notes are an integral part of the financial statements.

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CITY OF FRANKLIN, TENNESSEE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND (WATER AND SEWER FUND)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	2025	2024
Operating revenues:		
Metered water sales	$ 15,637,115	$ 14,892,870
Sewer service charges	26,672,448	24,990,696
Reclaimed water sales	174,085	194,142
Other revenues from operations	1,171,745	926,495
Impact fees	5,763,269	6,165,595
Total operating revenues	49,418,662	47,169,798
Operating expenses:		
Water and sewer billing expenses	328,280	238,253
Water distribution expenses	3,762,273	2,633,673
Water plant expenses	7,500,334	7,104,776
Water administration	2,362,443	2,175,017
Sewer administration	3,790,603	5,435,609
General administration	2,373,759	1,970,826
Sewer collection expenses	4,050,087	4,135,715
Sewer plant expenses	7,060,364	6,298,932
Reclaimed water expenses	165,978	482,467
Depreciation	11,755,332	8,040,928
Total operating expenses	43,149,453	38,516,196
Operating income	6,269,209	8,653,602
Nonoperating revenues (expenses):		
Investment (loss) income	3,047,003	2,444,929
Net (loss)/gain on disposal of assets	82,303	82,794
Interest expense	(2,357,286)	(2,552,251)
Total nonoperating revenues (expenses)	772,020	(24,528)
Income before contributions and transfers	7,041,229	8,629,074
Contributions and transfers:		
Operating grants	7,300,170	1,663,729
Capital contributions	24,580	1,354,392
Developer contributions	4,135,981	9,169,552
Transfer to debt service fund	(200,000)	(200,000)
Total contributions and transfers	11,260,731	11,987,673
Change in net position	18,301,960	20,616,747
Net position, beginning of year	267,485,169	246,868,422
Net position, end of year	$ 285,787,129	$ 267,485,169

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The accompanying notes are an integral part of the financial statements.

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUND (WATER AND SEWER FUND)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

With Comparative Totals for the Fiscal Year Ended June 30, 2024

	2025	2024
Cash flows from operating activities:		
Cash received from customers	$ 42,116,216	$ 39,509,857
Cash paid to employees for services	(5,718,909)	(5,988,986)
Cash paid to suppliers of goods and services	(22,915,638)	(24,890,309)
Contributions from impact fees	5,763,269	6,165,595
Net cash operating activities	19,244,938	14,796,157
Cash flows from noncapital financing activities:		
Grants	7,300,170	1,663,729
Transfer to debt service fund	(200,000)	(200,000)
Net cash provided by noncapital financing activities	7,100,170	1,463,729
Cash flows from capital and related financing activities:		
Purchases of property, plant and equipment	(9,485,298)	(8,749,078)
Capital Contributions	24,580	1,354,392
Sales of property, plant and equipment	82,303	82,794
Cash received from lease activity	34,239	31,605
Interest paid on long-term debt	(2,567,692)	(2,773,983)
Payments on SRF loan eligible projects not reimbursed	-	1,612,401
Proceeds from issuance of long-term debt	-	2,456,607
Payments on long-term debt	7,515,982	(7,387,173)
Net cash capital and related financing activities	(4,395,886)	(13,372,435)
Cash flows from investing activities:		
Purchases of investments, net	(8,929,267)	(3,112,146)
Interest received from investments	3,012,764	2,413,324
Net cash investing activities	(5,916,503)	(698,822)
Net change in cash and restricted cash	1,000,755	2,188,629
Cash and restricted cash, beginning of year	6,618,359	4,429,730
Cash and restricted cash, end of year	$ 7,619,114	$ 6,618,359
Reconciliation of operating income to net cash provided by operations:		
Operating income (loss)	$ 6,269,209	$ 8,653,602
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation expense	11,755,332	8,040,928
Increase (decrease) in net pension liability and related amounts	2,435,918	1,973,486
Increase (decrease) in OPEB liability and related amounts	38,443	495,705
Increase (decrease) in accounts receivable	(1,094,316)	(1,512,459)
Increase (decrease) in inventory	(125,998)	(578,743)
Increase (decrease) in compensated absences	(231,164)	156,883
Increase (decrease) in accounts payable	197,514	(2,433,245)
Net cash provided by operating activities	$ 19,244,938	$ 14,796,157
Supplemental schedule of non-cash capital and related financing activities:		
Capital assets added as developer contributions	$ 4,135,981	$ 9,169,552

The accompanying notes are an integral part of the financial statements.

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CITY OF FRANKLIN, TENNESSEE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2024
With Comparative Totals as of December 31, 2023

	Franklin Employees' Pension Plan	2023
ASSETS		
Cash and equivalents	$ 2,788,158	$ 2,427,787
Total cash and equivalents	2,788,158	2,427,787
Investments:		
Domestic fixed income	51,458,511	44,624,950
Domestic equity	74,185,261	68,216,195
International equity	25,388,471	23,789,607
Timber	2,953,030	2,900,991
Real estate	17,039,242	17,414,615
Total investments	171,024,515	156,946,358
Total assets	173,812,673	159,374,145
NET POSITION RESTRICTED FOR PENSIONS	$ 173,812,673	$ 159,374,145

Franklin Employees' Pension Plan as of December 31, 2024.
This pension was closed to new hires after December 16, 2016.

The accompanying notes are an integral part of the financial statements.

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CITY OF FRANKLIN, TENNESSEE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2024
With Comparative Totals for the Year Ended December 31, 2023

	Franklin Employees' Pension Plan	2023
Additions:		
Contributions:		
Employer	$ 10,960,000	$ 8,019,361
Plan members	825,734	782,747
Total contributions	11,785,734	8,802,108
Investment income:		
Net (depreciation) appreciation in fair value of investments	13,458,142	16,293,388
Less: investment expense	(240,021)	(221,139)
Total investment income	13,218,121	16,072,249
Total additions	25,003,855	24,874,357
Deductions:		
Benefits	10,429,240	9,072,879
Administration expense	136,087	83,339
Total deductions	10,565,327	9,156,218
Net increase in fiduciary net position	14,438,528	15,718,139
Net position restricted for pension benefits - beginning	159,374,145	143,656,006
Net position restricted for pension benefits - ending	$ 173,812,673	$ 159,374,145

Franklin Employees' Pension Plan as of December 31, 2024.
This pension plan was closed to new hires after December 16, 2016.

The accompanying notes are an integral part of the financial statements.

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I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Franklin, TN (the City), have been prepared in conformity with accounting principles generally accepted in the United State of America, as applied to governmental units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City of Franklin's significant accounting policies are described below:

A. Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

B. Reporting entity

The City was incorporated in 1799. The City operates under a mayor-alderman form of government. The City provides the following services: public safety, streets, sanitation, parks, planning, codes, and water and sewer services.

The accompanying financial statements present the government and any component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is both legally and substantively separate from the government. Based on the City's analysis as of June 30, 2025, the City had no component units that were required to be included in these financial statements.

Joint Operation of the Cool Springs Conference Center: In June 1999, the City completed construction of the Conference Center at Cool Springs (Conference Center), which operates a conference center facility. An Interlocal Agreement executed between the City and Williamson County, Tennessee (the Parties) provides for equal ownership by each of the Parties of a one-half undivided interest in the Conference Center and further specifies that each of the Parties shall be entitled to one-half of the net revenue and shall be responsible for one-half of all costs and expenses of the operation and maintenance of the Conference Center. The City’s undivided interest in the investment in the Conference Center facility totaled $5,673,101 on June 30, 2025 and is accounted for as a joint venture asset of the City. The City’s one-half interest in Conference Center operations is presented with governmental activities in the statements of net position and activities. Complete financial statements for the Conference Center may be obtained from the Department of Finance at City Hall.

Franklin Housing Authority: The City’s officials are also responsible for appointing the members of the board of the Franklin Housing Authority; however, the City does not provide funding, has no obligation for the debt issued by the Authority, and cannot impose its will upon the operations of the Authority. The office of the Franklin Housing Authority is located at 200 Spring Street, Franklin, TN 37064.

Franklin Industrial Development Board and Health and Educational Facilities Board: Established in 1966, the Industrial Development Board, has in the past authorized issuance of various Revenue Bonds to provide financial assistance to private sector entities for the acquisition of industrial and commercial facilities deemed to be in the public interest. The activities of the Board related solely to the issuance of such bonds. The bonds are secured by the property financed and payable solely from payments received on the underlying mortgage loans. Neither the City, State, nor any political subdivision thereof is obligated in any manner for repayment of bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. Also, the Board’s actions do not require the substantive approval of the City.

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Board members of the IDB also act as board members for the Health and Educational Facilities Board. The Health and Educational Facilities Board, established March 1977, is a public, nonprofit corporation organized under the laws of the State of Tennessee for the benefit of the citizens to promote welfare, education, prosperity, health, and living conditions. The bonds are secured by the revenues pledged as security for the bonds. Board members are chosen by the Board of Mayor and Aldermen and serve 6-year terms. Because there was no activity in fiscal year 2025, there is no annual audit.

C. Basis of presentation - government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise fund. Separate financial statements are provided for governmental funds, the proprietary fund, and the fiduciary fund, even though the latter are excluded from the government-wide financial statements.

As a rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and certain charges between the government's utility divisions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of presentation - fund financial statements

The fund financial statements provide information about the City's funds, including its fiduciary fund. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds and the enterprise fund, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds and the enterprise fund are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Multi-Purpose Capital Project Fund* accounts for the various capital projects of the City. (In fiscal year 2024, the fleet replacement portion of this fund was separated in accordance with GASB Statement 100.)

The *Road Impact Fee Fund* accounts for the proceeds of road impact fees on new development and the expenditures of such monies as required by City Ordinance 88-13.

The *Debt Service Fund* is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal, interest, and related fees on long-term obligations of governmental funds.

The City reports the following major proprietary fund:

The *Water and Sewer Fund* accounts for the water, sewer, and reclaimed water services provided to customers of the system.

Additionally, the City reports the following fiduciary fund type:

The *City of Franklin Employees' Pension Fund* accounts for the activities of the closed pension plan maintained for employees of the City hired prior to January 1, 2017, which accumulates resources for pension payments to qualified employees.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included in the governmental activities column.

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The City charges health and dental expenditures to the General Expenses department within the General Fund. The City then allocates the costs based on enrollment in these benefits to each fund and department using that year's established Cobra rate, which is an estimate of administrative and claims costs per person. If actual costs are higher than the Cobra rate charges to the departments, then a normal positive balance in General Expenses results. If actual costs are less than the Cobra rate, the General Expenses department within the General Fund may show a negative expenditure balance.

E. Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements of various kinds of transactions or events.

The government-wide, proprietary, and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are earned and they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on long-term debt, including lease liabilities, as well as expenditures related to compensated absences and claims and judgments, and postemployment benefits are recorded generally when payment is due. General capital asset acquisitions, including entering into contracts giving the City the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt financing through leases are reported as other financing sources.

Property taxes, sales taxes, franchise fees, state shared revenue, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when cash is received by the City.

F. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, the Special Revenue Funds, Debt Service Fund, and the Fleet Replacement Fund. The Board of Mayor and Aldermen approve and appropriate the budgets for these funds annually. All annual appropriations lapse at fiscal-year end. The appropriated budget is prepared by fund, function, and department. During the fiscal year, the Board of Mayor and Aldermen may transfer or appropriate additional funds for expenditures not anticipated at the time of budget adoption. The City's policy is to not allow expenditures to exceed budgetary amounts at the total fund expenditure level without obtaining additional appropriation approval from the Board.

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

1. Cash and cash equivalents

The City's cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For purposes of the statement of cash flows, the City's proprietary fund considers its demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

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2. Investments

State statutes authorize the City to invest in certificates of deposit, obligations of the U.S. Treasury, agencies and instrumentalities, obligations guaranteed by the U.S. government or its agencies, repurchase agreements, and the State's investment pool. Pension Fund investments are selected by the funds manager, the Tennessee Department of Treasury Tennessee Consolidated Retirement System (TCRS) in accordance with the policy set by the TCRS Board of Trsutees.

Investments for the City are reported at fair value; securities traded on a national or international exchange are valued primarily at quoted market prices. Pension fund investments that are not exchange-traded are recorded at estimated fair values provided by the investment fund managers and other value per share information. See Note III C.

3. Inventories and prepaid items

Inventories are valued at cost in the governmental activities and in the business-type activities using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased (consumption method).

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased (consumption method).

4. Capital assets

Capital assets are tangible and intangible asset, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $50,000 if non-infrastructure and $100,000 or more if infrastructure and an estimated useful life of three years or more.

As the City constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment, the right to use leased equipment, and infrastructure of the primary government are depreciated/amortized using the straight-line method over the following useful lives:

Governmental capital assets of the City are depreciated using the straight-line method over the following useful lives:

Infrastructure	50 years
Buildings and building improvements	25 - 50 years
Parks and park improvements	25 - 50 years
Equipment	3 - 10 years
Furniture and fixtures	3 - 10 years
Intangible assets	Term per agreement

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Proprietary (business-type) capital assets of the City are depreciated using the straight-line method over the following useful lives adopted by the Tennessee Board of Utility Regulation (TBOUR):

Building (office and plant)	30 - 50 years
Furniture and fixtures	5 - 10 years
Machinery, equipment, and vehicles	5 - 20 years
Water and wastewater lines and storage	40 - 50 years

5. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position, and deferred amounts related to pension and OPEB. The deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

In addition to liabilities, the statement of financial position includes a separate section for *deferred inflows of resources*. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes levied on January 1, 2025 that will not be available for collection until fiscal year 2026, beginning October 2025; uncollected property taxes; assessments; grants; in lieu of taxes; court fines; franchise fees; hotel/motel taxes; and miscellaneous. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The amount for leases relates to leases for which the City is the lessor and will be recognized as revenue as lease receivable payments are received from the lessees. The City also reports deferred inflows of resources related to pensions and OPEB.

6. Net position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- *Net investment in capital assets* consists of capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction, or improvement of those assets. Deferred outflows or resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

- *Restricted* net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

- *Unrestricted* net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position.

7. Fund balance policies

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called "fund balance". The City's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes.

- *Nonspendable* fund balance represents amounts that are either not in a spendable form or are legally or contractually required to remain intact.

- *Restricted* fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers.

- *Committed* fund balance represents amounts that can be used only for the specific purposes determined by of the adoption of an ordinance committing fund balance for a specified purpose by the City's Board prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Board adopts another ordinance to remove or revise the limitation.

- *Assigned* fund balance represents amounts that are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The Board has by resolution authorized the finance director to assign fund balance. The Board may also assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

- *Unassigned* fund balance represents the residual amount for the general fund that is not contained in the other classifications. The general fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

As previously mentioned, sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

8. Leases

Lessee: The City is a lessee for a noncancellable lease of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of $50,000 or more.

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At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor: The City is a lessor for a noncancellable lease of a building. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

H. Revenues and expenditures/expenses

1. Program revenues

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. All taxes, including those dedicated for specific purposes and other internally dedicated resources are reported as general revenues rather than as program revenues.

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2. Property taxes

Property taxes are levied annually on January 1 for all real and personal property located in the City's legal boundaries. The taxes are due and payable from the following October through February in the year succeeding the tax levy. An unperfected lien attaches by statute to property on March 1 for unpaid taxes from the prior year's levy. Taxes uncollected by April 1, the year after due may be submitted to the Chancery Court for collection. Tax liens become perfected at the time the court enters judgment.

Assessed values are established by the State of Tennessee at the following rates of assessed market value:

Public utility property	55%
Industrial and commercial property	
Real	40%
Personal	30%
Farm and residential property	25%

For fiscal year 2025, taxes were levied at a rate of .3261 per $100 of assessed valuation.

3. Compensated absences

City policy provides for the accumulation of unused vacation days equal to those earned in the current year. It also provides for the accumulation of sick days. No amounts of sick leave are vested in the event of employee termination; however, the employee is entitled to payment for unused sick leave upon retirement up to a maximum of 120 days.

All annual leave is accrued when incurred in the government-wide and proprietary fund (Water and Sewer) financial statements. A liability for these amounts is reported in the governmental funds (specifically General, Sanitation, and Stormwater) only if amounts are due to employees because of termination and/or retirement.

4. Proprietary fund operating and nonoperating revenues and expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the various utility funds are charges to customers for sales and services. The Water and Sewer Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

I. Estimates

The preparation of the City's Annual Comprehensive Financial Report (ACFR) in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

J. Summarized Financial Information

The summarized financial information shown for fiscal year 2024 in the accompanying Basic Financial Statements and Combining and Individual Fund Statements and Schedules is included to provide a basis for comparison with fiscal year 2025.

K. New Accounting Pronouncement - GASB Statement No. 101, *Compensated Absences*

During the fiscal year ended June 30,2025, the City implemented Governemtal Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. GASB 101 establishes recognition and measurement guidance for all types of compensated absences, replacing the previous modesl under GASB Statement No. 16. The implementation of GASB 101 did not result in any changes to the City's previously reported beginning net position or fund balances.

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II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgeted amounts in the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual are those originally adopted as well as the final budget which reflects amendments by the Board of Mayor and Aldermen. The budget is prepared on a basis consistent with GAAP. Total expenditures may not exceed the total amount appropriated in the budget ordinance. Any revisions that alter the total appropriations must be approved through the passage of an ordinance by the Board. All appropriations lapse at year end.

III. DETAILED NOTE ON ALL ACTIVITIES AND FUNDS

A. Cash and investments

It is the policy of the City to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the City and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objective of the policy is safety (preservation of capital), liquidity, and yield.

B. Cash Deposits with financial institutions

The City's policies limit deposits to those instruments allowed by applicable state laws. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance, by the Tennessee Bank Collateral Pool, by collateral held by the City's agent in the City's name, or by the Federal Reserve Banks acting as third-party agents.

C. Investments

State statutes authorize the City to invest in direct obligations of the U.S., certificates of deposit, money market accounts, and government sponsored agency securities.

Interest rate risk. Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the maximum maturity length of investments to four years.

As of June 30, 2025, the City had the following investments:

		Investment Maturities (in Years)	
	Fair Value	Less than 1 year	1 - 4 years
Investments by fair value level			
Certificates of Deposit	$ -	$ -	$ -
Money Market Accounts	1,297,914	1,297,914	-
U.S Treasury Obligations	178,724,163	27,252,144	151,472,019
U.S Agency Obligations	41,037,513	41,037,513	-
Total Investments	$ 221,059,590	$ 69,587,571	$ 151,472,019

Credit risk. Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The City's investment policy requires that fixed income securities and equities have a weighted average of no less than investment grade, as rated by Moody's and Standard & Poor's. Unrated securities are limited to no more than 20% of the total investments. The certificates of deposit and money market accounts are in banks covered by the State collateral pool or under FDIC.

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Concentration of credit risk. The concentration of credit risk is the risk of loss that may be caused by the City's investment in a single issuer. The City's investment policy limits the amount of the portfolio that can be invested in any one investment vehicle to no more than 40% of the portfolio, except for U.S. Treasury obligations.

Fair value of investments. The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles (GAAP). These guidelines recognize a three-tiered fair value hierarchy as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than those in Level 1; and
- *Level 3:* Unobservable inputs.

Debt and equity securities classified as Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches: debt securities are normally valued based on price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors; equity securities are valued using fair value per share for each fund. Certificates of deposit classified in Level 2 are valued using broker quotes that utilize observable market inputs. Securities classified as Level 3 have limited trade information, these securities are priced or using the last trade price or estimated using recent trade prices.

At June 30, 2025, the City had the following recurring fair value measurements:

Investments by fair value level	6/30/2025	Level 1	Level 2	Level 3
Certificates of Deposit	$ -	$ -	$ -	$ -
Money Market Accounts	1,297,914	1,297,914	-	-
U.S Treasury Obligations	178,724,163	178,724,163	-	-
U.S Agency Obligations	41,037,513	-	41,037,513	-
Total investments at Fair Value	$ 221,059,590	$ 180,022,077	$ 41,037,513	$ -

Pension plan investments include short-term investments, domestic corporate stock, foreign stock, private equity funds, mutual funds, investments in timberland and real estate funds, bond funds, and other investments. The pension policy does not include reference to credit risk, interest rate risk concentration risk, or foreign currency risk.

As of December 31, 2024, the City of Franklin Employees' Pension Plan (closed plan) had the following fair value measurements:

		Fair Value Measurements Using		
	12/31/2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Cash and equivalents	$ 2,788,158	2,788,158	-	-
Domestic Equity	74,185,261	74,185,261	-	-
Domestic Fixed Income	51,458,511	-	51,458,511	-
International equity	25,388,471	-	25,388,471	-
Total investments at fair value level	153,820,401	76,973,419	76,846,982	-
Investments measured at the net asset value (NAV)				
Real estate funds	17,039,242			
Timber funds	2,953,030			
Total investments at the NAV	19,992,272			
Total investments measured at fair value	$ 173,812,673			

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Debt and equity securities classified in Level 1 of the fair value hierarchies are value using prices quoted in active markets for those securities. Debt securities classified in Level 2 are generally valued using pricing techniques based on the securities relationship to the benchmark quoted prices. The fair values of real estate and timber funds has been determined using the NAV per share (or its equivalent) of the ownership interest in capital. Distributions from each fund will be received as the underlying assets of the fund are liquidated.

D. Receivables

Amounts other than leases receivable are aggregated into a single accounts receivable (net of allowance for doubtful accounts) line for certain funds and aggregated columns. Property tax receivables are shown net of an allowance for uncollectibles. The allowance is based on the history of collections. Court fines receivable is also shown net of an allowance for uncollectibles. The allowance is based on management's estimate of what portion of the outstanding receivable will be collected in the future.

Below is the detail of receivables for the general and debt service funds and the nonmajor governmental funds in the aggregate, including the applicable allowances for doubtful accounts:

	General Fund	Multi-Purpose Capital Project Fund	Road Impact Fee Fund	Debt Service Fund	Other Governmental Funds	Total
Receivables:						
Accounts	$ 1,133,757	$ 3,976	$ -	$ -	$ 3,598,227	$ 4,735,960
Property taxes	17,986,102	-	-	13,502,108	1,163,029	32,651,239
In Lieu of Tax	32,391	-	-	-	-	32,391
Local option sales tax	10,968,900	-	-	-	-	10,968,900
Special assessments	43,200	-	-	-	-	43,200
Due from county	90,032	-	-	-	-	90,032
State shared revenue	2,929,382	-	-	-	623,526	3,552,908
Grants	664,826	2,439,626	-	-	376,512	3,480,964
Fines	1,267,235	-	-	-	-	1,267,235
Events	122,992	-	-	-	-	122,992
Interest	671,732	360,874	152,643	88	346,696	1,532,033
Gross receivables	35,910,549	2,804,476	152,643	13,502,196	6,107,990	58,477,854
Less: Allowance for uncollectibles	(863,710)	-	-	-	-	(863,710)
Net receivables	$ 35,046,839	$ 2,804,476	$ 152,643	$ 13,502,196	$ 6,107,990	$ 57,614,144

Amounts are aggregated into a single accounts receivable (net of allowance for doubtful accounts) line. Receivables in the Water and Sewer Fund on June 30, 2025 represent accounts due from customers for services provided, special assessments, due from the state for SRF loan reimbursements, and interest income. The receivables are presented net of an allowance of $1,751,202. The allowance for uncollectible customer accounts is based on the history of uncollectible accounts and management's analysis of current accounts. Bad debts in the proprietary fund are recorded by the direct write-off method.

Receivables	Proprietary Fund
Customers	$ 8,311,207
Special assessments	50,049
Due from State (SRF Loans)	-
Grants	3,983,326
Miscellaneous	19,605
Interest	522,066
Gross receivables	12,886,252
Less: allowance for doubtful accounts	(1,751,202)
Net receivables	$ 11,135,050

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E. Capital Assets

Capital asset activity for the year ended June 30, 2025 was as follows:

Governmental activities:	Balance June 30, 2024	Additions	Deletions	Balance June 30, 2025
Capital assets, not being depreciated:				
Land	$ 72,167,323	$ 4,667,838	$ -	$ 76,835,161
Construction in process-non-infrastructure	11,094,213	16,299,064	8,224,120	19,169,157
Construction in process-infrastructure	16,629,192	9,697,709	5,675,315	20,651,587
Total capital assets, not being depreciated	99,890,728	30,664,611	13,899,435	116,655,905
Capital assets, being depreciated:				
Buildings and improvements	84,280,131	-	3,430,186	80,849,945
Improvements other than buildings	31,537,767	9,793,986	-	41,331,754
Machinery and equipment	62,415,722	5,150,832	1,052,201	66,514,352
Infrastructure	772,706,483	19,087,366	2,030,892	789,762,954
Joint use agreement	6,483,518	-	-	6,483,518
Total capital assets, being depreciated	957,423,621	34,032,184	6,513,279	984,942,523
Accumulated depreciation:				
Buildings and improvements	26,645,466	1,723,773	3,145,522	25,223,718
Improvements other than buildings	21,293,165	1,544,938	-	22,838,104
Machinery and equipment	41,568,444	5,209,677	824,772	45,953,347
Infrastructure	266,742,899	19,160,349	50,772	285,852,476
Joint use agreement	1,945,056	1,296,704	-	3,241,759
Total accumulated depreciation	358,195,030	28,935,440	4,021,066	383,109,404
Total capital assets being depreciated, net	599,228,591	5,096,744	2,492,213	601,833,117
Total governmental activities capital assets, net	699,119,319	35,761,355	16,391,648	718,489,024
Business-type activities:				
Capital assets, not being depreciated:				
Land	7,085,091	564,200	-	7,649,291
Construction in process	12,323,616	8,824,798	689,805	20,458,608
Total capital assets, not being depreciated	19,408,707	9,388,998	689,805	28,107,899
Capital assets, being depreciated:				
Buildings and improvements	185,931,315	-	-	185,931,315
Utility plant in service	281,934,840	4,770,125	-	286,704,965
Machinery and equipment	4,514,699	151,961	132,359	4,534,301
Total capital assets, being depreciated	472,380,854	4,922,086	132,359	477,170,581
Accumulated depreciation:				
Buildings and improvements	15,419,704	4,558,894	-	19,978,597
Utility plant in service	115,218,581	6,938,432	-	122,157,013
Machinery and equipment	3,717,738	258,006	132,359	3,843,385
Total accumulated depreciation	134,356,023	11,755,332	132,359	145,978,995
Total capital assets being depreciated, net	338,024,831	(6,833,246)	-	331,191,586
Business-type activities capital assets, net	357,433,538	2,555,752	689,805	359,299,485
Total capital assets, net	$ 1,056,552,857	$ 38,317,107	$ 17,081,453	$ 1,077,788,508

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Depreciation expense was charged to functions/programs of the governmental activities of the primary government as follows:

Governance and management	$	6,482
Public safety		110,678
Finance and administration		2,599,459
Community and economic development		221,886
Public works		25,996,935
Total depreciation expense - governmental activities	$	28,935,440

Depreciation expense was charged to functions/programs of the business-type activities of the primary government as follows:

Water and sewer	$	11,755,332

F. Accrued Liabilities

Accrued liabilities reported by governmental funds on June 30, 2025, were as follows:

Accrued employee payroll	$	3,374,663
Accrued employee insurance claims		1,899,994
Total accrued liabilities		5,274,657

G. Unearned revenue

Governmental funds defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, various components of unearned revenue reported in the governmental funds were as follows:

		Unearned
Confiscated funds	$	117,309
Tree bank reserve		702,143
Sidewalk reserve		767,356
Affordable housing reserves		334,171
Capital project grant		90,094
Opioid and sponsorship reserve		18,170
American Rescue Plan Act proceeds		786,163
Total unearned revenue for fund financial statements	$	2,815,406
Business-type activities		462,971
Total budiness-type activities unearned revenue	$	462,971

H. Pension Plans

The City of Franklin participates in two (2) pension plans: The City of Franklin Employees' Pension Plan and Trust (the closed plan) and the Tennessee Consolidated Retirement System (TCRS plan). The Employees' Pension plan was closed to new employees effective December 31, 2016. All new hires beginning January 1, 2017 are enrolled in the Tennessee Consolidated Retirement System (TCRS), a multiple employer defined benefit pension plan administered by the State of Tennessee Department of the Treasury.

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Summary of Significant Accounting Policies

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the closed plan in the Fiduciary Pension Funds and the TCRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

City of Franklin Employees' Pension Plan and Trust (closed plan)

General Information about the City of Franklin Employees' Pension Plan

Plan Description

The City of Franklin administers the City of Franklin Employees' Pension Plan and Trust, a single employer defined benefit pension plan. The assets of the Plan are held for investment and may be used only for the payment of benefits to members of the Plan. The Plan's fiscal year ends on December 31. It was deemed impractical to report the financial activity of the Plan as of and for the year ended June 30, 2025. Accordingly, all financial statement information regarding the Plan is as of December 31, 2024 and the year then ended. Section 4-204(2)(p) of the City's Charter assigns the Human Resources Director the responsibility to administer the pension program under the direction of the City Administrator. All of the benefits and provisions of the Plan are at the discretion of the Board of Mayor and Aldermen consistent with the laws of Tennessee and the Federal government. The following is a general description of the Plan; refer to the Plan document for further details. The Plan is operated under the direction of the Employee Pension Committee, which consists of the following seven members: City Mayor, Alderman, Employee Representatives (2), Citizens (2), and Human Resources Director. The financial statements of the plan are presented solely in this Annual Comprehensive Financial Report of the City; there are no separate financial statements issued for the plan. Administrative costs are paid from the pension fund as shown on page 49.

Plan membership

At the measurement date of December 31, 2024, membership consisted of:

Inactive plan participants:	
Retiree participants and beneficiaries (receiving benefits)	338
Terminated employees entitled to deferred benefits	165
Disabled participants (receiving benefits)	3
Inactive plan participants total	506
Active plan participants:	
Vested	347
Nonvested	-
Active plan participants total	347
Total participants	853

Benefits provided

The Plan is a single-employer defined benefit pension plan that covers the full time employees (who work 30 hours or more per week and are employed for 1 year) of the City including all departments, except for certain department heads who may opt out of the Plan. For employees hired after February 15, 2010, employees must make an election to participate in the Plan. The Plan provides retirement, termination and death benefits to plan members and beneficiaries. Cost-of-living adjustments (COLA) to plan members and beneficiaries in receipt of monthly benefits are provided at the discretion of the Board of Mayor and Aldermen.

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Normal retirement occurs at age 65 and completion of five years of Plan participation. With respect to employees hired before July 1, 2006, normal retirement occurs when they complete 25 years of service. The normal retirement benefit is based on a percentage of average compensation, as defined by the Plan, multiplied by the years of credited service. The Plan also has provisions for early, late and disabled retirement, with related adjustments to the benefits provided. Participants are vested in their accrued benefits after completing five years of credited service. The plan allows for cash balance accounts equal to the pre- and post-tax employee contributions, discretionary City contributions and interest credits. Employees are 100% vested in the cash balance accounts at all times.

Contributions and funding policy

For employees hired before February 15, 2010, the City of Franklin Employees' Pension Plan is funded entirely by the City of Franklin; employees are not required to contribute to the Plan. Additionally, Plan members hired after July 1, 1995 through February 14, 2010 are required to contribute between 3% and 10% of their annual covered salary to a cash balance plan or 401(a) defined contribution Plan. Any plan member may also voluntarily contribute between 1% and 10% of their annual covered salary. For these Plan employees, there is also an optional 457 plan available.

Plan members hired February 15, 2010 through December 15, 2016 are required to contribute 5% of their compensation to the Plan. In accordance with the Public Employee Defined Benefit Financial Security Act of 2014, found in TCA Title 8, Chapters 34-37, the City must annually appropriate 100% of the Actuarially Determined Contribution (ADC) of the pension plan. The ADC is calculated by an independent, licensed actuary. Oversite of this Act is delegated to the State Treasurer's Office.

The City has established an informal policy to annually contribute an actuarial determined amount in four (4) quarterly installments on approximately the first day of each quarter during the fiscal year based on the previous January 1 actuarial valuation. The Plan has no long-term contracts for contributions to the Plan and no legally required reserves.

Net Pension Liability (Asset) - closed plan

At June 30, 2025, The City reported a net pension liability for the closed plan of $85,739,678. The closed plan net pension liability was measured was measured as of January 1, 2025, and the total pension liability used to calculate the closed plan's net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The closed plan net pension liability was determined by an actuarial valuation performed as of December 31, 2024, using the following actuarial methods and assumptions:

Inflation	2.25%
Salary increases	Prior year to December31, 2018, 4% annual increase. Beginning December 31, 2018, based on age (age 25, 7.5%, Age 30, 7.0%, Age 35, 6.0%, Age 40, 5%, Age 45, 4.5%, Age 50, 4%, Age 55, 3.5%, and Ages 60+. 3%).
Investment rate of return	Beginning December 31, 2024, 6.75%. (Prior year, 6.80%).
Cost of living adjustment	2.0%

Mortality rates were based on 105% for the RP-2014 Healthy Annuitants and Non-Annuitants, Blue Collar Mortality Tables, adjusted back to 2006, separate for males and females.

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Actuarial assumptions used in the January 1, 2025 valuation were based on an actuarial experience study for the period January 1, 2019 through December 31, 2024.

Long-term expected rate of return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target for short term securities held for pension payments and fees is:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
Short term securities	0.0%	0%
Total		0%

For closed plan pension investments managed by TCRS, the target allocation and long-term expected return would be the same as the TCRS pension plan. For the year ended December 31, 2024, the annual money-weighted rate of return based on monthly cash flows on pension investments, net of pension plan investment expense, was 8.39%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for changing amounts actually invested. Further information can be found on page 89.

Discount rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at January 1,2024	$ 237,729,906	$ 159,374,145	$ 78,355,761
Changes for year:			
Service cost	2,818,765	-	2,818,765
Interest	15,806,190	-	15,806,190
Differences between expected and actual experience	11,802,153	-	11,802,153
Changes of assumptions	1,505,193	-	1,505,193
Contributions - employer	-	10,960,000	(10,960,000)
Contributions - employee	319,384	825,734	(506,350)
Net investment income	-	13,218,121	(13,218,121)
Benefit payments, including refunds of employee contributions	(10,429,240)	(10,429,240)	-
Administrative expense	-	(136,087)	136,087
Net changes	21,822,445	14,438,528	7,383,917
Balances at December 31, 2024	$ 259,552,351	$ 173,812,673	$ 85,739,678

The components of the net pension liability at December 31, 2024 were as follows:

Total pension liability	$ 259,552,351
Plan fiduciary net position	(173,812,673)

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	85,739,678
Plan fiduciary net position as a percent of total pension liability	66.97%

Tennessee Consolidated Retirement System (TCRS)

Plan description

Employees of the City of Franklin hired January 1, 2017 and thereafter are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

Plan membership

At the measurement date of June 30, 2024, the following employees were covered by the benefit terms:

Inactive plan participants	
Retirees or beneficiaries currently receiving benefits	3
Inactive employees entitled to but not yet receiving benefits	158
Active employees	352
Total participants	513

Benefits provided

Tennessee Code Annotated, Title 8, Chapters 34-37, establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to July 2nd of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Members are authorized to establish retirement credit in TCRS for expanded armed conflict military service credit pursuant to Tennessee Code Annotated, section 8-34-605 per Resolution 2024-68 adopted October 8, 2024. Active TCRS members who are employed by the City are able to establish retirement credit in TCRS for the time in which the employee performed active duty military services in the armed forces of the United States during a period of armed conflict, Multinational Force in Lebanon, Invasion of Grenada/Operation Urgent Fury, Invasion of Panama/Operation Just Cause, Persian Gulf War, Operation Enduring Freedom, or Operation Iraqi Freedom. The total amount of retirement credit granted for military service shall not exceed four (4) years.

Contributions

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Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. The City makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2025, the employer contributions for City of Franklin were $2,139,657 based on a rate of 7.35 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept City's state shared taxes if required employer contributions are not remitted. The employer's ADC and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net pension liability (asset)

The City's net pension liability (asset) was measured as of June 30, 2024, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of date.

Actuarial assumptions

The total pension liability as of the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72 percent to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	6.75 percent, net of pension plan investment expenses, including inflation
Discount rate	6.75%
Cost-of-living adjustment	2.125%

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2024 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2017 through June 30, 2020. The demographic assumptions were adjusted to reflect more closely actual and expected future experience.

Long-term expected rate of return

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. Equity	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%

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Private equity and strategic lending	6.57%	20%
U.S. fixed income	1.20%	20%
Real estate	4.38%	10%
Short term securities	0.00%	1%
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the factors described above.

Discount rate.

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from City of Franklin will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the TCRS Plan net pension liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2023	$ 8,936,700	$ 7,594,525	$ 1,342,175
Changes for year:			
Service cost	2,467,301	-	2,467,301
Interest	765,630	-	765,630
Differences between expected and actual experience	51,086	-	51,086
Contributions - employer	-	1,752,895	(1,752,895)
Contributions - employee	-	1,192,447	(1,192,447)
Net investment income	-	877,977	(877,977)
Benefit payments, including refunds of employee contributions	(122,666)	(122,666)	-
Administrative expense	-	(24,726)	24,726
Net changes	3,161,351	3,675,927	(514,576)
Balances at June 30, 2024	$ 12,098,051	$ 11,270,452	$ 827,599

Net pension liability (asset) - Closed and TCRS

The City reports for the plans the following net pension liability (asset) as of June 30, 2025 in the Statement of Net Position:

Net pension liability (asset)	Governmental activities	Business-type activities	Total
Closed Plan	$ 75,450,917	$ 10,288,761	$ 85,739,678
TCRS Plan	728,285	99,314	827,599
	$ 76,179,202	$ 10,388,075	$ 86,567,277

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Discount rate sensitivity analysis

The following presents the net pension liability of the City, calculated using the current discount rate of (6.75% for the closed plan, 6.75% for the TCRS plan) as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75% closed plan, 5.75% TCRS) or 1-percentage-point higher (7.75% closed plan, 7.75% TCRS) than the current rate:

Sensitivity to discount rate	1% Decrease	Current Rate	1% Increase
Closed Plan	$ 118,999,589	$ 85,739,678	$ 58,089,457
TCRS Plan	3,749,004	827,599	(1,380,261)
	$ 122,748,593	$ 86,567,277	$ 56,709,196

Closed and TCRS pensions expense and deferred items summary

For the year ended June 30, 2025, the City recognized pension (negative pension) expense of $20,160,390 as follows:

Pension (negative pension) expense	Governmental activities	Business-type activities	Total
Closed Plan	$ 18,147,097	$ 2,440,515	$ 20,587,612
TCRS Plan	(422,625)	(4,597)	(427,222)
	$ 17,724,472	$ 2,435,918	$ 20,160,390

On June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to the closed and TCRS plans from the following sources:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between expected and actual experience:		
Closed Plan	$ 19,998,198	$ -
TCRS Plan	2,061,147	60,725
Changes of assumptions:		
Closed Plan	3,681,580	-
TCRS Plan	189,349	-
Net difference between projected and actual earnings on pension plan investments:		
Closed Plan	2,729,956	-
TCRS Plan	-	126,712
Contributions made subsequent to the measurement date:		
Closed Plan	-	-
TCRS Plan	2,139,657	-
Total	$ 30,799,887	$ 187,437

The amount shown above for "Contributions subsequent to the measurement date" will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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Deferred outflows of resources and deferred inflows of resources related to pensions are recognized as follows in the Statement of Net Position:

Deferred Outflows of Resources	Governmental activities	Business-type activities	Total
Closed Plan	$ 23,240,567	$ 3,169,167	$ 26,409,734
TCRS Plan	4,120,091	270,062	4,390,153
	$ 27,360,658	$ 3,439,229	$ 30,799,887

Deferred Inflows of Resources	Governmental activities	Business-type activities	Total
Closed Plan	$ -	$ -	$ -
TCRS Plan	164,945	22,492	187,437
	$ 164,945	$ 22,492	$ 187,437

For the plans, amounts reported as deferred outflow of resources or deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Closed Plan	TCRS Plan
2026	$ 15,313,568	$ 249,851
2027	7,215,038	341,136
2028	(407,650)	250,987
2029	798,095	235,962
2030	1,265,930	290,145
Thereafter	2,224,753	694,989
	26,409,734	2,063,070

Payable to the Pension Plans

As of June 30, 2025, the City of Franklin had a payable of $2,139,657 for an outstanding amount of contributions to the TCRS plan.

I. Other postemployment Benefits (OPEB) obligations

Plan Description

The City of Franklin self-insures its retired employees for healthcare benefits (the "OPEB Plan"). Benefits are established and amended by an insurance committee. The City provides health insurance from the date the employee retires up until the age of 65.

Plan Membership

Employees covered by the benefit terms. At the measurement date of June 30, 2025, the following employees were covered by the benefit terms:

Retirees (receiving benefits)	56
Actives	703
Covered spouses of retirees (receiving benefits)	28
Total	787

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Benefits Provided

Retirees and their covered spouses/family are eligible to remain on the City's self-insured group health plan until reaching Medicare eligibility. Eligibility is defined by normal or alternative retirement.

Normal retirement eligibility is age 62 with 20 years of service. Retirees pay 15% of the total monthly premium rate for single coverage and 20% for family coverage. For those retiring under normal retirement with medical plan option I, vision benefits are also available.

Alternative retirement, hired prior to July 1, 2006 eligibility is 25 years of service. Alternative retirement, hired on or after July 1, 2006 and before January 1, 2017 eligibility is age 55 with 25 years of service. Alternative retirement, hired on or after January 1, 2017 eligibility is age 60 or 30 years of service. Retirees pay 45% of the total monthly premium rate.

The benefits provided are identical to the medical and prescription drug benefits provided to actual employees under the City's medical plan. Benefits are provided to Medicare eligibility. For spouses, coverage ends at the earlier of the spouse's and member's Medicare eligibility.

The OPEB Plan does not issue separate financial statements, and as such, all required disclosures and supplementary information are included as part of the City's annual financial report. There are no assets accumulated in a GASB-compliant trust.

Funding Policy

The premium requirements of OPEB Plan members are established and may be amended by the insurance committee. Claims liabilities of the OPEB Plan are periodically computed using the actuarial and statistical techniques to establish premiums.

Total OPEB Liability

The City of Franklin's total OPEB liability of $26,689,752 was measured as of June 30, 2025 and was determined by an actuarial valuation as of that date. (This was the first year of the 2-year valuation from 2025).

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Actuarial assumptions

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry age normal
Amortization period	For contribution calculations: 20 years (closed) beginning July 1, 2018.
Remaining amortization period	Experience gains or losses are amortized over the average working lifetime of all participants which for the current period is 6 years. Plan amendments are recognized immediately. Investment gains or losses are amortized over a 5 year period. Changes in actuarial assumptions are amortized over the average working lifetime of all participants.
Asset valuation	Not applicable
Inflation	4.81% per annum based on the S&P 500 High Grade 20 Year Rate Index as of June 30, 2025
Salary increases	2.00% per annum
Investment rate of return	Not applicable
Retirement age	Pattern of retirement determined by experience for administrative, general government, and fire and police employees.
Mortality	Active and retired: 105% RP-2014 Blue Collar Mortality Tables for Males and Females adjusted back to 2006. For disabled: 105% RP-2014 Disabled Retiree Mortality Tables for Males and Females adjusted back to 2006.
Funding policy	Funded on a pay-as-you-go basis. Funds on a cash basis as benefits are paid. No assets have been segregated and restricted to provide for post-employment benefits.
Plan participation	100% of future eligible retirees are assumed to elect the medical coverage upon retirement.
Marital status	64% of future eligible retirees are assumed to cover a spouse.

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Changes in the Total OPEB liability

	Total OPEB Liability (a)	Plan Net Position (b)	OPEB Liability (a) - (b)
Balance at June 30, 2024	$ 21,850,998	$ -	$ 21,850,998
Changes for the year:			
Service cost	553,620	-	553,620
Interest	903,743	-	903,743
Change of benefit terms	-	-	-
Differences between expected and actual experience	3,512,614	-	3,512,614
Changes in assumptions or other inputs	806,817	-	806,817
Contributions - employer	-	938,040	(938,040)
Benefit payments	(938,040)	(938,040)	-
Net changes	4,838,754	-	4,838,754
Balance at June 30, 2025	26,689,752	-	26,689,752

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the City of Franklin, as well as what the City of Franklin's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.81 percent) or 1-percentage-point higher (5.81 percent) than the current discount rate.

	1% Decrease (3.81%)	Current Rate (4.81%)	1% Increase (5.81%)
Total OPEB Liability	$ 29,268,717	$ 26,689,752	$ 24,402,541

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability of the City of Franklin, as well as what the City of Franklin's total OPEB liability would be if it were calculated using healthcare costs trend rates that are 1-percentage-point lower (6.50 percent to 5.60 percent) or 1-percentage-point higher (8.50 percent to 7.60 percent) than the current healthcare cost trend rates:

	1% Decrease (6.50% to 5.60%) over 2 year and following the Getzen model	Current Rate (7.50% to 6.60%) over 2 year and following the Getzen model	1% Increase (8.50% to 7.60%) over 2 year and following the Getzen model
Total OPEB Liability	$ 24,140,955	$ 26,689,752	$ 29,616,699

OPEB expense and deferred items summary

For the year ended June 30, 2025, the City of Franklin recognized OPEB expense of $320,363.

	Governmental activities	Business-type activities	Total
OPEB (negative OPEB) expense	$ 281,920	$ 38,443	$ 320,363

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The City reports the following net pension liability (asset) as of June 30, 2025 in the Statement of Net Position:

	Governmental activities	Business-type activities	Total
OPEB liability	$ 23,486,982	$ 3,202,770	$ 26,689,752

At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between expected and actual experience:	$ 2,927,178	$ 545,221
Changes of assumptions:	801,666	2,507,354
Total	$ 3,728,844	$ 3,052,575

Deferred outflows of resources and deferred inflows of resources related to pensions are recognized as follows in the Statement of Net Position:

	Governmental activities	Business-type activities	Total
Deferred Outflows of Resources	$ 3,281,383	$ 447,461	$ 3,728,844

	Governmental activities	Business-type activities	Total
Deferred Inflows of Resources	$ 2,686,266	$ 366,309	$ 3,052,575

For the City of Franklin OPEB plan, amounts reported as deferred outflows of resources or deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year ended June 30:	
2026	$ (198,955)
2027	(282,293)
2028	(282,290)
2029	719,906
2030	719,901
	$ 676,269

In the table shown above, positive amounts will increase OPEB expense while negative amounts will decrease OPEB expense.

J. Construction and Other Significant Commitments

1. Construction Contracts

During 2025, various street, public works and park improvements projects were in process. On June 30, 2025, there were approximately $124,413,267 in uncompleted contracts for these projects. The projects are primarily funded in the Multi-Purpose Capital Project Fund. There were $11,076,394 of uncompleted contracts for Water and Sewer Fund projects.

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2. Fuel-Hedging Program

The City participates in a fuel hedging program with the Metropolitan Government of Nashville and Davidson County, Tennessee. The City's objective is to hedge the changes in cash flows due to market price fluctuations related to a portion of expected purchases of fuel. The City is committed to its portion of the fuel hedges through June 30, 2025. Renewals of the contracts are expected in the normal course of operations. On June 30, 2025, the contracts are in an asset position; however, the City's portion of the contracts, approximately 4%, is immaterial to the financial statements. City practice has been to hedge no more than 60% of estimated purchases.

3. Water Purchase Contract

The Water and Sewer Fund is committed under a long-term contract for the purchase of water. Minimum payments under the contract in future years are as follows:

Year Ending June 30,	Amount
2026	$ 46,325
2027	46,325
2028	46,325
2029	46,325
2030	46,325
2031-2035	231,625
2036-2040	231,625
2041-2044	165,998
Total	$ 860,873

4. Defined Contribution Plans

Employees hired after July 1, 1995 through February 14, 2010 are required to contribute between 3% and 10% of their annual covered salary to a 401(a) cash balance plan. Any plan member may also voluntarily contribute between 1% and 10% of their annual covered salary. The City makes employer and employee contributions for the cash balance plan to a pension account at US Bank. US Bank disburses eligible participant withdrawals from requests by the City. For these employees, there is also an optional 457 plan available. Mission Square (formerly ICMA-RC) administers the optional 457 plan for the City. The employee has no risk of forfeiture on these amounts.

Employees hired February 15, 2010 through December 31, 2016, may select the City of Franklin 2010 Defined Contribution Plan which requires a 5% employee contribution but includes a 5% employer match. An additional 3% may be contributed that would be matched by the City. The City’s match for the year ended June 30, 2025, totaled $259,500. Mission Square administers the defined contribution plan for the City.

Also, the City has established a deferred compensation pension plan for employees who are members of the TCRS defined benefit pension plan. Upon their two year anniversary of hire, eligible employees who contribute to a 457 plan will have up to a 2% salary match provided by the City to a 401(a) plan. The employee is 100% vested at the time of two-year anniversary of hire. Employee participation is voluntary and may be initiated or ended at any time after two years of employment. The City's match for the year ended June 30, 2025, totaled $132,410. The City administers this defined contribution plan, which is an additional benefit for employees who are members of TCRS. Mission Square is the administrator of the investment of these funds.

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5. Retiree Health Savings (RHS) Program

In 2016, a retiree health savings (RHS) program was adopted, via Resolution 2016-78, to provide reasonable security regarding health needs during retirement. In 2025, the RHS program was revised via Resolution 2025-27. One-half of the value of all terminal leave in excess of the sum of the maximum amount of the IRS normal contribution to a 457 account along with the maximum 50-catch-up provision for the year in which an employee retires is required as contribution to the plan at separation of service (with minimum of ten years of service). The contribution reduces tax liability in the year of separation and increases the security of the pension plans by decreasing unplanned demands on Plan assets. The Plan applies to the City Administrator, Assistant City Administrators, and Department Directors hired on or before December 31, 2016. There is no City match to the Plan. Mission Square administers the retiree health savings (RHS) program for the City.

K. Risk Management

The City is exposed to various risks of losses related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; and cybersecurity risks. The City decided it is more economically feasible to purchase commercial insurance for certain general liability, auto liability, errors and omissions, worker's compensation, and physical damage coverage. The City pays an annual premium to Travelers Companies for its general liability and casualty insurance coverage. The City also carries commercial insurance for all other risks of loss, including employees' health and accident and environmental. In the past three fiscal years, the City has had certain settlements which exceeded insurance coverage, primarily personnel-related judgments.

Self-insured Employee Health Insurance
The City provides medical and dental insurance to its employees and retains the risk of loss to a limit of $325,000 per year, per employee. The City has obtained stop/loss commercial insurance policy to cover claims beyond this liability. All full-time employees of the City are eligible to participate. Claim payments are made by the respective fund of the employee/claimant. Liabilities are reported when it is probable that a claim/loss has occurred and the amount of the claim/loss can be reasonably estimated.

Claim liabilities are based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. The process used to compute claims liabilities is subject to judgment and estimation, and accordingly, does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years were as follows:

Fiscal Year Ending	Claims Liability, July 1	Current Year Claims and Changes in Estimates	Claims Paid	Claims Liability, June 30
6/30/2025	$ 1,869,114	$ 13,642,222	$ (13,611,342)	$ 1,899,994
6/30/2024	$ 1,743,489	$ 12,148,994	$ (12,023,369)	$ 1,869,114

L. Leases

In fiscal year 2021, the City's General Fund began leasing the Harlinsdale Arena to Friends of Franklin Parks. In the current fiscal year, the fund received payments of $16,983. The fund recognized $5,693 in lease revenue and $11,242 in interest revenue during the current fiscal year related to the lease. As of June 30, 2025, the receivable for lease payments was $248,929. Also, the fund has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2025, the balance of the deferred inflow or resources is $210,613.

In fiscal year 2024, the City's General Fund began leasing the Hayes House to Friends of Franklin Parks. In the current fiscal year, the fund received payments of $12,557. The fund recognized $2,947 in lease revenue and $9,610 in interest revenue during the current fiscal year related to the lease. As of June 30, 2025, the receivable for lease payments was $207,303. Also, the fund has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2025, the balance of the deferred inflow or resources is $198,593.

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In fiscal year 2014, the City's proprietary fund began leasing the 5 Points Building to FirstBank. In the current fiscal year, the fund received payments of $31,605. The fund recognized $13,192 in lease revenue and $15,956 in interest revenue during the current fiscal year related to the lease. As of June 30, 2025, the receivable for lease payments was $452,632. Also, the fund has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2025, the balance of the deferred inflow or resources is $326,043.

Year Ending	Governmental Activities Future Lease Payment		Business Type Activities Future Lease Payment		Total	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 10,091	$ 20,433	$ 13,658	$ 15,490	$ 23,749	$ 35,923
2027	11,646	19,946	14,139	15,009	25,785	34,955
2028	13,311	19,387	14,638	14,510	27,949	33,897
2029	15,093	18,750	18,177	13,947	33,270	32,697
2030	16,997	18,030	18,818	13,306	35,815	31,336
2031-2035	118,379	76,027	111,299	55,873	229,678	131,900
2036-2040	189,012	41,881	150,906	33,318	339,918	75,199
2041-2043	81,701	4,953	110,997	6,038	192,698	10,991
Total	$ 456,231	$ 219,407	$ 452,632	$ 167,491	$ 908,863	$ 386,898

In fiscal year 2022, the City's General Fund entered into a five-year technology arrangement for budget software (OpenGov). An initial lease liability was recorded in the amount of $167,555 at the end of fiscal year 2022. As of June 30, 2025, the value of the lease liability was $42,254. The City is required to make annual payments of $42,500. The lease has an interest rate of .582%. The value of the right-to-use asset as of the end of the current fiscal year was $258,895 and had accumulated amortization of $207,116, and is reported in machinery and equipment of governmental activities in Note III, E.

In fiscal year 2022, the City's General Fund entered into a three-year technology arrangement for contract software (HighQ). An initial lease liability was recorded in the amount of $48,663 at the end of fiscal year 2022. As of June 30, 2025, the value of the lease liability was $0. The City is required to make annual payments of $17,186. The lease has an interest rate of 1.868%. The value of the right-to-use asset as of the end of the current fiscal year was $50,050 and had accumulated amortization of $50,050, and is reported in machinery and equipment of governmental activities in Note III, E.

In fiscal year 2023, the City's General Fund entered into a five-year technology arrangement for bid software (IonWave). An initial lease liability was recorded in the amount of $85,618 during fiscal year 2023. As of June 30, 2025, the value of the lease liability was $35,846. The City is required to make annual payments of $16,186. The lease has an interest rate of 2.186%. The value of the right-to-use asset as of the end of the current fiscal year was $85,618 and had accumulated amortization of $51,371, and is reported in machinery and equipment of governmental activities in Note III, E.

In fiscal year 2024, the City's General Fund entered into a five-year technology arrangement for court software (Catalis). An initial lease liability was recorded in the amount of $288,695 during fiscal year 2024. As of June 30, 2024, the value of the lease liability was $204,634 The City is required to make annual payments of $44,700. The lease has an interest rate of 2.616%. The value of the right-to-use asset as of the end of the current fiscal year was $288,695 and had accumulated amortization of $115,478, and is reported in machinery and equipment of governmental activities in Note III, E.

In fiscal year 2025, the City's General Fund entered into a five-year technology arrangement for fleet software (Faster). An initial lease liability was recorded in the amount of $214,902 during fiscal year 2025. As of June 30, 2025, the value of the lease liability was $61,123 The City is required to make annual payments of $21,466. The lease has an interest rate of 2.616%. The value of the right-to-use asset as of the end of the current fiscal year was $214,902 and had accumulated amortization of $85,961, and is reported in machinery and equipment of governmental activities in Note III, E.

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Year Ending June 30,	Governmental Activities Future Lease Payments Principal	Interest
2026	197,828	12,814
2027	80,570	4,327
2028	63,877	2,290
2029	20,910	555
Totals	$ 363,185	$ 19,986

M. Long-term liabilities

The City issues most general obligation bonds to provide funds for the acquisition and construction of major capital facilities. One bond issue relates to pension plan funding. General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds outstanding at June 30, 2025 are as follows:

	Original Borrowing	Interest Rates	Final Maturity	Outstanding at Year-End
Governmental Activities:				
General Obligation Bonds:				
Refunding Bonds 2012	22,500,000	2.13%	5/1/2027	3,505,000
Public Improvement Bonds 2013A	7,405,000	2.00% - 4.00%	3/1/2034	3,845,000
Public Improvement Bonds 2015	15,000,000	3.00% - 5.00%	4/1/2035	8,975,000
Public Improvement Bonds 2017	23,120,000	2.00% - 5.00%	4/1/2037	16,065,000
Public Improvement Bonds 2019A	29,585,000	4.00% - 5.00%	3/1/2039	21,165,000
Refunding Bonds 2019B	22,940,000	5.00%	3/1/2029	10,400,000
Refunding Bonds 2019C	29,245,000	4.00% -5.00%	6/1/2032	23,930,000
Refunding Bonds (Taxable) 2019D	2,305,000	1.00% - 3.50%	6/1/2027	800,000
Public Improvement Bonds 2025	43,775,000	4.00% -5.00%	6/1/2045	43,775,000
Total Governmental Activities				$ 132,460,000

During 2025, debt service for the debt was provided by the Debt Service Fund through property tax collections as well as transfers from the Sanitation Fund, Road Impact Fund and the Hotel/Motel Tax Fund. On March 26, 2025 the City closed the Series 2025 General Obligation Bonds in the par amount of $43,775,000. Proceeds of the Bonds will be used to finance replacement Fire Apparatus, Major Road Resurfacing, construction of the new Pearl Bransford Park, and McEwen Phase IV road improvements. Final maturity for the bonds is 2045.

The City's Water and Sewer fund has issued revenue tax bonds and entered into bank and SRF loans to provide funds for the acquisition and construction of major capital facilities. The 2005 bonds are secured by the full faith and credit of the City and backed by the revenues of the Water and Sewer Fund and were paid in full on April 1, 2025. The 2017 and 2021 bonds are backed by the revenues of the Water and Sewer Fund. The notes payable is backed by the revenues of the Water and Sewer Fund and are subject to the State of Tennessee using City's portion of state shared revenues toward repayment. During 2025, debt service for the debt was provided solely by the Water and Sewer Fund.

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	Original Borrowing	Interest Rates	Final Maturity	Outstanding at Year-End
Business - Type Activities:				
Revenue and tax bonds:				
Revenue and Tax Refunding Bonds 2005	24,670,000	3.00% - 5.00%	4/1/2025	-
Revenue Bonds 2017	12,000,000	3.00% - 5.00%	2/1/2037	8,450,000
Revenue Bonds 2021	10,660,000	3.00% - 5.00%	2/1/2042	9,615,000
Bank direct borrowing				
Truist Loan Program	19,430,000	2.48%	5/25/2026	1,560,000
SRF Loans				
Drinking Water SRF through ARRA	1,500,000	2.82%	12/20/2030	499,818
Clean Water SRF through ARRA	1,888,200	2.69%	10/20/2032	812,301
SRF CG2 2016-367	1,822,741	.89%	6/20/2033	1,002,361
SRF 2016-374	1,677,259	.89%	6/20/2033	177,319
SRF CG5 2017-375	1,275,000	1.47%	8/20/2049	1,069,004
SRF 2017-376	78,500,000	1.47%	4/20/2051	69,552,840
SRF 2017-398	20,000,000	1.47%	9/20/2051	17,954,737
SRF 2017-398-01	17,043,394	1.47%	9/20/2053	18,145,392
Total Business-Type Activities Long-Term Debt				$ 128,838,772

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The annual requirements, by type of issue, to amortize outstanding bonds and notes payable on June 30, 2025, are as follows:

Year Ending	General Obligation Bonds		Revenue and Tax Bonds and Notes		Total	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2026	13,160,000	5,776,463	6,205,651	2,368,413	19,365,651	8,144,876
2027	13,610,000	5,340,236	4,746,191	2,230,909	18,356,191	7,571,145
2028	12,395,000	4,744,240	4,852,584	2,125,766	17,247,584	6,870,006
2029	12,990,000	4,139,040	4,959,847	2,017,253	17,949,847	6,156,293
2030	10,490,000	3,504,600	5,073,018	1,905,332	15,563,018	5,409,932
2031-2035	39,310,000	11,349,085	25,923,768	7,887,595	65,233,768	19,236,680
2036-2040	19,405,000	4,598,150	25,123,424	5,176,916	44,528,424	9,775,066
2041-2045	11,100,000	1,367,000	23,134,360	2,956,980	34,234,360	4,323,980
2046-2050	-	-	23,193,524	1,252,792	23,193,524	1,252,792
2051-2053	-	-	5,626,405	60,119	5,626,405	60,119
Totals	$ 132,460,000	$ 40,818,814	$ 128,838,772	$ 27,982,075	$ 261,298,772	$ 68,800,889

Management believes that the City complies with all significant debt covenants and restrictions as set forth in the bond agreements.

The above bonds and notes payable contain provisions that in the event of default, the lenders can exercise one or more of the following options: (1) make the outstanding bond and/or note payable with accrued interest due and payable, (2)

use of the following options: (1) make the outstanding bond and/or note payable with accrued interest due and payable, (2) use any remedy allowed by state or federal law.

Changes in long-term liabilities

	Beginning Balance	Additions	Reductions/ Amortization	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds-capital	$ 99,465,000	$ 43,775,000	$ 10,780,000	$ 132,460,000	$ 13,160,000
Premium-Capital	14,041,056	3,992,232	1,573,157	16,460,131	1,772,769
Total Bonds Payable	113,506,056	47,767,232	12,353,157	148,920,131	14,932,769
SBITA Payable	396,871	214,902	248,588	363,186	120,981
Compensated absences	15,382,809	3,798,927	6,366,782	12,814,954	6,366,782
Net pension liability-closed	68,953,069	6,497,848	-	75,450,917	-
Net pension liability-TCRS	1,181,111	-	452,826	728,285	-
Total OPEB liability	19,228,878	4,258,104	-	23,486,982	-
Total Governmental Activities	$ 218,648,794	$ 62,537,013	$ 19,421,353	$ 261,764,455	$ 21,420,532
Business-type activities:					
Revenue and tax bonds	$ 20,400,000	$ -	$ 2,335,000	$ 18,065,000	$ 930,000
Premium	2,970,273	-	256,147	2,714,126	184,326
Total bonds payable	23,370,273	-	2,591,147	20,779,126	1,114,326
Bank Direct Borrowing	3,080,000	-	1,520,000	1,560,000	1,560,000
SRF Loans	112,874,754	-	3,660,982	109,213,772	3,715,651
Compensated absences	1,566,976	546,311	777,475	1,335,812	777,475
Net pension liability-closed	9,402,692	886,069	-	10,288,761	-
Net pension liability-TCRS	161,064	-	61,750	99,314	-
Total OPEB liability	2,622,120	580,646	-	3,202,770	-
Total long-term liabilities	$ 153,077,879	$ 2,013,026	$ 8,611,354	$ 146,479,555	$ 7,167,452

The general fund is the principal fund used to liquidate long-term liabilities other than debt.

Issuance of Long-term Debt

Governmental activities added $43,775,000 in new bonds and $214,902 in SBITA payables. There was no other new debt in the proprietary fund.

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N. Fund Balances

Fund balances:	General Fund	Multi-Purpose Capital Project Fund	Road Impact Fee Fund	Debt Service Fund	State Street Aid Fund	Sanitation Fund	Facilities Tax Fund	County Facilities Tax Fund	Storm Water Fund	Drug Fund	Hotel/Motel Tax Fund	Parkland Dedication Fund	Transit Authority Fund	CDBG Fund	Fleet Replacement Fund	Other Governmental Funds Totals
Non-Spendable	$ 2,387,636	$ -	$ -	$ -	$ -	$ 26,505	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,414,141
Restricted	-	51,412,319	-	-	575,999	2,325,334	-	6,567,671	-	377,833	-	-	-	492,815	-	$ 61,751,971
Committed	-	-	17,703,993	127,752	-	-	13,149,491	-	2,894,347	-	3,701,710	9,401,628	807,254	-	2,087,535	$ 49,873,710
Assigned	-	-	-	-	-	-	-	-	-	-	4,200,102	-	-	-	-	$ 4,200,102
Unassigned	87,096,354	-	-	-	-	-	-	-	-	-	-	-	-	-	-	87,096,354
Total fund balances	$ 89,483,990	$ 51,412,319	$ 17,703,993	$ 127,752	$ 575,999	$ 2,351,839	$ 13,149,491	$ 6,567,671	$ 2,894,347	$ 377,833	$ 7,901,812	$ 9,401,628	$ 807,254	$ 492,815	$ 2,087,535	$ 205,336,278
Reason for Restriction/Commitment:																
Non-spendable inventory prepaids	$ 2,387,636	$ -	$ -	$ -	$ -	$ 26,505	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,414,141
Restricted by state law	-	51,412,319	-	-	575,999	2,325,334	-	6,567,671	-	377,833	-	-	-	-	-	$ 61,259,156
Restricted by federal regulations for fund purpose	-	-	-	-	-	-	-	-	-	-	-	-	-	492,815	-	$ 492,815
Committed by Board ordinance for fund purpose	-	-	17,703,993	127,752	-	-	13,149,491	-	2,894,347	-	3,701,710	9,401,628	807,254	-	2,087,535	$ 49,873,710
Assigned by Board resolutions	-	-	-	-	-	-	-	-	-	-	4,200,102	-	-	-	-	$ 4,200,102
Unassigned*	87,096,354	-	-	-	-	-	-	-	-	-	-	-	-	-	-	87,096,354
Total fund balances	$ 89,483,990	$ 51,412,319	$ 17,703,993	$ 127,752	$ 575,999	$ 2,351,839	$ 13,149,491	$ 6,567,671	$ 2,894,347	$ 377,833	$ 7,901,812	$ 9,401,628	$ 807,254	$ 492,815	$ 2,087,535	$ 205,336,278

Fund Balance Policy - General Fund

*Per the City's Fund Balance Policy, the unassigned fund balance for the General Fund identifies the following reserves:

	Amount
Contingency Commitment	$ 5,838,590
Emergency Commitment	5,838,590
Cash Flow Commitment	16,348,052
Debt Service Commitment	3,503,154
Property/Casualty/Health Insurance Commitment	4,670,872
Retiree Health Benefits Commitment	2,335,436
Supplemental Reserve	14,012,616
Capital Outlay Reserve	34,549,044
Total Reserves	$ 87,096,354

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O. Interfund Receivables, Payables and Transfers

There are no interfund receivables or payables for fiscal year 2025. The composition of interfund transfers for the year ended June 30, 2025, is as follows:

	Transfers In			
Transfer Out:	**Multi-purpose Capital Projects Fund**	**Debt Service Fund**	**Nonmajor Governmental Funds**	**Total**
General	(1) $ 5,039,942	$ - (2)	$ 3,791,200	$ 8,831,142
Road Impact Fund	(3) 11,000,000	(3) 3,539,745	-	14,539,745
Nonmajor Governmental Funds				
Sanitation Fund	-	(4) 192,944	-	192,944
Facilities Tax Fund	(5) 3,000,000	-	-	3,000,000
County Facilities Tax Fund	(5) 200,000	-	-	200,000
Hotel/Motel Tax Fund	(5) 5,000,000	(4) 812,891	-	5,812,891
Water/Sewer	-	(6) 200,000	-	200,000
Total	$ 24,239,942	$ 4,745,580	$ 3,791,200	$ 32,776,722

During the year, transfers were made as follows:

(1) The transfers out from the General Fund to the Multi-Purpose Capital Projects Fund were to provide $5,039,942 toward approved CIP projects.

(2) The transfers out from the General Fund to the Nonmajor Governmental Funds were to provide the Street Aid Fund $500,000 for the sidewalk gap project and paving program, to provide $1,500,000 the Stormwater fund for additional funds to fund balance, to provide the Transit Fund $927,710 as the annual operating subsidy, and to provide $863,490 toward fleet replacement.

(3) The transfers out from the Road Impact Fund to the Debt Service Fund was to provide $3,539,745 to cover annual debt service requirements and $11,000,000 to the Multi-Purpose Capital Projects Fund for Long Lane, East McEwen, and Jordan Road.

(4) The transfers out from the Nonmajor Governmental Funds to the Debt Service Fund was for the Sanitation Fund to provide $192,944 and the Hotel/Motel Tax Fund to provide $812,891 to cover annual debt service requirements.

(5) The transfers out from Nonmajor governmental funds to the Multi-Purpose Capital Projects Fund was for the Facilities Tax to provide $3,000,000 for Bicentennial Park, for the County Facilities Tax Fund to provide $200,000 for FSSD Intersection Improvement and for the Hotel/Motel Tax Fund to provide $5,000,000 for Ropers Knob.

(6) The transfer from Water/Sewer to the Debt Service fund is to provide $200,000 for a portion of costs in the consolidated public works building.

P. Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal and State governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time although the City's management expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits; however, the outcome of these lawsuits is not presently determinable. City Management, in consultation with legal counsel, does not expect any possible liability to materially exceed the City's limits of insurance.

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Q. Tax abatements

City property tax revenues were reduced by $4,774 in fiscal year 2025 under five (5) in lieu of property tax agreements and a prior year refund. The first three agreements are with the City only. The Nissan and Ramsey Solution agreements are with the City, County, and the Industrial Development Board.

The amount is comprised of:

	Estimated Property Tax	In Lieu of Tax Payment	Difference
1. Franklin Housing Authority (1967)	$ 31,163	$ 19,170	$ 11,993
2. Franklin Housing Authority (2018)	112,831	96,832	15,999
3. Franklin Housing Authority (2019)	26,740	3,200	23,540
4. Nissan	119,704	170,929	(51,225)
5. Ramsey Solutions	95,050	90,583	4,467
Totals	$ 385,488	$ 380,714	$ 4,774

1. The estimated property tax amount for the Franklin Housing Authority-1967 was developed from total cost of the authority's sites per its master housing plan at an assessed residential rate of 25%. The agreement began in 1967 and has no specified end date. Reddick Street properties have been renovated and are now included in FHA-2018.

2. The estimated property tax amount for the Franklin Housing Authority-2018 developed from total cost of 3 sites (Senior Residence at Reddick Street completed in November 2013, Reddick Street Apartments completed in November 2016, and Chickasaw Senior Community completed in December 2019) at an assessed residential rate of 25%. The agreement began in 2018 and has no specified end date.

3. The estimated property tax amount for the Franklin Housing Authority-2019 developed from total cost of 64 renovated units at Spring Street/Johnson Circle. The PILOT agreement was approved on September 10, 2019.

4. The estimated property tax amount is based on the estimated value from Nissan to the State Board of Equalization for PILOT reporting on 9/20/2023. The agreement began 12/21/2005 and ends 12/21/2035.

5. The estimated property tax amount is based on the estimated value from Ramsey Solutions to the State Board of Equalization for PILOT reporting on 9/29/2023. The Industrial Development Board owns the facility and leases to Ramsey Solutions. The City passed the tax abatement on October 13, 2015. The agreement began 10/31/2017 and ends 12/31/2033.

R. Subsequent events

On November 11, 2025, the Board of Mayor and Aldermen approved Resolution 2025-73 amending certain provision of Resolution 2018-65 which established defined contribution retirement plans effective January 1, 2019, for employees hired on or after January 1, 2017.

On November 11, 2025, the Board of Mayor and Aldermen adopted Ordinance 2025-45 to amend Ordinance 2003-52 to modify assistance for eligible residents of the City in accordance with the State of Tennessee property tax relief program. The 2025 ordinance increases the City's match of the State assistance to two times the determined amount.

On November 11, 2025 the Board of Mayor and Aldermen approved Addendum 2 to Contract 2013-0041 with Williamson County and Chartwell Hospitality extending the operating agreement of the Cool Springs Conference center to October 2032.

On December 9, 2025, the Board of Mayor and Aldermen approved Resolution 2025-88 authorizing the City to issued General Obligation Bonds in the aggregate principal amount of not to exceed $118 million. The purpose of the bond issue will be to fund governmental facilities, equipment, roads, parks, and other related uses.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
CITY OF FRANKLIN EMPLOYEES' PENSION PLAN
(Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability										
Service cost	$ 2,818,765	$ 2,354,516	$ 2,257,541	$ 2,303,771	$ 2,344,647	$ 2,438,659	$ 2,017,416	$ 1,894,635	$ 1,911,994	$ 2,093,993
Interest	15,806,190	13,176,586	12,145,206	11,448,477	10,650,805	10,165,977	9,572,072	8,725,546	7,983,916	7,209,696
Cash balance increase	319,384	311,237	330,978	267,298	293,738	291,703	289,162	270,241	273,366	-
Changes of benefit items	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	11,802,153	27,274,797	8,801,410	3,987,815	5,262,761	622,830	2,887,307	5,623,929	3,597,048	3,542,156
Changes of assumptions	1,505,193	8,106,830	2,177,793	1,990,837	1,853,652	1,706,426	1,191,865	1,530,808	771,750	1,852,274
Benefit payments, including refunds of employee contributions	(10,429,240)	(9,072,879)	(7,473,103)	(7,937,323)	(6,289,974)	(6,812,691)	(5,310,361)	(4,668,158)	(4,238,026)	(3,699,996)
Net change in total pension liability	21,822,445	42,151,087	18,239,825	12,060,875	14,115,629	8,412,904	10,647,461	13,377,001	10,300,048	10,998,123
Total pension liability-beginning	237,729,906	195,578,819	177,338,994	165,278,119	151,162,490	142,749,586	132,102,125	118,725,124	108,425,076	97,426,953
Total pension liability-ending (a)	$ 259,552,351	$ 237,729,906	$ 195,578,819	$ 177,338,994	$ 165,278,119	$ 151,162,490	$ 142,749,586	$ 132,102,125	$ 118,725,124	$ 108,425,076
Plan fiduciary net position										
Contributions-employer	$ 10,960,000	$ 8,019,361	$ 6,660,363	$ 6,160,363	$ 5,061,105	$ 5,988,709	$ 4,254,456	$ 4,471,922	$ 3,888,628	$ 2,846,724
Contributions-employee	825,734	782,747	700,782	896,492	688,835	702,598	831,941	593,845	548,163	525,364
Net investment income (loss)	13,218,121	16,072,249	(16,940,161)	24,962,458	14,134,655	18,743,979	(3,237,304)	14,823,429	6,452,638	(1,678,689)
Benefit payments, including refunds of employee contributions	(10,429,240)	(9,072,879)	(7,473,103)	(7,937,323)	(6,289,974)	(6,812,691)	(5,310,361)	(4,668,158)	(4,238,026)	(3,699,996)
Administrative expenses	(136,087)	(83,339)	(75,699)	(102,925)	(115,649)	(142,565)	(114,344)	(112,112)	(171,371)	(584,138)
Net change in plan fiduciary net position	14,438,528	15,718,139	(17,127,818)	23,979,065	13,478,972	18,480,030	(3,575,612)	15,108,926	6,480,032	(2,590,735)
Plan fiduciary net position-beginning	159,374,145	143,656,006	160,783,824	136,804,759	123,325,787	104,845,757	108,421,369	93,312,443	86,832,411	89,423,146
Plan fiduciary net position-ending (b)	$ 173,812,673	$ 159,374,145	$ 143,656,006	$ 160,783,824	$ 136,804,759	$ 123,325,787	$ 104,845,757	$ 108,421,369	$ 93,312,443	$ 86,832,411
Net pension liability-ending (a) - (b)	$ 85,739,678	$ 78,355,761	$ 51,922,813	$ 16,555,170	$ 28,473,360	$ 27,836,703	$ 37,903,829	$ 23,680,756	$ 25,412,681	$ 21,592,665
Plan fiduciary net position as a percentage of the total pension liability	67.0%	67.0%	73.5%	90.7%	82.8%	81.6%	73.4%	82.1%	78.6%	80.1%
Covered payroll	$ 37,641,024	$ 37,030,890	$ 30,238,979	$ 29,370,570	$ 29,868,272	$ 30,013,785	$ 31,795,391	$ 31,118,096	$ 30,832,419	$ 30,362,658
Net Pension liability as a percentage of covered payroll	227.8%	211.6%	171.7%	56.4%	95.3%	92.7%	119.2%	76.1%	82.4%	71.1%

Notes to Schedule:

Changes of assumptions

In 2016, amounts reported as changes of assumptions resulted from changes to using entry age normal for costs.
In 2017, amounts reported as changes of assumptions resulted from changes to salary increases from 3.5% to 4.0%.
In 2018, amounts reported as changes of assumptions resulted from changes to the discount rate from 7.5% to 7.4%.
In 2019, amounts reported as changes of assumptions resulted from changes to the inflation rate and investment rate of return from 7.4% to 7.3%, salary increases, mortality rates, and withdrawal rates.
In 2020, amounts reported as changes of assumptions resulted from changes to the inflation rate and investment rate of return from 7.3% to 7.2%.
In 2021, amounts reported as changes of assumptions resulted from changes to the inflation rate and investment rate of return from 7.2% to 7.1%.
In 2022, amounts reported as changes of assumptions resulted from changes to the inflation rate and investment rate of return from 7.1% to 7.0%.
In 2023, amounts reported as changes of assumptions resulted from changes to the inflation rate and investment rate of return from 7.0% to 6.9%.
In 2024, amounts reported as changes of assumptions resulted from changes to the inflation rate and investment rate of return from 6.9% to 6.8%.
In 2025, amounts reported as changes of assumptions resulted from changes to the inflation rate and investment rate of return from 6.8% to 6.75%

In 2023, a five-year smoothed valued for determining the annual contribution began. This is called the Actuarial Value of Assets to differentiate from the Market Value of Assets.
All GASB information continues to be based on Market Value of Assets

Market Value of Assets as of December 31, 2024	$ 173,765,612
-80% of 2024 Variance	(1,989,526)
-60% of 2023 Variance	(3,813,092)
-40% of 2022 Variance	11,119,437
-20% of 2021 Variance	(3,074,200)
Actuarial Valuation Assets Before Limits	176,008,231
Total Pension Liability	$ 259,552,351
Funded Ratio	67.8%

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CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF EMPLOYER CONTRIBUTIONS
CITY OF FRANKLIN EMPLOYEES' PENSION PLAN
LAST TEN FISCAL YEARS
(Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	$ 10,159,294	$ 7,019,361	$ 4,117,465	$ 6,160,363	$ 5,061,105	$ 5,988,709	$ 4,254,456	$ 4,205,916	$ 3,888,628	$ 2,846,724
Contributions in relation to the actuarially determined contribution	10,960,000	8,019,361	6,660,363	6,160,363	5,061,105	5,988,709	4,254,456	4,471,922	3,888,628	2,846,724
Contribution (deficiency) excess	$ 800,706	$ 1,000,000	$ 2,542,898	$ -	$ -	$ -	$ -	$ 266,006	$ -	$ -
Covered payroll	$ 39,567,969	$ 32,310,727	$ 30,919,356	$ 29,804,775	$ 29,619,421	$ 29,941,029	$ 30,904,588	$ 31,456,744	$ 30,975,258	$ 30,597,539
Contributions as a percentage of covered payroll	27.7%	24.8%	21.5%	20.7%	17.1%	20.0%	13.8%	14.2%	12.6%	9.3%

Notes to Schedule

Valuation date:

Actuarially determined contribution rates and covered employee payroll are calculated as of December 31, six months prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar closed (not to exceed 20 years)
Remaining amortization period	Varies by year
Asset valuation	Fair market value
Inflation rate	2.25%
Salary increases	Prior to December 31, 2018, 4% annual increase. Beginning December 31, 2018, based on age (Age 25, 7.5%, Age 30, 7.0%, Age 35, 6.0%, Age 40, 5%, Age 45, 4.5%, Age 50, 4%, Age 55, 3.5%, and Age 60+, 3%).
Investment rate of return	Beginning December 31, 2022, 6.8%. Prior year, 6.9% percent.
Retirement age	Pattern of retirement determined by experience study. For administrative employees, 2003 SOA Pension Plan Turnover Study - Based Age Table used. For police and fire employees, 115% of 2003 SOA Pension Plan Turnover Study - Basic Age Table used.
Mortality	105% of the RP-2014 Healthy Annuitants and Non-Annuitants, Blue Collar Mortality Tables, adjusted back to 2006, separate for males and females.

Covered payroll for June 30

Covered payroll for this schedule is based on the fiscal year end date. Covered payroll on page 87 is based on the December 31 measurement date. December 31 covered payrolls were averaged to calculate June 30 amounts. A December 31, 2024 amount was estimated to use with the December 31, 2023 amount. (All covered payrolls in this schedule were updated to be on a fiscal year end basis instead of a measurement date.)

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CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF INVESTMENT RETURNS
CITY OF FRANKLIN EMPLOYEES' PENSION PLAN
LAST TEN FISCAL YEARS
(Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual money-weighted rate of return, net of investment expenses	8.4%	11.3%	-10.6%	18.4%	11.3%	18.1%	-4.0%	16.1%	7.3%	-2.5%

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CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TENNESSEE CONSOLIDATED RETIREMENT SYSTEM
LAST TEN YEARS
(Unaudited)

	2024	2023	2022	2021	2020	2019	2018	2017
Total pension liability								
Service cost	$ 2,467,301	$ 1,628,405	$ 1,153,748	$ 926,140	$ 653,668	$ 372,276	$ 124,730	$ -
Interest	765,630	456,366	301,268	213,489	119,330	51,291	12,799	-
Changes of benefit items	-	-	-	-	-	-	-	52,267
Differences between expected and actual experience	51,086	1,751,075	433,770	(95,425)	282,980	246,960	146,886	-
Changes of assumptions	-	-	-	297,549	-	-	-	-
Benefit payments, including refunds of employee contributions	(122,666)	(63,444)	(67,940)	(33,675)	(25,724)	(1,183)	(906)	-
Net change in total pension liability	3,161,351	3,772,402	1,820,846	1,308,078	1,030,254	669,344	283,509	52,267
Total pension liability-beginning	8,936,700	5,164,298	3,343,452	2,035,374	1,005,120	335,776	52,267	-
Total pension liability-ending (a)	$ 12,098,051	$ 8,936,700	$ 5,164,298	$ 3,343,452	$ 2,035,374	$ 1,005,120	$ 335,776	$ 52,267
Plan fiduciary net position								
Contributions-employer	$ 1,752,895	$ 1,486,186	$ 765,476	$ 581,981	$ 498,785	$ 344,345	$ 166,897	$ 23,007
Contributions-employee	1,192,447	1,029,216	646,517	480,976	422,700	278,151	128,382	17,698
Net investment income (loss)	877,977	401,698	(163,051)	634,842	71,587	48,394	15,395	2,220
Benefit payments, including refunds of employee contributions	(122,666)	(63,444)	(67,940)	(33,675)	(25,724)	(1,183)	(906)	-
Administrative expenses	(24,726)	(18,296)	(23,817)	(16,862)	(15,947)	(11,344)	(6,220)	(1,519)
Net change in plan fiduciary net position	3,675,927	2,835,360	1,157,185	1,647,262	951,401	658,363	303,548	41,406
Plan fiduciary net position-beginning	7,594,525	4,759,165	3,601,980	1,954,718	1,003,317	344,954	41,406	-
Plan fiduciary net position-ending (b)	$ 11,270,452	$ 7,594,525	$ 4,759,165	$ 3,601,980	$ 1,954,718	$ 1,003,317	$ 344,954	$ 41,406
Net pension (asset) liability-ending (a) - (b)	$ 827,599	$ 1,342,175	$ 405,133	$ (258,528)	$ 80,656	$ 1,803	$ (9,178)	$ 10,861
Plan fiduciary net position as a percentage of the total pension (asset) liability	93.16%	84.98%	92.16%	107.73%	96.04%	99.82%	102.73%	79.22%
Covered payroll	$ 23,848,910	$ 20,584,291	$ 12,690,108	$ 9,619,509	$ 8,453,990	$ 5,563,006	$ 2,567,642	$ 353,953
Net pension (asset) liability as a percentage of covered payroll	3.47%	6.52%	3.19%	-2.69%	0.95%	0.03%	-0.36%	3.07%

Notes to Schedule:

Changes of assumptions - In 2021, amounts reported as changes of assumptions results from changes to the inflation rate (from 2.5% to 2.25%), investment rate of return (from 7.25% to 6.75%), cost-of-living adjustment (from 2.5% to 2.125%), salary growth (from 4.25% to 4%), and mortality improvements.

*GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB website for prior years' data, if needed.
(Continued)

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CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF EMPLOYER CONTRIBUTIONS
TENNESSEE CONSOLIDATED RETIREMENT SYSTEM
LAST TEN FISCAL YEARS
(Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	$ 2,139,657	$ 1,752,895	$ 1,486,186	$ 765,476	$ 581,981	$ 498,785	$ 344,345	$ 166,897	$ 23,007
Contributions in relation to the actuarially determined contribution	2,139,657	1,752,895	1,486,186	765,476	581,981	498,785	344,345	166,897	23,007
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 28,079,488	$ 23,848,910	$ 20,531,922	$ 12,690,108	$ 9,619,509	$ 8,453,990	$ 5,563,006	$ 2,567,642	$ 353,953
Contributions as a percentage of covered payroll	7.6%	7.4%	7.2%	6.0%	6.1%	5.9%	6.2%	6.5%	6.5%

*GASB 68 requires a 10-year schedule for this data to be presented starting *with the implementation of GASB 68*. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB website for prior years' data, if needed.

Notes to Schedule
Valuation date: Actuarially determined contribution rates and covered payroll for fiscal year 2024 were calculated based on the June 30, 2023 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar closed (not to exceed 20 years)
Remaining amortization period	Varies by year
Asset valuation method	10-year smoothed within a 20 percent corridor to market value
Inflation	2.25%
Salary increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.0%
Investment rate of return	6.75%, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including projection of mortality improvement using Scale MP-2017 (generational projection)
Cost of living adjustments	2.125%

(Continued)

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CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST EIGHT FISCAL YEARS
June 30, 2025
(Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability								
Service cost	$ 553,620	$ 537,676	$ 659,120	$ 645,058	$ 574,635	$ 559,038	$ 532,417	$ 142,900
Interest	903,743	812,373	499,967	485,969	586,392	566,552	155,371	158,282
Changes of benefit items	-	1,860,229	1,701,196	-	-	-	(6,939)	-
Differences between expected and actual experience	3,512,614	(324,700)	(608,842)	-	(275,901)	-	(1,918,330)	-
Changes of assumptions or other inputs	806,817	(166,957)	(4,814,361)	-	775,904	-	16,434,163	-
Benefit payments	(938,040)	(579,849)	(502,979)	(456,949)	(430,070)	(485,623)	(451,742)	(645,902)
Net change in total OPEB liability	4,838,754	2,138,772	(3,065,899)	674,078	1,230,960	639,967	14,744,940	(344,720)
Total OPEB liability-beginning	21,850,998	19,712,226	22,778,125	22,104,047	20,873,087	20,233,120	5,488,180	5,832,900
Total OPEB liability-ending	$ 26,689,752	$ 21,850,998	$ 19,712,226	$ 22,778,125	$ 22,104,047	$ 20,873,087	$ 20,233,120	$ 5,488,180
Plan net position								
Contributions - employer	$ 938,040	$ 579,849	$ 502,979	$ 456,949	$ 430,070	$ 485,623	$ 451,742	$ 645,902
Benefit payments	(938,040)	(579,849)	(502,979)	(456,949)	(430,070)	(485,623)	(451,742)	(645,902)
Net change in net position	-	-	-	-	-	-	-	-
Net OPEB liability-beginning	21,850,998	19,712,226	22,778,125	22,104,047	20,873,087	20,233,120	5,488,180	5,832,900
Net OPEB liability-ending	$ 26,689,752	$ 21,850,998	$ 19,712,226	$ 22,778,125	$ 22,104,047	$ 20,873,087	$ 20,233,120	$ 5,488,180
Plan net position as a percentage of total OPEB liability	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Covered-employee payroll	$ 59,797,606	$ 54,845,949	$ 53,770,538	$ 42,888,447	$ 42,047,497	$ 40,104,752	$ 39,318,384	n/a
Net OPEB liability as a percentage of covered-employee payroll	44.6%	39.8%	36.7%	53.1%	52.6%	52.0%	51.5%	n/a

Notes to Schedule

There are no assets accumulating in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan.

Changes of assumptions and methods

In FY 2019, the discount rate was 2.79% based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2019 under Statement No. 75, compared to the prior discount rate of 3.00%. The assumed trend rate for the medical claims was changed to 7.25% grading uniformly to 6.75% over 2 years and following the Getzen model thereafter until reaching an ultimate rate of 3.9% in the year 2076.The medical claims aging table was updated to be based on the aging factors in the Dale Yamamoto study released by the Society of Actuaries in June 2013. The mortality, retirement, termination, and disability rates were updated to be based on the 2019 experience study for the City.

In FY 2021, the discount rate was 2.18% based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2021 under Statement No. 75, compared to the prior discount rate of 2.79%. The assumed trend rate for the medical claims was changed to 6.25% grading uniformly to 5.75% over 2 years and following the Getzen model thereafter until reaching an ultimate rate of 3.9% in the year 2076.

In FY 2023, the discount rate was 4.13% based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2023 under Statement No. 75, compared to the prior discount rate of 2.18%. The assumed trend rate for the medical claims was changed to 6.25% grading uniformly to 5.20% over 2 years and following the Getzen model thereafter until reaching an ultimate rate of 3.94% in the year 2075. Effective May 23, 2023, the Retiree Health Care Cost to 50% City / 50% retiree for current and future option II retirees. The impact was included in FY 2023 results.

In FY 2025, the discount rate was 4.81% based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2025 under Statement No. 75, compared to the prior discount rate of 4.13%. The assumed trend rate for the medical claims was changed to 7.50% grading uniformly to 6.60% over 3 years and following the Getzen model thereafter until reaching an ultimate rate of 4.04% in the year 2075.

This schedule is presented to illustrate information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES AND SUPPLEMENTARY SCHEDULES

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CITY OF FRANKLIN, TENNESSEE
NONMAJOR GOVERNMENTAL FUNDS

NONMAJOR GOVERNMENTAL FUNDS SUMMARY PAGE:

State Street Aid Fund - To account for the receipt and usage of the City's share of State gasoline taxes. State law requires these gasoline taxes to be used to maintain streets.

Sanitation Fund - To account for the City's sanitation collection, fleet maintenance, and disposal operations.

Facilities Tax Fund - To account for the proceeds of a tax on the privilege of engaging in the business of development and the expenditures of such monies as required by City Ordinance 88-12.

County Facilities Tax Fund – To account for the City's share of Williamson County's Adequate School Facilities Tax. Thirty percent (30%) of the proceeds are distributed to the incorporated cities within the County, and an additional 30% is divided pro rata among the incorporated cities based on population in the last decennia census. All funds are to be used for the purpose of providing public facilities, the need for which is reasonably related to new development.

Stormwater Fund - To account for the City's stormwater operations.

Drug Fund - To account for drug fines received and usage of those monies to further drug investigations.

Hotel / Motel Tax Fund - To account for the receipt of Hotel / Motel tax which has been designated for transfers to the debt service fund to pay parks/tourism related debt service, capital outlay including parks related improvements, and support toward the Williamson County Convention and Visitors Bureau.

Parkland Dedication Fund - To account for fees collected from developers for parkland in lieu of contributions of land.

Transit Authority Fund - To account for the financial activities of the City's mass transit operations.

CDBG Fund - To account for CDBG grant revenues and expenditures.

Fleet Replacement Fund (reported with Multi-purpose Capital Projects Fund in prior years) - To account for replacement of consumer vehicles used by the General Fund

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CITY OF FRANKLIN, TENNESSEE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025
With Comparative Totals as of June 30, 2024

	Special Revenue Funds												
	State Street Aid Fund	Sanitation Fund	Facilities Tax Fund	County Facilities Tax Fund	Storm Water Fund	Drug Fund	Hotel/Motel Tax Fund	Parkland Dedication Fund	Transit Authority Fund	CDBG Fund	Fleet Replacement Fund	2025	2024
ASSETS													
Cash and cash equivalents	$ 53,771	$ 298,046	$ 476,859	$ 1,248,088	$ 1,722,889	$ 376,747	$ 1,025,316	$ 1,988,064	$ 1,015,776	$ 822,207	$ 667,304	$ 9,695,067	$ 9,733,125
Investments	-	-	12,551,860	5,213,850	772,422	-	6,275,929	7,338,011	-	-	1,448,291	33,600,363	33,095,996
Receivables (net of allowance for uncollectibles)	1,733,117	2,520,616	120,772	105,733	510,695	1,086	649,248	75,553	370,362	5,005	15,803	6,107,990	5,921,699
Inventories	-	26,505	-	-	-	-	-	-	-	-	-	26,505	48,136
Prepaid items	-	-	-	-	-	-	-	-	-	-	-	-	1,800
Total assets	$ 1,786,888	$ 2,845,167	$ 13,149,491	$ 6,567,671	$ 3,006,006	$ 377,833	$ 7,950,493	$ 9,401,628	$ 1,386,138	$ 827,212	$ 2,131,398	$ 49,429,925	$ 48,800,756
LIABILITIES													
Accounts payable	$ 47,860	$ 493,328	$ -	$ -	$ 111,659	$ -	$ 48,681	$ -	$ 558,119	$ 227	$ 43,863	$ 1,303,737	$ 1,687,379
Unearned revenue	-	-	-	-	-	-	-	-	-	334,170	-	334,170	321,851
Total liabilities	47,860	493,328	-	-	111,659	-	48,681	-	558,119	334,397	43,863	1,637,907	2,009,230
DEFERRED INFLOWS OF RESOURCES													
Unavailable revenue-property tax-Jan. 1 levy	1,163,029	-	-	-	-	-	-	-	-	-	-	1,163,029	1,153,357
Unavailable revenue-grant proceeds	-	-	-	-	-	-	-	-	20,765	-	-	20,765	8,608
Total deferred inflows of resources	1,163,029	-	-	-	-	-	-	-	20,765	-	-	1,183,794	1,161,965
FUND BALANCES													
Non-spendable	-	26,505	-	-	-	-	-	-	-	-	-	26,505	49,936
Restricted	575,999	2,325,334	-	6,567,671	-	377,833	-	-	-	492,815	-	10,339,652	9,743,287
Committed	-	-	13,149,491	-	2,894,347	-	3,701,710	9,401,628	807,254	-	2,087,535	32,041,965	30,577,052
Assigned	-	-	-	-	-	-	4,200,102	-	-	-	-	4,200,102	5,259,286
Total fund balances	575,999	2,351,839	13,149,491	6,567,671	2,894,347	377,833	7,901,812	9,401,628	807,254	492,815	2,087,535	46,608,224	45,629,561
Total liabilities, deferred inflows of resources, and fund balances	$ 1,786,888	$ 2,845,167	$ 13,149,491	$ 6,567,671	$ 3,006,006	$ 377,833	$ 7,950,493	$ 9,401,628	$ 1,386,138	$ 827,212	$ 2,131,398	$ 49,429,925	$ 48,800,756

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See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	Special Revenue Funds												
	State Street Aid Fund	Sanitation Fund	Facilities Tax Fund	County Facilities Tax Fund	Storm Water Fund	Drug Fund	Hotel/Motel Tax Fund	Parkland Dedication Fund	Transit Authority Fund	CDBG Fund	Fleet Replacement Fund	2025	2024
Revenues:													
Taxes													
Property tax	$ 1,121,083	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,121,083	$ 1,116,441
Facilities tax	-	-	1,999,441	805,740	-	-	-	-	-	-	-	2,805,181	3,217,761
Hotel/ motel tax	-	-	-	-	-	-	5,476,275	-	-	-	-	5,476,275	5,907,179
Licenses and permits													
Impact fee	-	-	-	-	-	-	-	2,263,952	-	-	-	2,263,952	-
Road impact fee	-	-	-	-	-	-	-	-	-	-	-	-	3,983,352
Other licenses and permits	-	-	-	-	177,631	-	-	-	-	-	-	177,631	133,402
Intergovernmental													
State shared revenue	3,259,218	-	-	-	-	-	309,579	-	-	-	-	3,568,797	3,563,365
Federal and state grants	-	-	-	-	-	-	413,836	-	3,103,991	203,853	-	3,721,680	4,591,264
Charges for services	-	11,680,090	-	-	2,673,178	-	-	-	88,626	-	-	14,441,894	13,015,896
Fines and fees	-	128,338	-	-	85,360	(17,906)	-	-	-	-	-	195,792	284,211
Use of money and property	69,831	32,135	780,128	307,831	69,237	10,078	434,426	408,948	47,696	26,587	182,658	2,369,555	2,614,252
Miscellaneous and other	-	64,565	-	-	-	2,817	355,435	-	8,561	-	91,669	523,047	315,720
Total revenues	4,450,132	11,905,128	2,779,569	1,113,571	3,005,406	(5,011)	6,989,551	2,672,900	3,248,874	230,440	274,327	36,664,887	38,742,843
Expenditures:													
Current													
Public Safety	-	-	-	-	-	147,499	-	-	-	-	(764)	146,735	143,993
Community & Economic Development	-	-	-	-	-	-	-	-	3,901,404	(46,147)	-	3,855,257	4,699,583
Public Works	6,124,284	10,925,444	38,446	-	3,110,335	-	-	-	-	-	814,744	21,013,253	22,497,862
Other General Government	-	-	50	-	-	-	2,011,364	-	-	-	-	2,011,414	1,358,042
Capital outlay													
Community & Economic Development	-	-	-	-	-	-	-	-	-	-	-	-	483,580
Public Works	-	76,702	577,971	-	731,259	-	-	-	275,180	-	1,583,818	3,244,930	4,849,054
General Government	-	-	-	-	-	-	-	-	-	-	-	-	4,259,083
Total expenditures	6,124,284	11,002,146	616,467	-	3,841,594	147,499	2,011,364	-	4,176,584	(46,147)	2,397,798	30,271,589	38,291,197
Excess (deficiency) of revenues over (under) expenditures	(1,674,152)	902,982	2,163,102	1,113,571	(836,188)	(152,510)	4,978,187	2,672,900	(927,710)	276,587	(2,123,471)	6,393,298	451,646
Other financing sources (uses):													
Transfers in	500,000	-	-	-	1,500,000	-	-	-	927,710	-	863,490	3,791,200	3,612,090
Transfers out	-	(192,944)	(3,000,000)	(200,000)	-	-	(5,812,891)	-	-	-	-	(9,205,835)	(9,262,732)
Total other financing sources (uses)	500,000	(192,944)	(3,000,000)	(200,000)	1,500,000	-	(5,812,891)	-	927,710	-	863,490	(5,414,635)	(5,650,642)
Net changes in fund balances	(1,174,152)	710,038	(836,898)	913,571	663,812	(152,510)	(834,704)	2,672,900	-	276,587	(1,259,981)	978,663	(5,198,996)
Fund balances - beginning, as previously reported	1,750,151	1,641,801	13,986,389	5,654,100	2,230,535	530,343	8,736,516	6,728,728	807,254	216,228	3,347,516	45,629,561	45,660,917
Change within financial report unit (major to nonmajor)	-	-	-	-	-	-	-	-	-	-	-	-	5,167,640
Fund balances - beginning, as adjusted or restated	1,750,151	1,641,801	13,986,389	5,654,100	2,230,535	530,343	8,736,516	6,728,728	807,254	216,228	3,347,516	45,629,561	50,828,557
Fund balances - ending	$ 575,999	$ 2,351,839	$ 13,149,491	$ 6,567,671	$ 2,894,347	$ 377,833	$ 7,901,812	$ 9,401,628	$ 807,254	$ 492,815	$ 2,087,535	$ 46,608,224	$ 45,629,561

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CITY OF FRANKLIN, TENNESSEE
STATE STREET AID FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	2024
Revenues:					
Taxes:					
Property tax	$ 1,149,935	$ 1,149,935	$ 1,121,083	$ (28,852)	$ 1,116,441
Sports wagering privilege tax	150,000	150,000	187,342	37,342	158,620
Intergovernmental:					
Gasoline tax, State of Tennessee:					
Gas & motor fuel	1,483,100	1,483,100	1,497,450	14,350	1,497,354
Petroleum special	154,490	154,490	152,338	(2,152)	152,749
Gas 1989	247,183	247,183	234,588	(12,595)	234,093
Gas 3 cent	432,571	432,571	433,165	594	432,252
Gas 2018	772,448	772,448	754,335	(18,113)	754,913
Use of money and property:					
Interest earned	73,687	73,687	69,831	(3,856)	199,354
Total revenues	4,463,414	4,463,414	4,450,132	(13,282)	4,545,776
Expenditures:					
Current:					
Highways and streets:					
Services	6,220,212	6,318,939	6,123,551	195,388	6,543,034
Supplies	-	-	733	(733)	-
Total current	6,220,212	6,318,939	6,124,284	194,655	6,543,034
Total expenditures	6,220,212	6,318,939	6,124,284	194,655	6,543,034
Excess (deficiency) of revenues over (under) expenditures	(1,756,798)	(1,855,525)	(1,674,152)	181,373	(1,997,258)
Other financing sources (uses):					
Transfers in	500,000	500,000	500,000	-	500,000
Total other financing sources (uses)	500,000	500,000	500,000	-	500,000
Net changes in fund balances	$ (1,256,798)	$ (1,355,525)	(1,174,152)	$ 181,373	(1,497,258)
Fund balance - beginning			1,750,151		3,247,409
Fund balance - ending			$ 575,999		$ 1,750,151

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CITY OF FRANKLIN, TENNESSEE
SANITATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	2024
Revenues:					
Fines and fees	$ 223,287	$ 223,287	$ 128,338	$ (94,949)	$ 166,283
Special event services fee	2,399	2,399	5,181	2,782	1,366
Charges for services	13,391,339	13,391,339	11,674,909	(1,716,430)	10,287,198
Use of money and property	25,169	25,169	31,077	5,908	30,975
Interest earned	13,026	13,026	1,058	(11,968)	20,179
Sale of surplus property	255,000	255,000	64,565	(190,435)	203,223
Total revenues	13,910,220	13,910,220	11,905,128	(2,005,092)	10,709,224
Expenditures:					
Sanitation:					
Personnel	4,949,152	4,949,152	4,923,761	25,391	4,891,650
Services	5,395,330	5,395,330	4,392,406	1,002,924	4,343,642
Supplies	878,400	878,400	665,845	212,555	585,555
Operational units	797,593	797,593	797,592	1	797,592
Business expenses	162,950	162,950	145,840	17,110	410,990
	12,183,425	12,183,425	10,925,444	1,257,981	11,029,429
Capital outlay - Sanitation	1,273,413	1,273,413	76,702	1,196,711	2,659,744
Total expenditures	13,456,838	13,456,838	11,002,146	2,454,692	13,689,173
Excess (deficiency) of revenues over (under) expenditures	453,382	453,382	902,982	449,600	(2,979,949)
Other financing sources (uses):					
Transfers in	-	-	-	-	1,750,000
Transfers out	(224,082)	(192,926)	(192,944)	(18)	(193,151)
Total other financing sources (uses)	(224,082)	(192,926)	(192,944)	(18)	1,556,849
Net changes in fund balances	$ 229,300	$ 260,456	710,038	$ 449,582	(1,423,100)
Fund balance - beginning			1,641,801		3,064,901
Fund balance - ending			$ 2,351,839		$ 1,641,801

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CITY OF FRANKLIN, TENNESSEE
FACILITIES TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	2024
Revenues:					
Licenses and permits:					
Facilities tax	$ 1,846,797	$ 1,846,797	$ 1,999,441	$ 152,644	$ 2,321,255
Use of money and property:					
Interest earned	278,153	278,153	780,128	501,975	609,969
Total revenues	2,124,950	2,124,950	2,779,569	654,619	2,931,224
Expenditures:					
Services	-	-	151	(151)	121
Supplies	51,673	259,642	38,345	221,297	69,726
Capital outlay - Police Patrol	354,000	354,000	352,945	1,055	-
Capital outlay - Parks	-	-	50,857	(50,857)	-
Capital outlay - Sanitation	-	-	174,169	(174,169)	-
Total expenditures	405,673	613,642	616,467	(2,825)	69,847
Excess (deficiency) of revenues over (under) expenditures	1,719,277	1,511,308	2,163,102	651,794	2,861,377
Other financing sources (uses):					
Transfers out	-	(3,000,000)	(3,000,000)	-	(3,500,000)
Total other financing sources (uses)	-	(3,000,000)	(3,000,000)	-	(3,500,000)
Net changes in fund balances	$ 1,719,277	$ (1,488,692)	(836,898)	$ 651,794	(638,623)
Fund balance - beginning			13,986,389		14,625,012
Fund balance - ending			$ 13,149,491		$ 13,986,389

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CITY OF FRANKLIN, TENNESSEE
COUNTY FACILITIES TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	2024
Revenues:					
Licenses and permits:					
Facilities tax	$ 637,474	$ 637,474	$ 805,740	$ 168,266	$ 896,506
Use of money and property:					
Interest earned	112,188	112,188	307,831	195,643	243,843
Total revenues	749,662	749,662	1,113,571	363,909	1,140,349
Other financing sources (uses):					
Transfers out	(200,000)	(200,000)	(200,000)	-	-
Total other financing sources (uses)	(200,000)	(200,000)	(200,000)	-	-
Net changes in fund balances	$ 549,662	$ 549,662	913,571	$ 363,909	1,140,349
Fund balance - beginning			5,654,100		4,513,751
Fund balance - ending			$ 6,567,671		$ 5,654,100

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CITY OF FRANKLIN, TENNESSEE
STORMWATER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	2024
Revenues:					
Licenses and permits	$ 129,051	$ 129,051	$ 177,631	$ 48,580	$ 133,402
Fines and fees	35,000	35,000	85,360	50,360	58,307
Charges for services	2,673,523	2,673,523	2,673,178	(345)	2,644,860
Use of money and property:					
Interest earned	51,592	51,592	69,237	17,645	94,583
Called performance bonds	-	-	-	-	7,376
Total revenues	2,889,166	2,889,166	3,005,406	116,240	2,938,528
Expenditures:					
Storm water:					
Personnel	2,457,448	2,457,448	2,400,353	57,095	2,485,228
Services	396,724	396,724	329,886	66,838	284,641
Supplies	484,017	484,017	131,322	352,695	162,661
Operational units	192,522	192,522	192,521	1	192,521
Business expenses	56,632	56,632	56,253	379	48,639
	3,587,343	3,587,343	3,110,335	477,008	3,173,690
Capital outlay	898,536	915,930	731,259	184,671	-
Total expenditures	4,485,879	4,503,273	3,841,594	661,679	3,173,690
Excess (deficiency) of revenues over (under) expenditures	(1,596,713)	(1,614,107)	(836,188)	777,919	(235,162)
Other financing sources (uses):					
Transfers in	-	1,500,000	1,500,000	-	-
Transfers out	-	-	-	-	(350,000)
Total other financing sources (uses)	-	1,500,000	1,500,000	-	(350,000)
Net changes in fund balances	$ (1,596,713)	$ (114,107)	663,812	$ 777,919	(585,162)
Fund balance - beginning			2,230,535		2,815,697
Fund balance - ending			$ 2,894,347		$ 2,230,535

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CITY OF FRANKLIN, TENNESSEE
DRUG FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	2024
Revenues:					
Fines and fees	$ 97,498	$ 97,498	$ 46,829	$ (50,669)	$ 59,621
Federal and state grants	-	-	-	-	4,269
Confiscated goods - state	6,200	6,200	(64,735)	(70,935)	-
Use of money and property:					
Interest earned	17,813	17,813	10,078	(7,735)	26,185
Sale of surplus property	22,272	22,272	2,817	(19,455)	49,552
Total revenues	143,783	143,783	(5,011)	(148,794)	139,627
Expenditures:					
Police:					
Services	5,150	5,150	1,179	3,971	996
Supplies	150,990	150,990	123,977	27,013	93,173
Operational units	47,700	47,700	20,291	27,409	47,318
Business expenses	2,575	2,575	2,052	523	2,506
	206,415	206,415	147,499	58,916	143,993
Total expenditures	206,415	206,415	147,499	58,916	143,993
Net changes in fund balances	$ (62,632)	$ (62,632)	(152,510)	$ (89,878)	(4,366)
Fund balance - beginning			530,343		534,709
Fund balance - ending			$ 377,833		$ 530,343

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CITY OF FRANKLIN, TENNESSEE
HOTEL/MOTEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	2024
Revenues:					
Taxes:					
Hotel/Motel tax	$ 6,210,098	$ 6,210,098	$ 5,476,275	$ (733,823)	$ 5,907,179
State shared revenue	300,000	300,000	309,579	9,579	333,384
Federal and state grants	1,200,000	1,200,000	413,836	(786,164)	98,515
Use of money and property:					
Interest earned	188,983	188,983	434,426	245,443	386,908
Distributions from conference center	-	-	355,435	355,435	308,344
Total revenues	7,899,081	7,899,081	6,989,551	(909,530)	7,034,330
Expenditures:					
General:					
Services	135,000	135,000	69,206	65,794	10,000
Supplies	-	-	-	-	40,017
Operational units	-	-	413,836	(413,836)	-
Miscellaneous	-	-	5,000	(5,000)	-
Appropriations	1,425,000	1,475,000	1,523,322	(48,322)	1,308,025
	1,560,000	1,610,000	2,011,364	(401,364)	1,358,042
Capital outlay - Parks	300,000	300,000	-	300,000	-
Capital outlay - General	1,295,000	1,295,000	-	1,295,000	4,259,083
Total expenditures	3,155,000	3,205,000	2,011,364	1,193,636	5,617,125
Excess (deficiency) of revenues over (under) expenditures	4,744,081	4,694,081	4,978,187	284,106	1,417,205
Other financing sources (uses):					
Transfers out	(812,746)	(5,812,746)	(5,812,891)	(145)	(2,261,781)
Total other financing sources (uses)	(812,746)	(5,812,746)	(5,812,891)	(145)	(2,261,781)
Net changes in fund balances	$ 3,931,335	$ (1,118,665)	(834,704)	$ 283,961	(844,576)
Fund balance - beginning			8,736,516		9,581,092
Fund balance - ending			$ 7,901,812		$ 8,736,516

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CITY OF FRANKLIN, TENNESSEE
PARKLAND DEDICATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	2024
Revenues:					
Parkland dedication fees	$ 1,137,254	$ 1,137,254	$ 2,263,952	$ 1,126,698	$ 3,983,352
Interest earned	71,420	71,420	408,948	337,528	199,394
Total revenues	1,208,674	1,208,674	2,672,900	1,464,226	4,182,746
Expenditures:					
Services	-	-	-	-	777,948
Total expenditures	-	-	-	-	777,948
Excess (deficiency) of revenues over (under) expenditures	1,208,674	1,208,674	2,672,900	1,464,226	3,404,798
Other financing sources (uses):					
Transfers out	-	-	-	-	(2,957,800)
Total other financing sources (uses)	-	-	-	-	(2,957,800)
Net changes in fund balances	$ 1,208,674	$ 1,208,674	2,672,900	$ 1,464,226	446,998
Fund balance - beginning			6,728,728		6,281,730
Fund balance - ending			$ 9,401,628		$ 6,728,728

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CITY OF FRANKLIN, TENNESSEE
TRANSIT AUTHORITY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	2024
Revenues:					
Intergovernmental:					
Federal and state grants	$ 3,188,134	$ 3,188,134	$ 3,103,991	$ (84,143)	$ 3,634,273
Charges for services:					
Transit fares	134,000	134,000	88,626	(45,374)	82,472
Use of money and property:					
Interest earned	18,701	18,701	38,096	19,395	38,198
Rental income	9,700	9,700	9,600	(100)	9,600
Sale of surplus property	-	-	8,561	8,561	14,908
Total revenues	3,350,535	3,350,535	3,248,874	(101,661)	3,779,451
Expenditures:					
Transit:					
Personnel	129,643	129,643	109,172	20,471	26,577
Supplies	60,000	60,000	-	60,000	-
Operational units	3,810,610	3,810,610	3,792,232	18,378	3,818,574
	4,000,253	4,000,253	3,901,404	98,849	3,845,151
Capital outlay - General	350,000	350,000	275,180	74,820	483,580
Total expenditures	4,350,253	4,350,253	4,176,584	173,669	4,328,731
Excess (deficiency) of revenues over (under) expenditures	(999,718)	(999,718)	(927,710)	72,008	(549,280)
Other financing sources (uses):					
Transfers in	1,003,617	1,003,617	927,710	(75,907)	549,280
Total other financing sources (uses)	1,003,617	1,003,617	927,710	(75,907)	549,280
Net changes in fund balances	$ 3,899	$ 3,899	-	$ (3,899)	-
Fund balance - beginning			807,254		807,254
Fund balance - ending			$ 807,254		$ 807,254

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CITY OF FRANKLIN, TENNESSEE
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	2024
Revenues:					
Intergovernmental:					
Federal and state grants	$ 386,966	$ 386,966	$ 203,853	$ (183,113)	$ 854,207
Use of money and property:					
Interest earned	9,056	9,056	26,587	17,531	27,091
Total revenues	396,022	396,022	230,440	(165,582)	881,298
Expenditures:					
General:					
Services	368,352	368,352	(156,878)	525,230	401,209
Operational units	-	-	110,731	(110,731)	453,223
	368,352	368,352	(46,147)	414,499	854,432
Total expenditures	368,352	368,352	(46,147)	414,499	854,432
Net changes in fund balances	$ 27,670	$ 27,670	276,587	$ 248,917	26,866
Fund balance - beginning			216,228		189,362
Fund balance - ending			$ 492,815		$ 216,228

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CITY OF FRANKLIN, TENNESSEE
FLEET REPLACEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	2024
Revenues:					
Interest earned	$ 115,585	$ 115,585	$ 182,658	$ 67,073	$ 226,562
Sale of surplus property	-	-	91,669	91,669	233,728
Total revenues	115,585	115,585	274,327	158,742	460,290
Expenditures:					
Services	-	-	25	(25)	-
Supplies	-	-	813,955	(813,955)	903,914
Vehicles	2,807,000	2,807,000	1,583,818	1,223,182	2,189,310
Total expenditures	2,807,000	2,807,000	2,397,798	409,202	3,093,224
Excess (deficiency) of revenues over (under) expenditures	(2,691,415)	(2,691,415)	(2,123,471)	567,944	(2,632,934)
Other financing sources (uses):					
Transfers in	863,490	863,490	863,490	-	812,810
Total other financing sources (uses)	863,490	863,490	863,490	-	812,810
Net changes in fund balances	$ (1,827,925)	$ (1,827,925)	(1,259,981)	$ 567,944	(1,820,124)
Fund balance - beginning			3,347,516		5,167,640
Fund balance - ending			$ 2,087,535		$ 3,347,516

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CITY OF FRANKLIN, TENNESSEE
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	2024
Revenues:					
Taxes:					
Property tax	$ 10,554,764	$ 9,954,764	$ 9,787,155	$ (167,609)	$ 10,957,506
Use of money and property:					
Interest earned	97,354	97,354	136,623	39,269	230,624
Total revenues	10,652,118	10,052,118	9,923,778	(128,340)	11,188,130
Expenditures:					
Debt service:					
Principal	10,780,000	10,780,000	10,780,000	-	11,555,000
Interest	4,905,603	4,305,603	4,305,603	-	4,739,016
Debt Service Fees	13,000	13,000	3,259	9,741	3,620
Total expenditures	15,698,603	15,098,603	15,088,862	9,741	16,297,636
Excess (deficiency) of revenues over (under) expenditures	(5,046,485)	(5,046,485)	(5,165,084)	(118,599)	(5,109,506)
Other financing sources (uses):					
Transfers in	5,242,755	5,177,528	4,745,580	(431,948)	4,850,263
Total other financing sources (uses)	5,242,755	5,177,528	4,745,580	(431,948)	4,850,263
Net change in fund balances	$ 196,270	$ 131,043	(419,504)	$ (550,547)	(259,243)
Fund balance - beginning			547,256		806,499
Fund balance - ending			$ 127,752		$ 547,256

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The accompanying notes are an integral part of the financial statements.

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Source/Grant Name	Assistance Listing Number	Grant Number	Pass-through Entity Number	Amount Pass-through to Subrecipients	Expenditures
U.S. DEPARTMENT OF JUSTICE					
Bulletproof Vest Partnership	16.607	2022BUBX09046522		$ -	$ 7,125
TOTAL U.S. DEPARTMENT OF JUSTICE				**-**	**7,125**
U.S. DEPARTMENT OF THE INTERIOR					
Battlefield Land Acquisition Grant - Danmark Tract	15.928	P25AP001330	DZXFAMR29K87	$ 970,935	$ 970,935
TOTAL U.S. DEPARTMENT OF THE INTERIOR				**970,935**	**970,935**
U.S. DEPARTMENT OF TRANSPORTATION					
Federal Transit Cluster:					
Transit Capital Grant-FY12 5307 Allocation	20.507	TN-90-X352-00		-	12,144
Transit Capital Grant-FY14 5307 Allocation (e)	20.507	TN-90-X384-00	DPCXM6A1QBQ7	165,923	165,923
Transit Capital Grant-FY14 5307 Allocation	20.507	TN-90-X384-00		-	681
5307 Capital and Operating Assistance	20.507	TN-2019-021-00		-	20,259
5307 Operating and Capital	20.507	TN-2020-008-00		-	959,608
5307 Operating and Capital (Vanpool) (e)	20.507	TN-2020-008-00	DPCXM6A1QBQ7	53,350	53,350
CARES Act 5307 Funding	20.507	TN-2020-018-00		-	358,118
FY16 5307 Allocation	20.507	TN-2017-020-00		-	7,080
FY23 5307 Operating Assistance	20.507	TN-2022-027-00		-	4,044
FY23 5307 Operating Assistance (Vanpool)(a)	20.507	TN-2022-027-00	DPCXM6A1QBQ7	261,598	261,598
FY22 5307 Operating Assistance	20.507	TN-2022-031-00		-	87,949
FY23 5307 Operating Assistance	20.507	TN-2023-037-00		-	220,144
FY24 5307 Operating Assistance	20.507	TN-2024-024-00		-	565,156
Total Federal Transit Cluster				**480,871**	**2,716,054**
Highway Planning and Construction:					
SR-96 (Murfreesboro Rd) Traffic Signal Improvements (a)	20.205	127913.00 / CM-NH-96(59)		-	1,265,282
Columbia Ave to Downs Blvd (a)	20.205	121454.00 / STP-M-6(110)		-	397,275
Franklin ITS Infrastructure (c)	20.205	116144.01 / STP-M9305(30)		-	344,203
Harlinsdale Farm Multi-Use Path	20.205	126630.33 / TAP-9305(32)		-	40,035
McEwen Dr from Cool Springs Blvd/Oxford Drive to SR252	20.205	125418.00		-	2,144,904
Total Highway Planning and Construction:				**-**	**4,191,699**
National Roadway Safety Strategy					
Safe Streets and Roads for All	20.939	693JJ32440174		-	198,041
Total National Roadway Safety Strategy:				**-**	**198,041**
Highway Safety Cluster:					
Community Based Traffic Safety Enforcement and Education - FY 22 (b)	20.600	Z22THS106		-	9,110
Community Based Traffic Safety Enforcement and Education - FY 24 (b)	20.600	Z22THS111		-	34,079
Total Highway Safety Cluster				**-**	**43,189**
TOTAL U.S. DEPARTMENT OF TRANSPORTATION				**480,871**	**6,950,942**

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CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Source/Grant Name	Assistance Listing Number	Grant Number	Pass-through Entity Number	Amount Pass-through to Subrecipients	Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
CDBG - Entitlement Grants Cluster:					
CDBG	14.218	B-20-MC-47-0014		-	(90,694)
CDBG	14.218	B-21-MC-47-0014		-	(159,306)
CDBG	14.218	B-22-MC-47-0014		-	41,022
CDBG	14.218	B-23-MC-47-0014		-	80,831
CDBG - CARES Act	14.218	B-20-MW-47-0014		-	82,000
Total CDBG - Entitlement Grants Cluster				**-**	**(46,147)**
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				**-**	**(46,147)**
U.S. DEPARTMENT OF THE TREASURY					
American Rescue Plan Act	21.027	N/A		413,836	3,768,455
American Rescue Plan Act - TDEC	21.027	32701-05134		-	222,685
TDEC - Franklin SE Clean Water Facility	21.027	32701-05490		-	3,862,873
TOTAL U.S. DEPARTMENT OF THE TREASURY				**413,836**	**7,854,013**
FEDERAL EMERGENCY MANAGEMENT AGENCY					
Extreme Heat & Fires - Louisiana (d)	97.036				44,684
Floods - Texas (d)	97.036				65,386
Floods - Texas (d)	97.036				67,905
Hurricane - North Carolina (d)	97.036				11,703
Hurricane Helene - Florida (d)	97.036				22,111
Hurricane Debby - Florida (d)	97.036			-	19,645
TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY				**-**	**231,434**
Total Federal Assistance				**$ 413,836**	**$ 16,166,343**

(a) Passed through the TN Department of Transportation
(b) Passed through the TN Department of Safety and Homeland Security
(c) Passed through the TN Department of Environment and Conservation
(d) Passed through the TN Emergency Management Agency
(e) Passed through to Williamson County
(f) Passed through the TN Emergency Management Agency

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CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDEREAL AWARDS AND STATE FINANCIAL ASSISTANCE (con't)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Source/Grant Name	Grant Number	Pass-through Entity Number	Amount Pass-through to Subrecipients	Expenditures
GRANTS				
TENNESSEE DEPARTMENT OF TRANSPORTATION				
Transit Capital Grant-FY12 5307 Allocation	TN-90-X352-00		$ -	$ 1,518
Transit Capital Grant-FY14 5307 Allocation	TN-90-X384-00		-	20,824
5307 Capital and Operating Assistance	TN-2019-021-00		-	2,384
5307 Operating and Capital	TN-2020-008-00		-	371
FY16 5307 Allocation	TN-2017-020-00		-	885
FY22 5307 Operating Assistance	TN-2022-031-00		-	4,821
FY23 5307 Operating Assistance	TN-2023-037-00		-	27,518
FY24 5307 Operating Assistance	TN-2024-024-00			511
Columbia Ave to Downs Blvd	121454.00 / 94LPLM-F0-076		-	99,319
FY 2024 Urban Operation Assistance Program (b)	94UROP-S3-022		-	341,300
Total Tennessee Department of Transportation			-	**499,451**
TENNESSEE DEPARTMENT OF COMMERCE & INSURANCE				
Tennessee Law Enforcement Hiring, Training, and Recruitment	33501-2425204		**$** -	$ 36,000
Total Tennessee Department of Commerce and Insurance			-	**36,000**
TENNESSEE DEPARTMENT OF ENVIRONMENT & CONSERVATION				
Toussaint L'Ouverture Cemetery Restoration	32701-05211		$ -	$ 13,942
Total Tennessee Department of Environment and Conservation			**$** -	**$ 13,942**
TENNESSEE DEPARTMENT OF FINANCE & ADMINISTRATION				
Violent Crime Intervention Fund	77241-VCIF		$ -	$ 228,949
Total Tennessee Department of Finance and Administration			**$** -	**$ 228,949**
Total State Financial Assistance			**$** -	**$ 778,342**

(e) Passed through to Williamson County

NOTE 1 - BASIS OF PRESENTATION

The Schedules of Expenditures of Federal Awards and State Financial Assistance includes the federal and state grant activity, respectively, of the City of Franklin, Tennessee and are presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements*, *Cost Principles*, *and Audit Requirements for Federal Awards* (Uniform Guidance) and the State of Tennessee, respectively. Because these Schedules present only a selected portion of the operations of the City, they are not intended to and do not present the financial position or changes in financial position of the City.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The information reported in the Schedules is reported in accordance with accounting principles generally accepted in the United States of America, which is the same basis of accounting as the basic financial statements. The federal expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - DE MINIMIS INDIRECT COST RATE

The City has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance, when applicable.

NOTE 4 - STATE REVOLVING LOAN FUND

At June 30, 2025, there was an outstanding balance of $109,213,772 on loans obtained through the State Revolving Loan Fund. Payments during the current fiscal year totaled $3,660,982.

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CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION DEBT
JUNE 30, 2025

	General Improvement Refunding Bonds Series 2012		General Improvement Refunding Bonds Series 2013A		Public Improvement Bonds Series 2015		Public Improvement Bonds Series 2017		Public Improvement Bonds Series 2019A	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	1,735,000	74,656	375,000	131,203	760,000	304,340	1,030,000	699,450	1,340,000	950,100
2027	1,770,000	37,701	385,000	120,890	790,000	273,940	1,080,000	647,950	1,405,000	883,100
2028	-	-	400,000	107,800	815,000	250,240	1,135,000	593,950	1,485,000	812,850
2029	-	-	410,000	94,200	850,000	217,640	1,190,000	537,200	1,555,000	738,600
2030	-	-	425,000	80,260	880,000	183,640	1,250,000	477,700	1,450,000	660,850
2031	-	-	440,000	65,810	920,000	148,440	1,315,000	415,200	1,520,000	588,350
2032	-	-	455,000	50,850	945,000	120,840	1,365,000	362,600	1,595,000	512,350
2033	-	-	470,000	35,380	975,000	92,490	1,420,000	308,000	1,675,000	432,600
2034	-	-	485,000	19,400	1,005,000	63,240	1,480,000	251,200	1,750,000	365,600
2035	-	-	-	-	1,035,000	32,085	1,535,000	192,000	1,365,000	295,600
2036	-	-	-	-	-	-	1,600,000	130,600	1,420,000	241,000
2037	-	-	-	-	-	-	1,665,000	66,600	1,475,000	184,200
2038	-	-	-	-	-	-	-	-	1,535,000	125,200
2039	-	-	-	-	-	-	-	-	1,595,000	63,800
2040	-	-	-	-	-	-	-	-	-	-
	$ 3,505,000	$ 112,357	$ 3,845,000	$ 705,793	$ 8,975,000	$ 1,686,895	$ 16,065,000	$ 4,682,450	$ 21,165,000	$ 6,854,200

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CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS (Cont.)
GENERAL OBLIGATION DEBT
JUNE 30, 2025

	Public Improvement Refunding Bonds Series 2019B		Public Improvement Bonds Series 2019C		Public Improvement Refunding Bonds Series 2019D		Public Improvement Bonds Series 2025		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	2,420,000	520,000	3,185,000	1,146,650	395,000	16,603	1,920,000	1,933,462	13,160,000	5,776,463
2027	2,535,000	399,000	3,370,000	987,400	405,000	8,502	1,870,000	1,981,750	13,610,000	5,340,236
2028	2,655,000	272,250	3,940,000	818,900	-	-	1,965,000	1,888,250	12,395,000	4,744,240
2029	2,790,000	139,500	4,130,000	621,900	-	-	2,065,000	1,790,000	12,990,000	4,139,040
2030	-	-	4,320,000	415,400	-	-	2,165,000	1,686,750	10,490,000	3,504,600
2031	-	-	2,450,000	199,400	-	-	2,275,000	1,578,500	8,920,000	2,995,700
2032	-	-	2,535,000	101,400	-	-	2,390,000	1,464,750	9,285,000	2,612,790
2033	-	-	-	-	-	-	2,510,000	1,345,250	7,050,000	2,213,720
2034	-	-	-	-	-	-	2,635,000	1,219,750	7,355,000	1,919,190
2035	-	-	-	-	-	-	2,765,000	1,088,000	6,700,000	1,607,685
2036	-	-	-	-	-	-	1,830,000	949,750	4,850,000	1,321,350
2037	-	-	-	-	-	-	1,920,000	858,250	5,060,000	1,109,050
2038	-	-	-	-	-	-	2,020,000	762,250	3,555,000	887,450
2039	-	-	-	-	-	-	2,120,000	661,250	3,715,000	725,050
2040	-	-	-	-	-	-	2,225,000	555,250	2,225,000	555,250
2041	-	-	-	-	-	-	2,050,000	444,000	2,050,000	444,000
2042	-	-	-	-	-	-	2,130,000	362,000	2,130,000	362,000
2043	-	-	-	-	-	-	2,215,000	276,800	2,215,000	276,800
2044	-	-	-	-	-	-	2,305,000	188,200	2,305,000	188,200
2045	-	-	-	-	-	-	2,400,000	96,000	2,400,000	96,000
	$ 10,400,000	$ 1,330,750	$ 23,930,000	$ 4,291,050	$ 800,000	$ 25,105	$ 43,775,000	$ 21,130,212	$ 132,460,000	$ 40,818,814

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CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
PROPRIETARY FUND DEBT
JUNE 30, 2025

	Sewer & Water Refunding Truist Loan 2011		Drinking Water SRF & ARRA Loan DWA 09-097		Clean Water SRF & ARRA Loan CGA 09-250		Clean Water SRF CG2 2016-367 (Scada-Revere)		Clean Water SRF SRF 2016-374 (Scada-CDM)		Sewer & Water Water Plant Bonds-Series 2017	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	1,560,000	35,464	85,217	12,998	101,570	20,605	121,428	8,424	21,492	1,488	545,000	361,450
2027	-	-	87,649	10,565	104,338	17,838	122,508	7,344	21,684	1,296	570,000	334,200
2028	-	-	90,154	8,060	107,178	14,998	123,612	6,240	21,876	1,104	600,000	305,700
2029	-	-	92,729	5,485	110,098	12,078	124,704	5,148	22,068	912	630,000	275,700
2030	-	-	95,378	2,837	113,097	9,079	125,820	4,032	22,272	708	665,000	244,200
2031	-	-	48,691	403	116,176	6,000	126,948	2,904	22,464	516	690,000	217,600
2032	-	-	-	-	119,340	2,836	128,088	1,764	22,668	312	715,000	190,000
2033	-	-	-	-	40,504	225	129,253	624	22,795	111	745,000	161,400
2034	-	-	-	-	-	-	-	-	-	-	775,000	131,600
2035	-	-	-	-	-	-	-	-	-	-	805,000	100,600
2036	-	-	-	-	-	-	-	-	-	-	840,000	68,400
2037	-	-	-	-	-	-	-	-	-	-	870,000	34,800
2038	-	-	-	-	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	-	-	-	-	-
2040	-	-	-	-	-	-	-	-	-	-	-	-
2041	-	-	-	-	-	-	-	-	-	-	-	-
2042	-	-	-	-	-	-	-	-	-	-	-	-
2043	-	-	-	-	-	-	-	-	-	-	-	-
2044	-	-	-	-	-	-	-	-	-	-	-	-
2045	-	-	-	-	-	-	-	-	-	-	-	-
2046	-	-	-	-	-	-	-	-	-	-	-	-
2047	-	-	-	-	-	-	-	-	-	-	-	-
2048	-	-	-	-	-	-	-	-	-	-	-	-
2049	-	-	-	-	-	-	-	-	-	-	-	-
2050	-	-	-	-	-	-	-	-	-	-	-	-
2051	-	-	-	-	-	-	-	-	-	-	-	-
2052	-	-	-	-	-	-	-	-	-	-	-	-
2053	-	-	-	-	-	-	-	-	-	-	-	-
	$ 1,560,000	$ 35,464	$ 499,818	$ 40,348	$ 812,301	$ 83,659	$ 1,002,361	$ 36,480	$ 177,319	$ 6,447	$ 8,450,000	$ 2,425,650

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CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
THE FISCAL YEAR ENDED JUNE 30, 2025

	SRF Loan CG5 17-375 (Wastewater Plant)		SRF Loan SRF 17-376 (Wastewater Plant)		SRF Loan SRF 17-398 (Wastewater Plant)		Sewer & Water Water Plant Bonds-Series 2021		SRF Loan SRF 17-398-01 (Wastewater Plant)		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	37,116	15,468	2,230,044	1,007,448	564,696	260,148	385,000	415,900	554,088	229,020	6,205,651	2,368,413
2027	37,668	14,916	2,263,056	974,436	573,060	251,784	405,000	396,650	561,228	221,880	4,746,191	2,230,909
2028	38,220	14,364	2,296,548	940,944	581,544	243,300	425,000	376,400	568,452	214,656	4,852,584	2,125,766
2029	38,796	13,788	2,330,532	906,960	590,148	234,696	445,000	355,150	575,772	207,336	4,959,847	2,017,253
2030	39,360	13,224	2,365,020	872,472	598,884	225,960	465,000	332,900	583,188	199,920	5,073,018	1,905,332
2031	39,948	12,636	2,400,024	837,468	607,740	217,104	490,000	309,650	590,688	192,420	5,132,679	1,796,701
2032	40,536	12,048	2,435,544	801,948	616,740	208,104	515,000	285,150	598,296	184,812	5,191,212	1,686,974
2033	41,136	11,448	2,471,592	765,900	625,872	198,972	540,000	259,400	606,000	177,108	5,222,153	1,575,188
2034	41,748	10,836	2,508,168	729,324	635,124	189,720	560,000	237,800	613,800	169,308	5,133,840	1,468,588
2035	42,360	10,224	2,545,284	692,208	644,532	180,312	585,000	215,400	621,708	161,400	5,243,884	1,360,144
2036	42,996	9,588	2,582,952	654,540	654,072	170,772	610,000	192,000	629,712	153,396	5,359,732	1,248,696
2037	43,632	8,952	2,621,184	616,308	663,744	161,100	630,000	167,600	637,812	145,296	5,466,372	1,134,056
2038	44,268	8,316	2,659,968	577,524	673,572	151,272	655,000	142,400	646,032	137,076	4,678,840	1,016,588
2039	44,928	7,656	2,699,340	538,152	683,544	141,300	685,000	116,200	654,348	128,760	4,767,160	932,068
2040	45,600	6,984	2,739,288	498,204	693,660	131,184	710,000	88,800	662,772	120,336	4,851,320	845,508
2041	46,272	6,312	2,779,824	457,668	703,920	120,924	740,000	60,400	671,304	111,804	4,941,320	757,108
2042	46,956	5,628	2,820,972	416,520	714,336	110,508	770,000	30,800	679,944	103,164	5,032,208	666,620
2043	47,652	4,932	2,862,720	374,772	724,908	99,936	-	-	688,704	94,404	4,323,984	574,044
2044	48,348	4,236	2,905,080	332,412	735,636	89,208	-	-	697,572	85,536	4,386,636	511,392
2045	49,068	3,516	2,948,076	289,416	746,520	78,324	-	-	706,548	76,560	4,450,212	447,816
2046	49,800	2,784	2,991,708	245,784	757,572	67,272	-	-	715,644	67,464	4,514,724	383,304
2047	50,532	2,052	3,035,988	201,504	768,780	56,064	-	-	724,860	58,248	4,580,160	317,868
2048	51,276	1,308	3,080,916	156,576	780,168	44,676	-	-	734,196	48,912	4,646,556	251,472
2049	52,044	540	3,126,504	110,988	791,712	33,132	-	-	743,652	39,456	4,713,912	184,116
2050	8,744	16	3,172,776	64,716	803,424	21,420	-	-	753,228	29,880	4,738,172	116,032
2051	-	-	2,679,732	18,087	815,316	9,528	-	-	762,924	20,184	4,257,972	47,799
2052	-	-	-	-	205,513	504	-	-	772,752	10,356	978,265	10,860
2053	-	-	-	-	-	-	-	-	390,168	1,460	390,168	1,460
	$ 1,069,004	$ 201,772	$ 69,552,840	$ 14,082,279	$ 17,954,737	$ 3,697,224	$ 9,615,000	$ 3,982,600	$ 18,145,392	$ 3,390,152	$ 128,838,772	$ 27,982,075

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CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2024	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2025
Government Activities:									
BONDS PAYABLE									
Payable through Debt Service Fund									
2012 SunTrust Refunding Bond Agreement	22,500,000	2.130%	2/11/2012	5/1/2027	5,205,000	-	1,700,000	-	3,505,000
2013A General Obligation Public Improvement Bonds	7,405,000	2.000% to 4.000%	12/20/2013	3/1/2034	4,210,000	-	365,000	-	3,845,000
2015 General Obligation Public Improvement Bonds	15,000,000	3.000% to 5.000%	4/16/2015	4/1/2035	9,705,000	-	730,000	-	8,975,000
2017 General Obligation Public Improvement Bonds	23,120,000	2.000% to 5.000%	6/27/2017	4/1/2037	17,045,000	-	980,000	-	16,065,000
2019A General Obligation Public Improvement Bonds	29,585,000	4.000% to 5.000%	5/15/2019	3/1/2039	22,440,000	-	1,275,000	-	21,165,000
2019B General Obligation Public Improvement Bonds	22,940,000	5.000%	5/15/2019	3/1/2029	12,705,000	-	2,305,000	-	10,400,000
2019C General Obligation Refunding Bonds	29,245,000	4.000% to 5.000%	11/20/2019	6/1/2032	26,970,000	-	3,040,000	-	23,930,000
2019D General Obligation Refunding Bonds (taxable)	2,305,000	1.000% to 3.500%	11/20/2019	6/1/2027	1,185,000	-	385,000	-	800,000
2025 General Obligation Public Improvement Bonds	43,775,000	4.000% to 5.000%	3/15/2025	6/1/2045	-	43,775,000	-	-	43,775,000
Total Bonds Payable through Debt Service Fund					**99,465,000**	**43,775,000**	**10,780,000**	**-**	**132,460,000**
Business-type Activities:									
BANK DIRECT BORROWING									
Payable through Water and Sewer Fund									
2011 SunTrust Loan Program	19,430,000	2.48%	9/29/2011	5/25/2026	3,080,000	-	1,520,000	-	1,560,000
					3,080,000	-	1,520,000	-	1,560,000
NOTES PAYABLE									
Payable through Water and Sewer Fund									
Drinking Water SRF Loan through ARRA	$ 1,500,000	2.820%	2/21/2018	12/20/2030	$ 582,666	$ -	$ 82,848	$ -	$ 499,818
Clean Water SRF Loan through ARRA	1,888,200	2.690%	1/1/2011	10/20/2032	911,179	-	98,878	-	812,301
State Revolving Fund Loan (CG2 2016-367)	1,822,741	.890%	6/1/2016	6/20/2033	1,122,709	-	120,348	-	1,002,361
State Revolving Fund Loan (SRF 2016-374)	1,677,259	.890%	6/1/2016	6/20/2033	198,619	-	21,300	-	177,319
State Revolving Fund Loan (CG5 2017-375)	1,275,000	1.470%	9/28/2017	8/20/2049	1,105,580	-	36,576	-	1,069,004
State Revolving Fund Loan (SRF 2017-376)	78,500,000	1.470%	9/28/2017	4/20/2051	71,750,364	-	2,197,524	-	69,552,840
State Revolving Fund Loan (SRF 2017-398)	20,000,000	1.470%	9/28/2017	9/20/2051	18,511,201	-	556,464	-	17,954,737
State Revolving Fund Loan (SRF 2017-398-01)	9,769,764	1.470%	9/28/2017	9/20/2053	18,692,436	-	547,044	-	18,145,392
Total Bonds Payable through Water and Sewer Fund					**112,874,754**	**-**	**3,660,982**	**-**	**109,213,772**
BONDS PAYABLE									
Payable through Water and Sewer Fund									
2005 Water and Sewer Refunding Bonds	$ 24,670,000	3.000% to 5.000%	3/30/2005	4/1/2025	$ 1,450,000	$ -	$ 1,450,000	$ -	$ -
2017A Water and Sewer Revenue Bonds	12,000,000	3.000% to 5.000%	2/16/2017	2/1/2037	8,970,000	-	520,000	-	8,450,000
2021 Water and Sewer Revenue Bonds	10,660,000	3.000% to 5.000%	2/1/2021	2/1/2042	9,980,000	-	365,000	-	9,615,000
Total Bonds Payable through Water and Sewer Fund					**20,400,000**	**-**	**2,335,000**	**-**	**18,065,000**
Total Bonds and Notes Payable through Water and Sewer Fund					**$ 136,354,754**	**$ -**	**$ 7,515,982**	**$ -**	**$ 128,838,772**

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CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF CHANGES IN LEASE OBLIGATIONS
JUNE 30, 2025

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2024	Issued During Period	Paid and/or Matured During Period	Remeasurements	Outstanding 6/30/2025
GOVERNMENTAL ACTIVITES									
SBITA PAYABLE									
Payable through General Fund									
Budget software (COF Contract # 2021-0268)	$ 258,895	0.582%	12/1/2021	12/1/2025	$ 84,264	$ -	$ 42,010	$ -	$ 42,254
Contract software (COF Contract # 2022-0019)	50,050	1.868%	6/1/2022	5/1/2025	16,036	-	16,036	-	-
Bid software (COF Contract #2021-0354)	85,618	2.186%	7/21/2022	7/21/2026	52,576	-	16,730	-	35,846
Court Software (COF Contract #2024-0076)	288,695	2.616%	5/20/2024	5/20/2028	243,995	-	39,362	-	204,633
Fleet Software (COF Contract #2023-0224)	214,902	2.656%	8/28/2023	8/28/2028	-	214,902	134,450	-	80,452
Total SBITA Payable through General Fund					$ 396,871	$ 214,902	$ 248,588	$ -	$ 363,185

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CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF LEASE OBLIGATIONS, PRINCIPAL AND INTEREST REQUIREMENTS BY FISCAL YEAR
SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)
JUNE 30, 2025

	SBITA Budget Software (OpenGov) Contract #2021-0268		SBITA Bid Software (IonWave) Contract #2021-0354		SBITA Court Software (Catalis) Contract #2024-0076		SBITA Fleet Software (Faster) Contract #2023-0224			
	Principal	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2026	42,254	246	17,516	784	118,729	9,647	$ 19,329	$ 2,137	$ 197,828	$ 12,814
2027	-	-	18,330	401	42,397	2,303	$ 19,843	$ 1,623	$ 80,570	$ 4,327
2028	-	-	-	-	43,507	1,194	$ 20,370	$ 1,096	$ 63,877	$ 2,290
2029	-	-	-	-	-	-	$ 20,910	$ 555	$ 20,910	$ 555
	$ 42,254	$ 246	$ 35,846	$ 1,185	$ 204,633	$ 13,144	$ 80,452	$ 5,411	$ 363,185	$ 19,986

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CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE - BY LEVY YEAR
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Tax Year	Balance June 30, 2024	Taxes Levied	Adjustments and Collections	Balance June 30, 2025
2024	$ -	$ 24,371,369	$ (24,091,563)	$ 279,806
2023	236,944	-	(186,646)	50,298
2022	50,317	-	(20,704)	29,613
2021	17,439	-	(2,676)	14,763
2020	13,694	-	(1,000)	12,694
2019	14,235	-	(291)	13,944
2018	14,194	-	(322)	13,872
2017	8,393	-	(2)	8,391
2016	5,848	-	-	5,848
2015	5,130	-	-	5,130
	$ 366,194	$ 24,371,369	$ (24,303,204)	$ 434,359

The balance at June 30, 2025 is comprised of:

Considered current revenue	$ 6,387
Allowance for uncollectible accounts: 2015-2024 levies	160,223
Unavailable revenue	267,749
	434,359

Balances not included in the schedule above are from the 2025 tax levy due October 1, 2025 (after the fiscal year). The levy is comprised of:

Unavailable revenue	$ 32,185,985
Allowance for uncollectible accounts	30,895
	32,216,880

Total property tax receivable (as shown on page 61) $ 32,651,239

Note: Taxes become delinquent in March of the year following the tax year of levy. Delinquent taxes are turned over to the County Clerk and Master for collection proceedings.

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See independent auditor's report

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF UTILITY RATE STRUCTURE (Cont.)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
UNAUDITED

Utility Customers

Water/Irrigation	Sewer	Reclaimed	Sanitation	Stormwater
18,573	28,154	115	25,811	26,917

Water and Sewer Rates

The following rates were effective January 1, 2025. A minimum bill of 1,000 gallons per customer is levied.

	Water Residential Rates		Water Commercial Rates	
Gallons	Inside City Limits	Outside City Limits	Inside City Limits	Outside City Limits
First 1,000 Gallons	$ 21.48	$ 23.92	$ 28.11	$ 31.83
Next 9,000 Gallons	5.29	8.01	5.27	7.93
Next 15,000 Gallons	6.22	8.59	6.20	8.51
All Additional Gallons	7.15	9.17	7.13	9.09

	Irrigation Residential Water Rates		Irrigation Commercial Water Rates	
Gallons	Inside City Limits	Outside City Limits	Inside City Limits	Outside City Limits
First 1,000 Gallons	$ 28.11	$ 31.83	$ 28.11	$ 31.83
Next 9,000 Gallons	5.27	7.93	5.27	7.93
Next 15,000 Gallons	6.20	8.51	6.20	8.51
All Additional Gallons	7.13	9.09	7.13	9.09

	Sewer Residential Rates		Sewer Commercial Rates	
Gallons	Inside City Limits	Outside City Limits	Inside City Limits	Outside City Limits
First 1,000 Gallons	$ 27.01	$ 32.09	$ 52.44	$ 48.94
Next 14,000 Gallons	6.41	9.80	6.96	10.63
All Additional Gallons	5.62	8.65	5.97	8.74

	Reclaimed Water Rate:	
Gallons	Inside City Limits	Outside City Limits
For each 1,000 Gallons	$ 1.17	$ 1.17

For reclaimed, there are also rates determined by contract between the City and the customer.

Water and Sewer Rates Upcoming

The following rates are effective January 1, 2026. A minimum bill of 1,000 gallons per customer is levied. The Reclaimed rate is effective January 1, 2023.

	Water Residential Rates		Water Commercial Rates	
Gallons	Inside City Limits	Outside City Limits	Inside City Limits	Outside City Limits
First 1,000 Gallons	$ 22.68	$ 25.25	$ 29.68	$ 33.60
Next 9,000 Gallons	5.58	8.46	5.56	8.37
Next 15,000 Gallons	6.57	9.07	6.55	8.98
All Additional Gallons	7.55	9.68	7.53	9.60

	Irrigation Residential Water Rates		Multi-Family Water Rates	
Gallons	Inside City Limits	Outside City Limits	Inside City Limits	Franklin Housing
First 1,000 Gallons	$ 31.48	$ 35.65	$ 22.68	$ 19.15
Next 9,000 Gallons	5.90	8.88	5.58	4.47
Next 15,000 Gallons	6.94	9.53	6.57	5.26
All Additional Gallons	7.99	10.18	7.55	6.04

	Sewer Residential Rates		Sewer Commercial Rates		Multi-Family Sewer Rates	
Gallons	Inside City	Outside City	Inside City	Outside City	Inside City Limits	Franklin Housing
First 1,000 Gallons	$ 28.55	$ 33.92	$ 55.43	$ 51.73	$ 28.55	$ 22.84
Next 14,000 Gallons	6.78	10.36	7.36	11.24	6.78	5.42
All Additional Gallons	5.94	9.14	6.31	6.31	5.94	4.76

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CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF UTILITY RATE STRUCTURE (Cont.)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
UNAUDITED

Water and Sewer Impact Fees

The following rates were effective January 1, 2024.

Unit of Measure	Water Impact Fee	Sewer Impact Fee
Single Family United Equivalent (SFUE) = 350 gallons per day	$3,624 per SFUE	$5,964 per SFUE

Sewer Impact Fees Upcoming

The following rates are effective January 1, 2026.

Unit of Measure	Water Impact Fee	Sewer Impact Fee
Single Family United Equivalent (SFUE) = 350 gallons per day	$3,624 per SFUE	$7,000 per SFUE

Water and Sewer Installation Fees

The following rates are effective January 1, 2024. * The fee for meter size 3"-8" covers inspection cost. Developer will install meter. The installation fee is adjusted annually on April 1 of each year by the percentage change between the U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index-U, U.S. city average, all items less food and energy, not seasonally adjusted. The change shall be determined by comparison of the figure for the previous January 1, with that of January 1 of the current calendar year. In no event shall this calculation cause a reduction in the installation fees payable during the preceding year.

	Water		Irrigation	
Meter Size	Installation-Meter Only	Installation-Complete	Installation-Meter Only	Installation-Complete
3/4" or 5/8"	$ 500	$ 3,550	$ 500	$ 3,550
1"	550	3,600	550	3,600
1-1/2"	1,600	4,650	1,600	4,650
2"	1,800	4,900	1,800	4,900
3" - 8" *	1,000	1,000	1,000	1,000

	Sewer	
Meter Size	Installation-Meter Only	Installation-Complete
Up to 2"	$ 550	$ 3,600
2" - 6"	550	4,500

	Reclaimed	
Meter Size	Installation-Meter Only	Installation-Complete
5/8" x 3/4"	$ 500	$ $ 3,550
1"	500	3,600
1-1/2"	500	4,650
2"	500	4,900
3" - 8" *	500	1,000

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CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF UTILITY RATE STRUCTURE (Cont.)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
UNAUDITED

Sanitation Rates

The following rates were effective January 1, 2025.

Service	Rate
First residential roll out container	$31.00 per month (one pick-up per week)
Second and subsequent rollout container	$10.50 per month per container
First non-residential	$38.00 per month per container
Rollout non-residential additional pickup service	$38.00 per pick up service

Sanitation Rates Upcoming

The following rates are effective January 1, 2026.

Service	Rate
First residential roll out container	$33.00 per month (one pick-up per week)
Second and subsequent rollout container	$11.00 per month per container
First non-residential	$40.00 per month per container
Rollout non-residential additional pickup service	$40.00 per pick up service

Stormwater Rates

The following rates were effective July 1, 2021.

Service	Rate
Equivalent residential unit (ERU) rate-Non-residential	$3.83 per month
ERU rate for smaller residential units (less than or equal to 3,350 sq. ft.)	$2.87 per month (75% of ERU)
ERU rate for larger residential units (greater than 3,350 sq. ft.)	$4.60 per month (120% of ERU)
ERU rate for non-residential properties	ERU rate times actual sq. ft. of impervious surface divided by ERU rate

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CITY OF FRANKLIN, TENNESEE
SCHEDULE OF UTILITY MAJOR CUSTOMERS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
UNAUDITED

The following table presents information on the ten largest customers of the System during the fiscal year ended June 30, 2025, ranked according to consumption and billings.

TOP TEN WATER CUSTOMERS

Customer	Gallons of Water Purchased (1,000)	% of Total Water Consumed	Revenue	% of Total Water Revenues
Franklin Estates (Residential)	39,001	2.35%	$ 277,851	1.94%
Williamson County Jail (Government)	24,479	1.48%	$ 174,472	1.22%
Carrington Hills (Residential)	17,976	1.09%	$ 162,116	1.13%
Viera Holdings LLC (Residential)	13,365	0.81%	$ 149,794	1.06%
Prescott Place (Residential)	12,610	0.76%	$ 103,916	0.73%
Franklin Housing Authority (Residential)	12,352	0.75%	$ 81,309	0.57%
780 Townhomes & ACPE Franklin LLC	10,069	0.61%	$ 67,372	0.47%
Berry Farms Apt Investments (Residential)	8,770	0.53%	$ 111,681	0.78%
Holladay Properties (Commercial)	8,167	0.49%	$ 57,969	0.40%
Heritage Place Apartments	7,350	0.44%	$ 57,930	0.40%
TOTAL	154,139	9.31%	$ 1,244,410	8.70%

TOP TEN WASTEWATER CUSTOMERS

Customer	Gallons Billed (1,000)	% of Total Gallons Billed	Revenue	% of Total Sewer Revenues
Franklin Estates (Residential)	39,001	1.31%	$ 335,063	1.24%
100 Gillespie Drive LLC (Residential)	36,590	1.24%	$ 219,156	0.81%
PB One Aspen Grove LLC (Residential)	33,531	1.13%	$ 202,230	0.74%
Star Brentwood LLC (Residential)	32,331	1.09%	$ 185,115	0.69%
Williamson Medical Center (Hospital)	24,479	0.83%	$ 146,829	0.54%
Gateway Village (Residential)	19,550	0.66%	$ 118,142	0.43%
IMT Capital Reit IV LLC (Residential)	18,652	0.63%	$ 112,064	0.41%
IMT Capital IV Cool Springs (Residential)	18,568	0.63%	$ 111,565	0.41%
Carrington Hills (Residential)	17,976	0.61%	$ 202,503	0.75%
Mid America Apartments LP (Residential)	16,949	0.57%	$ 101,901	0.38%
TOTAL	257,627	8.70%	$ 1,734,568	6.40%

TOP TEN RECLAIMED WATER CUSTOMERS

Customer	Gallons of Water Purchased (1,000)	% of Total Water Consumed	Revenue	% of Total Water Revenues
Rural Plains Partnership (Business)	17,811	19.00%	$ 25,111	15.06%
Boyle Investment (Business/Res)	8,589	9.16%	$ 10,462	6.28%
Battle Ground Academy (School)	7,411	7.91%	$ 9,459	5.67%
Williams County TN (Government)	6,813	7.27%	$ 7,976	4.79%
Carlisle HOA (Residential)	5,736	6.12%	$ 6,716	4.03%
Ramsey Solutions (Business)	4,863	5.19%	$ 16,710	10.03%
Southern Land Co (Business)	4,056	4.33%	$ 4,746	2.85%
Panda Express Inc. (Business)	3,625	3.87%	$ 1,516	0.91%
Berry Farms Hotel Partners (Business)	3,094	3.30%	$ 3,984	2.39%
Rizer Point HOA (Residential)	2,138	2.28%	$ 4,476	2.68%
TOTAL	64,136	68.43%	$ 91,156	54.69%

Note 1: For some customers with multiple meters, gallons purchased and revenue from all meters has been included in the lists shown above.

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STATISTICAL SECTION

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STATISTICAL SECTION SUMMARY PAGE:

This part of the City of Franklin, Tennessee's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, the note disclosures, and the required supplementary information says about the City's overall financial health.

Contents:

Financial Trends
These schedules contain trend information to help readers understand how the City's financial performance and financial position have changed over time. 128-132

Revenue Capacity
These schedules contain information to help readers assess the City's revenue sources, including its most significant local tax sources, local sales tax and its property tax. 133-137

Debt Capacity
These schedules present information to help readers assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. 138-142

Demographic and Economic Information
These schedules offer demographic and economic indicators to help readers understand the environment within which the City's financial activities take place. 143-144

Operating Information
These schedules contain service and infrastructure data to help readers understand how the information in the City's financial report relates to the services the City provides and the activities it performs. 145-147

Except where noted, the information in these schedules is derived from the City's Annual Comprehensive Financial Reports for the relevant years. The information has been restated, where applicable and feasible, for the adoption of new GASB pronouncements.

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CITY OF FRANKLIN, TENNESSEE
Net Position By Component
Last Ten Years
(Prepared using the accrual basis of accounting)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental activities:										
Net investment in capital assets	$ 622,346,270	$ 607,252,196	$ 598,771,346	$ 623,690,227	$ 600,239,617	$ 581,817,963	$ 553,517,545	$ 528,661,334	$ 528,657,327	$ 531,232,432
Restricted for:										
State street aid	575,999	1,750,151	3,247,409	2,870,168	771,402	601,819	496,410	645,435	502,481	373,415
Sanitation use	2,351,839	1,641,801	3,019,834	1,957,699	1,992,796	1,000,240	1,922,723	1,160,474	610,969	767,350
Drug fund use	377,833	530,343	534,709	538,766	602,402	520,472	438,184	508,522	541,205	515,642
Development use	60,067,525	24,546,282	33,433,096	23,700,256	30,019,751	38,165,088	39,890,216	4,804,517	3,488,072	-
Grant program use	492,815	216,228	189,362	118,477	114,745	113,066	100,451	89,691	86,263	85,185
Pensions	-	-	-	-	-	-	7,999	-	-	-
Unrestricted	12,271,259	66,319,644	73,161,177	88,942,469	63,722,583	42,976,500	39,950,296	74,003,922	46,098,515	35,391,194
Total net position	$ 698,483,540	$ 702,256,645	$ 712,356,933	$ 741,818,062	$ 697,463,296	$ 665,195,148	$ 636,323,824	$ 609,873,895	$ 579,984,832	$ 568,365,218
Business-type activities:										
Net investment in capital assets	$ 224,754,168	$ 218,196,290	$ 203,202,697	$ 195,995,094	$ 186,313,737	$ 176,897,094	$ 166,254,831	$ 160,464,694	$ 144,008,929	$ 139,229,139
Restricted for:										
Water & Sewer	19,436,182	15,621,869	11,520,463	11,288,887	10,784,987	10,882,442	10,180,317	10,665,267	9,757,361	8,916,035
Pensions	-	-	-	-	-	-	1,179	-	-	-
Unrestricted	41,596,780	33,667,010	32,145,262	34,148,733	33,856,599	34,170,434	32,220,082	25,591,650	30,877,222	25,339,325
Total net position	$ 285,787,130	$ 267,485,169	$ 246,868,422	$ 241,432,714	$ 230,955,323	$ 221,949,970	$ 208,656,409	$ 196,721,611	$ 184,643,512	$ 173,484,499
Primary government:										
Net investment in capital assets	$ 847,100,438	$ 825,448,486	$ 801,974,043	$ 819,685,321	$ 786,553,354	$ 758,715,057	$ 719,772,376	$ 689,126,028	$ 672,666,256	$ 670,461,571
Restricted for:										
State street aid use	575,999	1,750,151	3,247,409	2,870,168	771,402	601,819	496,410	645,435	502,481	373,415
Sanitation use	2,351,839	1,641,801	3,019,834	1,957,699	1,992,796	1,000,240	1,922,723	1,160,474	610,969	767,350
Drug fund use	377,833	530,343	534,709	538,766	602,402	520,472	438,184	508,522	541,205	515,642
Development use	60,067,525	24,546,282	33,433,096	23,700,256	30,019,751	38,165,088	39,890,216	4,804,517	3,488,072	-
Grant program use	492,815	216,228	189,362	118,477	114,745	113,066	100,451	89,691	86,263	85,185
Water & Sewer use	19,436,182	15,621,869	11,520,463	11,288,887	10,784,987	10,882,442	10,180,317	10,665,267	9,757,361	8,916,035
Pensions	-	-	-	-	-	-	9,178	-	-	-
Unrestricted	53,868,039	99,986,654	105,306,439	123,091,202	97,579,182	77,146,934	72,170,378	99,595,572	76,975,737	60,730,519
Total net position	$ 984,270,670	$ 969,741,814	$ 959,225,355	$ 983,250,776	$ 928,418,619	$ 887,145,118	$ 844,980,233	$ 806,595,506	$ 764,628,344	$ 741,849,717

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CITY OF FRANKLIN, TENNESSEE
Changes in Net Position (continued)
(Prepared using the accrual basis of accounting)

Expenses:	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental activities:										
Governance & Management	$ 4,381,249	$ 6,285,343	$ 5,638,534	$ 4,534,452	$ 3,838,257	$ 3,978,636	$ 3,832,394	$ 3,488,326	$ 2,980,546	$ 2,740,612
Public Safety	55,488,193	56,188,230	50,162,660	44,746,791	39,473,372	38,983,557	36,876,843	35,899,745	33,146,980	30,882,484
Finance & Administration	16,139,634	13,561,989	11,823,798	8,474,788	7,245,426	7,430,302	7,768,504	7,584,348	7,308,604	6,729,110
Community & Economic Development	14,150,631	14,414,252	11,919,172	10,370,880	9,492,101	9,743,950	9,260,316	8,849,272	8,483,737	7,483,304
Public Works	69,767,418	69,520,518	62,768,154	51,815,561	50,166,264	49,814,813	46,900,551	49,187,544	46,173,011	38,690,214
Other general government	28,914,862	39,580,757	47,190,052	2,663,427	$ 4,644,218	6,392,927	6,353,001	(700,908)	3,728,463	12,305,479
Interest	3,117,659	3,172,582	3,492,442	4,397,319	4,914,713	4,484,444	5,281,715	4,587,179	4,074,621	3,988,622
Total Government Activities	191,959,646	202,723,671	192,994,812	127,003,218	119,774,351	120,828,629	116,273,324	108,895,506	105,895,962	102,819,825
Business-type Activities:										
Water & sewer	45,506,740	40,985,653	42,299,473	32,536,107	33,754,490	29,702,843	29,846,225	28,476,942	26,189,612	24,245,697
Total Business-type Activities	45,506,740	40,985,653	42,299,473	32,536,107	33,754,490	29,702,843	29,846,225	28,476,942	26,189,612	24,245,697
Program Revenues										
Governmental Activities:										
Charges for services										
Governance & Management	$ 3,200	$ 4,100	$ 2,500	$ 3,958	$ 2,715	$ 2,696	$ 2,000	$ 2,906	$ 2,549	$ 3,600
Public Safety	1,673,684	1,700,625	1,432,432	726,477	470,956	583,248	498,781	374,937	703,245	814,774
Finance & Administration	3,769	642	1,870	7,422	1,620	3,560	4,020	1,234	3,682	2,752
Community & Economic Development	3,279,103	2,947,013	2,605,312	2,685,754	2,824,742	2,740,784	2,653,845	3,510,782	3,266,688	3,182,015
Public Works	14,915,790	13,378,317	13,763,755	13,432,497	12,912,409	12,070,604	11,949,193	11,193,112	10,295,841	10,826,167
General Government	356,753	311,433	384,660	417,040	(296,265)	134,014	326,081	256,860	158,340	121,946
Operating grants and contributions										
Public Safety	268,895	97,123	75,105	96,499	(121,045)	256,833	108,981	136,685	47,103	22,308
Finance & Administration	-	-	-	-	-	-	-	-	-	15,071
Community & Economic Development	5,480,061	5,167,505	2,287,936	2,113,225	2,732,457	1,877,358	1,279,702	1,084,498	1,326,698	1,059,230
Public Works	3,010,276	2,111,363	1,653,663	2,156,665	844,640	1,406,832	1,431,263	2,854,914	1,124,865	2,015,653
General Government	631,631	1,963,006	523,184	1,870,778	3,277,235	269,780	373,845	257,808	230,374	1,751,180
Capital grants and contributions										
Community & Economic Development	400,057	542,159	517,524	300,099	326,266	310,616	326,622	292,985	168,701	113,535
Public Works	11,197,088	15,756,766	9,155,550	22,982,418	27,063,854	26,208,813	25,423,245	15,911,374	10,902,402	13,432,150
Total governmental activities	41,220,307	43,980,052	32,403,491	46,792,832	50,039,584	45,865,138	44,377,578	35,878,095	28,230,488	33,360,381
Business-Type activities:										
Charges for services	$ 49,418,661	$ 47,169,798	$ 41,944,454	$ 36,950,009	$ 35,209,857	$ 32,254,195	$ 31,626,191	$ 30,650,210	$ 28,803,497	$ 27,749,661
Operating grants & contributions	7,300,170	1,663,729	604,455	-	-	-	-	-	-	-
Capital grants & contributions	4,160,560	10,523,944	4,614,593	7,353,158	7,527,829	9,027,798	9,269,803	11,005,568	9,382,488	12,429,719
Total business-type activities	60,879,391	59,357,471	47,163,502	44,303,167	42,737,686	41,281,993	40,895,994	41,655,778	38,185,985	40,179,380
Total program revenues	$ 102,099,698	$ 103,337,523	$ 79,566,993	$ 91,095,999	$ 92,777,270	$ 87,147,131	$ 85,273,572	$ 77,533,873	$ 66,416,473	$ 73,539,761
Net (expense) revenue										
Governmental activities	(150,739,339)	(158,743,619)	(160,591,321)	(80,210,386)	(69,734,767)	(74,963,491)	(71,895,746)	(73,017,411)	(77,665,474)	(69,459,444)
Business-Type activities	15,372,651	18,371,818	4,864,029	11,767,060	8,983,196	11,579,150	11,049,769	13,178,836	11,996,373	15,933,683
Total net (expense) revenue	$(135,366,688)	$(140,371,801)	$(155,727,292)	$ (68,443,326)	$ (60,751,571)	$ (63,384,341)	$ (60,845,977)	$ (59,838,575)	$ (65,669,101)	$ (53,525,761)

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CITY OF FRANKLIN, TENNESSEE

Financial Trends Information - Changes in Net Position

(Prepared using the accrual basis of accounting)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General revenues:										
Governmental activities:										
Property taxes	$ 23,956,584	$ 24,233,164	$ 23,156,312	$ 21,108,237	$ 20,586,971	$ 20,084,308	$ 19,031,452	$ 18,621,275	$ 18,023,515	$ 13,679,737
Sales taxes	65,865,952	62,424,823	60,556,943	57,745,532	41,999,727	35,453,379	36,168,178	34,151,972	32,694,269	31,309,367
Wholesale beer tax	1,580,025	1,675,086	1,819,226	2,046,920	1,956,503	1,905,377	1,556,121	1,691,204	1,655,448	1,612,550
Wholesale liquor tax	1,804,208	1,932,197	1,858,357	1,953,827	1,868,263	1,761,915	1,487,062	1,400,552	1,343,791	1,349,136
Hotel, Motel tax	5,476,275	5,829,839	5,638,692	4,875,687	2,600,807	3,103,649	4,086,455	4,225,990	3,710,589	3,557,971
Other taxes	243,993	187,326	172,464	166,815	105,501	106,111	199,041	115,590	127,106	118,311
Intergovernmental	24,410,710	23,470,223	22,697,877	21,271,769	18,654,225	16,968,677	18,408,753	17,460,926	15,842,220	17,777,101
Impact fees and taxes	10,494,553	16,477,610	8,424,381	15,826,819	11,393,647	17,655,889	12,424,812	19,355,412	12,250,087	15,579,078
Franchise fees	2,616,141	2,307,280	2,451,148	2,528,510	2,479,203	2,477,946	2,566,246	2,600,634	2,239,414	2,289,483
Use of money and property	9,651,088	8,723,488	3,097,397	(3,158,964)	140,802	4,682,564	2,217,555	1,757,971	2,059,244	(1,956,347)
Miscellaneous	666,703	1,182,295	1,057,395	-	-	-	-	-	-	-
Transfers	200,000	200,000	200,000	200,000	200,000	(365,000)	200,000	825,000	1,125,000	200,000
Total general revenues and transfers	$ 146,966,232	$ 148,643,331	$ 131,130,192	$ 124,565,152	$ 101,985,649	$ 103,834,815	$ 98,345,675	$ 102,206,526	$ 91,070,683	$ 85,516,387
Business-type Activities:										
Use of money and property	3,047,002	2,444,929	771,679	(1,136,760)	156,217	1,346,001	1,273,512	-	-	-
Miscellaneous	82,302	-	-	47,091	(12,282)	3,410	(188,483)	424,211	287,640	253,837
Transfers	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	365,000	(200,000)	(825,000)	(1,125,000)	(200,000)
Total business-type activities	$ 2,929,304	$ 2,244,929	$ 571,679	$ (1,289,669)	$ (56,065)	$ 1,714,411	$ 885,029	$ (400,789)	$ (837,360)	$ 53,837
Total primary government	$ 149,895,536	$ 150,888,260	$ 131,701,871	$ 123,275,483	$ 101,929,584	$ 105,549,226	$ 99,230,704	$ 101,805,737	$ 90,233,323	$ 85,570,224
Change in net position										
Governmental activities	(3,773,107)	(10,100,288)	(29,461,129)	44,354,766	32,250,882	28,871,324	26,449,929	29,189,115	13,405,209	16,056,943
Business-Type activities	18,301,955	20,616,747	5,435,708	10,477,391	8,927,131	13,293,561	11,934,798	12,778,047	11,159,013	15,987,520
Total change in net position	$ 14,528,848	$ 10,516,459	$ (24,025,421)	$ 54,832,157	$ 41,178,013	$ 42,164,885	$ 38,384,727	$ 41,967,162	$ 24,564,222	$ 32,044,463

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CITY OF FRANKLIN, TENNESSEE
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Prepared using the modified accrual basis of accounting)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Fund										
Non-Spendable	$ 2,387,636	$ 1,610,585	$ 2,027,527	$ 1,297,773	$ 1,484,303	$ 1,624,813	$ 1,719,567	$ 2,061,344	$ 2,223,101	$ 1,879,610
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	87,096,354	85,049,320	82,613,699	73,135,433	63,997,207	51,591,473	51,482,407	47,398,627	41,060,041	37,369,976
Total General Fund	89,483,990	86,659,905	84,641,226	74,433,206	65,481,510	53,216,286	53,201,974	49,459,971	43,283,142	39,249,586
All Other Governmental Funds										
Non-Spendable	26,505	49,936	45,067	70,890	64,332	65,841	34,840	65,380	76,130	57,121
Restricted	61,751,971	28,635,469	40,424,410	29,185,366	33,501,096	40,400,685	42,847,984	13,355,873	20,737,909	1,685,971
Committed	49,873,710	60,055,033	55,937,906	63,901,621	44,167,253	41,255,928	39,173,328	33,902,797	24,541,530	17,248,117
Assigned	4,200,102	5,259,286	3,633,018	2,813,242	10,764,432	11,940,200	13,175,194	8,806,157	5,353,767	7,060,075
Unassigned	-	-	-	-	-	-	-	-	-	(7,887,886)
Total All Other Governmental Funds	115,852,288	93,999,724	100,040,401	95,971,119	88,497,113	93,662,654	95,231,346	56,130,207	50,709,336	18,163,398
Total Governmental Funds	$ 205,336,278	$ 180,659,629	$ 184,681,627	$ 170,404,325	$ 153,978,623	$ 146,878,940	$ 148,433,320	$ 105,590,178	$ 93,992,478	$ 57,412,984

In fiscal year 2015, the deficit unassigned fund balance reported is due to the City's Multi-Purpose Capital Project Fund being in a deficit fund balance position.

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CITY OF FRANKLIN, TENNESSEE
Changes in Fund Balances - Governmental Funds
(Prepared using the modified accrual basis of accounting)

Revenues	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Taxes										
Property tax	$ 23,856,357	$ 24,212,301	$ 23,153,382	$ 21,089,663	$ 20,215,870	$ 19,626,189	$ 18,728,545	$ 18,304,565	$ 18,713,592	$ 13,363,982
Sales tax	65,865,952	62,424,823	60,556,943	57,745,532	41,999,727	35,453,379	36,168,178	34,151,972	32,694,269	31,309,367
Wholesale beer tax	1,580,025	1,675,086	1,819,226	2,046,920	1,956,503	1,905,377	1,556,121	1,691,204	1,655,448	1,612,550
Wholesale liquor tax	1,804,208	1,932,197	1,858,357	1,953,827	1,868,263	1,761,915	1,487,062	1,400,552	1,343,791	1,349,136
Mixed drink tax	1,902,265	1,881,940	1,796,903	1,677,314	1,331,902	826,109	1,148,352	992,939	894,745	846,714
Facilities tax	2,805,181	3,217,761	1,963,476	3,669,629	3,617,950	3,940,537	3,370,185	5,759,856	3,864,453	4,827,968
Hotel/motel tax	5,476,275	5,907,179	5,638,692	4,875,687	2,575,830	3,138,814	4,103,235	4,097,695	3,710,589	3,557,971
Other taxes	243,993	187,326	172,464	166,815	514,348	563,626	502,773	415,968	462,124	478,775
Licenses and permits										
Franchise fees	2,627,152	2,391,990	2,441,864	2,506,169	2,497,407	2,489,287	2,566,246	2,586,092	2,230,782	2,255,565
Impact fees	7,689,372	13,259,849	6,460,905	12,157,190	7,775,697	13,715,352	9,054,627	13,595,556	7,317,604	9,509,869
Building permits	2,002,762	1,878,751	1,435,153	1,661,426	1,796,670	1,714,700	1,548,109	2,339,364	2,153,262	2,136,322
Other licenses and permits	1,360,076	1,115,785	1,196,797	954,269	988,541	958,044	1,018,543	1,053,393	1,002,763	953,698
Intergovernmental										
State shared revenue	22,508,445	21,588,283	20,900,974	18,955,133	17,305,852	16,142,568	17,318,322	16,467,987	14,947,475	16,930,387
Federal and state grants	7,238,170	11,051,550	3,694,310	7,839,110	6,996,488	5,143,660	4,528,220	5,256,506	4,679,158	6,122,270
Charges for services	15,416,385	14,009,999	14,280,613	13,696,560	12,971,447	12,166,255	12,099,847	11,109,359	10,518,112	10,952,510
Fines and fees	893,217	751,959	864,137	511,375	442,069	560,779	511,864	583,048	753,497	845,422
Use of money and property	9,488,752	9,808,073	3,765,560	(2,292,805)	435,541	4,087,802	4,101,263	874,412	686,672	979,599
Sidewalk reserve fee	100,746	-	-	-	-	-	-	-	-	-
Miscellaneous	760,325	895,343	5,388,937	2,618,550	1,099,418	2,809,455	797,299	262,053	1,155,394	2,489,638
Total revenues	173,619,658	178,190,195	157,388,693	151,832,364	126,389,523	127,003,848	120,608,791	120,942,521	108,783,730	110,521,743
Expenditures										
Current:										
Governance and Management	4,370,970	6,074,413	5,547,997	4,469,418	3,598,339	3,817,218	3,638,266	3,200,436	2,970,433	2,895,391
Public Safety	56,771,914	53,082,476	47,465,522	40,987,942	36,093,445	35,976,343	34,636,278	34,668,055	32,487,786	30,454,419
Finance and Administration	13,831,620	11,913,127	10,481,804	7,540,590	6,371,421	6,594,412	7,064,014	7,039,117	7,094,684	6,350,676
Community & Economic Development	14,251,400	15,051,099	8,112,183	9,981,238	6,302,368	6,927,265	6,616,452	6,308,160	6,134,076	5,429,147
Public Works	44,085,378	44,659,920	26,098,034	32,712,631	20,048,195	20,372,246	19,571,417	22,693,327	20,954,256	14,065,839
Other General Government	8,113,718	4,672,042	17,402,137	2,413,491	15,569,321	14,026,288	15,187,811	11,698,838	13,676,830	16,150,402
Debt service:										
Principal	11,026,451	11,555,000	10,540,000	10,160,000	9,385,000	9,520,000	7,945,000	8,118,000	7,992,000	7,783,000
Interest	4,314,868	4,739,016	5,165,460	5,572,934	5,932,143	5,720,563	5,544,524	5,514,705	4,886,022	4,973,106
Debt service fees	267,025	3,620	3,921	4,514	2,665	2,804,902	142,027	7,976	18,726	16,838
Capital outlay:										
Governance and Management	-	-	-	50,050	-	-	-	-	-	-
Public Safety	-	740,288	61,448	450,282	4,751,238	5,828,280	6,580,659	1,794,219	716,878	4,597,830
Finance and Administration	419,517	565,841	310,136	662,786	181,070	584,235	2,214,222	3,106,759	316,479	211,859
Community & Economic Development	71,032	597,562	11,990	193,684	1,191,035	92,864	261,166	432,054	95,251	60,361
Public Works	34,699,901	23,376,235	11,006,850	19,717,130	8,278,381	9,904,865	1,105,381	5,393,666	2,930,527	5,166,768
Other General Government	4,901,350	5,670,249	1,189,527	998,916	1,785,220	6,337,153	1,775,589	1,000,578	1,604,294	2,308,084
Total expenditures	197,125,144	182,700,888	143,397,009	135,915,606	119,489,841	128,506,634	112,282,806	110,975,890	101,878,242	100,463,720
Excess (deficiency) of revenues over (under) expenditures	(23,505,486)	(4,510,693)	13,991,684	15,916,758	6,899,682	(1,502,786)	8,325,985	9,966,631	6,905,488	10,058,023
Other financing sources (uses):										
Bonds issued	43,775,000	-	-	-	-	31,550,000	52,525,000	800,069	25,008,840	3,236,188
Bond premiums	3,992,232	-	-	-	-	7,080,224	8,462,517	-	-	-
Transfer to bond escrow agent	-	-	-	-	-	(35,725,000)	(26,670,360)	-	3,540,166	-
Leases (as lessee)	214,902	288,695	85,618	308,945	-	-	-	-	-	-
Transfers in	32,776,722	24,135,471	29,724,700	20,250,030	11,051,877	14,168,841	10,265,312	10,496,177	15,285,099	9,303,969
Transfers out	(32,576,721)	(23,935,471)	(29,524,700)	(20,050,031)	(10,851,876)	(17,125,659)	(10,065,312)	(9,671,177)	(14,160,099)	(9,103,969)
Total other financing sources (uses)	48,182,135	488,695	285,618	508,944	200,001	(51,594)	34,517,157	1,625,069	29,674,006	3,436,188
Net changes in fund balances	$ 24,676,649	$ (4,021,998)	$ 14,277,302	$ 16,425,702	$ 7,099,683	$ (1,554,380)	$ 42,843,142	$ 11,591,700	$ 36,579,494	$ 13,494,211
Debt service as a % of noncapital expenditures	9.77%	10.74%	12.07%	13.79%	14.80%	14.37%	13.41%	13.74%	13.36%	14.54%

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CITY OF FRANKLIN, TENNESSEE
Local Sales Tax Collections
Last Ten Fiscal Years

FISCAL YEAR	Estimate of Taxable Sales to Local Sales Tax (1)	Local Sales Tax Rate (City & Williamson County)	Total Local Sales Tax Collected	Less: County Portion (1/2 of tax) (2)	Less: County Admin Fee (1% of City's 1/2 of tax) (3)	Less: County School Debt Service (4)	Local Sales Tax Received by City	Percent of General Fund Revenue
2025	$ 4,838,637,429	2.75%	$ 133,062,529	$ (66,531,265)	$ (665,313)	$ -	$ 65,865,952	55.7%
2024	4,585,845,583	2.75%	126,110,754	(63,055,377)	(630,554)	-	62,424,823	55.5%
2023	4,448,627,564	2.75%	122,337,258	(61,168,629)	(611,686)	-	60,556,943	57.7%
2022	4,242,096,003	2.75%	116,657,640	(58,328,820)	(583,288)	-	57,745,532	60.4%
2021	3,771,019,289	2.75%	84,847,934	(42,423,967)	(424,240)	(6,298,283)	41,999,727	52.1%
2020	3,183,243,914	2.75%	71,622,988	(35,811,494)	(358,115)	(7,430,205)	35,453,379	50.7%
2019	3,247,423,397	2.75%	73,067,026	(36,533,513)	(365,335)	(7,052,013)	36,168,178	49.7%
2018	3,066,394,800	2.75%	68,993,883	(34,496,941)	(344,969)	(1,692,308)	34,151,972	49.4%
2017	2,935,512,368	2.25%	66,049,028	(33,024,514)	(330,245)	-	32,694,269	49.1%
2016	2,811,166,510	2.25%	63,251,246	(31,625,623)	(316,256)	-	31,309,367	49.3%

(1) Tennessee Code Annotated Section 67-6-702 authorizes the levy of a local option sales tax. The tax is applied only to the first $1,600 of any single article of personal property.

(2) These taxes are split between the County and the City. The Tennessee Department of Revenue sends a monthly report to Williamson County totaling the collections for the month.

(3) The County charges the City 1% of the City's 1/2 share as an administrative fee.

(4) In February 2018, the voters of Williamson County approved by referendum an increase in the local option sales tax rate from 2.25% to 2.75%, which is the maximum rate authorized by state law. The new rate became effective April 1, 2018. For a three year period, from April 2018 through March 2021, the City's portion of additional revenues, generated under the new tax rate (0.05%) remained with the County for the purposes of funding County School debt service. Beginning April 2021, the City began receiving its portion of the additional revenue.

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CITY OF FRANKLIN, TENNESSEE
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

	Real Property Assessment		Personal Property Assessment		Public Utility Assessment					
FISCAL YEAR	Residential & Farm Property	Industrial & Commercial Property	Industrial & Commercial Property	Intangible Property	State Assessment	Local Assessment	Total Taxable Assessed Value	Taxable Assessed Value as a Percentage of Estimated Actual Value	Estimated Actual Taxable Value	Total Direct Rate
2025	$ 3,507,524,520	$ 3,744,415,475	$ 214,013,105	$ 7,539,999	$ 60,811,475	$ -	7,534,304,574	20.03%	$ 37,609,592,237	0.3261
2024	3,432,724,750	3,697,993,880	222,990,143	7,973,460	60,807,932	-	7,422,490,165	31.43%	23,619,111,794	0.3261
2023	3,351,765,235	3,641,981,575	280,460,946	7,134,432	89,352,901	-	7,370,695,089	31.14%	23,669,423,873	0.3261
2022	3,268,413,100	3,508,052,500	282,058,611	2,760,000	84,915,601	-	7,146,199,812	31.09%	22,985,416,480	0.3261
2021	2,457,984,895	2,721,802,980	212,141,723	2,400,000	64,423,153	-	5,458,752,751	25.76%	21,190,144,675	0.4176
2020	2,383,570,565	2,611,168,485	195,053,443	106,128	64,804,129	-	5,254,702,750	27.77%	18,920,390,435	0.4176
2019	2,307,323,295	2,485,463,471	190,862,365	110,259	64,399,468	-	5,048,158,858	27.72%	18,208,229,470	0.4176
2018	2,225,948,965	2,394,850,296	196,029,038	127,836	66,131,091	-	4,883,087,226	31.11%	15,696,174,389	0.4176
2017	2,124,725,620	2,290,475,081	164,777,885	115,036	68,350,538	-	4,648,444,160	31.13%	14,931,225,106	0.4176
2016	1,686,264,015	1,675,073,222	157,978,412	84,526	57,576,973	-	3,576,977,148	30.86%	11,591,451,146	0.4065

Source: Tax Aggregate Report of Tennessee

Note: Property of the City is reappraised periodically. Tax rates are per $100 of assessed value.

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CITY OF FRANKLIN, TENNESSEE
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

	Direct Rate					Overlapping Rate	
	City of Franklin					Williamson County (a)	Total Direct
Fiscal Year	General Fund	Debt Service Fund	Street Aid Fund	Capital Projects Fund	Total Direct Rate	Total Overlapping Rate	and Overlapping
2025	$ -	$ -	$ -	$ -	$ 0.3261	$ 2.5051	$ 2.8312
2024	-	-	-	-	0.3261	2.3951	2.7212
2023	-	-	-	-	0.3261	2.3951	2.7212
2022	0.1464	0.1647	0.0150	-	0.3261	2.3951	2.7212
2021	0.2002	0.2024	0.0150	-	0.4176	2.8090	3.2266
2020	0.1916	0.2110	0.0150	-	0.4176	2.8090	3.2266
2019	0.2290	0.1736	0.0150	-	0.4176	2.7390	3.1566
2018	0.2137	0.1889	0.0150	-	0.4176	2.6890	3.1066
2017	0.2262	0.1614	0.0150	0.0150	0.4176	2.6790	3.0966
2016	0.1517	0.2248	0.0150	0.0150	0.4065	3.0541	3.4606

For fiscal year 2014, the direct rate was separated between the General Fund and the Debt Service Fund. From fiscal years 2015-2017, the direct rate was separated between the General Fund, the Debt Service Fund, the Street Aid Fund, and the Capital Projects Fund. For fiscal years 2019-2022, the direct rate was separated between the General Fund, the Debt Service Fund, and the Street Aid Fund. Beginning fiscal year 2023, the direct rate is not separated. Property tax allocations by fund are determined in the approved budget.

(a) Levied on County property within the City. Rate is applicable to City property located in the special school district. County rates for City of Franklin property not in the special school district are as follows:

Fiscal Year	Rate
2025	1.8300
2024	1.8300
2023	1.8300
2022	1.8300
2021	2.1600
2020	2.1600
2019	2.0900
2018	2.0700
2017	2.0400
2016	2.2000

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CITY OF FRANKLIN, TENNESSEE
Principal Property Taxpayers
Current Year and Ten Years Ago

	2025			2016		
Taxpayer	**Taxable Assessed Valuation**	**Rank**	**Percentage of Total Assessed Valuation**	**Taxable Assessed Valuation**	**Rank**	**Percentage of Total Assessed Valuation**
Real and Personal Property Tax						
NRB McEwen	$ 181,014,120	1	2.40%			
Boyle Investments	163,611,080	2	2.17%	$ 49,256,900	4	1.38%
Highwoods Properties	151,460,080	3	2.01%	70,146,200	3	1.96%
IMT	141,025,600	4	1.87%			
Galleria Associates (CBL Assoc.)	102,744,640	5	1.36%	82,445,900	2	2.30%
Northwood Investors	82,916,160	6	1.10%			
Legacy Cool Springs	67,530,320	7	0.90%			
STAR Brentwood LLC	58,288,120	8	0.77%	32,769,600	10	0.92%
PBONE Aspen Grove LLC	53,654,160	9	0.71%			
TA The Harper LLC	50,984,840	10	0.68%			
Spectrum Partners				139,674,600	1	3.90%
Berkshire Communities				47,801,100	5	1.34%
LCFRE Nashville Carothers				40,618,700	6	1.14%
Trammell Crow Investments				37,403,500	7	1.05%
SVT				35,194,300	8	0.98%
Mid-America Apartments LP				34,548,400	9	0.97%
Totals	$ 1,053,229,120		13.97%	$ 569,859,200		15.94%

Sources: For 2025, assessor's office. For 2016, City's 2016 ACFR

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CITY OF FRANKLIN, TENNESSEE
Property Taxes Levies and Collections
Last Ten Fiscal Years

	Collected within the Fiscal year of the Levy				Total Collections to Date	
Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Amount Collected	Percentage of Levy	Collections in Subsequent Years	Total Collections	Percentage of Levy
2025	$ 24,371,369	$ 24,091,563	98.9%	$ -	$ 24,091,563	98.9%
2024	24,006,775	23,769,831	99.0%	186,646	23,956,477	99.8%
2023	23,744,832	23,536,380	99.1%	178,839	23,715,219	99.9%
2022	23,026,943	22,818,189	99.1%	193,991	23,012,180	99.9%
2021	22,527,506	22,328,725	99.1%	186,087	22,514,812	99.9%
2020	21,688,376	21,436,320	98.8%	238,112	21,674,432	99.9%
2019	20,834,771	20,584,843	98.8%	236,056	20,820,899	99.9%
2018	20,126,690	19,895,443	98.9%	222,856	20,118,299	100.0%
2017	19,203,126	19,013,067	99.0%	184,211	19,197,278	100.0%
2016	14,306,693	14,114,206	98.7%	187,357	14,301,563	100.0%

Source: City of Franklin Finance Department

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CITY OF FRANKLIN, TENNESSEE
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities		Business-type Activities					
Fiscal Year	General Obligation Bonds (1)	SBITA & Leases (4)	Water & Sewer Revenue & Tax Bonds (1)	Leases	Total Outstanding Debt	Percentage of Personal Income	Population (3)	Debt Per Capita
2025	$ 148,920,131	$ 363,185	$ 131,552,898	$ -	$ 280,836,214	2.5%	88,558	3,171
2024	113,505,056	396,871	139,325,027	-	253,226,954	2.5%	88,558	2,859
2023	126,687,582	227,330	144,552,446	-	271,467,358	3.0%	83,454	3,253
2022	138,875,636	216,218	144,669,081	-	283,760,935	3.6%	83,454	3,400
2021	150,034,179	-	129,005,230	-	279,039,409	3.5%	83,454	3,344
2020	160,358,676	-	85,275,963	-	245,634,639	3.7%	70,908	3,464
2019	167,912,949	-	49,621,380	-	217,534,329	3.2%	70,908	3,068
2018	141,697,493	884,974	42,926,581	17,187	185,526,235	2.8%	70,908	2,616
2017	150,159,179	2,170,299	45,705,483	30,737	198,065,698	3.0%	70,908	2,793
2016	131,675,830	3,428,930	35,463,236	-	170,567,996	2.6%	66,370	2,570

(1) This amount includes unamortized premiums
(2) Personal income is disclosed on page 143. (Values are updated to match income table updates.)
(3) Tennessee Certified Populations reports
(4) Subscription-Based Information Technology Arrangement

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CITY OF FRANKLIN, TENNESSEE
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended June 30	General Obligation Debt (1)	Percentage of Estimated Actual Taxable Value of Property (2)	Per Capita
2025	$ 148,920,131	0.6%	$ 1,682
2024	113,505,056	0.5%	1,282
2023	126,687,582	0.5%	1,518
2022	138,875,636	0.6%	1,664
2021	150,034,179	0.7%	1,798
2020	160,358,676	0.8%	2,262
2019	167,912,949	0.9%	2,368
2018	141,697,493	0.9%	1,998
2017	150,159,179	1.0%	2,118
2016	131,675,830	1.1%	1,984

(1) This amount includes unamortized premiums
(2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

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CITY OF FRANKLIN, TENNESSEE
Direct and Overlapping Governmental Activities Debt
As of June 30, 2025

Jurisdiction	Debt Outstanding	Percentage Applicable to City	Estimated Share of Overlapping Debt
Williamson County	$ 1,124,895,000	39.38%(a)	$ 442,983,651
Franklin Special School District	158,755,885	100.00%(b)	158,755,885 (1)
Subtotal, overlapping debt			601,739,536
City of Franklin direct debt of governmental			148,920,131 (2)
Total direct and overlapping debt			$ 750,659,667
Based upon Assessed Value of Property in:			
County	$ 19,130,162,380		
City	$ 7,534,304,574		

(1) All of the Special School District is located within the City of Franklin. Amount shown includes a bond total of $158,755,885 with no Note Payable.

(2) This amount includes unamortized premiums. This amount includes total governmental debt of $132,460,000 and governmental unamortized premiums of $16,460,131.

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CITY OF FRANKLIN, TENNESSEE
Legal Debt Margin Information
June 30, 2025

Fiscal Year	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Taxable Assessed Value	$ 7,370,695,089	$ 7,422,490,165	$ 7,370,695,089	$ 7,146,199,812	$ 5,458,752,751	$ 5,254,702,750	$ 5,048,158,858	$ 4,883,087,226	$ 4,648,444,160	$ 3,576,977,148
General Obligation Debt (1)	$ 148,920,131	$ 113,505,056	$ 126,687,582	$ 138,875,636	$ 150,034,179	$ 160,358,676	$ 167,912,949	$ 141,697,493	$ 150,159,179	$ 131,675,830
Taxable Assessed Value as a Percentage of Estimated Actual Value	2.0%	1.5%	1.7%	1.9%	2.7%	3.1%	3.3%	2.9%	3.2%	3.7%

Note - The City has no legal debt limit.

(1) This amount includes unamortized premiums.

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CITY OF FRANKLIN, TENNESSEE
Pledged-Revenue Coverage
Water & Sewer Fund

Fiscal Year	Gross Revenues (1)(2)	Direct Operating Expense (3)	Net Revenue Available for Debt Service	Debt Service Requirements (4)			
				Principal	Interest	Total	Coverage
2025	$ 46,784,699	$ 31,194,121	$ 15,590,578	$ 7,515,982	$ 2,567,692	10,083,674	1.55
2024	43,531,926	30,475,268	13,056,658	7,387,173	2,773,983	10,161,156	1.28
2023	40,797,185	24,896,785	15,900,400	7,093,414	2,910,599	10,004,013	1.59
2022	35,860,340	23,923,117	11,937,223	6,988,147	1,144,734	8,132,881	1.47
2021	35,366,077	22,620,728	12,745,349	4,746,471	1,132,600	5,879,071	2.17
2020	42,631,404	21,979,783	20,651,621	4,357,931	1,295,795	5,653,726	3.65
2019	42,169,506	21,337,078	20,832,428	4,303,193	1,472,058	5,775,251	3.61
2018	42,079,989	21,519,614	20,560,375	3,949,947	1,597,882	5,547,829	3.71
2017	38,473,625	20,123,220	18,350,405	3,510,885	1,224,102	4,734,987	3.88
2016	40,433,217	17,477,139	22,956,078	3,411,934	1,354,570	4,766,504	4.82

(1) Includes interest income and gain on sale of assets.
(2) Impact fees are not included beginning in 2021 to match pledged revenue on bonds and State Revolving Fund (SRF) loans.
(3) Excludes depreciation, interest expense, and loss on sale/disposal of assets. Includes transfers out.
(4) Includes bonds and loans. Principal and interest is from Proprietary Fund Statement of Cash Flows.

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CITY OF FRANKLIN, TENNESSEE
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population (1)	Per Capita Personal Income (2)	Personal Income (3)	Education Level in Years of Schooling (4)	School Enrollment (5)	Unemployment Rate (6)
2025	83,454	$ 128,610	$ 10,733,018,940	15.5	14,953	3.2%
2024	88,558	113,024	10,009,179,392	15.5	15,019	2.7%
2023	83,454	107,698	8,987,828,892	15.2	13,487	2.7%
2022	83,454	107,698	7,907,099,592	15.5	13,821	2.8%
2021	83,454	107,698	7,907,099,592	15.3	14,245	3.2%
2020	70,908	99,408	6,718,391,184	15.3	15,652	7.1%
2019	70,908	95,806	6,773,132,160	15.4	16,345	2.7%
2018	70,908	92,569	6,683,149,908	15.3	16,754	2.8%
2017	70,908	91,608	6,591,820,404	15.0	17,428	2.9%
2016	66,370	92,784	6,649,184,976	15.2	14,876	3.7%

(1) Tennessee Certified Population reports
(2) U.S. Bureau of Economic Analysis (BEA) for Williamson County: Per Capita Personal Income. (Values are updated to match table CAINC1 updates.)
(3) Personal Income is calculation of Population times Per Capita Personal Income.
(4) U.S. Census/American Community Survey. Educational Attainment for Adults Age 25 or Older for Franklin.
(5) Tennessee Department of Education Annual Reports. Population of Franklin is compared to County's to estimate the enrollment from Franklin. (Values are updated to match school enrollment updates.)
(6) U.S. Bureau of Labor Statistics, rate for June of each year, not seasonally adjusted.

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CITY OF FRANKLIN, TENNESSEE
Principal Employers
Current Year and Nine Years Ago

	2025 (a)			2016		
Employer	**Employees**	**Rank**	**Percentage of Total City Employment**	**Employees (a)**	**Rank**	**Percentage of Total City Employment**
Community Health Systems	6,438	1	12.77%	3,092	1	7.90%
Williamson Medical Center	2,300	2	4.56%	1,555	3	3.97%
Lee Company	1,790	3	3.55%			
Nissan North America	1,758	4	3.49%	1,850	2	4.72%
Schneider Electric	1,511	5	3.00%			
Ramsey Solutions	1,000	6	1.98%			
Mars Petcare	1,000	7	1.98%	800	8	2.04%
eviCore Healthcare	653	8	1.30%	625	10	1.60%
Jackson National Life Insurance Co.	632	9	1.25%			
Cigna Healthcare	392	10	0.78%			
MEDHOST, Inc	375	11	0.74%			
Frensenius Medical Care	315	12	0.62%			
Franklin American Mortgage	306	13	0.61%			
APCOM, Inc.	299	14	0.59%			
Parallon Business Solutions				1,100	4	2.81%
Optum				1,000	5	2.55%
Verizon Wireless				950	6	2.43%
Ford Motor Credit				800	7	2.04%
Healthways				717	9	1.83%
Total	18,769		37.22%	12,489		31.89%

(a) Number of employees (job counts) were provided by Williamson, Inc. and were based on information available. https://williamsonchamber.com/economic-development/

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CITY OF FRANKLIN, TENNESSEE
Authorized Full Time Employees by Function
Last Ten Fiscal Years

Function/Program	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governance and Management (1)										
Administration	9	11	12	13	11	11	10	9	6	6
Budget & Performance	5	-	-	-	-	-	-	-	-	2
Capital Investment Planning	-	-	-	-	-	-	-	-	-	2
Communications	5	5	4	4	4	4	4	4	4	4
Law	7	7	6	5	5	5	5	5	5	4
Public Safety										
Fire	176	176	173	172	172	172	172	172	171	171
Police	152	151	150	146	145	145	142	143	142	157
Finance and Administration										
Billing & Licensing	14	14	14	14	14	14	14	14	13	13
Finance	8	9	9	9	9	9	9	9	10	10
Human Resources	14	14	14	12	12	12	12	12	11	11
Information Technology	27	26	26	25	24	24	23	22	21	20
Municipal Court	2	2	2	2	3	3	3	2	3	3
Purchasing	4	4	4	4	4	4	3	3	3	3
Project & Facilities Management	6	6	6	6	6	6	6	6	5	7
Community and Economic Development										
Building & Neighborhood Services	37	38	37	37	36	36	36	36	35	33
Engineering	16	16	17	16	15	15	14	13	13	12
Traffic Operations Center	5	4	4	4	4	4	4	4	3	3
Planning & Sustainability	16	16	16	15	15	15	15	15	16	16
Public Works										
Emergency Management	2	2	2	-	-	-	-	-	-	-
Parks	57	53	53	51	46	46	44	41	39	37
Streets	61	61	61	61	60	60	59	58	54	53
Sanitation & Environmental Services	48	48	48	46	45	45	45	45	45	49
Stormwater	22	22	22	22	22	22	22	21	20	19
Water & Wastewater	101	99	98	100	96	96	96	94	92	86
TOTAL	794	784	778	764	748	748	738	728	711	721

(1) The City's 9 elected officials (Mayor and 8 Aldermen) and City Judge are not included in the numbers above.

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CITY OF FRANKLIN, TENNESSEE
Operating Indicators by Function
Last Ten Years

	Fiscal Year									
	2025	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Public Safety										
Fire										
Fire - Number of alarms	11,711	11,395	11,197	10,297	8,537	8,695	8,879	9,058	7,856	7,039
Police										
Calls for service	70,355	61,823	68,666	71,086	53,075	59,138	60,201	68,966 (b)	57,154 (a)	67,533
Community and Economic Development										
Building and Neighborhood Services										
Single family permits	313	247	196	292	348	348	358	495	636	691
Public Works										
Sanitation										
Landfill usage	74,884	73,996	85,865	100,333	101,496	94,043	86,120	87,536	81,137	95,393
Recycling (tons)	2,653	2,573	2,775	2,787	2,472(d)	4,862 (d)	6,623	7,875	8,726	7,904
Water										
Average daily usage	6,162,000	6,136,000	6,327,000	6,327,000	6,994,000	6,994,000	6,314,000	5,770,000 (c)	5,737,000	5,755,000
Water storage capacity (gallons)	11,500,000	11,500,000	11,500,000	11,500,000	13,000,000	13,000,000	13,000,000	13,000,000	13,000,000	13,000,000

Source: City of Franklin departments

(a) The November 2016 transition of dispatch services from the Franklin Police Department to the Williamson County Emergency Communications Center resulted in data collection differences. 100% of possible calls are not represented.

(b) The Franklin Fire Department and Police department continue to track the calls and alarms. For consistency with prior year reporting, we will be using these figures to represent the calls and alarms above.

(c) The calculation of this figure includes Water plant staff estimates of the lowest usage months as a result of a plant shut down.

(d) As a result of COVID-19, recycling service was stopped from 3/17/2020-6/24/2020 causing a reduction. In FY21, the switch to Blue Bins caused an initial drop of recycling. Recent trends show recycling increasing. In part due to Covid-19 and the recycling changes, landfill usage increased year over year.

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CITY OF FRANKLIN, TENNESSEE
Capital Asset Statistics by Function
Last Ten Fiscal Years

		Fiscal Year									
		2025	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Public Safety											
Fire											
	Fire stations	8	8	8	8	8 (c)	8	8	8	8	7
	Fire response vehicles	32	28	26	26	26	26	23	22	22	22
	Fire hydrants	4,266	4,235	4,579	4,501	3,983	3,930	3,921	3,810	3,675	3,576
Police											
	Police stations	1	1	1	1	1	1	1	1	1	1
	Police vehicles (radio equipped)	166	162	158	138	142	136	128 (b)	140	150	136
Public Works											
Parks	Number of parks	18	17	17	17	17	17	17	16	16	16
Street	Streets (miles)	390	383	368	367	357	351	344	339 (a)	347	325
Water											
	Water lines (miles)	313	313	311	308	308	306	303	302	301	296
	Sewer lines (miles)	440	437	431	426	421	419	415	408	393	387
	Reclaimed lines (miles)	32	32	32	30	29	28	28	28	--	--

Source: City of Franklin departments

(a) FY18: Improvements in the GIS street layer process removed centerline segments, which caused a street mileage reduction
(b) FY19: Switch to 700mghz radios. Pool cars and special use vehicles were not assigned the new radios (portables are being used in those vehicles).
(c) FY21:The City added 3 to 4 satellite fire stations for a period of 9 months due to the COVID-19 response.

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INTERNAL CONTROL AND COMPLIANCE SECTION

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HISTORIC
FRANKLIN
TENNESSEE

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF HISTORICAL UTILITY SYSTEM GROWTH
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
UNAUDITED

WATER PRODUCTION

Year	Average Daily Production (MGD)	Maximum Daily Production (MGD)
2017	0.68	1.90
2018	2.04	3.41
2019	2.40	3.00
2020	2.69	3.69
2021	2.64	5.56
2022	2.54	3.68
2023	2.04	3.10
2024	1.79	3.08

WATER SYSTEM USAGE

Year	Gallons Sold (000)	Total Revenues
2017	1,634,058	$ 10,556,568
2018	1,605,061	$ 11,034,782
2019	1,541,561	$ 11,692,199
2020	1,578,277	$ 11,360,773
2021	1,630,799	$ 12,086,608
2022	1,596,813	$ 12,406,282
2023	1,796,797	$ 14,179,250
2024	1,750,611	$ 14,520,750

WASTEWATER SYSTEM USAGE

Year	Gallons Sold (000)	Total Revenues
2017	2,572,765	$ 17,022,240
2018	2,492,648	$ 18,430,468
2019	2,558,374	$ 18,790,102
2020	2,528,764	$ 20,204,854
2021	2,610,451	$ 21,550,196
2022	2,664,252	$ 22,797,493
2023	2,854,358	$ 24,721,780
2024	2,800,848	$ 25,326,121

RECLAIMED WATER USAGE

Year	Gallons Sold (000)	Total Revenues
2017	133,039	$ 133,598
2018	133,708	$ 135,473
2019	111,427	$ 128,937
2020	95,765	$ 119,023
2021	124,196	$ 155,186
2022	103,657	$ 146,946
2023	123,373	$ 183,894
2024	116,101	$ 200,817

Notes : For all years reported, the average daily production and maximum daily production figures are based on a calendar year. The water plant was shutdown due to drought conditions from September 6, 2024 to October 9, 2024.

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CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF DEBT
JUNE 30, 2025

General Obligation Bonded Debt	
Total Bonded Debt [1]	$ 134,020,000
Less: Self Supporting Debt	(1,560,000)
Net Bonded Debt	$ 132,460,000
Overlapping Bonded Debt [2]	$ 591,045,897
Less: Self Supporting Bonded Debt	(72,878,597)
Net Overlapping Bonded Debt	$ 518,167,300
Total Bonded Debt Including Overlapping Bonded Debt	$ 725,065,897
Net Bonded Debt Including Net Overlapping Bonded Debt	650,627,300

	City of Franklin	City and Overlapping
Bonded Debt Per Capita	$ 1,513	$ 8,187
Net Direct Bonded Debt Per Capita	$ 1,496	$ 7,347
Bonded Debt / Assessed Value	1.78%	9.62%
Net Bonded Debt / Assessed Value	1.76%	8.64%
Bonded Debt / Actual Value	0.36%	1.93%
Net Bonded Debt / Actual Value	0.35%	1.73%

	Franklin	Williamson County
FY 2025 Assessed Value	$ 7,534,304,574	$ 19,130,162,380
FY 2025 Appraised Value	$ 37,609,592,237	$ 105,271,769,144
2025 Population [3]	88,558	247,726

Williamson County's Bonded Debt as of June 30, 2025 [4]		
Bonded Debt	$ 432,290,012	$ 1,124,895,000
Self Supporting Bonded Debt	(72,878,597)	(185,065,000)
Net Bonded Debt	$ 359,411,415	$ 939,830,000

Franklin's Assessed Value as a Percentage of Williamson County's Assessed Value: 39.38%

Franklin Special School District Bonded Debt as of June 30, 2025 [5]		
Bonded Debt	$ 158,755,885	$ 158,755,885

Franklin's Assessed Value as a Percentage of Franklin Special School District's Assessed Value: 100%

Notes:
[1] Includes self-supporting tax-backed water and sewer revenue and tax bonds. Excludes revenue bonds and loans without GO backing. Excludes unamortized premiums.
[2] Source: Overlapping debt is for Williamson County and Franklin Special School District
[3] Source: US Census Bureau QuickFacts
[4] Source: Williamson County
[5] Source: Franklin Special School District

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CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF BOND AND NOTE INDEBTEDNESS - WATER AND SEWER FUND
JUNE 30, 2025

Amount Issued	Purpose	Due Date	Interest Rate	Outstanding as of 6/30/2025
$ 24,670,000	Revenue & Tax Bonds: Series 2005 - Sewer and Water Revenue and Tax Refunding (1) (2)	April 2025	Fixed	$ -
19,430,000	Revenue & Tax Bonds: Series 2011 - Truist (formally SunTrust) Loan Program (1) (2)	May 2026	Fixed	1,560,000
12,000,000	Revenue Bonds: Series 2017 - Water and Sewer Revenue	February 2037	Fixed	8,450,000
10,660,000	Revenue Bonds: Series 2021 - Water and Sewer Revenue	February 2042	Fixed	9,615,000
1,500,000	Notes Payable: 2009 - Drinking Water SRF Loan through ARRA (1) (3)	December 2030	Fixed	499,818
1,888,200	Notes Payable: 2009 - Clean Water SRF Loan through ARRA (1) (3)	October 2032	Fixed	812,301
1,822,741	Notes Payable: 2016 - SCADA SRF Loan through ARRA (1)	2031	Fixed	1,002,361
1,677,259	Notes Payable: 2016 - SCADA SRF Loan through ARRA (1)	2031	Fixed	177,319
1,275,000	Notes Payable: 2017 - Wastewater Plant SRF Loan	August 2049	Fixed	1,069,004
78,500,000	Notes Payable: 2017 - Wastewater Plant SRF Loan	30 years	Fixed	69,552,840
20,000,000	Notes Payable: 2017 - Wastewater Plant SRF Loan	30 years	Fixed	17,954,737
19,500,000	Notes Payable: 2017 - Wastewater Plant SRF Loan	30 years	Fixed	18,145,392
$ 192,923,200	**Total Bonded Debt**			$ 128,838,772

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Notes:
(1) Indebtedness payable from and secured by water and sewer system revenues and a general obligation pledge of the City. SRF loans also secured by state-shared taxes. All indebtedness is anticipated to be paid from water and sewer system revenues.
(2) Prior Lien Obligation.
(3) Outstanding Parity Obligation.

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF GENERAL OBLIGATION DEBT
JUNE 30, 2025

	Amount of Indebtedness	Per Capita [1]	Percentage Of Assessed Valuation [2]	Percentage Of Full Valuation [3]
Gross Direct Indebtedness	$ 134,020,000	$ 1,513	1.78%	0.36%
Net Direct Indebtedness	$ 132,460,000	$ 1,496	1.76%	0.35%
Gross Direct and Gross Overlapping Indebtedness [4] [5]	$ 725,065,897	$ 8,187	9.62%	1.93%
Net Direct and Net Overlapping Indebtedness [4] [5]	$ 650,627,300	$ 7,347	8.64%	1.73%

Notes:

[1] The City's certified population as of June 30, 2025 is 88,558.
[2] The City's assessed valuation of taxable property as of June 30, 2025 is $7,534,304,574.
[3] The City's estimated full valuation of taxable property as of June 30, 2025 is $37,609,592,237.
[4] The County's debt outstanding is $1,124,895,000 as of June 30, 2025. The City's share is $432,290,012. (39.38%)
Of the County's debt outstanding, $185,065,000 is self-supporting. The City's share is $72,878,597. (39.38%)
[5] The Franklin Special School District's debt outstanding is $158,755,885 as of June 30, 2025. The City's share is $158,755,885 (100%)

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CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF INDEBTEDNESS AND DEBT RATIOS
JUNE 30, 2025

INDEBTEDNESS	2025	2024	2023	2022	2021	2020	2019
TAX SUPPORTED							
General Obligation Bonds [1]	$ 132,460,000	$ 99,465,000	$ 111,020,000	$ 121,560,000	$ 131,720,000	$ 141,105,000	$ 154,800,000
TOTAL TAX SUPPORTED	$ 132,460,000	$ 99,465,000	$ 111,020,000	$ 121,560,000	$ 131,720,000	$ 141,105,000	$ 154,800,000
REVENUE SUPPORTED							
Water & Sewer Bonds with General Obligation backing	$ 1,560,000	$ 4,530,000	$ 7,465,000	$ 10,470,000	$ 14,165,000	$ 17,800,000	$ 21,385,000
Water & Sewer Bonds without General Obligation backing	$ 18,065,000	$ 18,950,000	$ 19,795,000	$ 20,595,000	$ 10,385,000	$ 10,815,000	$ 11,230,000
Water & Sewer Loans without General Obligation backing	$ 109,213,772	$ 112,874,754	$ 114,025,320	$ 110,040,104	$ 103,113,487	$ 55,147,025	$ 15,320,246
TOTAL REVENUE SUPPORTED	$ 128,838,772	$ 136,354,754	$ 141,285,320	$ 141,105,104	$ 127,663,487	$ 83,762,025	$ 47,935,246
TOTAL DEBT	$ 261,298,772	$ 235,819,754	$ 252,305,320	$ 262,665,104	$ 259,383,487	$ 224,867,025	$ 202,735,246
Less: Revenue Supported Debt	$(127,278,772)	$(131,824,754)	$(133,820,320)	$(130,635,104)	$(113,498,487)	$(65,962,025)	$(26,550,246)
Less: Debt Service Fund Balance	(127,752)	(547,256)	(806,499)	(1,161,978)	(937,169)	(806,499)	(372,887)
NET DIRECT DEBT	$ 133,892,248	$ 103,447,744	$ 117,678,501	$ 130,868,022	$ 144,947,831	$ 158,098,501	$ 175,812,113
OVERLAPPING DEBT [2]	$ 725,065,897	$ 706,877,369	$ 682,669,041	$ 437,443,384	$ 400,488,727	$ 375,250,215	$ 352,174,546
NET DIRECT & OVERLAPPING DEBT	$ 858,958,145	$ 810,325,113	$ 800,347,542	$ 568,311,406	$ 545,436,558	$ 533,348,716	$ 527,986,659
PROPERTY TAX BASE [3]							
Actual Value	37,609,592,237	23,619,111,974	23,669,423,873	22,985,416,480	21,190,144,675	18,920,390,435	18,208,229,470
Assessed Value	7,534,304,574	7,422,490,165	7,370,695,089	7,146,199,812	5,458,752,751	7,370,695,089	5,008,158,858

Notes:
[1] Does not include leases.
[2] Overlapping Debt includes the City's portion of Williamson County's debt and of the Franklin Special School District
[3] Actual and Assessed Values are from Tennessee Tax Aggregate Report

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CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF INDEBTEDNESS AND DEBT RATIOS (Cont.)
JUNE 30, 2025

DEBT RATIOS	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**
TOTAL DEBT to Actual Value	0.69%	1.00%	1.07%	1.14%	1.22%	1.19%	1.11%
TOTAL DEBT to Assessed Value	3.52%	3.18%	3.42%	3.68%	4.75%	3.05%	4.05%
NET DIRECT DEBT to Actual Value	0.36%	0.44%	0.50%	0.57%	0.68%	0.84%	0.97%
NET DIRECT DEBT to Assessed Value	1.78%	1.40%	1.60%	1.83%	2.66%	2.14%	3.51%
OVERLAPPING DEBT to Actual Value	1.93%	2.99%	2.88%	1.90%	1.89%	1.98%	1.93%
OVERLAPPING DEBT to Assessed Value	9.62%	9.52%	9.26%	6.12%	7.34%	5.09%	7.03%
NET DIRECT & OVERLAPPING DEBT to Actual Value	2.28%	3.43%	3.38%	2.47%	2.57%	2.82%	2.90%
NET DIRECT & OVERLAPPING DEBT to Assessed Value	11.40%	10.92%	10.86%	7.95%	9.99%	7.24%	10.54%
PER CAPITA RATIOS							
POPULATION [1]	88,558	88,558	83,454	83,454	83,454	70,908	70,908
PER CAPITA PERSONAL INCOME [2]	128,610	119,937	107,698	107,698	107,698	99,408	85,806
Actual Value to POPULATION	$ 424,689	$ 266,708	$ 283,622	$ 275,426	$ 253,914	$ 266,830	$ 256,787
Assessed Value to POPULATION	$ 85,078	$ 83,815	$ 88,320	$ 85,630	$ 65,410	$ 103,947	$ 70,629
Total Debt to POPULATION	$ 2,951	$ 2,663	$ 3,023	$ 3,147	$ 3,108	$ 3,171	$ 2,859
Net Direct Debt to POPULATION	$ 1,512	$ 1,168	$ 1,410	$ 1,568	$ 1,737	$ 2,230	$ 2,479
Overlapping Debt to POPULATION	$ 8,187	$ 7,982	$ 8,180	$ 5,242	$ 4,799	$ 5,292	$ 4,967
Net Direct Debt & Overlapping Debt to POPULATION	$ 9,699	$ 9,150	$ 9,590	$ 6,810	$ 6,536	$ 7,522	$ 7,446
Total Debt Per Capital as a percent of PER CAPITA PERSONAL INCOME	2.29%	2.22%	2.81%	2.92%	2.89%	3.19%	3.33%
Net Direct Debt Per Capital as a percent of PER CAPITA PERSONAL INCOME	1.18%	0.97%	1.31%	1.66%	1.61%	2.24%	2.89%
Overlapping Debt Per Capital as a percent of PER CAPITA PERSONAL INCOME	6.37%	6.66%	7.60%	4.87%	4.46%	5.32%	5.79%
Net Direct & Overlapping Debt Per Capital as a percent of PER CAPITA PERSONAL INCOME	7.54%	7.63%	8.90%	6.32%	6.07%	7.57%	8.68%

Notes:
[1] Per Capita computations are based on Tennessee certified population
[2] Per Capita Personal Income in based on data from the Bureau of Economic Analysis for Williamson County

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Mayor and Aldermen
City of Franklin, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Franklin, Tennessee (the "City"), as of and for the year ended June 30, 2025 (except for the Fiduciary Pension Find, which was as of and for the year ended December 31, 2024), and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December XX, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing.*

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Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Nashville, Tennessee
December XX, 2025

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Mayor and Aldermen
City of Franklin, Tennessee

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Franklin, Tennessee's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2025. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Nashville, Tennessee
December XX, 2025

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SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ___ yes _x_ no
Significant deficiency(ies) identified? ___ yes _x_ none reported

Noncompliance material to financial statements noted? ___ yes _x_ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ___ yes _x_ no
Significant deficiency(ies) identified? ___ yes _x_ none reported

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ___ yes _x_ no

Identification of major program:

Federal Transit Cluster – ALN 20.507
Coronavirus State and Local Fiscal Recovery Funds – ALN 21.027

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee qualified as low-risk auditee? _x_ yes ___ no

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SECTION II - FINANCIAL STATEMENT FINDINGS

None Reported.

SECTION III - FEDERAL AUDIT FINDINGS AND QUESTIONS COSTS

None Reported.

SECTION IV - FINDINGS AND QUESTIONED COSTS REQUIRED BY THE STATE OF TENNESSEE AUDIT MANUAL

None Reported.

SECTION V - SUMMARY OF PRIOR AUDIT FINDINGS

Prior Year Finding Number	Finding Title	Status
2024-001	Accounts Payable Fraud	Corrected

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City of Franklin

109 3rd Ave S.
Franklin, TN 37064
(615) 791-3217

File #: 21-05556

DATE: 12/4/2025

TO: Budget & Finance Committee

FROM: Kristine Brock, Asst. City Administrator/CFO
Mike Lowe, Comptroller
Margaret Wilson, Finance Director

SUBJECT:

Report Of The City's External Auditor, Crosslin, PLLC, And Presentation Of The Fiscal Year 2025 Annual Comprehensive Financial Report For Cool Springs Conference Center

PURPOSE:

The purpose of this memorandum is to provide information to the Franklin Budget and Finance Committee and the Board of Mayor and Aldermen (BOMA) concerning the financial condition of the Cool Springs Conference Center on June 30, 2025.

BACKGROUND/STAFF COMMENTS:

Each year, the Conference Center is required by State law to provide an annual financial report to the State of Tennessee. Jointly owned by the City and Williamson County, the City has been designated to provide for periodic financial reports for the Conference Center.

The report for Fiscal Year 2025 will be delivered at the December 4th meeting of the Budget & Finance Committee, which is designated as the Audit Committee by the Board of Mayor & Aldermen. Representatives of our CPA firm, Crosslin & Associates, will be present to make a verbal report.

The final version of the FY 2025 Annual Comprehensive Financial Report (ACFR) for the Conference Center will be provided to the Board of Mayor and Aldermen prior to the December 9th meeting of the Board of Mayor and Aldermen.

FINANCIAL IMPACT:

The delivery of the financial report for the Conference Center is for reporting purposes only. There is no financial impact.

RECOMMENDATION:

Staff recommends acknowledgment by the Board of Mayor and Aldermen of the FY 2025 ACFR for the Cool Springs Conference Center.

CROSSLIN
CERTIFIED PUBLIC ACCOUNTANTS

December 4, 2025

To the Owners of the
Conference Center at Cool Springs
Franklin, Tennessee

We have audited the financial statements of the We have audited the accompanying financial statements of the Conference Center at Cool Springs (the "Conference Center"), a Joint Venture between the City of Franklin, Tennessee and Williamson County, Tennessee for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 20, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Conference Center are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2025. We noted no transactions entered into by the Conference Center during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no sensitive estimates affecting the Conference Center's financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter. The management representation letter is expected to be dated shortly after the 2025 OMB Compliance Supplement is issued final for the Single Audit.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Conference Center's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Conference Center's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

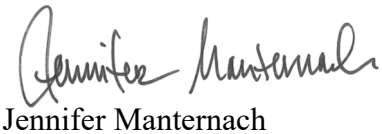
We were engaged to report on the Schedule of Expenditures of Federal Assistance, which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the Introduction Section and the Schedule of Insurance Coverage, which accompanies the financial statements but is not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the information and use of the owners and management of Cool Springs Conference Center and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Jennifer Manternach
Audit Principal

CONFERENCE CENTER AT COOL SPRINGS

(A JOINT VENTURE BETWEEN THE CITY OF FRANKLIN, TENNESSEE AND WILLIAMSON COUNTY, TENNESSEE)

FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2025

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CONFERENCE CENTER AT COOL SPRINGS

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CONFERENCE CENTER AT COOL SPRINGS
INTRODUCTION
JUNE 30, 2025

The Conference Center at Cool Springs (the "Conference Center") is pleased to present its Annual Financial Report for the years ended June 30, 2025 and 2024.

Responsibility and Controls

The Conference Center has prepared and is responsible for the financial statements and related information included in this report. A system of internal accounting controls is maintained to provide reasonable assurance that assets are safeguarded and that the books and records reflect only authorized transactions. Limitations exist in any system of internal controls. However, based on recognition that the cost of the system should not exceed its benefits, management believes its system of internal accounting controls maintains an appropriate cost/benefit relationship.

The Conference Center's system of internal accounting controls is evaluated on an ongoing basis by the Conference Center's internal financial staff. Crosslin, PLLC, the Conference Center's external auditors, also consider certain elements of the internal control system in order to determine their auditing procedures for the purpose of expressing an opinion on the financial statements. However, no audit opinion is expressed on internal controls.

Management believes that its policies and procedures provide guidance and reasonable assurance that the Conference Center's operations are conducted according to management's intentions and to a high standard of business ethics. In management's opinion, the financial statements present fairly, in all material respects, the financial position of the Conference Center as of June 30, 2025 and 2024, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management and Those Charged with Governance

The Conference Center is owned jointly by the City of Franklin, Tennessee and Williamson County, Tennessee. The Conference Center is managed under a contract with Chartwell Hospitality.

Matthew Lahiff
Chartwell Hospitality
General Manager - Franklin
Marriott Cool Springs

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CONFERENCE CENTER AT COOL SPRINGS
INTRODUCTION
JUNE 30, 2025

City of Franklin, Tennessee:	
Eric Stuckey	City Administrator
Board of Mayor and Alderman:	
Ken Moore	Mayor
Ann Petersen	At Large
Clyde Barnhill	At Large
Brandy Blanton	At Large
Greg Caesar	At Large
Beverly Burger	Ward 1
Matt Brown	Ward 2
Jason Potts	Ward 3
Patrick Baggett	Ward 4
Williamson County, Tennessee:	
Rogers Anderson	County Mayor
County Commission:	
Lisa Hayes Lenox	District 1
Ricky D. Jones	District 1
Elizabeth C. “Betsy” Hester	District 2
Judy Herbert	District 2
Jennifer Mason	District 3
Jeff Graves	District 3
Peter Stresser	District 4
Gregg Lawrence	District 4
Greg Sanford	District 5
Mary Smith	District 5
David O’Neil	District 6
Paul Webb	District 6
Christopher Richards	District 7
Tom Tunnicliffe	District 7
Drew Torres	District 8
Barb Sturgeon	District 8
Chas Morton	District 9
Matt Williams	District 9
Meghan Guffee	District 10
Bill Petty	District 10
Brian Beathard	District 11
Sean R. Aiello	District 11
Steve Smith	District 12
Brian Clifford	District 12

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INDEPENDENT AUDITOR'S REPORT

To the Owners of the
Conference Center at Cool Springs
Franklin, Tennessee

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Conference Center at Cool Springs (the "Conference Center"), a Joint Venture between the City of Franklin, Tennessee and Williamson County, Tennessee, as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Conference Center's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Conference Center at Cool Springs as of June 30, 2025 and 2024, and the respective changes in financial position, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Conference Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Conference Center's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Conference Center's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Conference Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 13 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Conference Center's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introduction and the schedule of insurance coverage but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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To the Owners of the
Conference Center at Cool Springs

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December XX, 2025, on our consideration of the Conference Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Conference Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Conference Center's internal control over financial reporting and compliance.

Nashville, Tennessee
December XX, 2025

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The Management of the Cool Springs Conference Center, on behalf of its joint owners, the City of Franklin, Tennessee and Williamson County, Tennessee, provide the following discussion and analysis of the financial performance of the Conference Center's activities for the fiscal years ended June 30, 2025 and 2024 with comparisons to 2024 and 2023, respectively.

Financial Highlights

- The assets of the Conference Center exceeded its liabilities at the close of the most recent fiscal year by $11,346,202 compared to $10,175,242 in 2024. This represents an increase of $1,170,960 in net position from the preceding year. In comparison, net position decreased by $70,260 from $10,175,242 in 2024 to $10,245,502 in 2023.

- The Conference Center's cash decreased by $200,897 to $797,974 at the close of fiscal year 2025. The decrease in cash is due to the decrease in cash for both operations and capital investments. The Conference Center's cash increased by $229,439 from fiscal year 2023 to 2024, totaling $998,871 at June 30, 2024. A portion of cash is restricted, by agreement, for capital expenditures.

- The Conference Center's capital assets (net of accumulated depreciation) were $10,377,001 at June 30, 2025, as compared to $9,143,226 and $9,426,178 at June 30, 2024 and 2023, respectively. During fiscal years 2025 and 2024, additions totaled $1,747,316 and $182,996, respectively. Renovations occurred in fiscal year 2025 which were funded by federal grants passed through the City of Franklin, Tennessee and Williamson County, Tennessee totaling $1,279,978. Additional renovations are expected in fiscal year 2026 funded by federal funds for approximately $1.1 million.

- Operating revenues remained flat at $7,867,892 in fiscal year 2025, representing a 0.13% increase from 2024. Operating revenues increased to $7,857,338 in fiscal year 2024, representing an 7% increase from 2023.

- Operating expenses totaled $ 7,508,608 for 2025, which represents an increase of 2% from 2024. The increase in operating expenses is due to the price of goods sold as well as the cost of labor continues to increase. Operating expenses totaled $7,373,370 for 2024, which represents an increase of 7% from 2023.

- The Conference Center's net distributions to the City and County governments amounted to $710,870 in 2025 as compared to $616,690 in 2024. Net distributions from the City and County governments amounted to $764,266 in 2023.

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Overview of the Financial Statements

This annual report consists of three parts: Management's Discussion and Analysis, Financial Statements and Supplementary Information. The Financial Statements also include notes that explain in more detail some of the information in the financial statements.

Required financial statements:

The financial statements of the Conference Center uses accounting methods similar to private-sector businesses. These statements offer short and long-term financial information about its activities. The Statement of Net Position includes all the Conference Center's assets and liabilities and provides information about the nature and amounts' of investments in resources (assets) and obligation to creditors (liabilities). The Center had no deferred outflows or deferred inflows of resources at June 30, 2025 or 2024. The statement also provides the basis for computing rate of return, evaluating the capital structure, and assessing the liquidity and financial flexibility of the Conference Center.

Net position presents information on all the Conference Center's assets and liabilities, with the difference reported as net position. Over periods of time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Conference Center is improving or deteriorating.

All the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the Conference Center's operations over the past year and can be used to determine whether the Conference Center has successfully recovered all its costs through its user fees and other charges, profitability, and credit worthiness.

The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the Conference Center's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and capital and non-capital financing activities and provides answers to such questions as "from where did cash come?" "For what was cash used?" and "what was the change in cash balance during the reporting period?"

Notes to financial statements:

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found beginning on page 17 of this report. Information regarding the Center's capital assets can be found specifically in Note C.

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Financial Analysis of the Conference Center as a Business-type Activity

One of the most important questions asked about the Conference Center's finances is "Is the Conference Center as a whole, better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Conference Center's activities in a way that will help answer this question. These two statements report the net position of the Conference Center and changes therein. Therefore, the Conference Center's net position - the difference between assets and liabilities - could be considered as one way to measure financial health.

Over time, increases or decreases in the Conference Center's net position is one indicator of whether its financial health is improving or deteriorating. However, the reader will need to also consider other non-financial factors such as changes in economic conditions, population growth, competition and new or changed environmental regulations.

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TABLE 1: FINANCIAL POSITION

	2025	2024	Difference	2023	Difference
CURRENT ASSETS					
Cash and cash equivalents					
Restricted for capital expenditure	$ 785,873	$ 849,870	$ (63,997)	$ 604,461	$ 245,409
Unrestricted	12,101	149,001	(136,900)	164,971	(15,970)
Total cash and cash equivalents	797,974	998,871	(200,897)	769,432	229,439
Due from hotel operator	-	34,373	(34,373)	118,289	(83,916)
Due from City/County	122,202	63,264	58,938	7,180	56,084
Grant receivables	108,840	-	108,840	-	-
Prepaid expenses and other	4,226	4,054	172	1,035	3,019
Total current assets	1,033,242	1,100,562	(67,320)	895,936	204,626
NON-CURRENT ASSET					
Capital assets	19,925,716	18,178,400	1,747,316	17,995,404	182,996
Less accumulated depreciation	(9,548,715)	(9,035,174)	(513,541)	(8,569,226)	(465,948)
Capital assets, net	10,377,001	9,143,226	1,233,775	9,426,178	(282,952)
Total assets	11,410,243	10,243,788	1,166,455	10,322,114	(78,326)
CURRENT LIABILITIES					
Accounts payable and accrued expenses	57,647	68,546	(10,899)	67,237	1,309
Unearned revenue	6,394	-	6,394	9,375	(9,375)
Due to City/County	-	-	-	-	-
Total liabilities	64,041	68,546	(4,505)	76,612	(8,066)
NET POSITION					
Investment in capital assets	10,377,001	9,143,226	1,233,775	9,426,178	(282,952)
Restricted	785,873	849,870	(63,997)	604,461	245,409
Unrestricted	183,328	182,146	1,182	214,863	(32,717)
TOTAL NET POSITION	$ 11,346,202	$ 10,175,242	$ 1,170,960	$ 10,245,502	$ (70,260)

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Changes in the Conference Center's net position can be determined by reviewing the details of Revenue, Expenses and Changes in Net Position for the years below.

TABLE 2: CHANGES IN NET POSITION

	2025	2024	Difference	2023	Difference
OPERATING REVENUE					
Banquet and catering	$ 7,867,892	$ 7,857,338	$ 10,554	$ 7,330,711	$ 526,627
OPERATING EXPENSES					
Banquet and catering expenses	4,186,748	4,123,260	63,488	3,773,135	350,125
Administrative and general	437,732	398,799	38,933	386,235	12,564
Sales and marketing	1,253,428	1,321,862	(68,434)	1,214,655	107,207
Utilities	307,850	298,104	9,746	304,101	(5,997)
Repairs and maintenance	295,387	266,271	29,116	272,599	(6,328)
Catering management fee	254,916	247,488	7,428	240,276	7,212
Management fees	251,252	243,934	7,318	236,829	7,105
Insurance and other fixed costs	7,754	7,704	50	7,704	-
Depreciation	513,541	465,948	47,593	458,824	7,124
Total operating expenses	7,508,608	7,373,370	135,238	6,894,358	479,012
Operating income	359,284	483,968	(124,684)	436,353	47,615
OTHER INCOME	1,522,546	62,462	1,460,084	239,633	(177,171)
NET DISTRIBUTIONS TO LOCAL GOVERNMENTS	(710,870)	(616,690)	(94,180)	(764,266)	147,576
Change in net position	1,170,960	(70,260)	1,241,220	(88,280)	18,020
NET POSITION, beginning of year	10,175,242	10,245,502	(70,260)	10,333,782	(88,280)
NET POSITION, end of year	$ 11,346,202	$ 10,175,242	$ 1,170,960	$ 10,245,502	$ (70,260)

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The Conference Center's net position increased by $1,170,960 during the current fiscal year. Our analysis below focuses on the Conference Center's net position (Table 1) and changes in net position (Table 2) from 2024 to 2025 and from 2023 to 2024.

Conference Center assets exceeded liabilities by $11,346,202 at the close of the most recent fiscal year. By far, the largest portion of the Conference Center's net position (91%) reflects its investment in capital assets (e.g., land, building, and equipment). The land and building and certain improvements were initially constructed by the City of Franklin and Williamson County and contributed for use as a conference center facility. The Conference Center uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Financial Statement Discussion and Economic Factors:

The Conference Center continues to be one of the premier banquet and meeting facilities in Middle Tennessee. The Conference Center, like other facilities of this type, was opened with the intent in mind for it to be used as a vehicle to bring additional visitors into Franklin and Williamson County. We have been successful in attaining that goal. The Conference Center has continued to evolve as a successful economic catalyst for local and group businesses. Revenue has returned to pre-COVID levels that we have not seen since fiscal 2019. Due to the success of the operation and federal grants, we have been able to complete several capital projects in the last fiscal year that have significantly improved the property. These renovations will continue into and be completed in fiscal year 2026.

As always, we anticipate that we will continue to face many challenges moving forward. The tight labor market continues to be the biggest challenge that the Conference Center will experience which includes both management and hourly positions. Finding qualified managers has proven to be an ongoing challenge. Despite the turnover, the sales team has been able to maintain the relationships that they have built within both the local and group segments. Long-term managers that have left the property have successfully passed on contacts to the new manager with the faith that we will continue to provide a long-lasting relationship that is a solid base for future events.

Finding qualified hourly applicants also remains a challenge for staffing. Due to these challenges, the hotel and conference center will have to continue to utilize contract labor for kitchen, housekeeping, and conference set-up. This allows the operation to have the depth needed within our staff to accommodate many short-term bookings that we are continuing to experience. Wages continue to rise throughout the area putting the Conference Center in a position where it must not only compete with other hotels.

The current level of guest satisfaction remains in the upper echelon of all Marriott hotels and conference centers. The Marriott "Red Coat" program continues to be an excellent tool to provide exemplary customer service. This program has proven to be an excellent guest satisfaction tool and will allow us to continue the high level of service above the competition.

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We will continue to utilize and manage our energy conservation program to maintain the always-rising utility costs associated with operating a successful conference center. In addition, the new chiller and cooling tower that is scheduled to be completed soon will be much more efficient and lead to energy savings.

In addition to staffing related issues, the Nashville area is an extremely hot market which has resulted in increased supply throughout the area. As more of these properties come online, there will be increased competition that is all fighting for the same business. Fortunately, Franklin has a strong appeal as well as a solid base of companies in place and / or planning to move into the local area.

Additional Information:

This financial report is designed to provide citizens, customers, and creditors with a general overview of the Conference Center's finances and to demonstrate the Conference Center's accountability for the money it receives. If you have any questions concerning any of the information provided in this report or need additional information, contact the Conference Center General Manager at:

Marriott Hotel and Conference Center
700 Cool Springs Blvd.
Franklin, Tennessee 37067

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CONFERENCE CENTER AT COOL SPRINGS
STATEMENTS OF NET POSITION

ASSETS

	June 30, 2025	June 30, 2024
CURRENT ASSETS		
Cash and cash equivalents		
Restricted for capital expenditure	$ 785,873	$ 849,870
Unrestricted	12,101	149,001
Total cash and cash equivalents	797,974	998,871
Receivables		
Due from hotel operator	-	34,373
Due from City/County	122,202	63,264
Grant receivables	108,840	-
Prepaid expenses and other	4,226	4,054
Total current assets	1,033,242	1,100,562
CAPITAL ASSETS, NET	10,377,001	9,143,226
Total assets	11,410,243	10,243,788

LIABILITIES AND NET POSITION

CURRENT LIABILITIES		
Accounts payable and accrued expenses	57,647	68,546
Due to hotel operator	6,394	-
Total liabilities	64,041	68,546
NET POSITION		
Investment in capital assets	10,377,001	9,143,226
Restricted	785,873	849,870
Unrestricted	183,328	182,146
Total net position	$ 11,346,202	$ 10,175,242

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See accompanying notes to financial statements.

CONFERENCE CENTER AT COOL SPRINGS
STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

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	Year Ended June 30,	
	2025	2024
OPERATING REVENUE		
Food and beverage:		
Banquet and catering	$ 7,867,892	$ 7,857,338
OPERATING EXPENSES		
Banquet and catering expenses	4,186,748	4,123,260
Administrative and general	437,732	398,799
Sales and marketing	1,253,428	1,321,862
Utilities	307,850	298,104
Repairs and maintenance	295,387	266,271
Catering management fee	254,916	247,488
Management fees	251,252	243,934
Insurance and other fixed costs	7,754	7,704
Depreciation	513,541	465,948
Total operating expenses	7,508,608	7,373,370
Operating income	359,284	483,968
NON-OPERATING REVENUE AND EXPENSE		
Other income	242,568	62,462
Capital grants and contributions	1,279,978	-
Total non-operating revenue and expense	1,522,546	62,462
Income before distributions	1,881,830	546,430
DISTRIBUTIONS TO LOCAL GOVERNMENTS	(710,870)	(616,690)
Increase (decrease) in net position	1,170,960	(70,260)
NET POSITION, AT BEGINNING OF YEAR	10,175,242	10,245,502
NET POSITION, AT END OF YEAR	$ 11,346,202	$ 10,175,242

See accompanying notes to financial statements.

CONFERENCE CENTER AT COOL SPRINGS
STATEMENTS OF CASH FLOWS

	Year Ended June 30, 2025	Year Ended June 30, 2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 7,908,659	$ 7,941,254
Cash paid to and on behalf of employees	(2,350,096)	(2,258,860)
Cash paid to suppliers	(4,656,042)	(4,659,647)
Other	242,568	62,462
Net cash provided by operating activities	1,145,089	1,085,209
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Contributions from City of Franklin and Williamson County	212,242	166,439
Distributions to City of Franklin and Williamson County	(982,050)	(839,213)
Net cash used in non-capital financing activities	(769,808)	(672,774)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(1,747,316)	(182,996)
Capital grants and contributions	1,171,138	-
Net cash used in capital and related financing activities	(576,178)	(182,996)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(200,897)	229,439
CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR	998,871	769,432
END OF YEAR	$ 797,974	$ 998,871

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating income	$ 359,284	$ 483,968
Adjustments to reconcile operating income to net cash provided by operating activities:		
Other	242,568	62,462
Depreciation	513,541	465,948
(Increase) decrease in:		
Receivable from hotel operator, net	40,767	83,916
Prepaid expenses and other	(172)	(3,019)
Increase (decrease) in:		
Accounts payable and accrued expenses	(10,899)	1,309
Unearned revenue	-	(9,375)
Net cash provided by operating activities	$ 1,145,089	$ 1,085,209

See accompanying notes to financial statements.

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A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Operations

The Conference Center at Cool Springs (the "Conference Center") is a meeting and banquet facility consisting of approximately 55,000 square feet of space, including a grand ballroom and meeting rooms, which adjoins the Franklin Marriott Hotel (the "Hotel") in Franklin, Tennessee. The Conference Center is a joint venture between the City of Franklin, Tennessee (the "City") and Williamson County, Tennessee (the "County", and collectively the "Parties"). An Interlocal Agreement executed between the City and County provides for equal ownership by each of the Parties of a one-half undivided interest in the Conference Center and further specifies that each of the Parties shall be entitled to one-half of the net revenue and shall be responsible for one-half of all costs and expenses of the operation and maintenance of the Conference Center.

The Conference Center facility was developed to attract conventioneers, business travelers, tourists, vacationers, and other visitors, to provide meeting space for residents and groups in the area, and to promote the economic development of the City of Franklin and Williamson County.

The Hotel is owned by a non-related, third party, and is operated under a management agreement with Chartwell Hospitality (the "Hotel Operator"), which commenced on November 1, 2018. Prior to that date, the management agreement was with Davidson Hotel and Resorts. The Conference Center is also managed by the Hotel operator under agreements (See Note D). These agreements were assigned from Davidson Hotel and Resorts to Chartwell Hospitality as of November 1, 2018.

Measurement Focus and Basis of Accounting

The accounting policies of the Conference Center conform to U.S. generally accepted accounting principles applicable to governmental units. The Conference Center is reported as a special-purpose government engaged in only business-type activities. The financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the useful lives and valuation of property and equipment, the valuation of accounts receivable, and the appropriateness of the allocations of joint Conference Center and Hotel expenses (see Note E). Actual results could differ from those estimates.

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A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Operating and Non-Operating Revenue and Expense

The Conference Center distinguishes operating revenues and expenses from non-operating items. Operating revenue and expenses generally result from providing services in connection with the principal ongoing operations. Operating expenses include: cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenue and expenses.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit with financial institutions. The Conference Center considers all highly liquid financial instruments with an original maturity of three months or less to be cash equivalents for purposes of the statement of cash flows.

Capital Assets

Capital assets, which include property and equipment, are reported in the accompanying financial statements at historical cost. Capitalized cost of property and equipment includes improvements that significantly add to utility or extend useful lives. Costs of maintenance and repairs are charged to expense as incurred. The Conference Center generally capitalizes items with a cost greater than $10,000 and an economic life greater than three years. Depreciation has been provided over estimated useful lives using the straight-line method.

The estimated useful lives of capital assets are as follows:

Building and improvements	20 - 50 years
Equipment	10 - 20 years
Furniture and fixtures	5 - 10 years

Net Position

The Conference Center's net position classifications are as follows:

- Investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation. When applicable, this component would be reported net of any outstanding balances of bonds, mortgages, notes, capital lease obligations or other borrowings that are attributable to the acquisition, construction, or improvement of capital assets; there were no such items at June 30, 2025 or 2024.

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A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

- Restricted net position - This component consists of net position restricted by grantors, contributors, or laws and regulations of other governments and restrictions imposed by law or through constitutional provisions or enabling legislation.

- Unrestricted net position - This component consists of net position that do not meet the definition of "restricted" or "investment in capital assets."

The Conference Center's policy is to expend any available restricted resources prior to expending unrestricted resources.

B. CASH AND CASH EQUIVALENTS

The Conference Center is authorized to invest funds in, among other things, Federal treasury bills and notes and financial institution demand deposit accounts. During fiscal years 2025 and 2024, the Conference Center invested funds that were not immediately needed in demand deposits and interest bearing accounts of financial institutions.

At June 30, 2025, the bank balances and recorded balances of cash and cash equivalents were $797,974, respectively. At June 30, 2024, the bank balances and recorded balances of cash and cash equivalents were $1,003,294 and $998,871, respectively with the difference due primarily to outstanding checks.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Conference Center deposits may not be returned or the Conference Center will not be able to recover collateral securities in the possession of an outside party. Consistent with State law, the Conference Center's policy requires that deposits be either (i) secured and collaterized by the institutions at 105% of the value of the deposits placed in the institution, less the amount protected by federal depository insurance or (ii) that deposits be placed in financial institutions that participate in the bank collateral pool administered by the Treasurer of the State of Tennessee. Institutions participating in the collateral pool determine the aggregate balance of their public fund accounts. The amount of collateral required to secure these public deposits must be at least 105% of the average daily balance of public deposits held. At June 30, 2025 and 2024, the Conference Center's cash deposits were covered by federal depository insurance or held by financial institutions that participate in the State Bank Collateral Pool.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Conference Center policy provides that to the extent practicable, investments are matched with anticipated cash flows.

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B. CASH AND CASH EQUIVALENTS - Continued

At June 30, 2025 and 2024, the Conference Center has cash restricted for capital expenditure totaling $785,873 and $849,870, respectively. This amount is presented in current assets as the Conference Center expects current use of these funds for renovations and other capital expenditures. During fiscal years 2025 and 2024, the restricted funds were utilized for equipment replacement as needed (See Note C).

C. CAPITAL ASSETS

A summary of changes in capital assets for fiscal years 2025 and 2024 is as follows:

	Balance June 30, 2024	Additions	Deletions/ Reclassifications	Balance June 30, 2025
Cost:				
Land	$ 892,108	$ -	$ -	$ 892,108
Building	12,328,510	-	-	12,328,510
Equipment, furniture and fixtures, and improvements	4,957,782	1,747,316	-	6,705,098
Renovations (in progress)	-	-	-	-
	18,178,400	1,747,316	-	19,925,716
Accumulated Depreciation:				
Building	5,794,417	246,570	-	6,040,987
Equipment, furniture and fixtures, and improvements	3,240,757	266,971	-	3,507,728
	9,035,174	513,541	-	9,548,715
Capital assets, net	$ 9,143,226	$1,233,775	$ -	$10,377,001

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C. CAPITAL ASSETS - Continued

	Balance June 30, 2023	Additions	Deletions/ Reclassifications	Balance June 30, 2024
Cost:				
Land	$ 892,108	$ -	$ -	$ 892,108
Building	12,328,510	-	-	12,328,510
Equipment, furniture and fixtures, and improvements	4,774,786	182,996	-	4,957,782
Renovations (in progress)	-	-	-	-
	17,995,404	182,996	-	18,178,400
Accumulated Depreciation:				
Building	5,547,847	246,570	-	5,794,417
Equipment, furniture and fixtures, and improvements	3,021,379	219,378	-	3,240,757
	8,569,226	465,948	-	9,035,174
Capital assets, net	$ 9,426,178	$(282,952)	$ -	$ 9,143,226

Depreciation expense amounted to $513,541 and $465,948 for 2025 and 2024, respectively.

D. CONTRACTUAL COMMITMENTS

Franchise Agreement

The Conference Center is operated under a franchise agreement between the Hotel owner and Marriott International, Inc. The term of the franchise agreement is 25 years, unless otherwise extended or terminated. The agreement provides for the Conference Center to pay Marriott International, Inc. a franchise fee equal to $35,000 per year for the first 60 months of operations and $75,000 per each additional year that the Conference Center is in operation. The franchise fee for each of the years ended June 30, 2025 and 2024 was $75,000.

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D. CONTRACTUAL COMMITMENTS - Continued

Operating Agreement

The City and County entered into a 15-year operating agreement for the Conference Center with the Hotel Operator to manage the facility. Under the operating agreement, the Conference Center will pay the Hotel Operator a specified annual management fee. The annual base fee of $125,000 shall escalate on a fiscal year basis at a rate generally equal to the greater of three percent per year or the Consumer Price Index increase with respect to the prior fiscal year. The management fee for the years ended June 30, 2025 and 2024 was $251,252 and $243,934, respectively. The agreement was extended through October 2032 subsequent to year end.

Catering Agreement

The City and County entered into a catering agreement with the Hotel Operator to provide all food and beverage catering services to the Conference Center. The term of this agreement is contemporaneous with the Conference Center operating agreement between the City and County and the Hotel Operator. Under the catering agreement, the Conference Center will pay the Hotel Operator a catering fee of $10,000 per month during the term of the agreement. This fee will escalate annually at a rate generally equal to the greater of three percent per year or the Consumer Price Index increase with respect to the preceding calendar year. The catering fee for the years ended June 30, 2025 and 2024 was $254,916 and $247,488, respectively.

E. RELATED PARTY TRANSACTIONS

Because the Hotel and the Conference Center are operated together, the Hotel allocates certain expenses to the Conference Center, as follows:

Food costs are allocated to the Conference Center based on the ratio of the Conference Center food revenue to total food revenue for the Hotel and Conference Center on a monthly basis. Beverage cost of goods sold expenses are allocated to the Conference Center based on the ratio of the Conference Center beverage revenue to total beverage revenue for the Hotel and Conference Center, plus the cost of the catering liquor license.

General and administrative and repair and maintenance expenses are allocated to the Conference Center based on the ratio of total Conference Center revenue to total combined revenue for the Conference Center and the Hotel on a monthly basis.

Advertising and sales expenses are allocated to the Conference Center based on a fixed 50% allocation for each period.

The Conference Center had a balance due to the Hotel of $6,394 and due from the Hotel of $34,373 at June 30, 2025 and 2024, respectively. These amounts represent primarily revenues and allocated joint costs of the Conference Center, which will be reimbursed in the subsequent month.

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E. RELATED PARTY TRANSACTIONS - Continued

As described above, the Hotel allocates certain joint expenses to the Conference Center. These joint expenses are subject to audit and adjustment at the Hotel level, which could cause additional amounts to be allocated to the Conference Center. In the opinion of management, all allocations have been appropriately made during fiscal years 2025 and 2024, and the result of any adjustments would not be material to the financial position or results of operations of the Conference Center.

Under terms of the operating agreement, the City and County are to share equally in the Conference Center "cash flows," as defined in the agreement. As a result, aggregate operating surpluses were distributed to the local governments in the amount of $710,870 and $616,690 during 2025 and 2024, respectively. Details of these distributions are as follows:

	2025	2024
Operating assistance contributed from local governments	$ 271,180	$ 222,523
Operating surpluses distributed to local governments	(982,050)	(839,213)
Net distributions to local governments	$(710,870)	$(616,690)

At June 30, 2025, the Conference Center was owed $61,101 from both Williamson County and the City of Franklin. At June 30, 2024, the Conference Center was owed $31,632 from both Williamson County and the City of Franklin.

During the year ended June 30, 2025, the Conference Center was awarded the American Rescue Plan Act from the City of Franklin, Tennessee and Williamson County, Tennessee. Amounts expended from the City and County during 2025 were $509,580 and $770,398, respectively. Grants receivable from the City and County were $98,840 and $10,000, respectively, at June 30, 2025.

F. RISK MANAGEMENT

The Conference Center is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets, errors and omissions, personal injuries and natural disasters. Responsibility for risk management is included in the contract operator agreement; each party buys insurance to cover its share of any losses. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Conference Center. Annual reviews of the various exposures are made to keep coverage up to date. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

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SUPPLEMENTARY INFORMATION

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CONFERENCE CENTER AT COOL SPRINGS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-through Grantor Program	Assistance Listing Number	Grant Number	Pass-through Entity Number	Amount Pass-through to Subreceipients	Expenditures
U.S. DEPARTMENT OF THE TREASURY					
Passed through the City of Franklin and Williamson County, Tennessee					
American Rescue Plan Act	21.027	N/A	N/A	-	1,279,978
Total Federal Assistance				**$ -**	**$ 1,279,978**

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Notes to the Schedule:

NOTE 1 - BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards includes the federal grant activity, respectively, of the Conference Center at Cool Springs and is presented in accordance with the requirements of Title 2 U.S. *Code of Federal* Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule present only a selected portion of the operations of the Conference Center, they are not intended to and do not present the financial position or changes in financial position of the Conference Center

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The information reported in the Schedule is reported in accordance with accounting principles generally accepted in the United States of America, which is the same basis of accounting as the basic financial statements. The federal expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - DE MINIMIS INDIRECT COST RATE

The Conference Center has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

See independent auditor's report.

CONFERENCE CENTER AT COOL SPRINGS

Schedule of Insurance Coverage - Unaudited
June 30, 2025

The Conference Center was insured under the following policies of Chartwell Hospitality, the Hotel Operator. The following information is provided by representatives of Chartwell Hospitality:

Insurance	Limited
Commercial general liability, occurrence basis	$1,000,000
Umbrella / excess liability	$55,000,000

The City of Franklin and Williamson County, Tennessee provide the following policies for their own protection:

Property:	
Building and contents	$8,550,000
Contents	$1,000,000

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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To the Owners of the
Conference Center at Cool Springs
Franklin, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Conference Center at Cool Springs (the "Conference Center"), a Joint Venture between the City of Franklin, Tennessee and Williamson County, Tennessee, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Conference Center's basic financial statements, and have issued our report thereon dated December XX, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Conference Center's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Conference Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Conference Center's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Conference Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Conference Center's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Conference Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Nashville, Tennessee
December XX, 2025

DRAFT

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Owners of the
Conference Center at Cool Springs
Franklin, Tennessee

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Conference Center at Cool Springs's (the "Conference Center"), a Joint Venture between the City of Franklin, Tennessee and Williamson County, Tennessee, compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Conference Center's major federal programs for the year ended June 30, 2025. The Conference Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Conference Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of *Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Conference Center and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Conference Center's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to The Conference Center 's federal programs.

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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on The Conference Center 's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about The Conference Center 's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Conference Center 's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Conference Center 's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Conference Center 's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over

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compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Nashville, Tennessee
December XX, 2025

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CONFERENCE CENTER AT COOL SPRINGS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

SECTION I - SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Consolidated Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	___yes __x__ no
Significant deficiency(ies) identified?	___yes __x__ none reported
Noncompliance material to consolidated financial statements noted?	___yes __x__ no

Federal Awards

Internal control over major program:	
Material weakness(es) identified?	___yes __x__ no
Significant deficiency(ies) identified?	___yes __x__ none reported
Type of auditor's report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___yes __x__ no

Identification of major programs:

CFDA Number	Name of Federal Program
ALN 21.027	American Rescue Plan Act

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee qualified as low-risk auditee? ___yes __x__ no

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SECTION II - FINANCIAL STATEMENT FINDINGS

None Reported.

SECTION III - FEDERAL AUDIT FINDINGS AND QUESTIONS COSTS

None Reported.

SUMMARY OF PRIOR AUDIT FINDINGS

None Reported.

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City of Franklin

109 3rd Ave S.
Franklin, TN 37064
(615) 791-3217

File #: 21-01748

DATE: 12/4/2025

TO: Budget & Finance Committee

FROM: Eric Stuckey, City Administrator
Michael Walters Young, Chief Budget & Performance Officer
Chris Franklin, Budget & Performance Analyst

SUBJECT:

Consideration Of DRAFT Ordinance 2025-52, An Ordinance To Amend The Budget Of The City Of Franklin For Fiscal Year 2025-2026

PURPOSE:

The purpose of this memorandum is to provide information to the Franklin Board of Mayor and Aldermen (BOMA) concerning Ordinance 2025-52, An Ordinance To Amend The Budget Of The City Of Franklin For Fiscal Year 2025-2026.

BACKGROUND/STAFF COMMENTS:

The State Comptroller has provided guidance that budget amendments are to be on the cash basis and must occur prior to fiscal year end (June 30) to ensure no fund has a deficit fund balance or deficit cash balance at year end.

In order to stay ahead of this responsibility, staff is proposing three budget amendments. They are split across various funds, but include:

1) Operations & Equipment Purchase Increases
2) Funding Capital Projects

By Fund the impacts of these amendments are:

A. General Fund:
i. Revenues: Increase of $3,694,625. This increase is attributable to three items: 1. Opioid Settlement: Increase of $20,435. This increase is attributable to opioid settlement funds that the city receives from national settlements against opioid distributors that are being recognized because they are being used alongside the county for opioid remediation efforts. 2. Transfer from Fund Balance: Increase of $3,553,190. This increase will fund three items: a) $2,500,000 for Payment to the Water Management Fund for the land containing Pearline M. Bransford Park and b) two capital projects -

$753,190 of this funding will be used to fund the SR 96 E Median Barrier Installation. The remaining $300,000 will be used to help fund the Liberty Park Expansion Project. 3. Called Performance Bond: Increase of $121,000. This increase is attributed to revenue that has been held in a performance bond funded by a developer that will now be recognized as revenue in order to cover expenses that the city will incur to complete work that was not completed by the developer.
ii. Expenses: Increase of $3,694,625. This increase is attributable to three amendments as follows: 1. Operational and Equipment Price Increases/Decreases: $114,000 cumulative increase across multiple departments. This accounts for several increases/decreases, but the major categories include: $29,000 net increase in Engineering for intersection improvements at Lewisburg, Adams, and E Fowlkes, $85,000 increase in Police Administration for software price increases (the majority for a long-term agreement for Body Cameras), a net $131,000 decrease in Streets due to the reduction in cost of Carothers bridge repair along with an increase in equipment costs due to the purchase of new downtown trash cans for $14,000, $106,000 increase in Parks for the replacement of doors at Eastern Flank and the additional costs due to price increase of replacement equipment, and a net $2,552,435 increase in General Expenses (including for the use of $20,435 in opioid settlement funding, $121,000 for the completion of landscaping work needed due to the work not being completed by the developer, and $2,500,000 as payment for the land containing Pearline M. Bransford Park. 2. Funding of Capital Projects: Increase in General Expenses Operations for the transfer of $1,053,090 to Capital Projects. $753,190 of this funding will be used to fund the SR 96 E Median Barrier Installation. The remaining $300,000 will be used to help fund the Liberty Park Expansion Project.
B. City Facilities Tax Fund:
i. Expenses: 1. Equipment Price Increase: Increase of $25,257 for a New Materials Handler in Sanitation and Environmental Services.
C. Stormwater Fund:
i. Revenues: 1. Contributions – Other: $93,000 contribution from Heritage Foundation to account for work done during the Lewisburg ARPA project.
ii. Expenses: 1. Capital Projects: $245,000 cost incurred for stormwater infrastructure performed during the Lewisburg ARPA project.
D. Hotel Motel Fund:
i. Revenues: 1. Decrease of Hotel/Motel Occupancy Tax Collections: Decrease of $1,478,728 to reduce anticipated collections of occupancy taxes in FY 2026 to 4% instead of 5%. The FY 2027 Budget was built assuming passage of Ordinance 2025-15 which proposed to increase the local occupancy tax from 4% to its maximum of 5%. With an opinion from the State still outstanding, it is prudent to reduce the budgeted assumption to the current rate. There was no expense associated with the increase – so there is no action required except to lower the revenue assumption for this fiscal year.
ii. Expenses: 1. Expense Allocation Redistribution: Redistribution of allocated funding for Federal Line Markers in the amount of $95,000 from Capital to Operating, and redistribution of allocated funding for Liberty Park expansion project from Capital expenses to Transfer to Capital Projects Fund
E. Capital Projects Fund:
i. Revenue: 1. Transfer from Other Funds: $1,053,090 from the General Fund, $300,000 for the Liberty Park Expansion Project and $753,190 for SR 96 E Median Barrier Installation. $300,000 from Hotel/Motel Fund for Liberty Park Expansion Project.
ii. Expenses: 1. Capital Projects: $753,190 increase for SR 96 E Median Barrier Installation and $600,000 for Liberty Park Expansion Project.
F. Water Management Fund:
i. Revenues: 1. Revenue from Sale of Portion of South Plant for Parkland: Increase of $2,500,000. The Water Management Fund originally paid for the purchase of the land now known as the Pearline M. Bransford Park for the development of a South Wastewater Treatment Plant. Over time, and with advances in technology, the amount of land necessary for wastewater treatment has

been significantly reduced, allowing for the balance of the land to become public parkland. Since the Water Management Fund is a self-sustaining fund, it needs to be reimbursed for that sale to the General Fund.
Use of Fund Balance: Increase of $7,039,000.
ii. Expenses: 1. Emergency Capital Expense: Net Increase of $9,539,000. $10,889,000 is the estimated cost of the emergency HOBAS repair along Ewingville, while Wastewater Collection Operations and Capital Budgets have a total increase of $1,350,000.

This is the second budget amendment during this Fiscal Year to the budget. We envision at least one more during the Fiscal Year.

FINANCIAL IMPACT:

The amendments, as proposed, would result in:

1. General Fund: Budgetarily, No Change. However, this amendment will result in an overall decrease of General Fund Fund Balance of $3,553,190.
2. City Facilities Tax Fund: Decrease of Fund Balance of $25,257.
3. Stormwater Fund: Decrease of Fund Balance of $152,000
4. Hotel/Motel Fund: Decrease of Fund Balance of $1,478,728.
5. Capital Projects Fund: No Change.
6. Water & Wastewater Funds: Decrease of Fund Balance of $7,039,000.

RECOMMENDATION:

Staff recommends that DRAFT Ordinance 2025-52 be recommended for approval by the Board of Mayor and Aldermen.

Ordinance 2025-52
Amending the FY 2026 Budget

December 4, 2025
Budget & Finance Committee

Ordinance 2025-52

Amendments

1) Operations & Equipment Purchase Increases
2) Funding of Capital Projects

Ordinance 2025-52

Amendments By Fund

General Fund:

⇧ **Revenues: Increase of $3,694,625. This increase is attributable to three items:**

- **1. Opioid Settlement: Increase of $20,435. (Attributable to opioid settlement funds that the city receives from national settlements and used for opioid remediation efforts)**
- **2. Transfer from Fund Balance: Increase of $3,553,190 (Three items: a) $2,500,000 for Payment to the Water Management Fund for the land containing Pearline M. Bransford Park and b) two capital projects - $753,190 of this funding will be used to fund the SR 96 E Median Barrier Installation. The remaining $300,000 will be used to help fund Liberty Park Expansion.)**

Ordinance 2025-52

Amendments By Fund

General Fund:

⇧ **Revenues:**

- **3. Called Performance Bond: Increase of $121,000. This increase is attributed to revenue that has been held in a performance bond funded by a developer that will now be recognized as revenue in order to cover expenses that the city will incur to complete work that was not completed by the developer.**

Ordinance 2025-52

Amendments By Fund

- General Fund:

Expenses: Increase by $3,694,625. That change is attributable to the amendments as follows:

⇧ **- Operational and Equipment Price Increases/Decreases: Net Increase of $2,641,532, including:**

- $29,000 net increase in Engineering for intersection improvements at Lewisburg, Adams, and E Fowlkes & software costs

- $85,000 increase in Police Administration for software price increases (majority for a long-term agreement for Body Cameras)

Ordinance 2025-52

Amendments By Fund

- **General Fund:**
  - **$131,000 net decrease in Streets due to the reduction in cost of Carothers bridge repair partially offset by an increase in equipment costs (new downtown trash cans - for $14,000)**
  - **$106,000 increase in Parks for the replacement of doors at Eastern Flank and the additional costs due to price increase of replacement equipment**
  - **$2,552,435 net increase in General Expenses ($20,435 opioid settlement funding, $121,000 for the completion of landscaping work needed due to the work not being completed by the developer, and $2,500,000 as payment for the land containing Pearline M. Bransford Park)**

Ordinance 2025-52

Amendments By Fund

General Fund:

- **2. Funding of Capital Projects:**

  Increase in General Expenses Operations for the transfer of $1,053,090 to Capital Projects.

  - $753,190 of this funding will be used to fund the SR 96 E Median Barrier Installation.

  -$300,000 will be used to help fund the Liberty Park Expansion Project.

Ordinance 2025-52

Amendments By Fund

City Facilities Tax Fund:

Expenses:

⇧ - Equipment Price Increase: Increase of $25,257 for a New Materials Handler in Sanitation and Environmental Services

Stormwater Fund

Revenues:

⇧ - Contributions – Other: $93,000 contribution from Heritage Foundation to account for work done during the Lewisburg ARPA project

Expenses:

⇧ - Capital Projects: $245,000 cost incurred for stormwater infrastructure performed during the Lewisburg ARPA project

Ordinance 2025-52

Amendments By Fund

- Hotel/Motel Fund

Revenues: Decrease of $1,478,728

⇩ **- Decrease in rate assumption of occupancy tax from 4% to 5%**

Expenses:

⇆ **- Expense Allocation Redistribution: Redistribution of allocated funding for Federal Line Markers in the amount of $95,000 from Capital to Operating, and redistribution of $300,000 allocated funding for Liberty Park Expansion Project from Capital expenses to Transfer to Capital Projects Fund.**

Ordinance 2025-52

Amendments By Fund

- Capital Projects Fund

Revenues: Increase of $1,353,090 from:

- General Fund:

-$300,000 for the Liberty Park Expansion Project.

-$753,190 for SR 96 E Median Barrier Installation.

- Hotel/Motel Fund:

-$300,000 from Hotel/Motel Fund for Liberty Park Expansion Project.

Expenses: Capital Projects: Increase of $1,053,090:

-$753,190 for SR 96 E Median Barrier Installation.

-$600,000 for Liberty Park Expansion Project.

Ordinance 2025-52

Amendments By Fund

- Water Management Fund

Revenues:

⇧ **- Revenue from Sale of Portion of South Plant for Parkland: Increase of $2,500,000.**

- Use of Fund Balance: Increase of $7,039,000.

Expenses:

⇧ **- Emergency Capital Expense: Net Increase of $9,539,000. $10,889,000 is the estimated cost of the emergency HOBAS repair along Ewingville, while Wastewater Collection Operations and Capital Budgets have a total increase of $1,350,000.**

Ordinance 2025-52
Fund Balance Changes

⇩ 1. General Fund: Decrease of Fund Balance $3,553,190.
⇩ 2. City Facilities Tax Fund: Decrease of Fund Balance of $25,257.
⇩ 3. Stormwater Fund: Decrease of Fund Balance $152,000.
⇩ 4. Hotel/Motel Fund: Decrease of Fund Balance of $1,478,728.
⇆ 5. Capital Projects Fund: No Change.
⇩ 6. Water & Wastewater Funds: Decrease of Fund Balance of $7,039,000.

Questions

HISTORIC FRANKLIN TENNESSEE

MEMORANDUM

November 21, 2025

TO: Board of Mayor and Aldermen

FROM: Eric Stuckey, City Administrator
Michael Walters Young, Chief Budget & Performance Officer
Chris Franklin, Budget & Performance Analyst

RE: Consideration of Ordinance 2025-52, 2nd Quarter FY 2026 Budget Amendments

Purpose
The purpose of this item is to amend the Fiscal Year 2026 Budget for compliance with State budgeting guidance regarding:

1. Ensuring authorizations in place to balance each fund's budget on a cash basis on June 30, 2026.

Background
The State Comptroller has provided guidance that budget amendments are to be on the cash basis and must occur prior to fiscal year end (June 30) to ensure no fund has a deficit fund balance or deficit cash balance at year end.

In order to stay ahead of this responsibility, staff is proposing three budget amendments. They are split across various funds, but include:

1) Operations & Equipment Purchase Increases
2) Funding Capital Projects

By Fund the impacts of these amendments are:

A. General Fund:
   i. Revenues: Increase of $3,694,625. This increase is attributable to three items:
      1. Opioid Settlement: Increase of $20,435. This increase is attributable to opioid settlement funds that the city receives from national settlements against opioid distributors that are being recognized because they are being used alongside the county for opioid remediation efforts.
      2. Transfer from Fund Balance: Increase of $3,553,190. This increase will fund three items: a) $2,500,000 for Payment to the Water Management Fund for the land containing Pearline M. Bransford Park and b) two capital projects - $753,190 of this funding will be used to fund the SR 96 E Median Barrier Installation. The remaining $300,000 will be used to help fund the Liberty Park Expansion Project.
      3. Called Performance Bond: Increase of $121,000. This increase is attributed to revenue that has been held in a performance bond funded by a

developer that will now be recognized as revenue in order to cover expenses that the city will incur to complete work that was not completed by the developer.

ii. Expenses: Increase of $3,694,625. This increase is attributable to three amendments as follows:

1. Operational and Equipment Price Increases/Decreases: $114,000 cumulative increase across multiple departments. This accounts for several increases/decreases, but the major categories include: $29,000 net increase in Engineering for intersection improvements at Lewisburg, Adams, and E Fowlkes, $85,000 increase in Police Administration for software price increases (the majority for a long-term agreement for Body Cameras), a net $131,000 decrease in Streets due to the reduction in cost of Carothers bridge repair along with an increase in equipment costs due to the purchase of new downtown trash cans for $14,000, $106,000 increase in Parks for the replacement of doors at Eastern Flank and the additional costs due to price increase of replacement equipment, and a net $2,552,435 increase in General Expenses (including for the use of $20,435 in opioid settlement funding, $121,000 for the completion of landscaping work needed due to the work not being completed by the developer, and $2,500,000 as payment for the land containing Pearline M. Bransford Park.
2. Funding of Capital Projects: Increase in General Expenses Operations for the transfer of $1,053,090 to Capital Projects. $753,190 of this funding will be used to fund the SR 96 E Median Barrier Installation. The remaining $300,000 will be used to help fund the Liberty Park Expansion Project.

B. City Facilities Tax Fund:

i. Expenses:

1. Equipment Price Increase: Increase of $25,257 for a New Materials Handler in Sanitation and Environmental Services.

C. Stormwater Fund:

i. Revenues:

1. Contributions – Other: $93,000 contribution from Heritage Foundation to account for work done during the Lewisburg ARPA project.

ii. Expenses:

1. Capital Projects: $245,000 cost incurred for stormwater infrastructure performed during the Lewisburg ARPA project.

D. Hotel Motel Fund:

i. Revenues:

1. Decrease of Hotel/Motel Occupancy Tax Collections: Decrease of $1,478,728 to reduce anticipated collections of occupancy taxes in FY 2026 to 4% instead of 5%. The FY 2027 Budget was built assuming passage of Ordinance 2025-15 which proposed to increase the local occupancy tax from 4% to its maximum of 5%. With an opinion from the State still outstanding, it is prudent to reduce the budgeted assumption to the current rate. There was no expense associated with the increase – so there

is no action required except to lower the revenue assumption for this fiscal year.

ii. Expenses:
1. Expense Allocation Redistribution: Redistribution of allocated funding for Federal Line Markers in the amount of $95,000 from Capital to Operating, and redistribution of allocated funding for Liberty Park expansion project from Capital expenses to Transfer to Capital Projects Fund

E. Capital Projects Fund:
i. Revenue:
1. Transfer from Other Funds: Increase of $1,353,090 - $1,053,090 from the General Fund, $300,000 for the Liberty Park Expansion Project and $753,190 for SR 96 E Median Barrier Installation. $300,000 from Hotel/Motel Fund for Liberty Park Expansion Project.

ii. Expenses:
1. Capital Projects: $753,190 increase for SR 96 E Median Barrier Installation and $600,000 for Liberty Park Expansion Project.

F. Water Management Fund:
i. Revenues:
1. Revenue from Sale of Portion of South Plant for Parkland: Increase of $2,500,000. The Water Management Fund originally paid for the purchase of the land now known as the Pearline M. Bransford Park for the development of a South Wastewater Treatment Plant. Over time, and with advances in technology, the amount of land necessary for wastewater treatment has been significantly reduced, allowing for the balance of the land to become public parkland. Since the Water Management Fund is a self-sustaining fund, it needs to be reimbursed for that sale to the General Fund.
Use of Fund Balance: Increase of $7,039,000.

ii. Expenses:
1. Emergency Capital Expense: Net Increase of $9,539,000. $10,889,000 is the estimated cost of the emergency HOBAS repair along Ewingville, while Wastewater Collection Operations and Capital Budgets have a total increase of $1,350,000.

This is the second budget amendment during this Fiscal Year to the budget. We envision at least one more during the Fiscal Year.

Financial Impact

The amendments, as proposed, would result in:

1. General Fund: Budgetarily, No Change. However, this amendment will result in an overall decrease in the General Fund Fund Balance of $3,553,190.

2. City Facilities Tax Fund: Decrease of Fund Balance of $25,257.

3. Stormwater Fund: Decrease of Fund Balance of $152,000

4. Hotel/Motel Fund: Decrease in Fund Balance of $1,478,728.

5. Capital Projects Fund: No Change.

6. Water & Wastewater Funds: Decrease of Fund Balance of $7,039,000.

Options

1. Approve amendment(s) as proposed.

2. Make changes to the amendment(s) where desired.

Recommendation

Staff recommends approval of the amendments.

ORDINANCE NO. 2025-52

AN ORDINANCE TO AMEND THE BUDGET OF THE CITY OF FRANKLIN FOR FISCAL YEAR 2025-2026

WHEREAS, the City Charter, Article VIII, provides for adoption of an annual budget for departments of the City of Franklin; and

WHEREAS, an annual budget process appropriating funds to the various departments and divisions of the City government for the fiscal year beginning July 1, 2025 has been completed in accordance with state law and local ordinances; and

WHEREAS, the Board of Mayor and Aldermen find it is in the best interests of the citizens of the City of Franklin to modify the annual budget from time to time.

NOW, THEREFORE BE IT ORDAINED, by the Board of Mayor and Aldermen of the City of Franklin, Tennessee:

SECTION I: That the annual budget for the City of Franklin for the Fiscal Year 2025-2026 shall be amended and does allocate and appropriate additional funding as follows:

GENERAL FUND	[Amendments 1, 2, 3]	
REVENUE		
Opioid Settlement	Increase	$ 20,435
Called Performance Bond	Increase	$ 121,000
Use of Fund Balance	Increase	$ 3,553,190
EXPENDITURES		
Administration Operations	Increase	$ 25,000
Engineering Operations	Increase	$ 29,000
Police - Admin Operations	Increase	$ 85,000
Streets - Maintenance Operations	Decrease	$ (131,000)
Parks Operations	Increase	$ 106,000
General Expenses Personnel	Decrease	$ (114,000)
General Expenses Operations	Increase	$ 2,641,435
Transfers to Other Funds	Increase	$ 1,053,190

Net Increase (Decrease) to Total General Fund Balance		**$ -**

CITY FACILITIES TAX FUND	[Amendment 2]	
REVENUE		
EXPENDITURES		
New Materials Handler Cost Increase - SES	Increase	$ 25,257

Net Increase (Decrease) to City Facilities Tax Fund Balance		**$ (25,257)**

STORMWATER FUND	[Amendment 1,2]	
REVENUE		
Contributions – Other	Increase	$ 93,000
EXPENDITURES		

Stormwater - Streets Operations	Increase	$ 245,000

Net Increase (Decrease) to Stormwater Fund Balance		**$ (152,000)**

HOTEL/MOTEL FUND	[Amendments 3]	
REVENUE		
Hotel/Motel Occupancy Tax	Decrease	$ (1,478,728)
EXPENDITURES		
Transfers to Capital Projects	Increase	$ 300,000
Liberty Park Capital	Decrease	$ (300,000)
Federal Line Markers Operating	Increase	$ 95,000
Federal Line Markers Capital	Decrease	$ (95,000)

Net Increase (Decrease) to Hotel/Motel Tax Fund Balance		**$ (1,478,728) -**

CAPITAL PROJECTS FUND	[Amendments 2,3]	
REVENUE		
Transfer from General Fund	Increase	$ 1,053,190
Transfer from Hotel/Motel Fund	Increase	$ 300,000
EXPENDITURES		
Liberty Park Improvements	Increase	$ 600,000
Sr 96 E Median Barrier Installation	Increase	$ 753,190

Net Increase (Decrease) to Capital Projects Fund Balance		**$ -**

WATER & WASTEWATER FUND	[Amendments 2]	
REVENUE		
Revenue from Sale of Portion of South Plant for Parkland	Increase	$ 2,500,000
Use of Fund Balance	Increase	$ 7,039,000
EXPENDITURES		
Wastewater Collection Operating	Decrease	$ (700,000)
Wastewater Collection Capital	Decrease	$ (650,000)
Wastewater Collection Capital - HOBAS	Increase	$ 10,889,000

Net Increase (Decrease) to Total Water & Sewer Fund Balance		**$ -**

SECTION II: That each department of the City shall limit its expenditures to the amount appropriated; that any changes or amendments to the appropriations set forth in the budget shall be made in accordance with the City Code, Article VIII.

SECTION III: That this Ordinance shall take effect on after the passage of the Third and Final Reading; the health, safety and welfare of the citizens of the City of Franklin requiring it.

ATTEST: **CITY OF FRANKLIN, TENNESSEE**

By: _____
ERIC S. STUCKEY
City Administrator

By: _____
DR. KEN MOORE
Mayor

Approved as to form:

_____
Shauna R. Billingsley, City Attorney

PASSED FIRST READING: _____
PUBLIC HEARING: _____
PASSED SECOND READING: _____
PASSED THIRD READING: _____

City of Franklin

109 3rd Ave S.
Franklin, TN 37064
(615) 791-3217

File #: 21-01749

DATE: 12/4/2025

TO: Budget & Finance Committee

FROM: Eric Stuckey, City Administrator
Michael Walters Young, Chief Budget & Performance Officer

SUBJECT:

Consideration Of DRAFT Resolution 2025-98, A Resolution Of The Board Of Mayor And Alderman For The City Of Franklin Adopting Budget Goals For The Fiscal Year 2026-2027

PURPOSE:

The purpose of this memorandum is to provide information to the Franklin Board of Mayor and Aldermen (BOMA) concerning Resolution 2025-98, A Resolution To Adopt Budget Goals for FY 2026-2027.

BACKGROUND/STAFF COMMENTS:

Setting targeted goals is vital to accomplishment of any plan. For a financial plan to succeed, targeted goals are vital in guiding policymakers and civil servants in ensuring city services are provided in the most effective manner possible. The FY 2027 Budget goals are provided showing both the type of goal but where (and if) the proposed goal ties into the new FranklinForward, the City of Franklin's Strategic Plan.

The intent of a separate resolution proposing budget goals is to provide staff overarching direction in their preparation of budget requests for the upcoming fiscal year and ensure that the goals of the organization are being met through those submissions.

FINANCIAL IMPACT:

Although there is no cost associated with this item, the direction provided within this item will influence and determine the levels of resources available for the entire next Fiscal Year.

RECOMMENDATION:

Staff recommends that DRAFT Resolution 2025-98 be recommended for approval by the Board of Mayor and Aldermen.

RESOLUTION 2025-98

A RESOLUTION OF THE BOARD OF MAYOR AND ALDERMEN FOR THE CITY OF FRANKLIN ADOPTING BUDGET GOALS FOR THE FISCAL YEAR 2026-2027

WHEREAS, the City of Franklin strives to provide excellent services to its citizens on a cost effective basis through adoption of an annual operating budget as required by the Municipal Charter and the laws of the State of Tennessee, and

WHEREAS, this budget document is guided in principle by the goals and strategic planning developed by the Board of Mayor and Aldermen with input from the citizens of the City, and

WHEREAS, it is deemed to be in the public interest to provide for the long range fiscal health of the system by establishing financial, non-financial and specific operational goals each year, and

WHEREAS, a set of goals has been reviewed by the full Board of Mayor & Aldermen.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF MAYOR AND ALDERMEN OF THE CITY OF FRANKLIN, TENNESSEE THAT:

SECTION 1. The Goals for Fiscal Year 2026-2027, as set forth more fully in **Attachment A,** is herewith approved and adopted.

SECTION 2: That this Resolution shall be effective upon adoption.

ADOPTED THIS _____ DAY OF _____, _____.

ATTEST:

By: _____
Eric S. Stuckey
City Administrator/Recorder

CITY OF FRANKLIN, TENNESSEE

By: _____
Dr. Ken Moore
Mayor

Approved as to Form:

By: _____
Shauna R. Billingsley
City Attorney

City of Franklin, Tennessee
FY 2027 Operating Budget

Budget Planning

Budget Goals

Setting targeted goals is vital to accomplishment of any plan. For a financial plan to succeed, targeted goals are vital in guiding policymakers and civil servants in ensuring city services are provided in the most effective manner possible. These FY 2027 Budget goals are provided herein showing both the type of goal but where (and if) the proposed goal ties into **Franklin*Forward*** , the City of Franklin's Strategic Plan. The six Strategic Plan goals are shown below:



Financial Goals

	Maintain and enhance the positive fiscal position of the City by adherence to financial management principles for public funds and compliance with Board-approved financial policies.
	Continue to pursue options for revenue diversification and enhancement where appropriate with expenditure growth reviewed annually in terms of population increases and desired public service levels.
	Produce a structurally balanced budget with ongoing revenues meeting ongoing expenses.
	Maintain reserve funds in compliance with the Board of Mayor and Aldermen’s adopted policy.
	Maintain compliance with the City’s adopted debt policy and capital funding program.
	Leverage local funds through the pursuit of grant opportunities.

City of Franklin, Tennessee
FY 2027 Operating Budget

Budget Planning

Non-Financial Goals

	Maintain and enhance services to citizens. Focus on the delivery of high-quality services to residents, businesses, and visitors.
	Focus on the delivery of projects approved through an updated 10-year Capital Investment Program and supported by the Invest Franklin initiative.
	Focus on continued maintenance and improvement to the water and wastewater infrastructure by advancing rate-funded capital projects.
	Develop, adopt, and implement programs and policies, which create and sustain a positive economic environment within the City of Franklin supporting job growth and private investment.
	Promote the City as a preferred economic development location in cooperation with the State of Tennessee, Williamson County and other partners. Promote economic prosperity and enhance Franklin's competitive position.
	Continue an emphasis on maintenance of facilities and equipment with replacement of the City's fixed assets as necessary, which include equipment, infrastructure, and facilities.
	Continue and further enhance our commitment to employee training and professional development, and thereby providing a positive work environment for teamwork, enhanced productivity, and individual development. Continue to build and enhance employee engagement across the City of Franklin Team.
	Maintain a highly competitive compensation and benefit plan for employees within our financial capabilities; to retain and attract qualified, talented, representative, and motivated employees.
	Continue commitment to the vitality of the downtown area, historical areas, and neighborhoods throughout the city.
	Support and connect the City's operational efforts to long-term planning initiatives including the Board-adopted strategic plan Franklin*Forward* , the Integrated Water Resource Plan (IWRP), the Comprehensive Transportation Plan, the Park's Master Plan, the Greenway/Open Space Plan, the Envision Franklin land use plan, and sustainability efforts across the organization.

City of Franklin, Tennessee
FY 2027 Operating Budget

Budget Planning

Specific Fiscal Year 2027 Initiatives

	Implement updates to the City's Strategic Plan, Franklin Forward, with a focus on 10-year planning horizon with specific goals/deliverables identified for the next 1-3 years.
	Develop and evaluate options for growth-related infrastructure investment funding/financing for Board consideration.
	Work towards the development of incentives and strategies for affordable and workforce housing in the City of Franklin.
	Continue work on the City's growth management strategies focusing on targeted infrastructure enhancements. Support dialog with key stakeholders including Williamson County on growth patterns, infrastructure planning, and long term land use strategies.
	Continue to identify opportunities to expand and enhance the City's engagement with the public through various strategies and mediums.
	Enhance Franklin's economic vitality by promoting the City as a highly-competitive, preferred economic development location in cooperation with the State of Tennessee, Williamson County and other partners.
	Continue work toward additional long-term funding strategies for multi-modal and vehicular transportation needs in Franklin, Williamson County, and throughout the Middle Tennessee region.

City of Franklin

109 3rd Ave S.
Franklin, TN 37064
(615) 791-3217

File #: 21-0740

DATE: 12/4/2025

TO: Budget & Finance Committee

FROM: Margaret Wilson, Finance Director

SUBJECT:

Monthly Reports For November 2025

PURPOSE:

The purpose of this memorandum is to provide information to the Franklin Budget and Finance Committee concerning critical revenue streams that influence performance versus budget.

BACKGROUND/STAFF COMMENTS:

Beginning with the executive summary, the reports include:

Schedule 1: Local Sales Tax - September 2025
Schedule 2: Building Permits - October 2025
Schedule 3: Road Impact Fees - October 2025
Schedule 4: Facilities Tax (City) - October 2025
Schedule 5: Facilities Tax (County) - October 2025
Schedule 6: Gasoline Tax (Street Aid Fund) - September 2025
Schedule 7: Hotel/Motel Tax - September 2025
Schedule 8: Conference Center - October 2025

FINANCIAL IMPACT:

There is no financial impact from the reports. Reports are provided to show any variance from budget.

RECOMMENDATION:

There is no staff recommendation. Reports are for information only.

City of Franklin

Monthly Reports for November 2025

EXECUTIVE SUMMARY

Schedule 1: Local Sales Tax (September 2025)

The local sales tax remittance from the State of Tennessee for September 2025 sales (received by the City in November 2025) was $5,868,691 compared to $5,453,483 for the same month in FY 2025, a monthly year-over-year increase of $415,208 or 7.6%.

Schedule 2: Building Permits (October 2025)

2026 fiscal year to date is less than 2025 by 35.5% and compared to 2026 budget is less by 36.9%.

Schedule 3: Road Impact Fees * (October 2025)

Combined 2026 fiscal year to date compared to 2025 is 49.7% less, and compared to 2026 budget is less by 58.2%. By quadrant, Arterial Area 2026 fiscal year to date compared to 2025 is 31.4% less, and compared to 2026 budget is less by 44.0%. Coll Area 1 2026 fiscal year to date compared to 2025 is 3.9% more, and compared to 2026 budget is less by 79.9%; Coll Area 2 2026 fiscal year to date compared to 2025 is 95.7% less, and compared to 2026 budget is less by 95.1%; Coll Area 3 2026 fiscal year to date compared to 2025 is 65.7% less, and compared to 2026 budget is less by 52.2%; Coll Area 4 2026 fiscal year to date compared to 2025 is 41.9% less, and compared to 2026 budget is less by 38.3%.

Schedule 4: Parkland Impact Fees (October 2025)

2026 year to date compared to 2025 was $181,104 less, and compared to 2026 budget is more by $143,056.

Schedule 5: Facilities Tax (City) (October 2025)

2026 fiscal year to date compared to 2025 is 42.9% less, and compared to 2026 budget is less by 48.8%.

Schedule 6: Facilities Tax (County) (October 2025)

2026 fiscal year to date compared to 2025 is 5.6% less, and compared to 2026 budget is 1.1% less.

Schedule 7: Gasoline Taxes (State Street Aid Fund) (September 2025)

The gasoline tax remittance from the State of Tennessee for September 2025 sales (received by the City in November 2025) was $266,111 compared to $268,241 for the same month in FY 2025, a decrease of $2,129.

For budget comparisons, the City anticipated collections of $270,118 for September 2025, a difference of $4,007 less, or 1.5%.

Schedule 8: Hotel/Motel Tax (September 2025)

2026 fiscal year to date compared to 2025 is 5.2% less, and compared for 2026 budget is less by 24.8%.

Schedule 9: Conference Center (October 2025)

The City's ½ share of the gain for October 2025 was $151,052, compared to a gain of $93,087 for the same month in 2024, an increase of $57,965.

*** Fees collected from Road Impact, Parkland Impact, and Facilities Tax assessments are one-time revenues used to fund infrastructure improvements and are highly dependent upon timing of development.**

City of Franklin

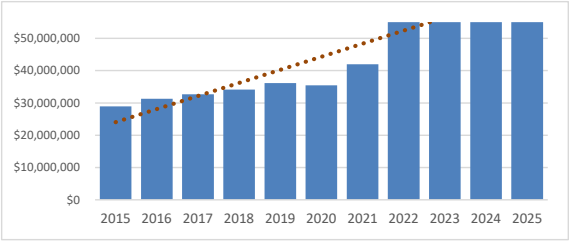
Finance Department - Monthly Reports

Schedule 1:	Local Sales Tax	Fund	General	Account:	110-31300-00000

Summary: Tennessee Code Annotated 67-6-702 authorizes the levy of a local sales tax. The maximum rate authorized is 2.75%. The rate increased from 2.25% to the maximum of 2.75% effective April 1, 2018. The tax is applied only to the first $1,600 of any single article of personal property. The City receives 1/2 of the 2.75% rate collected within the City. Williamson County receives the other 1/2, plus an administrative fee of 1% of the City's 1/2 of the tax. Beginning with April 2018 taxes, the City contributed its share of the .5% increase to the County's School Debt Service. The County withheld the contribution for school debt service from the amount remitted to the City. The 36 month contribution period ended with March 2021 sales (received in May 2021).

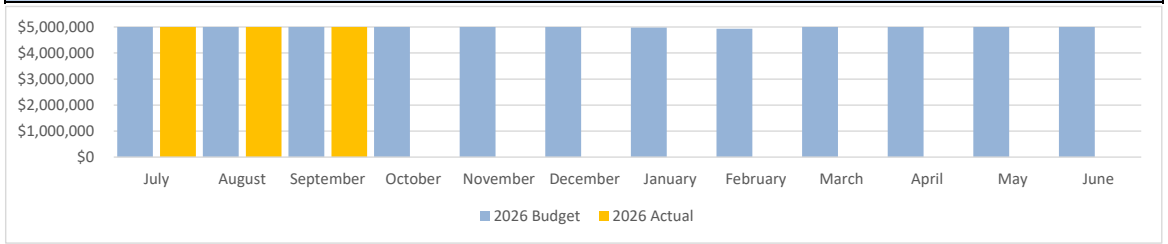
Monthly Report for November 2025: The local sales tax remittance from the State of Tennessee for September 2025 sales (received by the City in November 2025) was $5,868,691 compared to $5,453,483 for the same month in FY 2025, a monthly year over year increase of $415,208 or 7.6%.

Yearly Summary



Fiscal Year	Amount	$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year	Contribution to County School Debt .5% Apr 2018-Mar 2021
2015	$28,943,994	$1,689,252	6.2%	
2016	$31,309,366	$2,365,372	8.2%	
2017	$32,694,268	$1,384,902	4.4%	
2018	$34,151,972	$1,457,704	4.5%	$1,692,308
2019	$36,168,178	$2,016,206	5.9%	$7,052,013
2020	$35,453,379	($714,799)	-2.0%	$7,430,205
2021	$41,999,727	$6,546,348	18.5%	$6,298,283
2022	$57,745,532	$15,745,805	37.5%	
2023	$60,556,943	$2,811,411	4.9%	
2024	$62,424,823	$1,867,880	3.1%	
2025	$65,865,952	$3,441,129	5.5%	
Average Increase (Decrease)		**$ 3,510,110**	**8.8%**	**$ 22,472,809**

FY26 Month by Month Summary



Month	2025 Actual	2026 Budget	2026 Actual	$ Inc./(Dec.) from 2025 Actual	% Inc./(Dec.) from 2025 Actual	$ Inc./(Dec.) from 2026 Budget	% Inc./(Dec.) from 2026 Budget
July	$5,451,519	$5,560,550	$5,763,246	$311,726	5.7%	$202,696	3.6%
August	$5,361,926	$5,495,975	$5,447,628	$85,701	1.6%	($48,347)	-0.9%
September	$5,453,483	$5,589,819	$5,868,691	$415,208	7.6%	$278,872	5.0%
October	$5,345,417	$5,479,051					
November	$5,505,704	$5,643,346					
December	$6,641,635	$6,807,676					
January	$4,853,221	$4,974,552					
February	$4,811,793	$4,932,087					
March	$5,726,001	$5,508,666					
April	$5,746,353	$5,579,556					
May	$5,471,318	$5,939,989					
June	$5,497,582	$5,568,479					
	$65,865,952 *Total*	**$67,079,745** *Total*	**$17,079,564** *Total*	**$270,879** *Average* **$812,636** *Total*	**5.0%** *Average*	**$144,407** *Average* **$433,221** *Total*	**2.6%** *Average*

City of Franklin

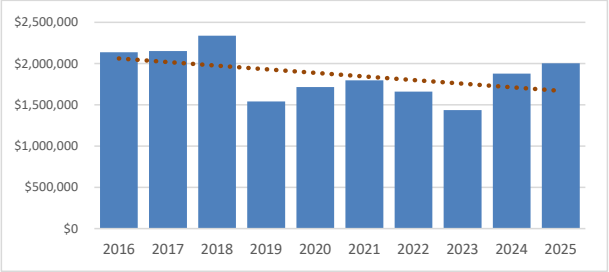
Finance Department - Monthly Reports

Schedule 2:	Building Permits	Fund	General Fund	Account:	110-32120-00000

Summary: A part of General Fund Revenues, these fees are paid to the City to offset and pay for the staffing costs borne by the City to extend services due to construction growth. There has been growth in both residential and commercial sides of development. This revenue has been difficult to predict by month because permits are often obtained and fees paid in advance of construction.

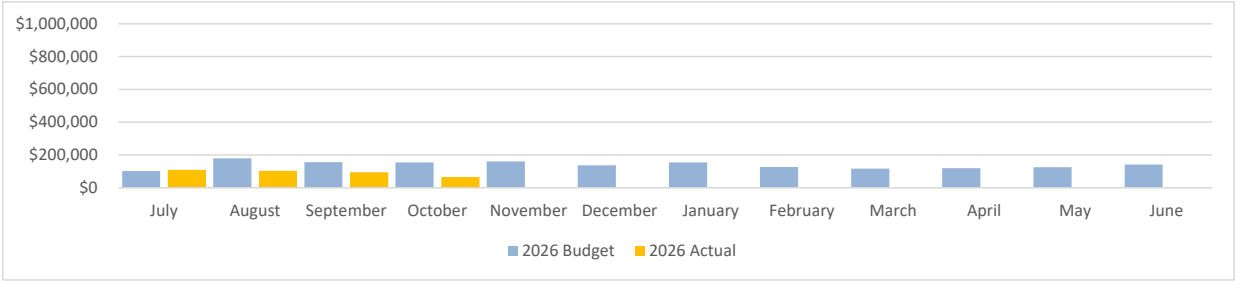
Monthly Report for November 2025: 2026 year-to-date is less than 2025 by 35.5%, and compared to 2026 budget is less by 36.9%.

Yearly Summary



Fiscal Year	Amount	$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2016	$2,136,322	$710,134	49.8%
2017	$2,153,262	$16,940	0.8%
2018	$2,339,364	$186,102	8.6%
2019	$1,539,655	($799,709)	-34.2%
2020	$1,714,700	$175,045	11.4%
2021	$1,796,670	$81,970	4.8%
2022	$1,661,426	($135,244)	-7.5%
2023	$1,435,153	($226,273)	-13.6%
2024	$1,878,751	$443,598	30.9%
2025	$2,002,762	$124,011	6.6%
Average Increase (Decrease)		**$ 57,657**	**5.8%**

FY26 Month by Month Summary



Month	2025 Actual	2026 Budget	2026 Actual	$ Inc./(Dec.) from 2025 Actual	% Inc./(Dec.) from 2025 Actual	$ Inc./(Dec.) from 2026 Budget	% Inc./(Dec.) from 2026 Budget
July	$111,474	$101,531	$109,654	($1,820)	-1.6%	$8,123	8.0%
August	$174,027	$180,095	$103,657	($70,370)	-40.4%	($76,437)	-42.4%
September	$158,144	$156,062	$94,202	($63,942)	-40.4%	($61,860)	-39.6%
October	$134,715	$153,990	$65,692	($69,023)	-51.2%	($88,297)	-57.3%
November	$143,008	$160,807					
December	$116,706	$137,705					
January	$138,515	$155,219					
February	$120,195	$126,657					
March	$429,180	$117,071					
April	$192,698	$119,062					
May	$163,936	$126,139					
June	$120,164	$140,844					
	$2,002,762 *Total*	**$1,675,181** *Total*	**$373,205** *Total*	**($51,289)** *Average* **($205,155)** *Total*	**-35.5%** *Average*	**($54,618)** *Average* **($218,471)** *Total*	**-36.9%** *Average*

City of Franklin

Finance Department - Monthly Reports

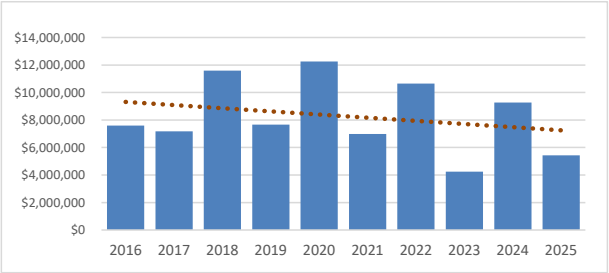
Schedule 3:	Road Impact Fees	Fund	Road Impact	Account:	128-(32800-32804)-00000

Summary: The Road Impact Fund is a special revenue fund created for the accounting of expenditures in accord with City Ordinance 88-13 on the proceeds of road impact fees from new development. These funds can be used to pay for new arterial roads, directly or through payment of debt service on bonds associated with the projects. After completing an update of the major thoroughfare plan, the City re-examined the structure of road impact fees which was approved in April 2011. Effective 7/1/2017, collections pertaining to collector roads within the 4 quadrants of Franklin began. This report was updated to show those collections when they occur.

Monthly Report for November 2025: 2026 year-to-date compared to 2025 is 49.7% less, and compared to 2026 budget is less by 58.2%

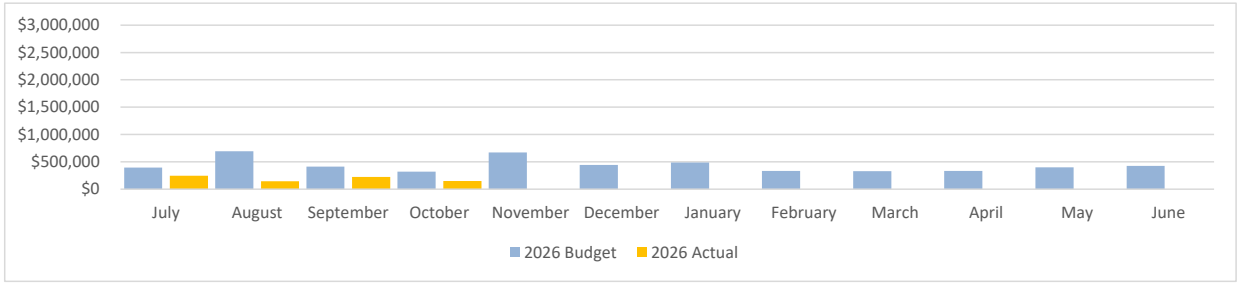
Note: Fees collected from Road Impact and Facilities Tax assessments are one time revenues used to fund infrastructure improvements and are highly dependent upon timing of development.

Yearly Summary



Fiscal Year	Amount	$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2016	$7,586,724	$4,228,293	125.9%
2017	$7,180,150	($406,574)	-5.4%
2018	$11,585,500	$4,405,350	61.4%
2019	$7,659,855	($3,925,645)	-33.9%
2020	$12,251,152	$4,591,297	59.9%
2021	$6,975,153	($5,275,999)	-43.1%
2022	$10,641,106	$3,665,953	52.6%
2023	$4,235,737	($6,405,369)	-60.2%
2024	$9,276,497	$5,040,760	119.0%
2025	$5,425,420	($3,851,077)	-41.5%
Average Increase (Decrease)		**$ 206,699**	**23.5%**

FY26 Month by Month Summary



Month	2025 Actual	2026 Budget	2026 Actual	$ Inc./(Dec.) from 2025 Actual	% Inc./(Dec.) from 2025 Actual	$ Inc./(Dec.) from 2026 Budget	% Inc./(Dec.) from 2026 Budget
July	$266,704	$395,011	$247,828	($18,876)	-7.1%	($147,183)	-37.3%
August	$677,680	$695,692	$143,665	($534,015)	-78.8%	($552,027)	-79.3%
September	$299,897	$411,220	$223,355	($76,542)	-25.5%	($187,865)	-45.7%
October	$271,144	$321,836	$148,070	($123,074)	-45.4%	($173,766)	-54.0%
November	$299,136	$673,366					
December	$185,648	$444,795					
January	($116,913)	$487,807					
February	$128,650	$333,231					
March	$2,246,921	$330,778					
April	$422,930	$333,884					
May	$304,016	$401,271					
June	$439,607	$425,429					
	$5,425,420 *Total*	**$5,254,320** *Total*	**$762,918** *Total*	**($188,127)** *Average* **($752,507)** *Total*	**-49.7%** *Average*	**($265,210)** *Average* **($1,060,841)** *Total*	**-58.2%** *Average*

City of Franklin
Finance Department - Monthly Reports

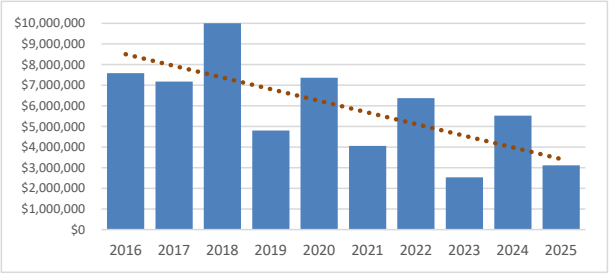
Schedule 3A:	Arterial Area	Fund	Road Impact	Account:	128-32800-00000

Summary: The Road Impact Fund is a special revenue fund created for the accounting of expenditures in accord with City Ordinance 88-13 on the proceeds of road impact fees from new development. These funds can be used to pay for new arterial roads, directly or through payment of debt service on bonds associated with the projects. After completing an update of the major thoroughfare plan, the City re-examined the structure of road impact fees which was approved in April 2011.

Monthly Report for November 2025: 2026 year-to-date compared to 2025 is 31.4% less, and compared to 2026 budget is less by 44.0%.

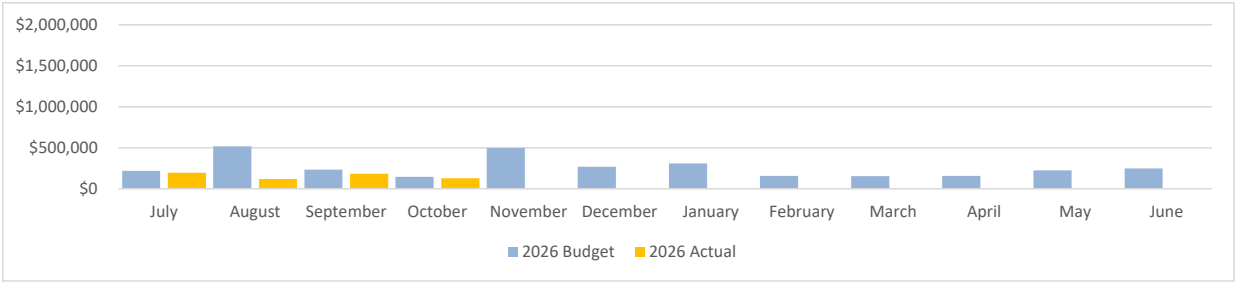
Note: Fees collected from Road Impact and Facilities Tax assessments are one time revenues used to fund infrastructure improvements and are highly dependent upon timing of development.

Yearly Summary



Fiscal Year	Amount	$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2016	$7,586,724	$4,228,293	125.9%
2017	$7,180,150	($406,574)	-5.4%
2018	$11,084,375	$3,904,225	54.4%
2019	$4,800,171	($6,284,204)	-56.7%
2020	$7,359,092	$2,558,921	53.3%
2021	$4,061,173	($3,297,919)	-44.8%
2022	$6,371,224	$2,310,051	56.9%
2023	$2,530,625	($3,840,599)	-60.3%
2024	$5,520,950	$2,990,325	118.2%
2025	$3,118,817	($2,402,133)	-43.5%
Average Increase (Decrease)		**$ (23,961)**	

FY26 Month by Month Summary



Month	2025 Actual	2026 Budget	2026 Actual	$ Inc./(Dec.) from 2025 Actual	% Inc./(Dec.) from 2025 Actual	$ Inc./(Dec.) from 2026 Budget	% Inc./(Dec.) from 2026 Budget
July	$158,721	$217,708	$195,869	$37,148	23.4%	($21,839)	-10.0%
August	$409,639	$518,389	$119,625	($290,014)	-70.8%	($398,764)	-76.9%
September	$178,460	$233,917	$182,302	$3,842	2.2%	($51,615)	-22.1%
October	$163,400	$144,533	$126,696	($36,704)	-22.5%	($17,837)	-12.3%
November	$178,077	$496,064					
December	$110,498	$267,492					
January	($194,799)	$310,504					
February	$76,578	$155,928					
March	$1,337,735	$153,475					
April	$253,785	$156,582					
May	$180,959	$223,968					
June	$265,764	$248,126					
	$3,118,817 *Total*	**$3,126,685** *Total*	**$624,492** *Total*	**($71,432)** *Average* **($285,728)** *Total*	**-31.4%** *Average*	**($122,514)** *Average* **($490,055)** *Total*	**-44.0%** *Average*

City of Franklin

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Schedule 3B:	Coll Area 1	Fund	Road Impact	Account:	128-32801-00000

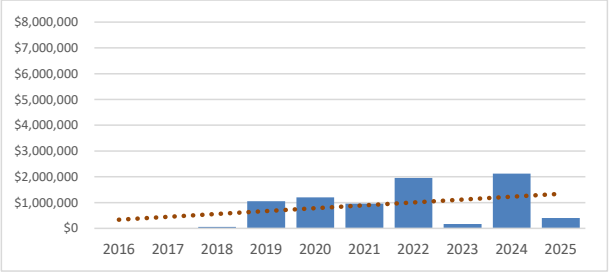
Summary: The Road Impact Fund is a special revenue fund created for the accounting of expenditures in accord with City Ordinance 88-13 on the proceeds of road impact fees from new development. These funds can be used to pay for new arterial roads, directly or through payment of debt service on bonds associated with the projects. After completing an update of the major thoroughfare plan, the City re-examined the structure of road impact fees which was approved in April 2011.

Coll Area 1 - Area north of Murfreesboro Road/3rd Avenue South and east of East Main Street/Franklin Road and within the corporate boundaries of the city.

Monthly Report for November 2025: 2026 year-to-date compared to 2025 is 3.9% more, and compared to 2026 budget are less by 79.9%

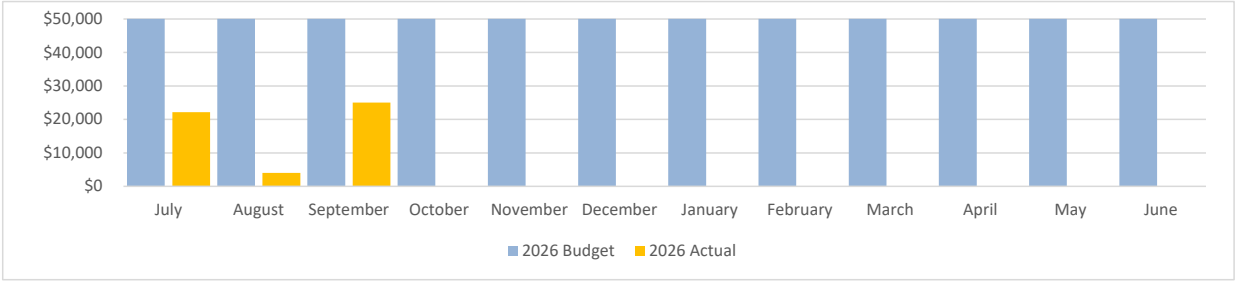
Note: Fees collected from Road Impact and Facilities Tax assessments are one time revenues used to fund infrastructure improvements and are highly dependent upon timing of development.

Yearly Summary



Fiscal Year	Amount	$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2016	Breakdown between Quadrants began in FY 2018.		
2017			
2018	$59,923	$59,923	100.0%
2019	$1,057,313	$997,390	1664.5%
2020	$1,200,036	$142,723	13.5%
2021	$956,982	($243,054)	-20.3%
2022	$1,957,665	$1,000,683	104.6%
2023	$173,287	($1,784,378)	-91.1%
2024	$2,125,643	$1,952,356	1126.7%
2025	$404,032	($1,721,611)	-81.0%
Average Increase (Decrease)		**$ 49,158**	

FY26 Month by Month Summary



Month	2025 Actual	2026 Budget	2026 Actual	$ Inc./(Dec.) from 2025 Actual	% Inc./(Dec.) from 2025 Actual	$ Inc./(Dec.) from 2026 Budget	% Inc./(Dec.) from 2026 Budget
July	$0	$63,561	$22,179	$22,179	100.0%	($41,381)	-65.1%
August	$6,680	$63,561	$3,987	($2,693)	-40.3%	($59,574)	-93.7%
September	$6,680	$63,561	$25,042	$18,362	274.9%	($38,519)	-60.6%
October	$35,934	$63,561	$0	($35,934)	-100.0%	($63,561)	-100.0%
November	$37,790	$63,561					
December	$44,255	$63,561					
January	$50,331	$63,561					
February	$34,605	$63,561					
March	$13,360	$63,561					
April	$68,360	$63,561					
May	$92,677	$63,561					
June	$13,360	$63,561					
	$404,032 *Total*	**$762,727** *Total*	**$51,208** *Total*	**$479** *Average* **$1,914** *Total*	**3.9%** *Average*	**($50,759)** *Average* **($203,034)** *Total*	**-79.9%** *Average*

City of Franklin
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Schedule 3C:	Coll Area 2	Fund	Road Impact	Account:	128-32802-00000

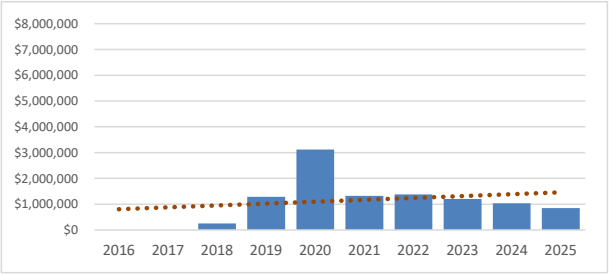
Summary: The Road Impact Fund is a special revenue fund created for the accounting of expenditures in accord with City Ordinance 88-13 on the proceeds of road impact fees from new development. These funds can be used to pay for new arterial roads, directly or through payment of debt service on bonds associated with the projects. After completing an update of the major thoroughfare plan, the City re-examined the structure of road impact fees which was approved in April 2011.

Coll Area 2 - Area south of Murfreesboro Road/3rd Avenue South and east of Columbia Avenue/Columbia Pike and within the corporate boundaries of the city.

Monthly Report for November 2025: 2026 year-to-date compared to 2025 is 95.7% less, and compared to 2026 budget is less by 95.1%.

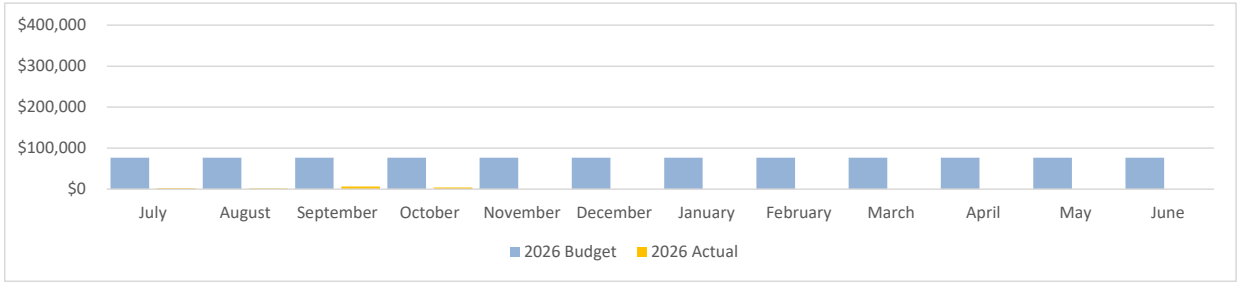
Note: Fees collected from Road Impact and Facilities Tax assessments are one time revenues used to fund infrastructure improvements and are highly dependent upon timing of development.

Yearly Summary



Fiscal Year	Amount	$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2016	Breakdown between Quadrants began in FY 2018.		
2017			
2018	$251,474	$251,474	100.0%
2019	$1,286,317	$1,034,843	100.0%
2020	$3,118,015	$1,831,698	142.4%
2021	$1,326,079	($1,791,936)	-57.5%
2022	$1,374,601	$48,522	3.7%
2023	$1,199,356	($175,245)	-12.7%
2024	$1,037,068	($162,288)	-13.5%
2025	$852,711	($184,357)	-17.8%
Average Increase (Decrease)		**$ 85,891**	

FY26 Month by Month Summary



Month	2025 Actual	2026 Budget	2026 Actual	$ Inc./(Dec.) from 2025 Actual	% Inc./(Dec.) from 2025 Actual	$ Inc./(Dec.) from 2026 Budget	% Inc./(Dec.) from 2026 Budget
July	$60,388	$76,817	$2,658	($57,730)	-95.6%	($74,159)	-96.5%
August	$214,601	$76,817	$1,711	($212,890)	-99.2%	($75,106)	-97.8%
September	$60,732	$76,817	$6,708	($54,024)	-89.0%	($70,109)	-91.3%
October	$17,535	$76,817	$3,987	($13,548)	-77.3%	($72,830)	-94.8%
November	$27,295	$76,817					
December	$0	$76,817					
January	$6,680	$76,817					
February	$6,680	$76,817					
March	$384,835	$76,817					
April	$6,680	$76,817					
May	$14,566	$76,817					
June	$52,719	$76,817					
	$852,711 *Total*	**$921,806** *Total*	**$15,064** *Total*	**($84,548)** *Average* **($338,192)** *Total*	**-95.7%** *Average*	**($73,051)** *Average* **($292,205)** *Total*	**-95.1%** *Average*

City of Franklin

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Schedule 3D:	Coll Area 3	Fund	Road Impact	Account:	128-32803-00000

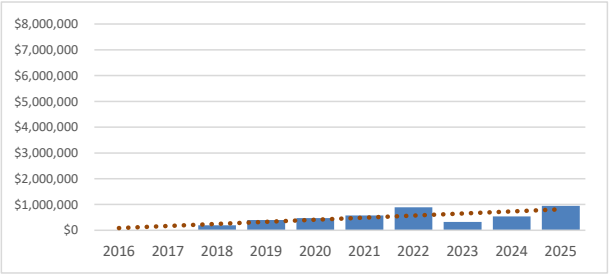
Summary: The Road Impact Fund is a special revenue fund created for the accounting of expenditures in accord with City Ordinance 88-13 on the proceeds of road impact fees from new development. These funds can be used to pay for new arterial roads, directly or through payment of debt service on bonds associated with the projects. After completing an update of the major thoroughfare plan, the City re-examined the structure of road impact fees which was approved in April 2011.

Coll Area 3 - Area south of New Highway 96W and west of 5th Avenue South and Columbia Avenue/Columbia Pike and within the corporate boundaries of the city.

Monthly Report for November 2025: 2026 year-to-date compared to 2025 is 65.7% less, and compared to 2026 budget is 52.2% less.

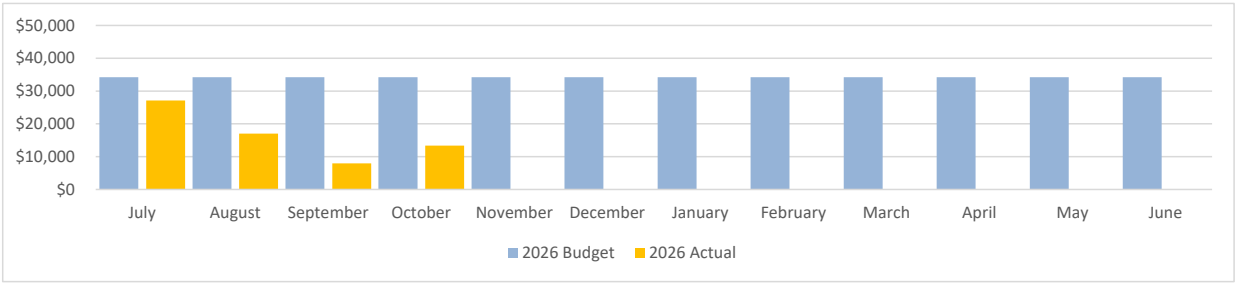
Note: Fees collected from Road Impact and Facilities Tax assessments are one time revenues used to fund infrastructure improvements and are highly dependent upon timing of development.

Yearly Summary



Fiscal Year	Amount	$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2016	Breakdown between Quadrants began in FY 2018.		
2017			
2018	$189,728	$189,728	100.0%
2019	$400,237	$210,509	111.0%
2020	$472,760	$72,523	18.1%
2021	$573,304	$100,544	21.3%
2022	$891,008	$317,704	55.4%
2023	$320,779	($570,229)	-64.0%
2024	$534,724	$213,945	66.7%
2025	$945,215	$410,491	76.8%
Average Increase (Decrease)		**$ 107,927**	

FY26 Month by Month Summary



Month	2025 Actual	2026 Budget	2026 Actual	$ Inc./(Dec.) from 2025 Actual	% Inc./(Dec.) from 2025 Actual	$ Inc./(Dec.) from 2026 Budget	% Inc./(Dec.) from 2026 Budget
July	$47,595	$34,234	$27,122	($20,473)	-43.0%	($7,112)	-20.8%
August	$46,760	$34,234	$17,013	($29,747)	-63.6%	($17,221)	-50.3%
September	$43,420	$34,234	$7,974	($35,446)	-81.6%	($26,260)	-76.7%
October	$53,440	$34,234	$13,400	($40,040)	-74.9%	($20,834)	-60.9%
November	$45,954	$34,234					
December	$30,060	$34,234					
January	$17,535	$34,234					
February	$10,787	$34,234					
March	$500,971	$34,234					
April	$50,100	$34,234					
May	$5,010	$34,234					
June	$93,583	$34,234					
	$945,215 *Total*	**$410,805** *Total*	**$65,509** *Total*	**($31,427)** *Average* **($125,706)** *Total*	**-65.7%** *Average*	**($17,857)** *Average* **($71,426)** *Total*	**-52.2%** *Average*

City of Franklin

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Schedule 3E:	Coll Area 4	Fund	Road Impact	Account:	128-32804-00000

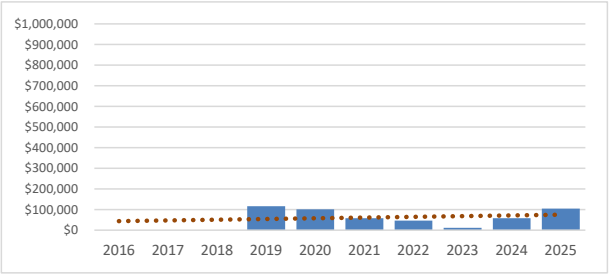
Summary: The Road Impact Fund is a special revenue fund created for the accounting of expenditures in accord with City Ordinance 88-13 on the proceeds of road impact fees from new development. These funds can be used to pay for new arterial roads, directly or through payment of debt service on bonds associated with the projects. After completing an update of the major thoroughfare plan, the City re-examined the structure of road impact fees which was approved in April 2011.

Coll Area 4 - Area north of New HIghway 96W, 5th Avenue North, Main Street and west of East Main Street and Franklin Road and within the corporate boundaries of the city.

Monthly Report for November 2025: 2026 year-to-date compared to 2025 is 41.9% less, and compared to 2026 budget is 38.3% lower.

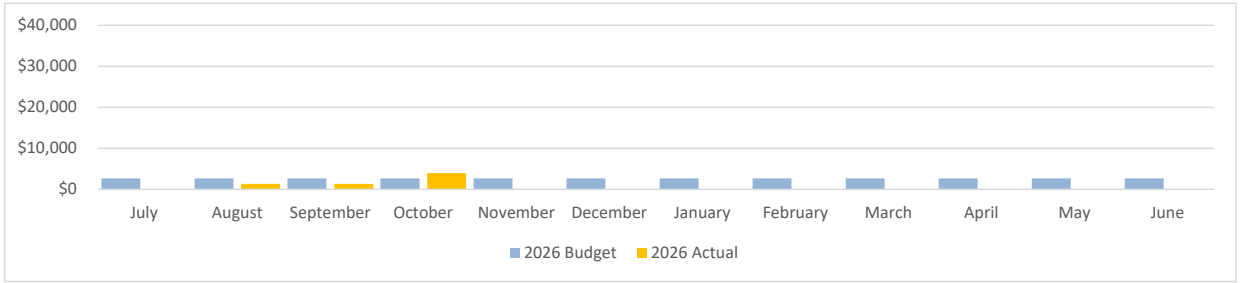
Note: Fees collected from Road Impact and Facilities Tax assessments are one time revenues used to fund infrastructure improvements and are highly dependent upon timing of development.

Yearly Summary



Fiscal Year	Amount	$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2016	Breakdown between Quadrants began in FY 2018.		
2017			
2018			
2019	$115,817	$115,817	100.0%
2020	$101,249	($14,568)	-12.6%
2021	$57,615	($43,634)	-43.1%
2022	$46,608	($11,007)	-19.1%
2023	$11,690	($34,918)	-74.9%
2024	$58,112	$46,422	397.1%
2025	$104,645	$46,533	80.1%
Average Increase (Decrease)		**$ (1,862)**	

FY26 Month by Month Summary



Month	2025 Actual	2026 Budget	2026 Actual	$ Inc./(Dec.) from 2025 Actual	% Inc./(Dec.) from 2025 Actual	$ Inc./(Dec.) from 2026 Budget	% Inc./(Dec.) from 2026 Budget
July	$0	$2,691	$0	$0	100.0%	($2,691)	-100.0%
August	$0	$2,691	$1,329	$1,329	100.0%	($1,362)	-50.6%
September	$10,605	$2,691	$1,329	($9,276)	-87.5%	($1,362)	-50.6%
October	$835	$2,691	$3,987	$3,152	377.5%	$1,296	48.1%
November	$10,020	$2,691					
December	$835	$2,691					
January	$3,340	$2,691					
February	$0	$2,691					
March	$10,020	$2,691					
April	$44,005	$2,691					
May	$10,804	$2,691					
June	$14,181	$2,691					
	$104,645 *Total*	**$32,297** *Total*	**$6,645** *Total*	**($1,199)** *Average* **($4,795)** *Total*	**-41.9%** *Average*	**($1,030)** *Average* **($4,121)** *Total*	**-38.3%** *Average*

City of Franklin
Finance Department - Monthly Reports

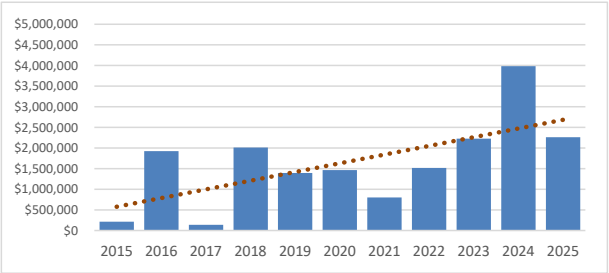
Schedule 4:	Parkland Fees	Fund	Parkland Impact	Account:	155-(32750-32754)-00000

Summary: The Parkland Dedication Fund is a special revenue fund created in FY 2015 for the purpose of satisfying requirements of Section 5.5.4 of the City of Franklin Zoning Ordinance for developers seeking alternatives to the development of greenspace within developments. Funds can be used only for the acquisition or development of public parks, greenways/blue ways, open space sites, and related facilities.

Monthly Report for November 2025: 2026 year-to-date compared to 2025 is $181,104 less, and compared to 2026 budget is more by $143,056.

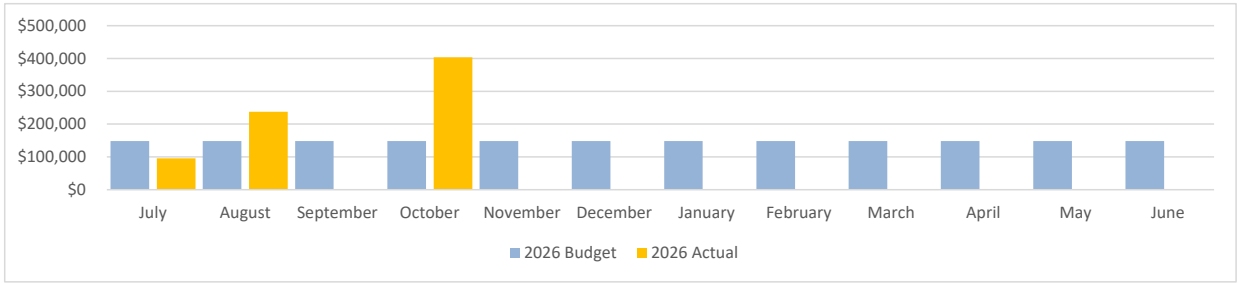
Note: Fees collected from Parkland Impact are one time revenues used to fund park projects and improvements and are highly dependent upon timing of development.

Yearly Summary



Fiscal Year	Amount	$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2015	$211,848	$211,848	100.0%
2016	$1,923,145	$1,711,297	807.8%
2017	$137,454	($1,785,691)	-92.9%
2018	$2,010,056	$1,872,602	1362.3%
2019	$1,394,772	($615,283)	-30.6%
2020	$1,464,200	$69,428	5.0%
2021	$800,544	($663,656)	-45.3%
2022	$1,516,084	$715,540	89.4%
2023	$2,225,168	$709,084	46.8%
2024	$3,983,352	$1,758,184	79.0%
2025	$2,263,952	($1,719,400)	-43.2%
Average Increase (Decrease)		**$205,814**	**207.1%**

FY26 Month by Month Summary



Month	2025 Actual	2026 Budget	2026 Actual	$ Inc./(Dec.) from 2025 Actual	% Inc./(Dec.) from 2025 Actual	$ Inc./(Dec.) from 2026 Budget	% Inc./(Dec.) from 2026 Budget
July	$0	$148,417	$95,652	$95,652	100.0%	($52,765)	-35.6%
August	$4,304	$148,417	$237,684	$233,380	5422.4%	$89,267	60.1%
September	$781,176	$148,417	$0	($781,176)	-100.0%	($148,417)	-100.0%
October	$132,348	$148,417	$403,388	$271,040	204.8%	$254,971	171.8%
November	$21,520	$148,417					
December	$253,936	$148,417					
January	$21,520	$148,417					
February	$0	$148,417					
March	$95,876	$148,417					
April	$19,304	$148,417					
May	$60,256	$148,417					
June	$873,712	$148,417					
	$2,263,952 *Total*	**$1,781,004** *Total*	**$736,724** *Total*	**($45,276)** *Average* **($181,104)** *Total*	**-19.7%** *Average*	**$35,764** *Average* **$143,056** *Total*	**24.1%** *Average*

City of Franklin
Finance Department - Monthly Reports

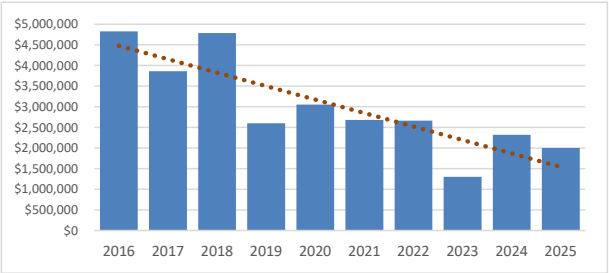
Schedule 5:	Facilities Tax (City)	Fund	Facilities Tax	Account:	130-31600-00000

Summary: A special revenue fund used to account for the proceeds authorized by a private act of the Tennessee General Assembly of 1987 for the City to levy and collect a privilege tax on new development to provide that new development contribute its fair share of providing new public facilities made necessary by growth. Such taxes may be expended ***only*** on police, fire, sanitation, and parks and recreation.

Monthly Report for November 2025: 2026 year-to-date compared to 2025 is 42.9% less, and compared to 2026 budget is less by 48.8%.

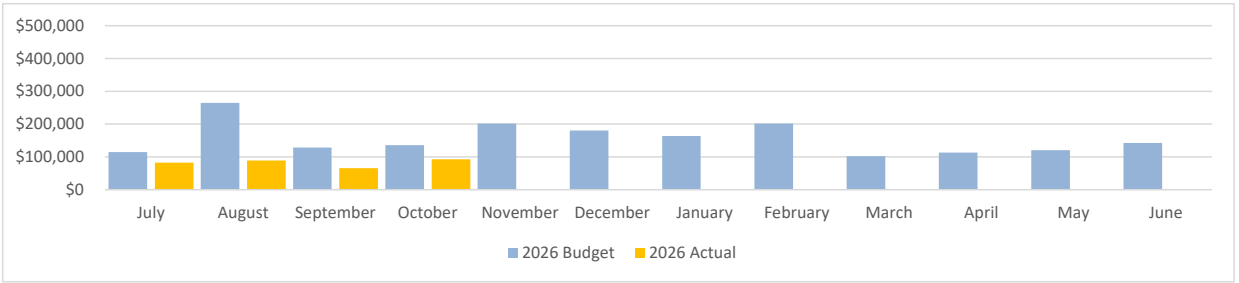
Note: Fees collected from Road Impact and Facilities Tax assessments are one time revenues used to fund infrastructure improvements and are highly dependent upon timing of development.

Yearly Summary



Fiscal Year	Amount	$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2016	$4,827,968	$2,359,495	95.6%
2017	$3,864,453	($963,515)	-20.0%
2018	$4,788,042	$923,589	23.9%
2019	$2,598,810	($2,189,232)	-45.7%
2020	$3,051,110	$452,300	17.4%
2021	$2,682,395	($368,715)	-12.1%
2022	$2,666,214	($16,181)	-0.6%
2023	$1,301,950	($1,364,264)	-51.2%
2024	$2,321,255	$1,019,305	78.3%
2025	$1,999,441	($321,814)	-13.9%
Average Increase (Decrease)		**($46,903)**	**7.2%**

FY26 Month by Month Summary



Month	2025 Actual	2026 Budget	2026 Actual	$ Inc./(Dec.) from 2025 Actual	% Inc./(Dec.) from 2025 Actual	$ Inc./(Dec.) from 2026 Budget	% Inc./(Dec.) from 2026 Budget
July	$114,797	$114,320	$82,299	($32,498)	-28.3%	($32,021)	-28.0%
August	$194,716	$264,815	$88,943	($105,773)	-54.3%	($175,872)	-66.4%
September	$152,114	$128,753	$65,762	($86,352)	-56.8%	($62,991)	-48.9%
October	$115,875	$135,679	$92,482	($23,393)	-20.2%	($43,197)	-31.8%
November	$119,705	$201,769					
December	$130,097	$180,853					
January	$97,098	$163,686					
February	$58,567	$201,377					
March	$612,667	$102,542					
April	$183,354	$113,202					
May	$134,098	$120,704					
June	$86,353	$142,827					
	$1,999,441 *Total*	**$1,870,527** *Total*	**$329,486** *Total*	**($62,004)** *Average* **($248,016)** *Total*	**-42.9%** *Average*	**($78,520)** *Average* **($314,082)** *Total*	**-48.8%** *Average*

City of Franklin

Finance Department - Monthly Reports

Schedule 6:	Facilities Tax (County)	Fund	Facilities Tax (County)	Account:	132-31600-00000

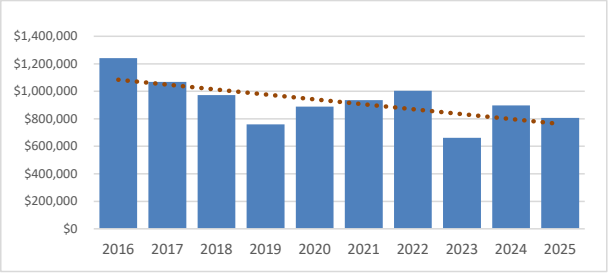
Summary: City's share of Williamson county's Adequate School Facilities Tax. 30% of the proceeds are distributed to the incorporated cities within the county, and an additional 30% is divided pro rata among the incorporated cities based on population in the last decennia census. All funds are to be used for the purpose of providing public facilities, the need for which is reasonably related to new development. The County uses 100% of its amount for public school purposes.

Monthly Report for November 2025: 2026 year-to-date compared to 2025 is 5.6% less, and compared to 2026 budget is 1.1% less.

Note: Fees collected from Road Impact and Facilities Tax assessments are one time revenues used to fund infrastructure improvements and are highly dependent upon timing of development.

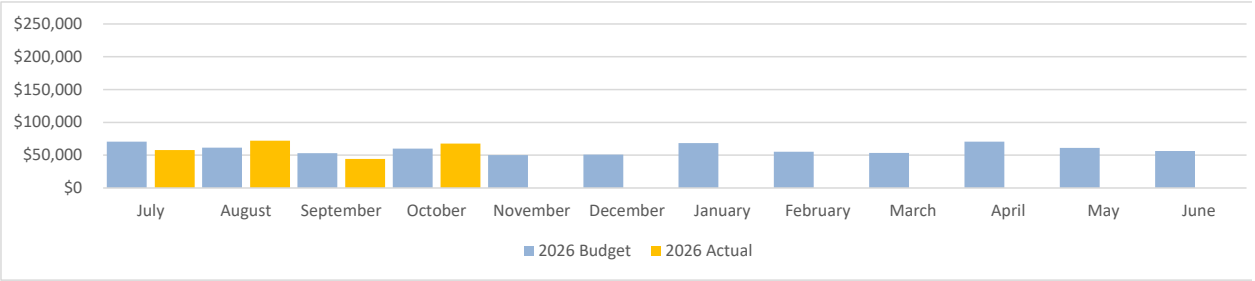
Note: Recorded in Capital Projects Fund beginning in FY 2011 (as per Resolution 2010-69). In June 2017, the County Facilities Tax Fund was created. Funds remaining in the Capital Projects Fund were transferred to the new fund.

Yearly Summary



Fiscal Year	Amount	$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2016	$1,241,241	$258,636	26.3%
2017	$1,068,030	($173,211)	-14.0%
2018	$971,814	($96,216)	-9.0%
2019	$759,873	($211,941)	-21.8%
2020	$889,427	$129,554	17.0%
2021	$935,555	$46,128	5.2%
2022	$1,003,415	$67,860	7.3%
2023	$661,526	($341,889)	-34.1%
2024	$896,506	$234,980	35.5%
2025	$805,740	($90,766)	-10.1%
Average Increase (Decrease)		**$ (17,687)**	**-1.3%**

FY26 Month by Month Summary



Month	2025 Actual	2026 Budget	2026 Actual	$ Inc./(Dec.) from 2025 Actual	% Inc./(Dec.) from 2025 Actual	$ Inc./(Dec.) from 2026 Budget	% Inc./(Dec.) from 2026 Budget
July	$65,661	$70,571	$57,751	($7,910)	-12.0%	($12,820)	-18.2%
August	$70,000	$61,476	$72,139	$2,140	3.1%	$10,664	17.3%
September	$61,992	$53,045	$44,448	($17,544)	-28.3%	($8,597)	-16.2%
October	$58,938	$59,842	$67,874	$8,936	15.2%	$8,032	13.4%
November	$51,689	$50,183					
December	$42,117	$50,874					
January	$71,186	$68,386					
February	$71,483	$55,319					
March	$120,936	$53,253					
April	$62,116	$70,699					
May	$77,070	$61,208					
June	$52,552	$56,462					
	$805,740 *Total*	**$711,318** *Total*	**$242,213** *Total*	**($3,594)** *Average* **($14,378)** *Total*	**-5.6%** *Average*	**($680)** *Average* **($2,722)** *Total*	**-1.1%** *Average*

City of Franklin

Finance Department - Monthly Reports

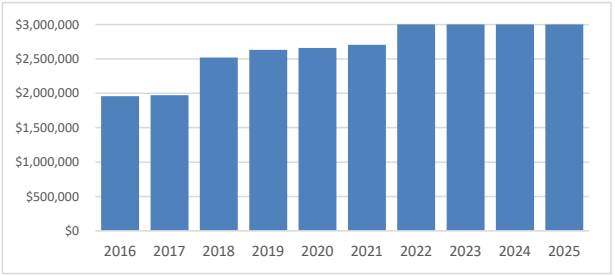
Schedule 7:	Gasoline Tax	Fund	Street Aid	Account:	121-33220-00000

Summary: As part of Street Aid Fund Revenues, the City receives a share of the state shared gasoline tax. Gas taxes increased effective July 1, 2017 as part of the IMPROVE Act to help fund state road projects. The tax increased by 4 cents on July 1, and will increase by 1 cent in the next two years. The tax on diesel will increase a total of 10 cents over 3 years.

Monthly Report for November 2025: The gasoline tax remittance from the State of Tennessee for September 2025 sales (received by the City in November 2025) was $266,111 compared to $268,241 for the same month in FY 2025, a decrease of $2,129.

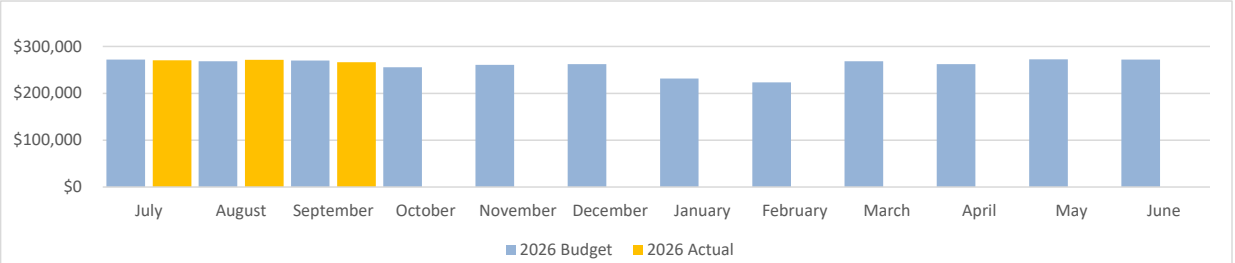
For budget comparisons, the City anticipated collections of $270,118 for September 2025, a decrease of $4,007, or 1.5%

Yearly Summary



Fiscal Year	Amount	$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
	Increase in Gas Tax began July 2017.		
2016	$1,959,796		
2017	$1,971,070	$11,274	0.6%
2018	$2,520,503	$549,433	27.9%
2019	$2,630,997	$110,494	4.4%
2020	$2,660,745	$29,748	1.1%
2021	$2,706,895	$46,150	1.7%
2022	$3,035,484	$328,589	12.1%
2023	$3,052,033	$16,550	0.5%
2024	$3,071,362	$19,330	0.6%
2025	$3,071,876	$514	0.0%
Average Increase (Decrease)		**$ 123,565**	**5.4%**

FY26 Month by Month Summary



Month	2025 Actual	2026 Budget	2026 Actual	$ Inc./(Dec.) from 2025 Actual	% Inc./(Dec.) from 2025 Actual	$ Inc./(Dec.) from 2026 Budget	% Inc./(Dec.) from 2026 Budget
July	$269,954	$271,844	$270,562	$608	0.2%	($1,282)	-0.5%
August	$266,725	$268,592	$271,676	$4,951	1.9%	$3,084	1.1%
September	$268,241	$270,118	$266,111	($2,129)	-0.8%	($4,007)	-1.5%
October	$253,910	$255,687					
November	$258,875	$260,688					
December	$260,581	$262,405					
January	$229,678	$231,285					
February	$231,980	$223,541					
March	$251,169	$268,542					
April	$252,707	$262,380					
May	$272,294	$272,750					
June	$255,763	$271,955					
	$3,071,876 *Total*	**$3,119,787** *Total*	**$808,349** *Total*	**$1,143** *Average* **$3,430** *Total*	**0.4%** *Average*	**($735)** *Average* **($2,205)** *Total*	**-0.3%** *Average*

City of Franklin

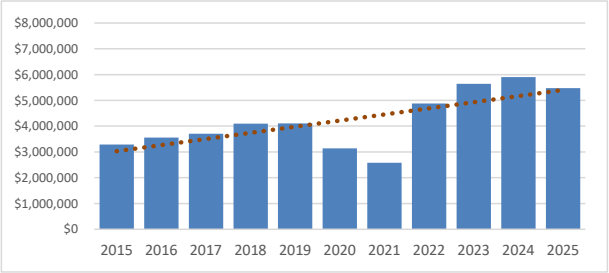
Finance Department - Monthly Reports

Schedule 8:	Hotel/Motel Tax	Fund	Hotel/Motel Fund	Account:	150-31700-00000

Summary: The Hotel/Motel Fund is a special revenue fund used to account for the locally administered tax levied on the occupancy of hotel and motel rooms, in addition to sales tax. The City of Franklin Hotel/Motel Tax is 4%.

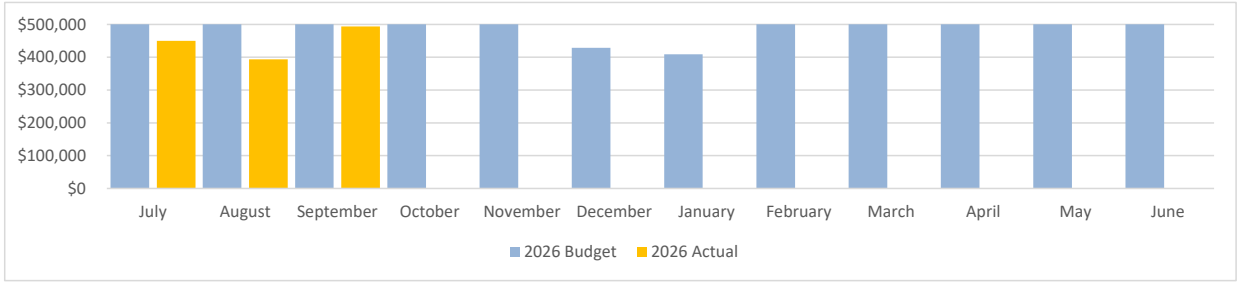
Monthly Report for November 2025: 2026 year-to-date compared to 2025 is 5.2% less, and compared to 2025 budget is less by 24.8%.

Yearly Summary



Fiscal Year	Amount	$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2015	$3,291,019	$526,217	19.0%
2016	$3,557,971	$266,952	8.1%
2017	$3,710,589	$152,618	4.3%
2018	$4,097,695	$387,106	10.4%
2019	$4,103,235	$5,540	0.1%
2020	$3,138,814	($964,421)	-23.5%
2021	$2,575,830	($562,984)	-17.9%
2022	$4,875,687	$2,299,857	89.3%
2023	$5,638,677	$762,990	15.6%
2024	$5,907,179	$268,502	4.8%
2025	$5,476,275	($430,904)	-7.3%
Average Increase (Decrease)		**$ 246,498**	**9.4%**

FY26 Month by Month Summary



Month	2025 Actual	2026 Budget	2026 Actual	$ Inc./(Dec.) from 2025 Actual	% Inc./(Dec.) from 2025 Actual	$ Inc./(Dec.) from 2026 Budget	% Inc./(Dec.) from 2026 Budget
July	$476,384	$601,435	$449,744	($26,640)	-5.6%	($151,691)	-25.2%
August	$426,327	$535,291	$394,007	($32,320)	-7.6%	($141,284)	-26.4%
September	$508,827	$642,394	$493,735	($15,092)	-3.0%	($148,659)	-23.1%
October	$580,374	$732,723					
November	$407,080	$513,938					
December	$340,358	$429,037					
January	$323,795	$408,791					
February	$383,000	$539,986					
March	$495,397	$682,284					
April	$493,882	$736,543					
May	$522,547	$736,820					
June	$518,305	$834,400					
	$5,476,275 *Total*	**$7,393,640** *Total*	**$1,337,486** *Total*	**($24,684)** *Average* **($74,052)** *Total*	**-5.2%** *Average*	**($147,211)** *Average* **($441,634)** *Total*	**-24.8%** *Average*

City of Franklin

Finance Department - Monthly Reports

Schedule 9:	Conference Center Profit/(Loss)	Fund	Hotel/Motel	Account:	150-84910-47100

Summary: As part of Hotel/Motel, the City receives half of the profit/(loss) from the Conference Center.

Monthly Report for November 2025: The gain for October 2025 was $151,052 compared to a gain of $93,087 for the same month in 2024, an increase of $57,965.

MONTHLY - Conference Center Financials Jul 25-Jun 26

	Jul 25	Aug 25	Sep 25	Oct 25	Nov 25	Dec 25	Jan 26	Feb 26	Mar 26	Apr 26	May 26	Jun 26	Total
Gross Revenue	577,138	3,324	993,954	1,059,888									2,634,304
House Profit	26,500	(220,348)	303,472	396,861									506,485
Less: Fixed Expenses	41,722	41,690	41,864	41,764									167,040
Net Income	(15,222)	(262,038)	261,608	355,097									339,445
Less: FF&E Reserve 5%	28,857	166	49,698	52,994									131,715
Net Cash Flow	(44,079)	(262,204)	211,910	302,103									207,730
City 1/2	(22,040)	(131,102)	105,955	151,052	-	-	-	-	-	-	-	-	103,865

MONTHLY - Conference Center Financials Jul 24-Jun 25

	Jul 24	Aug 24	Sep 24	Oct 24	Nov 24	Dec 24	Jan 25	Feb 25	Mar 25	Apr 25	May 25	Jun 25	Total
Gross Revenue	505,115	780,475	820,547	875,348	787,833	635,122	373,269	1,058,686	406,931	801,690	612,168	433,374	8,090,558
House Profit	23,177	159,000	226,576	271,304	159,974	64,637	(38,919)	430,746	9,259	220,558	88,762	(5,654)	1,609,420
Less: Fixed Expenses	39,589	39,450	39,834	41,430	42,063	41,863	41,971	42,050	41,956	42,268	40,938	40,612	494,024
Net Income	(16,412)	119,550	186,742	229,874	117,911	22,774	(80,890)	388,696	(32,697)	178,290	47,824	(46,266)	1,115,396
Less: FF&E Reserve 5%	25,256	39,090	41,027	43,701	39,392	31,756	18,663	52,934	20,347	40,085	30,608	21,669	404,528
Net Cash Flow	(41,668)	80,460	145,715	186,173	78,519	(8,982)	(99,553)	335,762	(53,044)	138,205	17,216	(67,935)	710,868
City 1/2	(20,834)	40,230	72,858	93,087	39,260	(4,491)	(49,777)	167,881	(26,522)	69,103	8,608	(33,968)	355,434

MONTHLY Differences - Conference Center Financials

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
City 1/2 Difference	(1,206)	(171,332)	33,098	57,965								