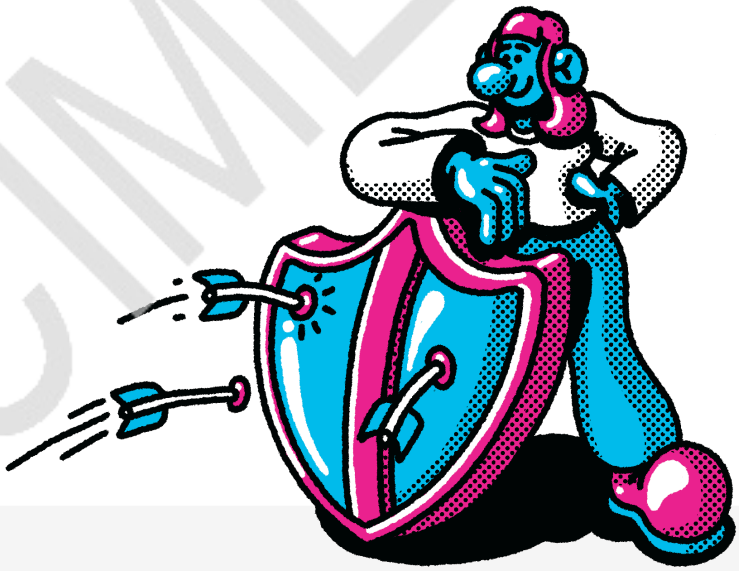
POLICY DOCUMENTS

HELLO!

Enclosed you will find the policy documents that make up your insurance contract. Please read through all of these documents. If you have any questions or need to update any of your information, please contact us.



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A few key insurance terms to help navigate these documents

- Declarations: States that your business is the named insured and specifies limits.
- Policy: The formal contract issued by the insurance company.
- Endorsements: Included "extras" in the policy.
- Exclusions: What is not covered in the policy.

Need to file a claim?

We are here to assist and protect your interests. Please report a claim as soon as an incident occurs, even if you're not at fault.

Login to the customer portal or contact support and share your details about the claim.

support@nextinsurance.com (855) 222 - 5919 nextinsurance.com PO Box 60787, Palo Alto, CA 94306

SIGNATURE PAGE

In Witness Whereof, we have caused this policy to be executed and attested, and, if required by state law, this policy shall not be valid unless countersigned by our authorized representative.



(signature)
Secretary



(signature)
President

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Figure: 28 TAC §1.601(a)(2)(B)

Have a complaint or need help?

If you have a problem with a claim or your premium, call your insurance company or HMO first. If you can't work out the issue, the Texas Department of Insurance may be able to help.

Even if you file a complaint with the Texas Department of Insurance, you should also file a complaint or appeal through your insurance company or HMO. If you don't, you may lose your right to appeal.

State National Insurance Company, Inc.
To get information or file a complaint with your insurance company or HMO:

Call: Next First Insurance Agency, Inc.

Toll-free: 1-855-222-5919

Email: support@nextinsurance.com
Mail: P.O. Box 60787
Palo Alto, CA 94306

The Texas Department of Insurance
To get help with an insurance question or file a complaint with the state:

Call with a question: 1-800-252-3439
File a complaint: www.tdi.texas.gov
Email: ConsumerProtection@tdi.texas.gov
Mail: MC 111-1A, P.O. Box 149091, Austin, TX 78714-9091

¿Tiene una queja o necesita ayuda?

Si tiene un problema con una reclamación o con su prima de seguro, llame primero a su compañía de seguros o HMO. Si no puede resolver el problema, es posible que el Departamento de Seguros de Texas (Texas Department of Insurance, por su nombre en inglés) pueda ayudar.

Aun si usted presenta una queja ante el Departamento de Seguros de Texas, también debe presentar una queja a través del proceso de quejas o de apelaciones de su compañía de seguros o HMO. Si no lo hace, podría perder su derecho para apelar.

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State National Insurance Company, Inc.
Para obtener información o para presentar una queja ante su compañía de seguros o HMO:

Llame a: Next First Insurance Agency, Inc.

Teléfono gratuito: 1-855-222-5919

Correo electrónico: support@nextinsurance.com
Dirección postal: P.O. Box 60787
Palo Alto, CA 94306

El Departamento de Seguros de Texas
Para obtener ayuda con una pregunta relacionada con los seguros o para presentar una queja ante el estado:

Llame con sus preguntas al: 1-800-252-3439
Presente una queja en: www.tdi.texas.gov
Correo electrónico: ConsumerProtection@tdi.texas.gov
Dirección postal: MC 111-1A, P.O. Box 149091, Austin, TX 78714-9091

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STATE NATIONAL INSURANCE COMPANY, INC.

(a stock insurance company)

1900 L Don Dodson Dr.
Bedford, Texas 76021
(800) 877-4567

Administered by:
Next First Insurance Agency, Inc.
PO Box 60787
Palo Alto, CA 94306
(855) 222-5919

CONTRACTORS EQUIPMENT DECLARATIONS

POLICY NUMBER: NXTJDPVRTJ-00-IM

Named Insured and Mailing Address: Contractor Coverage
Policy Sample
235 Alvarez Dr
El Paso, TX 79932

Policy Period: From: 04/30/2024 To: 04/30/2025
at 12:01 a.m. standard time at the mailing address shown above

LIMITS OF INSURANCE

A. Scheduled Equipment	
☐ As Per Schedule of Equipment Attached to Policy	
☐Schedule of Equipment Dated:	
On File With "Us" In Our Office Located At: (If Applicable)	
1.	$
2.	$
3.	$
4.	$
5.	$
B. Blanket Equipment Owned By You Consisting Of	General Contractor equipment
1. Any One Item	$ 5,000.00
2. In Any One Occurrence	$ 30,000.00
C. Blanket Miscellaneous Tools Owned By You	
1. Any One Item	$ 1,000.00

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2. In Any One Occurrence	$ 1,000.00
D. All Covered Property In Any One Occurrence	$ 31,000.00

Additional Coverages	
Debris Removal Additional Limit	$ 10,000.00
False Pretense	$ 25,000.00
Rewards	$ 10,000.00
Additionally Acquired Property	$ 0.00
Employee Tools and Clothing	
Per Employee	$ 600.00
In Any One Occurrence	$ 600.00
Expediting Expense	$ 25,000.00
Fire Department Service Charge	$ 10,000.00
Fire Extinguishing Systems Expense	$ 10,000.00
Fuel, Accessories and Spare Parts	$ 10,000.00
Inventory and Appraisal Expense	$ 25,000.00
Pollutant Cleanup and Removal	$ 25,000.00
Rental Reimbursement	$ 500.00 / 10,000.00
Waiting Period	72 Hours
Trailers and Contents	$ 25,000.00
Optional Coverages (Select all that apply)	
☒ Equipment Borrowed From Others	
Any One Item	$ 5,000.00
In Any One Occurrence	$ 5,000.00
☐ Equipment Leased or Rented From Others	
Any One Item	$
In Any One Occurrence	$
☐ Equipment Loaned To Others	
Any One Item	$
In Any One Occurrence	$
☐ Equipment Leased or Rented To Others	
Any One Item	$
In Any One Occurrence	$
☐ Waterborne	
Any One Item	$
In Any One Occurrence	$

Coinsurance (If Applicable)	%

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Valuation
☒ Replacement Cost Applies for Covered Property not more than 5 years old

Deductible	$ 500.00 Equipment / 100.00 Misc. Tools
Percentage Deductible	%
	Minimum deductible $
	Maximum deductible $
☐ The Percentage Deductible Applies to All Covered Property	
☐ The Percentage Deductible Applies to Only the Described Covered Property	

Rates and Premiums	
Nonreporting	
	Premium
Scheduled Equipment	$
Blanket Equipment Owned By You	$ 1,985.00
Blanket Miscellaneous Tools Owned By You	$ Included in Blanket Equipment premium
Additional Coverages	$ (68.00)
Optional Coverages	$ 146.00

Reporting				
Coverage	Rate Per $100	Deposit Premium	Minimum Premium	
Blanket Equipment Owned By You	$	$	$	
Equipment Leased of Rented From Others	$	$	$	
Equipment Leased of Rented To Others	$	$	$	
Reporting Period:	☐ MR	☐ QR	☐ PR	☐ AR
Premium Adjustment Period				

Special Provisions (if any):

The final premium for this policy is $2,063.00

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ENDORSEMENTS
Forms and endorsements attached to this policy at time of issue: Please see NXT-0002 IM for a complete list of forms.
These Declarations, together with the Common Policy Conditions, Commercial Inland Marine Conditions and the Coverage Form(s) and endorsement(s), complete the above numbered policy.
Countersigned: 04/30/2024 (Date) By: Ann Ryan (Authorized Representative)

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SCHEDULE OF POLICY FORMS AND ENDORSEMENTS

Listed below are the Forms and Endorsements attached to this policy at the time of issue:

Title	Form Number and Edition Date
Cover Page	NXT-0003 IL 0921
Signature Page	NXT-0001 IL 10 17
Complaint Notice	NXT-N01-IL-TX 1220
Contractors Equipment Declarations	NXT-0001 IM 02 20
Schedule of Form and Endorsements	NXT-0002 IM 0917
Contractors Equipment Coverage Form	IH 00 68 05 17
Common Policy Conditions	IL 00 17 11 98
Commercial Inland Marine Conditions	CM 00 01 09 04
Exclusion of Certain Computer-Related Losses	IL 09 35 07 02
Water Exclusion	NXT-0004 IM 0118
Texas Changes	CM 01 12 09 13
Texas Changes - Loss Payment	IL 01 71 09 07
Texas Changes - Cancellation And Nonrenewal	IL 02 88 09 07
Exclusion of Certified Acts of Terrorism	IL 09 53 01 15
Policyholder Disclosure - Notice of Terrorism	NXT-0022 0817
Privacy Statement	NXT-0002 IL 0218
OFAC Notice	SNC-IL-0719-OFAC-N
Trade or Economic Sanctions	SNC-IL-0719-TOES-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 **G.** Definitions.

A. Coverage

We will pay for direct physical loss of or damage to Covered Property from any of the Covered Causes of Loss.

1. Covered Property

Covered Property, as used in this Coverage Form, means the following property described in the Declarations:

Contractors equipment owned by you or in your care, custody or control.

2. Property Not Covered

Covered Property does not include:

a. Automobiles, motor trucks, trailers or other vehicles licensed for use on public roads. Except:

(1) Unlicensed vehicles which are not operated on public roadways; however, are built for public roadway use; or

(2) Self-propelled vehicles built and utilized for carrying equipment attached to them.

b. Aircraft or watercraft;

c. Plans, blueprints, designs or specifications;

d. Property while waterborne, except while in transit on ferries operating on the navigable waters of the Continental United States and Canada (other than to or from Alaska);

e. Property while under water or while being used in underground mining, tunneling or similar operations;

f. Property that you loan, lease or rent to others;

g. Contraband, or property in the course of illegal transportation or trade; or

h. Tools and clothing belonging to your employees;

i. Accessories, whether or not attached to Covered Property; or

j. Spare parts, that are specifically designed and intended for use in the maintenance and operation of Covered Property.

3. Covered Causes Of Loss

Covered Causes of Loss means Direct Physical Loss Or Damage to Covered Property except those causes of loss listed in the Exclusions.

4. Additional Coverages

The Limits of Insurance shown in Paragraph **A.4.** Additional Coverages are provided within, not in addition to, the Limit Of Insurance stated in the Declarations as applicable to the Covered Property, except with respect to Debris Removal Additional Coverage in Paragraph **A.4.a.(3).**

a. Debris Removal

(1) We will pay your expenses to remove debris of Covered Property caused by or resulting 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.

(2) The most we will pay under this Additional Coverage is 25% of:

(a) The amount we pay for the direct physical loss or damage to Covered Property; plus

(b) The deductible in this Policy applicable to that loss or damage.

(3) Payment under this Additional Coverage will not increase the applicable Limit of Insurance, but if:

(a) The sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or

(b) The debris removal expense exceeds the amount payable under the 25% limitation;

we will pay up to an additional $10,000, unless a different Limit Of Insurance is shown in the Declarations in any one occurrence under this Additional Coverage.

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(4) 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.

b. False Pretense

We will pay for loss or damage to Covered Property when you, your agents, consignees or customers voluntarily part with the covered property due to:

(1) Having accepted false bills of lading or shipping receipts; or

(2) Someone causing you to voluntarily part with the covered property by trick, scheme, device or under false pretense.

Coverage is excluded, for loss or damage to property which is otherwise covered, when the person committing the wrongful act is an employee.

The most we will pay under this Additional Coverage is $25,000 per occurrence, unless a different Limit Of Insurance is shown in the Declarations.

c. Preservation Of Property

If it is necessary to move Covered Property to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

(1) While it is being moved or while temporarily stored at another location; and

(2) Only if the loss or damage occurs within 90 days after the property is first moved.

d. Rewards

(1) We will reimburse you for rewards paid as follows:

(a) Up to $10,000 per occurrence, unless a different Limit Of Insurance is shown in the Declarations, to an eligible person for information leading to the arrest and conviction of any person or persons committing a crime resulting in loss to Covered Property from a Covered Cause of Loss. However, we will pay no more than the lesser of the following amounts:

(i) Replacement Cost of the Covered Property at the time of loss or damage, but not more than the amount required to repair or replace it; or

(ii) The amount determined by the loss settlement procedure applicable to the Covered Property.

(b) Up to $10,000 per occurrence, unless a different Limit Of Insurance is shown in the Declarations, to an eligible person for the return of stolen Covered Property, when loss is caused by theft. However, we will pay no more than the lesser of the following amounts:

(i) Replacement Cost based on the condition of the Covered Property at the time it is returned, but not more than the amount required to repair or replace it; or

(ii) The amount determined by the loss settlement procedure applicable to the Covered Property returned.

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(2) This Additional Coverage applies subject to the following conditions:

(a) An eligible person means that person designated by a law enforcement agency as being the first to voluntarily provide the necessary information or return the stolen Covered Property, and who is not:

(i) You or any family member;

(ii) Your employee or any of his or her family members;

(iii) An employee of a law enforcement agency;

(iv) An employee of a business engaged in property protection;

(v) Any person who had custody of the Covered Property at the time the theft was committed; or

(vi) Any person involved in the crime.

(b) There will be no reimbursement for a reward paid unless and until the person(s) committing the crime is (are) convicted or the Covered Property is returned.

(c) The amount of the reward is the most we will reimburse under this Additional Coverage for loss in any one occurrence.

(d) The insured must have posted public notice of the reward prior to the person having been first to voluntarily provide the necessary information or return the stolen Covered Property.

5. Additional Coverages

The Limits of Insurance shown in Paragraph **A.5.** Additional Coverages are separate from, and will not reduce, the Limit Of Insurance shown in the Declarations as applicable to the Covered Property.

a. Additionally Acquired Property

If during the policy period you acquire additional property of a type already covered by this Coverage Form, we will cover such equipment for up to 60 days, but not beyond the end of the policy period.

The most we will pay for loss or damage is the lesser of:

(1) 25% of the total Limit Of Insurance shown in the Declarations for all scheduled equipment; or

(2) $250,000, unless a different Limit Of Insurance is shown in the Declarations.

You will report values of such property to us within 60 days from the date you take possession and will pay any additional premium due. If you do not report such property, coverage will cease automatically 60 days after the date the property is acquired or at the end of the policy period, whichever occurs first.

b. Employee Tools And Clothing

We will pay for loss or damage to tools and clothing belonging to your employees that is caused by or results from a Covered Cause of Loss while:

(1) At job sites; or

(2) In transit in your vehicles.

With respect to this Additional Coverage provided, Paragraph **A.2.h.** is deleted.

The most we will pay under this Additional Coverage is $5,000 per occurrence, but not more than $1,000 per employee, unless different Limits Of Insurance are shown in the Declarations.

c. Expediting Expense

With respect to loss or damage to Covered Property from a Covered Cause of Loss, we will pay for the extra cost you necessarily incur to:

(1) Make temporary repairs; and

(2) Expedite the permanent repairs or replacement of the damaged property.

The most we will pay under this Additional Coverage is $25,000 per occurrence, unless a different Limit Of Insurance is shown in the Declarations.

d. 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 up to $10,000 per occurrence, unless a different Limit Of Insurance is shown in the Declarations. Such limit is the most we will pay regardless of the number of responding fire departments or fire units, and regardless of the number or type of services performed.

This Additional Coverage applies to your liability for fire department service charges:

(1) Assumed by contract or agreement prior to loss; or

(2) Required by local ordinance.

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No Deductible applies to this Additional Coverage.

e. Fire Extinguishing Systems Expense

(1) We will pay:

(a) The cost of recharging your fire extinguishers and fire extinguishing systems (including hydrostatic testing if needed) or replacing the fire extinguishers or fire extinguishing systems, whichever is less, when the need to recharge or replace is caused by a Covered Cause of Loss;

(b) For loss or damage to Covered Property if such loss or damage is the result of an accidental discharge of chemicals from a fire extinguishing system.

(2) No coverage will apply if the fire extinguishing system is discharged during installation or testing.

(3) The most we will pay under this Additional Coverage is $10,000 in any one occurrence, unless a different Limit Of Insurance is shown in the Declarations.

f. Fuel, Accessories And Spare Parts

We will pay for loss or damage that is caused by or results from a Covered Caused of Loss to:

(1) Fuel, oil, grease, gasoline and other fluids necessary to operate Covered Property;

(2) Accessories, whether or not attached to Covered Property; and

(3) Spare parts that are specifically designed and intended for use in the maintenance and operation of Covered Property.

With respect to coverage provided in **f.(2)** and **f.(3),** Paragraph **A.2.i.** and **A.2.j.** are deleted.

The most we will pay under this Additional Coverage is $10,000 per occurrence, unless a different Limit Of Insurance is shown in the Declarations.

g. Inventory And Appraisal Expense

We will pay for reasonable inventory and appraisal expenses made at our request and not due to a disagreement.

We will not pay for any expenses incurred, directed or billed by or payable to any public adjuster or public accountants or any costs as provided in the Loss Conditions – Appraisal under the Commercial Inland Marine Conditions form.

The most we will pay under this Additional Coverage is $25,000 per occurrence, unless a different Limit Of Insurance is shown in the Declarations.

h. 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 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 on which the Covered 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 $25,000, unless a different Limit Of Insurance is shown in the Declarations, for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this Policy.

i. Rental Reimbursement

(1) We will pay you the actual rental expenses for renting equipment when all of the following apply:

(a) You have a loss to Covered Property;

(b) The equipment is necessary to continue as much as possible the normal operations or work in process; and

(c) You do not have the equivalent, idle equipment available.

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(2) Payment is limited to expense incurred during the period immediately following a 72-hour waiting period, unless a different waiting period is shown in the Declarations, after the covered loss occurs and ending when the Covered Property has been:

(a) Replaced;

(b) Restored to service; or

(c) Is no longer needed;

whichever occurs first.

Our payment will not be limited by the expiration date of this Policy.

(3) You and we agree that the Covered Property involved in the loss will be repaired promptly.

The most we will pay under this Additional Coverage is $10,000 per occurrence, but not more than $500 per day, unless different Limits Of Insurance are shown in the Declarations.

j. Trailers And Contents

We will pay for loss or damage to your owned, leased or rented office and construction trailers and their contents that is caused by or results from a Covered Cause of Loss. However, this Additional Coverage does not include coverage for contractors tools.

The most we will pay under this Additional Coverage is $25,000 for office and construction trailers and their contents per occurrence, unless a different Limit Of Insurance is shown in the Declarations.

B. Optional Coverages

The following Optional Coverages apply if they are selected on the Declarations:

1. Equipment Borrowed From Others

We will pay for loss or damage to contractors equipment that you borrow from others and that is in your care, custody or control and that is caused by or results from a Covered Cause of Loss. This coverage does not apply to any Covered Property specifically scheduled in the Declarations.

The most we will pay under this Optional Coverage is the applicable Limit Of Insurance shown in the Declarations.

The limit for this Optional Coverage is in addition to the Limit of Insurance.

2. Equipment Leased Or Rented From Others

We will pay for loss or damage to contractors equipment that you lease or rent from others under a written agreement and are held legally liable and that is caused by or results from a Covered Cause of Loss. This coverage does not apply to any Covered Property specifically scheduled in the Declarations.

The most we will pay under this Optional Coverage is the applicable Limit Of Insurance shown in the Declarations.

The limit for this Optional Coverage is in addition to the Limit of Insurance.

3. Equipment Loaned To Others

We will pay for loss or damage to contractors equipment you own but loan to others for a period of less than 12 months and that is caused by or results from a Covered Cause of Loss.

With respect to this Optional Coverage provided, "loan" is deleted from Paragraph **A.2.f.**

The most we will pay under this Optional Coverage is the applicable Limit Of Insurance shown in the Declarations.

This Optional Coverage does not increase the applicable Limit Of Insurance for Covered Property shown in the Declarations.

4. Equipment Leased Or Rented To Others

We will pay for loss or damage to contractors equipment you own but lease or rent to others under a written agreement and that is caused by or results from a Covered Cause of Loss.

With respect to this Optional Coverage provided, "lease or rent" is deleted from Paragraph **A.2.f.**

The most we will pay under this Optional Coverage is the applicable Limit Of Insurance shown in the Declarations.

This Optional Coverage does not increase the applicable Limit Of Insurance for Covered Property shown in the Declarations.

5. Waterborne

We will pay for loss or damage to Covered Property while waterborne that is caused by or results from a Covered Cause of Loss.

With respect to this Optional Coverage provided, Paragraph **A.2.d.** is deleted.

The most we will pay under this Optional Coverage is the applicable Limit Of Insurance shown in the Declarations.

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This Optional Coverage does not increase the applicable Limit Of Insurance for Covered Property shown in the Declarations.

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.

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 direct loss or damage caused by that fire if the fire would be covered under this Coverage Form.

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.

Exclusions **C.1.a.** through **C.1.c.** apply whether or not the loss event results in widespread damage or affects a substantial area.

2. We will not pay for loss or damage caused by or resulting from any of the following:

a. Delay, loss of use, loss of market or any other consequential loss.

b. Dishonest or criminal act (including theft) committed by:

(1) You, any of your partners, employees (including temporary employees and leased workers), officers, directors, trustees or authorized representatives;

(2) A manager or a member if you are a limited liability company; or

(3) Anyone else with an interest in the property, or their employees (including temporary employees and leased workers) or authorized representatives;

whether acting alone or in collusion with each other or with any other party.

This exclusion applies whether or not an act occurs during your normal hours of operation.

This exclusion does not apply to acts of destruction by your employees (including temporary employees and leased workers) or authorized representatives; but theft by your employees (including temporary employees and leased workers) or authorized representatives is not covered.

c. Work upon the property.

But if work upon the property results in fire or explosion, we will pay for direct loss or damage caused by that fire or explosion if the fire or explosion would be covered under this Coverage Form.

d. Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts 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;

creating a short circuit or other electric disturbance within an article covered under this Coverage Form.

For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes, but is not limited to, electrical current, including arcing; electrical charge produced or conducted by a magnetic or electromagnetic field; pulse of electromagnetic energy; electromagnetic waves or microwaves.

But if artificially generated electrical, magnetic or electromagnetic energy, as described above, results in fire or explosion, we will pay for the direct loss or damage caused by that fire or explosion if the fire or explosion would be covered under this Coverage Form.

This exclusion only applies to loss or damage to that article in which the disturbance occurs.

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e. Voluntary parting with any property by you or anyone entrusted with the property if induced to do so by any fraudulent scheme, trick, device or false pretense, except as provided in the Additional Coverages, Section **A.4.b.** False Pretense.

f. Unauthorized instructions to transfer property to any person or to any place.

g. Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.

h. Theft by any person (except carriers for hire) to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.

This exclusion applies whether or not an act occurs during your normal hours of operation.

3. We will not pay for loss or damage caused by or resulting from any of the following. But if loss or damage by a Covered Cause of Loss results, we will pay for the loss or damage caused by that Covered Cause of Loss.

a. Wear and tear, depreciation.

b. Any quality in the property that causes it to damage or destroy itself, hidden or latent defect, gradual deterioration.

c. Insects, vermin, rodents.

d. Corrosion, rust.

e. Mechanical breakdown or failure of the Covered Property.

D. 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.

E. Deductible

We will not pay for loss or damage in any one occurrence until the amount of the adjusted loss or damage before applying the applicable Limits of Insurance exceeds the Deductible shown in the Declarations. We will then pay the amount of the adjusted loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

If a percentage deductible is shown in the Declarations to determine the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to the percentage (as shown in the Declarations) of the value of the property that has sustained loss or damage, subject to any minimum or maximum dollar amount shown in the Declarations. The value of the property damaged is the actual cash value, unless a different valuation applies for such property.

However, when reporting for Covered Property is shown in the Declarations, the following is added with respect to a percentage deductible:

1. If the most recent Report of Values shows less than the actual cash value or replacement cost, if shown in the Declarations, of the property on the report date, we will determine the deductible amount as a percentage of such valuation as of the report date.

2. If the first Report of Values is not filed with us prior to loss or damage, we will determine the deductible amount as a percentage of the actual cash value or replacement cost, if shown in the Declarations, of the property as of the time of loss or damage.

F. 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; and

(3) Canada.

b. We also cover property being shipped by air within and between points in Paragraph **a.**

2. 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 an item of Covered Property at the time of loss or damage times the Coinsurance percentage is greater than the Limit of Insurance for the item.

Instead, we will determine the most we will pay using the following steps:

a. Multiply the value of the item of Covered Property at the time of loss or damage by the Coinsurance percentage;

b. Divide the Limit of Insurance of the property by the figure determined in Step **a.;**

c. Multiply the total amount of loss or damage, before the application of any deductible, by the figure determined in Step **b.;** and

d. Subtract the deductible from the figure determined in Step **c.**

We will pay the amount determined in Step **d.** 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.

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This provision does not apply to blanket property, Additional Coverages or Optional Coverages.

3. Valuation

When Replacement Cost for Covered Property not more than five years old (unless a different age is shown in the Declarations) as of the expiration of this Policy, based on the manufacturer's model year, is shown as applying in the Declarations the **Valuation** General Condition in the Commercial Inland Marine Conditions is replaced by the following:

We will determine the value of Covered Property in the event of a loss or damage at replacement cost as of the time of loss or damage. Replacement cost is the cost to replace Covered Property at the time of loss or damage without deduction for depreciation.

a. 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 for the additional coverage replacement cost provides if you notify us of your intent to do so within 180 days after the loss or damage.

b. We will not pay on a replacement cost basis for any loss or damage:

(1) Until the lost or damaged property is actually repaired or replaced; and

(2) Unless the repairs or replacement is made as soon as reasonably possible after the loss or damage.

Instead, we will pay on actual cash value basis.

c. We will not pay more for loss or damage on a replacement cost basis than the least of **(1), (2)** or **(3):**

(1) The Limit of Insurance applicable to the lost or damaged property;

(2) The cost to replace the lost or damaged property with other property:

(a) Of comparable material and quality; and

(b) Used for the same purpose; or

(3) The amount you actually spend that is necessary to repair or replace the lost or damaged property.

d. With respect to replacement cost on the property of others, the following limitation applies:

If an item(s) of property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance.

G. Definitions

"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.

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COMMON POLICY CONDITIONS

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. 30 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. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
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 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 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. 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

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

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.

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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 examination.
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.

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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.

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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.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
STANDARD PROPERTY POLICY

A. We will not pay for loss ("loss") or damage caused directly or indirectly by the following. Such loss ("loss") or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss ("loss") or damage.

1. The failure, malfunction or inadequacy of:

a. Any of the following, whether belonging to any insured or to others:

(1) Computer hardware, including micro-processors;

(2) Computer application software;

(3) Computer operating systems and related software;

(4) Computer networks;

(5) Microprocessors (computer chips) not part of any computer system; or

(6) Any other computerized or electronic equipment or components; or

b. Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph **A.1.a.** of this endorsement;

due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.

2. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph **A.1.** of this endorsement.

B. If an excluded Cause of Loss as described in Paragraph **A.** of this endorsement results:

1. In a Covered Cause of Loss under the Crime and Fidelity Coverage Part, the Commercial Inland Marine Coverage Part or the Standard Property Policy; or

2. Under the Commercial Property Coverage Part:

a. In a "Specified Cause of Loss", or in elevator collision resulting from mechanical breakdown, under the Causes of Loss – Special Form; or

b. In a Covered Cause of Loss under the Causes Of Loss – Basic Form or the Causes Of Loss – Broad Form;

we will pay only for the loss ("loss") or damage caused by such "Specified Cause of Loss", elevator collision, or Covered Cause 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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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WATER EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART

The following exclusion is added to Section **C.**, Paragraph **1.**:

Water damage caused directly or indirectly by:

(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 or not driven by wind (including storm surge); or

(2) Waterborne material carried or otherwise moved by any of the water referred to in Paragraph **(1)**.

This exclusion applies regardless of whether any of the above, in Paragraphs **(1)** and **(2)**, is caused by an act of nature or is otherwise caused. An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment system fails in whole or in part, for any reason, to contain the water.

But if any of the above, in Paragraphs **(1)** and **(2)**, results in fire, explosion or theft, we will pay for the direct loss or damage caused by that fire, explosion or theft if these causes of loss would be covered under this policy.

This exclusion does not apply to property in transit.

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TEXAS CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART

A. Loss Condition **B. Appraisal** in the Commercial Inland Marine Conditions is replaced by the following:

B. Appraisal

1. If we and you disagree on the value of the property or the amount of loss, either may make written demand, within 60 days after our receipt of a signed, sworn proof of loss, 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 for 15 days upon such umpire, 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.

2. If there is an appraisal:

a. You will still retain your right to bring a legal action against us, subject to the provisions of the Legal Action Against Us Commercial Inland Marine Condition; and

b. We will still retain our right to deny the claim.

B. Paragraph **8.** of Loss Condition **C. Duties In The Event Of Loss** in the Commercial Inland Marine Conditions is replaced by the following:

8. Send us a signed, sworn proof of loss containing the information we request to settle the claim. You must do this within 91 days after our request. We will supply you with the necessary forms.

C. Paragraph **2.** of General Condition **C. Legal Action Against Us** in the Commercial Inland Marine Conditions is replaced by the following:

2. The action is brought within two years and one day from the date the cause of action first accrues. A cause of action accrues on the date of the initial breach of our contractual duties as alleged in the action.

D. Paragraphs **A.5.a.** and **A.5.b.** of the **Coverage Extensions** and Section **F. Definitions** in the Equipment Dealers Coverage Form are deleted.

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TEXAS CHANGES – LOSS PAYMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART

A. Loss Payment

1. With respect to the Crime And Fidelity Coverage Part and Equipment Breakdown Coverage Part, the following conditions are added.

2. With respect to the Commercial Inland Marine Coverage Part, the following conditions replace Item **E. Loss Payment** in the Commercial Inland Marine Loss Conditions:

a. Claims Handling

(1) Within 15 days after we receive written notice of claim, we will:

(a) Acknowledge receipt of the claim. If we do not acknowledge receipt of the claim in writing, we will keep a record of the date, method and content of the acknowledgment;

(b) Begin any investigation of the claim; and

(c) Request a signed, sworn proof of loss, specify the information you must provide and supply you with the necessary forms. We may request more information at a later date, if during the investigation of the claim such additional information is necessary.

(2) We will notify you in writing as to whether:

(a) The claim or part of the claim will be paid;

(b) The claim or part of the claim has been denied, and inform you of the reasons for denial;

(c) More information is necessary; or

(d) We need additional time to reach a decision. If we need additional time, we will inform you of the reasons for such need.

We will provide notification, as described in **(2)(a)** through **(2)(d)** above, within:

(i) 15 business days after we receive the signed, sworn proof of loss and all information we requested; or

(ii) 30 days after we receive the signed, sworn proof of loss and all information we requested, if we have reason to believe the loss resulted from arson.

If we have notified you that we need additional time to reach a decision, we must then either approve or deny the claim within 45 days of such notice.

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b. We will pay for covered loss or damage within 5 business days after:

(1) We have notified you that payment of the claim or part of the claim will be made and have reached agreement with you on the amount of loss; or

(2) An appraisal award has been made.

However, if payment of the claim or part of the claim is conditioned on your compliance with any of the terms of this policy, we will make payment within 5 business days after the date you have complied with such terms.

c. Catastrophe Claims

If a claim results from a weather related catastrophe or a major natural disaster, the claim handling and claim payment deadlines described in **a.** and **b.** above are extended for an additional 15 days.

Catastrophe or Major Natural Disaster means a weather related event which is:

(1) Declared a disaster under the Texas Disaster Act of 1975; or

(2) Determined to be a catastrophe by the State Board of Insurance.

d. The term "business day", as used in this endorsement, means a day other than Saturday, Sunday or a holiday recognized by the state of Texas.

B. With respect to the Commercial Inland Marine Coverage Part the following is added:

We will not be liable for any part of a "loss" that has been paid or made good by others.

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TEXAS CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART – LIVESTOCK COVERAGE FORM
FARM COVERAGE PART – MOBILE AGRICULTURAL MACHINERY AND EQUIPMENT COVERAGE FORM

A. The following is added to Paragraph **2.** of the **Cancellation** Common Policy Condition:

We may cancel this policy for any reason except, that under the provisions of the Texas Insurance Code, we may not cancel this policy solely because the policyholder is an elected official.

B. The following condition is added:

NONRENEWAL

We may elect not to renew this policy except, that under the provisions of the Texas Insurance Code, we may not refuse to renew this policy solely because the policyholder is an elected official.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
STANDARD PROPERTY POLICY

SCHEDULE

The **Exception Covering Certain Fire Losses** (Paragraph **C)** applies to property located in the following state(s), if covered under the indicated Coverage Form, Coverage Part or Policy:

State(s)	Coverage Form, Coverage Part Or Policy
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. The following definition is added with respect to the provisions of this endorsement:

"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.

B. The following exclusion is added:

CERTIFIED ACT OF TERRORISM EXCLUSION

We will not pay for loss or damage caused directly or indirectly by a "certified act of terrorism". Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

C. Exception Covering Certain Fire Losses

The following exception to the exclusion in Paragraph **B.** applies only if indicated and as indicated in the Schedule of this endorsement.

If a "certified act of terrorism" results in fire, we will pay for the loss or damage caused by that fire. Such coverage for fire applies only to direct loss or damage by fire to Covered Property. Therefore, for example, the coverage does not apply to insurance provided under Business Income and/or Extra Expense coverage forms or endorsements which apply to those forms, or to the Legal Liability Coverage Form or the Leasehold Interest Coverage Form.

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If aggregate insured losses attributable to terrorist acts certified under the 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 shall 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.

D. Application Of Other Exclusions

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

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POLICYHOLDER DISCLOSURE

NOTICE OF TERRORISM INSURANCE COVERAGE

You are hereby notified that under the Terrorism Risk Insurance Act, as amended, you 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 or acts that are 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.

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 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 PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS THAT MAY BE 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 OF 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.

Acceptance or Rejection of Terrorism Risk Insurance Coverage

	I hearby elect to purchase terrorism coverage for a prospective premium of $20.63.
X	I hearby decline to purchase terrorism coverage for certified acts of terrorism. I understand I will have no coverage for losses resulting from certified acts of terrorism.

	State National Insurance Company, Inc.
Policyholder/Applicant's Signature	Insurance Company
Contractor Coverage	NXTJDPVRTJ-00-IM
Print Name	Policy Number
04/30/2024	
Date	

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Policy Holder Privacy Statement

As a policyholder of State National Insurance Company, Inc., you may remember that you purchased your State National Insurance Company, Inc. policy from an insurance agent. Please understand that the agent from whom you purchased your State National Insurance Company, Inc. policy is not affiliated with State National Insurance Company, Inc., but rather is a separate legal entity. In the process of purchasing your State National Insurance Company, Inc. policy, you may have provided your insurance agent with various information, including nonpublic personal information about yourself. You did not provide any such information directly to State National Insurance Company, Inc., but on occasion we may receive such information from your insurance agent. This statement is intended to explain and disclose State National Insurance Company, Inc.'s policies and practices regarding the collection, disclosure and protection of such information.

State National Insurance Company, Inc. will provide customers like yourself with a copy of our privacy policy at the beginning of our relationship and annually thereafter, unless and until our relationship ends. As our products and services continue to evolve, it may be necessary to review and revise our privacy policies, in which case we will provide you with an updated privacy notice.

I. Financial Information Collected.

During the ordinary course of our business, State National Insurance Company, Inc. may – as explained above – collect information about you from the following sources:

- Information the insurance agent receives from you on applications or other forms;
- Information about your transactions (including claims) with us, our affiliates and others; and
- Information we receive from other agents, brokers, administrators, insurance support agencies, legal counsel, consumer reporting agencies and government reporting agencies.

II. Financial Information Disclosed.

We do not disclose any information about our customers or former customers to anyone, except as permitted by law to service your business.

III. Parties To Whom Information is Disclosed.

We do not disclose any information about our customers or former customers to anyone, except as permitted by law to service your business.

IV. Confidentiality and Security of Information.

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We restrict access to information about you to those employees who need to know that information to provide products or services to you. We maintain physical, electronic, and procedural safeguards to guard your information.

V. Access to and Correction of Your Information.

You may write to us if you have any questions about the information that we may have in our records about you. We will respond within 30 business days from the date such request is received to your inquiry. If you wish, you may review this information in person or receive a copy at a reasonable charge. You can notify us in writing if you believe any information should be corrected, amended, or deleted and we will review your request. We will either make the requested change or explain why we did not do so. If we do not make the requested change, you may submit a short written statement identifying the disputed information, which will be included in all future disclosures of your information.

We value your business. This statement is for your information. No response is necessary.

Secretary

President

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STATE NATIONAL INSURANCE COMPANY, INC.

U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS CONTROL ("OFAC") ADVISORY NOTICE TO POLICYHOLDERS

No coverage is provided by this Policyholder Notice nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided.

This Notice provides information concerning possible impact on your insurance coverage due to directives issued by OFAC. **Please read this Notice carefully.**

The Office of Foreign Assets Control (OFAC) administers and enforces sanctions policy, based on Presidential declarations of "national emergency". OFAC has identified and listed numerous:

- Foreign agents;
- Front organizations;
- Terrorists;
- Terrorist organizations; and
- Narcotics traffickers;

as "Specially Designated Nationals and Blocked Persons". This list can be located on the United States Treasury's web site – http//www.treas.gov/ofac.

In accordance with OFAC regulations, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U.S. sanctions law or is a Specially Designated National and Blocked Person, as identified by OFAC, this insurance will be considered a blocked or frozen contract and all provisions of this insurance are immediately subject to OFAC. When an insurance policy is considered to be such a blocked or frozen contract, no payments nor premium refunds may be made without authorization from OFAC. Other limitations on the premiums and payments also apply.

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STATE NATIONAL INSURANCE COMPANY, INC.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TRADE OR ECONOMIC SANCTIONS

The following is added to this policy:

Trade Or Economic Sanctions

This insurance does not provide any coverage, and we (the Company) shall not make payment of any claim or provide any benefit hereunder, to the extent that the provision of such coverage, payment of such claim or provision of such benefit would expose us (the Company) to a violation of any applicable trade or economic sanctions, laws or regulations, including but not limited, to those administered and enforced by the United States Treasury Department's Office of Foreign Assets Control (OFAC).

All other terms and conditions remain unchanged.

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