

PMMIC

I N S U R A N C E

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THIS IS A CLAIMS-MADE AND REPORTED POLICY POLLUTION LIABILITY COVERAGE

There are provisions which restrict coverage. Please read the policy to determine rights, duties and what is not covered. We use the words "you" and "your" in this policy. They refer to the Named Insured shown in the Declarations. The words "we", "our" and "company" refer to the Petroleum Marketers Management Insurance Company. 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 – POLLUTION LIABILITY COVERAGE

1. INSURING AGREEMENT

- a. We will pay on behalf of the insured those sums in excess of any deductible amount that the insured becomes legally obligated to pay as:
- i. compensatory damages because of "bodily injury" or "property damage" to which this insurance applies; and
 - ii. "corrective action costs" to which this insurance applies.

We will have the right and duty to defend any "suit" seeking those damages, but:

- (1) The amount we will pay for "bodily injury" and "property damage" and "corrective action costs" is limited as described in SECTION III - LIMITS OF INSURANCE;
- (2) We may investigate and settle any "claim" or "suit" at our discretion;
- (3) Our right and duty to defend and pay on behalf of the insured ends when we have used up the applicable limit of insurance in the payment of judgments, settlements, or offers of judgment of "bodily injury" or "property damage" and/or "corrective action costs"; and
- (4) We have no duty to defend any "claim" or "suit" not covered by this insurance;
- (5) 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 only to "bodily injury", "property damage" or "corrective action costs" caused by a "release" of "petroleum" from an "aboveground storage tank" that commences on or after the retroactive date shown in the Declarations for which a "claim" is reported in accordance with SECTION I Part 2, "Claims" Reporting.

The insured's responsibility to pay compensatory damages because of "bodily injury" or "property damage" or "corrective action costs" must be determined in a "suit" on the merits in the state the policy is issued in or in a settlement made with our prior consent.

- c. The insured must provide proof that the "release" arose directly from:
- (1) An "aboveground storage tank", provided that the "release" commences on or after the retroactive date stated in the Declarations and during the policy period and the insured gives us immediate notice of the "release"; or
 - (2) The "loading or unloading" of an "aboveground storage tank" which commences on or after the retroactive date stated in the Declarations and during the policy period and which is reported to us within 24 hours of the "release".

2. "CLAIM" REPORTING

- a. This insurance applies to "bodily injury" and "property damage" only if a "claim" for compensatory damages, to which this insurance applies, is first made in writing against any insured during the policy period and reported to us during the policy period.

A "claim" by a person or organization seeking compensatory damages because of "bodily injury" or "property damage" will be deemed to have been made when written notice of such "claim" is received by an insured.

Written notice of a "claim" must be submitted to us by the insured immediately.

- b. This insurance applies to "corrective action costs" only if a notice asserting an obligation to pay "corrective action costs" to which this insurance applies, under statutory authority of the United States of America, or state regulatory agency, is first received by any insured, in writing, during the policy period and reported to us during policy period.

Notice provided to us of a "release" to which this insurance applies which may give rise to an obligation to pay "corrective action costs" may, at our option, be deemed notice asserting an obligation to pay "corrective action costs" first received by you during the policy period.

Written notice of the assertion of an obligation to pay "corrective action costs" must be submitted to us by the insured immediately.

- c. Each specific "claim" for compensatory damages or "corrective action costs" covered under this insurance as a result of a single "release" will be deemed to have been made at the time the first "claim" from that "release" was made. Each specific "claim" must be made in writing and received by any insured during the policy period and reported to us during the policy period.

3. OPTIONAL EXTENDED REPORTING PERIOD

In the event of cancellation or non-renewal of this policy, you have the right to purchase a 180-day reporting extension. The ability to report "claims" under this policy will be extended to cover a "claim" arising from a "release" that occurred before the end of the policy period but not before any applicable retroactive date if such an extended reporting extension is purchased. Such "claim" will be deemed a "claim" made on the last day of the policy period or at the time the first "claim" from the "release" was made, whichever came first so long as we receive written notice within 180 days after the end of the policy period. In no event shall the inclusion of these "claims" increase the LIMITS OF INSURANCE as set forth in SECTION III. For the extended reporting extension to apply, the policyholder must have paid the premium for the extended reporting extension in advance, and have written confirmation from us that it is in effect.

4. EXCLUSIONS

This insurance does not apply to:

- a. "Bodily injury", "property damage" or "corrective action costs" caused or contributed to by any "release" that was discovered and/or commenced prior to the retroactive date shown in the Declarations for the applicable location.
- b. "Bodily injury", "property damage" or "corrective action costs" expected or intended by any insured.
- c. "Bodily injury", "property damage" or "corrective action costs":
 - (1) That was known or should have been known by any insured prior to the applicable retroactive date; or
 - (2) That was known or should have been known by any insured prior to any acquisition or activation of any location.
- d. "Bodily injury", "property damage" or "corrective action costs" 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.
- e. Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.
- f. "Bodily injury" to:
 - (1) Any employee of the insured arising out of and in the course of employment by the insured; or
 - (2) The spouse, child, parent, brother or sister of that employee as a consequence of (1) 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.
- g. "Bodily injury", "property damage" or "corrective action costs" to:
 - (1) A "waste facility" or its operation;
 - (2) Property you own, rent or occupy;
 - (3) Premises you sell, give away or abandon if the "bodily injury", "property damage" or "corrective action costs" arises out of any part of those premises;
 - (4) Property loaned to you; or
 - (5) Personal property in your care, custody or control.

Paragraph (2) of this exclusion does not apply to land owned, occupied by, rented to or used by you with respect to "corrective action costs" covered by this policy.

- h. "Corrective action costs" or any other expense incurred by you or others to test for, monitor, clean-up, remove, contain, treat, detoxify or neutralize "petroleum" on or at a "waste facility" or to any recovery claimed for such cost or expense.
- i. "Bodily injury", "property damage" or "corrective action costs" included within the "products-completed operation hazard" and arising out of a continuous or repeated emission, discharge, "release" or escape which originates away from any "insured site".

- j. "Bodily injury", "property damage" or "corrective action costs" arising out of the ownership or operation of any offshore facility as defined in the Outer Continental Shelf Lands Act Amendment of 1978 or the Clean Water Act of 1977 as amended in 1978 or any deepwater port as defined in the Deepwater Port Act of 1974 as amended or as may be amended.
- k. "Bodily injury", "property damage" or "corrective action costs" arising out of a "release" from an "aboveground storage tank" or any part of an "aboveground storage tank" that was used for the storage, disposal, processing or treatment of any "waste" or any other regulated or hazardous substance, other than waste lubricating oil.
- l. "Bodily injury", "property damage" or "corrective action costs" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto", rolling stock, any motorized or self-propelled equipment and its attachments or watercraft owned and operated by, rented or loaned to any insured. Use includes operation and "loading or unloading".

This exclusion does not apply to:

- (1) "Bodily injury", "property damage" or "corrective action costs" which arises out of the "loading or unloading" of an "auto" owned and operated by or rented or loaned to any insured provided "release" commences on or after the retroactive date stated in the Declarations for the applicable location and is reported to us within 24 hours of the "release" and occurs at an "aboveground storage tank".
- m. "Bodily injury", "property damage" or "corrective action costs" arising out of the emission, discharge, "release" or escape of drilling fluid, oil, gas or other fluids from any oil, gas, mineral, water or geothermal well.
- n. "Bodily injury", "property damage" or "corrective action costs" arising out of a "release" which results from or is directly or indirectly attributable to failure to comply with an applicable statute, regulation, ordinance, directive or order relating to the protection of the environment and promulgated by any governmental body, provided that failure to comply is a willful or deliberate act or omission of:
 - (1) An insured; or
 - (2) You or any of your members, partners or executive officers.
- o. "Bodily injury", "property damage" or "corrective action costs" arising out of acid rain.
- p. Any governmental, civil or criminal fines, penalties or "punitive damages" of any kind or nature.
- q. "Bodily injury", "property damage" or "corrective action costs" reasonably considered to be routine and normal in connection with the business of the insured or occupancy of the property. This includes, but is not limited to, septic or sewage systems, oil water separator systems and dewatering systems.
- r. "Bodily injury", "property damage" or "corrective action costs" arising out of asbestos.
- s. "Bodily injury", "property damage" or "corrective action costs" arising out of any loss of use or loss of income, or consequential loss of any kind or nature.

- t. "Bodily injury", "property damage" or "corrective action costs" at an insured site where the company, or a person at their direction or under contract, is denied access to the site or its records.
 - u. "Bodily injury", "property damage" or "corrective action costs" caused in whole or in part by a "release" if at the time of reporting, the "insured site" has been sold, leased, given away or abandoned by any insured.
 - v. "Bodily injury", "property damage" or "corrective action costs" arising out of any "claim" or "suit" seeking damages for "personal injury" of any kind.
 - w. "Bodily injury", "property damage" or "corrective action costs" arising out of any "aboveground storage tank", or arising out of any "release" from "aboveground storage tank" which have not been registered in accordance with state regulatory agency rules, or where equipment installed as an inducement to issue the policy does not meet the representations in the application.
 - x. "Bodily injury", "property damage" or "corrective action costs" arising out of war, invasion, act of a foreign enemy, hostilities, revolution, strike, riot or civil commotion.
 - y. "Bodily injury", "property damage" or "corrective action costs" arising out of a "release" of any other substance other than "petroleum".
2. Each of the following is also an insured:
- a. Your employees other than your executive officers, but only for acts within the scope of their employment by you. However, none of these employees is an insured for:
 - (1) "Bodily injury" to you or to a co-employee while in the course of their employment;
 - (2) "Property damage" or "corrective action costs" to property owned or occupied by or rented or loaned to that employee, any of your other employees or any of your partners or members (if you are a partnership or joint venture).
 - b. Any person or organization having proper temporary custody of your "real" 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.
 - 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 policy.
- No person or organization is an insured with respect to the conduct of any current or past partnership or joint venture that is not shown as a Named Insured in the Declarations.

5. SUPPLEMENTARY PAYMENTS

We will pay, with respect to any "claim" we adjust or "suit" we defend:

- a. All expenses we incur, up to \$250,000.
- b. All costs taxed against you by the court in a "suit" except:
 - (1) Governmental, civil or criminal fines or penalties, or
 - (2) "Punitive damages" of any kind or nature.
 - (3) Loss of income, loss of use, stigma, diminution of property value or consequential damages.
- c. Pre-judgment interest awarded against the insured on that part of the judgment we pay the applicable limit of insurance, we will not pay any pre-judgment interest based on the period of time after the offer.
- d. 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.
- e. Expenses incurred by the insured for first aid to others at the time of any "pollution incident" for "bodily injury" to which this insurance applies.

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 owners.
 - b. A partnership or joint venture, you are an insured. Your members and your partners and their spouses are also an insured, but only with respect to the conduct of your business.
 - c. An organization other than a partnership or joint venture, you are an insured. Your executive officers and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also an insured, but only with respect to their liability as stockholders.

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:
 - a. The number of insureds;
 - b. The number of "claims" made or "suits" brought as a result of any one "release";
 - c. The number of persons or organizations making "claims" or bringing "suits" as a result of any one "release"; or
 - d. The sum of all "corrective action costs" incurred as a result of any one "release".
- 2. The Aggregate Limit is the most we will pay for all "claims" during the policy period for the sum of:
 - a. All compensatory damages because of all "bodily injury" and "property damage"; and
 - b. All "corrective action costs" incurred for all "releases".
- 3. Subject to the Aggregate Limit above, the most we will pay in any one "release" is the sum of:
 - a. All compensatory damages because of "bodily injury" and "property damage"; and
 - b. All "corrective action costs" incurred;
 - c. We will pay the lesser of:
 - (1) Each "release" Limit, reduced by the deductible amount, if one is shown in the Declarations; or
 - (2) The sum of those compensatory damages and "corrective action costs" minus any such deductible amount.

SECTION IV – POLLUTION 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 policy.

2. DUTIES IN THE EVENT OF A "RELEASE", "CLAIM" OR "SUIT"

a. You must see to it that we are immediately notified of a "release" which may result in a "claim" or any action or proceeding to impose an obligation on the insured for "bodily injury", "property damage" or "corrective action costs". Notice should include:

- (1) How, when and where the "release" took place; and
- (2) The names and addresses of any injured persons and witnesses.

Notice of a "release" is not a "claim". "Claim" reporting must be done in accordance with SECTION I, Part 2, "Claim" Reporting.

b. If a "claim" is made or "suit" is brought against any insured or if an action is initiated, you must see to it that we receive immediate written notice of the "claim" or "suit" or notice of action.

c. You and any other involved insured must:

- (1) Immediately send us copies of any demands, notice, summonses or legal papers received in connection with the "claim" or "suit";
- (2) Authorize us to obtain records and other information;
- (3) Cooperate with us in the investigation, settlement or defense of the "claim" or "suit";
- (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; and

d. No insureds will, except at their own cost, voluntarily make any payments of compensatory damages because of "bodily injury" or "property damage", or of "corrective action costs", assume any obligation, or incur any expenses, other than for first aid, without our prior consent. We retain the right to approve all "corrective action costs" in advance.

3. LEGAL ACTION AGAINST US

No person or organization has a right under this policy:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us on this policy 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 obtained after an actual trial, but we will not be liable for damages that are not payable under the terms of this policy or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and "release" of liability signed by us, the insured and the claimant or the claimant's legal representative.

4. LIBERALIZATION CLAUSE

If we adopt any revision that would broaden the coverage under the policy without additional premium at any time during the "policy period", the broadened coverage will immediately apply to this policy.

5. OTHER INSURANCE

If the insured site is covered by other insurance, this policy's obligations are limited as follows:

a. This insurance shall be primary with the following exceptions:

- (1) If the site is insured as primary with another carrier, this policy will be excess over that policy.

b. Method of Sharing

- (1) Should other insurance coverage state they are excess, each policy shall contribute equal amounts until it has paid its applicable limit of insurance or none of the loss remains, which ever comes first.
- (2) Should other insurance specifically not permit contribution by equal shares, this policy shall contribute by limits. Each policy share will be based on the ratio of its applicable limit of insurance to the total applicable limits of insurance coverage of all insurers.

6. REPRESENTATIONS

By accepting this policy, you agree:

- a. The statements in the application and 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;
- d. To maintain your "aboveground storage tank" so it meets state and/or federal guidelines. This insurance is void in any case of fraud by you. It is also void if you intentionally conceal or misrepresent a material fact in obtaining coverage. Representations made on the application are deemed to be material, and are a part of this policy.

7. TRANSFER OF RIGHTS OF RECOVERY TO US

If the insured has rights to recover all or part of any payment we have made under this policy, those rights are transferred to us. The insured must do nothing to impair them. At our request, the insured will bring suit or transfer those rights to us and help us enforce them.

8. COVERAGE FORM ISSUED TO COMPLY WITH LAW OR REGULATION

If this policy is issued to comply with any law or regulation which requires notice of cancellation to any governmental body, cancellation may not be affected until the required notice has been provided by you or us.

SECTION V – DEFINITIONS

1. "Aboveground storage tank" means tanks and their associated piping intended to contain and dispense "petroleum." Only "aboveground storage tank" that are identified and listed on the policy application and have the appropriate premium paid are covered under this policy. "Aboveground storage tank" must contain "petroleum" as defined in SECTION V, Number 9 of this policy to be covered under the policy. The "aboveground storage tank" must be 90% or more resting above ground and would otherwise not be defined as an underground storage tank by federal and state law.

2. "Auto" means a land motor vehicle, trailer or semitrailer designed for and licensed for travel on public roads, including any attached machinery or equipment. But "auto" does not include any other type of motorized or self-propelled vehicle and its attached machinery or equipment.

3. "Bodily injury" means physical injury, sickness or disease sustained by a person, including death caused from and resulting from a "release".
- "Bodily injury" as defined does not mean "personal injury". "Personal injury" means injury, other than "bodily injury" arising out of one or more of the following offenses;
- (1) false arrest, detention, imprisonment;
 - (2) malicious prosecution;
 - (3) wrongful entry into or eviction of a person from a room, dwelling, premises or property that the person occupies;
 - (4) invasion of right of private occupancy.
4. "Claim" means a written demand for money or services made upon you, including the service of "suit". A "claim" is made upon you when you receive it or are aware that a possibility exists that a "claim" will be made.
5. "Corrective action costs" means expenses for the removal or neutralization of "petroleum" as a result of a "release", including costs, charges, and expenses incurred by geotechnical or environmental firms and their personnel to investigate, assess, remediate, or monitor the effects of any "release" covered by this insurance. "Corrective action costs" does include the utilization of institutional or technological controls such as federal, state, city, and county laws, rules and/or ordinances and environmental covenants that would preclude the installation of basements or other below grade structures and wells on the insured site or other affected properties. The purpose of an institutional or technological control is to restrict access to or use of property such that an applicable receptor could not be exposed to chemicals of concern for as long as the target level is exceeded at applicable points of exposure and compliance. If the use of institutional or technological controls or environmental covenants can be utilized instead of other types of "corrective action costs" at the insured site or affected properties, that is the extent of "corrective action costs" that we will pay and that will be covered by the policy.
- But "corrective action costs" does not mean, and this insurance will not pay for:
- a. The testing, upgrading, repair, or replacement of "aboveground storage tank" or the replacement of their contents;
 - b. The testing, upgrading, repair of piping, connections, and valves used in conjunction with a.;
 - c. Backfilling done in conjunction with a. or b.;
 - d. Testing, investigation, or assessment for a suspected "release" if it is confirmed a "release" has not occurred;
 - e. Damage or injury to buildings, contents, or other property;
 - f. Administrative costs associated with preparing a "claim".
 - g. Any other compensatory damages not otherwise specifically covered by this insurance.
 - h. The cost of testing, cleaning, removing, transporting, or disposal of the "aboveground storage tank".
6. "Coverage territory" means the state where the insured site is located.
7. "Loading or unloading" means the transfer of "petroleum" from an "auto" while the "petroleum" is being removed from or dispensed to an "aboveground storage tank".
8. "Petroleum" means "petroleum", including crude oil or any fraction of crude oil which is liquid at standard conditions of temperature and pressure (60 degrees Fahrenheit and 14.7 pounds per square inch absolute) that would be used for fuel. It does not include "petroleum" based non-fuel derivatives. "Petroleum" include fractions of fuel that may be classified as bio-fuels such as bio or soy diesel and mixtures of ethanol such as E-10 and E-85. The entirety of such mixtures that are used as fuel shall also be classified as "petroleum" for the purpose of this policy.
9. "Policy period" means whenever used in this policy, the period from the retroactive date of this policy to the policy expiration date as set forth in the Declarations or its earlier termination date, if any.
10. "Products-completed operations hazard" includes all "bodily injury", "property damage" and "corrective action costs" 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.
- a. "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 contract calls for work at more than one site;
 - (3) When that part of the work done at a job site has been put to its intended use by any person 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. This hazard does not include "bodily injury", "property damage" or "corrective action costs" arising out of:
- (1) The transportation of property; or
 - (2) The existence of tools, uninstalled equipment or abandoned or unused materials.
11. "Property damage" means physical injury to or destruction of tangible property, excluding all resulting loss of use of that property. "Property damage" does not include "corrective action costs", stigma, diminution of property value or other non-tangible damages.
12. "Punitive damages" means any form of damages which are other than compensatory in nature, or are damages which are designed to punish the action or actions which caused the "claim" or "suit".
13. "Release" means continuous or repeated emission, discharge, "release" or escape of "petroleum" from an "aboveground storage tank" into or upon land, the atmosphere or any watercourse or body of water, provided that such emission, discharge, "release" or escape results in "corrective action costs", "bodily injury" or "property damage". The entirety of any such continuous or repeated emission, discharge, "release" or escape shall be deemed to be one "release" unless it can be determined where the "release" as described originated; in that instance each "release" is subject to limits, deductibles, and conditions as noted in this policy.
14. "Suit" means a civil proceeding filed in a court of applicable jurisdiction in which compensatory damages because of "bodily injury" or "property damage", to which this insurance applies are alleged. "Suit" includes an arbitration proceeding alleging such damages to which you must submit or submit with our consent. An administrative order or directive from a governmental subdivision does not constitute a "suit".
15. "Waste" means any solid, liquid or gaseous irritant or contaminant, including smoke, vapor, soot, fumes, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
16. "Waste facility" means any site to which "waste" or "petroleum" from the operations of an "aboveground storage tank" is legally consigned for delivery or delivered for storage, disposal, processing or treatment, provided that such site:

- a. Is licensed by a government authority to perform such storage, disposal, processing or treatment; and
- b. Is not and never was owned by, rented or loaned to you.

For the purposes of Exclusions g. and h. only, "waste facility" means any site to which "petroleum" is consigned for delivery or delivered for storage, disposal, processing or treatment.

17. "Your product" means:

- a. Any goods or products, other than real property manufactured sold, handled, distributed or disposed of by:
 - (1) You;
 - (2) Others trading under your name; or
 - (3) A person or organization whose business or assets you have acquired; and
- b. Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

"Your product" includes warranties or representations made at any time with respect to the fitness, quality, durability or performance of any of the items included in a. and b. above.

"Your product" does not include vending machines or other property rented to or located for the use of others but not sold.

18. "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 a. or b. above.

SECTION VI – POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions:

1. CANCELLATIONS

- a. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
- b. We may cancel this policy by mailing or delivering to the first Named Insured and any loss payee written notice of cancellation at least 10 days before the effective date of cancellation if we cancel for non-payment of premium.
- c. We may cancel this policy by mailing or delivering to the first Named Insured and any loss payee, written notice of cancellation at least 45 days before the effective date of cancellation if we cancel for one of the following:
 - (1) Misrepresentation or fraud made by or with the knowledge of the insured in obtaining the policy, when renewing the policy, or in presenting a "claim" under the policy;
 - (2) Actions by the insured which substantially change or increase the risk insured;
 - (3) Determination by the Insurance Commissioner of the State of Iowa that continuation of the policy will jeopardize our solvency or will constitute a violation of the law of Iowa or any other state;
 - (4) The insured has acted in a manner in which the insured knew or should have known was in violation or breach of this policy's terms or conditions.
- d. We may cancel this policy by mailing or delivering to the first Named Insured and any loss payee written notice of cancellation

at least 45 days before the effective date of cancellation if we cancel because we lost our reinsurance coverage which provides us coverage for a significant portion of the underlying risk insured and if the Insurance Commissioner of the State of Iowa determines that cancellation because of loss of reinsurance coverage is justified.

- e. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
- f. Notice of cancellation shall include the reason for cancellation of the policy and will state the effective date of cancellation. The policy period will end on that date.
- g. If notice is mailed, a post office department certificate of mailing to the Named Insured is evidence of notice. Such a certificate of mailing is not required if cancellation is for non-payment of premium.
- h. If cancelled by either the first Named Insured or the company, earned premium shall be computed pro rata after the minimum policy premium is first deducted from the annual premium amount.

2. NOTICE OF NON-RENEWAL

We may non-renew this policy by providing written notice to the first Named Insured and any loss payee at least 45 days prior to the expiration date of the policy. We will mail or deliver our notice to the first Named Insured and loss payees last mailing address known to us. If notice is mailed, a post office department certificate of mailing is proof of receipt of the mailing.

3. 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.

4. 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.

5. INSPECTION AND SURVEYS

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.

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. And, we do not warrant that conditions:

- (1) are safe or healthful; or
- (2) comply with laws, regulations, codes or standards.

These conditions apply not only to us but to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

6. PREMIUMS

The first Named Insured shown in the Declarations;


- a. Is responsible for the payment of all premiums.

7. 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.

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



President



Secretary