

The Princeton Excess and Surplus Lines Insurance Company

Residential Terms & Conditions

THE INSURED is requested to read this Policy, and if not correct, return it immediately to the Correspondent for appropriate alteration.

IN THE EVENT OF A CLAIM UNDER THIS POLICY, PLEASE NOTIFY THE FOLLOWING CORRESPONDENT:

POULTON ASSOCIATES, LLC
Natural Catastrophe Insurance Program
3785 South 700 East, Salt Lake City, UT 84106
Phone: (801) 268-2600 or Fax (801) 268-2674

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Certification of Conformity

Interagency Final Rule:

Loans in Areas Having Special Flood Hazards

This Policy meets the definition of private flood insurance contained in 42 U.S.C. § 4012a(b)(7) and the corresponding regulation.

Per:

<u>FEDERAL LENDING REGULATOR</u>	<u>REFERENCE</u>
DEPARTMENT OF THE TREASURY	12 CFR Parts 22 and 172 [Docket ID OCC-2014-0016]
FEDERAL RESERVE SYSTEM	12 CFR Part 208 [Reg. H, Docket No R-1498]
FEDERAL DEPOSIT INSURANCE CORPORATION	12 CFR Part 339
FARM CREDIT ADMINISTRATION	12 CFR Part 614
NATIONAL CREDIT UNION ADMINISTRATION	12 CFR Part 760

This policy must be accepted by federally regulated lenders as satisfying the mandatory purchase of flood insurance requirement for structures that reside in a special flood hazard area.

We Certify This Policy:

1. Is issued by an insurer that is licensed, admitted, or otherwise approved to engage in the business of insurance in the State or jurisdiction in which the property to be insured is located, by the insurance regulator of that State or jurisdiction;
2. Provides flood insurance coverage which is at least as broad as the coverage provided under a standard flood insurance policy under the national flood insurance program;
3. Includes:
 - a. A requirement for the insurer to give 45 days' written notice of cancellation or non-renewal of flood insurance coverage to the insured and the regulated lending institution or Federal agency lender;
 - b. Information about the availability of flood insurance coverage under the national flood insurance program;
 - c. A mortgage interest clause similar to the clause contained in a standard flood insurance policy under the national flood insurance program;
 - d. A provision requiring an insured to file suit not later than 1 year after the date of a written denial of all or part of a claim under the policy; and
4. Contains cancellation provisions that are as restrictive as the provisions contained in a standard flood insurance policy under the national flood insurance program.

Flood Insurance Reform and Modernization

THIS POLICY MEETS ALL OF THE PROVISIONS REQUIRED BY:

National Flood Insurance Act of 1968, as amended; and

Flood Disaster Protection Act of 1973, as amended, 42 U.S.C. §4001 et seq.; including

Biggert Waters Flood Insurance Reform Act of 2012, 42 U.S.C., §4012a

“Flood insurance purchase and compliance requirements and escrow accounts

“(7) PRIVATE FLOOD INSURANCE DEFINED. In this subsection, the term ‘private flood insurance’ means an insurance policy that—

“(A) is issued by an insurance company that is—

“(i) licensed, admitted, or otherwise approved to engage in the business of insurance in the State or jurisdiction in which the insured building is located, by the insurance regulator of that State or jurisdiction; or

“(ii) in the case of a policy of difference in conditions, multiple peril, all risk, or other blanket coverage insuring nonresidential commercial property, is recognized, or not disapproved, as a surplus lines insurer by the insurance regulator of the State or jurisdiction where the property to be insured is located;

“(B) provides flood insurance coverage which is at least as broad as the coverage provided under a standard flood insurance policy under the national flood insurance program, including when considering deductibles, exclusions, and conditions offered by the insurer;

“(C) includes—

“(i) a requirement for the insurer to give 45 days’ written notice of cancellation or non-renewal of flood insurance coverage to—

“(I) the insured; and

“(II) the regulated lending institution or Federal agency lender;

“(ii) information about the availability of flood insurance coverage under the national flood insurance program;

“(iii) a mortgage interest clause similar to the clause contained in a standard flood insurance policy under the national flood insurance program; and

“(iv) a provision requiring an insured to file suit not later than 1 year after date of a written denial of all or part of a claim under the policy; and

“(D) contains cancellation provisions that are as restrictive as the provisions contained in a standard flood insurance policy under the national flood insurance program.”

NCIP CONF (04/17)

Various provisions in this Policy restrict coverage. Please read the entire Policy carefully to determine rights, duties and what is and is not covered.

In this Policy “you” and “your” refer to the Named Insured shown on the Coverage Declarations and “we” and “our” refer to the Insurer providing this insurance Policy. Words appearing in bold within the text have special meaning and are defined in this Policy.

I. Insuring Agreement

A. Physical Loss/Physical Damage

In consideration of the premium paid and subject to the conditions, limits, and exclusions contained herein, this Policy insures the structure of the **building(s)** and **personal property** at the **premises**, all as specified herein, against direct physical loss or physical damage that occurs and manifests itself during the period of this Policy and is caused solely by the peril(s) shown in the Coverage Declarations and limited to one or more of the following perils:

1. **Earthquake Shock**
2. **Flood**
3. **Landslide**

B. Additional Living Expenses

1. Uninhabitable Dwelling:

- a. If your dwelling is made uninhabitable by direct physical loss or physical damage caused solely by a peril insured by this Policy, this Policy covers any necessary and reasonable increase in living expenses incurred by you and/or permanent members of your household so that your household can maintain its standard of living.

Payment shall be for the reasonably necessary time required for rebuilding, repairing, or replacing your dwelling or, if you have to be permanently relocated, the reasonably necessary time required to settle elsewhere. The amount covered is limited to the Limit of Insurance shown in the Coverage Declarations for Additional Living Expenses. This period of time is not limited by expiration of this Policy.

2. Prohibited Use:

- a. If a civil authority prohibits you and/or permanent members of your household from use of the premises as a result of direct damage to neighboring premises by a peril insured against by this Policy, this Policy will cover any resulting additional living expenses. The amount covered is limited to the Limit of Insurance shown in the Coverage Declarations for Additional Living Expenses. This period of time is not limited by expiration of this Policy.

The amount covered for all Additional Living Expenses insured under both 1) Uninhabitable Dwelling and 2). Prohibited Use combined is the Limit of Insurance shown in the Coverage Declarations for Additional Living Expenses in respect of each loss or series of losses arising out of any one event.

C. Debris Removal

We will pay your reasonable expense, excess of the deductible shown on the Coverage Declarations, for the removal of:

1. Debris on your premises, caused by a peril insured against, for direct physical loss, physical damage, or destruction of property, to which this Policy applies.

The amount we will pay for debris removal is limited to 10% of the covered loss or \$25,000, whichever is less.

The Debris Removal coverage available is included within and not in addition to the limit of **building** coverage. Any amount used for Debris Removal shall reduce the amount available under **building** coverage.

Nothing contained in this Clause shall override any Seepage and/or Pollution and/or Contamination Exclusion, any Radioactive Contamination Exclusion, or any other Exclusion applicable to this Policy.

Any provision within this Policy (or within any Endorsement that forms part of this Policy) that insures Debris Removal is cancelled and replaced by the above.

D. Increased Cost of Compliance

1. General. This Policy pays you to comply with a state or local floodplain management law or ordinance affecting repair or reconstruction of a structure suffering flood damage. Compliance activities eligible for payment are elevation, floodproofing, relocation, or demolition (or any combination of these activities of your structure. Eligible floodproofing activities are limited to:
 - a. Nonresidential structures.
 - b. Residential structures with basements that satisfy FEMA's standard published in the Code of Federal Regulations [44 CFR 60.6 (b) or (c)].
2. Limit of Liability. We will pay up to \$30,000 under this coverage Increased Cost of Compliance, which only applies to policies with **building** coverage as designated on the coverage declaration. Our payment of claims is in addition to the amount of coverage shown on the coverage declarations page under **building**. But the maximum you can collect under this Policy for both **building** and Increased Cost of Compliance coverage cannot exceed the limit of liability shown for **building** coverage. A separate deductible does not apply.

II. Definitions

A. **ACT** means:

The National Flood Insurance Act of 1968, as amended, and The Flood Disaster Protection Act of 1973, as amended, 42 U.S.C. 4001 et seq., in effect as of the effective date of this Policy as evidenced on the Coverage Declarations.

B. **Building(s)** means:

1. The dwelling where you principally reside or your secondary residence and
2. Appurtenant Structures, being other permanent buildings or structures, with walls and a roof, on the premises.

C. **Catastrophic ground collapse** means geological activity that result in an abrupt collapse of ground cover causing a depression in the ground cover clearly visible to the naked eye that causes structural damage to the **building**, including the foundation.

D. **Earthquake shock** means physical damage caused by earth movement, including landslide, mudflow, or earth sinking, earth rising, or shifting only as a direct and immediate result of **earthquake shock** but shall not include any consequential loss or damage from any other ensuing peril.

Each loss by **earthquake shock** shall constitute a single loss hereunder, provided if more than one **earthquake shock** shall occur within any period of 72 hours commencing during the term of this Policy such **earthquake shocks** shall be deemed to be a single earthquake within the meaning hereof. The Insurer shall not be liable for any loss caused by any **earthquake shock** occurring before the effective date and time of this Policy nor for any loss occurring after the expiration date and time of this Policy. The insured may select the time from which any such period shall commence, but no two selected periods may overlap.

E. **Flood** means physical damage caused by a general and temporary condition of partial or complete inundation of normally dry land areas from surface water, waves, tidal water, overflow of a body of water, mudflow, or spray from any of these, whether or not driven by wind arising during any one period of 72 consecutive hours during the period of this Policy. The Insurer shall not be liable for any loss caused by any **flood** occurring before the effective date and time of this Policy, nor for any loss occurring after the expiration date and time of this Policy. The insured may select the time from which any such period shall commence, but no two selected periods may overlap.

F. **Landslide**, except landslide as covered by **earthquake shock** definition above, means physical damage caused by the sudden movement of earth and/or rock ("land"), including sliding of land; mudflow, except mudflow as covered by the **earthquake shock** and **flood** definitions above; land sinking, rising, or shifting but excluding normal settling; gradual subsidence; gradual slippage; and processes of erosion that take place over time.

G. **Personal property** means:

1. **Personal property** usual to the occupancy of the dwelling and owned or used by you or permanent members of your household while such **personal property** is held within the dwelling on the insured **premises**. We will also cover personal effects owned by a guest or servant while such personal effects are held within the dwelling on the insured **premises**.
2. Materials and supplies for use in the construction, structural alteration, alteration, maintenance, or repair of the **premises** while such materials and supplies are at the **premises**.
3. Foodstuffs, bedding, tack, and other equipment that is used for the maintenance and care of pets and livestock while at the **premises**, provided such pets or livestock are not kept for commercial or business purposes.

- H. **Premises** means the residential structure at the address shown on the Coverage Declarations.
- I. **Sinkhole** collapse means the settlement or systematic weakening of the land supporting the **building(s)** when such settlement or systematic weakening results from movement or raveling of soils, sediments, or rock materials into subterranean voids created by the effect of water on a limestone or similar rock formation.

III. Losses Excluded

A. This Policy does not insure against:

1. Loss or damage arising from water or waterborne material that:
 - a. Backs up through sewers or drains;
 - b. Discharges or overflows from a sump, sump pump, or related equipment; or
 - c. Seeps or leaks through insured property;
2. unless, **flood** is an insured peril under this Policy and the direct cause of the sewer or drain back up, sump pump discharge or overflow, or seepage of water or waterborne material.
3. Loss or damage arising directly or indirectly out of nuclear reaction, nuclear radiation, or radioactive contamination, however such nuclear reaction, nuclear radiation, or radioactive contamination may have been caused.
4. Loss or damage arising directly or indirectly out of war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power, martial law, confiscation, nationalization, requisition, or destruction of or damage to property by or under the order of any government or public or local authority.
5. Loss, damage, or increased cost arising directly or indirectly out of enforcement of any ordinance or law regulating the use, reconstruction, repair, or demolition of any **building(s)** insured hereunder, nor any loss, damage, cost, expense, fine, or penalty that is incurred or sustained by or imposed on you at the order of any governmental agency, court, or other authority arising from any cause whatsoever.
6. Loss or damage arising out of acts or decisions, including the failure to act or decide, of any person, group, organization, or governmental body relating to faulty, inadequate, or defective:
 - a. Planning, zoning, development, surveying, siting;
 - b. Design, specifications, workmanship, repair, construction, renovation, remodelling, grading, compaction;
 - c. Materials used in repair, construction, renovation, or remodelling; or
 - d. Maintenance of all or part of any property on or off the **premises**.
7. Loss or damage arising out of normal settling, shrinking or expansion of land, **buildings**, structures or foundations; or erosion, gradual subsidence, the processes of erosion that take place over time, or any other gradually occurring loss or damage—whether caused by **earthquake shock, flood, landslide**, or not—or any loss or damage that commenced prior to the inception of this Policy.
8. Loss or damage arising out of fire, regardless of any other event that contributes concurrently or in any sequence to the loss or damage.
9. Loss or damage arising out of exposure to weather conditions where any **personal property** is left in the open or not contained in **buildings** that are on permanent foundations and capable of secure storage.
10. Mysterious disappearance or inventory shortage, theft, fraud, or any kind of wrongful conversion or abstraction.
11. The costs for reconstruction of electronic data or other data.

12. Loss or damage arising out of cessation, fluctuation, variation in, or insufficiency of water, gas or electricity supplies, or other public utility service supplying the **premises**.
 13. Reduction in rental value, reduction in market value or the saleability of property insured by this Policy, or any costs or expenses related thereto.
- B. Notwithstanding any provision in this Policy to the contrary or within any Endorsement that forms part of this Policy, this Policy does not insure any loss, damage, costs or expense, or any increase in insured loss, damage, cost or expense, fine or penalty that is incurred, sustained or imposed by order, direction, instruction or request of, or by any agreement with any court, government agency, or any public, civil, or military authority, or threat thereof (and whether or not as a result of public or private litigation) that arises from “any kind of seepage or any kind of pollution and/or contamination,” or threat thereof, whether or not caused by or resulting from a peril insured or from steps or measures taken in connection with the avoidance, prevention, abatement, mitigation, remediation, clean-up, or removal of such seepage or pollution and/or contamination or threat thereof.

The term “any kind of seepage or any kind of pollution and/or contamination” as used in this Policy includes (but is not limited to):

1. Seepage of or pollution and/or contamination by anything, including but not limited to any material designated as a “hazardous substance” by the United States Environmental Protection Agency or as a “hazardous material” by the United States Department of Transportation, or defined as a “toxic substance” by the Canadian Environmental Protection Act for the purposes of part II of that Act, or any substance designated or defined as toxic, dangerous, hazardous, or deleterious to persons or the environment under any other Federal, State, Provincial, Municipal, or other law, ordinance, or regulation and;
 2. The presence, existence, or release of anything that endangers or threatens to endanger health, safety, or welfare of persons or the environment.
- C. Notwithstanding any of the other provisions of this Policy, this Policy does not insure against loss, damage, costs, expenses, fines, or penalties incurred or sustained by or imposed on you at the order of any government agency, court, or other authority arising from any cause whatsoever.
- D. This Policy does not cover:
1. The removal of asbestos, dioxin, or polychlorinated biphenols (hereinafter all referred to as “materials”) from any goods, products, or structure, unless the material is itself damaged by **earthquake shock, flood, or landslide** as covered in this Policy;
 2. Demolition or increased cost of construction, repair, debris removal, or loss of use necessitated by the enforcement of any law or ordinances regulating such materials;
 3. Any governmental direction or request declaring that such materials present in, part of, or utilized on any undamaged portion of your property must be removed or modified.

Nor does coverage provided by this Policy apply to any payment for the investigation or defense of any loss or damage, cost, loss of use, expense, fine, or penalty or for any expense, claim, or suit related to any of the above.

- E. Notwithstanding any provision in this Policy to the contrary (or within any Endorsement that forms part of this Policy), this Policy does not insure any **building(s)** and/or **personal property** and/or Additional Living Expenses at any **premises** located within the borders of the state of California for the peril of **earthquake shock**.
- F. Notwithstanding any provision in this Policy to the contrary (or within any Endorsement that forms part of this Policy), this Policy excludes any loss to any **building(s)**, including the foundations and/or **personal**

property and/or Additional Living Expenses at any **premises** arising directly or indirectly from **sinkhole** and/or **catastrophic ground collapse**.

- G. This Policy does not cover any loss, damage, cost, claim, or expense, whether preventative, remedial or otherwise, directly or indirectly arising out of or relating to:
1. the calculation, comparison, differentiation, sequencing, or processing of data involving the date change to the year 2000, or any other date change, including leap year calculations, by any computer system, hardware, program, or software and/or any microchip, integrated circuit, or similar device in computer equipment or non-computer equipment, whether the property of the insured or not; or
 2. any change, alteration, or modification involving the date change to the year 2000, or any other date change, including leap year calculations, to any such computer system, hardware, program, or software and/or any microchip, integrated circuit, or similar device in computer equipment or non-computer equipment, whether the property of the insured or not.

This clause applies regardless of any other cause or event that contributes concurrently or in any sequence to the loss, damage, cost, claim, or expense.

This Policy does not cover any costs and expenses, whether preventative, remedial or otherwise, arising out of or relating to change, alteration or modification of any computer system, hardware, program or software and/or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the insured or not.

- H. This Policy does not insure any loss, damage, claim, cost, expense or other sum directly or indirectly arising out of or relating to mold, mildew, fungus, spores, or other microorganism or any type, nature, or description, including but not limited to any substance's presence that poses an actual or potential threat to human health.

This exclusion applies regardless of whether there is (i) any physical loss or damage to insured property; (ii) any insured peril or cause, whether or not contributing concurrently or in any sequence; (iii) any loss of use, occupancy, or functionality; or (iv) any action required, including but not limited to repair, replacement, removal, clean-up, abatement, disposal, relocation, or steps taken to address medical or legal concerns.

This exclusion replaces and supersedes any provision in the Policy that provides insurance, in whole or in part, for these matters.

- I. This Policy does not cover any costs and expenses, whether preventative, remedial, or otherwise arising out of or relating to change, alteration, or modification of any computer system, hardware, program, or software and/or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the insured or not.

IV. Property Excluded

A. This Policy does not cover:

1. Land, land values, soil, water, air, or any interest or right therein.
2. **Building(s)** and other structures used in whole or in part for any commercial, farming, or manufacturing purposes, other than residences on the **premises** held for rental.
3. Mobile homes; but this exclusion does not apply to modular or manufactured housing permanently attached to foundations.
4. Paved areas, including but not limited to parking lots, terraces, driveways, walkways, sidewalks, pavements, paths, curbing, and swimming pools.
5. Bridges, steps and stairs, wharves, piers, and jetties, unless physically attached to any **building(s)**.
6. Retaining walls, whether or not necessary for the continuing stability of any part of the **premises** and whether or not attached to any **building(s)**.
7. Fences, embankments and earthen structures, tanks, wells, ponds, dams, and dikes.
8. Trees, shrubs, lawns, plants, landscaping costs, animals, birds, or fish.
9. Any aircraft or other aerial device, watercraft and accompanying trailers, motorized and non-motorized vehicles, other than motorized equipment used to maintain the **premises**.
10. Accounts, bills, currency, money, medals, notes, credit cards, securities, deeds, bullion, books of account, evidences of debt or title, manuscripts, passports, tickets, stamps, and valuable papers.
11. Jewellery, watches, precious stones, precious metals, silverware, silver-plated ware, goldware, gold-plated ware, pewterware, fine art, objects d'art, firearms, sculpture and statuary, furs, and garments trimmed with fur.
12. Loss or damage from the peril of **flood**, as insured by this Policy, to **personal property** held within a below grade foundation or basement not declared within the Policy Application for this insurance.

V. Other Insurance

A. This Policy, including any amendments or endorsements, does not cover any loss or damage that at the time of the happening of such loss or damage is insured by, or would but for the existence of this Policy be insured by, any other insurance Policy or policies, whether primary or excess.

VI. Territorial Limits

A. This Policy insures **building(s)** and/or **personal property** owned by you at the **premises** described in the Coverage Declarations

VII. Limits of Insurance

- A. For the perils of **earthquake shock** and **landslide** as insured by this Policy we shall not be liable for more than the Limit of Insurance for each coverage and the Total Limit of Insurance for all coverage stated in the Coverage Declarations in respect of each loss or series of losses arising out of one event and in the annual aggregate separately for each peril.
- B. For the peril of **flood** as insured by this Policy, we shall not be liable for more than the Limit of Insurance for each coverage and the Total Limit of Insurance for all coverage stated in the Coverage Declarations in respect of each loss or series of losses arising out of any one event.

For the peril of **flood** as insured by this Policy notwithstanding the provisions of Property Excluded paragraph 12., where the insured has declared a below grade foundation type within the Policy Application, we will insure for direct physical loss or physical damage to **personal property** located or held within any below grade portions of the **building** caused solely by the peril(s) of **flood** and subject to a sublimit of the lesser of 5% of the **personal property** amount purchased or \$15,000. This sub-limit is part of and not in addition to the **personal property** amount shown on the Coverage Declaration.

VIII. Deductible

- A. Property
 - 1. Each loss or series of losses caused by an insured peril arising out of one event shall be adjusted separately. A single deductible of the amount shown in the Coverage Declarations shall be deducted from the adjusted amount of each loss or the combined losses arising out of one event.
- B. Additional Living Expenses
 - 1. Additional Living Expenses is subject to the separate deductible stated in the Coverage Declarations and from the adjusted amount of each loss or series of the combined losses arising out of one event the amount of this deductible shall be deducted.

IX. Waiting Period(s)

- A. Coverage for **flood** and/or **landslide** becomes effective at 12:01 a.m., local time, on the 15th day after the inception date of the Policy. Coverage for **earthquake shock** becomes effective at 12:01 a.m., local time, on the 5th day after the inception date of the Policy.
- B. If you have existing insurance for **flood** and/or **landslide** and/or **earthquake shock** similar to that provided by this Policy that is in force through another insurer up to the inception of this Policy, the respective waiting periods are waived.
- C. If you purchase coverage for the peril of flood.
 - 1. New Policy (in connection with making, increasing, extending, or renewing a loan, whether conventional or otherwise); **flood** insurance which is initially purchased in connection with the making, increasing, extending, or renewal of a loan shall be effective at the time of loan closing, provided that the Policy is applied for and we approve of the application and the payment of premium is made at or prior to the loan closing. For example, if our approval of application date is April 3, 2:00 p.m., and the refinancing and premium payment is April 3, 3:00 p.m., the Policy inception shall be at April 3, 3:00 p.m. The **flood** coverage waiting period listed in paragraph A above does not apply.
 - 2. New Policy (in connection with mortgage portfolio reviews); in respect of **flood** coverage, the 15-day waiting period does not apply when **flood** insurance is required as a result of a lender determining that a loan on a **building** in a Special Flood Hazard Area that does not have **flood** insurance and should be protected by **flood** insurance. The coverage is effective upon our acceptance of an application and the payment of premium. For example, where the application acceptance and premium payment date is March 2nd, the Policy inception date is March 2nd. The **flood** coverage waiting period listed in paragraph A above does not apply.
 - 3. New Policy (in connection with existing **flood** and/or **landslide** and/or **earthquake shock** coverage); the 15-day **flood** and/or **landslide** coverage waiting period and the 5-day **earthquake shock** coverage waiting period listed in paragraph A above do not apply when you have existing insurance for **flood** and/or **landslide** and/or **earthquake shock** similar to that provided by this Policy that is in force through another insurer up to the inception of this Policy. The coverage is effective upon our acceptance of an application and the payment of premium. For example, where the application acceptance and premium payment date is March 2nd, the Policy inception date is March 2nd.

X. Conditions

A. Valuation of Property

1. Building(s)

- a. It is understood that, in the event of damage, settlement shall be based on the cost of repairing, replacing, or reinstating (whichever is the least) on the same site with material of like kind and quality without deduction for depreciation and subject to the following provisions:
 - (1) The repairs, replacement, or reinstatement (all hereinafter referred to as "replacement") must be executed with due diligence and dispatch;
 - (2) Until replacement has been effected the amount of liability under this Policy in respect of loss shall be limited to the actual cash value at the time of loss;
 - (3) If replacement with material of like kind and quality is restricted or prohibited by any bylaws, ordinance, or law, any increased cost of replacement due thereto shall not be covered by this Policy.
- b. Our liability for loss under this Policy, including this endorsement, shall not exceed the smallest of the following amounts:
 - (1) The amount of the Policy applicable to the destroyed or damaged **building(s)**;
 - (2) The replacement cost of the **building(s)** or any part thereof identical with such **building(s)** and intended for the same occupancy and use;
 - (3) The amount actually and necessarily expended in replacing the said **building(s)** or any part thereof;
 - (4) If replacement with material of like kind and quality is restricted by material shortages or increases in cost due to material shortages, any increased cost of replacement due to such material shortage shall be covered by this Policy, up to the specific limit shown on the Coverage Declarations (if any) of this Policy for Increased Cost of Materials.

2. Personal Property

- a. The basis of valuation shall be as follows:
 - (1) **Personal property** of others at the amount for which you are liable but in no event to exceed the actual cash value taking into account depreciation.
 - (2) All other **personal property** at the actual cash value taking into account depreciation. In the event of loss hereunder, the actual cash value shall be that which existed immediately prior to the loss.

B. Notification of Claims

1. You agree that upon knowledge of any occurrence that could reasonably give rise to a claim to provide written notice to the correspondent shown in this policy as soon as practicable.

C. Proof of Loss

1. You shall tender a signed and sworn proof of loss within sixty (60) days after the occurrence of a loss (unless such period be extended by the written agreement of the Insurer) stating the time, place and cause of loss, your interest and the interest of all others in the property, the value thereof, and the amount of loss or damage thereto.

D. Subrogation

1. If we become liable for any payment under this Policy in respect of loss or damage, we shall be subrogated, to the extent of such payment, to all your rights and remedies against any party in respect of such loss or damage and shall be entitled at our own expense to sue in your name. You shall give us all such assistance in your power as we may require to secure our rights and remedies and, at our request, shall execute all documents necessary to enable us to effectively bring suit in your name including the execution and delivery of the customary form of loan receipt. Any recoveries received will first be applied towards the expenses in seeking recovery, then to the amounts paid by us to you, and then to reimburse you for amounts paid by you under this Policy's deductible obligation.

E. Salvage and Recoveries

1. All salvages, recoveries, and payments recovered or received subsequent to a loss settlement under this Policy shall be applied as if recovered or received prior to the said settlement and all necessary adjustments shall be made by the parties hereto.

F. Representations

1. It is represented by you that the property that is the subject of this Policy is sound and is in a good state of repair.

In subscribing to this Policy, we have relied on the statements you made in the application, and these statements form the basis of this Policy. If you have knowingly provided incorrect, false, or misleading information, this Policy shall become voidable at our option and may result in all claims under this Policy being forfeited.

If the Policy has been procured by fraud, or if you have concealed any material facts relating to the property insured herein, this Policy shall be deemed entirely null and void.

G. False or Fraudulent Claims

1. If you shall make any claim knowing the same to be false or fraudulent, as regards amount or otherwise, this Policy shall become void and all claims hereunder shall be forfeited.

H. Suit Against the Insurer

1. No suit, action, or proceeding for the recovery of any claim under this Policy shall be sustainable in any court of law or equity unless:
 - a. You have fully complied with all the requirements of this Policy, and
 - b. The suit, action, or proceeding is commenced within twelve (12) months after the written denial of the claim or any amount claimed to be due hereunder. Where the law of the state where the **premises** is located requires that the period of time extend beyond twelve (12) months, this Policy shall conform to the length of time most favourable to the insured.

I. Abandonment

1. There shall be no abandonment to us of any property

J. Assignment

1. Assignment or transfer of this Policy shall not be valid except with our written consent.

K. Inspection and Audit

1. We shall be permitted but not obligated to inspect your property at any time. Neither our right to make inspections, the making thereof, nor any report thereon shall constitute an undertaking, on behalf of or for your benefit or others, to determine or warrant that such property is safe.

L. Mortgagee/Loss Payee Clause

1. Whenever a mortgagee is noted on any individual Policy issued hereunder, the following Mortgagee/Loss Payee Clause shall apply but only to **building** property:

Loss or damage, if any, under this Policy shall be payable to the mortgagee (or trustee) named in the first page of this Policy or named on an endorsement attached hereto, as interest may appear, under all present or future mortgages on the property herein described in which the aforesaid may have an interest, and this insurance, as to the interest of the mortgagee (or trustee), only therein shall not be invalidated by any act of neglect of the mortgagee or owner of the within described property, by any foreclosure or other proceedings or notice of sale relating to the property, nor the occupation of the **premises** for purposes more hazardous than are permitted by this Policy, provided that in case the mortgagor or owner shall neglect to pay any premium due under this Policy, the mortgagee (or trustee) shall, on demand, pay the same.

Provided also that the mortgagee (or trustee) shall notify us of any change of ownership or occupancy or increase of hazard that shall come to the knowledge of said mortgagee (or trustee) and, unless permitted by this Policy, it shall be noted thereon, and the mortgagee (or trustee) shall, on demand, pay the premium for such increased hazard for the term of the use thereof, otherwise this Policy shall be null and void.

We reserve the right to cancel this Policy at any time as provided by its terms, but in such case notice must be given simultaneously to you and the mortgagee (or trustee) named herein. If we decide to cancel or not renew this Policy, other than for non-payment of premium, coverage hereunder for the peril of **flood** only will continue in effect for the benefit of the mortgagee only for 45 days from the date that cancellation or non-renewal is sent to the mortgagee. Should this private placement Policy be cancelled or non-renewed, coverage may be available under the National Flood Insurance Program.

Whenever we shall pay the mortgagee (or trustee) any sum for loss under this Policy and shall claim that, as to the mortgagor or owner, no liability thereof existed, we shall, to the extent of such payment, be thereupon legally subrogated to the rights of the party to whom such payment shall be made, under all securities held as collateral to the mortgage debt, or may, at its option, pay to the mortgagee (or trustee) the whole principal due or to grow due on the mortgage with interest and shall thereupon receive a full assignment and transfer of the mortgage and all such other securities, but no subrogation shall impair the right of the mortgagee (or trustee) to recover the full amount of said mortgagee's (or trustee's) claim.

M. Policy Renewal

1. The term of this Policy is given on the inception date and expiration date shown on the Coverage Declarations. The Insurer is under no obligation to send any renewal notice or other notice to the Named Insured or any mortgagee or loss payee that this Policy term is coming to an end, unless the Policy is subject to the Federal Mandatory Purchase Requirements for Flood Insurance where the following terms and conditions in respect of expiration/non-renewal apply:
 - a. Where this Policy is subject to the Federal Mandatory Purchase Requirement for Flood Insurance, a non-renewal notice will be mailed to the Named Insured and any mortgagee(s) noted in the Policy at the Named Insured's address and the mortgagee(s) address as shown in the Coverage Declarations by registered, certified, or other first-class mail no less than 45 days prior to the expiration date shown on the Coverage Declarations.

This Policy shall not renew into any successive policy term unless the premium payment for any successive policy term is received by the correspondent described in the Coverage Declarations prior to the expiration date of this policy.

N. Cancellation

1. This insurance contract may be cancelled at any time. The following conditions may apply:

- a. After submission of an acceptable and complete Cancellation Request Form(s) executed by both the Named Insured and the mortgagee(s) shown as such in the mortgagee or loss payee section of the Coverage Declarations; or
- b. By us or on our behalf for non-payment of premium by delivering to you or by mailing to you at your address as shown in the Coverage Declarations, written notice stating when not less than ten (10) days thereafter the cancellation shall be effective.
- c. Where this Policy is subject to the **ACTs** Mandatory Purchase Requirement for Flood insurance, this Policy may be cancelled by or on behalf of the Insurer by delivery to the First Named Insured and first mortgagee(s), if any shown in the Policy, by registered, certified, or other first-class mail written notice not less than 45 days from the date cancellation shall become effective. The mailing of such notice shall be sufficient proof of notice, and this Policy shall terminate on the date specified in such notice.
- d. The mailing of such notice, as aforesaid, shall be sufficient proof of notice and this insurance shall terminate at the date and hour specified in such notice.
- e. In the event that this Policy is cancelled by you, we shall retain the customary short rate proportion of the premium hereon. However, in the event that you have incurred loss(es) under this Policy, the Policy premium will be considered as earned to the extent of such loss(es).
- f. If this Policy is cancelled by or on our behalf, we shall retain the pro rata proportion of the premium hereon.
- g. Payment or tender of any unearned premium by us shall not be a condition precedent to the effectiveness of cancellation, but such payment shall be made as soon as possible.
- h. If the period of limitation relating to the giving of notice is prohibited or made void by any law controlling the construction thereof, such period shall be deemed to be amended so as to be equal to the minimum period of limitation permitted by such law.
- i. Any request for cancellation must be made through the Producer to the Program Administrator.

O. Conformity to Law and Statute

1. The terms of this Policy which are in conflict with the statutes of the state wherein any insured property is located or with federal flood insurance laws or regulations, all of which are in force at the time of loss, are hereby amended to conform to such statutes, laws or regulations as may be applicable.

P. Coinsurance

1. Unless otherwise noted on the Coverage Declarations, this Policy is subject to an 80% coinsurance requirement, and the following conditions also apply:
 - a. We will not pay the full amount of any loss if the replacement cost value of the dwelling at the time of loss multiplied by the coinsurance percentage shown in the Coverage Declarations is greater than the amount shown for coverage (a) Dwelling in the Coverage Declarations. Instead we will determine the most we will pay using the following steps:
 - (1) Multiply replacement cost value of the dwelling at the time of loss by the coinsurance percentage;
 - (2) Divide the amount shown for coverage (a) dwelling as shown on the Coverage Declarations by the figure determined in step (1) above;
 - (3) Multiply the total amount of loss, before the application of any Deductible, by the figure determined in step (2) above; and

- (4) Subtract the Deductible from the figure determined in step (3) above.
- b. We will pay the amount determined in step (4) above or the Limit of Insurance, whichever is less. For the remainder, you will have to rely on other insurance or absorb the loss yourself.
- c. The following examples show how the Coinsurance is calculated:

Example 1 (Underinsurance)

- Where a single **premise** is insured and;
- The replacement cost value of the dwelling is \$250,000
- The coinsurance percentage is 80%
- The amount of coverage (a) dwelling is \$100,000
- The Deductible is \$250
- The amount of loss is \$40,000

(Step 1): $\$250,000 \times 80\% = \$200,000$ (the minimum amount of insurance to meet the coinsurance requirements)

(Step 2): $\$100,000 / \$200,000 = 0.50$

(Step 3): $\$40,000 \times 0.50 = \$20,000$

(Step 4): $\$20,000 - \$250 = \$19,750$

The Insurer will pay no more than \$19,750. The remaining \$20,250 is not covered.

Example 2 (Adequate Insurance)

- Where a single **premise** is insured and;
- The replacement cost value of the dwelling is \$250,000
- The coinsurance percentage is 80%
- The amount of coverage (a) dwelling is \$200,000
- The Deductible is \$250
- The amount of loss is \$ 40,000

(Step 1): $\$250,000 \times 80\% = \$200,000$ (the minimum amount of insurance to meet the coinsurance requirements)

(Step 2): $\$200,000 / \$200,000 = 1.00$

(Step 3): $\$40,000 \times 1.00 = \$40,000$

(Step 4): $\$40,000 - \$250 = \$39,750$

The Insurer will cover the \$39,750 loss in excess of the Deductible. No penalty applies.

XI. Endorsements

REPLACEMENT COST COVERAGE ON PERSONAL PROPERTY ENDORSEMENT

This Replacement Cost Coverage on Personal Property Endorsement amends this Policy only if the "Replacement Cost Cover on Personal Property" box is marked under "Endorsements" on the Coverage Declarations of this Policy as follows:

Section X., Condition A. Valuation of Property, subsection 2. Personal Property, a.(2). Which reads:

All other **personal property** at the actual cash value taking into account depreciation. In the event of loss hereunder, the actual cash value shall be that which existed immediately prior to the loss.

Is deleted and replaced with:

All other **personal property** at the Replacement Cost Value without taking into account depreciation.

All other terms and conditions of the Policy remain the same.

NON-OWNER OCCUPANT EXCLUSION ENDORSEMENT

This Non-Owner Occupant Endorsement amends this Policy only if the "Non-Owner Occupied Endorsement" box is marked under "Endorsements" on the Coverage Declarations of this Policy.

It is understood and agreed that coverage for occupant's **personal property** and Additional Living Expenses are excluded from coverage under the applicable sections of this Policy when the said occupant does not own the occupied dwelling.

All other terms and conditions of the Policy remain the same.

CONDOMINIUM ENDORSEMENT

This Condominium Endorsement amends this Policy only if the "Condominium Endorsement" box is marked under "Endorsements" on the Coverage Declarations page of this Policy.

A. If coverage under this Policy is provided for a condominium, such coverage shall apply to the Condominium owner's owned real property including your improvements thereto, if any, as shown on the Declarations page under:

1. **Building** Coverage;
2. **Personal Property** Coverage; and
3. Additional Living Expenses Coverage.

Coverage applies excess of the Deductibles shown on the Coverage Declarations.

If the deductible shown on the Policy Declarations is evidenced as a percentage, then that amount will apply against the Limit of Insurance shown on the Policy Declaration or \$5,000, whichever is greater, and shall apply separately for each peril. No change in deductible shall apply where a specified dollar amount is shown on the Policy Declaration.

B. Condominium Loss Assessments.

For the peril of flood only, and only if the peril of flood is marked as covered on the Coverage Declarations, this Policy shall pay up to the **Building** Coverage limit, less the deductible separately for each event or assessment, for assessments made against you by the condominium association where the Subject of Insurance resides, in accordance with the association's Covenants, Conditions, and Restrictions and your deed.

This assessment coverage shall apply only to direct physical loss to those elements of **building(s)** that are owned by the association resulting from a flood as defined in this Policy. In the event that there is other flood insurance applicable to such loss, this assessment coverage shall be in excess of any such flood insurance coverage applying to any such loss including any applicable deductible.

This Assessment coverage is part of and not in addition to the dwelling limit shown on the Coverage Declaration.

We will not pay any loss assessment charged against you as given below:

1. By condominium association by any governmental body;
2. That results from a deductible under the insurance purchased by the condominium association insuring common elements;
3. That results from a loss to **personal property**, including contents of a condominium building;
4. That results from a loss sustained by the condominium association that was not reimbursed under a flood insurance policy written in the name of the association under the **Act** because the building was not, at the time of loss, insured for an amount equal to the lesser of:
 - a. 80% or more of its full replacement cost; or
 - b. The maximum amount of insurance permitted under the **Act**;
5. To the extent that payment under this policy for a condominium building loss, in combination with payments under any other NFIP policies for the same building loss, exceeds the maximum amount of insurance permitted under the **Act** for that kind of building; or
6. To the extent that payment under this Policy for a condominium building loss, in combination with any recovery available to you as a tenant in common under any NFIP condominium association

policies for the same building loss, exceeds the amount of insurance permitted under the **Act** for a single-family dwelling.

There is no coverage for commonly owned real or **personal property** that is the responsibility of the association that should be insured by the association under the terms of the Covenants, Conditions and Restrictions that regulate those responsibilities of the association.

All other terms, conditions, and exclusion of the Policy remain the same

COURSE OF CONSTRUCTION OR BUILDERS RISK ENDORSEMENT

- A. If the "COURSE OF CONSTRUCTION OR BUILDERS RISK ENDORSEMENT" box is not marked under "Endorsements" on the Coverage Declarations of this Policy, then it is understood and agreed that;
1. Coverage for **building(s)** in the course of construction or structural alteration and materials and supplies used to construct or structurally alter the **building(s)** is excluded under this Policy; and
 2. Coverage for **personal property** and Additional Living Expenses is excluded under this Policy.
- B. If the "COURSE OF CONSTRUCTION OR BUILDERS RISK ENDORSEMENT" box is marked under "Endorsements" on the Coverage Declarations of this Policy, then it is understood and agreed that;
1. Coverage for **building(s)** in the course of construction or structural alteration and materials and supplies used to construct or structurally alter the **building(s)** are included under this Policy.
 2. Coverage for **personal property** and Additional Living Expenses is excluded under this Policy. However, coverage for **personal property** and Additional Living Expenses can be insured if approved by the Insurer and is subject to confirmation that:
 - a. Construction is complete;
 - b. Owner-occupancy is confirmed;
 - c. Insured values for **personal property** and/or Additional Living Expenses have been submitted in writing for the applicable coverage parts to be covered; and
 - d. The Policy has been re-rated by the Insurer to take increased values into consideration, and all premiums due have been paid.

All other terms and conditions of the Policy remain the same.

ELECTRONIC DATA ENDORSEMENT

A. Electronic Data Exclusion

1. Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

- a. This Policy does not insure loss, damage, destruction, distortion, erasure, corruption, or alteration of ELECTRONIC DATA from any cause whatsoever (including but not limited to COMPUTER VIRUS) or loss of use, reduction in functionality, cost, expense of whatsoever nature resulting there from, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

ELECTRONIC DATA means facts, concepts, and information converted to a form useable for communications, interpretation, or processing by electronic and electromechanical data processing or electronically controlled equipment and includes programs, software, and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.

COMPUTER VIRUS means a set of corrupting, harmful, or otherwise unauthorized instructions or code including a set of maliciously introduced unauthorized instructions or code—programmatically or otherwise—that propagate themselves through a computer system or network of whatsoever nature. COMPUTER VIRUS includes but is not limited to “Trojan Horses,” “worms,” and “time or logic bombs”.

B. Electronic Data Processing Media Valuation

1. Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

- a. Should electronic data processing media insured by this Policy suffer physical loss or damage insured by this Policy, then the basis of valuation shall be the cost of the blank media plus the costs of copying the ELECTRONIC DATA from back-up or from originals of a previous generation. These costs will not include research and engineering nor any costs of recreating, gathering, or assembling such ELECTRONIC DATA. If the media is not repaired, replaced, or restored, the basis of valuation shall be the cost of the blank media. However, this Policy does not insure any amount pertaining to the value of such ELECTRONIC DATA to the insured or any other party, even if such ELECTRONIC DATA cannot be recreated, gathered, or assembled.

MINIMUM EARNED PREMIUM CLAUSE

In the event of cancellation of this Policy by the insured, a minimum premium of 25% as of inception shall become earned; any conditions of the Policy to the contrary notwithstanding. Failure of the insured to make timely payment of premium shall be considered a request by the insured for the Insurer to cancel. In the event of such cancellation by the Insurer, for non-payment of premium the minimum premium shall be due and payable, provided, however, such non-payment cancellation shall be rescinded if the insured remits the full premium within 10 days of receiving it. In the event of any other cancellation of the Insurer, the earned premium shall be computed pro-rata and not subject to the minimum premium.

BROKER CONTACT AND COMPLAINT HANDLING

If you have questions, concerns, or complaints about this policy, the producer, or service provider, we encourage you to contact the Correspondent for this Policy at the information provided below.

Poulton Associates, LLC
Attn: Office of the President
3785 South 700 East,
Salt Lake City, UT 84106
Telephone (801) 268-2600
Email: Complaints@Poulton.com

INSURANCE PRIVACY NOTICE

The Princeton Excess and Surplus Lines Insurance Company Privacy Policy

The nature of our insurance business at The Princeton Excess and Surplus Lines Insurance Company requires that we gather and maintain a variety of information about our current and potential customers and consumers, including nonpublic personal information about individuals. We are committed to keeping confidential and secure any such nonpublic personal information. We will disclose nonpublic personal information obtained in the course of our business only as permitted by law.

Categories of Personal Information We May Obtain

We may obtain nonpublic personal information from the following sources:

- **Applications or other underwriting forms.** These forms provide us with information we need as part of the underwriting process; this can include such nonpublic personal information as individuals' names, addresses, social security numbers and any other information about individuals that we are authorized to obtain in order to underwrite and administer policies and claims.
- **Information we obtain from third parties.** The kind of information we may gather from third parties depends on the type of insurance policy or coverage, but may include such nonpublic personal information as motor vehicle reports, claims reports, credit reports, property inspection reports, and medical records or reports.
- **Information about transactions and experiences with us or with our affiliates.** We develop and maintain individuals' personal information, such as policy numbers, premium payments and claims history, obtained on the basis of The Princeton Excess and Surplus Lines Insurance Company or its affiliates transactions and experiences.

How We May Use and Share Personal Information

We may use and share all of the information that we obtain as described below:

- **Within The Princeton Excess and Surplus Lines Insurance Company**

Within The Princeton Excess and Surplus Lines Insurance Company we only use nonpublic personal information received to service or maintain policies, to effect, process, administer or enforce requested or authorized transactions, or for other purposes as permitted by law. We restrict access to nonpublic personal information to those employees who have a business reason to know that information to provide products and services. We also maintain physical, electronic, and procedural safeguards in order to protect against unauthorized use or disclosure of nonpublic personal information.

- **With Affiliates and Non-Affiliated Third Parties**

We may disclose information about The Princeton Excess and Surplus Lines Insurance Company customers and consumers to our affiliates (i.e. companies that are related to us by common ownership or control), in order to offer insurance products or services that may be of value. You cannot prevent these disclosures.

We may also disclose nonpublic personal information without prior permission to nonaffiliated third parties (i.e., persons or companies that are not related to us by common ownership or control such as service providers and consultants) as necessary to effect, process, administer or enforce a requested or authorized transaction, or for other purposes as permitted by law.

When we provide nonpublic personal information to a nonaffiliated third party who performs services for us, we require that provider to agree to safeguard any nonpublic personal information, to use the information only for the intended purpose, and to abide by applicable law.

Confidentiality of Health and Medical Information

It is often necessary for us to obtain personal health information in order to underwrite and process claims for various types of insurance coverages. We recognize concerns about the security of that information and want to provide assurance that any personal health data provided to us or that we otherwise obtain will be held in strict confidence. We will not disclose or share personal medical information for marketing or any other unauthorized purpose. We may disclose or share personal medical information as permitted by law; for example, in order to underwrite policies or administer policies or claims.

Purpose of and Updates to This Notice

We recognize and respect the privacy concerns of our potential and current customers and consumers. We may amend our privacy policy from time to time. We send this notice of our privacy policy at this time as required for informational purposes, and we will update and distribute it as required by law.

Date: March 24, 2003.

EXCLUSION OF CERTIFIED ACTS OF TERRORISM

- A. With respect to this policy and any endorsements thereto, the following exclusion is added and supersedes any provision to the contrary:

This insurance does not apply to all loss, damage, cost or expense arising out of or related to, either directly or indirectly, any "Certified Act of Terrorism," and any action taken to hinder, defend against or respond to any such activity. This exclusion applies regardless of any other cause or event that in any way contributes concurrently or in any sequence to the loss, damage, cost or expense.

But, if the "Certified Act of Terrorism" occurs in an "Exception State" and results in fire, the Company will pay for the loss or damage in such "Exception State" caused by that fire, but only to the extent, if any, required by the applicable Standard Fire Policy statute(s) in such state. However, this exception applies only to direct loss or damage by fire to covered property and not to any insurance provided for time element coverages, including but not limited to business interruption and extra expense. In no event shall this policy be construed to give coverage beyond the minimum requirements of the applicable Standard Fire Policy statute (and amendments thereto) in existence as of the effective date of the policy and governing such requirements with respect to any acts of terrorism. If the applicable law or regulation in any state permits the Commissioner or Director of Insurance or anyone in a similar position to grant the insurer approval to vary the terms and conditions of the Standard Fire Policy, and such approval has been granted in that state as of the effective date of this policy, this policy shall not provide coverage beyond the minimum requirements of the terms and conditions approved by the Commissioner or Director of Insurance or person in a similar position.

- B. If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and the Company has met their insurer deductible under the Terrorism Risk Insurance Act, the Company 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.
- C. The following definitions are added with respect to the provisions of this endorsement:

1. "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:
 - a. 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
 - b. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.
2. "Exception State" means a state which at the time of policy effective date, requires that the coverage provided under this policy be not more restrictive than that provided under a Standard Fire Policy (SFP).

- D. Application of Other Exclusions

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

All Other Terms and Conditions Remain Unchanged

SERVICE OF PROCESS ENDORSEMENT

We designate the Superintendent of Insurance, Insurance Commissioner, Director of Insurance, or other officer specified by law, pursuant to the laws of the State where this policy is delivered, as our true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted in the State in which this policy is delivered, by, or on behalf of, the Named Insured or any beneficiary hereunder arising out of this Policy. We designate the General Counsel of The Princeton Excess and Surplus Lines Insurance Company, 555 College Road East, Princeton, New Jersey 08543 as the person to whom the said officer is authorized to mail such process or true copy thereof.